TATA STEEL LIMITED

Tata Steel Limited was incorporated on August 26, 1907 as a public limited company under the Indian Companies Act, 1882.

Registered Office: Bombay House, 24, Homi Mody Street, Fort, Mumbai 400 001; **Tel**: +91 22 6665 8282; **Fax**: +91 22 6665 7724
Contact Person: Parvatheesam K, Company Secretary and Compliance Officer; **Tel**: +91 22 6665 7279; **Fax**: +91 22 6665 7724
E-mail: cosec@tatasteel.com; **Website**: www.tatasteel.com
Corporate Identity Number: L27100MH1907PLC000260

PROMOTER OF OUR COMPANY: TATA SONS LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE ORDINARY SHAREHOLDERS OF TATA STEEL LIMITED (OUR "COMPANY" OR THE "ISSUER") ONLY

SIMULTANEOUS BUT UNLINKED ISSUE OF (I) UP TO 15,53,94,550 FULLY PAID SHARES OF FACE VALUE OF ₹ 10 EACH NOT EXCEEDING ₹ 8,000 CRORE ON A RIGHTS BASIS TO THE ELIGIBLE ORDINARY SHAREHOLDERS OF OUR COMPANY FOR CASH AT A PRICE OF ₹ 510 PER FULLY PAID SHARE (INCLUDING A PREMIUM OF ₹ 500 PER FULLY PAID SHARE) IN THE RATIO OF 4 FULLY PAID SHARES FOR EVERY 25 ORDINARY SHARES HELD BY THE ELIGIBLE ORDINARY SHAREHOLDERS ON THE RECORD DATE, THAT IS, ON FEBRUARY 1, 2018 ("RECORD DATE") AND (II) UP TO 7,76,97,280 PARTLY PAID SHARES OF FACE VALUE OF ₹ 10 EACH NOT EXCEEDING ₹ 4,800 CRORE ON A RIGHTS BASIS TO THE ELIGIBLE ORDINARY SHAREHOLDERS OF OUR COMPANY FOR CASH AT A PRICE OF ₹ 615 PER PARTLY PAID SHARE (INCLUDING A PREMIUM OF ₹ 605 PER ORDINARY SHARE) IN THE RATIO OF 2 PARTLY PAID SHARES FOR EVERY 25 ORDINARY SHARES HELD BY THE ELIGIBLE ORDINARY SHAREHOLDERS ON THE RECORD DATE (THE "ISSUE"). FOR FURTHER DETAILS, PLEASE SEE THE SECTION ENTITLED "*TERMS OF THE ISSUE*" ON PAGE 340.

PAYMENT METHOD FOR PARTLY PAID SHARES

Amount payable per Ordinary Share*	Face Value (₹)	Premium (₹)	Total (₹)
On Application	2.504	151.496	154
On First and Final Call	7.496	453.504	461
Total	**10**	**605**	**615**

* *For details on the Payment Method, please see the section entitled "Terms of the Issue" beginning on page 340.*

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and Investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For making an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The Ordinary Shares being offered in the Issue have neither been recommended nor approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Investors are advised to refer to the section entitled "*Risk Factors*" on page 11 before making an investment in the Issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for, and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Ordinary Shares of our Company are listed on BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). Our Company has received "in-principle" approvals from BSE and NSE for listing the Ordinary Shares to be Allotted pursuant to the Issue through their letters dated January 17, 2018, respectively. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGERS TO THE ISSUE

Kotak	Axis Capital	HDFC Bank
Kotak Mahindra Capital Company Limited 1st Floor, 27 BKC, Plot No. 27 G Block Bandra Kurla Complex Bandra (East) Mumbai 400 051 Tel: +91 22 4336 0000 Fax: +91 22 6713 2447 E-mail: tsl.rights@kotak.com Investor Grievance E-mail: kmccredressal@kotak.com Website: www.investmentbank.kotak.com Contact Person: Ganesh Rane SEBI Registration Number: INM000008704	**Axis Capital Limited** 1st Floor, Axis House C-2, Wadia International Center P. B. Marg, Worli Mumbai 400 025 Tel: +91 22 4325 2183 Fax: +91 22 4325 3000 E-mail: tsl.rights@axiscap.in Investor grievance E-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Mayuri Arya SEBI Registration Number: INM000012029	**HDFC Bank Limited** Investment Banking Group Unit No 401 and 402, 4th floor Tower B, Peninsula Business Park Lower Parel Mumbai 400 013 Tel: +91 22 3395 8021 Fax: +91 22 3078 8584 E-mail: tatasteel.rights@hdfcbank.com Investor Grievance E-mail: investor.redressal@hdfcbank.com Website: www.hdfcbank.com Contact Person: Rakesh Bhunatar/Kunal Datt SEBI Registration Number: INM000011252

LEAD MANAGERS TO THE ISSUE		REGISTRAR TO THE ISSUE
ICICI Securities Limited ICICI Center, H.T. Parekh Marg Churchgate Mumbai 400 020 Tel: +91 22 2288 2460 Fax: +91 22 2282 6580 E-mail: tsl.rights@icicisecurities.com Website: www.icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Contact Person: Rupesh Khant/Shekher Asnani SEBI Registration Number: INM000011179	**SBI Capital Markets Limited** 202, Maker Tower 'E' Cuffe Parade Mumbai 400 005 Tel: +91 22 2217 8300 Fax: +91 22 2217 8332 E-mail: tsl.rights@sbicaps.com Investor grievance E-mail: investor.relations@sbicaps.com Website: www.sbicaps.com Contact person: Nikhil Bhiwapurkar/Gitesh Vargantwar SEBI Registration Number: INM000003531	**Link Intime India Private Limited** C-101, 247 Park L B S Marg Vikhroli (West) Mumbai 400 083 Tel: +91 22 4918 6300 Fax: +91 22 4918 6195 E-mail: tatasteel.rights2018@linkintime.co.in Investor Grievance E-Mail: tatasteel.rights2018@linkintime.co.in Website: www.linkintime.co.in Contact Person: Sumeet Deshpande SEBI Registration Number: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
FEBRUARY 14, 2018	**FEBRUARY 21, 2018**	**FEBRUARY 28, 2018**

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TATA STEEL

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, Act, regulation, rules, guidelines or policies shall be to such legislation, Act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the SEBI Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.

Company Related Terms

Term	Description
Company/ our Company/ the Company/ the Issuer	Tata Steel Limited, on a standalone basis, a public limited company incorporated under the provisions of the Indian Companies Act, 1882 and having its Registered Office situated at Bombay House, 24, Homi Mody Street, Fort, Mumbai 400 001
"We", "Our", "Us", "our Group" or Tata Steel Group	Tata Steel Limited on a consolidated basis, including its subsidiaries, unless otherwise specified
Annual Financial Statements	Audited standalone and consolidated financial statements of our Company as at and for the year ended March 31, 2017
Articles of Association or Articles	Articles of Association of our Company, as amended
Board of Directors or Board	Board of directors of our Company or a duly constituted committee thereof
BlueScope Group	BlueScope Steel Asia Holdings Pty Ltd, BlueScope Steel Limited and Tata BlueScope Steel Limited
Convertible Preference Shares	The cumulative convertible preference shares of our Company each having a face value of ₹ 100 each
Corus	Corus Group Plc.
Director(s)	Any or all the directors on our Board, as may be appointed from time to time
Financial Statements	Annual Financial Statements, the audited standalone financial statements as at and for the six month period ended September 30, 2017 and the Limited Review Financial Information. For details, please see the section entitled "*Financial Statements*" on page 102
Group Companies	Companies as covered under the applicable accounting standards and also the companies as considered material by our Company.
Limited Review Financial Information	Limited review consolidated financial information of our Company for the six month period ended September 30, 2017.
Memorandum of Association or Memorandum	Memorandum of Association of our Company, as amended
Ordinary Shareholder	A holder of Ordinary Shares
Ordinary Shares	The ordinary equity shares of our Company each having a face value of ₹ 10 each, unless otherwise specified
Preference Shares	The Redeemable Preference Shares and the Convertible Preference Shares
Promoter or our Promoter	The promoter of our Company being, Tata Sons Limited
Promoter Group	Promoter group of our Company as determined in terms of Regulation 2(1)(zb) of the SEBI Regulations
Redeemable Preference Shares	The cumulative redeemable preference shares of our Company of face value of ₹100 each
Registered Office	Registered office of our Company situated at Bombay House, 24, Homi Mody Street, Fort, Mumbai 400 001
Statutory Auditors	Statutory auditors of our Company, being Price Waterhouse & Co Chartered Accountants LLP

Term	Description
TSE	Tata Steel Europe Limited
TSUK	Tata Steel UK Limited

Issue Related Terms

Term	Description
Abridged Letter of Offer/ ALOF	Abridged letter of offer to be sent to the Eligible Ordinary Shareholders with respect to the Issue in accordance with the provisions of the SEBI Regulations and the Companies Act
Allot/Allotment/Allotted	Allotment of Ordinary Shares pursuant to the Issue
Allotment Date	Date on which the Allotment is made
Allottee(s)	Person(s) who are Allotted Ordinary Shares pursuant to the Allotment
Applicant(s)	Eligible Ordinary Shareholder(s) and/or Renouncee(s) who make an application for the Ordinary Shares pursuant to the Issue in terms of this Letter of Offer, including an ASBA Applicant
Application Money	Aggregate amount payable in respect of the Fully Paid Shares and/or Partly Paid Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount/ ASBA	Application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Money in an ASBA account maintained with the SCSB
ASBA Account	Account maintained with the SCSB and specified in the CAF by the Applicant for blocking the amount mentioned in the CAF
ASBA Applicant/ ASBA Investor	Eligible Ordinary Shareholders proposing to subscribe to the Issue through ASBA process and who (i) are holding the Ordinary Shares of our Company in dematerialised form as on the Record Date and have applied for their Rights Entitlements and/or additional Fully Paid Shares and/or Partly Paid Shares in dematerialised form in terms of this Letter of Offer; (ii) have not renounced their Rights Entitlements in full or in part; (iii) are not Renouncees; and (iv) are applying through blocking of funds in a bank account maintained with the SCSBs. QIBs, Non-Institutional Investors and other Investors whose Application Money exceeds ₹2,00,000 can participate in the Issue only through the ASBA process
Axis	Axis Capital Limited
Bankers to the Issue	Kotak Mahindra Bank Limited, Axis Bank Limited, HDFC Bank Limited, ICICI Bank Limited and State Bank of India
Call	The notice issued by our Company to the holders of the Partly Paid Shares for payment of the First and Final Call as on the Call Record Date for making a payment of the Call Money
Call Money	Aggregate amount payable in respect of the Partly Paid Shares applied for in this Issue at the time of the First and Final Call pursuant to the Payment Method, being ₹461 per Partly Paid Ordinary Share, i.e. 74.96% of the Issue Price.
Call Payment Period	A period as may be fixed by the Board to enable the payment of the Final Call by the holders of Partly Paid Shares
Call Record Date	A record date fixed by our Company for the purpose of determining the names of the holders of Partly Paid Shares for the purpose of issuing of the Call
Composite Application Form/ CAF(s)	Fully Paid Shares CAF and/or Partly Paid Shares CAF, as the case may be
Consolidated Certificate	Consolidated certificate for the Fully Paid Shares or Partly Paid Shares, as the case may be, allotted to each folio, issued by our Company
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Branches	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated Stock	BSE

Term	Description
Exchange	
Escrow Collection Banks	Kotak Mahindra Bank Limited, Axis Bank Limited, HDFC Bank Limited, ICICI Bank Limited and State Bank of India
Eligible Ordinary Shareholders	Holder(s) of the Ordinary Shares of our Company as on the Record Date
First and Final Call	Call made by our Company to the holders of Partly Paid Shares for making the payment towards the balance amount payable under Payment Method in order to make the Partly Paid Shares into Fully Paid Shares
Fully Paid Shares	Fully paid-up Ordinary Shares of our Company each having a face value of ₹10 each
Fully Paid Shares CAF	Form used by an Investor to make an application for the Allotment of Fully Paid Shares in the Issue
Fully Paid Shares SAF	Split application form(s) which is an application form used in case of renunciation in part by an Eligible Ordinary Shareholder in favour of one or more Renouncee(s) in relation to the Fully Paid Shares
HDFC	HDFC Bank Limited
Investor(s)	Eligible Ordinary Shareholder(s) of our Company as on the Record Date, i.e. February 1, 2018 and the Renouncee(s)
I-Sec	ICICI Securities Limited
Issue	This simultaneous but unlinked issue of (i) up to 15,53,94,550 Fully Paid Shares of face value of ₹10 each not exceeding ₹8,000 crore on a rights basis to the Eligible Ordinary Shareholders of our Company for cash at a price of ₹510 per Fully Paid Share (including a premium of ₹500 per Fully Paid Share) in the ratio of 4 Fully Paid Shares for every 25 Ordinary Shares held by the Eligible Ordinary Shareholders on the Record Date and (ii) up to 7,76,97,280 Partly Paid Shares of face value of ₹10 each not exceeding ₹4,800 crore on a rights basis to the Eligible Ordinary Shareholders of our Company for cash at a price of ₹615 per Partly Paid Share (including a premium of ₹605 per Partly Paid Share) in the ratio of 2 Partly Paid Share for every 25 Ordinary Shares held by the Eligible Ordinary Shareholders on the Record Date
Issue Closing Date	February 14, 2018
Issue Opening Date	February 28, 2018
Issue Price	Each Fully Paid Share is being offered at a price of ₹510 per Fully Paid Share (including a premium of ₹500 per Ordinary Share) and each Partly Paid Share is being offered at a price of ₹615 per Partly Paid Share (including a premium of ₹605 per Ordinary Share), as the case may be
Issue Proceeds	Gross proceeds of the Issue
Issue Size	Amount aggregating up to ₹12,800 crore
Kotak	Kotak Mahindra Capital Company Limited
Lead Managers	Kotak Mahindra Capital Company Limited, Axis Capital Limited, HDFC Bank Limited, ICICI Securities Limited and SBI Capital Markets Limited
Letter of Offer	This letter of offer dated January 22, 2018 filed with SEBI and the Stock Exchanges
Listing Agreement	Equity listing agreements entered into between our Company and the Stock Exchanges in terms of the Listing Regulations
Monitoring Agency	HDFC Bank Limited
MICR	Magnetic Ink Character Recognition
Net Proceeds	Issue proceeds less Issue related expenses. For details, please see the section entitled "*Objects of the Issue*" on page 59
Non-ASBA Investor	Investors other than ASBA Investors, who apply in the Issue otherwise than through the ASBA process
Non-Institutional Investors	Investor, including any company or body corporate, other than a Retail Individual Investor and a Qualified Institutional Buyer
Partly Paid Shares	Partly paid-up Ordinary Shares of our Company each having a face value of ₹10 each
Partly Paid Shares CAF	Form used by an Investor to make an application for the Allotment of Partly Paid Shares in the Issue
Partly Paid Shares SAF	Split application form(s) which is an application form used in case of renunciation

Term	Description
	in part by an Eligible Ordinary Shareholder in favour of one or more Renouncee(s) in relation to the Partly Paid Shares
Payment Method	Payment method under which amount payable on application is ₹154 per Partly Paid Share and the balance amount is payable in the First and Final Call
Qualified Institutional Buyers or QIBs	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations
Record Date	Designated date for the purpose of determining the shareholders eligible to apply for Ordinary Shares in the Issue, being February 1, 2018
Refund Bank	HDFC Bank Limited
Registered Foreign Portfolio Investors / Foreign Portfolio Investors / FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Registrar to the Issue / Registrar	Link Intime India Private Limited
Renouncee(s)	Person(s) who has/have acquired Rights Entitlement from the Eligible Ordinary Shareholders
Retail Individual Investor	Individual investors who have applied for Ordinary Shares for a value not more than ₹2,00,000 (including HUFs applying through their karta) through one or more applications. The limit of ₹2,00,000 will be reckoned separately (and not jointly) for application(s) for Fully Paid Shares and Partly Paid Shares
Rights Entitlement	(i) 4 Fully Paid Shares that an Eligible Ordinary Shareholder is entitled to in proportion to 25 Ordinary Shares held by such Eligible Ordinary Shareholder on the Record Date; and (ii) 2 Partly Paid Shares that an Eligible Ordinary Shareholder is entitled to in proportion to 25 Ordinary Shares held by such Eligible Ordinary Shareholder on the Record Date
SBICAP	SBI Capital Markets Limited
SCSB(s)	Self certified syndicate bank registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Share Certificate	Certificate in respect of the Fully Paid Shares or Partly Paid Shares, as the case may be, Allotted to a folio
Split Application Form / SAF(s)	Fully Paid Shares SAF and/or Partly Paid Shares SAF, as the case may be
Stock Exchanges	Stock exchanges where the Ordinary Shares are presently listed, being BSE and NSE
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes any company whose director or promoter is categorised as such
Working Days	All days other than a Sunday or a public holiday on which commercial banks in Mumbai are open for business

Conventional and General Terms or Abbreviations

Term /Abbreviation	Description / Full Form
₹or Rs. or Rupees or INR	Indian Rupee
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
APHA	American Public Health Association
AS/Accounting Standards	Accounting standards issued by the ICAI
BIS	Bureau of Indian Standards
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CCI	Competition Commission of India

Term /Abbreviation	Description / Full Form
CII	Confederation of Indian Industry
CIN	Corporate identity number
Civil Code	Code of Civil Procedure, 1908
Companies Act	Companies Act, 1956 and the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the rules made thereunder
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with relevant rules made thereunder
Competition Act	Competition Act, 2002
CSR	Corporate social responsibility
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director identification number
DP/Depository Participant	Depository participant as defined under the Depositories Act
DP ID	Depository participant identity
EPS	Earnings per share
FDI	Foreign direct investment
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
Financial Year or FY or Fiscal	Period of 12 months ended March 31 of that particular year
GAAP	Generally Accepted Accounting Principles
GDP	Gross domestic product
Government	Central Government and/or the State Government, as applicable
GST	Goods and service tax
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles followed in India
Ind AS	Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
ISIN	International Securities Identification Number allotted by the Depository
IT	Information Technology
Income-tax Act	Income-tax Act, 1961
ISO	International Organisation for Standardisation
KMP	Key managerial personnel
Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
MCA	Ministry of Corporate Affairs, Government of India
MoF	Ministry of Finance, Government of India
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Worth	The aggregate of the paid-up Ordinary Equity Share capital, hybrid perpetual securities, other equity, non-controlling interest (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account, as applicable
NEFT	National Electronic Fund Transfer
NR	Non-resident or person(s) resident outside India, as defined under the FEMA

Term /Abbreviation	Description / Full Form
NRE Account	Non-resident external account
NRI	Non-resident Indian, as defined in the Foreign Exchange Management (Deposit) Regulations, 2000
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
p.a.	Per annum
PAN	Permanent account number
PAT	Profit after tax
PBT	Profit before tax
RBI	Reserve Bank of India
Regulation S	Regulation S under the Securities Act
RoC	Registrar of Companies, Maharashtra, located at Everest, 5th Floor, 100, Marine Drive, Mumbai 400 002
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Securities Act	U.S. Securities Act of 1933
State Government	Government of a State of India
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S./USA/United States	United States of America, including the territories or possessions thereof

Industry Related Terms

Term /Abbreviation	Description / Full Form
BSPS	British Steel Pension Scheme
LTIFR	Lost time injury frequency rate
Martrade	IQ Martrade Holding and Management GMBH
MMDR Act, 1957	Mines and Minerals (Development and Regulation) Act, 1957
MMDR Amendment Act, 2015	Mines and Minerals (Development and Regulation) Amendment Act, 2015
MT	Million tons
MTPA	Million tons per annum
WSA	World Steel Association

NOTICE TO OVERSEAS INVESTORS

The distribution of this Letter of Offer and the Issue of Rights Entitlements and the Ordinary Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come, are required to inform themselves about and observe such restrictions. Our Company is making the Issue on a rights basis to the Eligible Ordinary Shareholders of our Company and will dispatch this Letter of Offer/Abridged Letter of Offer and CAF only to Eligible Ordinary Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer was filed with SEBI and the Stock Exchanges. Accordingly, this Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed in any jurisdiction outside India and the Ordinary Shares may not be offered or sold, directly or indirectly, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer must be treated as sent for information only and should not be acted upon for subscription to Ordinary Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Ordinary Shares or the Rights Entitlements, distribute or send this Letter of Offer in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Ordinary Shares or the Rights Entitlements referred to in this Letter of Offer.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND ORDINARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "**UNITED STATES**" OR "**U.S.**"), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND ORDINARY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY ORDINARY SHARES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States of America when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States of America or otherwise dispatched from the United States of America or any other jurisdiction where it would be illegal to make an offer under the Letter of Offer. Our Company is making the Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or Abridged Letter of Offer and CAF only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Ordinary Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Ordinary Shares or the Rights Entitlements, it will not be, in the United States of America when the buy order is made, and is authorized to acquire the Rights Entitlement and the Ordinary Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any CAF which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America;

(ii) does not include the relevant certification set out in the CAF headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the CAF does not have a registered address (and is not otherwise located) in the United States of America, and such person is complying with laws of jurisdictions applicable to such person in connection with the Issue, among others; (iii) where a registered Indian address is not provided; or (iv) where our Company believes acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Ordinary Shares in respect of any such CAF.

NOTICE TO THE INVESTOR

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

PRESENTATION OF FINANCIAL INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions; (ii) 'India' are to the Republic of India and its territories and possessions; and (iii) the 'UK' or 'U.K.' or the 'United Kingdom' are to the United Kingdom of Great Britain and its territories and possessions; and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Financial Data

Unless stated otherwise, the financial data in this Letter of Offer is derived from the Financial Statements. Our Company's Fiscal commences on April 1 and ends on March 31 of the following calendar year. For details of the Financial Statements, please see the section entitled "*Financial Statements*" on page 102.

Our Company prepares its financial statements in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in Rupees in crore and lakhs.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither our Company nor the Lead Managers make any representation as to the accuracy of that information. Accordingly, investors should not place undue reliance on this information.

Currency of Presentation

All references to:

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India.
- 'US$', 'USD', '$' and 'U.S. dollars' are to the legal currency of the United States of America.
- 'EUR' and '€' are to Euro, the legal currency of the Euro zone.
- 'GBP' and '£' are to Pound Sterling, the legal currency of United Kingdom.

Please note:

- One million is equal to 1,000,000 or 10 lakhs;
- One crore is equal to 10 million or 100 lakhs; and
- One lakh is equal to 100,000.

Conversion Rates for Foreign Currency:

The conversion rate for the following foreign currency is as follows:

Sr. No.	Name of the Currency	As of September 30, 2017 (in ₹)	As of March 31, 2017 (in ₹)
1.	1 United States Dollar	65.36	64.85
2.	1 British GBP	87.71	80.88
3.	1 Euro	77.06	69.25

Source: RBI Reference Rate

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology including 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', 'future', 'forecast', 'target', 'guideline', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- cyclical nature of the steel industry and a decrease in steel prices;
- high proportion of fixed costs and volatility in the prices of raw materials and energy in the steel industry, including mismatches between trends in prices for raw materials and steel, as well as limitations on or disruptions in the supply of raw materials;
- substantial amount of indebtedness, affecting our cash flow and ability to operate the business;
- inability to renew the leases on mines, obtain new leases for mines or payment of more royalties on such leases forcing us to purchase minerals for higher prices in the open market;
- inability to obtain, renew or maintain the statutory and regulatory permits and approvals required to operate our business;
- overcapacity and oversupply in the global steel industry adversely affecting our profitability;
- restricting covenants in our financing agreements; and
- changes in legislation or the rules relating to tax regimes that could adversely affect our business, prospects and results of operations;

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections entitled "*Risk Factors*" and "*Our Business*" on pages 11 and 81, respectively. The forward-looking statements contained in this Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II: RISK FACTORS

An investment in the equity shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Ordinary Shares. The risks described below are not the only ones relevant to us, the Ordinary Shares, the industry in which we operate or the regions in which we operate. If one, or any combination, of the following risks or other risks which are not currently known or are now deemed immaterial actually occurs or were to occur, our business, results of operations, financial condition and prospects could suffer and the trading price of the Ordinary Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. Further, some events may be material collectively rather than individually.

We have described the risks and uncertainties that our management believes are material but the risks set out in this Letter of Offer may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue, including the merits and the risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences to you of an investment in the Issue. To obtain a complete understanding of our business, you should read this section in conjunction with the section entitled "Our Business" on page 81 and our financial statements.

This Letter of Offer also contains forward-looking statements, which refer to future events that involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause the actual results to be materially different from those expressed or implied by the forward-looking statements. For further details, please see the section entitled "Forward-Looking Statements" on page 10.

Unless the context otherwise requires, references in this section to "Tata Group" are to the Tata Group of companies and references to "our Company" are to Tata Steel Limited, on a standalone basis and references to "Tata Steel Group", "our Group" "our" and "we", are to Tata Steel Limited, on a consolidated basis.

Unless otherwise stated, the financial information used in this section is derived from our Company's limited reviewed consolidated financial statements as of and for the six month period ended September 30, 2017 and audited consolidated financial statements as of and for the year ended March 31, 2017.

Risks Related to our Company and our Subsidiaries

1. The steel industry is affected by global economic conditions. Slower than expected or uneven growth of the global economy or a renewed global recession could have a material adverse effect on the steel industry and us.

Our business and results of operations have been and continue to be affected by international, national and regional economic conditions. Following the global financial crisis in 2007 to 2009, the Eurozone crisis in 2009 to 2013 and the decline in commodity prices that began in 2014, there has been significant volatility in number of indicators, making it more difficult to forecast short and medium term growth. Rates of economic growth have significant impacts on substantial consumers of steel products, such as the automotive and the construction industries and declines in steel consumption caused by poor or unfavorable economic conditions in one or more of our major markets or by the deterioration of the financial condition of our key customers would have a material adverse effect on demand for our products and hence on our business and results of operations. Unfavourable economic conditions in any of our key markets could have a material adverse effect on our business, results of operations, financial condition and prospects.

2. The steel industry is highly cyclical and a decrease in steel prices may have a material adverse effect on our business, results of operations, prospects and financial condition.

Steel prices are volatile, reflecting the highly cyclical nature of the global steel industry. Steel prices fluctuate based on a number of factors, such as the availability and cost of raw material inputs, fluctuations in domestic and international demand and supply of steel and steel products, worldwide production and capacity, fluctuation in the volume of steel imports, transportation costs, protective trade measures and various social and political factors, in the economies in which the steel producers sell their products and are sensitive to the trends of particular industries, such as the automotive, construction, packaging, appliance, machinery, equipment and transportation industries, which are among the biggest consumers of steel products. When downturns occur in these economies or sectors, we may experience decreased demand for our products, which may lead to a decrease in steel prices, which may, in turn, have a material adverse effect on our business, results of operations, financial condition and prospects.

Global steel prices fell sharply in 2008 as the global credit crisis led to a collapse in global demand. If there is weakness in sectors of the economy that are substantial consumers of steel products, such as the construction and automobile industries would also hurt steel producers. While steel prices have increased in recent years, they have been subject to fluctuation. Low steel prices adversely affect the businesses and results of operations of steel producers generally, including ours, resulting in lower revenue and margins and write downs of finished steel products and raw material inventories. In addition, the volatility, length and nature of business cycles affecting the steel industry have become increasingly unpredictable, and the recurrence of another major downturn in the industry may have a material adverse impact on our business, results of operations, financial condition and prospects.

In addition, substantial decreases in steel prices during periods of economic weakness have not always been balanced by commensurate price increases during periods of economic strength. Any sustained price recovery will most likely require a broad economic recovery, in order to underpin an increase in real demand for steel products by end users.

3. Overcapacity and oversupply in the global steel industry may adversely affect our profitability.

China is the largest steel producing country in the world by a significant margin, with the balance between its domestic production and demand being an important factor in the determination of global steel prices. In addition, Chinese steel exports may have a significant impact on steel prices in markets outside of China, including in the markets where we operate. Any production overcapacity and oversupply in the steel industry would likely cause increased competition in steel markets around the world which would likely lead to reduced profit margins for steel producers, and would also likely have a negative effect on our ability to increase steel production in general. No assurance can be given that we will be able to continue to compete in such an economic environment or that a prolonged stagnation of the global economy or production overcapacity will not have a material adverse effect on our business, results of operations, financial condition or prospects.

4. Developments in the competitive environment in the steel industry, such as consolidation among our competitors, could have a material adverse effect on our competitive position and hence our business, financial condition, results of operations or prospects.

We believe that the key competitive factors affecting our business include product quality, changes in manufacturing technology, workforce skill and productivity, cash operating costs, pricing power with large buyers, access to funding, the degree of regulation and access to low-cost raw materials. Although we believe that we are a competitive steel producer, we cannot assure prospective investors that we will be able to compete effectively against our current or emerging competitors with respect to each of these key competitive factors.

In the past, there have been instances of consolidation among our competitors. For example, the merger of Mittal Steel and Arcelor in 2006 created a company that continues to be the largest steel producer in the world. In 2012, Nippon Steel merged with Sumitomo Metal Corporation, creating the second largest steel producer in the world. Competition from global steel producers with expanded production capacities, new market entrants, especially from China and India, could result in significant price competition, declining margins and a reduction in revenue. For example, these companies may be able to negotiate preferential prices for certain products or receive discounted prices for bulk purchases of certain raw materials that may not be available to us.

Further, recent changes in India’s debt restructuring and insolvency laws, including the introduction of Insolvency and Bankruptcy Code, 2016, could also lead to consolidation among our competitors.

In addition, our competitors may have lower leverage and stronger balance sheets. Larger competitors may also use their resources, which may be greater than ours, against us in a variety of ways, including by making additional acquisitions, investing more aggressively in product development and capacity and displacing demand for our export products. The market is still highly fragmented, and if the trend towards consolidation continues, we could be placed in a disadvantageous competitive position relative to other steel producers and our business, results of operations, financial condition and prospects could be materially and adversely affected. In addition, a variety of known and unknown events could have a material adverse impact on our ability to compete. For example, changes in the level of marketing undertaken by competitors, governmental subsidies provided to foreign competitors, dramatic reductions in pricing policies, exporters selling excess capacity from markets such as China, Ukraine and Russia, irrational market behavior by competitors, increases in tariffs or the imposition of trade barriers could all affect our ability to compete effectively. Any of these events could have a material adverse impact on our business, results of operations, financial condition and prospects.

5. The steel industry is characterized by a high proportion of fixed costs and volatility in the prices of raw materials and energy, including mismatches between trends in prices for raw materials and steel, as well as limitations on or disruptions in the supply of raw materials, which could adversely affect our profitability.

Steel production requires substantial amounts of raw materials and energy, including iron ore, coking coal and coke, scrap and power, which are subject to significant price volatility. The production of steel is capital intensive, with a high proportion of fixed costs to total costs. Consequently, steel producers generally seek to maintain high capacity utilization. If capacity exceeds demand, there is a tendency for prices to fall sharply if supply is largely maintained. Conversely, expansion of capacity requires long lead times so that, if demand grows strongly, prices increase rapidly, as unutilized capacity cannot be brought on line as quickly. The result can be substantial price volatility. While we have taken steps to reduce operating costs, such as entering into strategic joint ventures in India and overseas to secure supplies of raw materials and energy, we may be negatively affected by significant price volatility, particularly in the event of excess production capacity in the global steel market, and incur operating losses as a result.

Volatility in the prices of raw materials and energy, including mismatches between trends in prices for raw materials and steel, and limitations on, or disruptions in, supply of raw materials could adversely affect our profitability. The availability and prices of raw materials may be negatively affected by, among other factors, new laws or regulations; suppliers' allocations to other purchasers; business continuity of suppliers; interruptions in production by suppliers; accidents or other similar events at suppliers' premises or along the supply chain; wars, natural disasters and other similar events; fluctuations in exchange rates; consolidation in steel-related industries; the bargaining power of raw material suppliers and the availability and cost of transportation. Although our Indian operations source a portion of their iron ore and coal requirements from captive mines and also have new mines under development, we currently obtain a significant majority of our raw materials requirements, including all raw materials for our operations in Europe, under supply contracts or from the spot market. The raw materials industry is highly concentrated and suppliers in recent years have had significant pricing power. Further consolidation among suppliers would exacerbate this trend. Since 2010, raw materials suppliers began to move towards sales based on quarterly prices rather than annually priced contracts under which steel producers face increased exposure to production cost and price volatility. This change may in turn reduce the steel producers' access to reliable supplies of raw materials. Further, operations at some of our mines in India were disrupted in 2015 due to various reasons, including judicial orders and regulatory disputes. For further details, please see the section entitled "*Outstanding Litigation and Defaults*" beginning on page 320. Such disruptions forced us to purchase iron ore and coal on spot basis or rely on imports, resulting in increased raw material costs.

In recent years, many steel companies have been focused on acquiring raw materials around the world in an effort to limit their exposure to the volatility and instability of the markets for raw materials. To the extent such companies use these raw materials in their own steel production, these acquisitions will further limit the supply of these raw materials available for purchase in the global markets. Any prolonged interruption in the supply of raw materials or energy, or failure to obtain adequate supplies of raw materials or energy at reasonable prices or at all, or increases in costs which we are unable to pass on to our customers, could have a material adverse effect on our business, financial condition, results of operations or prospects.

Despite the high correlation between steel and raw material prices, with both having experienced significant declines during the global economic crisis, there can be no assurance that this correlation will continue. If raw materials and energy prices rise significantly (either as a result of supply constraints or other reasons) but prices for steel do not increase commensurately, it would have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, energy costs, including the cost of electricity and natural gas, represent a substantial portion of the cost of goods sold by steel producers generally, including us. Historically, energy prices have varied significantly, and this trend may continue due to market conditions and other factors beyond the control of steel producers. As the production of direct reduced iron and the re-heating of steel involve the use of significant amounts of energy, steel producers are sensitive to energy prices and are dependent on having access to reliable supplies. For example, we mothballed our steel processing plant at Llanwern, United Kingdom in 2015 due to high energy prices. Accordingly, even moderate increases in energy prices can have a significant effect on our business, financial condition, results of operations and prospects.

6. We have a substantial amount of indebtedness, which may adversely affect our cash flow and our ability to operate our business.

Our outstanding gross indebtedness as of March 31, 2017 was ₹83,014.49 crore. Any downturn in the steel industry increases the possibility that we may be unable to generate cash sufficient to pay, when due, the principal of, interest on or other amounts due in respect of its indebtedness. In addition, as this debt matures, we may need to refinance or secure new debt which may not be available on favorable terms or at all. Approximately 22.9 % of this outstanding indebtedness is due within one year, a portion of which will be refinanced by our Company through loans with longer tenors. Approximately 68.2% of this outstanding indebtedness matures within the next five years (including indebtedness maturing within one year).

Our high indebtedness levels, and other financial obligations and contractual commitments, may have other significant consequences for our business and results of operations, including:

- increased vulnerability to adverse changes in economic conditions, government regulation or the competitive environment;
- diversion of our cash flow from operations to payments on our indebtedness and other obligations and commitments, thereby reducing the availability of our cash flows to fund working capital, capital expenditure, acquisitions and other general corporate purposes;
- limiting additional borrowings for working capital, capital expenditure, acquisitions, debt refinancing service requirements, execution of its business strategy or other purposes;
- impairing our ability to pay dividends in the future; and
- exacerbating the impact of foreign currency movements on our profitability and cash flows.

A significant portion of our indebtedness has been incurred by our Company’s subsidiaries, including TSE. Our Company may be required, under various financing arrangements, to provide financial resources to support such subsidiaries under their existing and future indebtedness. Our Company has provided financial support to TSE and other subsidiaries in the past and there can be no assurance that we will not be required to contribute additional funds to reduce the outstanding debt or otherwise provide substantial support to our subsidiaries in the future. While we expect to transfer a portion of our external debt in TSE to the proposed joint venture in Europe with thyssenkrupp AG, the establishment of the joint venture is not certain and the Group, as a 50% shareholder in the joint venture, may be required to provide additional support to the business if the joint venture is created.

In addition, our high indebtedness levels, and other financial obligations and contractual commitments could lead to a downgrade of its credit rating by international and domestic rating agencies, thereby adversely impacting our ability to raise additional financing and the interest rates and commercial terms on which such additional financing is available.

Additionally, our Company intends to use a certain portion of the Net Proceeds towards pre-payment or repayment, in full or part, of certain loans availed by our Company and commercial papers issued by our Company. The details of the loans identified to be repaid or pre-paid and the value of the commercial papers to be repaid using the Net Proceeds have been disclosed in the section entitled “*Objects of the Issue*” on page 59.

We may incur additional borrowings in the future, including by way of issuing bonds. Our inability to meet our debt service obligations and repay our outstanding indebtedness depends primarily on the revenue generated by our business. We cannot assure you that we will generate sufficient revenues to service existing or proposed borrowings or fund other liquidity needs.

7. Mining operations are subject to substantial risk, including those related to operational hazards and environmental issues.

We currently operate several iron ore and coal mines in India and have an interest in mines in Mozambique, Canada and South Africa. We may substantially increase the scope of our mining activities in the future. These operations are subject to hazards and risks normally associated with the exploration, development and production of natural resources including industrial accidents, such as explosions, fires, transportation interruptions and inclement weather. The occurrence of any of these events, or similar events, could delay production, increase production costs and result in death or injury to persons, damage to property and liability for us, some or all of which may not be covered by insurance, as well as substantially harm our reputation.

These operations are also subject to hazards and risks relating to negative environmental consequences such as those resulting from tailings and sludge disposal, effluent management and disposal of mineralized waste water and rehabilitation of land disturbed during mining processes. In addition, environmental awareness throughout the world, including in India and other emerging markets, has grown significantly in recent years, and opposition to mining operations have also increased due to the perceived negative impact they have on the environment. Public protests over our mining operations could cause operations to slow down, damage our reputation and goodwill with the governments or public in the countries and communities in which we operate, or cause damage to our facilities. Public protest could also affect our ability to obtain necessary licenses to expand existing facilities or establish new operations. Consequently, negative environmental consequences as well as public opposition to our current or planned mining operations could have a material adverse effect on our results of operations and financial condition.

8. Our estimates of our Indian mineral reserves and the mineral reserves of our other mining investments are subject to assumptions, and if the actual amounts of such reserves are less than estimated, or if we are unable to gain access to sufficient mineral reserves, our results of operations and financial condition may be adversely affected.

Our estimates of our iron ore and coal resources, including in India, Mozambique, Canada and South Africa are subject to probabilistic assumptions based on interpretations of geological data obtained from sampling techniques and projected rates of production in the future. In addition, no independent third-party reports have been generated to ascertain the level of mineral reserves located at certain of our existing and potential mining sites. Actual reserves and production levels may differ significantly from reserve estimates. Furthermore, it may take many years from the initial phase of exploration before production is possible during which time the economic feasibility of exploiting such reserves may change. There can be no assurance that commercial levels of raw materials will be discovered or that the mines will produce raw materials at the estimated amounts or at all.

If mineral reserves or the quality of such reserves are overestimated, the level of viable reserves would be lower than expected, and we may be forced to purchase such minerals in the open market. Prices of minerals in the open market may significantly exceed the cost at which we might otherwise be able to extract these minerals, which would cause costs to increase and consequently adversely affect our businesses, results of operations, financial condition and prospects.

9. Our leased mines are valuable to our operations and consequently if we are unable to renew any lease or obtain new lease rights we may be required to purchase such minerals for higher prices in the open market or pay escalated royalties for the existing leases which may negatively impact our results of operations and financial condition.

We extract minerals in India pursuant to mining leases from state governments in the areas in which such mines are located including leases for iron ore mines at Noamundi, Joda and Khondbond and coal mines at West Bokaro, Odisha and Jamadoba, Jharkhand. These leases are granted under the MMDR Act, 1957 and the MMDR Amendment Act, 2015. In addition, we have plans to increase the scope of our mining activities pursuant to new leases with the state governments in Odisha and Jharkhand. Our current leases have been extended (disputes in respect of renewal of the lease for the mines at Noamundi is being contested by our Company based on interpretation of the MMDR Amendment Act, 2015) and the extension is subject to the lessee not being in breach of any applicable laws and complying with such other conditions as the relevant governmental authorities may impose.

If our mining leases in India are not extended, or are renegotiated on terms that are less favourable, or no new leases are made available, or royalties charged against our leases are increased, we may be forced to purchase such minerals in the open market or pay increased royalties. If prices in the open market exceed the cost at which we might otherwise be able to extract these minerals or there is an increase in royalties payable, our costs would increase and our business, results of operations, financial condition and prospects would be materially and adversely affected. For further details, please see the section entitled, "*Outstanding Litigation and Defaults – Litigation involving our Company – Litigation filed against our Company*" beginning on page 320.

10. Inability to obtain, renew or maintain the statutory and regulatory permits, licenses and approvals required to operate our business could have a material adverse effect on our business.

We require certain statutory and regulatory permits, licenses and approvals for our business in each of the jurisdictions in which we operate. There can be no assurance that the relevant authorities will issue such permits or approvals in the time frame anticipated by us or, at all. For further details, please see the sections entitled, "*Outstanding Litigation and Defaults*" beginning on page 320 and "*Government and Other Approvals*" beginning on page 327.

If we are unable to obtain and maintain the requisite licenses in a timely manner or at all, or to renew or maintain existing permits or approvals, or comply with the terms and conditions prescribed in such permits or approvals, it may result in the interruption of our operations (including suspension or termination of its mining leases) and may have a material adverse effect on our business, financial condition and results of operations. For details of major pending approvals and licenses in relation to our major operational facilities and mines, please see the section entitled, "*Government and Other Approvals*" on page 327.

11. We face risks relating to our joint ventures.

We have also entered into, and may from time to time in the future enter into, joint venture agreements, including for raw material projects. We may have limited control of these projects and therefore may be unable to require that our joint ventures sell assets or return invested capital, make additional capital contributions or take any other action. If there is a disagreement between us and our partners in a joint venture regarding the business and operations of the project, there can be no assurance that we will be able to resolve such disagreement in a manner that will be in our best interests or at all. Certain major decisions, such as selling a stake in the joint project, may require the consent of all other partners. These limitations may adversely affect our ability to obtain the economic and other benefits we seek from participating in these projects. In addition, our joint venture partners may have economic or business interests or goals that are inconsistent with ours; take actions contrary to our instructions, requests, policies or objectives; be unable or unwilling to fulfill their obligations; withdraw technology licenses provided to us; have financial difficulties; or have disputes as to their rights, responsibilities and obligations. Our joint venture partners may also enter into business partnerships with our competitors after the expiry of applicable non-compete periods, if any. Any of these and other factors may have a material adverse effect on our joint venture projects, which may in turn materially and adversely affect our business, results of operations, financial condition and prospects.

12. We face risks relating to our proposed joint venture with thyssenkrupp AG.

We have signed a memorandum of understanding with respect to the creation of a 50-50 joint venture with thyssenkrupp AG, as announced on September 20, 2017. The proposed joint venture relates to the parties' flat steel activities based in Europe and thyssenkrupp AG's steel mill services. It would significantly change our European operations. The commitments regarding the creation of this joint venture in the memorandum of understanding is not binding on either party and the successful creation of the joint venture is subject to a number of conditions, including negotiation of definitive documentation, regulatory approvals and informing and, where necessary, consulting with various stakeholders, including employee representative bodies, and other matters outside our Group's control. The debt finance for the European business will also need to be refinanced prior to the creation of the joint venture. Therefore, there can be no certainty that this joint venture will be created, nor that if it is created, it will succeed or that we will be able to realize the expected benefits. In addition, if the joint venture is created, our European operations will be subject to the risks inherent with joint ventures including (since it is a 50-50 joint venture) the loss of our Group's control over the business. Our Group will also be subject to business risks inherent in the thyssenkrupp AG business, in relation to which due diligence is ongoing. For further details, please see the section entitled "*Our Business – Restructuring of our European Portfolio*".

13. We face risks relating to the restructuring of our European operations.

We are currently in the process of restructuring our European operations in order to increase efficiency in servicing the European markets, which may include the sale, of some of our European operations and facilities. Such restructuring may include, amongst other things, entering into joint venture agreements, undertaking mergers or debt restructurings of our European operations. This may result in a reduction of our overall production capacity in Europe. There can be no assurances that such restructuring exercises would result in an increase in efficiency as envisaged by us. There may be external factors such as a delay in obtaining regulatory approvals, dead-locks in negotiations and labour disputes which may hinder our restructuring exercise. This may adversely affect our business, results of operations, financial condition and prospects.

14. Our UK business has separated from the BSPS and BSPS members are currently undergoing a consensual transfer exercise to a new scheme sponsored by the UK business.

On March 31, 2017 the BSPS was closed to future accrual and replaced by a defined contribution scheme. On September 11, 2017 the BSPS separated from TSUK and a number of affiliated companies by way of a Regulated Apportionment Arrangement ("**RAA**"). Tata Steel UK has also agreed to sponsor a proposed new pension scheme ("**BSPS2**"), to which BSPS members may choose to transfer, subject to certain qualifying conditions in relation to BSPS2 being met. Since the RAA has completed, all members of the BSPS have been invited to transfer to BSPS2. If the qualifying conditions are met, those members who choose to do so will transfer to the BSPS2 at the end of March, 2018. There is uncertainty with respect to the creation and composition of the BSPS2, the composition of which in terms of number of members, the funding position and its risk profile will not be known until March, 2018.

15. Europe is our significant market, and our current business and future growth could be materially and adversely affected by poor economic conditions in Europe.

Europe is a significant market, accounting for 39% and 41% of our revenue in each of the Fiscals 2017 and 2016, respectively. Sales of our products in Europe are affected by the condition of major steel consuming industries, such as the automobile, infrastructure and construction sectors, and the European economy in general. In addition, a significant majority of our operations and assets are located in Europe.

The Eurozone sovereign debt crisis, resulting austerity measures and other factors, led to recession or stagnation in many of the national economies in the Eurozone. While conditions have since improved, there, there can such improvement will continue.

On June 23, 2016, the United Kingdom held a referendum on its membership of the European Union and voted to leave ("**Brexit**"). There is significant uncertainty at this stage as to the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments. A lack of clarity over the process for managing the exit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets. These and other related events have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States, Europe and global credit and financial markets. In response to such developments, legislators and financial regulators in the United States, Europe and other jurisdictions, including India, have implemented several policy measures designed to add stability to the financial markets. In addition, any announcement by the United State Federal Reserve to increase interest rates may lead to an increase in the borrowing costs in the United States and may impact borrowing globally as well. Further, in several parts of the world, there are signs of increasing retreat from globalisation of goods, services and people, as pressures for protectionism are building up and such developments could have the potential to affect exports from India.

The United Kingdom's decision to leave the European Union has increased economic uncertainty and is expected to impact the level of investment activity and the pace of recovery for both the United Kingdom and the Eurozone economy. Any future deterioration of the European and global economy could adversely affect the Group's business, financial condition, results of operations and prospects.

16. Changes in assumptions underlying the carrying value of certain assets, including as a result of adverse market conditions, could result in impairment of such assets, including intangible assets such as goodwill.

We review the carrying amounts of our tangible and intangible assets (including investments) to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. We make a number of significant assumptions and estimates when applying the impairment test, including in estimation of the net present value of future cash flows attributable to assets or cash generating units. The actual results or performance of these assets or cash generating units could differ from estimates used to evaluate the impairment of assets. In the event that the recoverable amount of any cash-generating unit is less than the carrying amount of the unit, the impairment loss will first be allocated to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying amount of each asset in the unit. However, the decrease in recoverable amount of assets is not conclusively indicative of a long-term diminution in value of the assets.

While impairment does not affect reported cash flows, the decrease in estimated recoverable amount, as well as, the related non-cash charge in the consolidated statement of profit and loss could have a material adverse effect on our financial results or on key financial ratios. Since the 2008 financial crisis, our businesses, including European operations, have been under severe pressure, and we have recognized non-cash write downs of goodwill and assets in connection with these operations. Many of our peers in the steel industry have taken substantial impairment charges in their accounts for their most recent financial year.

Impairment loss recognised in respect of property, plant and equipment (including capital work-in-progress) and intangible assets for the year ended March 31, 2017 was ₹268 crore.

In accordance with our policy, impairment review is conducted only at the end of the last quarter of the financial year. There can be no assurance that we will not be required to take impairment charges in Fiscal 2018, in relation to our operations or elsewhere, or thereafter and, if taken, such charges may be significant. Any future impairment charges may adversely impact our financial covenants, liquidity position and results of operations.

17. The production of steel is capital intensive, with long gestation periods.

The production of steel is capital intensive, with a high proportion of investment in fixed assets such as land, plant and machinery. Further, setting up of new capacities or expansion of existing capacities require long lead times. If total capacity in the industry exceeds demand, there is a tendency for prices to fall sharply if supply is largely maintained. Conversely, if demand grows strongly, prices increase rapidly, as unutilized capacity cannot be brought on line as quickly. The result can be substantial price volatility. While we have taken steps to reduce operating costs, we may be negatively affected by significant price volatility, particularly in the event of excess production capacity in the global steel market, and incur operating losses as a result.

18. If we are unable to successfully implement our growth strategies, our results of operations and financial condition could be adversely affected.

As part of our future growth strategy, we plan to expand our steelmaking capacity through a combination of brownfield growth, new greenfield projects and acquisition opportunities and to focus this additional capacity on the increased production of high-value products. For further details, please see the section entitled "*Our Business — Expansion and Development Projects*" on page 89. These projects, and a number of other expansion projects, to the extent that they proceed, would involve risks, including risks associated with the timely completion of these projects, and our failure to adequately manage these risks notwithstanding our upgraded operational and financial systems, procedures and controls could have a material adverse effect on our business, financial condition, results of operations and prospects. Factors that could affect our ability to complete these projects include receiving financing on reasonable terms, obtaining or renewing required regulatory approvals and licenses, delays in land acquisitions, a decline in demand for our products and general economic conditions. For example, our Odisha project experienced delays primarily associated with land acquisition, licenses and construction delays due to extreme weather conditions. Delays associated with land acquisitions and obtaining various licenses and approvals require the coordination and cooperation of various governmental agencies and third parties that are outside our control. In many cases, even though we have paid for or applied for acquisitions, services or licenses, delays associated with the responsiveness of counterparties have been one of the key reasons for construction delays. To accommodate this growth, we needed to implement a variety of new and upgraded operational and financial systems, procedures and controls, including the improvement of our accounting and other internal management systems, all of which require substantial management time and effort. In addition, the feasibility of our growth strategies are also dependent upon our ability to negotiate extensions of memorandums of understanding with the relevant state governments, obtain new iron ore mining leases from the relevant state governments and on certain political factors including the resettlement and rehabilitation of people living on the land to be used in a project. Any of these factors may cause us to delay, modify or forego some or all aspects of our expansion plans. Further, there can be no assurance that we will be able to execute our strategies on time and within the estimated budget.

In addition, certain brownfield expansions have required the temporary shut-down of operations at the particular facility being upgraded. During these periods, we could experience reduced production volumes which could translate into reduced sales volumes. This could have a direct negative impact on revenue and operating results for such period. Consequently, we cannot assure prospective investors that we will be able to execute these projects and, to the extent that they proceed, that we will be able to complete them on schedule or within budget. In addition, there can be no assurance that we will be able to achieve its goal of increasing the production of high-value products or that it will otherwise be able to achieve an adequate return on its investment. Failure to do so could have a material adverse effect on our business, financial condition, results of operations and prospects.

Further, as part of our growth strategy and to improve liquidity, we endeavor to undertake portfolio rationalization through divestment of assets and businesses from time to time. These include some of our operating steel assets, logistics and downstream assets. Divestment of these assets and businesses could be significant. We cannot assure you that any the divestments will be completed in a timely manner on commercially acceptable terms, or at all, or that the divestments undertaken in the past could not have been completed on more favorable terms.

19. If industry-wide steel inventory levels are high, customers may draw from inventory rather than purchase new products, which would reduce our sales and earnings.

Above-normal industry inventory levels can cause a decrease in demand for our products and thereby adversely impact our earnings. High industry-wide inventory levels of steel reduce the demand for production of steel because customers can draw from inventory rather than purchase new products. This reduction in demand could result in a corresponding reduction in prices and sales, both of which could contribute to a decrease in earnings. Industry-wide inventory levels of steel products can fluctuate significantly from period to period.

20. We are subject to certain restrictive covenants in our financing arrangements which may limit operational and financial flexibility, and failure to comply with these covenants may have a material adverse effect on our future results of operations and financial condition.

Certain of our financing arrangements include covenants to maintain certain debt to equity ratios, debt coverage ratios and certain other liquidity and profitability ratios. There can be no assurance that such covenants will not hinder business development and growth. In the event that we breach any covenants under our financing arrangements or requisite consents/waivers cannot be obtained, the outstanding amounts due under such financing agreements could become due and payable immediately. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such financing agreements becoming due and payable immediately. Defaults under one or more of our financing agreements could have a material adverse effect on our business, results of operations, financial condition and prospects.

Some of our financing agreements and debt arrangements set limits on or require us to obtain lender consents before, among other things, undertaking certain projects, issuing new securities, changing our business, merging, consolidating, selling significant assets or making certain acquisitions or investments. In the past, we have been able to obtain required lender consents for such activities. However, there can be no assurance that we will be able to obtain such consents in the future. If our financial or growth plans require such consents, and such consents are not obtained or other condition or covenant under our financing agreements is not waived by the lender, we may be forced to forgo or alter our plans, which could adversely affect our results of operations, financial condition and prospects.

In addition, certain covenants may limit our ability to raise incremental debt or to provide collateral.

21. Our contingent liabilities could adversely affect our financial condition.

We have created provisions for certain contingent liabilities in our financial statements. There can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Fiscal or in the future and that our existing contingent liabilities will not have material adverse effect on our business, financial condition and results of operations. For further details in relation to our contingent liabilities, please see the section entitled "*Financial Statements – Audited Consolidated Financial Statements as at and for the year ended March 31, 2017 - Note 39*" on page 260.

22. We may not be able to obtain adequate funding required to carry out our future plans for growth.

Disruptions in global credit and financial markets and the resulting governmental actions around the world could have a material adverse impact on our ability to meet funding needs. We require continuous access to large quantities of capital in order to carry out day-to-day operations. We have historically required, and in the future expect to require, outside financing to fund capital expenditure needed to support the growth of our business (including the additional operational and control requirements of this growth) as well as to refinance our existing debt obligations and meet our liquidity requirements.

In the event of adverse market conditions, or if actual expenditure exceeds planned expenditure, our external financing activities and internal sources of liquidity may not be sufficient to support current and future operational plans, and we may be forced to, or may choose to, delay or terminate the expansion of the capacity of certain of its facilities or the construction of new facilities. Our ability to arrange external financing and the cost of such financing, as well as our ability to raise additional funds through the issuance of equity, equity-related or debt instruments in the future, is dependent on numerous factors. These factors include general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in us, our success, provisions of tax and securities laws that may be applicable to our efforts to raise capital, the political and economic conditions in the geographic locations in which we operate, the amount of capital that other entities may seek to raise in the capital markets, the liquidity of the capital markets and our financial condition and results of operations.

There can be no assurance that we will be able to obtain bank loans or renew existing credit facilities granted by financial institutions in the future on reasonable terms or at all or that any fluctuation in interest rates will not adversely affect its ability to fund required capital expenditure. We may be unable to raise additional equity on terms or with a structure that is favorable, if at all. If we are unable to arrange adequate external financing on reasonable terms, our business, operations, financial condition and prospects may be adversely and materially affected.

23. We operate a global business and its financial condition and results of operations are affected by the local conditions in or affecting countries where it operates.

We operate a global business and have facilities in the United Kingdom, the Netherlands, India, Germany, Thailand, Singapore, Vietnam and Mozambique. As a result, our financial condition and results of operations are affected by political and economic conditions in or affecting countries where we operate.

We face a number of risks associated with our operations, including: challenges caused by distance, local business customs, languages and cultural differences, adverse changes in laws and policies, including those affecting taxes and royalties on energy resources. In September, 2014, royalty rates on iron ores in India were increased, which had a temporary adverse impact on the Group's profitability, as there was a lag in passing this cost through to customers. Other risks may be relating to labor, local competition law regimes, environmental compliance and investments, difficulty in obtaining licenses, permits or other regulatory approvals from local authorities; adverse effects from fluctuations in exchange rates; multiple and possibly overlapping and conflicting standards and practices of the regulatory, tax, judicial and administrative bodies of the relevant foreign jurisdiction; political strife, social turmoil or deteriorating economic conditions; military hostilities or acts of terrorism; and natural disasters, including earthquakes in India and flooding and tsunamis in Southeast Asia, and epidemics or outbreaks such as avian flu, swine flu or severe acute respiratory syndrome. In addition, the infrastructure of certain countries where we operate businesses, in particular India but also Thailand and Vietnam is less developed than that of many developed nations and problems with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activities.

Investments in certain countries could also result in adverse consequences to us under existing or future trade or investment sanctions. The effect of any such sanctions could vary, but if sanctions were imposed on us, there could be a material adverse impact on the market for our securities or it could significantly impair our ability to access the U.S. or international capital markets.

Any failure on our part to recognize and respond to these risks may materially and adversely affect the success of our operations, which in turn could materially and adversely affect our business, results of operations, financial condition and prospects.

24. A substantial and increasing portion of our revenues is derived from India and consequentially we are exposed to risks associated with economic conditions in India.

India is principally the largest market for our operations and contributed approximately 43% of our revenue on a consolidated basis in Fiscal 2017. A significant and ever-increasing portion of our revenue is generated in India. Existing and potential competitors may increase their focus on India, which could reduce our market share. For example, our competitors may intensify their efforts to capture a larger market share by undertaking aggressive pricing strategies and increasing their focus on product development. Investors in emerging markets such as India should be aware that these markets are subject to various risks, including in some cases significant legal, economic and political risks. In addition, adverse political or economic developments in other Asian countries could have a significant negative impact on, among other things, India's GDP, foreign trade and economy in general. Investors should note that emerging markets, including India, are subject to rapid change and information contained in this Letter of Offer may quickly become outdated. Investors should exercise particular care in evaluating risks involved and must decide for themselves whether, in light of those risks, an investment in the Issue is appropriate.

25. The unexpected loss, shutdown or slowdown of operations at any of our facilities could have a material adverse effect on our results of operations and financial condition.

Our facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply interruptions, facility obsolescence or disrepair, labor disputes, natural disasters and industrial accidents. The occurrence of any of these risks could affect our operations by causing production at one or more facilities to shut down or slowdown. No assurance can be given that one or more of the factors mentioned above will not occur, which could have a material adverse effect on our results of operations and financial condition.

In addition, our manufacturing processes depend on critical pieces of steelmaking equipment. Such equipment may, on occasion, be out of service as a result of unanticipated failures, which could require us to close part or all of the relevant production facility or cause production reductions on one or more of our production facilities. Our facility and equipment would be difficult and expensive to replace on a timely basis. Any interruption in production may require significant and unanticipated capital expenditure to affect repairs, which could have a negative effect on profitability and cash flows. Although we maintain business interruption insurance, the recoveries under our insurance coverage may be delayed or may not be sufficient to offset the lost revenues or increased costs resulting from a disruption of our operations. A sustained disruption to our business could also result in a loss of customers. Any or all of these occurrences could result in the temporary or long-term closure of our facilities, severely disrupt our business operations and materially adversely affect our business, results of operations, financial condition and prospects.

26. Costs related to our obligations to pension and other retirement funds could escalate, thereby adversely affecting our results of operations and financial condition.

We have significant pension and other retirement obligations to our employees. For details in relation the pension schemes and other retirement benefits made available to our employees, please see the section entitled "*Our Business - Employees*" on page 92. The relevant European Group entities, most materially in the UK and the Netherlands, provide retirement benefits for substantially all of their respective employees under several defined benefit and defined contribution plans. UK defined benefit pension contributions are calculated by independent actuaries using various assumptions about future events. The actuarial assumptions used may differ from actual future results due to changing market and economic conditions, higher or lower withdrawal rates, longer or shorter life spans of participants or other unforeseen factors. These differences may impact the actual net pension expense and liability, as well as future funding requirements. However, one of the qualifying conditions to BSPS members transferring to BSPS2 will be that BSPS2 members, after the transfer, will enjoy a material surplus of scheme assets relative to calculated scheme liabilities which, in the UK, materially mitigates, but does not eliminate, the principal financial pension risks.

27. We face numerous protective trade restrictions, including anti-dumping laws, countervailing duties and tariffs, which could adversely affect its results of operations and financial condition.

Protectionist measures, including anti-dumping laws, countervailing duties and tariffs and government subsidization adopted or currently contemplated by governments in some of our export markets could adversely affect our sales. Anti-dumping duty proceedings or any resulting penalties or any other form of import restrictions may limit our access to export markets for its products, and in the future additional markets could be closed to us as a result of similar proceedings, thereby adversely impacting our sales or limiting our opportunities for growth.

Tariffs are often driven by local political pressure in a particular country and therefore there can be no assurance that quotas or tariffs will not be imposed on us in the future. In the event that such protective trade restrictions are imposed on us, our exports could decline. Additionally, there can be no assurance that the Group will benefit from trade restrictions that protect the markets in which it produces the majority of its products, being India and Europe. Foreign steel manufacturers may, as a result of trade restrictions in other regions or other factors, attempt to increase their sales in these markets thereby causing increased competition in India and Europe. A decrease in exports from India and Europe or an increase in steel imports to India and Europe as a result of protective trade restrictions could have a negative impact on our business, financial condition, results of operations and prospects. Our Group does avail itself to certain conditional concessionary arrangements with respect to trade that may impose conditions on us which could lead to penalties if such conditions are not met.

28. Any change in existing government policies providing support to steel manufactures, or new policies withdrawing support presently available could adversely affect our business and results of operations.

Any change in existing government policies providing support to steel manufactures, or new policies withdrawing support presently available, in the jurisdictions in which we have operations could adversely affect the supply and demand balance and the competitive environment. For example, in February, 2016, the Government of India announced a minimum import price on 173 steel products to prevent dumping of steel products. Subsequently, the minimum import price was discontinued and the Government of India imposed anti-dumping duties on steel products with effect from August, 2016 for a period of five years. Similarly, in February 2016, the European Union announced provisional anti-dumping duties on cold-rolled flat steel from China and Russia. If any such measures are withdrawn or not renewed upon expiry, it may adversely affect the competitive environment and we cannot assure you that we would be able to pass on any resultant increase in costs to our customers, which could adversely affect our business and results of operations.

29. Environmental matters, including compliance with laws and regulations and remediation of contamination, could result in substantially increased capital requirements and operating costs.

Our businesses are subject to numerous laws, regulations and contractual commitments relating to the environment in the countries in which it operates and our operations generate large amounts of pollutants and waste, some of which are hazardous. These laws, regulations and contractual commitments concern air emissions, wastewater discharges, solid and hazardous waste material handling and disposal, and the investigation and remediation of contamination or other environmental restoration. The risk of substantial costs and liabilities related to compliance with these laws and regulations is an inherent part of our business. Facilities currently or formerly owned or operated by us, or where wastes have been disposed or materials extracted, are all subject to risk of environmental cost and liabilities, which includes the costs or liabilities relating to the investigation and remediation of past or present contamination or other environmental restoration. In addition, future conditions and contamination may develop, arise or be discovered that create substantial environmental compliance, remediation or restoration liabilities and costs despite our efforts to comply with environmental laws and regulations, violations of such laws or regulations can result in civil and/or criminal penalties being imposed, the suspension of permits, requirements to curtail or suspend operations, lawsuits by third parties and negative reputational effects. There can be no assurance that substantial costs and liabilities will not be incurred in the future. For further details of material disputes related to our mining operations, please see the section entitled, "*Outstanding Litigation and Defaults*" beginning on page 320.

An increase in the requirements of environmental laws and regulations, increasingly strict enforcement thereof by governmental authorities, or claims for damages to property or injury to persons resulting from the environmental impacts of our operations or past contamination, could prevent or restrict some of our operations, require the expenditure of significant funds to bring us into compliance, involve the imposition of cleanup requirements and reporting obligations, and give rise to civil and/or criminal liability.

There can be no assurance that any such legislation, regulation, enforcement or private claim will not have a material adverse effect on our business, financial condition or results of operations. In the event that production at one of our facilities is partially or wholly disrupted due to this type of sanction, our business could suffer significantly and our results of operations and financial condition could be materially and adversely affected.

In addition, our current and future operations may be located in areas where communities may regard our activities as having a detrimental effect on their natural environment and conditions of life. Any actions taken by such communities in response to such concerns could compromise our profitability or, in extreme cases, the viability of an operation or the development of new activities in the relevant region or country.

30. Our steel manufacturing operations are hazardous processes that can cause personal injury and loss of life, severe damage to property and equipment as well as environmental damage, which could cause us to incur significant costs and liabilities and may damage our reputation.

We are subject to a broad range of health and safety laws and regulations in each of the jurisdictions in which we operate. These laws and regulations, as interpreted by the relevant agencies and the courts, impose increasingly stringent health and safety protection standards. The costs of complying with, and the imposition of liabilities pursuant to, health and safety laws and regulations could be significant, and failure to comply could result in the imposition of civil and/or criminal penalties, the suspension of permits or operations and lawsuits by third parties.

Despite our efforts to monitor and reduce accidents at our facilities, there remains a risk that health and safety incidents may occur. Such incidents could include explosions or gas leaks, fires or collapses in underground mining operations, vehicular accidents and other incidents involving mobile equipment or exposure to potentially hazardous materials. Due to the nature of our business, certain incidents can and do result in employee fatalities. Some of our industrial activities involve the use, storage and transportation of dangerous chemicals and toxic substances, and we are therefore subject to the risk of industrial accidents which could have significant adverse consequences for our workers and facilities, as well as the environment. Such incidents could lead to production stoppages, the loss of key assets, or put employees at risk (and those of sub-contractors and suppliers) or persons living near affected sites. In addition, such incidents could damage our reputation, leading to the rejection of products by customers, devaluation of the "Tata" brand and diversion of management time into rebuilding and restoring its reputation.

31. Our operating results are affected by movements in exchange rates and interest rates.

There has been considerable volatility in foreign exchange rates in recent years, including rates between the Euro, the Rupee, the U.S. Dollar, the Japanese yen and other major foreign currencies. To the extent that we incur costs in one currency and generate sales in another, the profit margins may be impacted by changes in the exchange rates between the two currencies. The sales from our European operations are denominated mainly in Euro, and sales from our Indian operations are primarily in Rupees. However exports from India have increased significantly in recent years, which are mainly denominated in U.S. Dollars. The raw material purchases for our European operations are denominated mainly in U.S. Dollars while employee related expenses and other costs are primarily denominated in British pounds and Euros. The costs of our Indian operations are primarily in Rupees although our revenue and capital goods imports, are mainly denominated in U.S. Dollars and to a lesser extent in Euros and the Japanese Yen, among others. Our Group's Indian operations have debt denominated in foreign currency, while the imports of our Indian operations that are denominated in U.S. Dollars currently exceed our exports denominated in U.S. Dollars on an annual basis. In addition, because of ongoing growth projects in India for which we expect to incur significant capital expenditure, including the purchase of steel production equipment, we are expected to have imports on our capital account in Euros, U.S. Dollars, British pound and Japanese yen. The Group has hedging policies that help minimize the volatility in cash flows, however, fluctuations in exchange rates, in particular between the Euro and the British pound, Euro and the U.S. Dollar, Rupee and the U.S. Dollar and Rupee and the Japanese yen, may impact our profit margins and revenue from operations.

We book forward contracts on a rolling basis to hedge currency mismatches in our European business. For other exposures, we maintain a policy of booking forward contracts to hedge exposures once they are crystallized. The Group has hedging policies that permit the use of different hedging instruments including forward contracts, option contracts among other derivatives to hedge risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions, changes in exchange rates may nevertheless have a material and adverse effect on our business, results of operations, financial condition and prospects.

As at March 31, 2017, our indebtedness included outstanding floating-rate debt in the amount of ₹49,950 crore. If interest rates rise, interest payable on this debt will also rise, thereby increasing our interest expense and cost of new financing. Such a rise in interest rates may therefore materially and adversely affect our cash flow, business, results of operations, financial condition and results of operations.

32. Competition from other materials, or changes in the products or manufacturing processes of customers that use our steel products, could reduce market prices and demand for steel products and thereby reduce our cash flow and profitability.

In many applications, steel competes with other materials that may be used as substitutes, such as aluminum (particularly in the automobile industry), cement, composites, glass, plastic and wood. Government regulatory initiatives mandating or creating incentives for the use of such materials in lieu of steel, whether for environmental or other reasons, as well as the development of other new substitutes for steel products, could significantly reduce market prices and demand for steel products and thereby reduce our cash flow and profitability.

In addition, the steel market is characterized by evolving technology standards that require improved quality, changing customer specifications and wide fluctuations in product supply and demand. The products or manufacturing processes of the customers that use our steel products may change from time to time due to improved technologies or product enhancements. These changes may require us to develop new products and enhancements for our existing products to keep pace with evolving industry standards and changing customer requirements. If we cannot keep pace with market changes and produce steel products that meet its customers' specifications and quality standards in a timely and cost-effective manner, its business, results of operations, financial condition and prospects could be materially adversely affected.

33. We have undertaken, and may undertake in the future, strategic acquisitions, which may be difficult to integrate, and may end up being unsuccessful.

We have in the past pursued, and may from time to time pursue in the future, acquisitions. From 2005 to 2007, we acquired operations in Europe through the acquisition of Corus as well as operations in Thailand, Singapore, China, Vietnam and Australia through the acquisitions of Tata Steel Thailand and NatSteel. These acquisitions posed significant logistical and integration issues for us, as we had no previous experience in managing substantial foreign companies or large-scale international operations.

Our ability to achieve the anticipated benefits from future acquisitions will depend in large part upon whether we are able to integrate the acquired businesses into the rest of the group in an efficient and effective manner. The integration of acquired businesses and the achievement of synergies require, among other things, coordination of business development and procurement efforts, manufacturing improvements and employee retention, hiring and training policies, as well as the alignment of products, sales and marketing operations, compliance and control procedures, research and development activities and information and software systems. Any difficulties encountered in combining operations could result in higher integration costs and lower savings than expected. Integration of certain operations also requires the dedication of significant management resources, and time and costs devoted to the integration process may divert management's attention from day to day business.

In addition, we are considering additional acquisitions, including acquisition of brownfield steel manufacturing operations in India, and may make further acquisitions which may require us to incur or assume substantial new debt, expose it to future funding obligations and expose it to integration risks, and we cannot assure prospective investors that such acquisitions will contribute to our profitability. The failure to successfully integrate an acquired business or the inability to realize the anticipated benefits of such acquisitions could materially and adversely affect our business, results of operations, financial condition and prospects.

34. Labour problems could adversely affect our results of operations and financial condition.

Most of our employees in India, and a substantial portion of our employees in Europe, other than management, are members of labor unions and are covered by collective-bargaining agreements with those labor unions, which have different terms at different locations and are subject to periodic renegotiation. Although we work to maintain good relations with unions, there can be no assurance that there will be no labor unrest in the future, which may delay or disrupt our operations. If strikes, work stoppages, work slow-downs or lockouts at our facilities occur or continue for a prolonged period of time, our business, results of operations, financial condition and prospects could be adversely affected.

35. Our insurance policies provide limited coverage, potentially leaving us uninsured or under insured against some business risks.

As part of risk management, we maintain insurance policies that may provide some insurance cover for labor unrest, mechanical failures, power interruptions, natural calamities or other problems at any of our steelmaking and mining facilities. While we believe that we maintain insurance coverage in amounts consistent with industry norms, our insurance policies do not cover all risks and are subject to exclusions and deductibles.

If our production facility is damaged in whole or in part and our operations are interrupted for a sustained period due to fire and similar perils, there can be no assurance that our insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption or the costs of repairing or replacing the damaged facilities.

Notwithstanding the insurance coverage that we carry, the occurrence of any event that causes losses in excess of limits specified under the policy, or losses arising from events not covered by insurance policies, could have a material adverse effect our business, financial condition and operating results.

36. We are involved in certain outstanding litigation, investigations and other proceedings and cannot assure Investors that we will prevail in these actions.

There are several outstanding litigations against us and our directors. There are also various criminal cases against our Company, our Directors and our Subsidiaries. We are a defendant in legal proceedings incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals in different jurisdictions. Should the proceedings be decided adversely against us, or any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may incur significant expenses and management time in such legal proceedings and may need to make provisions in its financial statements for such litigation, which could have a material adverse effect on our business, results of operations, financial condition and prospects. For further details, please see the section entitled "*Outstanding Litigation and Defaults*" on page 320.

37. Our business is dependent on our continuing relationships with our customers and suppliers who can suspend or cancel delivery of products.

Events of force majeure such as disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, government actions or other events that are beyond the control of the parties and allow our suppliers to suspend or cancel deliveries of raw materials could impair our ability to source raw materials and components and to supply our products to customers. Similarly, our customers may suspend or cancel delivery of our products during a period of force majeure and any suspensions or cancellations that are not replaced by deliveries under new contracts or sales to third parties on the spot market would reduce cash flows and could adversely affect our financial condition and results of operations. There can be no assurance that such disruptions will not occur.

38. Our success depends on the continued services of our senior management team.

Our success and growth depend on the continued services of our directors and other members of senior management team. Their extensive experience in the steel industry and in-depth knowledge of various aspects of our business operations. There can be no assurance that any executive director or member of senior management will continue in his or her present position, or that we will be able to find and hire a suitable replacement if any of them retires or joins a competing company. Moreover, along with our steady growth and business expansion, we need to employ, train and retain additional suitable skilled and qualified management and employees from a wider geographical area. If we cannot attract and retain suitable personnel, our business and future growth may be materially and adversely affected.

39. Product liability claims could adversely affect our operations.

We sell products to major manufacturers who are engaged to sell a wide range of end products. Furthermore, our products are also sold to, and used in, certain safety-critical applications. If we were to sell steel that does not meet specifications or the requirements of the application, it could result in significant disruptions to the customer's production lines could result. There could also be significant consequential damages resulting from the use of such products. We have a limited amount of product liability insurance coverage, and a major claim for damages related to products sold could leave us uninsured against a portion or all of the award and, as a result, materially harm our financial condition and future operating results.

40. Investors should not rely on any speculative information released in the press or other media regarding us, our business or the Issue.

We are one of the leading steel producers in the world. As a result of this position, there may be information about us, our business and employees or the Issue carried by the press and other media which may be speculative and unconfirmed by us. Prospective investors are cautioned that we do not accept any responsibility for the accuracy or completeness of any such information in the press or other media regarding us, our business and employees or the Issue. Investors should rely only on information included in this Letter of Offer in making an investment decision with respect to the Issue.

Furthermore, speculative information about us, and our directors, officers and key employees could adversely affect our reputation. Such speculation could potentially disrupt our ability to do business with counterparties who give weight to media comment, thereby distracting our management from its responsibilities and adversely affecting the trading price of the Ordinary Shares.

41. We rely on licensing arrangements with our Promoter to use the "Tata" brand. Any improper use of the associated trademarks by the licensor or any other third parties could materially and adversely affect our business, financial condition and results of operations.

Rights to trade names and trademarks are a crucial factor in marketing our products. Establishment of the "Tata" word mark and logo mark in and outside India is material to our operations. We have licensed the use of the "Tata" brand from our Promoter. If our Promoter, or any of its subsidiaries or affiliated entities, or any third party uses the trade name "Tata" in ways that adversely affect such trade name or trademark, our reputation could suffer damage, which in turn could have a material adverse effect on its business, financial condition and results of operations.

42. We may not be successful in acquiring assets under the Insolvency and Bankruptcy Code, 2016 ("IBC")

We have submitted the resolution plan for Electrosteel Steels Limited, we are in the process of submitting resolution plans in respect of certain companies and may submit resolution plans in respect of other companies undergoing the corporate insolvency resolution process under the IBC.

The IBC is a recent legislation which, among others, consolidates the law relating to reorganization and insolvency resolution of corporate entities. Under the IBC, a confidential information memorandum is provided to prospective applicants who satisfy the eligibility criteria with information about the corporate debtor including the liquidation value, the latest annual financial statements and the assets and liabilities. The applicant is required to submit a resolution plan within the prescribed period providing for, among others, payment of insolvency resolution process costs (including amount of any interim finance provided for the corporate debtor), repayment of the creditors as prescribed in the IBC and the details of management and control of the corporate debtor during the term of the resolution plan. The resolution plan is required to be approved by 75% of the committee of creditors and thereafter by the National Company Law Tribunal ("**NCLT**"). The corporate insolvency resolution process under the IBC (the "**IBC Process**") is new and relatively untested.

We may not be able to submit our resolution plan in a timely manner or at all, or the resolution plan we submit may not be approved by the committee of creditors or the NCLT. Further, while the IBC has prescribed a maximum period for the IBC Process, as it is relatively untested, we cannot assure you that it will be completed in a timely manner or at all.

The IBC Process may be challenged in court and we may be made a party to such litigation as a bidder or otherwise. Any such litigation could be time-consuming and expensive.

We cannot assure you that we will successfully acquire any entity in respect of which we have or choose to submit a resolution plan. Participation in the IBC Process may distract management attention from our business operations and lead us to incur significant costs, which may have a material adverse effect on our business, reputation and results of operation.

43. We may be unable to realize the anticipated benefits of any acquisition we make under the IBC Process, which could have a material adverse impact on our business, financial condition, reputation and results of operation.

Certain Indian steel manufacturing companies such as Bhushan Steel Limited, Electrosteel Steels Limited, Essar Steel India Limited, Bhushan Power and Steel Limited and Monnet Ispat and Energy

Limited are currently undergoing the corporate insolvency resolution process under the IBC. We have submitted the resolution plan for Electrosteel Steels Limited, we are in the process of submitting resolution plans in respect of certain companies and may submit resolution plans in respect of other companies undergoing the corporate insolvency resolution process under the IBC. We may also evaluate other strategic acquisition opportunities in financially stressed companies, including with respect to the above companies, which may include submitting bids, discussions with lenders and participating in auctions.

The valuation of the company depends on and is influenced by the cyclical nature of the global steel industry and may lead us to overvalue the assets we acquire or may be unable to effectively utilize or turnaround the acquired assets. We cannot assure you that any of these acquisitions will actually yield the benefits that may have been envisaged by us at the time of undertaking the same.

If the resolution plan submitted by our Company is approved by the committee of creditors and the NCLT, we will be required to implement the terms of the resolution plan. Acquisition of assets through the IBC Process requires repayment of the creditors of the corporate debtor and may require additional investment to revive the stressed assets. Our Company may finance such an acquisition, wholly or in part, by incurring additional debt. As of September 30, 2017, the Company had total gross borrowings of ₹90,260 crore on a consolidated basis. We may not be able to secure additional debt in terms favourable to us or at all. Further, additional debt incurred for such an acquisition may increase our level of indebtedness substantially and we may be unable to generate sufficient cash to pay the principal of, or interest on, or other amounts due in respect of such indebtedness when they are due.

Our resolution plans are based on certain assumptions and expectation that the acquisition would generate synergies and growth opportunities. However, our assumptions may be incorrect and the acquisition may fail to generate synergies or expected benefits for various reasons. For example, our evaluation of information available as part of the IBC Process may be faulty and as a result, the acquisition may not yield the anticipated benefits. Our analysis of potential benefits of acquisitions may be inaccurate as the assets are situated in a geographic region where we do not operate or are manufacturing products in which we do not have sufficient experience. The companies that we may acquire under the IBC and the underlying assets may have risks associated with them, which may not be anticipated or assessed by us.

Our ability to achieve the benefits we anticipate from our acquisition may depend significantly on whether we are able to integrate our business with that of the acquired entity in an efficient and effective manner. Such integration may involve, among other things, coordination of business development, employee retention, alignment of products, sales and marketing operations. We may also have to rely on the management team of the acquired entity and there can be no assurance that such team will be integrated with our management or remain with the acquired entity.

Our acquisition may also be adversely affected if there are unfavourable changes in government policy or market conditions. Any change in government policy which affects the steel industry directly or indirectly (including due to impact on supply of raw materials or reduction of demand), or significant change in market conditions which affects steel prices in India or globally, may result in our acquisition not achieving the anticipated benefits.

As the IBC Process is relatively untested, we may face unanticipated delays in completion of the acquisition. Further, even after approval of the resolution plan in terms of the IBC, the acquisition may be challenged in court and we may have to be involved in a protracted litigation process, the outcome of which would be uncertain. Further, we may require regulatory approvals including from the Competition Commission of India before effecting the acquisition. Such approvals may not be received in time, in terms favourable to us or at all.

Any of the above factors could have a material adverse impact on our business, financial condition, reputation and results of operation.

44. We do not have certain documents evidencing the biographies of certain of our Directors in "Our Management".

In accordance with the disclosure requirements stipulated under the SEBI Regulations, the brief biographies of our Directors disclosed in the section entitled "*Our Management*" on page 95 include details of their educational qualifications and professional experience. However, the original documents evidencing certain educational qualifications or professional experience are not available with some of our Directors. Accordingly, we have relied on affidavits provided by such Directors to verify the authenticity of such disclosures.

45. Our Company will not distribute this Letter of Offer and CAF to overseas Shareholders who have not provided an address in India for service of documents.

Our Company will dispatch this Letter of Offer and CAF (the "**Offering Materials**") to the Shareholders who have provided an address in India for service of documents. The Offering Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in various overseas jurisdictions. However, Section 20 of the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of Offering Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdiction. Whilst our Company has requested all the Shareholders to provide an address in India for the purposes of distribution of Offering Materials, our Company cannot assure that the regulator would not adopt a different view with respect to compliance with Section 20 of the Companies Act, 2013 and may subject our Company to fines or penalties.

External Risks

46. Our business is substantially affected by prevailing economic, political and other prevailing conditions in India, Europe and the other markets we currently service.

Our Company is incorporated in India, and the majority of our assets and employees are located in India and Europe. As a result, we are highly dependent on prevailing economic conditions in India and Europe and our results of operations are significantly affected by factors influencing the Indian and Eurozone economy. Factors that may adversely affect the Indian and Eurozone economy, and therefore our results of operations, may include:

- any increase in interest rates or inflation;
- any exchange rate fluctuation;
- any scarcity of credit or other financing in India, resulting in an adverse impact on the economic conditions in India and scarcity of financing of our developments and expansions;
- debt crisis in certain European countries;
- political instability, a change in government or a change in the economic and deregulation policies;
- domestic consumption and savings;
- balance of trade movements, namely export demand and movements in key imports (oil and oil products);
- annual rainfall in India which affects agricultural production;
- any exchange rate fluctuations;
- any scarcity of credit or other financing, resulting in scarcity of financing for our expansions;
- prevailing economic and income conditions among Indian and European consumers and corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in tax, trade, fiscal or monetary policies, including application of GST;
- political instability, terrorism or military conflicts in India or in countries in the region or globally;
- occurrence of natural or man-made disasters;
- infectious disease outbreaks or other serious public health concerns;
- prevailing regional or global economic conditions, including in India's principal export markets;

- other significant regulatory or economic developments in or affecting India or its financial services and pharmaceutical sectors;
- increase in India's trade deficits or such trade deficits becoming unmanageable; and
- decline or future material decline in India's foreign exchange reserves.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Ordinary Shares. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance and the price of the Ordinary Shares.

High rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins. Any slowdown or perceived slowdown in the Indian and Eurozone economy, or in specific sectors thereof, could adversely impact our business, results of operations and financial condition and the price of the Ordinary Shares.

India's trade relationships with other countries can influence Indian economic conditions. In the year ended March 31, 2017, the trade deficit was approximately US$ 105.73 billion. This large trade deficit neutralizes the surpluses in India's invisibles in the current account, resulting in a current account deficit. If India's trade deficits increase or become unmanageable, the Indian economy, and therefore our business, future financial performance, cash flows and the trading price of the Ordinary Shares could be adversely affected.

A decline or future material decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our financial condition and future financial performance.

47. *Changing laws, rules and regulations and legal uncertainties including adverse application of tax laws and regulations such as application of Goods and Service Tax, may adversely affect our business results of operations, cash flows and financial performance.*

Our business and financial performance could be adversely affected by changes in law or interpretations of existing, or the promulgation of new, laws, rules and regulations in India applicable to us and our business. There can be no assurance that the central or the state governments may not implement new regulations and policies which will require us to obtain approvals and licenses from the governments and other regulatory bodies or impose onerous requirements and conditions on our operations. For example, majority of our pharmaceuticals business and healthcare insights and analytics business is based outside India and outward investments in India is governed by RBI regulations. Any change in such RBI regulation may have a severe impact on our businesses outside India or any expansion plans that involve support from our local operations. Any new regulations and policies and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on all our business, financial condition and results of operations. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. The GoI has recently enacted the Central Goods and Services Tax Act, 2017 which lays down a comprehensive national GST regime which has combined taxes and levies collected by the central and state governments into a unified rate structure. This legislation was notified and made effective from July 1, 2017.

Based on such available information and to the best of our understanding we are of the view that there will be an Increase in overall taxes on procurement which will lead to an additional working capital requirement. While there will be an increase in overall taxes on procurement, the procurement cost is likely to reduce on account of the free flow of credits under GST regime. The ability of our Company to take the benefit of reduction in procurement cost shall be dependent on its ability to increase or maintain the sale price of its products and negotiation of the purchase price with its vendors. Further in the transition period, our Company expects some disruptions in the procurement and sale of goods, which could affect the immediate financial performance, however this is expected to a temporary and short term event.

The Government has also proposed major reforms in Indian tax laws with respect to the provisions relating to the general anti-avoidance rule ("**GAAR**"). As regards GAAR, the provisions have been introduced in the Finance Act, 2012 and have come into effect from April 1, 2017. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. If GAAR provisions are invoked, then the Indian tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty. As the taxation system is intended to undergo significant overhaul, its consequent effects on us cannot be determined at present and there can be no assurance that such effects would not adversely affect our business and future financial performance.

48. Financial instability in other countries, particularly countries with emerging markets, could disrupt Indian markets and our business and cause the trading price of the Ordinary Shares to decrease.

The Indian financial markets and the Indian economy are influenced by the economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in other financial systems may cause volatility in Indian financial markets, including with respect to the movement of exchange rates and interest rates in India, and, indirectly, in the Indian economy in general. Any such continuing or other significant financial disruption could have an adverse effect on our business, financial results and the trading price of the Ordinary Shares

49. Changes in the policies of, or changes in, the Indian Government, could adversely affect economic conditions in India, and thereby adversely impact the Group's results of operations and financial condition.

India remains the Group's largest market, representing 43% of our revenue in Fiscal 2017. In addition, a significant portion of the Group's facilities are located in India. Consequently, the Group may be affected by changes to Central Government policies, changes in the Central Government itself, or any other political instability in India. For example, the imposition of foreign exchange controls, rising interest rates, increases in taxation or the creation of new regulations could have a detrimental effect on the Indian economy generally and the Group in particular.

The Central Government has sought to implement a number of economic reforms in recent years, including a review of the national steel policy and the preparation of a five-year strategy paper for the promotion of the steel sector in India, and has also continued the economic liberalization policies pursued by previous Central Governments. However, the roles of the Central Government and the state governments in the Indian economy as producers, consumers and regulators have remained significant. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India generally which may have an adverse effect on the Group's results of operations and financial condition.

50. The business and activities of the Group, as applicable, may be regulated by the Competition Act, 2002.

The Competition Act seeks to prevent business practices that have a material adverse effect on competition in India. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause a material adverse effect on competition in India is void and attracts substantial monetary penalties.

Any agreement that directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area, market, or number of customers in the market is presumed to have a material adverse effect on competition. Provisions of the Competition Act relating to the regulation of certain acquisitions, mergers or amalgamations which have a material adverse effect on competition and regulations with respect to notification requirements for such combinations came into force on June 1, 2011. The effect of the Competition Act on the business environment in India is unclear and it is difficult to predict its impact on the growth and expansion strategies of the Group. If the Group, as applicable, is affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the Competition Commission of India ("**CCI**"), or any adverse publicity that may be generated due to scrutiny or prosecution by the Competition Commission of India, it may have a material adverse effect on its business, prospects, results of operations, cash flows and financial condition.

51. If regional hostilities, terrorist attacks or social unrest in India increase, our businesses could be adversely affected.

India has from time to time experienced instances of civil unrest, terrorist attacks and hostilities with neighbouring countries. These hostilities and tensions could lead to political or economic instability in India and have a possible adverse effect on the Indian economy, the Group's businesses, prospects, results of operations, cash flows and financial condition and future financial performance.

India has also experienced localized social unrest and communal disturbances in some parts of the country. If such tensions become more widespread, leading to overall political and economic instability, it could have an adverse effect on the Group's business, future financial performance and cash flows.

In addition, certain of our current and planned facilities, including its captive mines, are located in geographically remote areas that may be at risk of terror attacks. For example, attacks by Naxalite rebels in 2009 targeted transportation infrastructure of mining operations in Chhattisgarh. While the Group was not directly affected by these attacks, there can be no assurance that it will not be the target of such attacks in the future. Such attacks may be directed at Group property or personnel, at property belonging to the Group's customers or at the state-owned infrastructure used by the Group to transport goods to customers. Such attacks, or the threat of such attacks, whether or not successful, may disrupt the Group's operations and/or delivery of goods, result in increased costs for security and insurance and may adversely impact the Group's business, results of operations, financial condition and prospects, as well as place the Group's assets and personnel at risk.

52. If natural disasters occur in India, our results of operations and financial condition could be adversely affected.

India has experienced floods, earthquakes, tsunamis, cyclones and droughts in recent years. Such natural catastrophes could disrupt the Group's operations, production capabilities or distribution chains or damage its facilities located in India, including its production facilities and mines. While the Group's facilities were not damaged in the past, a significant portion of its facilities and employees are located in India where they are exposed to such natural disasters.

Additionally, in the event of a drought, the state governments in which the Group's facilities are located could cut or limit the supply of water to the Group's facilities, thus adversely affecting the Group's production capabilities by reducing the volume of products the Group can manufacture and consequently reducing its revenues. In the event of any of the foregoing natural disasters, the ability of the Group to produce and distribute steel may be adversely affected. There can be no assurance that such events will not occur again in the future, or that its business, results of operations, financial condition and prospects will not be adversely affected.

53. Health epidemics and natural calamities in Asia or elsewhere could adversely affect the Indian economy or our business and the price of the Ordinary Shares.

Since 2003, outbreaks of Severe Acute Respiratory Syndrome in Asia, avian influenza across Asia and Europe, Ebola virus in western Africa, Zika virus in South America and Influenza A (H1N1) across the world have adversely affected a number of countries and companies. Any future outbreak of infectious diseases or other serious public health epidemics may have a negative impact on the economies, financial markets and level of business activity in affected areas, which may adversely affect our business. India has also experienced natural calamities such as earthquakes, floods, drought and a tsunami in the recent past. The length and severity of these natural disasters determine the extent of their impact on the Indian economy. Prolonged spells of abnormal rainfall and other natural calamities could have an adverse impact on the Indian economy. Any future outbreak of infectious disease among humans and/or animals or any other serious public health concerns or the occurrence of any natural calamities could materially and adversely affect our business, prospects, financial condition, cash flows and results of operations, and the price of the Ordinary Shares.

54. The Group's ability to raise foreign capital may be constrained by Indian law

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that the required approvals will be granted to us without onerous conditions, it on favourable terms or at all. Limitations on raising foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

55. Any downgrade of India's sovereign debt rating by an international rating agency could have a negative impact on the Group's results of operations and financial condition.

Any downgrade by international rating agencies of the credit rating for Indian domestic and international debt may adversely impact the Group's ability to raise additional financing and the interest rates and commercial terms on which such additional financing is available. This could have an adverse effect on the Group's ability to obtain financing to fund its growth on favourable terms or at all and, as a result, could have a material adverse effect on its business, results of operations, financial condition and prospects.

56. Public companies in India, including us, are required to compute income tax under the ICDS. The transition to ICDS in India is recent and we may be negatively affected by this transition.

The Ministry of Finance had issued a notification dated March 31, 2015 presenting the ICDS which creates a new framework for the computation of taxable income. The ICDS was to take effect from April 1, 2015. However, in view of the representations from stakeholders, the Central Board of Direct Taxes ("**CBDT**"), Ministry of Finance, according to its press release dated July 6, 2016, has deferred the applicability of the ICDS to Fiscal 2017, thus Fiscal 2017 was the first year for applicability for ICDS. The prescribed ICDS are prescribed in addition to the provisions of the Income Tax Act, 1961 (the "**IT Act**"). However in the event that there is a conflict between the provisions of the ICDS and the IT Act, the provisions of the IT Act would prevail. It is understood that ICDS are based on the Accounting Standards. However the ICDS deviate in several respects from concepts that are followed under general accounting standards, including Ind AS. ICDS are likely to increase the overall tax liability of our Company. There can be no assurance that the adoption of the ICDS will not adversely affect our business, results of operation and financial condition.

57. Differences exist between Ind AS and other accounting principles, such as IFRS and Indian GAAP, which may be material to investors' assessments of our financial condition.

Our Company is required to prepare annual financial statements under Ind AS for the Fiscal 2017 as required under Section 133 of the Companies Act, 2013. We have adopted Ind AS with effect from April 1, 2016. In doing so, we are required to present comparative numbers for the previous Fiscal 2016 and prepared in compliance with Ind AS. As such, the date of transition to Ind AS for us is April 1, 2015 being the opening balance sheet of the comparative previous financial year. Given that Ind AS differs in many respects from Indian GAAP (previous GAAP), our historical financial statements relating to any period prior to Fiscal 2016 may not be comparable to the audited consolidated and standalone financial statements prepared under Ind AS.

Ind AS and other accounting standards like IFRS differ in certain respects including first time adoption choices available. We have not attempted to quantify the impact of IFRS on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of Ind AS with IFRS.

Accordingly, the degree to which the financial statements prepared under earlier Indian GAAP, Ind AS and other accounting principles, such as IFRS, will provide meaningful information is entirely dependent on the reader's level of familiarity with these standards. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

58. A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Ordinary Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of Takeover Regulations.

59. Investment in Partly Paid Shares in the Issue, is exposed to certain risks. The Partly Paid Shares of our Company will not be traded with effect from the Call Record Date fixed for the determination of the Investors liable to pay at the First and Final Call. The holders of the Partly Paid Shares will not be able to trade in these shares till they are credited to the holders' account as fully paid up.

The Issue Price of Partly Paid Shares offered under the Issue is ₹615. Investors will have to pay ₹154 which constitutes 25.04% of the Issue Price on application and the balance ₹461 which constitutes 74.96% of the Issue Price on the First and Final Call made by our Company. If the Investor fails to pay such amount, which is to be paid on application, the Rights Entitlement of such an Investor shall be forfeited by our Company.

The Partly Paid Shares offered under the Issue will be listed under a separate ISIN for the period as may be applicable prior to the Call Record Date. An active market for trading may not develop for the Partly Paid Shares and, therefore, the trading price of the Partly Paid Shares may be subject to greater volatility than our Fully Paid Shares.

If the Investor fails to pay the balance amount due with interest that may have accrued thereon (in accordance with the Articles of Association of our Company and applicable law), after notice has been delivered by our Company, then any of our Ordinary Shares in respect of which such notice has been given may, at any time thereafter, before payment of the First and Final Call and interest and expenses due in respect thereof, be forfeited by our Company. Such forfeiture shall include all dividends declared in respect of such forfeited Ordinary Shares and actually paid before such forfeiture. Investors are only entitled to dividend in proportion to the amount paid up and the voting rights exercisable on a poll by Investors shall also be proportional to such Investor's share of the paid-up equity capital of our Company. Further, if certain Investors do not pay the full amount, we may not be able to raise the amount proposed under the Issue and we may be unable to find alternative avenues to finance the objects of the Issue.

The ISIN representing Partly Paid Shares may be frozen after the Call Record Date. On payment of the First and Final Call in respect of the Partly Paid Shares, such Partly Paid Shares would be converted into Fully Paid Shares and shall be listed and identified under the existing ISIN for the Ordinary Shares. Our Company would fix a Call Record Date for the purpose of determining the list of Allottees to whom the notice for First and Final Call would be sent. With effect from the Call Record Date, trading in the Partly Paid Shares for which First and Final Call have been made may be suspended for such period as may be applicable under the rules and regulations. The holders of the Partly Paid Shares will not be able to trade in these shares till they are credited to the holders account as Fully Paid Shares.

60. We may be required to change our statutory auditors, Price Waterhouse & Co Chartered Accountants LLP pursuant to the order dated January 10, 2018 issued by SEBI.

Price Waterhouse and Co Chartered Accountants LLP ("**Price Waterhouse & Co**") are the current Statutory Auditors of our Company, appointed at the annual general meeting of our Company held on

August 8, 2017, for a period of five years from August 8, 2017 till the date of the annual general meeting of our Company to be held in the year 2022. Our Statutory Auditors form part of the Price Waterhouse network of firms in India ("**PW Network**").

Recently, SEBI by its order dated January 10, 2018, in connection with the involvement of one of the other PW Network firms as auditors in the audit of Satyam Computer Services Limited ("**SEBI Order**"), among other things, (i) prohibited entities/firms practicing as chartered accountants in India under the brand and banner of Price Waterhouse from directly or indirectly issuing any certificate of audit of listed companies, compliance of obligations of listed companies and intermediaries registered with the SEBI under certain laws including the SEBI Act and the Companies Act for two years; and (ii) prohibited listed companies and intermediaries registered with SEBI from engaging any audit firm forming a part of the Price Waterhouse network ("**PW Network**") for issuing any certificate with respect to compliance of statutory obligations which the SEBI is competent to administer and enforce for various laws for two years. The SEBI Order further states that it shall come into force with immediate effect but for the removal of operational difficulties, the SEBI Order shall not impact the audit assignments relating to Fiscal 2018 undertaken by firms forming part of the Price Waterhouse network. Accordingly, the ban does not impact the ability of Price Waterhouse & Co to continue as statutory auditors of our Company and our Group for Fiscal 2018. The PW Network has filed an appeal against the SEBI Order on January 17, 2018 before the Securities Appellate Tribunal. The appeal is scheduled to be heard in February 2018.

We are currently analyzing the implications of the SEBI Order. Post March 31, 2018 our Company would evaluate the continuance of Price Waterhouse & Co as our Company's and our Group's statutory auditors, as per applicable law. If we change our statutory auditors, such change may require, among other things, the approval of the shareholders through a special resolution. We cannot assure you that we will be able to change our Statutory Auditors, if required to do so, in a timely manner and a sudden change in the Statutory Auditors may be disruptive to our business and divert management attention.

61. Any future issuance of Ordinary Shares may dilute your shareholding and sales of our Ordinary Shares by our Promoter or other major shareholders may adversely affect the trading price of the Ordinary Shares.

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sale of our Ordinary Shares by our Promoter or other major shareholders may adversely affect the trading price of the Ordinary Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Ordinary Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Ordinary Shares.

62. Investors may have difficulty enforcing judgments against our Company and its Indian subsidiaries or their respective management in the Indian courts.

We are a public limited company incorporated under the laws of India. Substantially all of our directors and executive officers are residents of India and a substantial portion of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside of India, or to enforce judgments obtained against such parties outside of India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of Civil Procedure Code, 1908, ("**CPC**") on a statutory basis. Section 13 of the CPC provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the CPC, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. Such presumption may be displaced by proving that the court did not have jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the CPC provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside of India which the Indian central government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees, which are dissimilar to amounts payable in respect of taxes, other charges of a like nature, a fine or other penalties.

Generally, there are considerable delays in the disposal of suits by Indian courts. It is unlikely that a court in India would award damages on the same basis as a foreign court would, if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy or Indian practice. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. However, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999, to execute such a judgment or to repatriate any amount recovered.

63. A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely affect our financial condition.

According to a 'Weekly Statistical Supplement' released by RBI on November 24, 2017, India's foreign exchange reserves totalled approximately US$ 375.1 billion as of November 17, 2017. India's foreign exchange reserves have declined recently and may have negatively affected the valuation of the Rupee. Further declines in foreign exchange reserves could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our future financial condition and the market price of the Ordinary Shares.

64. The Government of India had implemented certain currency demonetization measures, which may affect the Indian economy and our business, prospects, financial condition and results of operations.

On November 8, 2016, the RBI and the Ministry of Finance of the Government of India withdrew the legal tender status of ₹500 and ₹1,000 currency notes pursuant to a notification dated November 8, 2016. The short-term impact of these developments has been, among other things, a decrease in the liquidity of cash in India. There is uncertainty with regard to the medium- and long-term impacts of this action. The medium and long-term effects of demonetization on the Indian economy and our business are uncertain and we cannot accurately predict their effect on our business, prospects, financial condition and results of operations.

65. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law, including those related to class actions, may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder in an Indian company than as a shareholder of a corporation in another jurisdiction.

66. You may be subject to Indian taxes arising out of capital gains on sale of the Ordinary Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of the Ordinary Shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed the Ordinary Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if securities transaction tax (**"STT"**) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Ordinary Shares are sold. Any gain realised on the sale of the Ordinary Shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed the Ordinary Shares held for a period of 12 months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India.

Capital gains arising from the sale of the Ordinary Shares will be exempt from taxation in India in cases where the exemption is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Ordinary Shares.

The recent Finance Act, 2017 amendments provided that where the shares have been acquired on or after October 1, 2004 and on which STT has not been paid at the time of acquisition, then the exemption of long term capital gains under section 10(38) of the Income Tax Act would not be available. This amendment further provides that the Government will notify certain modes of acquisition to which the recent amendment made by Finance Act, 2017 would not be applicable and the shares acquired by such modes of acquisition would continue to get the benefit of section 10(38) of the Income Tax Act. The Government has issued a notification dated June 5, 2017 listing out certain modes of acquisition where the benefit of section 10(38) will not be applicable, subject to certain exceptions. For further details, please see the section entitled "*Statement of Tax Benefits*" on page 66.

67. Holders of Ordinary Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Ordinary Shares, your proportional interests in us would be reduced.

68. Foreign investors are subject to foreign investment restriction under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Ordinary Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain restrictions) if they comply with the pricing guidelines and reporting requirements specified by the RBI and such transaction is within the sectional cap prescribed for foreign investment. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or fall under an exception, then the prior approval of the RBI or the appropriate authorities will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of Ordinary Shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

Additionally, as an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted without onerous conditions, or at all. Limitations on raising foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

69. We may not be able to maintain payment of dividends as done historically.

Dividends that we have paid in the past may not be reflective of the dividends that we may pay in a future period. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows and capital requirements as well as existing restrictive covenants in our financing arrangements. Dividends distributed by us may also be subject to the requirements prescribed by the applicable laws and regulations. There can be no assurance that we will be able to pay dividends in the future.

70. There is no guarantee that our Ordinary Shares will be listed in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Ordinary Shares.

In accordance with Indian law and practice, final approval for listing and trading of the Ordinary Shares will not be granted by the Stock Exchanges until after those Ordinary Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Ordinary Shares to be submitted. There could be a failure or delay in listing the Ordinary Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Ordinary Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Ordinary Shares will trade in the future.

Secondary market trading in our Ordinary Shares may be halted by a stock exchange because of market conditions or other reasons. Additionally, an exchange or market may also close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may adversely impact the ability of our shareholders to sell the Ordinary Shares or the price at which shareholders may be able to sell their Ordinary Shares at a particular point in time.

71. You may not receive the Ordinary Shares that you subscribe in the Issue until fifteen days after the date on which the Issue closes, which will subject you to market risk.

The Ordinary Shares that you purchase in the Issue may not be credited to your demat account with the depository participants until approximately fifteen days from the Issue Closing Date. You can start trading such Ordinary Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Ordinary Shares allocated to you will be credited to your demat account, or that trading in the Ordinary Shares will commence within the specified time period, subjecting you to market risk for such period.

PROMINENT NOTES:

1. Simultaneous but unlinked issue of (i) up to 15,53,94,550 Fully Paid Shares not exceeding ₹8,000 crore on a rights basis to the Eligible Ordinary Shareholders at a price of ₹510 (including a premium of ₹500 per Fully Paid Share) in the ratio of 4 Fully Paid Shares for every 25 Ordinary Shares held on the Record Date and (ii) up to 7,76,97,280 Partly Paid Shares not exceeding ₹4,800 crore on a rights basis to the Eligible Ordinary Shareholders at a price of ₹615 (including a premium of ₹605 per Partly Paid Shares) in the ratio of 2 Partly Paid Shares for every 25 Ordinary Shares held on the Record Date. Total proceeds from the Issue would aggregate up to ₹12,800 crore.

2. As on March 31, 2017, the Net Worth of our Company on a standalone basis was ₹51,934.01 crore and on a consolidated basis was ₹39,421.02 crore and Net Worth as on September 30, 2017 was ₹52,277.57 crore on a standalone basis and ₹32,028.51 crore on a consolidated basis.

3. For details of our transactions with related parties for the year ended March 31, 2017, the nature of transactions and the cumulative value of transactions, please see the sections entitled "*Financial Statements – Audited Standalone Financial Statements as at and for the year ended March 31, 2017 – Note 41*" and "*Financial Statements – Audited Consolidated Financial Statements as at and for the year ended March 31, 2017 – Note 44*" on pages 180 and 274, respectively.

4. There has been no financing arrangement whereby the Promoter Group, the directors of the Promoter, the Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.

SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorised by a resolution of the Board of Directors of our Company passed at its meeting held on December 18, 2017 and December 19, 2017 pursuant to Section 62 of the Companies Act, a circular resolution dated January 9, 2018 passed by the Executive Committee of the Board on January 12, 2018 and a resolution of the Executive Committee of the Board passed at their meeting held on January 19, 2018.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section entitled "*Terms of the Issue*" on page 340.

	Ordinary Shares
Ordinary Shares issued and outstanding prior to the Issue	97,21,26,020 Ordinary Shares
Ordinary Shares subscribed, paid-up and outstanding prior to the Issue	97,12,15,889 Ordinary Shares
Fully Paid Shares being offered by our Company	Up to 15,53,94,550 Ordinary Shares
Rights Entitlement for Fully Paid Shares	4 Fully Paid Shares for every 25 Ordinary Shares held on the Record Date
Partly Paid Shares being offered by our Company	Up to 7,76,97,280 Ordinary Shares
Rights Entitlement for Partly Paid Shares	2 Partly Paid Shares for every 25 Ordinary Shares held on the Record Date
Ordinary Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	Up to 1,20,52,17,850 Ordinary Shares
Record Date	February 1, 2018
Face Value	₹10 each
Issue Price	Each Fully Paid Share is being offered at a price of ₹510 per Fully Paid Share (including a premium of ₹500 per Ordinary Share) in the Issue and each Partly Paid Share is being offered at a price of ₹615 per Partly Paid Share (including a premium of ₹605 per Ordinary Share) in the Issue
Terms of the Issue	Please see the section entitled "*Terms of the Issue*" on page 340
Use of Issue Proceeds	Please see the section entitled "*Objects of the Issue*" on page 59

Terms of Payment

Due Date	Amount
For issue of 15,53,94,550 Fully Paid Shares	
On application	100% on application
For issue of 7,76,97,280 Partly Paid Shares	
On application	₹154, which constitutes 25.04% of the Issue Price of ₹615 per Partly Paid Share
First and Final Call	₹461, which constitutes 74.96% of the Issue Price of ₹615 per Partly Paid Share

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Financial Statements. Our summary financial information presented below, is in Rupees/ Rupees Crore and should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in the section entitled "*Financial Information*" on page 102.

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STANDALONE STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2017

(₹ crore)

				As at March 31, 2017	As at March 31, 2016
ASSETS					
I	**Non-current assets**				
	(a)	Property, plant and equipment		71,778.97	49,561.05
	(b)	Capital work-in-progress		6,125.35	28,174.01
	(c)	Intangible assets		788.18	527.34
	(d)	Intangible assets under development		38.61	31.87
	(e)	Investments in subsidiaries, associates and joint ventures		3,397.57	3,340.97
	(f)	Financial assets			
		(i)	Investments	4,958.33	4,119.45
		(ii)	Loans	211.97	205.96
		(iii)	Derivative assets	0.12	0.80
		(iv)	Other financial assets	79.49	36.92
	(g)	Income tax assets (net)		867.75	837.66
	(h)	Other assets		3,121.64	3,325.18
	Total non-current assets			**91,367.98**	**90,161.21**
II	**Current assets**				
	(a)	Inventories		10,236.85	7,137.38
	(b)	Financial assets			
		(i)	Investments	5,309.81	4,325.00
		(ii)	Trade receivables	2,006.52	1,133.17
		(iii)	Cash and cash equivalents	905.21	974.68
		(iv)	Other balances with bank	65.10	61.45
		(v)	Loans	27.14	18.75
		(vi)	Derivative assets	6.26	6.20
		(vii)	Other financial assets	315.06	207.75
	(c)	Other assets		1,225.48	1,088.87
	Total current assets			**20,097.43**	**14,953.25**
TOTAL ASSETS				**1,11,465.41**	**1,05,114.46**
EQUITY AND LIABILITIES					
III	**Equity**				
	(a)	Equity Share Capital		971.41	971.41
	(b)	Hybrid Perpetual Securities		2,275.00	2,275.00
	(c)	Other equity		48,687.60	45,665.97
	Total equity			**51,934.01**	**48,912.38**
IV	**Non-current liabilities**				
	(a)	Financial liabilities			
		(i)	Borrowings	24,694.37	23,926.76
		(ii)	Derivative liabilities	179.33	116.01
		(iii)	Other financial liabilities	18.22	396.51
	(b)	Provisions		2,024.74	1,862.05
	(c)	Retirement benefit obligations		1,484.21	1,252.45
	(d)	Deferred income		1,885.19	2,228.48
	(e)	Deferred tax liabilities (net)		6,111.27	5,610.70
	(f)	Other liabilities		77.74	76.79
	Total non-current liabilities			**36,475.07**	**35,469.75**
V	**Current liabilities**				
	(a)	Financial liabilities			
		(i)	Borrowings	3,239.67	5,888.00
		(ii)	Trade payables	10,717.44	6,196.88
		(iii)	Derivative liabilities	270.17	78.23
		(iv)	Other financial liabilities	4,062.35	4,633.35
	(b)	Provisions		700.60	280.64
	(c)	Retirement benefit obligations		56.58	56.67
	(d)	Income tax liabilities (net)		465.72	732.58
	(e)	Other liabilities		3,543.80	2,865.98
	Total current liabilities			**23,056.33**	**20,732.33**
TOTAL EQUITY AND LIABILITIES				**1,11,465.41**	**1,05,114.46**

STANDALONE STATEMENT OF FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ crore)

					Year ended March 31, 2017	Year ended March 31, 2016
I	Revenue from operations				53,260.96	42,697.44
II	Other income				414.46	391.16
III	**Total income**				**53,675.42**	**43,088.60**
IV	**Expenses:**					
	(a)	Raw materials consumed			12,496.78	9,700.01
	(b)	Purchases of finished, semi-finished and other products			881.18	991.54
	(c)	Changes in stock of finished goods, work-in-progress and stock-in-trade			(1,329.65)	70.75
	(d)	Employee benefits expenses			4,605.13	4,319.89
	(e)	Finance costs			2,688.55	1,848.05
	(f)	Depreciation and amortisation expense			3,541.55	2,962.28
	(g)	Other expenses			24,949.09	20,602.35
					47,832.63	**40,494.87**
	Less: Expenditure (other than interest) transferred to capital and other accounts				217.52	598.89
	Total expenses				**47,615.11**	**39,895.98**
V	**Profit before exceptional items and tax (III-IV)**				**6,060.31**	**3,192.62**
VI	**Exceptional items:**					
	(a)	Profit/(Loss) on sale of non-current investments			-	(0.85)
	(b)	Provision for impairment of investments/doubtful advances			(170.87)	(160.62)
	(c)	Provision for impairment of non-current assets			-	(51.51)
	(d)	Provision for demands and claims			(218.25)	(880.05)
	(e)	Employee separation compensation			(178.68)	(556.25)
	(f)	Restructuring and other provisions			(135.58)	-
	Total exceptional items				**(703.38)**	**(1,649.28)**
VII	**Profit before tax (V+VI)**				**5,356.93**	**1,543.34**
VIII	**Tax expense:**					
	(a)	Current Tax			1,400.54	1,193.28
	(b)	Deferred Tax			511.84	(605.59)
	Total tax expense				**1,912.38**	**587.69**
IX	**Profit for the year (VII-VIII)**				**3,444.55**	**955.65**
X	**Other comprehensive income/(loss)**					
	A	**(i)**	**Items that will not be reclassified subsequently to the statement of profit and loss**			
			(a)	Remeasurement gains/(losses) on post employment defined benefit plans	(217.79)	(5.01)
			(b)	Fair value changes of investments in equity shares	819.01	(3,163.52)
		(ii)	**Income tax on items that will not be reclassified subsequently to the statement of profit and loss**		75.37	(239.78)
	B	**(i)**	**Items that will be reclassified subsequently to the statement of profit and loss**			
			(a)	Fair value changes of cash flow hedges	(1.22)	1.80
		(ii)	**Income tax on items that will be reclassified subsequently to the statement of profit and loss**		0.42	(0.62)
	Total other comprehensive income/(loss)				**675.79**	**(3,407.13)**
XI	**Total comprehensive income/(loss) for the year (IX+X)**				**4,120.34**	**(2,451.48)**
XII	**Earnings per share**					
	Basic and Diluted (₹)				33.67	8.05

STANDALONE SUMMARY
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ crore)

		Year ended March 31, 2017	Year ended March 31, 2016
(A)	**CASH FLOWS FROM OPERATING ACTIVITIES:**		
	Net cash from/(used in) operating activities	**11,131.26**	**7,371.80**
(B)	**CASH FLOWS FROM INVESTING ACTIVITIES:**		
	Net cash from/(used in) investing activities	**(3,921.02)**	**(4,351.72)**
(C)	**CASH FLOWS FROM FINANCING ACTIVITIES:**		
	Net cash from/(used in) financing activities	**(7,279.71)**	**(2,540.44)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(69.47)**	**479.64**

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT MARCH 31, 2017

(₹ crore)

	As at March 31, 2017	As at March 31, 2016
ASSETS		
I Non-current assets		
(a) Property, plant and equipment	86,880.59	66,569.24
(b) Capital work-in-progress	15,514.37	35,793.32
(c) Goodwill on consolidation	3,494.73	4,067.56
(d) Other Intangible assets	1,631.23	1,562.96
(e) Intangible assets under development	269.76	202.77
(f) Equity accounted investments	1,593.68	1,620.41
(g) Financial assets		
(i) Investments	5,190.31	4,429.75
(ii) Loans	373.06	412.23
(iii) Derivative assets	83.17	32.82
(iv) Other financial assets	85.58	41.04
(h) Retirement benefit assets	1,752.64	11,477.44
(i) Income tax assets	981.23	1,040.26
(j) Deferred tax assets	885.87	627.45
(k) Other assets	3,674.96	3,842.23
Total non-current assets	**1,22,411.18**	**1,31,719.48**
II Current assets		
(a) Inventories	24,803.82	20,013.33
(b) Financial assets		
(i) Investments	5,673.13	4,663.55
(ii) Trade receivables	11,586.82	12,066.22
(iii) Cash and cash equivalents	4,832.29	6,109.05
(iv) Other balances with bank	88.76	77.29
(v) Loans	224.50	207.42
(vi) Derivative assets	104.04	309.62
(vii) Other financial assets	387.82	241.30
(c) Income tax assets	35.08	50.20
(d) Other assets	2,194.38	2,027.87
Total current assets	**49,930.64**	**45,765.85**
III Assets held for sale	**991.42**	**26.11**
TOTAL ASSETS	**1,73,333.24**	**1,77,511.44**
EQUITY AND LIABILITIES		
IV Equity		
(a) Equity share capital	970.24	970.24
(b) Hybrid Perpetual Securities	2,275.00	2,275.00
(c) Other equity	34,574.08	40,487.31
Equity attributable to shareholders of the Company	**37,819.32**	**43,732.55**
Non controlling interest	1,601.70	780.94
Total equity	**39,421.02**	**44,513.49**
V Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	64,022.27	64,872.78
(ii) Derivative liabilities	179.98	165.47
(iii) Other financial liabilities	108.78	454.42
(b) Provisions	4,279.69	4,440.48
(c) Retirement benefit obligations	2,666.27	2,929.48
(d) Deferred income	2,057.59	2,431.41
(e) Deferred tax liabilities	10,030.08	9,420.89
(f) Other liabilities	226.51	329.05
Total non-current liabilities	**83,571.17**	**85,043.98**
VI Current liabilities		
(a) Financial liabilities		
(i) Borrowings	18,328.10	15,722.12
(ii) Trade payables	18,574.46	18,556.70
(iii) Derivative liabilities	673.67	498.28
(iv) Other financial liabilities	6,315.51	6,901.12
(b) Provisions	987.38	1,521.86
(c) Retirement benefit obligations	95.20	111.08
(d) Deferred income	22.52	3.70
(e) Income tax liabilities	739.18	1,001.10
(f) Other liabilities	4,315.27	3,638.01
Total current liabilities	**50,051.29**	**47,953.97**
VII Liabilities held for sale	**289.76**	**-**
TOTAL EQUITY AND LIABILITIES	**1,73,333.24**	**1,77,511.44**

CONSOLIDATED STATEMENT OF FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2017

(₹ crore)

		Year ended March 31, 2017	Year ended March 31, 2016
I	Revenue from Operations	1,17,419.94	1,06,339.92
II	Other income	527.47	412.22
III	**Total Income**	**1,17,947.41**	**1,06,752.14**
IV	**Expenses**		
	(a) Raw materials consumed	32,418.09	28,114.90
	(b) Purchases of finished, semi-finished and other products	11,424.94	10,581.37
	(c) Changes in stock of finished goods, work-in-progress and stock-in-trade	(4,538.13)	1,925.19
	(d) Employee benefit expenses	17,252.22	17,587.63
	(e) Finance costs	5,072.20	4,221.41
	(f) Depreciation and amortisation expense	5,672.88	5,306.35
	(g) Other expenses	44,619.71	41,255.47
		1,11,921.91	1,08,992.32
	(h) Less: Expenditure (other than interest) transferred to capital and other accounts	764.71	1,092.97
	Total Expenses	**1,11,157.20**	**1,07,899.35**
V	**Share of profit/(loss) of joint ventures and associates**	7.65	(110.42)
VI	**Profit before exceptional items and tax (III-IV+V)**	**6,797.86**	**(1,257.63)**
VII	**Exceptional Items**		
	(a) Profit on sale of non-current investments	22.70	47.17
	(b) Profit on sale of non-current asset	85.87	-
	(c) Provision for diminution in value of investments/doubtful advances	(125.45)	(72.99)
	(d) Provision for impairment of non-current assets	(267.93)	(1,530.17)
	(e) Provision for demands and claims	(218.25)	(880.05)
	(f) Employee separation compensation	(207.37)	(556.25)
	(g) Restructuring and other provisions	(3,613.80)	6,982.67
	Total exceptional items	(4,324.23)	3,990.38
VIII	**Profit/(loss) before tax (VI+VII)**	**2,473.63**	**2,732.75**
IX	**Tax expense:**		
	(a) Current tax	1,741.70	1,321.02
	(b) Deferred tax	1,036.31	(631.06)
	Total tax expense	**2,778.01**	**689.96**
X	**Profit/(loss) after tax from continuing operations**	**(304.38)**	**2,042.79**
XI	**Profit/(loss) after tax from discontinued operations**		
	(a) Profit/(loss) after tax from discontinued operations	(778.87)	(2,539.88)
	(b) Profit/(loss) on disposal of discontinued operations	(3,085.32)	-
	Profit/(loss) after tax from discontinued operations	**(3,864.19)**	**(2,539.88)**
XII	**Profit/(loss) for the year (A)**	**(4,168.57)**	**(497.09)**
XIII	**Other Comprehensive Income/(loss)**		
	A) **(i) Items that will not be reclassified subsequently to the consolidated statement of profit and loss**		
	a) Remeasurement gains/(losses) on post employment defined benefit plans	(4,334.54)	1,979.30
	b) Fair value changes of investments in equity shares	836.92	(3,167.27)
	c) Share of equity accounted investees	3.37	(0.27)
	(ii) Income tax on Items that will not be reclassified subsequently to the consolidated statement of profit and loss	782.34	(576.02)
	B) **(i) Items that will be reclassified subsequently to the consolidated statement of profit and loss**		
	a) Foreign currency translation differences	2,045.14	(263.59)
	b) Fair value changes of cash flow hedges	145.33	116.91
	c) Share of equity accounted investees	(2.17)	27.69
	(ii) Income tax on items that will be reclassified subsequently to the consolidated statement of profit and loss	(39.45)	(14.92)
	Total Other Comprehensive Income/(loss) (B)	(563.06)	(1,898.17)
XIV	**Profit/(loss) from continuing operations for the year:**		
	Shareholders of the Company	(376.61)	2,157.10
	Non controlling interests	72.23	(114.31)
		(304.38)	2,042.79
XV	**Profit/(loss) from discontinued operations for the year:**		
	Shareholders of the Company	(3,864.19)	(2,539.88)
	Non controlling interests	-	-
		(3,864.19)	(2,539.88)
XVI	**Total Comprehensive Income for the year: (A+B)**		
	(i) Shareholders of the Company	(4,800.32)	(2,283.21)
	(ii) Non controlling interests	68.69	(112.05)
		(4,731.63)	**(2,395.26)**
XVII	**Earnings per equity share (from continuing operations)**		
	Basic & Diluted (₹)	(4.93)	19.26
XVIII	**Earnings per equity share (from discontinued operations)**		
	Basic & Diluted (₹)	(39.84)	(26.18)
XIX	**Earnings per equity share (from continuing and discontinued operations)**		
	Basic & Diluted (₹)	(44.77)	(6.92)

CONSOLIDATED SUMMARY
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ crore)

		Year ended March 31, 2017	Year ended March 31, 2016
(A)	**CASH FLOWS FROM OPERATING ACTIVITIES:**		
	Net cash from/(used in) operating activities	**10,848.07**	**11,455.35**
(B)	**CASH FLOWS FROM INVESTING ACTIVITIES:**		
	Net cash from/(used in) investing activities	**(9,086.22)**	**(9,253.82)**
(C)	**CASH FLOWS FROM FINANCING ACTIVITIES:**		
	Net cash from/(used in) financing activities	**(2,592.44)**	**(4,729.12)**
	Net increase /(decrease) in cash or cash equivalents (A+B+C)	**(830.59)**	**(2,527.59)**

GENERAL INFORMATION

Our Company was originally incorporated as The Tata Iron and Steel Company Limited on August 26, 1907 as a public limited company, under the provisions of the Indian Companies Act, 1882. Pursuant to a resolution of the Board of Directors dated May 19, 2005 and of the shareholders of our Company dated July 27, 2005, the name of our Company was changed to Tata Steel Limited with effect from August 12, 2005.

Registered Office of our Company

Tata Steel Limited
Bombay House
24, Homi Mody Street
Fort
Mumbai 400 001
Tel: +91 22 6665 8282
Fax: +91 22 6665 7724
E-mail: cosec@tatasteel.com
Website: www.tatasteel.com
CIN: L27100MH1907PLC000260

Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:

Registrar of Companies, Maharashtra at Mumbai
100, Everest
Marine Drive
Mumbai 400 002

Company Secretary and Compliance Officer

Parvatheesam K.
Bombay House
24, Homi Mody Street
Fort, Mumbai 400 001
Tel: +91 22 6665 7279
Fax: +91 22 6665 7724
E-mail: cosec@tatasteel.com

Lead Managers to the Issue

Kotak Mahindra Capital Company Limited
1st Floor, 27 BKC, Plot No. 27
G Block
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051
Tel: +91 22 4336 0000
Fax: +91 22 6713 2447
E-mail: tsl.rights@kotak.com
Investor Grievance E-mail: kmccredressal@kotak.com
Website: www.investmentbank.kotak.com
Contact Person: Ganesh Rane
SEBI Registration Number: INM000008704

Axis Capital Limited
1st Floor, Axis House
C-2, Wadia International Center
P. B. Marg, Worli
Mumbai 400 025
Tel: +91 22 4325 2183
Fax: +91 22 4325 3000
E-mail: tsl.rights@axiscap.in
Investor grievance E-mail: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Mayuri Arya
SEBI Registration Number: INM000012029

HDFC Bank Limited
Investment Banking Group
Unit No 401 & 402, 4th floor
Tower B, Peninsula Business Park
Lower Parel
Mumbai 400 013

ICICI Securities Limited
ICICI Center, H.T. Parekh Marg
Churchgate
Mumbai 400 020
Tel: +91 22 2288 2460
Fax: +91 22 2282 6580

Tel: +91 22 3395 8021
Fax: +91 22 3078 8584
E-mail: tatasteel.rights@hdfcbank.com
Investor Grievance E-mail:
investor.redressal@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Rakesh Bhunatar/Kunal Datt
SEBI Registration Number: INM000011252

SBI Capital Markets Limited
202, Maker Tower 'E'
Cuffe Parade
Mumbai 400 005
Tel: +91 22 2217 8300
Fax: +91 22 2217 8332
E-mail: tsl.rights@sbicaps.com
Investor grievance E-mail:
investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact person: Nikhil Bhiwapurkar/Gitesh Vargantwar
SEBI Registration Number: INM000003531

E-mail: tsl.rights@icicisecurities.com
Website: www.icicisecurities.com
Investor Grievance E-mail:
customercare@icicisecurities.com
Contact Person: Rupesh Khant/Shekher Asnani
SEBI Registration Number: INM000011179

Financial Advisor to our Company

JM Financial Limited*
7th Floor, Cnergy Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
Tel: +91 22 6630 3030
Fax: +91 22 6630 3330
E-mail: tsl.rights@jmfl.com
Investor grievance E-mail: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Prachee Dhuri
SEBI Registration Number: INMI000010361
** JM Financial Limited has become a SEBI registered Catergory I Merchant Banker consequent upon amalgamation of JM Financial Institutional Securities Limited with it, with effect from January 18, 2018.*

Domestic Legal Advisor to our Company

Cyril Amarchand Mangaldas
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: +91 22 2496 4455
Fax: +91 22 2496 3666

Domestic Legal Advisor to the Lead Managers

AZB & Partners
AZB House
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: +91 22 6639 6880
Fax: +91 22 6639 6888

Statutory Auditors of our Company

Price Waterhouse & Co Chartered Accountants LLP
56 & 57, Block DN, Ground Floor
A Wing, Sector V, Salt Lake
Kolkata 700 091
Tel: +91 33 4400 1111
Fax: +91 33 4404 3065
E-mail: ri.rs@in.pwc.com
Firm Registration Number: 304026E/E-300009
Peer Review Certificate Number: 007770

Registrar to the Issue

Link Intime India Private Limited
C-101, 247 Park
L B S Marg
Vikhroli (West)
Mumbai 400 083
Tel: +91 22 4918 6300
Fax: +91 22 4918 6195
E-mail: tatasteel.rights2018@linkintime.co.in
Investor Grievance E-Mail: tatasteel.rights2018@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration Number: INR000004058

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the applicant, contact number(s), e-mail ID of the first holder, folio number or demat account number, serial number of the CAF, number of Ordinary Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip. For further details on the ASBA process, please see the section entitled "*Terms of the Issue*" on page 340.

Experts

Our Company has received consent from its Statutory Auditors, Price Waterhouse & Co Chartered Accountants LLP through its letter dated January 22, 2018 to include its name as required under Section 26 of the Companies Act, 2013 in this Letter of Offer in respect of their review report on the consolidated financial results of our Company as of and for the quarter ended September 30, 2017 and their audit report on the standalone financial results of our Company as of and for the quarter and six month period ended September 30, 2017, consent from its erstwhile statutory auditors, Deloitte Haskins & Sells LLP, Chartered Accountants through its letter dated January 22, 2018 to include its name as required under Section 26(1)(v) of the Companies Act, 2013 in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of the audit report in respect of the financial statements for the year ended March 31, 2017 dated May 16, 2017 and such consent has not been withdrawn as of the date of this Letter of Offer. However, the term "expert" shall not be construed to mean an "Expert" as defined under the Securities Act, 1933.

Bankers to the Issue

Kotak Mahindra Bank Limited
Kotak Infiniti, 6th Floor
Building No. 21, Infinity Park
Off Western Express Highway
General A K Vaidya Marg
Malad East, Mumbai 400 097
Tel: +91 22 6605 6588
Fax: +91 22 6713 2416
E-mail: cmsipo@kotak.com
Website: www.kotak.com

Axis Bank Limited
Jeevan Prakash Building
Sir P M Road
Fort
Mumbai 400 001
Tel: +91 22 4086 7336/7474
Fax: +91 22 4086 7327/7378
E-mail: fort.operationshead@axisbank.com
Website: www.axisbank.com
Contact Person: Anil Kanekar

Contact Person: Prashant Sawant
SEBI Registration Number: INBI00000927

SEBI Registration Number: INBI00000017

HDFC Bank Limited
FIG-OPS Department
Lodha I, Think Techno Campus
Level O-3, Opposite Crompton Greaves
Next to Kanjurmarg Railway Station
Kanjurmarg (E)
Mumbai 400 042
Tel: +91 22 3075 2928
Fax: +91 22 2579 9801
E-mail: vincent.dsouza@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Vincent D'Souza
SEBI Registration Number: L65920MH1994PLC080618

ICICI Bank Limited
1st Floor, 122
Mistry Bhavan
Dinshaw Vachha Road
Backbay Reclaimation
Churchgate
Mumbai 400 020
Tel: +91 22 6681 8932/8923/8924
Fax: +91 22 2261 1138
E-mail: shweta.surana@icicibank.com
Website: www.icicibank.com
Contact Person: Shweta Surana
SEBI Registration Number: INBI00000004

State Bank of India
Capital Market Branch
Videocon Heritage Building
Charanjit Rai Road
Off. D. N. Road
Fort
Mumbai 400 001
Tel: +91 22 2209 4932
Fax: +91 22 2209 4921
E-mail: nib.11777@sbi.co.in; sbi.11777@sbi.co.in
Website: www.sbi.co.in
Contact Person: Indra Kant Chaurasia
SEBI Registration Number: INBI00000038

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Issue Schedule

Issue Opening Date:	February 14, 2018
Last date for receiving requests for SAFs:	February 21, 2018
Issue Closing Date:	February 28, 2018
Date of Allotment (on or about):	March 13, 2018
Date of credit (on or about):	March 15, 2018
Date of listing (on or about):	March 19, 2018

Investors are advised to ensure that the CAFs are submitted on or before the Issue Closing Date. Our Company, the Lead Managers or the Registrar to the Issue will not be liable for any loss on account of non-submission of CAFs on or before the Issue Closing Date.

Statement of Responsibilities

Sr.	Activity	Coordination

No.		
1.	Capital structuring with the relative components and formalities such as type of instrument, number of instruments to be issued, etc.	Kotak
2.	Coordination for drafting and design of the Letter of Offer as per the SEBI Regulations, Listing Regulations and other stipulated requirements and completion of prescribed formalities with the Stock Exchanges and SEBI.	Kotak
3.	Drafting, design and distribution of the Abridged Letter of Offer, CAF, etc. and memorandum containing salient features of the Letter of Offer.	I-Sec
4.	Selection of various agencies connected with the Issue, namely Registrar to the Issue, printers, advertisement agencies, and Monitoring Agency and coordination of execution of related agreements	SBICAP
5.	Drafting and approval of all publicity material including statutory advertisement, corporate advertisement, brochure, corporate films, etc.	HDFC
6.	Formulating and Coordination of International marketing strategy	I-Sec
7.	Formulating and Coordination of Domestic marketing strategy	Kotak
8.	Formulating retail strategy which will cover, inter alia, distribution of publicity and Issue materials including application form, brochure and Letter of Offer and coordination for queries related to retail investors	Axis
9.	Post-Issue activities, which shall involve essential follow-up steps including follow-up with Bankers to the Issue and the SCSBs to get quick estimates of collection and advising the Company about the closure of the Issue, finalization of the Basis of Allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as Registrar to the Issue, Bankers to the Issue, SCSBs, etc., and coordination for underwriting arrangement, if any	Kotak

Credit Rating

As the Issue is of Ordinary Shares, there is no requirement of credit rating for the Issue.

Debenture Trustee

As the Issue is of Ordinary Shares, the appointment of a debenture trustee is not required.

Monitoring Agency

Our Company has appointed HDFC Bank Limited, as the Monitoring Agency to monitor the utilisation of the Net Proceeds in terms of Regulation 16 of the SEBI Regulations.

HDFC Bank Limited
FIG-OPS Department
Lodha I, Think Techno Campus
Level O-3, Opposite Crompton Greaves
Next to Kanjurmarg Railway Station
Kanjurmarg (E)
Mumbai 400 042
Tel: +91 22 3075 2928
Fax: +91 22 2579 9801
E-mail: vincent.dsouza@hdfcbank.com
Website: www.hdfcbank.com
Contact Person: Vincent D'Souza
SEBI Registration Number: L65920MH1994PLC080618

Its role as Monitoring Agency would be limited to monitor the utilisation of the proceeds of the Issue *vis-a-vis* the objects included in this Letter of Offer and shall not be responsible for the investment decision and its consequence.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any banks or financial institution or any other independent agency.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue (separately for Fully Paid Shares and Partly Paid Shares) and the sum payable on application is not received within 15 days from the Issue Closing Date, our Company shall refund the entire subscription amount received. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company shall pay interest for the delayed period, as prescribed under applicable law.

Underwriting

The Issue is not underwritten.

Principal Terms of Loans and Assets charged as security

For details in relation to the principal terms of loans and assets charged as security in relation to our Company, please see the section entitled "*Financial Statements*" on page 102.

TATA STEEL

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Letter of Offer is as provided below:

(in ₹ crore, except share data)

			Aggregate Value at Face Value[1]	Aggregate Value at Issue Price
1	**AUTHORISED SHARE CAPITAL**			
	1,75,00,00,000 Ordinary Shares of ₹10 each		1,750.00	NA
	35,00,00,000 "A" Ordinary Shares of ₹10 each		350.00	NA
	2,50,00,000 Cumulative Redeemable Preference Shares of ₹100 each		250.00	NA
	60,00,00,000 Cumulative Convertible Preference Shares of ₹100 each		6,000.00	NA
2	**ISSUED CAPITAL BEFORE THE ISSUE**			
	97,21,26,020 Ordinary Shares of ₹10 each		972.13	NA
3	**SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**			
	97,12,15,889 Ordinary Shares of ₹10 each fully paid up [2]		971.41	NA
4	**PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER**[3]			
	15,53,94,550	Fully Paid Shares of ₹10 each at a premium of ₹500 i.e. at a price of ₹510	155.39	Up to 8,000
	7,76,97,280	Partly Paid Shares of ₹10 each at a premium of ₹605 i.e. at a price of ₹615	77.69	Up to 4,800
5	**ISSUED CAPITAL AFTER THE ISSUE**			
	1,20,52,17,850 Ordinary Shares		1,205.21	
6	**SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**			
	1,12,75,20,570 Fully Paid Shares		1,127.52	
	7,76,97,280 Partly Paid Shares		77.69	
SECURITIES PREMIUM ACCOUNT				
Before the Issue[4]			18,874	
After the Issue[5]			27,821 (approximately)**	
After the First and Final Call in respect of Partly Paid Shares[6]			31,344 (approximately)**	

(1) *The figures have been rounded off.*

(2) *3,89,516 Ordinary Shares were forfeited amounting to ₹ 0.20 crore.*

(3) *The Issue has been authorised by a resolution of our Board passed at its meeting held on December 18, 2017 and December 19, 2017 pursuant to Section 62 of the Companies Act, a circular resolution dated January 9, 2018 passed by the Executive Committee of the Board on January 12, 2018 and a resolution of the Executive Committee of the Board passed at their meeting held on January 19, 2018.*

(4) *As on September 30, 2017*

(5) *Assuming full subscription in the Issue and payment for Fully Paid Shares and full subscription and payment of Application Money for Partly Paid Shares.*

(6) *Assuming full payment of First and Final Call of holders of Partly Paid Shares.*

** *Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue Expenses*

Notes to the Capital Structure

1. **Shareholding pattern of our Company**

A. Shareholding pattern of the Ordinary Shares of our Company as per the last filing with the Stock Exchanges

(i) The shareholding pattern of the Ordinary Shares of our Company as on December 31, 2017, is as follows:

Category of shareholder	No. of shareholders	No. of Fully Paid Shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of shares pledged or otherwise encumbered		Number of Ordinary Shares held in dematerialized form
						No. (a)	As a % of total shares held (b)	
(A) Promoter & Promoter Group[1]	12	30,45,01,776	0	30,45,01,776	31.35	1,39,80,000	4.59	30,45,01,776
(B) Public[2]	7,40,118	65,23,28,776	1,43,85,337	66,67,14,113	68.65	NA	NA	64,10,07,378
(C) Non Promoter-Non Public	0	0	0	0	0	NA	NA	0
(C1) Shares underlying DRs	0	0	0	0	NA	NA	NA	0
(C2) Shares held by Employee Trust	0	0	0	0	0	NA	NA	0
Grand Total	**7,40,130**	**95,68,30,552**	**1,43,85,337**	**97,12,15,889**	**100.00**	**1,39,80,000**	**1.44**	**94,55,09,154**

Notes:
1. *For definitions of Promoter and Promoter Group, refer to the Listing Regulations.*
2. *Public shareholding.*

(ii) Statement showing holding of securities including Ordinary Shares, warrants and convertible securities of persons belonging to the category "*Promoter and Promoter Group*" as on December 31, 2017:

Sr. No.	Category of shareholder	No. of shareholders	No. of Fully Paid Shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of shares pledged or otherwise encumbered*		Number of Ordinary Shares held in dematerialized form
							No. (a)	As a % of total shares held (b)	
1.	Tata Sons Limited	1	28,88,97,680	0	28,88,97,680	29.75	1,39,80,000	4.84	28,88,97,680**
2.	Tata Motors Limited	1	44,32,497	0	44,32,497	0.46	0	0	44,32,497
3.	Tata Investment Corporation Limited	1	33,85,885	0	33,85,885	0.35	0	0	33,85,885
4.	Tata Chemicals Limited	1	24,91,977	0	24,91,977	0.26	0	0	24,91,977
5.	Ewart Investment Limited	1	17,95,142	0	17,95,142	0.18	0	0	17,95,142
6.	Rujuvalika Investment Limited**	1	11,68,393	0	11,68,393	0.12	0	0	11,68,393
7.	Sir Dorabji Tata Trust	1	8,42,460	0	8,42,460	0.09	0	0	8,42,460
8.	Tata Industries Limited	1	7,91,675	0	7,91,675	0.08	0	0	7,91,675
9.	Sheba Properties Limited	1	4,91,542	0	4,91,542	0.05	0	0	4,91,542
10.	Sir Ratan Tata Trust	1	1,89,000	0	1,89,000	0.02	0	0	1,89,000
11.	Tata Capital Limited	1	13,500	0	13,500	0.00	0	0	13,500
12.	Titan Company Limited	1	2,025	0	2,025	0.00	0	0	2,025
	Total	**12**	**30,45,01,776**	**0**	**30,45,01,776**	**31.35**	**1,39,80,000**	**4.59**	**30,45,01,776**

* *The term encumbrance has the same meaning as assigned to it in Regulation 28(3) of the Takeover Regulations.*

** *11,68,393 Ordinary Shares held by Rujuvalika Investments Limited (a wholly owned subsidiary of Tata Steel Limited with effect from May 8, 2015), do not carry any voting rights.*

(iii) Statement showing holding of securities including Ordinary Shares, warrants and convertible securities of persons belonging to the category "Public" and holding more than 1% of the total number of Ordinary Shares as on December 31, 2017:

Sr. No.	Category and name of shareholder	No. of shareholders	No. of Fully Paid Shares held	No. of shares underlying depository receipts	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) as a % of (A+B+C2)	Number of shares pledged or otherwise encumbered		Number of Ordinary Shares held in dematerialized form
							No. (a)	As a % of total shares held (b)	
(1)	**Institutions**								
(a)	Mutual Funds/UTI	83	12,50,92,010	0	12,50,92,010	12.88	NA	NA	12,50,48,665
1.	HDFC Trustee Company Limited	1	3,15,63,853	0	3,15,63,853	3.25	NA	NA	3,15,63,853
2.	Reliance Capital Trustee Company Limited	1	2,55,15,694	0	2,55,15,694	2.63	NA	NA	2,55,15,694
3.	ICICI Prudential Mutual Funds	1	1,54,11,840	0	1,54,11,840	1.59	NA	NA	1,54,11,840
4.	DSP Blackrock Mutual Funds	1	1,23,60,334	0	1,23,60,334	1.27	NA	NA	1,23,60,334
(b)	Alternate Investment Funds	2	1,41,318	0	1,41,318	0.01	NA	NA	1,41,318
(c)	Foreign Portfolio Investors	628	16,56,90,114	0	16,56,90,114	17.06	NA	NA	16,56,73,169
(d)	Financial Institutions/Banks	224	53,44,727	0	53,44,727	0.55	NA	NA	51,83,825
(e)	Insurance Companies*	31	14,54,55,535	0	14,54,55,535	14.98	NA	NA	14,54,54,155
1.	Life Insurance Corporation Of India	1	10,30,79,399	0	10,30,79,399	10.61	NA	NA	10,30,78,069
2.	The New India Assurance Company Limited	1	97,01,058	0	97,01,058	1.00	NA	NA	97,01,058
(f)	Any Other	7	2,92,119	0	2,92,119	0.03	NA	NA	2,92,119
	Sub-Total (B)(1)	**975**	**44,20,15,823**	**0**	**44,20,15,823**	**45.51**	**NA**	**NA**	**44,17,93,251**
(2)	**Central Government/ State Government/ President of India**	9	7,31,259	0	7,31,259	0.08	NA	NA	6,19,982
	Sub-Total (B)(2)	**9**	**7,31,259**	**0**	**7,31,259**	**0.08**	**NA**	**NA**	**6,19,982**
(3)	**Non-institutions**								
(a)	Individuals	7,35,002	18,01,06,727	0	18,01,06,727	18.54	NA	NA	16,01,07,314
(b)	NBFCs registered with RBI	23	71,314	0	71,314	0.01	NA	NA	71,314
(c)	Overseas Depositories (holding DRs)**	1	0	1,43,85,337	1,43,85,337	1.48	NA	NA	1,43,85,337
1.	Citibank N.A New York, Nyadr Dept	1	0	1,43,85,337	1,43,85,337	1.48	NA	NA	1,43,85,337
(d)	Any Other	4,108	2,94,03,653	0	2,94,03,653	3.03	NA	NA	2,40,30,153
	Sub-Total (B)(3)	**7,39,134**	**20,95,81,694**	**1,43,85,337**	**22,39,67,031**	**23.06**	**NA**	**NA**	**19,85,94,145**
	Total Public Shareholding	**7,40,118**	**65,23,28,776**	**1,43,85,337**	**66,67,14,113**	**68.65**	**NA**	**NA**	**64,10,07,378**

* *Tata AIA Life Insurance Company Limited is not considered a part of the Promoter Group. It holds 14,46,500 Ordinary Shares representing 0.15% of the paid-up Ordinary Share Capital. Accordingly, its holding is included under public shareholding under the head "Institutions – Insurance Companies".*

** Each GDR represents one underlying Ordinary Shares of ₹10 each.

2. No Ordinary Shares have been acquired by the Promoter or members of the Promoter Group in the year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.

3. Except as disclosed in this Letter of Offer, no Ordinary Shares held by the Promoter and the Promoter Group have been locked-in, pledged or encumbered as of the date of the Letter of Offer.

4. **Subscription to the Issue by the Promoter and Promoter Group**

The Promoter of our Company, Tata Sons Limited, by way of its letter dated January 16, 2018 (the "**Promoter Letter**") has undertaken to subscribe, on its own account and through any nominated entity or person belonging to the promoter group, to the full extent of their Rights Entitlement in the Issue in accordance with Regulation 10(4)(a) of the Takeover Regulations.

By way of the Promoter Letter, the Promoter has confirmed that it will, on its own account and through any nominated entity or person belonging to the promoter group, subscribe to:

a. the Rights Entitlement of Sir Dorabji Tata Trust and Sir Ratan Tata Trust (collectively, the "**Trusts**"), which are members of the Promoter Group, that may be renounced in favour of the Promoter since subscription to their respective Rights Entitlement would not be covered under the category of eligible investments under the provisions of the Bombay Public Trusts Act, 1950, as amended. Such renunciation of the Rights Entitlement by the Trusts to the Promoter would not be considered as "renunciation" for the purposes of Regulation 10(4)(b)(i) of Takeover Regulations as the Trusts are not permitted to subscribe to their Rights Entitlement in terms of the Bombay Public Trusts Act, 1950. Such subscription by the Promoter to Ordinary Shares in the Issue to the extent of the Rights Entitlements renounced in its favour by the Trusts shall be exempt from open offer requirements in terms of Regulation 10(4)(b) of the Takeover Regulations;

b. the Rights Entitlement of Rujuvalika Investment Limited, a subsidiary of our Company which is also a member of the Promoter Group, may be renounced in favour of the Promoter since subscription to its Rights Entitlement would not be permitted in terms of Section 19 of the Companies Act, 2013 which does not permit a holding company to allot or transfer its shares to any of its subsidiaries. Such renunciation of the Rights Entitlement by Rujuvalika Investment Limited to the Promoter would not be considered as "renunciation" for the purposes of Regulation 10(4)(b)(i) of Takeover Regulations as Rujuvalika Investment Limited is not permitted to subscribe to their Rights Entitlement in terms of the Companies Act, 2013. Such subscription by the Promoter to Ordinary Shares in the Issue to the extent of the Rights Entitlements renounced in its favour by the Rujuvalika Investment Limited shall be exempt from open offer requirements in terms of Regulation 10(4)(b) of the Takeover Regulations;

c. any unsubscribed portion in the Issue, in accordance with Regulation 10(4)(b) and other applicable provisions of the Takeover Regulations, to ensure subscription to the extent of at least 90% of the issue of Fully Paid Shares and 90% of the issue of Partly Paid Shares; and

d. any unsubscribed portion in the Issue (over and above those covered under points a, b and c above) offered in the Issue, solely at the discretion of the Promoter.

The members of the Promoter Group (other than the Trusts and Rujuvalika Investment Limited), subject to approval of their respective Board of Directors or a committee thereof, may subscribe, on their own account, to the full extent of their rights entitlement in the Issue or renounce, any or all, of their respective Rights Entitlement in favour of Tata Sons Limited.

The acquisition of Ordinary Shares by the Promoter and members of the Promoter Group shall not result in a change of control of the management of our Company. Our Company is in compliance with Regulation 38 of the Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

5. The Issue being a rights issue, as per Regulation 34(c) of the SEBI Regulations, the requirements of promoter's contribution and lock-in are not applicable.

6. Our Company does not have any employee stock option scheme or employee stock purchase scheme.

7. Our Company has not undertaken any public issue in the three years immediately preceding the date of this Letter of Offer.

8. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Ordinary Shares as on the date of filing of this Letter of Offer.

9. The ex-rights price of the Ordinary Shares as per regulation 10(4)(b) of the Takeover Regulations is ₹683.56. The ex-rights price of the Ordinary Shares has been calculated by taking weighted average of the Issue Price of the Fully Paid Shares and Partly Paid Shares.

10. If our Company does not receive the minimum subscription of 90% of the Issue (separately for Fully Paid Shares and Partly Paid Shares) and the sum payable on application is not received within 15 days from the Issue Closing Date, our Company shall refund the entire subscription amount received. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company shall pay interest for the delayed period, as prescribed under applicable laws.

11. At any given time, there shall be only one denomination of the Ordinary Shares.

12. All Ordinary Shares are fully paid-up and there are no Partly Paid Shares as on the date of this Letter of Offer. The Rights Issue comprises Fully Paid Shares and Partly Paid Shares. For further details on the terms of the Issue, please see the section entitled "*Terms of the Issue*" on page 340.

OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

1. Repayment or pre-payment of certain borrowings availed by our Company; and

2. Expenses to be incurred towards general corporate purposes.

The objects as stated in the Memorandum of Association enable our Company to undertake its existing activities and the activities for which the funds are being raised by our Company through the Issue.

The Issue Size is up to ₹ 12,800 crore and the estimated gross proceeds are ₹ 12,704 crore, subject to finalisation of Basis of Allocation and actual Allotment.

The details of the Net Proceeds are summarized in the table below:

(In ₹ crore)

Particulars	Amount
Gross Proceeds*	12,704.00
Less: Estimated Issue related expenses	51.16
Net Proceeds	12,652.84

** Subject to Basis of Allocation and actual Allotment.*

Means of Finance, Utilisation of Proceeds and Schedule of Implementation or Deployment of Net Proceeds

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities and interest or exchange rate fluctuations. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of the management. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them. Further, in the event of any shortfall of funds for any of the activities proposed to be financed out of the Net Proceeds, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws.

Our Company proposes to meet the entire funding requirements for the proposed objects of the Issue from the Net Proceeds and identifiable internal accruals. Therefore, our Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

The following table provides the schedule of utilisation of the Net Proceeds:

(in ₹ crore)

Sr. No.	Particulars	Amount to be utilised in Fiscal 2018	Amount to be utilised in Fiscal 2019
1.	Repayment or pre-payment of certain borrowings availed by our Company	5,000	4,700
2.	Expenses towards general corporate purposes	1,500	1,452.84

In the event that the Net Proceeds are not utilized towards the objects of the Issue in Fiscal 2018 or 2019, the same would be utilized in subsequent Fiscals for achieving the objects of the Issue.

Details of the activities to be financed from the Net Proceeds

- **Repayment or pre-payment of certain borrowings availed by our Company**

  Our Company has entered into various financing arrangements with banks, financial institutions, and other entities. The borrowing arrangements entered into by our Company comprise external commercial borrowings, term loans, non-convertible debentures and commercial papers. As of September 30, 2017, our Company had total gross borrowings on a standalone basis amounting to ₹31,179.55 crore. Our

Company proposes to utilize an amount of ₹9,700 crore from the Net Proceeds towards full or partial repayment or pre-payment of certain borrowings availed by our Company. Our Company may repay or refinance some of its existing borrowings in the ordinary course of business. Accordingly, our Company may utilise the Net Proceeds for repayment or pre-payment of any such refinanced loans obtained by it. However, the aggregate amount to be utilized from the Net Proceeds towards repayment or pre-payment of borrowings (including re-financed loans availed) would not exceed ₹9,700 crore.

We believe that such repayment or pre-payment will help reduce our outstanding indebtedness and enable utilization of our accruals for further investment in business growth and expansion. In addition, we believe that the leverage capacity of our Company will improve significantly to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business in the coming years.

The details of borrowings, proposed to be repaid or pre-paid, are as described below:

Borrowings availed by our Company

The following table provides the details of the borrowings availed by our Company, which are currently proposed to be fully or partly repaid or pre-paid from the Net Proceeds:

(in ₹ crore)

Sr. No.	Name of the Lender	Nature of the borrowing	Amount borrowed	Principal amount outstanding as at September 30, 2017	Repayment Date/ Schedule	Purpose	Prepayment clause (if any)
1.	Consortium of lenders consisting of State Bank of India (lead bank), State Bank of Mysore, State Bank of Travancore, State Bank of Bikaner and Jaipur, Axis Bank Limited, HDFC Bank Limited, ICICI Bank Limited, Punjab National Bank, Canara Bank, Central Bank of India, Export Import Bank of India, Syndicate Bank, Allahabad Bank, Corporation Bank, Jammu and Kashmir Bank, Indian Bank, Federal Bank and Kotak Mahindra Bank Limited and State Bank of Hyderabad.	Rupee Term Loan	7,000	4,450*	Repayable in 17 quarterly instalments. The next instalment is due on March 31, 2021 and the last instalment is due on March 31, 2025.	Towards project costs incurred for Module I of the TSK Project and payment/ repayment of excess equity contribution	Our Company may prepay all or any portion of the loans without payment of any prepayment premium if the prepayment is made from equity raised by our Company, provided our Company has given at least fifteen (15) business days prior notice and the project debt equity ratio shall not exceed 0.76:1 following such prepayment. Any partial prepayment made, shall be applied in the direct order as prescribe in the repayment schedule.
2.	HDFC Bank Limited	Rupee Term Loan	850	836.92*	Repayable in 15 unequal semi-annual instalments. The previous instalment was due on December 15, 2017 and the last instalment is due on December 15, 2024.	Capital expenditure/ Reimbursement of Capital expenditure made.	Our Company shall at any time have the option to prepay the whole or part of the loan (if in part a minimum amount of ₹200 crore and in integral multiples thereof) together with accrued interest without any premium or penalty, by giving an irrevocable prior written

Sr. No.	Name of the Lender	Nature of the borrowing	Amount borrowed	Principal amount outstanding as at September 30, 2017	Repayment Date/ Schedule	Purpose	Prepayment clause (if any)
							notice of not less than 10 days to the Bank.
3.	HDFC Bank Limited	Rupee Term Loan	650	648.08*	Repayable in 19 unequal semi-annual instalments. The next instalment is due on February 15, 2018 and the last instalment is due on February 15, 2027.	Capital expenditure/ Reimbursement of Capital expenditure made.	Our Company shall at any time have the option to prepay the whole or part of the loan (if in part a minimum amount of ₹200 crore and in integral multiples thereof) together with accrued interest without any premium or penalty, by giving an irrevocable prior written notice of not less than 10 days to the Bank.
4.	HDFC Bank Limited	Rupee Term Loan	1,500	1,500*	Repayable in 20 unequal semi-annual instalments. The first instalment was due on November 29, 2017 and the last instalment is due on May 29, 2027.	Capital expenditure/ Reimbursement of Capital expenditure incurred.	Our Company shall at any time have the option to prepay the whole or part of the loan (if in part a minimum amount of ₹200 crore and in integral multiples thereof) together with accrued interest without any premium or penalty, by giving an irrevocable prior written notice of not less than 10 days to the Bank.
5.	State Bank of India	Rupee Term Loan	2,000	2,000*	Repayable in 10 consecutive equal semi-annual instalments. The next instalment is due on April 30, 2019 and the last instalment is due on October 31, 2023.	Replacement of high cost debt, ongoing capital expenditure and general corporate purposes	Our Company may prepay on any interest payment date the whole or part of the loan (if in part a minimum amount of ₹200 crore and in integral multiples thereof) together with accrued interest without any premium or penalty, by giving an irrevocable prior written notice of not less than 10 days to the Bank.

Sr. No.	Name of the Lender	Nature of the borrowing	Amount borrowed	Principal amount outstanding as at September 30, 2017	Repayment Date/ Schedule	Purpose	Prepayment clause (if any)
6.	Commercial Papers	Short Term Loan	3000**	3,000	The maturity period for such commercial papers range from October 30, 2017, to December 6, 2017. Commercial papers are rolled over on their respective maturity dates and our Company may utilize the Net Proceeds to repay such new commercial papers. Our Company will repay the commercial papers that are outstanding after receipt of the Net Proceeds.	For working capital and general corporate purpose	NA

* *Note: As certified by AMK & Associates, Chartered Accountants (Firm Registration Number: 327817E) vide its certificate dated December 21, 2017. Further, AMK & Associates, Chartered Accountants have confirmed that the said borrowings have been utilized for the purposes for which they were availed. For further details, please see the section entitled "Objects of the Issue - Repayment or pre-payment, of certain borrowings availed by our Company" on page 59.*

** *Commercial papers outstanding as of September, 2017.*

The selection of borrowings proposed to be repaid and/ or pre-paid from our facilities provided above shall be based on various factors, including (i) cost of the borrowings to our Company, including applicable interest rates; (ii) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil, or obtain waivers for fulfilment of, such requirements; (iii) receipt of consents for prepayment from the respective lenders; (iv) terms and conditions of such consents and waivers; (v) levy of any prepayment penalties and the quantum thereof; (vi) provisions of any law, rules, regulations governing such borrowings; and (vii) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

Given the nature of these borrowings and the terms of repayment or pre-payment, the aggregate outstanding borrowing amounts may vary from time to time. In addition to the above, we may, from time to time, enter into further financing arrangements, such as, by way of issuing commercial papers and draw down of funds thereunder. In such cases or in case any of the above borrowings are repaid or pre-paid or further drawn-down prior to the completion of the Issue, we may utilize the Net Proceeds towards repayment or pre-payment of the additional commercial papers issued.

In the event Net Proceeds are insufficient for the said payment of prepayment penalty or premiums, such payment shall be made from the internal accruals of our Company. For details, please see the section entitled "*Risk Factors*" on page 11.

- **Expenses to be incurred towards general corporate purposes**

  Our Company proposes to deploy the balance portion of Net Proceeds aggregating ₹2,952.84 crore for the expenses towards general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds, in compliance with applicable laws.

  Our Company, in accordance with the policies formulated by our Board, will have flexibility in applying ₹2,952.84 crore towards general corporate purposes, including, amongst other things, (a) brand building and other marketing expenses; (b) acquiring assets, such as furniture and fixtures, and vehicles; (c) meeting any expenses incurred in the ordinary course of business by our Company and its Subsidiaries, including salaries and wages, rent, administration expenses, insurance related expenses, and the payment of taxes and duties; (d) repair, maintenance, renovation and upgradation of our existing offices and factories; and (e) any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof.

Estimated Issue Related Expenses

The estimated Issue related expenditure is as follows:

(unless otherwise specified, in ₹ crore)

S. No.	Particulars	Amount	Percentage of total estimated Issue expenditure (%)	Percentage of Issue Size (%)
1.	Fee of the Lead Managers	4.25	8.3	0.03
2.	Fee to the legal advisor, other professional service providers and statutory fee	6.90	13.5	0.05
3.	Fee of Registrar to the Issue	1.95	3.8	0.02
4.	Advertising, marketing expenses, printing stationery, distribution, postage etc.	8.65	16.9	0.07
5.	Other expenses (including miscellaneous expenses and stamp duty)	29.42	57.5	0.23
Total estimated Issue related expenses*		**51.16**	**100**	**0.40**

* *Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall adjusted with the amount allocated towards general corporate purposes.*

Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim Use of Net Proceeds

Our Company shall deposit the Net Proceeds, pending utilisation, with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934.

Monitoring Utilization of Funds from the Issue

Our Company has appointed HDFC Bank Limited as the Monitoring Agency in relation to the Issue. Our Board will monitor the utilization of the Net Proceeds. Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 18(3) of the Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee, the uses and applications of the Net Proceeds. The report submitted by the Monitoring Agency will be placed before the Audit Committee of our Company, so as to enable the Audit Committee to make appropriate recommendations to our Board.

Further, according to Regulation 32(1)(a) of the Listing Regulations, our Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on material deviations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after review by the Audit Committee and its explanation in the Director's report in the Annual Report.

Other confirmations

Except as stated above, no part of the proceeds from the Issue will be paid by our Company as consideration to its Promoter, Directors, Group Companies or key managerial personnel, except in the normal course of its business.

STATEMENT OF TAX BENEFITS

January 15, 2018

The Board of Directors
Tata Steel Limited
Bombay House
24 Homi Mody Street
Mumbai 400 001

Dear Sirs,

Sub: Statement of possible Tax Benefits under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 (the "Regulations") available in connection with proposed Rights Issue of Equity Shares (the "Rights Issue") of Tata Steel Limited (the "Company")

We refer to the proposed Rights Issue by the Company. We enclosed herewith the statement showing the current positions of special/general tax benefits available to the Company and to its shareholders as per the provisions of Income-tax Act, 1961 as applicable to financial year 2017-18. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of Company or its shareholders to derive these tax benefits is dependent upon their fulfilling such conditions.

The possible tax benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Rights Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

The benefits discussed in the Statement are only intended to provide the tax benefits to the Company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc. of shares. The tax benefits listed herein are only the possible benefits which may be available under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws, which based on business imperative it faces in the future, it may or may not choose to fulfil.

We do not express any opinion or provide any assurance as to whether:

(i) The Company or its shareholders will continue to obtain these benefits in future;
(ii) The conditions prescribed for availing the benefits have been/would be met with;
(iii) The revenue authorities/courts will concur with the views expressed herein.

The contents of the enclosed statement are based on the representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its shareholders in the Letter of Offer for the Rights Issue which the Company intends to file to the Securities and Exchange Board of India, the BSE Limited, the National Stock Exchange of India Limited and any other authorities in connection with the Rights Issue provided that the below statement of limitation is included in the Letter of Offer.

LIMITATIONS

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the Rights Issue relying on the statement.

This statement has been prepared solely in connection with the Rights Issue under the Regulations as amended.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm Registration No. 117366W/W-100018)

JATIN P. KANABAR
Partner
Membership No. 107956
Mumbai, January 15, 2018

ANNEXURE

The information provided below sets out the possible direct tax benefits available to the shareholders of an Indian company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfil. We do not express any opinion or provide any assurance as to whether the Company or its shareholders will continue to obtain these benefits in future. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.

Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on this statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on this statement.

This statement has been prepared solely in connection with the Rights Issue under the Regulations as amended.

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO TATA STEEL LIMITED ("COMPANY") AND TO ITS SHAREHOLDERS

1. Under the Income-tax Act, 1961 ("the Act")

I. Special tax benefits available to the Company

There are no special tax benefits available under the Act to the Company.

II. General tax benefits available to the Company

Dividend Income and Other Income

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O received on the shares of any Indian company is exempt from tax. Such dividend is to be excluded while computing Minimum Alternate Tax ("MAT") liability.

2. As per section 115BBD of the Act, the dividends received from a specified foreign company (i.e. where Indian company holds 26% or more of the equity share capital of foreign company) is taxable at the rate of 15% (plus applicable surcharge, education cess and secondary and higher education cess) under the Act.

3. As per section 115-O of the Act, tax on distributed profits of domestic companies is chargeable to tax at 15% (plus applicable surcharge, education cess and secondary and higher education cess). As per sub-section (1A) to section 115-O, the domestic Company will be allowed to set-off the dividend received from its subsidiary company during the financial year against the dividend distributed by it, while computing the Dividend Distribution Tax ("DDT") if:

    a. the dividend is received from its domestic subsidiary and the subsidiary has paid the DDT payable on such dividend; or

    b. the dividend is received from a foreign subsidiary, the Company has paid tax payable under section 115BBD

However, the same amount of dividend shall not be taken into account for reduction more than once.

Further, the net distributed profits shall be increased to such amounts as would, after reduction of the tax on such increased amounts at the specified rate, be equal to the net distributed profits.

4. As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:
   a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or

   b. Income received in respect of units from the Administrator of the specified undertaking; or

   c. Income received in respect of units from the specified company.

   Such income is to be excluded while computing MAT liability.

   However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

Capital Gains

5. Capital assets may be categorized into short term capital assets or long term capital assets based on the period of holding. Capital assets being securities (other than a unit) listed in a recognised stock exchange in India or unit of Unit Trust of India or unit of an equity oriented fund or a zero coupon bond held by the assessee for a period of more than 12 months are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as long term capital gains ("LTCG"). Capital gains arising on sale of these assets held for 12 months or less are considered as short term capital gains ("STCG").

6. Further, capital assets being shares of company not being a share listed in a recognized stock exchange in India or an immovable property, being land or building or both, held for a period exceeding 24 months should be considered as long term capital assets.

   In respect of any other capital assets, the holding period should exceed 36 months to be considered as long term capital assets.

7. As per provisions of section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government and Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015) and depreciable assets, is computed by deducting expenses incurred in relation to the transfer, the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

8. As per the provisions of section 50 of the Act, capital gain on the sale of an asset forming part of a block of assets in respect of which depreciation has been allowed under this Act shall be computed by reducing the net sales consideration from the block of asset. If the net sales consideration exceeds the written down value of the block of assets, such excess would result in STCG. If the net sales consideration is less than the written down value of the block of assets and the block of assets has been wiped out as a result of sale of asset, then it would result in STCL.

9. As per section 10(38) of the Act, LTCG arising from the transfer of a long term capital asset being an equity share of the company, where such transaction has been entered into on a recognized stock exchange of India and is chargeable to Securities Transaction Tax ("STT"), will be exempt in the hands of the shareholder.

   However, LTCG on sale of equity shares in a company, will not be exempt if the transaction of acquisition, other than the acquisition notified by the Central Government, of such equity share has been entered on or after October 1, 2004 and such transaction has not been chargeable to STT. The Central Board of Direct Taxes ("CBDT") has vide Notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification.

Income by way of LTCG exempt under section 10(38) of the Act shall not be reduced in computing the book profits for the purposes of computation of MAT under section 115JB of the Act.

10. In accordance with section 112 of the Act, LTCG on sale of capital assets to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess) with indexation benefits. However, as per the proviso to section 112 of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following:

    a. 20% (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed after indexation of the cost; or

    b. 10% (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed without indexation

    No deduction under Chapter VIA of the Act shall be allowed from such LTCG.

11. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a long term capital asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a “long term specified asset”.

    A “long term specified asset” means any bond, redeemable after three years and issued on or after 1st day of April 2007 by the:

    a. National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988; or

    b. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956; or

    c. Any other bond notified by Central Government such as bonds issued on or after 15th day of June 2017 by Power Finance Corporation Limited and bonds issued on or after 8th day of August 2017 by Indian Railway Finance Corporation Limited.

    The total deduction with respect to investment in the long term specified assets is restricted to ₹50 lakhs, whether invested during the financial year in which the asset is transferred or subsequent year.

    Where the “long term specified asset” is transferred or converted into money within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.

12. As per section 54EE of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of any long term capital asset would be exempt from tax, if the sale consideration is invested within six months of the transfer, in units of a specified fund, issued before April 1, 2019, of such funds as may be notified by the Central Government. The total deduction with respect to investment in the long term specified assets is restricted to ₹50 lakhs when invested during the financial year in which the asset is transferred or subsequent year. Further, such units need to be held for a period of three years to avail the exemption.

13. The base year for the purpose of indexation has been changed from April 1, 1981 to April 1, 2001.

14. As per section 111A of the Act, STCG arising to the Company from the sale of an equity share or a unit of an equity oriented fund or a unit of business trust, where such transaction is chargeable to STT will be taxable at the rate of 15% (plus applicable surcharge, education cess and secondary and higher education cess). Further, STCG as computed above that are not liable to STT would be subject to tax as

calculated under the normal provisions of the Act. No deduction under Chapter VIA of the Act shall be allowed from such STCG.

Business Income

15. Under section 36(1)(xv) of the Act, the amount of STT paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.

16. As per section 32(1)(iia) of Act, where any new machinery or plant (other than ships and aircraft) has been acquired and installed after the 31st day of March, 2005, by an assessee engaged in the business of manufacture or production of any article or thing or in the business of generation, transmission or distribution of power, a further sum equal to twenty per cent of the actual cost of such machinery or plant shall be allowed as deduction, subject to certain conditions.

17. The Company is entitled to a deduction under section 80G of the Act either for whole of the sum paid as donation to specified funds or institution or 50% of sums paid, subject to limits and conditions as provided in section 80G of the Act.

18. As per the provisions of section 80JJAA of the Act, the Company can claim a deduction of 30% of additional wages paid to the new regular workmen employed by the Company for three assessment years starting with the year in which the employment is provided subject to such conditions specified in section 80JJAA of the Act.

Set-off and carried forward of losses

19. As per section 70 of the Act, loss in respect of short term capital asset computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the Act.

    As per section 70 of the Act, loss in respect of long term capital asset computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the Act.

    Long term capital loss arising on sale of shares entered into on a recognized stock exchange and which are chargeable to STT, may not be allowed to be set off or carried forward for set off.

20. As per section 72 of the Act, business loss (other than loss on speculation business), if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.

21. Unabsorbed depreciation, if any, for an assessment year can be carried forward indefinitely and set off against any sources of income in the same year or any subsequent assessment years as per section 32(2) of the Act subject to the provisions of section 72(2) and section 73(3) of the Act.

MAT credit

22. As per section 115JAA(1A) of the Act, credit is allowed in respect of any MAT paid under section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Tax credit to be allowed shall be the difference between MAT paid and the tax computed as per the normal provisions of the Act for that assessment year. The MAT credit is allowed to be set-off in the subsequent years to the extent of difference between MAT payable and the tax payable as per the normal provisions of the Act for that assessment year. The MAT credit shall not be allowed to be carried forward beyond fifteenth assessment year immediately succeeding the assessment year in which tax credit become allowable.

23. Further, the MAT credit to the extent of difference between the foreign tax credit allowed against MAT over such credit available against the tax under the normal provisions of the Act shall not be eligible to be carried forward.

III. General tax benefits available to Resident Shareholders

Dividend Income

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O received on the shares of any Indian company is exempt from tax.

2. However, as per section 115BBDA of the Act, income by way of dividend in excess of ₹10 lakhs shall be chargeable to tax in the case of an assessee other than a domestic company, a fund or institution or trust or any university or other educational institutions or any hospital or other medical institutions referred to in section 10(23C)(iv), 10(23C)(v), 10(23C)(vi), 10(23C)(via), a trust or institutions registered under section 12A or section 12AA, who is resident in India, at the rate of ten percent (plus applicable surcharge, education cess and secondary and higher education cess).

3. Also, section 14A of the Act restricts the claim for deduction of expenses incurred in relation to exempt income. Thus, any expense incurred to earn exempt dividend income is not an allowable expenditure.

Capital Gains

4. Capital assets may be categorized into short term capital assets or long term capital assets based on the period of holding. Capital assets being securities (other than a unit) listed in a recognised Stock Exchange in India held by the assessee for a period of more than 12 months are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as LTCG. Capital gains arising on sale of these assets held for 12 months or less are considered as STCG.

5. As per provisions of section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government and Sovereign Gold Bond issued by the Reserve Bank of India under the Sovereign Gold Bond Scheme, 2015) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.

6. The period of holding for shares subscribed to by the shareholder on the basis of his right to subscribe to such shares or subscribed to by the person in whose favour the shareholder has renounced his right to subscribe to such shares, shall be reckoned from the date of allotment of such shares as provided under clause (d) to Explanation 1 to section 2(42A) of the Act.

   The period of holding in the hands of shareholder, for the shares which are renounced in favour of any person, shall be reckoned from the date of the offer of such right shares by the Company as per clause (e) to Explanation 1 to section 2(42A) of the Act.

7. As per section 10(38) of the Act, LTCG arising from the transfer of a long term capital asset being an equity share of the company, where such transaction has been entered into on a recognized stock exchange of India and is chargeable to STT, will be exempt in the hands of the shareholder.

   However, LTCG on sale of equity shares in a company, will not be exempt if the transaction of acquisition, other than the acquisition notified by the Central Government, of such equity share has been entered on or after October 1, 2004 and such transaction has not been chargeable to STT. The CBDT has vide Notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification.

8. For the purpose of computation of ‘Capital Gains’, the ‘cost of acquisition’ as provided under section 55(2)(aa) of the Act would be as under:

a. in relation to the original shares, on the basis of which the shareholder becomes entitled to the right shares, the amount actually paid for acquiring the original shares;

b. in relation to renouncement of the right by the shareholder in favour of any person, to subscribe the shares, the cost would be taken as Nil, in the hands of such shareholder;

c. in relation to shares which the shareholder has subscribed on the basis of the said entitlement, the amount actually paid by him for acquiring such asset;

d. in relation to any shares purchased by any person in whose favour the right to subscribe to such asset has been renounced, the aggregate of the amount of the purchase price paid by him to the person renouncing such right and the amount paid by him to the Company for acquiring such shares.

9. In accordance with section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess) with indexation benefits. However, as per the proviso to section 112 of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following: -

a. 20% (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed after indexation of the cost; or

b. 10% (plus applicable surcharge, education cess and secondary and higher education cess) of the capital gains as computed without indexation

No deduction under Chapter VIA of the Act shall be allowed from such LTCG.

10. The base year for the purpose of indexation has been changed from April 1, 1981 to April 1, 2001.

11. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a Long Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a "long term specified asset".

A "long term specified asset" means any bond, redeemable after three years and issued on or after 1st day of April 2007 by the:

a. National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988; or

b. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956; or

c. Any other bond notified by Central Government such as bonds issued on or after 15th day of June 2017 by Power Finance Corporation Limited and bonds issued on or after 8th day of August 2017 by Indian Railway Finance Corporation Limited.

The total deduction with respect to investment in the long term specified assets is restricted to ₹50 lakhs, whether invested during the financial year in which the asset is transferred or subsequent year.

Where the "long term specified asset" is transferred or converted into money within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.

12. As per section 54F of the Act, LTCG [in cases not covered under section 10(38)] arising on the transfer of the shares of the company held by an Individual or Hindu Undivided Family ("HUF") will be exempt from capital gains tax if the net consideration is utilized to purchase or construct one residential house

in India. The residential house is required to be purchased within a period of one year before or two year after the date of transfer or to be constructed within three years after the date of transfer.

13. As per section 54EE of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of any long term capital asset would be exempt from tax, if the sale consideration is invested within six months of the transfer, in units of a specified fund, issued before April 1, 2019 of such funds as may be notified by the Central Government. The total deduction with respect to investment in the long term specified assets is restricted to ₹50 lakhs when invested during the financial year in which the asset is transferred or subsequent year. Further, such units need to be held for a period of three years to avail the exemption.

14. As per section 111A of the Act, STCG arising from the sale of equity shares of the company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge, education cess and secondary and higher education cess). Further, STCG as computed above that are not liable to STT would be subject to tax as calculated under the normal provisions of the Act.

    No deduction under Chapter VIA of the Act shall be allowed from such STCG.

15. No income tax is deductible at source from income by way of capital gains under the present provisions of the Act in case of residents.

Business Income

16. On facts of the case, where the investment in equity shares is considered as “stock-in-trade”, the income on transfer of such equity shares would be chargeable as under the head “Profits or gains from business or profession”.

17. Under section 36(1)(xv) of the Act, the amount of STT paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.

Other Income

18. Under section 56(2)(x) of the Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

    a. where the shares are received without consideration, aggregate Fair Market Value ("FMV") exceeds ₹50,000/-, the whole FMV;

    b. where the shares are received for a consideration less than FMV but exceeding ₹50,000/-, the aggregate FMV in excess of the consideration paid.

    Rule 11UA of the Income-tax Rules, 1962 ("the Rules") provides for the method for determination of the FMV of various properties.

Set-off and carry forward of losses

19. As per section 70 of the Act, loss in respect of short term capital asset computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years’ STCG as well as LTCG, in terms of section 74 of the Act.

    As per section 70 of the Act, loss in respect of long term capital asset computed for a given year is allowed to be set off only against the LTCG. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years’ LTCG, in terms of section 74 of the Act.

Long term capital loss arising on sale of shares entered into on a recognized stock exchange and which are chargeable to STT, may not be allowed to be set off or carried forward for set off.

20. As per section 72 of the Act, business loss (other than loss on speculation business), if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.

IV. General tax benefits available to Non-Resident Shareholders

Dividend income

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O received on the shares of any Indian company is exempt from tax.

Capital gains

2. Capital assets may be categorized into short term capital assets or long term capital assets based on the period of holding. Capital assets being securities (other than a unit) listed in a recognised Stock Exchange in India held by the assessee for a period of more than 12 months are considered as long term capital assets. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as LTCG. Capital gains arising on sale of these assets held for 12 months or less are considered as STCG.

3. As per first proviso to section 48 of the Act, in case of a non-resident shareholder, the capital gain/loss arising from transfer of shares of the company, acquired in convertible foreign exchange, is to be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares, and the capital gains so computed shall be reconverted into Indian currency. Cost Indexation benefit will not be available in such a case.

4. The period of holding for shares subscribed to by the shareholder on the basis of his right to subscribe to such shares or subscribed to by the person in whose favour the shareholder has renounced his right to subscribe to such shares, shall be reckoned from the date of allotment of such shares as provided under clause (d) to Explanation 1 to section 2(42A) of the Act.

   The period of holding in the hands of shareholder, for the shares which are renounced in favour of any person, shall be reckoned from the date of the offer of such right shares by the Company as per clause (e) to Explanation 1 to section 2(42A) of the Act.

5. As per section 10(38) of the Act, LTCG arising from the transfer of a long term capital asset being an equity share of the company, where such transaction has been entered into on a recognized stock exchange of India and is chargeable to STT, will be exempt in the hands of the shareholder.

   However, LTCG on sale of equity shares in a company, will not be exempt if the transaction of acquisition, other than the acquisition notified by the Central Government, of such equity share has been entered on or after October 1, 2004 and such transaction has not been chargeable to STT. The CBDT has vide Notification no. F. No. 43/2017 dated June 5, 2017 notified all transactions of acquisition of equity shares entered into on or after October 1, 2004 which are not chargeable to STT, other than those specifically listed in the notification.

6. For the purpose of computation of ‘Capital Gains’, the ‘cost of acquisition’ as provided under section 55(2)(aa) of the Act would be as under:

   a. in relation to the original shares, on the basis of which the shareholder becomes entitled to the right shares, the amount actually paid for acquiring the original shares;

   b. in relation to renouncement of the right by the shareholder in favour of any person, to subscribe the shares, the cost would be taken as Nil, in the hands of such shareholder;

c. in relation to shares which the shareholder has subscribed on the basis of the said entitlement, the amount actually paid by him for acquiring such asset;

d. in relation to any shares purchased by any person in whose favour the right to subscribe to such asset has been renounced, the aggregate of the amount of the purchase price paid by him to the person renouncing such right and the amount paid by him to the Company for acquiring such shares.

7. As per section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act, would be subject to tax at the rate of 20% (plus applicable surcharge, education cess and secondary and higher education cess) after giving effect to the first proviso to section 48 of the Act. If the tax payable on transfer of listed securities exceeds 10% (plus applicable surcharge, education cess and secondary and higher education cess) of the LTCG, the excess tax shall be ignored for the purpose of computing tax payable by the assessee.

   No deduction under Chapter VIA of the Act shall be allowed from such LTCG.

8. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of a Long Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a "long term specified asset".

   A "long term specified asset" means any bond, redeemable after three years and issued on or after 1st day of April 2007 by the:

   a. National Highways Authority of India constituted under section 3 of The National Highways Authority of India Act, 1988; or

   b. Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956; or

   c. Any other bond notified by Central Government such as bonds issued on or after 15th day of June 2017 by Power Finance Corporation Limited and bonds issued on or after 8th day of August 2017 by Indian Railway Finance Corporation Limited.

   The total deduction with respect to investment in the long term specified assets is restricted to ₹50 lakhs, whether invested during the financial year in which the asset is transferred or subsequent year.

   Where the "long term specified asset" is transferred or converted into money within three years from the date of its acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion

9. As per section 54EE of the Act and subject to the conditions and to the extent specified therein, LTCG (in case not covered under section 10(38) of the Act) arising on the transfer of any long term capital asset would be exempt from tax, if the sale consideration is invested within six months of the transfer, in units of a specified fund, issued before April 1, 2019, of such funds as may be notified by the Central Government. The total deduction with respect to investment in the long term specified assets is restricted to ₹50 lakhs when invested during the financial year in which the asset is transferred or subsequent year. Further, such units need to be held for a period of three years to avail the exemption.

10. As per section 54F of the Act, LTCG [in cases not covered under section 10(38)] arising on the transfer of the shares of the Company held by an Individual or HUF will be exempt from capital gains tax, if the net consideration is utilized to purchase or construct one residential house in India. The residential house is required to be purchased within a period of one year before or two years after the date of transfer or to be constructed within three years after the date of transfer.

11. As per section 111A of the Act, STCG arising from the sale of equity shares of the Company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge,

education cess and secondary and higher education cess). Further, STCG as computed above that are not liable to STT would be subject to tax as calculated under the normal provisions of the Act.

No deduction under Chapter VIA of the Act shall be allowed from such STCG.

Business Income

12. On facts of the case, where the investment in equity shares is considered as "stock-in-trade", the income on transfer of such equity shares would be chargeable under the head "Profits or gains from business or profession".

13. Under section 36(1)(xv) of the Act, the amount of STT paid by an assessee in respect of taxable securities transactions offered to tax as "Profits and gains of business or profession" shall be allowable as a deduction against such Business Income.

14. As per Explanation 4 to section 115JB of the Act, the provisions of MAT do not apply to a foreign company if it is a resident of a country with which India has entered into a DTAA under section 90/90A of the Act and the assessee does not have a Permanent Establishment in India or such company is a resident of a country with which India does not have such agreement and the assessee is not required to seek registration under any law for the time being in force, relating to companies.

Other Income

15. Under section 56(2)(x) of the Act and subject to exception provided therein, if any person receives from any person, any property, including, inter alia, shares of a company, without consideration or for inadequate consideration, the following shall be treated as 'Income from other sources' in the hands of the recipient:

    a. where the shares are received without consideration, aggregate Fair Market Value ("FMV") exceeds ₹50,000/-, the whole FMV;

    b. where the shares are received for a consideration less than FMV but exceeding ₹50,000/-, the aggregate FMV in excess of the consideration paid.

Rule 11UA of the Income-tax Rules, 1962 ("the Rules") provides for the method for determination of the FMV of various properties.

Set-off and carry forward of losses

16. As per section 70 of the Act, loss in respect of short term capital asset computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the Act.

    As per section 70 of the Act, loss in respect of long term capital asset computed for a given year is allowed to be set off only against the LTCG for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the Act.

17. As per section 72 of the Act, business loss (other than loss on speculation business), if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years.

Benefit under the Double Taxation Avoidance Agreement ("DTAA")

18. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the DTAA, if any, between India and the country in which the non-resident is considered resident in terms of such DTAA. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the DTAA to the extent they are more beneficial to the non-resident.

As per section 90(4) of the Act, the non-residents shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of their being a resident in any country outside India or specified territory outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the Act, the non-resident shall also be required to provide such other information as mentioned in Form 10F.

V. Special tax benefits available to Non-Resident Indians

19. As per section 115C(e) of the Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

20. As per section 115E of the Act, in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, LTCG on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess), without any indexation benefit.

21. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the Company, which were acquired, or purchased with or subscribed to in, convertible foreign exchange, will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then this exemption would be allowable on a proportionate basis. Further, if the specified asset or saving certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

22. As per section 115G of the Act, non-resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

23. As per section 115H of the Act, where a non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to investment income derived from the investment in equity shares of the Company as mentioned in section 115C(f)(i) of the Act for that year and subsequent assessment years until assets are converted into money.

24. As per section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing a declaration along with his return of income for that assessment year under section 139 of the Act, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

25. In a situation where the shareholder transfers the shares of the Company, which are held as 'long-term capital assets' and such transaction is not covered by the provisions of section 10(38) of the Act as referred to earlier, the shareholder can consider availing the benefit as provided in sections 54F, 54EC and 54EE of the Act. Shareholders being individuals can consider the conditions so stated in sections 54F, 54EC and 54EE of the Act and examine the availability of the benefit based on their individual tax position.

VI. Special benefits available to Foreign Portfolio Investors ("FPI's")

1. As per section 2(14) of the Act, any securities held by a FPI who has invested in such securities in accordance with the regulations made under Securities & Exchange Board of India Act, 1992 would be treated as a capital asset only so that any income arising from transfer of such security by a FPI would be treated in the nature of capital gains.

2. The provisions of indirect transfer in terms of Explanation 5 to section 9 of the Act shall not apply to non-resident investors in Category-I and Category-II FPI registered under Securities and Exchange Board of India (FPI) Regulations, 2014.

3. Under section 115AD(1)(ii) of the Act, income by way of STCG arising to the FPI on transfer of shares shall be chargeable at a rate of 30% (plus applicable surcharge, education cess and secondary and higher education cess), where such transactions are not subjected to STT, and at the rate of 15% (plus applicable surcharge, education cess and secondary and higher education cess) if such transaction of sale is entered on a recognised stock exchange in India and is chargeable to STT. The above rates are to be increased by applicable surcharge, education cess and secondary and higher education cess.

   Under section 115AD(1)(iii) of the Act, income by way of LTCG arising to the FPI on transfer of shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable at the rate of 10% (plus applicable surcharge, education cess and secondary and higher education cess). The benefits of indexation of cost and of foreign currency fluctuations are not available to FPIs.

4. As per section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD of the Act.

VII. Special benefits available to Alternative Investment Fund (Category I and II)

1. Under section 10(23FBA), any income of an investment fund other than the income chargeable under the head "Profits and gains of business or profession" is exempt from income tax. For this purpose, an “Investment Fund” means a fund registered as Category I or Category II Alternative Investment Fund and is regulated under the SEBI (Alternative Investment Fund) Regulations, 2012.

2. As per section 115UB(1) of the Act, any income accruing/arising/received by a person from his investment in investment Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/arising/received by such person had the investments by the investment fund been made directly by him.

3. Under section 115UB(4) of the Act, the total income of an Investment Fund would be charged at the rate or rates as specified in the Finance Act of the relevant year where the Investment Fund is a company or a firm and at maximum marginal rate in any other case.

4. As per section 115UB(6) of the Act, the income accruing or arising to or received by the investment fund if not paid or credited to a person (who has investments in the investment fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

VIII. Special tax benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

NOTES:

1. The statement of tax benefits enumerated above is as per the Income-tax Act, 1961, as amended by the Finance Act, 2017.

2. Surcharge is levied on individuals, HUF, association of persons, body of individuals and artificial juridical person at the rate of 10% on tax where total income exceeds ₹50 lacs but does not exceed ₹1 crore and at the rate of 15% on tax where the total income exceeds ₹1 crore.

3. Surcharge is levied on firm, co-operative society and local authority at the rate of 12% on tax where the total income exceeds ₹1 crore.

4. Surcharge is levied on domestic companies at the rate of 7% on tax where the income exceeds ₹1 crore but does not exceed ₹10 crores and at the rate of 12% on tax where the income exceeds ₹10 crores.

5. Surcharge is levied on every company other than domestic company at the rate of 2% on tax where the income exceeds ₹1 crore but does not exceed ₹10 crores and at the rate of 5% on tax where the income exceeds ₹10 crores.

6. A 2% education cess and 1% secondary and higher education cess on income tax, inclusive of applicable surcharge is payable by all categories of taxpayers.

Several of the above tax benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the Act.

SECTION IV: ABOUT OUR COMPANY

OUR BUSINESS

Unless the context otherwise requires, references in this section to "Tata Group" are to the Tata Group of companies and references to "our Company" are to Tata Steel Limited, on a standalone basis and references to "Tata Steel Group", "our Group", "our" and "we", are to Tata Steel Limited, on a consolidated basis.

Unless otherwise stated, the financial information used in this section is derived from our Company's limited reviewed consolidated financial statements as of and for the six month period ended September 30, 2017 and audited consolidated financial statements as of and for the year ended March 31, 2017.

Overview

Tata Steel Group is one of the world's largest steel companies with a steel production capacity of approximately 27.5 MTPA. According to the World Steel Association ("**WSA**"), our Group was the world's 10th largest steel maker by crude steel production volume in 2016. Our Group is also a geographically diversified steel producer, with operations in 26 countries and a commercial presence in more than 50 countries. As of March 31, 2017, our Group had more than 70,000 employees.

Our Company was established as India's first integrated steel company in 1907 by Jamsetji N. Tata and is one of the flagship companies of the Tata Group. Our Group has a presence across the entire value chain of steel manufacturing, including producing and distributing finished products as well as mining and processing iron ore and coal for our steel production. Our Group's operations are primarily focused in India, Europe and South East Asia. For Fiscal 2017, India and Europe represented approximately 43% and 39%, respectively, of the revenue of our Group.

The steel production capacity of our Group has increased from approximately 5.0 MTPA in Fiscal 2006 to approximately 27.5 MTPA in Fiscal 2017. As of September 30, 2017, the steel production capacity of our Group in India is located in Jamshedpur and Kalinganagar, where our Group has two facilities with a total steel production capacity of 12.7 MTPA and a variety of finishing plants. The operations of our Group in India also include captive iron ore and coal mines. Our Group has significant operations in the United Kingdom and the Netherlands, where our Group has a total steel production capacity of approximately 12.4 MTPA. The remaining steel production capacity of our Group is located in South East Asia.

In Fiscal 2017, our Group recorded sales in India of 10.97 MT, recording a growth of 15% over Fiscal 2016. The increase was largely due to the ramping up of operations at the Kalinganagar plant in Odisha, which is now operating at full capacity.

Our Group 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, sections, plates, rebars, wire rods, tubes, rails and wires. Our Group is also a large producer of ferro-chrome in India.

The main markets for our products are India and Europe, which together accounted for approximately 82% and 83% of our revenue in Fiscals 2016 and 2017, respectively, and the remaining from sales primarily taking place in other markets in Asia. Our customers are primarily in the construction, infrastructure, automotive, consumer goods, material handling, aerospace and general engineering industries.

For Fiscals 2016 and 2017, our Group recorded revenue of ₹106,340 crore and ₹117,420 crore, respectively. For the same period, our Group recorded a loss of ₹497 crore and ₹4,169 crore, respectively. We had total assets of ₹173,333 crore as of March 31, 2017 and for Fiscals 2016 and 2017, our total saleable steel production was 22.9 MT and 24.2 MT, respectively.

Key Strengths

Sustainable and highly cost efficient operations in India

Our Group is one of the lowest cost steel producers in India and we have successfully maintained our cost leadership over several years. The cost of production of our Indian operation for hot rolled coils ranks among the lowest globally. We derive our competitive advantage through access to raw materials from our captive mines and a highly skilled workforce with a relatively low cost of labour at our operations in India. This advantage is especially valuable given the difficulty of achieving raw materials cost pass-through in the steel industry. In India, we have significant captive iron ore, coking coal, chrome ore and manganese ore mines that accommodate a majority of our current requirements.

These factors have allowed our Indian operations to maintain robust operating margins in India. In Fiscal 2017, we obtained 100% of our iron ore requirements and approximately 36% of our coking coal requirements for our Indian operations from captive mines leased by our Group. As a result, we expect that our exposure to volatility in prices of commodities such as iron ore and coking coal, for our Indian operations, will be limited.

To expedite projects related to operational excellence across the value chain, in 2014, we launched the SHIKHAR 25 programme. The focus of SHIKHAR 25 programme is to improve process efficiency, speed and throughput, reliability, energy efficiency, value-in-use, supply chain and logistics and other processes. Performance benchmarking at each of these processes allows us to easily identify areas in need of improvement. The ultimate goal of SHIKHAR 25 programme is to improve overall process efficiency that would translate into EBITDA improvement. These initiatives resulted in approximately ₹3,400 crore of cost savings in Fiscal 2017.

Leading position across operations

We have significant market positions in our principal markets in India and Europe across the main areas of operations in upstream and downstream steel products.

In India, we produce flat products used in the automotive and engineering industries and long products used in the construction industry, including in the industrial, commercial, infrastructure and housing sectors. According to the Joint Plant Committee, our Indian operations produced 12.2% of sales of all the finished steel in India and was the third largest producer of crude steel in India in Fiscal 2017. According to the Joint Plant Committee, our Company had a market share of 15.7% of sales in flat products for carbon steel in Fiscal 2017.

In addition, our Group also benefits from being identified with the "Tata" brand, which is a widely recognized brand in India.

India is principally the largest market for our operations and contributed approximately 43% of our revenue in Fiscal 2017. We believe that our diversified customer sector portfolio and strategic focus on creating customer relationships will continue to generate customer loyalty and enable us to maintain our market share position in the construction, packaging, rail and automotive sectors.

Global scale

We are one of the world's largest steel companies and operate a global suite of integrated steel making facilities, mining complexes and distribution companies. We have commercial presence in over 50 countries, including both developed and emerging markets and our principal markets in India, Europe and Asia Pacific. We believe that our global scale and reach enhances its ability to service, retain and attract multi-national customers and, in particular, customers from the automotive, packaging and construction industries. As major customers continue to globalize their operations and are increasingly relying on a select few global suppliers for their products (such as in the automotive sector), our Group believes it can attract new customers and better retain its existing customers through its downstream operations, product range and product branding, as well as its distribution and production capabilities.

We also benefit from our global scale of operations, procurement, production plants and distribution network, which allows to achieve greater economies of scale and to improve our cost efficiencies across the supply chain, from raw material sourcing to product deliveries and support functions.

Diversified product base targeting multiple end user segments

We have a wide range of product offerings that cater to diversified end-markets across geographies. Over the years, we have significantly expanded our product portfolio through a mix of acquisitions, downstream capacity expansions and joint ventures with other leading steel companies.

Over the years, we have significantly enhanced our portfolio of downstream steel products to differentiate ourselves from competitors including through our acquisition of Corus and downstream capacity expansions in India. Our capacity expansions in India, has further strengthened our ability to provide a greater variety of value-added products. We have entered into joint ventures with downstream foreign steel specialist producers including BlueScope Steel Limited and Nippon Steel and Sumitomo Metal Corporation, for finishing plants that produce colour coated steel and automotive cold rolled flat products, respectively. Additionally, we continue to invest in research and development and explore opportunities to further improve their product offerings to customers.

Efficient project implementation

We have a proven track record of implementing significant projects, including cost reduction plans and expansion plans of our major production facilities. We have expanded our existing brownfield crude steel capacity at Jamshedpur from 6.8 MTPA to 9.7 MTPA in December 2012 and recently established a greenfield project of 3 MTPA in Kalinganagar, Odisha which increased crude steel capacity in India from 9.7 MTPA to 12.7 MTPA. We have rebuilt one of the blast furnaces at our facility in Port Talbot.

Uniquely positioned to undertake acquisitions opportunistically

Our Company is uniquely positioned to undertake acquisitions opportunistically, in particular opportunities in respect of companies in India undergoing the corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016 ("**IBC**").

We evaluate acquisition opportunities based on possibilities for synergies, broadening our customer base, access to raw materials, manufacturing facilities, infrastructure, new geographic locations and advanced technology, widening our product offerings and growth opportunities that such acquisition may offer. Our extensive operations in different parts of India and across various verticals in the steel industry enhance possibilities for synergies from such acquisition opportunities.

The combination of our domain expertise of the Indian steel industry coupled with our knowledge of the global steel industry and our experience with acquisitions, enables us to better evaluate strategic acquisition opportunities. Further, due to our track record of successful acquisitions, our internal teams have experience and expertise in complex domestic and international competitive acquisitions which can be leveraged in evaluating acquisition opportunities and executing them in an efficient and timely manner. Additionally, we believe the extensive experience of our Promoter in various industries and acquisitions will help us evaluate acquisition opportunities.

If we pursue any acquisition opportunities, our robust balance sheet can potentially enable us to avail internal and external funding options, which will enhance our ability to submit competitive bids. Further, we believe that the support of our Promoter and the brand name and reputation of the "Tata Group" also provides our Company a competitive advantage in an acquisition process.

We believe the above factors differentiate us from our competitors and contribute to our unique position to capitalize on acquisition opportunities in India especially with respect to the corporate insolvency resolution process under the IBC. For further details, please see the section entitled *"Risk factors - We may not be successful in acquiring assets under the Insolvency and Bankruptcy Code, 2016."* on page 27.

Skilled workforce led by experienced management team

Our senior management team comprises members with professional qualifications and extensive experience in the steel industry. Their rich experience and understanding of our Group have been instrumental in building a sustainable global operation which employed more than 70,000 individuals as on March 31, 2017. The employee policies and welfare programs have been instrumental in recruiting and retaining the high calibre workforce. We seek to nurture internal talent for senior management positions by hiring recent graduates from top universities as entry-level employees and then identifying and promoting the most promising candidates through the management ranks. The employee welfare program is developed from our philosophy that people are our greatest asset. We also affirm the rights to trade union representation and collective consultation, ensures an ethical, just and fair workplace, encourages work-life balance and provides managerial and functional training opportunities for all employees. Our commitment to building an ethical organisation through a committed workforce was reaffirmed as we received the "World's Most Ethical Company Award" in 2017 from Ethisphere USA, for the fifth time.

Strategy

Capacity Expansion in Growing Indian Steel Markets

We have focussed on expanding the capacity of our Indian operations through brownfield and greenfield projects such as expanding our facility at Jamshedpur and establishing the Kalinganagar facility. We intend to continue to increase the size of our operations in India in view of the growing steel market, and our competitive advantage as a low-cost producer, through our brownfield and greenfield expansion projects.

Restructuring of European portfolio

We are in the process of restructuring of our European operations.

On September 20, 2017, our Company and thyssenkrupp AG signed a memorandum of understanding to create a new 50:50 joint venture company called thyssenkrupp Tata Steel. This joint venture is expected to be the next stage in the transformation of our European business and is intended to create a larger world-class and globally competitive strip steel business.

This joint venture follows other restructuring initiatives, including the following:

- On May 31, 2016, Longs Steel UK Limited ("**LSUK**") and other subsidiaries of TSE which were involved with the long steel business, were sold to Greybull Capital LLP.

- On May 1, 2017, TSE completed the sale of the Specialty Steels business to Liberty Specialty Steels Ltd. On July 31, 2017, TSE completed the sale of its 42 and 84 inch pipe mills in Hartlepool to Liberty Specialty Steels Ltd. Pursuant to these portfolio changes, activities of TSE will be focused on the manufacture and sale of strip products.

- The British Steel Pension Scheme ("**BSPS**") is the principal defined benefit pension scheme of our Group in the United Kingdom. On March 31, 2017 the BSPS was closed to future accrual and replaced by a defined contribution scheme. On September 11, 2017 the BSPS separated from TSUK and a number of affiliated companies on completion of a Regulated Apportionment Arrangement ("**RAA**"). Tata Steel UK has also agreed to sponsor a proposed new pension scheme ("**BSPS2**"), subject to certain qualifying conditions being met. Since the RAA has completed, all members of the BSPS will be invited to transfer to the new scheme. If the qualifying conditions are met, members may choose to be transferred to BSPS2. The BSPS2 scheme would have lower future annual increases for pensioners and deferred members compared to the BSPS, giving it an improved funding position which is expected to improve the risk profile for Tata Steel UK. For further details, please see the section entitled *"Risk factors - Our UK business has separated from the BSPS and BSPS members are currently undergoing a consensual transfer exercise to a new scheme sponsored by the UK business."* on page 17.

Increase Sales of High Value Added Products and Branded Sales

We plan to increase sales of our specialized solutions, high value products and branded products to improve our product mix and generate higher and sustainable margins. In India, we plan to continue increasing our production and sales of high value-added steel products such as cold rolled coil, automotive-grade sheets, coated products such as tinplate, colour-coated steel and galvanized steel.

To consolidate gains from our retail growth, we are also offering services and solutions which provide spin-off benefits that could potentially open new revenue streams in the future and keep retail sales from hitting a plateau. Simultaneously, we are increasing our production and sales with the additional new facilities at Kalinganagar, which commenced operations in 2016 and have recently ramped up to full capacity. Our steel based solutions include Pravesh (wood-finished steel doors), Nest-In (modular housing), toilets and water ATMs and Roof Junction (a complete roofing solution). We are also exploring the possibility of offering solutions or services for the furniture which has wood or wood-like finishes on blended steel structures.

To further enhance the high value-added product portfolio, we intend to increase production through our various joint ventures, including the following:

- Tata BlueScope Steel Limited ("**TBSL**") manufactures coated steel coils, steel building solutions and related building products;

- Our joint venture with Nippon Steel and Sumitomo Metal Corporation, Jamshedpur Continuous Annealing & Processing Company Private Limited has a continuous annealing and processing line to produce automotive cold rolled flat products; and
- Our joint venture with Nichia Steel Works, Japan through our subsidiary Siam Industrial Wire Co, Thailand to set up a high-end galvanized wires facility including galvanized wires for cable stay strands and zinc-aluminium coated wires.

Enhance Competitiveness through Continuous Improvement

We continue to improve our competitiveness through a number of initiatives and programs aimed at enhancing operational efficiencies and optimizing asset and material flows. We seek to benefit from sharing experiences and best operational practices across our business units in India, Europe and South East Asia.

Operational Stability

Significant capital expenditure has been committed to support the strategic growth of differentiated, high value products in the automotive, lifting and excavating, and oil and gas market sectors. We are leveraging our market position in downstream products to aid margin improvement. We are also focused on streamlining our logistical operations in Europe through a supply chain transformation improvement initiative which commenced in September, 2016.

Further, to improve our operations in Europe, TSE approved the Strategic Asset Roadmap program in 2015, to increase the sales of differentiated, high-value products in several market segments including automotive, lifting and excavating and energy and power. This has required revamping and upgrading the facilities, to produce good quality products.

Raw Materials Security

We seek access to raw materials for our operations in India and internationally in order to achieve economic returns and to optimize our costs by securing off-take rights. We believe that becoming increasingly self-sufficient in raw materials procurement will enable us to better respond to cyclical fluctuations in the demand for products and reduce volatility in production costs.

For Fiscal 2017, with respect to its Indian operations, our Group obtained 100% of its iron ore requirements and approximately 36% of its coking coal requirements from captive mines.

Our various iron ore and coking coal assets across geographies include:

- A 64% stake in Sedibeng Iron Ore Company in South Africa; and
- A joint venture in Canada in relation to a project spread over various deposits of iron ore in the provinces of Quebec and Newfoundland and Labrador.

We intend to continue to work with our partners to pursue our current initiatives and, if the opportunities arise, to pursue new initiatives, subject to market conditions, in effort to become increasingly self-sufficient in our raw material procurement.

Strategic Control over Logistics and Supply Chain

We continue to differentiate ourselves from competitors in India with various initiatives in logistics and supply chain management. With a particular focus on the automotive, construction and small and medium enterprise customer segments, we have enhanced our distribution channels to provide supplies on an "on time in full" basis. In India, we have developed a nationwide network of distributors and dealers. To increase efficiencies, we redesigned our supply network using the hub-and-spoke mode of operations and information technology enabled colour-based dispatch priority systems. As a result, our Group has been able to increase sales in the retail segment.

We continue to focus on supply chain improvement initiatives including the following:

- Supply chain enhancements such as deploying theory of constraints, improving delivery compliance via steel service centre management and the availability of ready-to-use material from certified service centres;

- Standardization and availability of information; and

- Convenience through the development of information technology systems across the distribution channels, channel authentication through an authorized dealer network, conducive shopping experience through branded retail outlets and improved reach to largest consumption centres.

To further enhance our supply chain and enhance control over logistics, we have entered into a joint venture with NYK Lines, a Japanese shipping company, to provide logistics solutions such as port operations, ship agency, custom clearance, in-land logistics, warehousing, shipping and freight forwarding for dry bulk, containerized, break-bulk and project cargo.

Strategic Alliances with joint venture Partners

Our expansion plans have benefitted from strategic alliances with joint venture partners throughout our chain of operations, including for raw material procurement (primarily for mining), steel production, product diversification and shipping. For example, through our Group's strategic partners we have developed:

- Mining operations in Canada;

- Downstream value added steel production pursuant to joint ventures with the BlueScope Group and product diversification pursuant to a joint venture with Nippon Steel and Sumitomo Metal Corporation; and

- Shipping operations with NYK Line and Martrade.

We continue to expand our capacity and operations through joint ventures including through our memorandum of understanding on September 20, 2017, with thyssenkrupp AG to create a new joint venture company, namely, thyssenkrupp Tata Steel. For further details, please see the section entitled *"Risk factors - We face risks relating to our proposed joint venture with thyssenkrupp AG."* on page 16.

Continue to pursue inorganic growth opportunities, including with respect to distressed assets

We intend to continue to pursue inorganic growth opportunities, with a particular focus on acquisitions that generate greater synergies and production capacity, manufacturing facilities, infrastructure and advanced technology, and which allow us to diversify our product and customer base.

In addition, we are pursuing and may continue to pursue opportunities for acquisition of financially stressed assets, including with respect to companies that are undergoing a corporate insolvency resolution process under the IBC. In considering such acquisition opportunities, we have and may continue to rely on our Promoter's deep experience and knowledge generally for evaluating acquisitions, including their cost benefit as well as financing of such acquisitions.

The IBC Process is a statutory process for insolvency resolution of corporate entities in a time-bound manner to maximize the value of assets of such entities. Currently, certain Indian steel manufacturing companies such as Bhushan Steel Limited, Electrosteel Steels Limited, Essar Steel India Limited, Bhushan Power and Steel Limited and Monnet Ispat and Energy Limited are undergoing the corporate insolvency resolution process under IBC, we believe this is a strategic opportunity for our Company to explore the acquisition of such companies.

Evaluating an acquisition under the IBC Process involves, among others, identification of the assets that will generate synergies and fits into the overall strategic framework for our Company and provide growth opportunities and estimating the optimum value for the assets proposed to be acquired. We may work with external advisors to analyse and evaluate the assets to be acquired and estimate the optimum value for such assets based on, among others, publicly available information, information provided to us confidentially as part of the IBC Process and our deep domain knowledge of the steel industry. If we are successful in the IBC Process, we may finance the acquisitions by internal accruals, or additional capital raised as debt or equity or any other form in the company, or additional capital in a subsidiary or associate of the company.

We have submitted the resolution plan for Electrosteel Steels Limited. We will continue to evaluate acquisition opportunities that may arise in Indian or other markets and upon completion of any such acquisitions, aim to integrate new acquisitions with our existing operations to generate synergies and growth opportunities. For further details, see "*Risk Factors - We may be unable to realize the anticipated benefits of any acquisition we make under the IBC Process, which could have a material adverse impact on our business, financial condition, reputation and results of operation*." on page 27.

Facilities

We have significant operations in Jamshedpur, where we operate a 9.7 MTPA steel production plant and a variety of finishing plants. Recently, we added a new 3 MTPA facility in Kalinganagar which commenced operations in June, 2016 and increased the crude steel production capacity in India to 12.7 MTPA. Our steel production facilities primarily comprise coke ovens, sinter and pellet plants, furnaces, converters, casters, rolling facilities and downstream facilities and also include support facilities such as captive power plants, power stations, boiler houses, repair and maintenance workshops, research, development and testing laboratories and harbours.

We conduct our European operations with a steel production capacity of 12.4 MTPA through our wholly owned subsidiary TSE and our operations in India are primarily conducted directly by our Company. The remaining steel production capacity of 2.2 MTPA is located in South East Asia, with finishing capacity spread across South East Asia.

Indian Facilities

We have our main facilities in Jamshedpur and Kalinganagar.

Jamshedpur Facility

Our main facility in India is a vertically integrated 9.7 MTPA steel production facility at Jamshedpur.

The Jamshedpur facility is our largest facility in terms of steel production capacity and has contributed to approximately 35% of our total production capacity, globally, in Fiscal 2017. We completed the brownfield expansions of our Jamshedpur facility in May, 2008 and in December, 2012, which increased our Indian steel production capacity to 9.7 MTPA, with 6.6 MTPA for flat products and 3.1 MTPA for long products. The wide variety of steel products produced at our Jamshedpur facility are primarily sold in the domestic market.

The following table sets forth the production details of the Jamshedpur facility in India as of March 31, 2017:

Steel production capacity* (in MT)	Actual production (in MT)		
	Six months ended September 30, 2017	Fiscal 2017	Fiscal 2016
9.7	4.70	10	9.96

* *Production capacity is based on the maximum possible steel production in Fiscal 2017, taking into account upstream and downstream bottlenecks, assuming full manning of facilities and including any plant mothballed. In practice, facilities may be manned only to the level required to provide semi-finished materials for downstream finishing processes and for sale.*

Kalinganagar Facility

Our steel production facility at Kalinganagar has a capacity of 3.0 MTPA. The greenfield plant at Kalinganagar commenced commercial production from June, 2016 and recently ramped up to full capacity. The plant produces world-class flat, lighter, high-tensile strength steel. It has enabled us to expand our portfolio to high-grade flat products to cater to a range of sectors including defense, lifting, oil and gas and excavation. Eight new product licenses and nine upgrades of existing product licenses have been granted by the Bureau of Indian Standard for products manufactured at the Kalinganagar plant.

The following table sets forth the production details of the Kalinganagar facility in India as of March 31, 2017:

Steel Production capacity (in MT)	Actual Production (in MT)	
	Six months ended September 30, 2017	Fiscal 2017
3.0	1.29	1.68

European Facilities

As of March 31, 2017, we had two principal steel making sites in Europe, one in IJmuiden in the Netherlands and one in Port Talbot in the United Kingdom. The European operations represent approximately 45% of our total steel production capacity. We sold the Rotherham site in May 2017, and accordingly, its capacity is not included in these figures.

The following table sets out our principal operating facilities in Europe as of March 31, 2017:

	Steel production capacity* (in MT)	Actual Production (in MT)	
		Six months ended September 30, 2017	Year ended March 31, 2017
IJmuiden steelworks, Netherlands	7.3	3.5	7.0
Port Talbot steelworks, Wales	5.1	1.9	3.6
Total	12.4	5.4	10.6

* *Production capacity is based on the maximum possible steel production in Fiscal 2017 taking into account upstream and downstream bottlenecks, assuming full manning of facilities and including any plant mothballed. In practice, facilities may be manned only to the level required to provide semi-finished materials for downstream finishing processes and for sale.*

IJmuiden Steelworks Facility

The IJmuiden facility is our second largest facility in terms of steel production. It contributed to approximately 66% of the total steel production of our European operations for the year ended March 31, 2017. The facility produces a wide variety of steel products which fall into five broad categories: hot rolled strip, cold rolled strip, hot dipped metallic coated, pre-painted, and tinplate.

Port Talbot Steelworks Facility

The Port Talbot facility, including its satellite site in Llanwern, Wales, is our third largest facility in terms of steel production capacity and contributed to approximately 34% of the total steel production of our European operations for the year ended March 31, 2017.

The facilities produce a wide variety of steel products, which fall into three broad categories: hot rolled strip, cold rolled strip and hot dipped galvanized. The facilities make direct mill sales mainly into the automotive, packaging and industry strip sectors, both domestically and in export markets to the Netherlands, Spain, Germany, Belgium and France. Sales are also made through other downstream tube-making facilities and coating lines into the construction, energy and building envelope sectors.

Other facilities

Our other facilities and the products produced are set out below:

Facilities	Details
Other Indian Steel Units	• Tube production facility at Jamshedpur • Wire production at steelworks facility at Tarapur • Wire division facility at Indore
Non-Steel Indian Facilities	• Ferro alloy production facilities at plants in Odisha at Bamnipal, Cuttack and Joda • Chrome concentrate production facility in the chrome ore beneficiation plant at Sukinda • Chrome ore processing facility at the ferro alloy plant at Bamnipal, Cuttack and other ferro processing centers to produce high carbon ferro chrome • Ferro alloy plant near Cuttack
Other Facilities - South East Asia	*NatSteel Holdings Pte. Ltd., a wholly owned subsidiary* • Electric arc furnace based steel production plant in Singapore with a crude steel capacity of approximately 0.75 MTPA as of March 31, 2017 • Finishing plants in Singapore, Vietnam, Thailand, Malaysia and Hong

Facilities	Details
	Kong with a combined rolling mill capacity of approximately 2.2 MTPA and downstream capacity of 1.4 MTPA as of March 31, 2017 *Tata Steel Thailand, a subsidiary of our Group in which it owns 67.9% interest* • Three steel plants in Thailand, at Saraburi, Rayong and Chonburi with total steel production capacity of 1.4 MTPA and a finishing capacity of 1.7 MTPA as of March 31, 2017.

Expansion and Development Projects

Brownfield Projects

Kalinganagar

We have developed a 3 MTPA greenfield steel plant in Kalinganagar. The Phase I of this development, which has a capacity of 3 MTPA, commenced operations in June, 2016 and has recently ramped up to full capacity. The total capital expenditure for Phase I is approximately ₹23,470 crore. As Phase I of the project involved the construction of a number of shared facilities, such as the hot strip mill, raw material handling facilities and utility and logistics facilities, further expansion is expected to involve lower capital outlay.

Following the successful development and implementation of Phase I, the Board approved Phase II, an expansion plan at Kalinganagar expected to increase its capacity by 5 MTPA (from the existing 3 MTPA to 8 MTPA upon completion). In addition to increasing capacity, Phase II can potentially realize synergies with Phase I operations through improvement in productivity of equipment and manpower, improvement in key performance indicators in operations, and optimization of administration costs.

This project is expected to cost approximately ₹23,500 crore, will be financed by a mixture of debt and equity and will be implemented over a 48 month period. The costs for development at Kalinganagar include investments in raw material capacity expansion, upstream and midstream facilities, which includes a coke plant of 2.2 MTPA, a sinter plant of 0.8 MTPA, a blast furnace of 4.8 MTPA and a hot strip mill of 3.2 MTPA, infrastructure and downstream facilities with a cold rolling mill complex of 2.2 MTPA, including a continuous annealing line of 0.9 MTPA and a galvanizing line of 1 MTPA. The plant capacity is planned to be expanded in order to meet market demand for value-added products, and to make the Group more profitable and sustainable.

The expansion will enable our Company to expand its portfolio and customer base of high-grade flat products which are thicker, wider and high tensile strength with a unique grades and tighter dimensional tolerances to cater to a range of sectors including defense, lifting, oil and gas and excavation.

Jamshedpur

The Ministry of Environment, Forest and Climate Change, Government of India has granted environmental clearance dated March 1, 2016, for the expansion of our integrated steel plant at Jamshedpur, which will increase our crude steel production from 9.7 MTPA to 11.0 MTPA.

Products

Key Products from Indian Operations

Our key products from our Indian operations include the following:

Products	Types
Flat Products	• Hot rolled coils and sheet • Cold rolled coils and sheets • Coated coils and sheets (Tinplate/ Colour-coated steel and galvanized steel)
Long Products	• Rebar • Wire rods
Wires	• Coated and uncoated wires
Tubes	• Conveyance tubes

Products	Types
	• Structural tubes • Precision tubes
Intermediate products	• Semi-finished steel (billets, slabs that can be made into flat or long products)
Others	• High carbon ferro chrome • High carbon silico manganese • Ferro manganese • Chrome concentrate • Fluxes such as dolomite and pyroxenite

Key Products from European and Asian Operations

Our key products from our European and Asian operations, excluding India, include the following:

Products	Types
Uncoated strip products	• Hot rolled coil • Cold reduced coil
Coated strip products	• Hot dipped metallic coated products • Pre- painted and plastic coated products • Tinplate
Electrical steels	• Non-oriented and grain oriented electrical steel
Plated and precision strip products	• Range of nickel, zinc and other specialist plated products
Welded steel tubes	• Hot finished and cold formed steel tubular products
Semi-finished steel	• Slabs
Others	• Tubes and bearings • Ball bearings • Taper roller bearings • Refractories products • Steel mill rolls

Sales

We sell a majority of our products to customers in India and Europe. India remains our largest market, representing approximately 43% and 41% of our revenue in Fiscals 2017 and 2016, respectively. Operations in Europe represented 39% and 41% of our revenue in Fiscals 2017 and 2016, respectively.

The following table sets forth our Group's revenue by destination for the periods indicated:

	Year ended March 31,	
	2016	**2017**
	(₹ crore)	
India	43,604	50,983
Europe	44,105	45,989
Asia (excluding India)	9,466	12,574
Other	9,165	7,874
Total	106,340	117,420

Distribution and Marketing

We have a retailer reach throughout India and a network of service partners in key consumption centers which provide a competitive advantage in servicing the Indian market. We deliver our wide range of products, services and solutions through the hub-and-spoke model. We sell finished carbon steel products from our European facilities directly to end-users and through stockholding and service centers. Stockholders purchase steel from high-volume producers for subsequent resale, and service centers purchase steel stocks for further processing prior to selling to customers. Our European service center network includes centers in the United Kingdom, Ireland, Finland, France, Germany, the Netherlands, Norway, Spain and Sweden. Typically, large volume customers purchase directly from our main hubs, while low volume customers purchase from stockholders and service centers, including those owned by us.

We market our products by closely monitoring its sales activities and catering to the needs of customers. As a global steel producer, we gather marketing intelligence and experience from its sales offices in the respective regions where we conduct business.

Raw Materials and Other Key Inputs

Steel production requires a substantial amount of raw materials and energy, including iron ore, coal and coke, scrap and energy. Raw materials comprise the single most significant percentage of our manufacturing costs and in Fiscals 2016 and 2017, accounted for 26.1% and 29.2%, respectively, of our total expenditure. Energy costs in Fiscals 2016 and 2017, accounted for approximately 15.1% and 13.9%, respectively, of our raw material and energy costs.

Raw Material	Details
Iron Ore and Coal - Indian Operations	• Iron ore is mainly obtained from the Noamundi and Joda iron mines • Raw coal is obtained from the coal mines at West Bokaro and Jharia and clean coal is imported
Iron Ore and Coal - European Operations	• Purchases all of its iron ore and coal requirements for its European operations from third parties • Iron ore was purchased principally from South America, Scandinavia and North America and coal principally from Australia, North America, Russia and the United Kingdom
Energy	• India - Power requirements are met by a combination of own generation capacity and purchase from third parties • Europe - Primarily purchased from respective national electricity grids and generated through power stations at the facilities
Scrap	• India and Europe - Consume scrap metal mainly generated as a byproduct from its own operations and sourced externally from companies that collect scrap metal

Raw Material Projects

Our Group is focused on seeking proprietary access to raw materials in order to optimize its costs and to achieve a higher level of self-sufficiency in raw materials, which would enable it to better respond to cyclical fluctuations in demand and reduce volatility in production costs. Our Group has pursued, and plans to continue to pursue, a number of initiatives to gain access to coal and iron ore deposits around the world.

Iron Projects

Tata Steel Minerals Canada

Tata Steel Minerals Canada Ltd. ("**TSMC**") is engaged in development of iron ore deposits in Quebec and Newfoundland and Labrador in Canada. The investment is deployed towards setting up mining operations and multiple processing facilities including the state-of-the-art beneficiation plant.

In October 2016, TSMC signed definitive agreements with the Government of Quebec's investment entities, Resource Quebec and Investment Quebec respectively, for providing C$175 million financial assistance in the form of equity and debt. With this investment, the Government of Quebec holds 18% stake in TSMC and the balance is held between our Company (77.66%) and New Millennium Iron Corporation (4.32%), a publicly owned Canadian mining company.

On March 24, 2017, TSMC signed a multi-user-concept based non-binding MOU between the public-private partnership partners, Society of Plan Nord and other mining players, which will facilitate the connectivity of the existing material handling facilities at Point Noire to the new Multi User Deep Sea Terminal and further enable detailed assessment of improvements to the infrastructure, cost-efficient port operations, scalability in volume and asset allocation among others.

The resource base has been enhanced three-fold since the commencement of the investment to approximately 147 MT. TSMC achieved total sales of 1.6 MT in Fiscal 2017.

Sedibeng Iron Ore Pty Ltd, South Africa

Tata Steel, through its 100% owned SPV Black Ginger 461 Proprietary Limited owns a 64% stake in Sedibeng Mine, South Africa. The balance 26% is held by Cape Gannet and 10% Industrial Development Corporation of South Africa ("**IDC**"). Both BEE partner and IDC jointly are contributing their share of acquisition cost.

The Sedibeng iron ore mining is located 25 km north of Postmasburg, in the province of Northern Cape, in South Africa. Production is expected to ramp-up up to 2 MTPA, subject to availability of logistics. Our Company's share of iron ore off-take in the project is 74% including 10% of IDC share. We have achieved sales of approximately 1.3 MT in Fiscal 2017.

Employees

As of March 31, 2017, we had over 70,000 employees worldwide including approximately 35,000 employees of our Company in India, approximately 22,500 employees in Europe and remaining in South East Asia.

We have won a number of awards for its Indian operations, including the All India Organization of Employers Award for Outstanding Employee Relations, and have been named as the best place to work in the core sector (steel, oil, power and minerals) by Business Today in February 2017.

Competition

The market for steel is very competitive with high levels of international trade. According to the WSA, the top five steel producers represented 18% of the global steel production in 2016. As a global producer, we face significant competition from other steel producers worldwide. Our competitors in the global steel market include ArcelorMittal, Baosteel Co. Ltd., Nippon Steel, JFE Steel Corporation, POSCO and Shagang Group, amongst others.

In India, we operate in the flat product and the long product markets and faces competition from integrated and partially integrated steel producers such as SAIL, JSW Steel Limited, Essar Steel India Limited, Jindal Steel and Power Limited, Vishakhapatnam Steel Plant (Rashtriya Ispat Nigam Limited), as well as rerollers, secondary manufacturers and imports from China, Japan and South Korea, amongst others.

Research and Development and Intellectual Property

Several new infrastructure facilities relating to research and development have been installed and others are in the process of commissioning. This will enable us to address the needs of our customers. In addition to these facilities, we also focus on strategic value engineering and early vendor involvement with auto original equipment manufacturers so as to integrate the new steel grades into future vehicle platforms. Our research and development operations also collaborate with leading research institutions in the world to tap into promising research work that can shape the future technology of the steel business. We conduct our business using the "Tata" brand and licenses the use of "Tata" brand trademark from Tata Sons Limited, our Promoter, under the terms of a licensing agreement.

Quality

We continuously adopt modern management tools, techniques and standards. In the last three and a half decades, the Group has adopted the ISO system, Quality Circles, Value Engineering, Total Operative Performance, Total Productive Maintenance, Knowledge Management, Six Sigma, Theory of Constraints and Critical Chain Project Management. More recently, we have introduced Kar Vijay Har Shikhar, Corporate Quality Assurance, Innovent and SHIKHAR 25 to ensure quality.

While we have adopted several methodologies and techniques for improvement, we have also continuously assessed our processes to determine the effect that each implemented measure has had on organizational performance. To bring about greater rigor in the assessment of excellence, we successfully challenged the Deming Application Prize in 2008 and the Deming Grand Prize in 2012 (a Japanese award for quality). We became first integrated steel plant in the world outside Japan to receive these awards. In the evaluation of integrated steel plants in India by the Ministry of Steel, we have been recognized ten times as the Best Integrated Steel Plant and received recognition of the Prime Minister's Trophy.

Insurance

Our operating assets (other than those owned by TSE) including its plants and facilities are insured against a range of perils including fire, explosion, and acts of nature such as storms, earthquake and floods. Business interruption loss following damage to property is also covered in the insurance policy. Terrorism risk is covered by a separate insurance policy.

TSE maintains insurance cover through a combination of policies purchased largely from external insurers and self-funding. TSE, including its plants and facilities, are insured against a range of risks, including property damage and business interruption, public and products liability.

We maintain a general liability insurance against legal liability arising from third party property damage, death or bodily injury due to its business operations, or arising out of the usage of the products manufactured and sold. We also maintain directors and officers' liability insurance covering the directors and officers of our Group.

We have taken crime insurance policy that covers financial loss due to fraudulent act(s) by an employee or by any other person, and cyber liability insurance policy that covers financial loss suffered by our Company and for third party liability due to data and/or network security breach following qualifying breaches of data security on the computer systems of our Group or that of outsourced partners' computer systems.

Environmental Standards

We are committed to minimizing the environmental impact of our operations through the adoption of sustainable practices. Our Group has also adopted relevant ISO, APHA, BIS or local standards for environmental monitoring and analysis. Environmental performance is audited internally and assured or verified externally using appropriate standards. Environmental compliance is monitored at the boar level through the Safety, Health and Environment Committee. We have won a number of awards for its environmental compliance activities, including a platinum rating by the CII Green Building Council for environmental performance at the Jamshedpur steelworks, including India's first steel company to receive a "*Greenco Platinum Rating*" by CII Green Building Council

Health and Safety

Health and safety is the priority at all of our facilities and it is reviewed regularly by our Board of Directors. We have established a Safety, Health and Environment Committee to carry out more detailed reviews of our strategy and monitor the overall performance of our Group in this regard. As part of its commitment to create a safer work place, our Group has implemented a number of structured programs and initiatives to improve hazard awareness and risk control. As a result of these safety initiatives, combined lost time injury frequency rate ("**LTIFR**") for employees and contractors remained relatively low.

In India, our Company has adopted a safety management system focusing on inculcating leadership commitment, safe behaviour among employees and achieving world-class safety and health performance. Regular line walks are conducted by our senior leadership team members to monitor deployment of health and safety standards. We have developed and are deploying a plan of six long term safety strategies at all locations to advance the organizational culture where all employees are "Committed to Zero" LTIFR. As a result of several safety initiatives, LTIFR has remained relatively low at 0.37 for Fiscal 2017.

We have received several awards in regard to health and safety, including the "Ispat Suraksha Puraskar – 2017" award from the Joint Committee on Safety, Health and Environment in Steel Industry for no fatal accidents at Jamshedpur in 2016.

Corporate and Social Responsibility

The CSR efforts of our Group are conducted in segments such as education, health care, ethnicity, youth and women empowerment, and rural infrastructure.

Education: In the education segment, we aim to develop equitable and quality education programs at all levels of schooling – including higher education. The initiative has taken a stand against incidences of child labour. Our Group also brings children from tribes into the fold of education through Project Aakanksha.

Health and Sanitation: In the health and sanitation segment, our Group has focused its efforts on providing preventive and curative facilities to communities in Jharkhand and Odisha. In a partnership with the government health system and not-for-profit organizations, our Group has been working on the Maternal and Newborn Survival Initiative. In addition, our Group focuses on adolescent health in villages across Jharkhand and Odisha.

Livelihood: Our Group also engages in activities to develop valuable skills for youth to assist them with obtaining gainful employment in areas such as nursing, hospitality, textiles and construction.

Ethnicity: Our Group aspires to nurture tribal communities through multiple interventions that cater to their social and cultural development. In November 2017, our Group organized the fourth edition of Samvaad, which drew delegates representing indigenous communities from a number of countries. Our Group holds a number of events in each year, including focused interventions to promote age-old tribal sports and music.

Sports and Youth Empowerment: In the effort to develop leadership skills and instil positive values among youth, our Group facilitates outdoor leadership camps and moral re-armament camps through the Tata Steel Adventure Foundation, and in partnership with Initiatives of Change.

OUR MANAGEMENT

Board of Directors

The Articles of Association provide that the minimum number of Directors shall be six and the maximum number of Directors shall be fifteen unless otherwise determined by our Company in a general meeting, excluding the nominees of financial institutions on the Board. As of the date of this Letter of Offer, our Company has 10 Directors, of which two Directors are Executive Directors and eight Directors are Non-Executive Directors, including five Independent Directors.

Pursuant to the provisions of the Companies Act, 2013, at least two-thirds of the total numbers of Directors excluding the Independent Directors are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring Director is eligible for re-appointment. Further, the Independent Directors may be appointed for a maximum of two terms of up to five consecutive years each. Re-appointment at the end of the first term of Independent Directors shall, amongst other things, be on the basis of the performance evaluation report and approved by the shareholders by way of a special resolution. The quorum for meetings of our Board is one-third of the total number of Directors, excluding Directors, if any, whose places may be vacant at the time, or two Directors, whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of remaining Directors present at the meeting, being not less than two, shall be the quorum.

Ratan N. Tata is the Chairman Emeritus of the Company since December 28, 2012.

The following table sets forth details regarding our Board as of the date of filing this Letter of Offer:

Sr. No.	Name, Designation, Term, DIN, Occupation and Business address	Age (in years)	Other Directorships
1.	N. Chandrasekaran **Designation**: Chairman and Non-Executive Director **Term**: Liable to retire by rotation **DIN**: 00121863 **Occupation**: Company Director **Address:** Flat No. 21 N and 22 N, 33 South Pedder Road, Gopalrao Deshmukh Marg, Mumbai 400 026	54	1. Tata Sons Limited 2. Tata Consultancy Services Limited 3. Tata Motors Limited 4. The Indian Hotels Company Limited 5. The Tata Power Company Limited 6. Tata Global Beverages Limited 7. Jaguar Land Rover Automotive PLC 8. TCS Foundation
2.	Mallika Srinivasan **Designation**: Independent Director **Term**: August 14, 2014 to August 13, 2019 **DIN**: 00037022 **Occupation**: Professional **Address:** Westside House 3, Adyar Club Gate Road, Mandaveli, Chennai 600 028	58	1. TAFE Motors and Tractors Limited 2. Tractors and Farm Equipment Limited 3. TAFE Access Limited 4. TAFE Reach Limited 5. TAFE Properties Limited 6. The United Nilgiri Tea Estates Company Limited 7. Tata Global Beverages Limited 8. Trust Properties Development Company Private Limited 9. AGCO Corporation, USA 10. Chennai Willingdon Corporate Foundation 11. Indian School of Business

Sr. No.	Name, Designation, Term, DIN, Occupation and Business address	Age (in years)	Other Directorships
3.	O. P. Bhatt **Designation**: Independent Director **Term**: August 14, 2014 to August 13, 2019 **DIN**: 00548091 **Occupation**: Professional **Address:** 3, Seagull, Carmichael Road, Mumbai 400026	66	1. Tata Consultancy Services Limited 2. Tata Motors Limited 3. Hindustan Unilever Limited 4. Greenco Energy Holdings Limited 5. Standard Chartered PLC
4.	Dr. Petrus Blauwhoff **Designation**: Independent Director **Term**: February 7, 2017 to February 6, 2022 **DIN**: 07728872 **Occupation**: Professional **Address:** Linnaeuslaan 12, 2012 PP Haarlem, The Netherlands	64	1. Tata Steel Europe Limited 2. Tata Steel Nederland BV 3. Stichting (Foundation) Nederlands Normalisatie Institut (NEN) 4. Royal Haskoning DHV 5. Blauwhoff International Consulting 6. Blue Court Holdings BV 7. Stichting (Foundation) de PAN 8. Kongstein AS
5.	Aman Mehta **Designation**: Independent Director **Term:** March 29, 2017 to August 31, 2021 **DIN:** 00009364 **Occupation**: Professional **Address:** 115A, 2nd Floor, Jor Bagh, Lodhi Road, New Delhi 110 003	71	1. Tata Consultancy Services Limited 2. Wockhardt Limited 3. Godrej Consumer Products Limited 4. Max Financial Services Limited 5. Vedanta Limited 6. PCCW Limited 7. HKT Limited, Hong Kong
6.	Deepak Kapoor **Designation**: Independent Director **Term**: April 1, 2017 to March 31, 2022 **DIN**: 00162957 **Occupation**: Professional **Address:** House No. K42, NDSE Part-II, New Delhi 110 049	59	1. HCL Technologies Limited 2. Essar Oil Limited 3. Delhivery Private Limited
7.	D. K. Mehrotra **Designation**: Non-Executive Director **Term**: Liable to retire by rotation	64	1. Tata AIA Life Insurance Company Limited 2. Metropolitan Stock Exchange of India Limited 3. CAMS Insurance Repository Services Limited 4. Indian Energy Exchange Limited

Sr. No.	Name, Designation, Term, DIN, Occupation and Business address	Age (in years)	Other Directorships
	DIN: 00142711 **Occupation**: Professional **Address:** 6A, Harmony, Dr. E. Moses Road, Worli Naka, Worli, Mumbai 400 018		5. VLS Finance Limited 6. UTI Asset Management Company Limited 7. West End Housing Finance Limited 8. Computer Age Management Services Private Limited
8.	Saurabh Agrawal **Designation**: Non-Executive Director **Term**: Liable to retire by rotation **DIN**: 02144558 **Occupation**: Professional **Address:** Flat No. 2803, Imperial Towers, BB Nakashe Marg, Tardeo, Mumbai 400 034	48	1. Tata Sons Limited 2. Tata Capital Limited 3. Tata AIA Life Insurance Company Limited 4. Tata AIG General Insurance Company Limited 5. Tata Teleservices Limited 6. The Tata Power Company Limited 7. Candid Fruits Private Limited 8. Chambal Natural Fruits Private Limited 9. Gradis Trading Private Limited 10. Natural Fruits Private Limited 11. Natural Whole Fruits Private Limited
9.	T. V. Narendran **Designation**: Chief Executive Officer and Managing Director **Term:** September 19, 2013 to September 18, 2018 **DIN:** 03083605 **Occupation**: Service **Address:** Bungalow No. 5, C Road, Northern Town, Jamshedpur 831 001	52	1. Tata Steel Special Economic Zone Limited 2. Jamshedpur Football and Sporting Private Limited 3. Straight Mile Steel Limited 4. Sakchi Steel Limited 5. Noamundi Steel Limited 6. Jugsalai Steel Limited 7. Bamnipal Steel Limited 8. Tata Steel Europe Limited 9. Tata Steel Foundation
10.	Koushik Chatterjee **Designation**: Executive Director and Chief Financial Officer **Term**: November 9, 2017 to November 8, 2022 **DIN**: 00004989 **Occupation**: Service **Address:** NCPA Residential Apartments, A Wing, 22nd Floor, Flat No. 221, Nariman Point, Mumbai 400 021	49	1. Tata Metaliks Limited 2. Tata Steel Special Economic Zone Limited 3. The Tinplate Company of India Limited 4. Bistupur Steel Limited 5. Bamnipal Steel Limited 6. T S Global Holdings Pte. Ltd. 7. T S Global Minerals Holdings Pte. Ltd., Singapore 8. T S Global Procurement Co. Pte. Ltd., Singapore 9. Tata Steel Europe Limited 10. Tata Steel Foundation

None of the Directors are related to each other.

Brief Biographies

N. Chandrasekaran is the Chairman and Non-Executive Director of our Company. He was the Chief Executive Officer and Managing Director of Tata Consultancy Services, a leading global IT solutions and consulting firm, from 2009 till February 2017. He holds a bachelor's degree in applied science and a master's degree in computer application from REC Trichy. He is a Non-executive Director of our Company since January 13, 2017 and was appointed as the Chairman of the Board with effect from February 7, 2017.

Mallika Srinivasan is an Independent Director of our Company. She is the chairman and chief executive officer of Tractors and Farm Equipment Limited and TAFE Motors and Tractors Limited. She holds a Masters degree in Business Management from Wharton School of Business, University of Pennsylvania, USA and Master of Arts in Econometrics from the University of Madras, Chennai. She has been a member of the Board of our Company since May 21, 2012 and was appointed as an Independent Director on the Board of our Company on August 14, 2014.

O. P. Bhatt is an Independent Director of our Company. He was the chairman of State Bank Group. He completed his graduation in Science and post-graduation in English Literature from Meerut University. He was appointed as a member of the Board with effect from June 10, 2013 and was appointed as an Independent Director with effect from August 14, 2014.

Dr. Petrus Blauwhoff is an Independent Director of our Company. He has served as a chairman of the German National Oil Industry Association, as the chief executive officer of Deutsche Shell Holding GmbH and as a vice-chairman of the German Forum for Future Energies, among others. He holds a doctorate in Technical Sciences and has completed his graduation in chemical engineering with honours (cum laude) from the University of Twente, The Netherlands. He was appointed as an Independent Director on the Board of our Company on February 7, 2017.

Aman Mehta is an Independent Director of our Company. He has over 39 years of experience in the field of banking and finance and was the chief executive officer of the HSBC Group (Asia Pacific). He completed his graduation in Economics from Delhi University. He was appointed as an Independent Director on the Board of Company on March 29, 2017.

Deepak Kapoor is an Independent Director of our Company. He was the chairman of Price Waterhouse Coopers India. He completed his graduation in Commerce from Delhi University. He is a fellow member of the Institute of Chartered Accountants of India, fellow member of the Institute of Company Secretaries of India and a member of the Institute of Certified Fraud Examiners, USA. He was appointed as an Independent Director on the Board of our Company on April 1, 2017.

D. K. Mehrotra is a Non-Executive Director of our Company. He is the former chairman of Life Insurance Corporation of India. He completed his graduation with honours degree in Science from the University of Patna. He joined our Company as a Director on October 22, 2012.

Saurabh Agrawal is a Non-Executive Director of our Company. He has been the group chief financial officer of Tata Sons Limited since June, 2017 and was appointed as the executive director of Tata Sons Limited in November, 2017. Prior to joining the Tata Group, he was the head of strategy at the Aditya Birla Group. He completed his graduation in chemical engineering from Indian Institute of Technology, Roorkee and his post graduate diploma in management from Indian Institute of Management, Calcutta. He was appointed as a Non-Executive Director on the Board of our Company on August 10, 2017.

T. V. Narendran is the Chief Executive Officer and Managing Director of our Company. He joined the Company in 1988 and was appointed as the Managing Director, India and South East Asia of our Company in 2013. He has successfully executed and commissioned one of the largest Greenfield Projects in India, the Kalinganagar Steel plant in Odisha, which ramped up operations to its rated capacity within a very short span of time. He completed his graduation in Mechanical Engineering from Regional Engineering College (National Institute of Technology), Trichy and a post graduate diploma in management from Indian Institute of Management, Calcutta. He has also attended the Advanced Management Programme in CEDEP-INSEAD, Fontainebleau, France. He was appointed as the Chief Executive Officer and Managing Director of our Company on October 30, 2017.

Koushik Chatterjee is the Executive Director and Chief Financial Officer of our Company. He joined our Company in 1995 and was appointed as the Group Executive Director (Finance and Corporate) with effect from November 9, 2012. During his tenure, he led the first overseas acquisition of a steel manufacturer by our Company, NatSteel Asia and subsequently led the acquisition of Millenium Steel (now Tata Steel Thailand) in Thailand. He also played a critical role in the acquisition of Corus Group Plc. He completed his graduation with honours degree in Commerce from Calcutta University and is a Fellow Member of the Institute of Chartered Accountants of India. He was appointed as the Executive Director and Chief Financial Officer with effect from November 9, 2017.

Confirmations

1. None of the Directors is or was a director of any listed company during the five years preceding the date of filing of this Letter of Offer, whose equity shares have been or were suspended from being traded on BSE or NSE, during the term of their directorship in such company.

2. None of the Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

Terms of appointment of Executive Directors

T. V. Narendran

T. V. Narendran was appointed as the Managing Director, India and South East Asia, of our Company with effect from November 1, 2013 and was appointed by the Shareholders on August 14, 2014, for a period of five years with effect from September 19, 2013 till September 18, 2018. He was made the Chief Executive Officer and Managing Director of our Company with effect from October 30, 2017. Pursuant to the service agreement dated January 7, 2014 entered into between T. V. Narendran and our Company (the "**Service Agreement of TVN**"), the scale of his basic salary was fixed at ₹6,00,000 per month in the scale of between ₹6,00,000 per month and ₹9,00,000 per month. Pursuant to a resolution passed by the Shareholders on August 12, 2015, the scale of his basic salary for potential increment, has been revised from ₹9,00,000 per month up to a maximum of ₹12,00,000 per month. The annual increments are effective April 1 each year and will be decided by the Board based on merit and taking into account our Company's performance for the year. T. V. Narendran is presently entitled to monthly basic salary of ₹10,00,000 per month, with effect from April 1, 2017. Pursuant to the terms of the Service Agreement of TVN, in addition to basic salary, he is entitled to the following remuneration:

Particulars	Remuneration
Benefits, perquisites and allowances	T.V. Narendran will be entitled to: (a). Rent free residential accommodation (furnished or otherwise) our Company bearing the cost of repairs, maintenance and utilities (eg. gas, electricity and water charges) for the said accommodation; OR House rent, house maintenance and utility allowances aggregating to 85% of the basic salary. (b). Hospitalization, transport, telecommunication and other facilities: (i). Hospitalization and major medical expenses for self, spouse and dependent parents and children; (ii). Car, with driver provided, maintained by our Company for official and personal use; and (iii). Telecommunication facilities including broadband, internet and fax.

Particulars	Remuneration
	(c). Other perquisites and allowances given below subject to a maximum of 55% of the annual basic salary will be as stated below: (i). Monthly supplementary allowance/ personal accident insurance/ Club membership fees- 38.34% of the annual basic salary; (ii). Leave travel concession/ allowances- 8.33% of the annual basic salary; and (iii). Medical allowance- 8.33% of the annual basic salary. (d). Contribution to provident fund, superannuation fund and gratuity fund as per the rules of our Company; and (e). Entitlement to leave in accordance with the rules of our Company. Privilege leave earned but not availed by him is encashable in accordance with the rules of our Company.
Bonus/performance linked incentive, Long Term Incentive Plan and/or commission	T. V. Narendran is entitled to bonus/ performance linked incentive, and/ or commission based on certain performance criteria laid down by the Board and/ or committee thereof, subject to the overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956.

In the event of inadequacy of profits or no profits in any Fiscal during his term, T. V. Narendran will be entitled to salary, benefits, perquisites and allowances, bonus/ performance linked incentive, as per the terms specified in the Service Agreement of TVN.

Koushik Chatterjee

Koushik Chatterjee was appointed as the Executive Director and Group Chief Financial Officer of our Company with effect from November 9, 2012 and was appointed by the Shareholders on August 14, 2013 for a period of five years with effect from November 9, 2012 till November 8, 2017. Pursuant to a resolution passed by the Board on October 30, 2017, he was re-appointed as a Whole-time Director of our Company, designated as Executive Director and Chief Financial Officer of our Company for a period of five years with effect from November 9, 2017 to November 8, 2022, subject to Shareholders' approval. Pursuant to the service agreement dated November 9, 2017 entered into between Koushik Chatterjee and our Company (the "**Service Agreement of KC**") the scale of his basic salary was fixed at ₹9,30,000 per month in the scale of between ₹8,00,000 per month and ₹12,00,000 per month. The annual increments are effective April 1 each year and will be decided by the Board of our Company based on merit and taking into account our Company's performance for the year. Pursuant to the terms of the Service Agreement of KC, in addition to basic salary, he is entitled to the following remuneration:

Particulars	Remuneration
Benefits, perquisites and allowances	Koushik Chatterjee will be entitled to: (a). Rent free residential accommodation (furnished or otherwise) our Company bearing the cost of repairs, maintenance and utilities (eg. Gas, electricity and water charges) for the said accommodation; OR House rent, house maintenance and utility allowances aggregating to 85% of the basic salary; (b). Hospitalization, transport, telecommunication and other

Particulars	Remuneration
	facilities: (i). Hospitalization and major medical expenses for self, spouse and dependent parents and children; (ii). Car, with driver provided, maintained by our Company for official and personal use; and (iii). Telecommunication facilities including broadband, internet and fax. (c). Other perquisites and allowances given below subject to a maximum of 55% of the annual basic salary will be as stated below: (i). Monthly supplementary allowance/ personal accident insurance/ club membership fees- 38.34% of the annual basic salary; (ii). Leave travel concession/ allowances- 8.33% of the annual basic salary; and (iii). Medical allowance- 8.33% of the annual basic salary. (d). Contribution to provident fund, superannuation fund and gratuity fund as per the rules of our Company; and (e). Entitlement to leave in accordance with the rules of our Company. Privilege leave earned but not availed by him is encashable in accordance with the rules of our Company.
Bonus/performance linked incentive, Long Term Incentive Plan and/or commission	Koushik Chatterjee is entitled to bonus/ performance linked incentive, long term incentive plan and/ or commission based on certain performance criteria laid down by the Board and/ or committee thereof, subject to the overall ceilings stipulated in Sections 197 of the Companies Act, 2013.

In the event of inadequacy of profits or no profits in any Fiscal during his term, Koushik Chatterjee will be entitled to salary, benefits and perquisites and allowances, bonus/ performance linked incentive, long term incentive plan as approved by the Board.

Service agreements with the Directors for benefits upon termination

No service agreements have been entered into by the Directors with our Company providing for benefits upon termination of employment.

Arrangement or understanding with major shareholders, customers, suppliers or others

As of the date of this Letter of Offer, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which our Company has appointed a Director or a member of the senior management.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TATA STEEL LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of TATA STEEL LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act we report, to the extent applicable that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

N. Venkatram
(Partner)
(Membership No. 71387)

Mumbai, May 16, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Tata Steel Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

N. Venkatram
(Partner)
(Membership No. 71387)

Mumbai, May 16, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds, transfer deeds, mutation of title papers, property tax papers and conveyance deeds provided to us, we report that the title deeds, comprising all the immovable properties in respect of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

i. in respect to freehold land fair value at deemed cost amounting to ₹60.16 crore (purchase cost ₹0.34 crore) the title deeds of which are held in the name of erstwhile companies which have subsequently been amalgamated with the Company;

ii. title deeds to freehold land fair value at deemed cost amounting to ₹1.87 crore (purchase price ₹0.03 crore) which has not been executed.

iii. title deeds to freehold land fair value at deemed cost amounting to ₹117.68 crore (purchase cost ₹6.74 crore) were not readily available.

iv. title deeds to buildings with gross carrying amount and net carrying amount of ₹0.61 crore and ₹0.57 crore respectively were not readily available.

(ii) As explained to us, inventories of finished and semi-finished goods and raw materials at Works, Mines and Collieries were physically verified during the year by the Management. In respect of inventories of stores and spare parts and stocks at stockyards and with consignment/conversion agents, the Company has a programme of verification of stocks over a three year period. In case of materials lying with third parties, certificates for stocks held have been received. In our opinion and according to the information and explanations given to us, the inventories have been verified by the management at reasonable intervals in relation to size of the Company and nature of business and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest except an intercorporate deposit of ₹21.37 crore placed with a subsidiary company which is not a going concern.

(b) The schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and interest have been regular as per stipulations except for loans and interest amounting to ₹539.73 crore representing due from a subsidiary company and interest amounting to ₹13.11 crore representing due from three subsidiary companies.

(c) Amounts referred to (b) above have been overdue for more than 90 days and, as explained to us, the Management has taken reasonable steps for recovery of the principal amounts and interest thereon.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and The Cost Accounting Records (Electricity Industry) Rules, 2011 prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that the Company intends to obtain exemption from operations of Employees' State Insurance Act at some locations and necessary steps have been taken by the Company. We are also informed that actions taken by the authorities at some locations to bring the employees of the Company under the Employees' State Insurance Scheme has been contested by the Company and full payment has not been made of the contributions demanded.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable, except for the following:

Name of Statute	Nature of Dues	Amount (₹crore)	Period to which the Amount Relates	Due Date	Date of subsequent payment
MMDR	Contribution to District Mineral Foundation and interest thereon	295.81	Jan'15-Sep'16	Sept'16	Outstanding
JVAT	JVAT	2.18	2015-2017	Sept'16	Outstanding
Sales Tax Act	Sales Tax	2.07	2013-2014	Sept'16	Outstanding

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of the Statute (Nature of Dues)	Forum where Dispute is pending	Period to which the amount relates	Amount (net of payments) (₹crore)	Amounts paid under Protest (₹crore)
Income Tax	CIT(A)/ITAT	2004-05, 2006-07 to 2009-10	368.81	1,047.72
	Income Tax Officer	2010-11	0.67	-
Customs Act	High Court	2002-03	0.03	0.07
	Commissioner	1993-94 & 2006-2008	83.59	50.00
Central Excise Act	Supreme Court	2004-05	235.48	-
	High Court	1988-90, 2000-01 & 2003-06	14.54	0.10
	Tribunal	1990-91, 1992-94, 1996-97 & 1998-99 to 2015-16	1,008.70	43.36
	Commissioner	1988-90, 1994-2017	55.75	4.20
	Deputy Commissioner	1985-87 & 1998-99	0.18	-
	Assistant Commissioner	1982-2006, 2013-14	0.87	0.00
Sales Tax	High Court	1973-74, 1977-79, 1983-84, 1991-97, 2000-02, 2003-04, 2007-09, 2012-2017	280.04	16.13
	Tribunal	1980-81, 1983-85, 1987-99, 2001-2011 & 2012-2014	72.48	6.32
	Commissioner	1988-90, 1991- 92, 1993-94, 2000-01 to 2014-15 & 2016-2017	483.44	5.86
	Deputy Commissioner	1975-76, 1977-78, 1983-88 & 1993-94 to 2011-12 & 2013-14	32.27	3.01
	Assistant Commissioner	1973-74, 1980-81, 1983-84 to 1996-97, 2000-01 to 2005-06, 2008-09, 2013-2014, 2014-15 & 2016-2017	11.55	

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, term loans taken have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate Company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

N. Venkatram
(Partner)
(Membership No. 71387)

Mumbai, May 16, 2017

BALANCE SHEET AS AT MARCH 31, 2017, 2016 AND APRIL 1, 2015

(₹ crore)

	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
I Non-current assets				
(a) Property, plant and equipment	03	71,778.97	49,561.05	50,882.48
(b) Capital work-in-progress		6,125.35	28,174.01	24,153.78
(c) Intangible assets	05	788.18	527.34	177.14
(d) Intangible assets under development		38.61	31.87	16.46
(e) Investments in subsidiaries, associates and joint ventures	06	3,397.57	3,340.97	3,148.89
(f) Financial assets				
(i) Investments	07	4,958.33	4,119.45	10,853.13
(ii) Loans	08	211.97	205.96	141.83
(iii) Derivative assets		0.12	0.80	40.91
(iv) Other financial assets	09	79.49	36.92	60.70
(g) Income tax assets (net)		867.75	837.66	723.57
(h) Other assets	11	3,121.64	3,325.18	2,845.87
Total non-current assets		**91,367.98**	**90,161.21**	**93,044.76**
II Current assets				
(a) Inventories	12	10,236.85	7,137.38	8,023.35
(b) Financial assets				
(i) Investments	07	5,309.81	4,325.00	1,001.15
(ii) Trade receivables	13	2,006.52	1,133.17	1,057.02
(iii) Cash and cash equivalents	14	905.21	974.68	495.16
(iv) Other balances with bank	15	65.10	61.45	56.66
(v) Loans	08	27.14	18.75	82.04
(vi) Derivative assets		6.26	6.20	614.10
(vii) Other financial assets	09	315.06	207.75	234.01
(c) Other assets	11	1,225.48	1,088.87	1,025.09
Total current assets		**20,097.43**	**14,953.25**	**12,588.58**
TOTAL ASSETS		**1,11,465.41**	**1,05,114.46**	**1,05,633.34**
EQUITY AND LIABILITIES				
III Equity				
(a) Equity Share Capital	16	971.41	971.41	971.41
(b) Hybrid Perpetual Securities	17	2,275.00	2,275.00	2,275.00
(c) Other equity	18	48,687.60	45,665.97	49,217.90
Total equity		**51,934.01**	**48,912.38**	**52,464.31**
IV Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	19	24,694.37	23,926.76	24,316.10
(ii) Derivative liabilities		179.33	116.01	171.97
(iii) Other financial liabilities	20	18.22	396.51	841.89
(b) Provisions	21	2,024.74	1,862.05	1,320.99
(c) Retirement benefit obligations	22	1,484.21	1,252.45	1,623.23
(d) Deferred income	23	1,885.19	2,228.48	2,130.58
(e) Deferred tax liabilities (net)	10	6,111.27	5,610.70	6,231.55
(f) Other liabilities	24	77.74	76.79	19.67
Total non-current liabilities		**36,475.07**	**35,469.75**	**36,655.98**
V Current liabilities				
(a) Financial liabilities				
(i) Borrowings	19	3,239.67	5,888.00	819.74
(ii) Trade payables	25	10,717.44	6,196.88	4,935.96
(iii) Derivative liabilities		270.17	78.23	129.17
(iv) Other financial liabilities	20	4,062.35	4,633.35	7,738.90
(b) Provisions	21	700.60	280.64	182.99
(c) Retirement benefit obligations	22	56.58	56.67	51.53
(d) Income tax liabilities (net)		465.72	732.58	505.75
(e) Other liabilities	24	3,543.80	2,865.98	2,149.01
Total current liabilities		**23,056.33**	**20,732.33**	**16,513.05**
TOTAL EQUITY AND LIABILITIES		**1,11,465.41**	**1,05,114.46**	**1,05,633.34**
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-43			

STATEMENT OF PROFIT AND LOSS FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

(₹ crore)

				Note	Year ended March 31, 2017	Year ended March 31, 2016
I	Revenue from operations			26	53,260.96	42,697.44
II	Other income			27	414.46	391.16
III	**Total income**				**53,675.42**	**43,088.60**
IV	**Expenses:**					
	(a)	Raw materials consumed			12,496.78	9,700.01
	(b)	Purchases of finished, semi-finished and other products			881.18	991.54
	(c)	Changes in stock of finished goods, work-in-progress and stock-in-trade		28	(1,329.65)	70.75
	(d)	Employee benefits expenses		29	4,605.13	4,319.89
	(e)	Finance costs		30	2,688.55	1,848.05
	(f)	Depreciation and amortisation expense		31	3,541.55	2,962.28
	(g)	Other expenses		32	24,949.09	20,602.35
					47,832.63	**40,494.87**
	Less: Expenditure (other than interest) transferred to capital and other accounts				217.52	598.89
	Total expenses				**47,615.11**	**39,895.98**
V	**Profit before exceptional items and tax (III-IV)**				**6,060.31**	**3,192.62**
VI	**Exceptional items:**			33		
	(a)	Profit/(Loss) on sale of non-current investments			-	(0.85)
	(b)	Provision for impairment of investments/doubtful advances			(170.87)	(160.62)
	(c)	Provision for impairment of non-current assets			-	(51.51)
	(d)	Provision for demands and claims			(218.25)	(880.05)
	(e)	Employee separation compensation			(178.68)	(556.25)
	(f)	Restructuring and other provisions			(135.58)	-
	Total exceptional items				**(703.38)**	**(1,649.28)**
VII	**Profit before tax (V+VI)**				**5,356.93**	**1,543.34**
VIII	**Tax expense:**					
	(a)	Current Tax			1,400.54	1,193.28
	(b)	Deferred Tax			511.84	(605.59)
	Total tax expense				**1,912.38**	**587.69**
IX	**Profit for the year (VII-VIII)**				**3,444.55**	**955.65**
X	**Other comprehensive income/(loss)**					
	A	**(i)**	**Items that will not be reclassified subsequently to the statement of profit and loss**			
			(a) Remeasurement gains/(losses) on post employment defined benefit plans		(217.79)	(5.01)
			(b) Fair value changes of investments in equity shares		819.01	(3,163.52)
		(ii)	**Income tax on items that will not be reclassified subsequently to the statement of profit and loss**		75.37	(239.78)
	B	**(i)**	**Items that will be reclassified subsequently to the statement of profit and loss**			
			(a) Fair value changes of cash flow hedges		(1.22)	1.80
		(ii)	**Income tax on items that will be reclassified subsequently to the statement of profit and loss**		0.42	(0.62)
	Total other comprehensive income/(loss)				**675.79**	**(3,407.13)**
XI	**Total comprehensive income/(loss) for the year (IX+X)**				**4,120.34**	**(2,451.48)**
XII	**Earnings per share**			34		
	Basic and Diluted (₹)				33.67	8.05
XIII	**Notes forming part of the financial statements**			1-43		

STATEMENT OF
CHANGES IN EQUITY FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

A. EQUITY SHARE CAPITAL

(₹ crore)

Balance as at April 1, 2016	Changes during the year	Balance as at March 31, 2017
971.41	-	971.41

(₹ crore)

Balance as at April 1, 2015	Changes during the year	Balance as at March 31, 2016
971.41	-	971.41

B. HYBRID PERPETUAL SECURITIES

(₹ crore)

Balance as at April 1, 2016	Changes during the year	Balance as at March 31, 2017
2,275.00	-	2,275.00

(₹ crore)

Balance as at April 1, 2015	Changes during the year	Balance as at March 31, 2016
2,275.00	-	2,275.00

STATEMENT OF
CHANGES IN EQUITY (CONTD.) FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

C. OTHER EQUITY

(₹ crore)

	Retained Earnings	Other Comprehensive Income reserves (Refer Note 18)	Other reserves (Refer Note 18)	Share application money pending allotment	Total Equity
Balance as at April 1, 2016	**10,075.75**	**2,936.37**	**32,653.85**	**-**	**45,665.97**
Profit for the year	3,444.55	-	-	-	3,444.55
Other comprehensive income	(142.42)	818.21	-	-	675.79
Total comprehensive income	**3,302.13**	**818.21**	**-**	**-**	**4,120.34**
Dividend	(776.97)	-	-	-	(776.97)
Tax on dividend	(147.74)				(147.74)
Distribution on Hybrid Perpetual Securities	(266.10)	-	-	-	(266.10)
Tax on distribution on Hybrid Perpetual Securities	92.09	-	-	-	92.09
Transfers within equity	1.75	(1.75)	-	-	-
Application money received	-	-	-	0.01	0.01
Balance as at March 31, 2017	**12,280.91**	**3,752.83**	**32,653.85**	**0.01**	**48,687.60**

(₹ crore)

	Retained Earnings	Other Comprehensive Income reserves (Refer Note 18)	Other reserves (Refer Note 18)	Share application money pending allotment	Total Equity
Balance as at April 1, 2015	**6,852.56**	**9,711.37**	**32,653.97**	**-**	**49,217.90**
Profit for the year	955.65	-	-	-	955.65
Other comprehensive income	(3.28)	(3,403.85)	-	-	(3,407.13)
Total comprehensive income	**952.37**	**(3,403.85)**	**-**	**-**	**(2,451.48)**
Dividend	(776.97)	-	-	-	(776.97)
Tax on dividend	(149.30)				(149.30)
Distribution on Hybrid Perpetual Securities	(266.17)	-	-	-	(266.17)
Tax on distribution on Hybrid Perpetual Securities	92.11	-	-	-	92.11
Transfers within equity	3,371.15	(3,371.15)	-	-	-
Transfer to statement of profit and loss	-	-	(0.12)	-	(0.12)
Balance as at March 31, 2016	**10,075.75**	**2,936.37**	**32,653.85**	**-**	**45,665.97**

STATEMENT OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

(₹ crore)

			Year ended March 31, 2017		Year ended March 31, 2016
(A)	**CASH FLOWS FROM OPERATING ACTIVITIES:**				
	Profit before taxes		**5,356.93**		**1,543.34**
	Adjustments for:				
	Depreciation and amortisation expense	3,541.55		2,962.28	
	(Profit)/loss on sale of non-current investments	(0.97)		-	
	Income from non-current investments	(96.01)		(107.08)	
	(Profit)/loss on assets sold/discarded/written off	6.91		(2.12)	
	Exceptional (income)/expenses	703.38		1,649.28	
	(Gain)/loss on cancellation of forwards, swaps and options	66.95		1.21	
	Interest and income from current investments and guarantees	(389.36)		(270.26)	
	Finance costs	2,688.55		1,848.05	
	Exchange (gain)/loss on revaluation of foreign currency loans and swaps	15.47		(2.82)	
	Other non cash items	(332.72)		(0.01)	
			6,203.75		6,078.53
	Operating profit before working capital changes		**11,560.68**		**7,621.87**
	Adjustments for:				
	Non-Current/Current financial and other assets	(1,071.92)		(678.69)	
	Inventories	(3,093.05)		887.48	
	Non-Current/Current financial and other liabilities/provisions	5,276.42		785.24	
			1,111.45		994.03
	Cash generated from operations		12,672.13		8,615.90
	Direct taxes paid		(1,540.87)		(1,244.10)
	Net cash from/(used in) operating activities		**11,131.26**		**7,371.80**
(B)	**CASH FLOWS FROM INVESTING ACTIVITIES:**				
	Purchase of fixed assets	(3,172.87)		(4,777.91)	
	Sale of fixed assets	6.80		32.13	
	Purchase of investments in subsidiaries	(100.12)		(171.28)	
	Sale of investments in subsidiaries	-		0.06	
	Purchase of other non-current investments	(177.73)		(423.38)	
	Sale of other non-current investments	3.90		3,980.35	
	(Purchase)/sale of current investments (net)	(668.19)		(3,139.69)	
	Loans given	(31.37)		(44.69)	
	Repayment of loans given	20.43		62.92	
	Fixed deposits with banks (placed)/realised	(6.72)		(1.98)	
	Interest and guarantee commission received	117.34		24.67	
	Dividend received from subsidiaries	38.14		41.27	
	Dividend received from associates and joint ventures	40.89		22.87	
	Dividend received from others	8.48		42.94	
	Net cash from/(used in) investing activities		**(3,921.02)**		**(4,351.72)**

STATEMENT OF CASH FLOWS (CONTD.) FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

(₹ crore)

			Year ended March 31, 2017		Year ended March 31, 2016
(C)	**CASH FLOWS FROM FINANCING ACTIVITIES:**				
	Proceeds from issue of equity shares	0.01		-	
	Proceeds from borrowings	2,906.18		8,893.35	
	Repayment of borrowings	(6,162.07)		(7,912.44)	
	Repayment of finance lease obligations	(111.63)		(82.82)	
	Amount received/(paid) on utilisation/cancellation of derivatives	(97.22)		625.29	
	Distribution on Hybrid Perpetual Securities	(265.76)		(266.49)	
	Interest paid	(2,624.51)		(2,871.06)	
	Dividend paid	(776.97)		(776.97)	
	Tax on dividend paid	(147.74)		(149.30)	
	Net cash from/(used in) financing activities		**(7,279.71)**		**(2,540.44)**
	Net increase/(decrease) in cash and cash equivalents		**(69.47)**		**479.64**
	Opening cash and cash equivalents (ReferNote 14)		**974.68**		**495.16**
	Effect of exchange rate on translation of foreign currency cash and cash equivalents		**-**		**(0.12)**
	Closing cash and cash equivalents (ReferNote 14)		**905.21**		**974.68**

(i) The Company has acquired property, plant and equipment of ₹ **730.00** crore (2015-16: Nil) on finance lease.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

(₹ 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.)

(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.)

(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.

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)	2,138.53		1,532.87		1,621.42	
Other financial liabilities - Current (Refer Note 20)	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

(₹ 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

(₹ 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.)

(₹ 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.)

(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

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.)

(₹ 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.)

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.)

(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

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.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

8. LOANS (CONTD.)

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)]

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.)

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

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.)

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.)

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

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.)

(₹ 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

(₹ 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

(₹ 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.)

(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

(₹ 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

(₹ 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

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

(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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(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.)

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

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

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.)

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.)

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

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.)

(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.)

(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

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

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.)

(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

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

23. DEFERRED INCOME

(₹ 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

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

(₹ 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.)

(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

(₹ 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

(₹ 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

(₹ 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

(₹ 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

(₹ 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

(₹ 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

(₹ 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].

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].

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

32. OTHER EXPENSES (CONTD.)

(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

(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

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) 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.

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.

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.

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF TATA STEEL LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of TATA STEEL LIMITED (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") its associates and its joint ventures, comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associates and Joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, associates and joint ventures referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2017, and their consolidated loss, consolidated total comprehensive loss, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of eight subsidiaries, whose financial statements reflect total assets of ₹60,514.49 crore as at March 31, 2017, total revenues of ₹62,237.62 crore and net cash outflows amounting to ₹ 568.42 crore for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 24.10 crore for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of an associate and two joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associate is based solely on the reports of the other auditors.

(b) We did not audit the financial statements of thirteen subsidiaries, whose financial statements reflect total assets of ₹ 647.51 crore as at March 31, 2017, total revenues of ₹ 650.20 crore and net cash inflows amounting to ₹ 40.74 crore for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ 10.64 crore for the year ended March 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of a joint venture, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

(c) In the case of one subsidiary and eight associates the financial statements as at March 31, 2017 are not available. The investment in these companies are carried at Re. 1 each as at March 31, 2017, the total assets, the total revenue, and net cash flows of the subsidiary and the Group's share of profit/(loss) of these associates have not been included in the consolidated Ind AS financial statements.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and the other financial information of subsidiaries, associates and joint venture companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary companies, associate companies and jointly controlled companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's/ subsidiary company's / associate company's / joint venture company's incorporated in India internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures.

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies, associate companies and joint venture companies incorporated in India.

iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us (and the other auditors) by the Management of the respective Group entities.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

N. Venkatram
(Partner)
(Membership No. 071387)

Mumbai, May 16, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Tata Steel Limited (hereinafter referred to as "Parent") and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies, associate companies and joint ventures, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 10 subsidiary companies and 9 joint ventures, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

N. Venkatram
(Partner)
(Membership No. 071387)

Mumbai, May 16, 2017

CONSOLIDATED
BALANCE SHEET AS AT MARCH 31, 2017, 2016 AND APRIL 1, 2015

(₹ crore)

	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
I Non-current assets				
(a) Property, plant and equipment	3	86,880.59	66,569.24	67,149.55
(b) Capital work-in-progress		15,514.37	35,793.32	28,099.43
(c) Goodwill on consolidation	5	3,494.73	4,067.56	3,960.85
(d) Other Intangible assets	6	1,631.23	1,562.96	2,987.16
(e) Intangible assets under development		269.76	202.77	81.98
(f) Equity accounted investments	7	1,593.68	1,620.41	1,719.61
(g) Financial assets				
(i) Investments	8	5,190.31	4,429.75	11,158.77
(ii) Loans	9	373.06	412.23	290.09
(iii) Derivative assets		83.17	32.82	88.17
(iv) Other financial assets	10	85.58	41.04	70.51
(h) Retirement benefit assets	11	1,752.64	11,477.44	1,330.63
(i) Income tax assets		981.23	1,040.26	849.02
(j) Deferred tax assets	12	885.87	627.45	812.20
(k) Other assets	13	3,674.96	3,842.23	3,354.43
Total non-current assets		**1,22,411.18**	**1,31,719.48**	**1,21,952.40**
II Current assets				
(a) Inventories	14	24,803.82	20,013.33	24,593.36
(b) Financial assets				
(i) Investments	8	5,673.13	4,663.55	1,214.60
(ii) Trade receivables	15	11,586.82	12,066.22	13,579.77
(iii) Cash and cash equivalents	16	4,832.29	6,109.05	8,177.13
(iv) Other balances with bank	17	88.76	77.29	71.34
(v) Loans	9	224.50	207.42	215.52
(vi) Derivative assets		104.04	309.62	1,497.34
(vii) Other financial assets	10	387.82	241.30	351.67
(c) Income tax assets		35.08	50.20	44.69
(d) Other assets	13	2,194.38	2,027.87	1,958.06
Total current assets		**49,930.64**	**45,765.85**	**51,703.48**
III Assets held for sale	18	**991.42**	**26.11**	**145.42**
TOTAL ASSETS		**1,73,333.24**	**1,77,511.44**	**1,73,801.30**

CONSOLIDATED
BALANCE SHEET (CONTD.) AS AT MARCH 31, 2017, 2016 AND APRIL 1, 2015

(₹ crore)

	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
EQUITY AND LIABILITIES				
IV Equity				
(a) Equity share capital	19	970.24	970.24	971.41
(b) Hybrid Perpetual Securities	20	2,275.00	2,275.00	2,275.00
(c) Other equity	21	34,574.08	40,487.31	43,867.22
Equity attributable to shareholders of the Company		**37,819.32**	**43,732.55**	**47,113.63**
Non controlling interest		1,601.70	780.94	854.18
Total equity		**39,421.02**	**44,513.49**	**47,967.81**
V Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	22	64,022.27	64,872.78	62,251.56
(ii) Derivative liabilities		179.98	165.47	174.91
(iii) Other financial liabilities	23	108.78	454.42	900.55
(b) Provisions	24	4,279.69	4,440.48	2,973.49
(c) Retirement benefit obligations	11	2,666.27	2,929.48	3,353.37
(d) Deferred income	25	2,057.59	2,431.41	2,335.19
(e) Deferred tax liabilities	12	10,030.08	9,420.89	9,937.71
(f) Other liabilities	26	226.51	329.05	320.49
Total non-current liabilities		**83,571.17**	**85,043.98**	**82,247.27**
VI Current liabilities				
(a) Financial liabilities				
(i) Borrowings	22	18,328.10	15,722.12	9,693.25
(ii) Trade payables	27	18,574.46	18,556.70	18,066.66
(iii) Derivative liabilities		673.67	498.28	736.63
(iv) Other financial liabilities	23	6,315.51	6,901.12	10,528.56
(b) Provisions	24	987.38	1,521.86	816.48
(c) Retirement benefit obligations	11	95.20	111.08	110.31
(d) Deferred income	25	22.52	3.70	3.08
(e) Income tax liabilities		739.18	1,001.10	794.49
(f) Other liabilities	26	4,315.27	3,638.01	2,836.76
Total current liabilities		**50,051.29**	**47,953.97**	**43,586.22**
VII Liabilities held for sale	18	**289.76**	**-**	**-**
TOTAL EQUITY AND LIABILITIES		**1,73,333.24**	**1,77,511.44**	**1,73,801.30**
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	1-48			

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

(₹ crore)

			Note	Year ended March 31, 2017	Year ended March 31, 2016
I	Revenue from Operations		28	1,17,419.94	1,06,339.92
II	Other income		29	527.47	412.22
III	**Total Income**			**1,17,947.41**	**1,06,752.14**
IV	**Expenses**				
	(a)	Raw materials consumed		32,418.09	28,114.90
	(b)	Purchases of finished, semi-finished and other products		11,424.94	10,581.37
	(c)	Changes in stock of finished goods, work-in-progress and stock-in-trade		(4,538.13)	1,925.19
	(d)	Employee benefit expenses	30	17,252.22	17,587.63
	(e)	Finance costs	31	5,072.20	4,221.41
	(f)	Depreciation and amortisation expense	32	5,672.88	5,306.35
	(g)	Other expenses	33	44,619.71	41,255.47
				1,11,921.91	1,08,992.32
	(h)	Less: Expenditure (other than interest) transferred to capital and other accounts		764.71	1,092.97
	Total Expenses			**1,11,157.20**	**1,07,899.35**
V	**Share of profit/(loss) of joint ventures and associates**			7.65	(110.42)
VI	**Profit before exceptional items and tax (III-IV+V)**			**6,797.86**	**(1,257.63)**
VII	**Exceptional Items**		34		
	(a)	Profit on sale of non-current investments		22.70	47.17
	(b)	Profit on sale of non-current asset		85.87	-
	(c)	Provision for diminution in value of investments/doubtful advances		(125.45)	(72.99)
	(d)	Provision for impairment of non-current assets		(267.93)	(1,530.17)
	(e)	Provision for demands and claims		(218.25)	(880.05)
	(f)	Employee separation compensation		(207.37)	(556.25)
	(g)	Restructuring and other provisions		(3,613.80)	6,982.67
	Total exceptional items			(4,324.23)	3,990.38
VIII	**Profit/(loss) before tax (VI+VII)**			**2,473.63**	**2,732.75**
IX	**Tax expense:**				
	(a)	Current tax		1,741.70	1,321.02
	(b)	Deferred tax		1,036.31	(631.06)
	Total tax expense			**2,778.01**	**689.96**
X	**Profit/(loss) after tax from continuing operations**			**(304.38)**	**2,042.79**
XI	**Profit/(loss) after tax from discontinued operations**		35		
	(a)	Profit/(loss) after tax from discontinued operations		(778.87)	(2,539.88)
	(b)	Profit/(loss) on disposal of discontinued operations		(3,085.32)	-
	Profit/(loss) after tax from discontinued operations			**(3,864.19)**	**(2,539.88)**
XII	**Profit/(loss) for the year (A)**			**(4,168.57)**	**(497.09)**
XIII	**Other Comprehensive Income/(loss)**				

CONSOLIDATED STATEMENT OF PROFIT AND LOSS (CONTD.) FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

(₹ crore)

	Note	Year ended March 31, 2017	Year ended March 31, 2016
A) **(i) Items that will not be reclassified subsequently to the consolidated statement of profit and loss**			
a) Remeasurement gains/(losses) on post employment defined benefit plans		(4,334.54)	1,979.30
b) Fair value changes of investments in equity shares		836.92	(3,167.27)
c) Share of equity accounted investees		3.37	(0.27)
(ii) Income tax on Items that will not be reclassified subsequently to the consolidated statement of profit and loss		782.34	(576.02)
B) **(i) Items that will be reclassified subsequently to the consolidated statement of profit and loss**			
a) Foreign currency translation differences		2,045.14	(263.59)
b) Fair value changes of cash flow hedges		145.33	116.91
c) Share of equity accounted investees		(2.17)	27.69
(ii) Income tax on items that will be reclassified subsequently to the consolidated statement of profit and loss		(39.45)	(14.92)
Total Other Comprehensive Income/(loss) (B)		(563.06)	(1,898.17)
XIV Profit/(loss) from continuing operations for the year:			
Shareholders of the Company		(376.61)	2,157.10
Non controlling interests		72.23	(114.31)
		(304.38)	2,042.79
XV Profit/(loss) from discontinued operations for the year:			
Shareholders of the Company		(3,864.19)	(2,539.88)
Non controlling interests		-	-
		(3,864.19)	(2,539.88)
XVI Total Comprehensive Income for the year: (A+B)			
(i) Shareholders of the Company		(4,800.32)	(2,283.21)
(ii) Non controlling interests		68.69	(112.05)
		(4,731.63)	**(2,395.26)**
XVII Earnings per equity share (from continuing operations)			
Basic & Diluted (₹)	37	(4.93)	19.26
XVIII Earnings per equity share (from discontinued operations)			
Basic & Diluted (₹)	37	(39.84)	(26.18)
XIX Earnings per equity share (from continuing and discontinued operations)			
Basic & Diluted (₹)	37	(44.77)	(6.92)
XX Notes forming part of the financial statements	1-48		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

A. EQUITY SHARE CAPITAL

(₹ crore)

Balance as at April 1, 2016	Changes during the year	Balance as at March 31, 2017
970.24	-	**970.24**

(₹ crore)

Balance as at April 1, 2015	Changes during the year	Balance as at March 31, 2016
971.41	(1.17)	**970.24**

(i) Changes in equity share capital during the year 2015-16 represents adjustment on account of shares held by a subsidiary in the Company.

B. HYBRID PERPETUAL SECURITIES

(₹ crore)

Balance as at April 1, 2016	Changes during the year	Balance as at March 31, 2017
2,275.00	-	**2,275.00**

(₹ crore)

Balance as at April 1, 2015	Changes during the year	Balance as at March 31, 2016
2,275.00	-	**2,275.00**

C. OTHER EQUITY

(₹ crore)

	Retained earnings	Other comprehensive income reserves (Refer Note 21A)	Other consolidated reserves (Refer Note 21B)	Share application money pending allotment	Equity attributable to share holders of the Group	Non-controlling interest	Total Equity
Balance as at April 1, 2016	(2,415.49)	9,440.70	33,462.10	-	**40,487.31**	780.94	**41,268.25**
Profit /(loss) for the year	(4,240.80)	-	-	-	**(4,240.80)**	72.23	**(4,168.57)**
Other comprehensive income	(3,549.43)	2,989.91	-	-	**(559.52)**	(3.54)	**(563.06)**
Total comprehensive income	**(7,790.23)**	**2,989.91**	**-**	**-**	**(4,800.32)**	**68.69**	**(4,731.63)**
Dividend	(776.97)	-	-	-	**(776.97)**	(14.77)	**(791.74)**
Tax on dividend	(147.74)	-	-	-	**(147.74)**	-	**(147.74)**
Additions during the year	-	-	191.39	-	**191.39**	-	**191.39**
Transfer to consolidated statement of profit and loss	-	-	(40.22)	-	**(40.22)**	-	**(40.22)**
Distribution on Hybrid Perpetual Securities	(266.10)	-	-	-	**(266.10)**	-	**(266.10)**
Tax on distribution on Hybrid Perpetual Securities	92.09	-	-	-	**92.09**	-	**92.09**
Transfers within equity	(3.76)	(1.75)	(7.52)	-	**(13.03)**	13.03	**-**
Adjustment for change in ownership interests/ capital contributions received	(133.01)	-	1.75	0.01	**(131.25)**	783.15	**651.90**
Other movements	(5.80)	-	(15.28)	-	**(21.08)**	(29.34)	**(50.42)**
Balance as at March 31, 2017	**(11,447.01)**	**12,428.86**	**33,592.22**	**0.01**	**34,574.08**	**1,601.70**	**36,175.78**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTD.) FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

(₹ crore)

	Retained earnings	Other comprehensive income reserves (Refer Note 21A)	Other consolidated reserves (Refer Note 21B)	Share application money pending allotment	Equity attributable to share holders of the Group	Non-controlling interest	Total Equity
Balance as at April 1, 2015	(5,925.75)	16,346.19	33,446.78	-	**43,867.22**	854.18	**44,721.40**
Profit /(loss) for the year	(382.78)	-	-	-	**(382.78)**	(114.31)	**(497.09)**
Other comprehensive income	1,644.93	(3,545.37)	-	-	**(1,900.44)**	2.27	**(1,898.17)**
Total comprehensive income	**1,262.15**	**(3,545.37)**	**-**	**-**	**(2,283.22)**	**(112.04)**	**(2,395.26)**
Dividend	(776.97)	-	-	-	**(776.97)**	(11.19)	**(788.16)**
Tax on dividend	(149.30)	-	-	-	**(149.30)**	-	**(149.30)**
Additions during the year	-	-	42.04	-	**42.04**	-	**42.04**
Transfer to consolidated statement of profit and loss	-	-	(8.18)	-	**(8.18)**	-	**(8.18)**
Distribution on Hybrid Perpetual Securities	(266.17)	-	-	-	**(266.17)**	-	**(266.17)**
Tax on distribution on Hybrid Perpetual Securities	92.11	-	-	-	**92.11**	-	**92.11**
Transfers within equity	3,348.44	(3,371.15)	18.75	-	**(3.96)**	3.96	**-**
Capital contributions received	-	-	-	-	**-**	42.60	**42.60**
Adjustments for cross holdings	-	-	(37.29)	-	**(37.29)**	-	**(37.29)**
Other movements	-	11.03	-	-	**11.03**	3.43	**14.46**
Balance as at March 31, 2016	**(2,415.49)**	**9,440.70**	**33,462.10**	**-**	**40,487.31**	**780.94**	**41,268.25**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

(₹ crore)

			Year ended March 31, 2017		Year ended March 31, 2016
(A)	**CASH FLOWS FROM OPERATING ACTIVITIES:**				
	Profit before taxes		**(1,382.55)**		**247.30**
	Adjustments for:				
	Depreciation and amortisation expense	5,690.44		5,384.07	
	(Profit)/loss on sale of non-current investments	(0.97)		-	
	Income from non-current investments	(57.17)		(49.95)	
	(Profit)/loss on assets sold/discarded/written off	(0.15)		(31.42)	
	Exceptional Income/(Expenses)	4,324.21		(3,094.39)	
	(Gain)/loss on cancellation of forwards, swaps and options	67.95		1.23	
	Interest and income from current investments and guarantees	(517.62)		(319.54)	
	Finance costs	5,072.20		4,221.41	
	Exchange (gain) /loss on revaluation of foreign currency loans and swaps	1,422.50		164.61	
	Share of profit or loss of joint ventures and associates	(7.65)		110.42	
	(Profit)/loss on disposal of discontinued operation	3,085.32		-	
	Other non cash items	(115.07)		190.27	
			18,963.99		**6,576.71**
	Operating profit before working capital changes		**17,581.44**		**6,824.01**
	Adjustments for:				
	Non-current/current financial and other assets	(524.29)		2,640.88	
	Inventories	(8,243.17)		5,617.85	
	Non-current/current financial and other liabilities/provisions	3,876.75		(2,093.11)	
			(4,890.71)		**6,165.62**
	Cash generated from operations		**12,690.73**		**12,989.63**
	Direct taxes paid		**(1,842.66)**		**(1,534.28)**
	Net cash from/(used in) operating activities		**10,848.07**		**11,455.35**
(B)	**CASH FLOWS FROM INVESTING ACTIVITIES:**				
	Purchase of fixed assets	(7,715.64)		(10,163.44)	
	Sale of fixed assets	288.72		230.63	
	Purchase of non-current investments	(24.74)		(553.58)	
	Sale of non-current investments	91.24		4,275.07	
	(Purchase)/sale of current investments (net)	(692.63)		(3,241.94)	
	Loans given (net of repayments)	(150.14)		37.32	
	Fixed/Restricted deposits with banks (placed)/realised	(27.22)		(1.29)	
	Interest received	140.12		133.06	
	Dividend received from associates and joint ventures	53.29		40.71	
	Dividend received from others	32.14		67.09	
	Acquisition of subsidiaries/undertakings	-		(77.51)	
	Sale of subsidiaries/undertakings	(1,081.36)		0.06	
	Net cash from/(used in) investing activities		**(9,086.22)**		**(9,253.82)**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTD.) FOR THE YEARS ENDED MARCH 31, 2017 AND 2016

(₹ crore)

			Year ended March 31, 2017		Year ended March 31, 2016
(C)	**CASH FLOWS FROM FINANCING ACTIVITIES:**				
	Capital contributions received	651.89		-	
	Proceeds from borrowings	19,484.55		14,047.70	
	Repayment of borrowings	(16,394.07)		(12,709.39)	
	Repayment of finance lease obligations	(208.23)		(200.48)	
	Amount received/(paid) on utilisation/cancellation of derivatives	(178.18)		829.12	
	Distribution on Hybrid Perpetual Securities	(266.10)		(266.49)	
	Interest paid	(4,732.46)		(5,483.31)	
	Dividend paid	(791.32)		(788.17)	
	Tax on dividend paid	(158.52)		(158.10)	
	Net cash from/(used in) financing activities		**(2,592.44)**		**(4,729.12)**
	Net increase /(decrease) in cash or cash equivalents		**(830.59)**		**(2,527.59)**
	Opening cash and cash Equivalents (1)		**6,076.94**		**8,177.13**
	Effect of exchange rate on translation of foreign currency cash and cash equivalents		(414.06)		459.51
	Closing cash and cash Equivalents (Refer Note 16)		**4,832.29**		**6,109.05**

(1) Excludes ₹**32.11** crore in respect of subsidiaries disposed off/ held for sale during the year (2015-16: Includes ₹0.07 crore in respect of subsidiaries acquired off during the year)

(2) The Group has acquired property, plant and equipment of ₹ **790.21** crore (2015-16: ₹ 221.97 crore) on finance lease.

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 and its subsidiaries (collectively referred to as 'the Group') have a presence across the entire value chain of steel manufacturing, from mining and processing iron ore and coal to producing and distributing finished products. The Group 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 consolidated financial statements as at March 31, 2017 present the financial position of the Group as well as its interests in associate companies and joint arrangements.

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

As on March 31, 2017, Tata Sons Limited (or Tata Sons), together with its subsidiaries, owns 29.75% of the Ordinary shares of the Company, and has the ability to influence the Group'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 Group in the preparation of its consolidated 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 Consolidated 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 Group 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 Group 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 Group 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 value of assets and liabilities include useful lives of property, plant and equipment and intangible assets, impairment of property, plant and equipment, intangible assets, investments and goodwill, provision for employee benefits and other provisions, recoverability of deferred tax assets, commitments and contingencies.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company i.e. its subsidiaries. It also includes the Group's share of profits, net assets and retained post acquisition reserves of joint arrangements and associates that are consolidated using the equity or proportionate method of consolidation, as applicable.

Control is achieved when the Company is exposed to, or has rights to the variable returns of the entity and the ability to

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

affect those returns through its power over the entity.

The results of subsidiaries, joint arrangements and associates acquired or disposed off during the year are included in the consolidated statement of profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Wherever necessary, adjustments are made to the financial statements of subsidiaries, joint arrangements and associates to bring their accounting policies in line with those used by other members of the Group.

Intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying value of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interests having a deficit balance.

(e) Business combinations

Acquisition of subsidiaries and businesses are accounted for using the purchase method. The consideration transferred in each business combination is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree.

Acquisition related costs are recognised in the consolidated statement of profit and loss.

Goodwill arising on acquisition is recognised as an asset and measured at cost, being the excess of the consideration transferred in the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities recognised. Where the fair value of the identifiable assets and liabilities exceed the cost of acquisition, after re-assessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve on consolidation.

Once control has been achieved, any subsequent acquisitions where the Group does not originally hold hundred percent interest in a subsidiary are treated as an acquisition of shares from non-controlling shareholders. The identifiable net assets are not subject to further fair value adjustments and the difference between the cost of acquisition of the non-controlling interest and the net book value of the additional proportion acquired is adjusted in equity. The amount of non-controlling interests in the acquiree is measured either at the non-controlling interests proportion of the net fair value of the assets, liabilities and contingent liabilities recognised or at fair value.

Business combinations arising from transfers of interests in entities that are under the common control are accounted for using the pooling of interest method. The difference between any consideration transferred and the aggregate historical carrying values of assets and liabilities of the acquired entity are recognised in shareholder's equity.

(f) Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred in the business combination over the Group's interest in the net fair value of the identifiable assets acquired, liabilities assumed and contingent liabilities recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit's value may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying value of any goodwill allocated to the unit and then to the other assets of the unit in proportion to the carrying value of each asset in the unit.

An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

(g) Investment in associates

Associates are those enterprises in which the Group has significant influence, but does not have control.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Investments in associates are accounted for using the equity method and are initially recognised at cost, from the date significant influence commences until the date that significant influence ceases. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate and impairment charges, if any.

When the Group's share of losses exceeds the carrying value of the associate, the carrying value is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates, unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred and where material, the results of associates are modified to confirm to the Group's accounting policies.

(h) Interest in joint arrangements

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity where the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control.

Where Group entity undertakes its activities under joint arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other parties are recognised in its financial statements and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on the accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint arrangements expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to the Group and their amount can be measured reliably.

Joint arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as joint ventures. The Group reports its interests in joint ventures using the equity method of accounting whereby an interest in joint venture is initially recorded at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the joint venture. The consolidated statement of profit and loss reflects the Group's share of the results of operations of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint venture, unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred and where material, the results of joint ventures are modified to confirm to the Group's accounting policies.

(i) Property, plant and equipment

An item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Group 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 consolidated 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.

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 asset.

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 consolidated statement of profit and loss.

(j) 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 the 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

- 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 consolidated statement of profit and loss.

The Group 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.

(k) 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.

(l) Provision for restoration and environmental costs

The Group 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 consolidated statement of profit and loss.

(m) Intangible assets (excluding goodwill)

Patents, trademarks and software costs are included in the consolidated balance sheet as intangible assets where they are clearly linked to long term economic benefits for the Group. 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 consolidated 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

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

(n) 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)
Freehold and long leasehold buildings	upto 60 years*
Roads	5 years
Railway sidings	upto 35 years*
Plant and machinery	3 to 40 years*
Furniture, fixture and office equipment	3 to 25 years
Vehicles and aircraft	4 to 20 years
Assets covered under the Electricity Act (life as prescribed under the Electricity Act)	3 to 34 years
Patents and trademarks	4 years
Product and process development costs	5 years
Computer software	upto 8 years
Other assets	1 to 15 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 and some of its subsidiaries believes that the useful lives as given above best represent the period over which Group 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.

(o) Impairment

At each balance sheet date, the Group 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 Group 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 consolidated statement 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 consolidated statement of profit and loss immediately.

(p) Leases

The Group determines whether an arrangement contains a lease by assessing whether the fulfilment of a transaction

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

is dependent on the use of a specific asset and whether the transaction conveys the right to use that asset to the Group 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 transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee:

(i) Operating lease – Rentals payable under operating leases are charged to the consolidated 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 consolidated 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 charged directly against recognised in the consolidated statement of profit and loss over the period of the lease.

The Group as lessor:

(i) Operating lease – Rental income from operating leases is recognised in the consolidated 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.

(q) Stripping costs

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

- developmental stripping costs and
- production stripping costs

Developmental stripping costs 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
- 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
- expenditure 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 Group 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 Group
- the Group 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.

(r) Financial Instruments

Financial assets and financial liabilities are recognised when the Group 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 or 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 consolidated 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 consists of:

(i) **Cash and cash equivalents -** which include 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 Group in respect of equity investments (other than associates and joint arrangements) 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 Group on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the consolidated 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 Group recognises life time expected credit losses for all trade receivables that do not constitute a financing transaction.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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 Group 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 Group 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 consolidated statement of profit and loss.

De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments and hedge accounting

In the ordinary course of business, the Group uses certain derivative financial instruments to reduce business risks which arise from its exposure to foreign exchange base metal prices and interest rate fluctuations. The instruments are confined principally to forward foreign exchange contracts, forward rate agreements, cross currency swaps, interest rate swaps and collar. The consolidated 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 Group adopts hedge accounting for forward, interest rate and commodity 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 consolidated statement of profit and loss.

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 consolidated statement of profit and loss and compensated 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 consolidated 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

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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 consolidated statement of profit and loss in the same period in which the hedged item affects the consolidated statement of profit and loss.

In cases where hedge accounting is not applied, changes in the fair value of derivatives are recognised in the consolidated 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 consolidated statement of profit and loss for the period.

(s) 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 Group'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 consolidated 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.

(t) 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.

(u) Provisions

Provisions are recognised in the consolidated balance sheet when the Group 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:

(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.

(v) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 Group recognises any impairment loss on the assets associated with that contract.

(w) Government grants

Government grants related to expenditure on property, plant and equipment are credited to the consolidated 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 consolidated statement of profit and loss at the reporting date are included in the consolidated balance sheet as deferred income.

(x) 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 Group 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 consolidated statement of profit and loss, with all prior periods being presented on this basis.

(y) Income taxes

Tax expense for the year comprises of 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 consolidated 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 Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying value 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.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 Group 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 they are in the same taxable entity, or a Group of taxable entities where the tax losses of one entity are used to offset the taxable profits of another 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 consolidated statement of profit and loss, except when they relate to items credited or debited either

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

in other comprehensive income or directly in equity, in which case 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 Consolidated 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.

(z) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured either 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.

(aa) Foreign currency transactions and translation

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

In preparing the consolidated financial statements, transactions in currencies other than the entity'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 re-translated 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 consolidated financial statements before the beginning of the first Ind AS financial reporting period in respect of which the Group 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 consolidated 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 consolidated statement of profit and loss for the period.

For the purpose of presenting financial statements, the assets and liabilities of the Company's foreign operations are expressed in ₹ using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity. On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Company are reclassified to the consolidated statement of profit and loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(ab) 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 consolidated statement of profit or 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.

3. PROPERTY, PLANT AND EQUIPMENT

(₹ crore)

	Land including roads	Buildings	Plant and Machinery	Furniture, Fixtures and Office Equipments (FFOE)	Vehicles	Leased FFOE and Vehicles	Railway Sidings	Total
Cost/Deemed cost as at April 1, 2016	16,499.12	11,057.73	73,865.03	414.35	335.35	0.33	756.84	1,02,928.75
Additions	299.98	977.74	25,780.03	157.13	26.80	0.38	609.28	27,851.34
Disposals	(20.26)	(130.22)	(1,013.11)	(4.43)	(8.91)	-	-	(1,176.93)
Disposal of group undertakings	(15.77)	(290.07)	(1,576.92)	(3.14)	(1.22)	-	-	(1,887.12)
Re-classified as held for sale	-	-	(457.29)	-	-	-	-	(457.29)
Other re-classifications	8.02	0.14	44.83	3.00	-	-	-	55.99
Exchange differences on consolidation	(225.66)	(474.25)	(3,180.80)	(23.48)	(0.34)	(0.02)	(16.59)	(3,921.14)
Cost /Deemed cost as at March 31, 2017	**16,545.43**	**11,141.07**	**93,461.77**	**543.43**	**351.68**	**0.69**	**1,349.53**	**1,23,393.60**
Accumulated Impairment as at April 1, 2016	302.36	250.67	2,323.42	3.91	0.40	-	18.13	2,898.89
Charge for the year	10.16	22.21	245.82	(0.10)	(0.09)	-	-	278.00
Disposals	-	(0.01)	(47.51)	-	-	-	-	(47.52)
Re-classified as held for sale	-	-	(255.12)	-	-	-	-	(255.12)
Other re-classifications	(0.78)	(0.02)	(55.97)	-	-	-	-	(56.77)
Exchange differences on consolidation	(38.29)	(23.12)	(230.18)	(0.14)	(0.05)	-	(2.70)	(294.48)
Accumulated impairment as at March 31, 2017	**273.45**	**249.73**	**1,980.46**	**3.67**	**0.26**	**-**	**15.43**	**2,523.00**
Accumulated Depreciation as at April 1, 2016	289.34	3,828.48	28,831.82	266.29	143.25	0.05	101.39	33,460.62
Charge for the year	108.39	432.02	4,698.62	91.55	34.07	0.26	51.24	5,416.15
Disposals	-	(83.59)	(849.83)	(4.03)	(6.50)	-	-	(943.95)
Disposal of group undertakings	-	(158.18)	(1,122.48)	(0.04)	-	-	-	(1,280.70)
Re-classified as held for sale	-	-	(102.72)	-	-	-	-	(102.72)
Other re-classifications	(0.02)	(2.17)	29.97	(3.07)	(0.02)	-	-	24.69
Exchange differences on consolidation	(0.17)	(318.42)	(2,239.45)	(18.12)	0.05	(0.02)	(7.95)	(2,584.08)
Accumulated depreciation as at March 31, 2017	**397.54**	**3,698.14**	**29,245.93**	**332.58**	**170.85**	**0.29**	**144.68**	**33,990.01**
Net carrying value as at April 1, 2016	15,907.42	6,978.58	42,709.79	144.15	191.70	0.28	637.32	66,569.24
Net carrying value as at March 31, 2017	**15,874.44**	**7,193.20**	**62,235.38**	**207.18**	**180.57**	**0.40**	**1,189.42**	**86,880.59**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT & EQUIPMENT (CONTD.)

(₹ crore)

	Land including roads	Buildings	Plant and Machinery	Furniture, Fixtures and Office Equipments (FFOE)	Vehicles	Leased FFOE and Vehicles	Railway Sidings	Total
Cost/Deemed cost as at April 1, 2015	16,151.73	10,247.30	68,583.15	387.39	307.02	0.17	699.66	96,376.42
Additions	163.61	451.56	3,077.50	44.45	34.04	0.15	38.35	3,809.66
Disposals	(15.04)	(80.75)	(913.26)	(13.38)	(10.00)	-	-	(1,032.43)
Re-classified as held for sale	-	-	21.77	-	-	-	-	21.77
Other re-classifications	(17.45)	(26.87)	111.35	9.37	3.20	-	1.79	81.39
Exchange differences on consolidation	216.27	466.49	2,984.52	(13.48)	1.09	0.01	17.04	3,671.94
Cost/Deemed cost as at March 31, 2016	**16,499.12**	**11,057.73**	**73,865.03**	**414.35**	**335.35**	**0.33**	**756.84**	**1,02,928.75**
Accumulated Impairment as at April 1, 2015	285.85	222.10	1,861.65	0.87	0.23	-	17.61	2,388.31
Charge for the year	4.50	8.44	314.01	3.66	1.18	-	-	331.79
Disposals	-	(0.32)	(0.94)	(0.30)	(1.02)	-	-	(2.58)
Other re-classifications	-	(0.04)	117.67	(0.53)	-	-	-	117.10
Exchange differences on consolidation	12.01	20.49	31.03	0.21	0.01	-	0.52	64.27
Accumulated impairment as at March 31, 2016	**302.36**	**250.67**	**2,323.42**	**3.91**	**0.40**	**-**	**18.13**	**2,898.89**
Accumulated Depreciation as at April 1, 2015	234.10	3,089.31	23,119.42	230.39	118.29	-	47.05	26,838.56
Charge for the year	55.18	491.57	4,540.02	65.20	31.35	0.05	51.07	5,234.44
Disposals	-	(41.42)	(809.10)	(10.52)	(6.88)	-	-	(867.92)
Re-classified as held for sale	-	-	0.72	-	-	-	-	0.72
Other re-classifications	-	1.09	1.04	0.48	0.06	-	-	2.67
Exchange differences on consolidation	0.06	287.93	1,979.72	(19.26)	0.43	-	3.27	2,257.15
Accumulated depreciation as at March 31, 2016	**289.34**	**3,828.48**	**28,831.82**	**266.29**	**143.25**	**0.05**	**101.39**	**33,460.62**
Net carrying value as at April 1, 2015	15,631.78	6,935.89	43,602.08	156.13	188.50	0.17	635.00	67,149.55
Net carrying value as at March 31, 2016	**15,907.42**	**6,978.58**	**42,709.79**	**144.15**	**191.70**	**0.28**	**637.32**	**66,569.24**

(i) The net carrying value of land comprises of:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Leasehold land			
Cost/Deemed cost	26.84	46.49	43.30
Accumulated depreciation and impairment losses	1.22	1.02	0.07
	25.62	**45.47**	**43.23**
Freehold land	15,848.82	15,861.95	15,588.55
	15,874.44	**15,907.42**	**15,631.78**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT & EQUIPMENT (CONTD.)

(ii) The net carrying value of building comprises of:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Leasehold building			
Cost/Deemed cost	359.11	445.68	381.90
Accumulated depreciation and impairment losses	175.92	167.69	124.99
	183.19	**277.99**	**256.91**
Freehold building	7,010.01	6,700.59	6,678.98
	7,193.20	**6,978.58**	**6,935.89**

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

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April1, 2015
Assets held under finance leases			
Cost/Deemed cost	4,286.06	3,619.98	3,399.17
Accumulated depreciation and impairment losses	2,066.55	2,025.94	1,895.58
	2,219.51	**1,594.04**	**1,503.59**
Owned assets	**60,015.87**	**41,115.75**	**42,098.49**
	62,235.38	**42,709.79**	**43,602.08**

(iv) 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	142.38	140.72	154.93
Accumulated depreciation and impairment losses	101.88	90.39	95.56
	40.50	**50.33**	**59.37**
Office equipments			
Cost/Deemed cost	401.05	273.63	232.46
Accumulated depreciation and impairment losses	234.37	179.81	135.70
	166.68	**93.82**	**96.76**
	207.18	**144.15**	**156.13**

(v) ₹**284.22** crore (2015-16: ₹1,283.35 crore) of borrowing costs has been capitalised during the year on qualifying assets. The capitalisation rate ranges between **0.34% to 9.50%** (2015-16: 0.18% to 9.50%).

(vi) Rupee liability has increased by ₹**136.22** crore (2015-16: ₹110.63 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 ₹**3.60** crore (2015-16: ₹6.90 crore) on account of this adjustment.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT & EQUIPMENT (CONTD.)

(vii) With effect from April 1, 2016, the Company and some of its subsidiaries have 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.

(viii) During the year, the Group recognised an impairment charge of ₹**503.46** crore (2015-16:1,909.74 crore) against property, plant and equipment (including CWIP). The impairments were primarily contained in the European, South-east Asian and mining businesses.

Within the European business, consistent with annual test for impairment of goodwill as at March 31, 2017, property, plant and equipment (including CWIP) were also tested for impairment as at that date where indicators of impairment existed. The outcome of the test indicated that the value in use of certain CGU's within the European business against which the property, plant and equipment (including CWIP) is included, using a discount rate of **7.80%** (2015-16: 7.40%) was lower than its carrying value due to a significant detoriation of trading conditions, which are expected to remain weak over the medium term. Accordingly, an impairment charge of ₹**410.87** crore (2015-16: ₹ 438.55 crore) was recognised which was contained in the following units : Strip Products MLE ₹**79.04** crore (2015-16: ₹ Nil crore), Longs UK ₹**35.13** crore (2015-16: ₹ 323.57 crore), Speciality and bar business ₹**122.95** crore (2015-16: ₹ 24.02 crore), Packaging ₹ **79.04** crore (2015-16: ₹ 17.65 crore), tubes ₹**17.56** (2015-16: ₹11.77 crore) and other smaller UK downstream business ₹**77.15** crore (2015-16: ₹ 61.54 crore).

Out of the total impairment recognised during the year, ₹**148.37** crore has been included within exceptional items with the balance being primarily included in profit and loss from discontinued operations.

Within the South East Asian business, impairment charge of ₹**90.52** crore (2015-16: Nil) was recognised during the year which primarily relates to the Thailand operations. The impairment relates to assets, which are not under operations and where the carrying value exceeded the recoverable value based on fair of such assets. The fair value is based on interests expressed by potential unrelated buyer for such assets. The impairment recognised has been included within exceptional items in the consolidated statement of profit and loss.

During the year ended March 31, 2016, significant volatility in commodity prices triggered an impairment assessment for mining operations carried out by the Group. This resulted in an impairment of ₹1,306.54 crore being recognised for mining operations carried out by the Group in Canada. The recoverable value was based on value in use using cash flow projections for 16 years and a discount rate of 8.30%. The impairment recognised has been included within exceptional items in the consolidated statement of profit and loss.

The balance impairment charge for the year ended March 31, 2017 amounting to ₹**2.07** crore (2015-16: ₹164.65 crore) relates to other small businesses within the Group.

The Group has conducted sensitivity analysis on the impairment tests of the carrying value of the Group's CGUs and property, plant and equipment. The directors believe that no reasonably possible change in any of the key assumptions used in the value in use calculations would cause the carrying value of property, plant and equipment in any CGU to materially exceed its value in use.

(ix) The details of property, plant and equipment pledged against borrowings are presented in Note 22.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4. LEASES

The Group has taken land, buildings, 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 Group:

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, assets dedicated for use under long term arrangements, and time charter hire vessels with lease period varying from 2 to 7 years. 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. Payments linked to changes in inflation index under lease arrangements have been considered as contingent rent and recognised in the consolidated statement of profit and loss as and when incurred.

Future minimum rentals payable under non-cancellable operating leases are as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Not later than one year	673.50	920.36	954.25
Later than one year but not later than five years	1,479.80	2,980.52	3,052.59
Later than five years	2,589.76	2,424.88	2,798.17
	4,743.06	**6,325.76**	**6,805.01**

During the year ended March 31, 2017, total operating lease rental recognised in the consolidated statement of profit and loss was ₹**949.62**crore, (2015-16: ₹964.69 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	592.56	218.27	555.42	242.54	515.00	203.26
Later than one year but not later than five years	2,019.93	758.36	1,788.86	754.79	1,704.83	660.60
Later than five years	4,739.86	2,068.83	3,945.33	1,742.87	4,148.49	1,769.86
Total future minimum lease commitments	**7,352.35**	**3,045.46**	**6,289.61**	**2,740.20**	**6,368.32**	**2,633.72**
Less: future finance charges	4,306.89		3,549.41		3,734.60	
Present value of minimum lease payments	**3,045.46**		**2,740.20**		**2,633.72**	
Disclosed as:						
Non-current borrowings (Refer Note 22)	2,826.83		2,513.62		2,438.62	
Other financial liabilities - Current (Refer Note 23)	218.63		226.58		195.10	
	3,045.46		**2,740.20**		**2,633.72**	

5. GOODWILL ON CONSOLIDATION

(₹ crore)

	As at March 31, 2017	As at March 31, 2016
Cost as at beginning of the year	5,529.07	5,380.28
Exchange differences on consolidation	(788.77)	148.79
Cost as at end of the year	**4,740.30**	**5,529.07**
Impairment as at beginning of year	1,461.51	1,419.43
Exchange differences on consolidation	(215.94)	42.08
Impairment as at end of the year	**1,245.57**	**1,461.51**
Net carrying value as at beginning of the year	**4,067.56**	**3,960.85**
Net carrying value as at end of the year	**3,494.73**	**4,067.56**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5. GOODWILL ON CONSOLIDATION (CONTD.)

The carrying value predominantly relates to the goodwill that arose on the acquisition of erstwhile Corus Group Plc. and has been tested against the recoverable amount of Strip Products Mainland Europe cash generating unit (CGU) by the Tata Steel Europe, a wholly owned subsidiary of the Tata Steel Group. This goodwill relates to expected synergies from combining Corus' activities with those of the Group and to assets, which could not be recognised as separately identifiable intangible assets. The goodwill is tested annually for impairment more frequently if there are any indications that the goodwill may be impaired.

The recoverable amount of Strip Products Mainland Europe CGU has been determined from a value in use calculation. The calculation uses cash flow forecasts based on the most recently approved financial budgets and strategic forecasts which cover a period of three years and future projections taking the analysis out to 15 years. Key assumptions for the value in use calculation are those regarding expected changes to selling prices and raw material costs, EU steel demand, exchange rates and a discount rate of **7.8%** (March 31, 2016: 7.4%, April 1, 2015: 8.0%). Changes in selling prices, raw material costs, exchange rates and EU steel demand are based on expectations of future changes in the steel market based on external market sources. A nil growth rate is used to extrapolate the cash flow projections beyond the three-year period of the financial budgets to 15 years The pre-tax discount rate is derived from the Tata Steel Europe (TSE) weighted average cost of capital (WACC) and the WACCs of its main European steel competitors. The outcome of the Group's goodwill impairment test as at March 31, 2017 for the Strip Products Mainland Europe CGU resulted in no impairment of goodwill (March 31, 2016: Nil).

The directors believe that no reasonably possible change in any of the key assumptions used in the value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

6. OTHER INTANGIBLE ASSETS

(₹ crore)

	Patents and Trademarks	Development costs	Software costs	Mining assets	Other intangible assets	Total
Cost/Deemed cost as at April 1, 2016	9.27	488.08	314.85	2,204.28	2,634.23	5,650.71
Additions	0.08	35.23	141.81	800.46	1.22	978.80
Disposals	-	(257.13)	(14.56)	-	(2,346.10)	(2,617.79)
Disposal of group undertakings	(0.40)	(0.68)	(5.12)	-	-	(6.20)
Other re-classifications	-	-	(1.78)	(609.35)	-	(611.13)
Exchange differences on consolidation	1.21	(26.28)	(9.91)	4.06	(195.41)	(226.33)
Cost/Deemed cost as at March 31, 2017	**10.16**	**239.22**	**425.29**	**2,399.45**	**93.94**	**3,168.06**
Accumulated impairment as at April 1, 2016	-	-	0.50	124.45	1,401.79	1,526.74
Charge for the year	-	-	0.20	1.13	-	1.33
Disposals	-	-	-	-	(1,265.72)	(1,265.72)
Other re-classifications	-	-	(0.21)	-	-	(0.21)
Exchange differences on consolidation	-	-	(0.07)	(3.01)	(105.42)	(108.50)
Accumulated impairment as at March 31, 2017	**-**	**-**	**0.42**	**122.57**	**30.65**	**153.64**
Accumulated amortisation as at April 1, 2016	5.97	390.73	213.24	758.55	1,192.52	2,561.01
Charge for the year	0.71	45.43	47.40	188.31	4.56	286.41
Disposals	-	(257.13)	(14.52)	-	(1,080.39)	(1,352.04)
Disposal of group undertakings	(0.40)	(0.68)	(1.66)	-	-	(2.74)
Other re-classifications	-	-	(1.47)	-	-	(1.47)
Exchange differences on consolidation	1.43	(19.06)	(1.63)	1.26	(89.98)	(107.98)
Accumulated amortisation as at March 31, 2017	**7.71**	**159.29**	**241.36**	**948.12**	**26.71**	**1,383.19**
Net carrying value as at April 1, 2016	3.30	97.35	101.11	1,321.28	39.92	1,562.96
Net carrying value as at March 31, 2017	**2.45**	**79.93**	**183.51**	**1,328.76**	**36.58**	**1,631.23**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

6. OTHER INTANGIBLE ASSETS (CONTD.)

(₹ crore)

	Patents and Trademarks	Development costs	Software costs	Mining assets	Other intangible assets	Total
Cost/Deemed cost as at April 1, 2015	4.99	397.03	275.70	3,440.28	2,558.80	6,676.80
Additions	0.06	42.60	35.27	1,482.37	0.03	1,560.33
Disposals	(0.19)	-	(8.75)	(6.46)	-	(15.40)
Other re-classifications	-	-	0.48	(2,779.02)	2.74	(2,775.80)
Exchange differences on consolidation	4.41	48.45	12.15	67.11	72.66	204.78
Cost/Deemed cost as at March 31, 2016	**9.27**	**488.08**	**314.85**	**2,204.28**	**2,634.23**	**5,650.71**
Accumulated impairment as at April 1, 2015	-	-	0.02	-	1,364.38	1,364.40
Charge for the year	-	-	0.50	126.07	-	126.57
Reversals during the year	-	-	(0.01)	-	(1.79)	(1.80)
Exchange differences on consolidation	-	-	(0.01)	(1.62)	39.20	37.57
Accumulated impairment as at March 31, 2016	**-**	**-**	**0.50**	**124.45**	**1,401.79**	**1,526.74**
Accumulated amortisation as at April 1, 2015	1.45	307.25	179.91	683.85	1,152.78	2,325.24
Additions through business combinations	-	-	-	-	-	-
Charge for the period	0.49	45.37	34.09	78.31	6.29	164.55
Disposals	-	-	(8.68)	(2.68)	-	(11.36)
Exchange differences on consolidation	4.03	38.11	7.92	(0.93)	33.45	82.58
Accumulated amortisation as at March 31, 2016	**5.97**	**390.73**	**213.24**	**758.55**	**1,192.52**	**2,561.01**
Net carrying value as at April 1, 2015	3.54	89.78	95.77	2,756.43	41.64	2,987.16
Net carrying value as at March 31, 2016	**3.30**	**97.35**	**101.11**	**1,321.28**	**39.92**	**1,562.96**

(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 Group recognised an impairment charge of ₹ **1.13** crore (2015-16: ₹ 35.92 crore) which was contained within India operations and related to expenditures incurred in connection with mines which are not being currently operated by the Group.

During the year ended March 31, 2016 significant volatility in commodity prices triggered an impairment assessment for mining operations carried out by the Group. This resulted in an impairment of ₹ **90.15** crore being recognised for mining operations carried out by the Group in Canada. The details of key assumptions used for impairment assessment are included in Note 3.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

7. EQUITY ACCOUNTED INVESTMENTS

(a) Associates:

(i) The Group has no material associates as at March 31, 2017. The aggregate summarised financial information in respect of the Group's immaterial associates that are accounted for using the equity method is as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Carrying value of the Group's interest in associates*	**231.62**	**220.74**	**225.48**

	Year ended March 31, 2017	Year ended March 31, 2016
Group's share of profit/(loss) in associates*	44.00	11.49
Group's share of other comprehensive income in associates	(5.02)	(0.30)
Group's share of total comprehensive income in associates	**38.98**	**11.19**

(ii) Fair value of investments in equity accounted associates for which published price quotation is available, which is a level 1 input, was ₹**130.35** crore (March 31, 2016: ₹136.30 crore and April 1, 2015: ₹167.23 crore). The carrying value of such investments is **Nil** (March 31, 2016: Nil; April 1, 2015: ₹22.71 crore) as the Group's share in net assets of such associates exceeds the cost of investments made.

(iii) Share of unrecognised loss in respect of equity accounted associates amounted to ₹**105.17** crore for the year ended March 31, 2017 (2015-16: ₹59.53 crore). Cumulative shares of unrecognised losses in respect of equity accounted associates as at March 31, 2017 amounted to ₹**209.08** crore. (March 31, 2016: ₹108.84 crore; April 1, 2015: ₹45.96 crore)

(iv) The Group did not recognise any impairment in respect of its equity accounted associates during the current year as well as in previous year.

(b) Joint ventures:

(i) The Company holds 51% of the 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. The decisions in respect of activities which significantly affect the risks and rewards of these respective entities, however require an unanimous consent of all the shareholders. These entities have therefore been accounted for as joint ventures.

(ii) The Group has no material joint ventures as at March 31, 2017. The aggregate summarised financial information in respect of the Group's immaterial joint ventures that are accounted for using the equity method is as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Carrying value of the Group's interest in joint ventures*	**1,362.06**	**1,399.67**	**1,494.13**

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Group's share of profit/(loss) in joint ventures*	(36.35)	(121.91)
Group's share of other comprehensive income in joint ventures	6.22	27.71
Group's share of total comprehensive income in joint ventures	**(30.13)**	**(94.20)**

(iii) Share of unrecognised losses in respect of equity accounted joint ventures amounted to ₹**26.12** crore for the year ended March 31, 2017 (2015-16: ₹288.63 crore). Cumulative shares of unrecognised losses in respect of equity accounted joint ventures as at March 31, 2017 amounted to ₹**974.32** crore. (March 31, 2016: ₹1,309.89 crore; April 1, 2015: ₹962.65 crore).

(iv) The Group did not recognise any impairment in respect of its equity accounted joint ventures during the current year as well as in previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

7. EQUITY ACCOUNTED INVESTMENTS (CONTD.)

(c) Summary of carrying value of the Group's interest in equity accounted investees:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Carrying value in immaterial associates	231.62	220.74	225.48
Carrying value in immaterial joint ventures	1,362.06	1,399.67	1,494.13
	1,593.68	**1,620.41**	**1,719.61**

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

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Share of profit/(loss) in immaterial associates	44.00	11.49
Share of profit/(loss) in immaterial joint ventures	(36.35)	(121.91)
	7.65	**(110.42)**

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

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Share of other comprehensive income in immaterial associates	(5.02)	(0.30)
Share of other comprehensive income of immaterial joint venture	6.22	27.72
	1.20	**27.42**

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

8. INVESTMENTS

(A) NON-CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	**Investment carried at amortised cost:**			
	Investments in Government or Trust securities	0.02	0.02	0.02
	Investments in Bonds and Debentures	49.91	34.16	0.20
		49.93	**34.18**	**0.22**
(b)	**Investments carried at fair value through other comprehensive income:**			
	Investments in Equity shares	4,858.82	4,015.45	10,770.14
		4,858.82	**4,015.45**	**10,770.14**
(c)	**Investments carried at fair value through the consolidated statement of profit and loss:**			
	Investments in Bonds and Debentures	244.72	345.43	361.41
	Investments in Equity shares	36.84	34.69	27.00
		281.56	**380.12**	**388.41**
		5,190.31	**4,429.75**	**11,158.77**

(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 consolidated statement of profit and loss:			
Investments in mutual funds	5,673.13	4,663.55	1,214.60
	5,673.13	**4,663.55**	**1,214.60**

(i) The carrying value and market value of quoted and unquoted investments is as follows:

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	**Quoted**			
	Carrying value	4,735.28	3,989.50	10,692.48
	Market value	4,735.28	3,989.50	10,692.48
(b)	**Unquoted#**			
	Carrying value	6,128.16	5,103.80	1,680.89

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

9. LOANS

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	197.25	188.51	124.16
	Unsecured, considered doubtful	1.31	1.42	1.75
	Less: Allowance for credit losses	1.31	1.42	1.75
		197.25	**188.51**	**124.16**
(b)	**Loans to related parties**			
	Unsecured, considered good	13.53	15.29	8.78
	Unsecured, considered doubtful	168.78	198.28	190.76
	Less: Allowance for credit losses	168.78	198.28	190.76
		13.53	**15.29**	**8.78**
(c)	**Other loans**			
	Unsecured, considered good	162.28	208.43	157.15
	Unsecured, considered doubtful	1,201.47	83.72	80.53
	Less: Allowance for credit losses	1,201.47	83.72	80.53
		162.28	**208.43**	**157.15**
		373.06	**412.23**	**290.09**

B. CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	**Security deposits**			
	Unsecured, considered good	34.77	27.84	33.59
	Unsecured, considered doubtful	0.23	-	-
	Less: Allowance for credit losses	0.23	-	-
		34.77	**27.84**	**33.59**
(b)	**Loans to related parties**			
	Unsecured, considered good	-	-	62.29
	Unsecured, considered doubtful	778.83	795.62	711.61
	Less: Allowance for credit losses	778.83	795.62	711.61
		-	**-**	**62.29**
(c)	**Other loans**			
	Unsecured, considered good	189.73	179.58	119.64
	Unsecured, considered doubtful	2.07	2.00	2.00
	Less: Allowance for credit losses	2.07	2.00	2.00
		189.73	**179.58**	**119.64**
		224.50	**207.42**	**215.52**

(i) Non-current security deposits include deposit with 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 joint ventures ₹**172.76** crore (March 31, 2016: ₹202.35; April 1, 2015: ₹194.14 crore) and associates ₹**9.55** crore (March 31, 2016: ₹11.22; April 1, 2015: ₹5.40 crore).

(iii) Current loans to related parties represent loans given to joint ventures ₹**778.83** crore (March 31, 2016: ₹795.62; April 1, 2015: ₹ 711.61 crore) and associates **Nil** (March 31, 2016: Nil; April 1, 2015: ₹62.29 crore).

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

10. OTHER FINANCIAL ASSETS

A. NON-CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	**Interest accrued on deposits, loans and advances**			
	Unsecured, considered good	2.43	2.79	6.74
	Unsecured, considered doubtful	0.27	0.27	-
	Less: Allowance for credit losses	0.27	0.27	-
		2.43	**2.79**	**6.74**
(b)	**Earmarked balances with bank**	**40.87**	**36.14**	**41.46**
(c)	**Other balances with banks**	**12.67**	**2.11**	**1.04**
(d)	**Other financial assets**			
	Unsecured, considered good	29.61	-	21.27
	Unsecured, considered doubtful	117.42	-	37.50
	Less: Allowance for credit losses	117.42	-	37.50
		29.61	**-**	**21.27**
		85.58	**41.04**	**70.51**

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	60.57	18.05	26.53
	Unsecured, considered doubtful	107.70	75.54	26.74
	Less: Allowance for credit losses	107.70	75.54	26.74
		60.57	**18.05**	**26.53**
(b)	**Other financial assets**			
	Unsecured, considered good	327.25	223.25	325.14
		327.25	**223.25**	**325.14**
		387.82	**241.30**	**351.67**

(i) Earmarked balances with bank represent fixed deposits placed as security with government bodies and margin money against issue of bank guarantees.

(ii) Other balances with banks, represent bank deposits not due for realisation within 12 months from the balance sheet date.

(iii) Non-current other financial assets include:

(a) advance against equity for purchase of shares in joint ventures **Nil** (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).

(iv) 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 Group.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

11. RETIREMENT BENEFIT ASSETS AND OBLIGATIONS

(I) RETIREMENT BENEFIT ASSETS

A. NON-CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Pension	1,752.14	11,476.77	1,330.50
(b)	Retiring gratuities	0.50	0.67	0.13
		1,752.64	**11,477.44**	**1,330.63**

(II) RETIREMENT BENEFIT OBLIGATIONS

A. NON-CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Pension	1,005.03	1,500.29	1,562.91
(b)	Retiring gratuities	233.05	179.50	575.84
(c)	Post-retirement medical benefits	1,201.83	1,043.51	1,018.59
(d)	Other defined benefits	226.36	206.18	196.03
		2,666.27	**2,929.48**	**3,353.37**

B. CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Pension	26.43	40.95	47.74
(b)	Retiring gratuities	3.29	-	-
(c)	Post-retirement medical benefits	54.80	53.98	48.59
(d)	Other defined benefits	10.68	16.15	13.98
		95.20	**111.08**	**110.31**

(i) Detailed disclosure in respect post retirement defined benefit schemes is provided in Note 38.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12. INCOME TAXES

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.

Apart from India, the major tax jurisdiction of the Group include Singapore, Thailand, United Kingdom and Netherlands. The number of years that are subject to tax assessments varies depending on tax jurisdiction.

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		**2,473.63**	**2,732.75**
Income tax expense at applicable tax rates applicable to individual entities		**469.36**	**(1,518.60)**
(a)	Tax on income at different rates	(32.01)	(2.29)
(b)	Additional tax benefit for capital investment including research & development expenditures	(131.65)	(66.75)
(c)	Items not deductible/income exempt from tax	1,292.55	2,686.45
(d)	Undistributed earning of subsidiaries, joint ventures and equity accounted investees	8.26	5.35
(e)	Deferred tax assets not recognised because realisation is not probable	1,774.16	884.18
(f)	Adjustments to current tax in respect of prior periods	(11.86)	(29.07)
(g)	Utilisation/credit of unrecognised tax losses unabsorbed depreciation and other tax benefits	(590.80)	(1,269.31)
Tax expense as reported		**2,778.01**	**689.96**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12. INCOME TAXES (CONTD.)

B. DEFERRED TAX ASSETS/(LIABILITIES)

(a) 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 profit or loss	Recognised in Other comprehensive Income	Recognised in equity	Disposal of group undertakings	Other reclassifications	Exchange differences on consolidation	Balance as at March 31, 2017
Deferred tax assets / (liabilities)								
Tax-loss carry forwards	2,477.63	(1,290.76)	-	-	-	0.24	(177.91)	1,009.20
Provisions	1,670.47	513.19	-	-	-	(3.39)	(28.47)	2,151.80
MAT credit entitlement	275.81	1,243.92	-	-	-	(6.43)	-	1,513.30
Others	22.37	52.15	(0.25)	-	-	-	(0.90)	73.37
	4,446.28	**518.50**	**(0.25)**	**-**	**-**	**(9.58)**	**(207.28)**	**4,747.67**
Deferred tax liabilities / (assets)								
Property plant and equipment	10,771.67	2,386.98	-	(10.84)	-	-	34.96	13,182.77
Intangible assets	28.12	29.01	-	-	-	-	8.61	65.74
Retirement benefit assets/ liabilities	1,808.61	(848.36)	(703.84)	-	15.51	-	(181.52)	90.40
Trade and other receivables	501.29	165.06	0.46	-	-	-	(83.11)	583.70
Others	130.03	(177.88)	13.82	-	5.31	7.77	(9.78)	(30.73)
	13,239.72	**1,554.81**	**(689.56)**	**(10.84)**	**20.82**	**7.77**	**(230.84)**	**13,891.88**
Net Deferred tax assets/ (liabilities)	**(8,793.44)**	**(1,036.31)**	**689.31**	**10.84**	**(20.82)**	**(17.35)**	**23.56**	**(9,144.21)**
Disclosed as :								
Deferred tax assets	**627.45**							**885.87**
Deferred tax liabilities	**9,420.89**							**10,030.08**
	(8,793.44)							**(9,144.21)**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12. INCOME TAXES (CONTD.)

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 profit or loss	Recognised in Other comprehensive Income	Recognised in equity	Disposal of group undertakings	Other reclassifications	Exchange differences on consolidation	Balance as at March 31, 2016
Deferred tax assets / (liabilities)								
Tax-loss carry forwards	1,618.94	772.01	-	-	-	(32.94)	119.62	2,477.63
Retirement benefit assets/ liabilities	6.29	(1,530.90)	(337.71)	-	-	-	53.71	(1,808.61)
Provisions	1,317.24	406.17	-	-	-	(56.78)	3.84	1,670.47
MAT credit entitlement	117.21	152.17	-	-	-	6.43	-	275.81
Others	22.10	(6.62)	(0.32)	-	-	-	-	15.16
	3,081.78	**(207.17)**	**(338.03)**	**-**	**-**	**(83.29)**	**177.17**	**2,630.46**
Deferred tax liabilities / (assets)								
Property plant and equipment	11,504.33	(795.92)	-	(15.89)	-	(0.47)	79.62	10,771.67
Intangible assets	81.67	(55.95)	-	-	3.13	-	(0.73)	28.12
Trade and other receivables	364.05	128.34	-	-	-	-	8.90	501.29
Others	257.24	(114.70)	(77.01)	-	(3.13)	25.59	34.83	122.82
	12,207.29	**(838.23)**	**(77.01)**	**(15.89)**	**-**	**25.12**	**122.62**	**11,423.90**
Net Deferred tax assets/ (liabilities)	**(9,125.51)**	**631.06**	**(261.02)**	**15.89**	**-**	**(108.41)**	**54.55**	**(8,793.44)**
Disclosed as :								
Deferred tax assets	**812.20**							**627.45**
Deferred tax liabilities	**9,937.71**							**9,420.89**
	(9,125.51)							**(8,793.44)**

(b) Deferred tax assets have not been recognised in respect of tax losses of ₹**48,041.91** crore (March 31, 2016: ₹56,541.95 crore; April 1, 2015: ₹50,811.34 crore) as its recovery is not considered probable in the foreseable future. These losses primarily relate to the Group's European operations.

(c) Unrecognised tax losses in respect of which deferred tax asset have not been recognised expire unutilised based on the year of origination as below:

(₹ crore)

	As at March 31, 2017
Not later than one year	66.21
Later than one year but less than five years	5,424.09
Later than five years but less than ten years	2,837.78
Later than ten years but less than twenty years	30.61
No expiry	39,683.22
	48,041.91

(d) Deferred tax assets have also not been recognised in respect of deductible temporary differences and unused tax credits of ₹**6,867.53** crore (March 31,2016: ₹2,660.87 crore; April 1, 2015: ₹2,532.38 crore) which do not carry an expiry date.

(e) At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries, joint ventures and associates for which deferred tax liabilities have not been recognised is ₹**10,228.02** crore (March 31, 2016: ₹9,883.61crore and April 1, 2015: ₹8,691.82 crore). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

13. OTHER ASSETS

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	618.16	835.18	1,052.50
	Unsecured, considered doubtful	88.61	75.88	2.45
	Less: Provision for doubtful advances	88.61	75.88	2.45
		618.16	**835.18**	**1,052.50**
(b)	Advance with public bodies			
	Unsecured, considered good	1,804.44	1,880.84	1,353.79
	Unsecured, considered doubtful	12.76	17.26	17.83
	Less: Provision for doubtful advances	12.76	17.26	17.83
		1,804.44	**1,880.84**	**1,353.79**
(c)	Prepaid lease payments	**925.67**	**854.40**	**699.87**
(d)	Capital advances to related parties			
	Unsecured, considered good	**32.54**	**7.30**	**19.57**
(e)	Other assets			
	Unsecured, considered good	294.15	264.51	228.70
	Unsecured, considered doubtful	19.34	11.90	13.08
	Less: Provision for doubtful advances	19.34	11.90	13.08
		294.15	**264.51**	**228.70**
		3,674.96	**3,842.23**	**3,354.43**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

13. OTHER ASSETS (CONTD.)

B. CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Capital advances			
	Unsecured, considered good	**0.55**	**0.34**	**-**
(b)	Advance with public bodies			
	Unsecured, considered good	1,394.09	1,316.66	1,198.29
	Unsecured, considered doubtful	2.85	3.08	1.85
	Less: Provision for doubtful advances	2.85	3.08	1.85
		1,394.09	**1,316.66**	**1,198.29**
(c)	Prepaid lease payments	**0.59**	**0.57**	**0.56**
(d)	Advances to related parties			
	Unsecured, considered good	**5.14**	**5.38**	**1.00**
(e)	Other assets			
	Unsecured, considered good	794.01	704.92	758.21
	Unsecured, considered doubtful	139.13	151.75	288.40
	Less: Provision for doubtful advances	139.13	151.75	288.40
		794.01	**704.92**	**758.21**
		2,194.38	**2,027.87**	**1,958.06**

(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 payments 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.

14. INVENTORIES

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Raw materials	8,020.23	5,152.94	7,901.33
(b)	Work-in-progress	4,378.75	4,301.09	4,652.24
(c)	Finished and semi-finished goods	9,045.31	7,252.49	8,440.88
(d)	Stock-in-trade	139.91	100.32	391.31
(e)	Stores and spares	3,219.62	3,206.49	3,207.60
		24,803.82	**20,013.33**	**24,593.36**
Included above, goods-in-transit:				
(i)	Raw materials	650.30	382.42	1,418.68
(ii)	Finished and semi-finished goods	138.55	30.29	210.56
(iii)	Stock-in-trade	97.09	65.31	23.85
(iv)	Stores and spares	142.85	160.70	151.31
		1,028.79	**638.72**	**1,804.40**

(i) The value of inventories above is stated after impairment of ₹**565.11** crore (March 31, 2016: ₹1,164.56 crore; April 1, 2015: ₹1,037.84 crore) for write-down to net realisable value and provision for slow moving and obsolete item.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

15. TRADE RECEIVABLES

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Unsecured considered good	11,586.82	12,066.22	13,579.77
(b) Unsecured considered doubtful	226.86	319.95	249.17
	11,813.68	**12,386.17**	**13,828.94**
Less: Allowance for credit losses	226.86	319.95	249.17
	11,586.82	**12,066.22**	**13,579.77**

In determining the allowances for credit losses of trade receivables, the Group 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	319.95	249.17
Change in consolidated statement of profit and loss	26.60	83.01
Utilised during the period	(42.44)	(7.44)
Disposal of group undertakings	(38.58)	-
Reclassified to assets held for sale	(1.09)	-
Exchange differences in consolidation	(37.58)	(4.79)
Balance at the end of the year	**226.86**	**319.95**

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

(₹ crore)

	As at March 31, 2017			
	Gross credit risk	Subject to credit insurance cover	Impairment provision	Net credit risk
Amounts not yet due	10,643.96	6,737.16	1.11	3,905.69
One month overdue	471.47	211.79	0.37	259.31
Two months overdue	113.74	73.66	0.02	40.06
Three months overdue	77.79	22.14	2.81	52.84
Between three to six months overdue	126.21	53.20	13.85	59.16
Greater than six months overdue	380.51	72.18	208.70	99.63
	11,813.68	**7,170.13**	**226.86**	**4,416.69**

(₹ crore)

	As at March 31, 2016			
	Gross credit risk	Subject to credit insurance cover	Impairment provision	Net credit risk
Amounts not yet due	10,235.58	6,889.99	12.68	3,332.91
One month overdue	1,100.36	806.33	0.79	293.24
Two months overdue	121.22	68.65	0.20	52.37
Three months overdue	116.78	19.77	3.12	93.89
Between three to six months overdue	203.90	57.61	21.06	125.23
Greater than six months overdue	608.33	254.63	282.10	71.60
	12,386.17	**8,096.98**	**319.95**	**3,969.24**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

15. TRADE RECEIVABLES (CONTD.)

(₹ crore)

	As at April 1, 2015			
	Gross credit risk	Subject to credit insurance cover	Impairment provision	Net credit risk
Amounts not yet due	12,169.01	8,268.81	26.48	3,873.72
One month overdue	796.91	544.05	1.91	250.95
Two months overdue	205.68	150.43	0.63	54.62
Three months overdue	167.99	99.27	24.46	44.26
Between three to six months overdue	181.08	122.28	24.78	34.02
Greater than six months overdue	308.27	61.59	170.91	75.77
	13,828.94	**9,246.43**	**249.17**	**4,333.34**

(iii) The Group considers its maximum exposure to credit risk with respect to customers as at March 31, 2017 to be ₹**4,416.69** crore (March 31, 2016: ₹3,969.24 crore; April 1, 2015: ₹4,333.34 crore), which is the fair value of trade receivables (after allowance for credit losses). The Group's exposure to customers is diversified and there is no concentration of credit risk with respect to any particular customer.

(iv) There are no outstanding receivable due from directors or officers of the respective entities.

16. CASH AND CASH EQUIVALENTS

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Cash in hand	0.80	0.75	1.38
(b)	Cheques, drafts on hand	29.44	34.29	54.10
(c)	Remittance in-transits	59.27	4.49	4.45
(d)	Unrestricted balances with banks	4,742.78	6,069.52	8,117.20
		4,832.29	**6,109.05**	**8,177.13**

Currency profile of cash and cash equivalents is as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
INR	1,444.16	1,284.70	792.95
GBP	614.63	(144.85)	1,435.60
EURO	(70.44)	2,002.92	1,300.29
USD	2,037.50	2,546.22	4,209.67
Others	806.44	420.06	438.62
Total	**4,832.29**	**6,109.05**	**8,177.13**

INR-Indian rupees, GBP- Great Britain Pound, USD-United states dollars.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(i) Others primarily include SGD-Singapore dollars, CAD- Canadian dollars and THB-Thai Baht.

17. OTHER BALANCES WITH BANK

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Earmarked balances with bank	88.76	77.29	71.34
	88.76	**77.29**	**71.34**

(a) Currency profile of Earmarked balances is as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
INR	74.16	70.43	64.36
USD	14.60	-	-
Others	-	6.86	6.98
Total	**88.76**	**77.29**	**71.34**

INR-Indian rupees, GBP- Great Britain Pound, USD-United States dollars.

(i) Others primarily include SGD-Singapore dollars, CAD-Canadian dollars and THB-Thai Baht.

(b) Earmarked balances with bank represents balances held for unpaid dividends, margin money against issue of bank guarantees and deposits made against contract performance.

(c) 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, are given below:

(₹)

	SBNs	ODNs	Total
Closing cash in hand as on November 8, 2016	54,93,500	15,07,262	70,00,762
Add: Unpermitted receipts	1,15,20,000	-	1,15,20,000
Add: Permitted receipts	23,36,000	7,81,04,948	8,04,40,948
Less: Unpermitted payments	70,000	-	70,000
Less: Permitted payments	-	1,23,92,544	1,23,92,544
Less: Amounts deposited in Banks	1,89,80,000	6,21,24,540	8,11,04,540
Closing cash in hand as on December 30, 2016	**2,99,500**	**50,95,126**	**53,94,626**

(i) 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.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

18. ASSETS AND LIABILITIES HELD FOR SALE

(a) On May 1, 2017, the Group's wholly owned subsidiary Tata Steel UK Limited completed the sale of its speciality steels business. As at March 31, 2017, the Speciality Steels business has been classified as a disposal group held for sale. Following this classification, a write down of ₹ **181.32** crore was recognised to reduce the carrying value of the assets in the disposal group to their fair value less costs to sell. The impairment charge has been included within profit/loss of discontinued operations in the consolidated statement of profit and loss.

The major classes of assets and liabilities held for sale as on the respective reporting dates is as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets classified as held for sale:			
Property, Plant and Equipment	-	21.05	-
Equity accounted investments	-	5.06	145.42
Inventories	778.12	-	-
Trade receivables	292.50	-	-
Cash and bank balances	1.03	-	-
Other financial assets	2.78	-	-
	1,074.43	26.11	145.42
Less: Write down to fair value less costs to sell	(181.32)	-	-
	893.11	**26.11**	**145.42**
Liabilities classified as held for sale:			
Non-current financial liabilities	8.89	-	-
Provisions	10.03	-	-
Other Non-current liabilities	0.01	-	-
Trade payables	228.51	-	-
Other financial liabilities	2.49	-	-
Short term provisions	27.16	-	-
Current tax liabilities	0.46	-	-
Other Current liabilities	12.21	-	-
	289.76	-	-

(b) As at March 31, 2017, the Group has also reclassified certain assets with carrying value of ₹ **98.31** crore pertaining to the South East Asian operations as held for sale since it expects to recover the carrying value principally through sale and is in the process of identifying a prospective buyer. The Group expects to complete the sale within a period of one year from the reporting date. The Group has recognised an impairment loss of ₹ **90.48** crore on reclassification of such items as held for sale which is included within the exceptional items in the consolidated statement of profit and loss.

(c) As at March 31, 2016, assets classified as held for sale relates to certain items of plant and machinery relating to European operations.

(d) On May 6, 2015, the Group's wholly owned subsidiary Tata Steel Nederland Consulting and Technical Services B.V. completed the sale of its 50% interest in Danieli Corus Technical Services B.V. to Industrielle Beteiligung S.A. (the other 50% shareholder) for proceeds of ₹ 167.47 crore, of which ₹ 49.26 crore is related to deferred consideration. Prior to the classification as held for sale, the Group's interest in Danieli Corus Technical Services B.V. was accounted for as an equity investment with a carrying value of ₹ 174.97 crore. On classification as held for sale at March 31, 2015, the Group has recognised an impairment charge of ₹ 29.55 crore to write down the carrying value of the equity investment to the fair value less costs to sell. On completion the Group has recognised a profit on disposal of ₹ 25.01 crore, including foreign exchange recycled to the consolidated statement of profit and loss. This has been included within exceptional items in the consolidated statement of profit and loss for the year ended March 31, 2016.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

19. EQUITY SHARE CAPITAL

(₹ 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 (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)	1,750.00	1,750.00	1,750.00
35,00,00,000	"A" Ordinary Shares of ₹10 each (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)	350.00	350.00	350.00
2,50,00,000	Cumulative Redeemable Preference Shares of ₹100 each (March 31, 2016: 2,50,00,000 Shares of ₹100 each) (April 1, 2015: 2,50,00,000 Shares of ₹100 each)	250.00	250.00	250.00
60,00,00,000	Cumulative Convertible Preference Shares of ₹100 each (March 31, 2016: 60,00,00,000 Shares of ₹100 each) (April 1, 2015: 60,00,00,000 Shares of ₹100 each)	6,000.00	6,000.00	6,000.00
		8,350.00	**8,350.00**	**8,350.00**
Issued:				
97,21,26,020	Ordinary Shares of ₹10 each (March 31, 2016: 97,21,26,020 Ordinary Shares of ₹10 each) (April 1, 2015: 97,21,26,020 Ordinary Shares of ₹10 each)	972.13	972.13	972.13
Subscribed and Paid up:				
97,00,47,046	Ordinary Shares of ₹10 each fully paid up (March 31, 2016: 97,00,47,046 Ordinary Shares of ₹10 each) (April 1, 2015: 97,12,15,439 Ordinary Shares of ₹10 each)	970.04	970.04	971.21
	Amount paid up on 3,89,516 Ordinary Shares forfeited (March 31, 2016: 3,89,516 Shares of ₹10 each) (April 1, 2015: 3,89,516 Shares of ₹10 each)	0.20	0.20	0.20
		970.24	**970.24**	**971.41**

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

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

	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	**97,00,47,046**	970.24	97,12,15,439	971.41
Adjustment for cross holdings	-	-	11,68,393	1.17
Balance at the end of the year	**97,00,47,046**	**970.24**	**97,00,47,046**	**970.24**

(c) As at March 31, 2017, **3,01,183** Ordinary Shares (March 31, 2016: 3,01,183 ordinary shares and April 1, 2015: 3,01,183 ordinary shares) are kept in abeyance in respect of right issue of 2007.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

19. EQUITY SHARE CAPITAL (CONTD.)

(d) 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

(e) **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 Global Depositary Receipts (GDRs) which were issued during 1994 and 2009. Each GDR represents one underlying Ordinary Share.

(f) 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

19. EQUITY SHARE CAPITAL (CONTD.)

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

20. HYBRID PERPETUAL SECURITIES

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 Group 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 Group. 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 Group if in the six months preceding the relevant distribution payment date, the Group 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 Group does not have any redemption obligation, these have been classified as equity.

21. OTHER EQUITY

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, commodity contracts and interest rate swaps as cash flow hedges in respect of foreign exchange, commodity price and interest rate risks.

The details 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	(10.34)	(127.35)
Other comprehensive income recognised during the year	116.33	117.01
Balance at the end of the year	**105.99**	**(10.34)**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

21. OTHER EQUITY (CONTD.)

The details 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	344.74	204.15
Fair value changes reclassified to the statement of profit and loss/cost of underlying items	(188.96)	(72.22)
Tax impact on above (net)	(39.45)	(14.92)
	116.33	**117.01**

During the year, ineffective portion of cash flow hedges recognised in the consolidated 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 consolidated 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	2,955.52	9,734.97
Other comprehensive income recognised during the year	834.63	(3,408.30)
Transfers within equity	(1.75)	(3,371.15)
Balance at the end of the year	**3,788.40**	**2,955.52**

(c) Foreign currency translation reserve

Exchange differences arising on translation of assets, liabilities, income and expenses of the Group's foreign subsidiaries, associates and joint ventures are recognised in other comprehensive income and accumulated separately in foreign currency translation reserve. The amounts recognised are transferred to the consolidated statement of profit and loss on disposal of the related foreign subsidiaries, associates and joint ventures.

The details of movement in foreign currency translation reserve are as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	6,495.52	6,738.57
Other comprehensive income recognised during the year	2,038.95	(254.08)
Transfers within equity	-	11.03
Balance at the end of the year	**8,534.47**	**6,495.52**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

21. OTHER EQUITY (CONTD.)

B. OTHER CONSOLIDATED 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	18,871.66	18,871.66
Balance at the end of the year	**18,871.66**	**18,871.66**

(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.

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 mandatorily transfer a specified percentage of net profit to general reserve has been withdrawn.

(₹ crore)

	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	12,181.97	12,197.48
Adjustments for cross holding	-	21.78
Transfers within equity	-	(37.29)
Balance at the end of the year	**12,181.97**	**12,181.97**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

21. OTHER EQUITY (CONTD.)

(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 Group 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	133.11	133.11
Balance at the end of the year	**133.11**	**133.11**

(e) Special reserve

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

(₹ crore)

	As at March 31, 2017	As at March 31, 2016
Balance at the beginning of the year	6.19	5.77
Transfers within equity	0.47	0.42
Balance at the end of the year	**6.66**	**6.19**

(f) 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 consolidated 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	223.17	192.76
Additions during the year	191.39	42.04
Transfer to consolidated statement of profit and loss	(40.22)	(8.18)
Transfers within equity	(7.99)	(3.45)
Changes in ownership interests	1.75	-
Other movements	(15.28)	-
Balance at the end of the year	**352.82**	**223.17**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

22. BORROWINGS

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	2,420.66	2,338.91	2,232.35
	(ii) Term loans from banks and financial institutions	14,864.84	18,862.19	16,891.52
	(iii) Finance leases obligations	440.08	541.08	425.09
		17,725.58	**21,742.18**	**19,548.96**
(b)	**Unsecured**			
	(i) Bonds and debentures	21,219.30	20,343.25	19,938.02
	(ii) Non-convertible preference shares	19.97	19.97	19.97
	(iii) Term loans from banks and financial institutions	22,613.77	20,745.14	20,655.00
	(iv) Finance leases obligations	2,386.75	1,972.54	2,013.53
	(v) Deferred payment liabilities	9.61	5.58	2.53
	(vi) Other loans	47.29	44.12	73.55
		46,296.69	**43,130.60**	**42,702.60**
		64,022.27	**64,872.78**	**62,251.56**

B. CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	**Secured**			
	(i) Loans from banks and financial institutions	4,848.96	6,691.71	6,005.49
	(ii) Repayable on demand from banks and financial institutions	244.66	147.04	392.46
	(iii) Other Loans	19.41	4.59	2.08
		5,113.03	**6,843.34**	**6,400.03**
(b)	**Unsecured**			
	(i) Loans from banks and financial institutions	9,918.07	4,906.70	2,509.96
	(ii) Commercial papers	2,323.54	3,234.85	-
	(iii) Other loans	973.46	737.23	783.26
		13,215.07	**8,878.78**	**3,293.22**
		18,328.10	**15,722.12**	**9,693.25**

(a) As at March 31, 2017, ₹**22,838.61** crore (March 31, 2016: ₹28,585.52 crore; April 1, 2015: ₹25,949.00 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 Group are as below:

(i) Loans 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

22. BORROWINGS (CONTD.)

It 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 and 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) Term loans from banks/financial institution

The majority of the secured borrowings from banks and financial institutions relates to the senior facility arrangement of Tata Steel Europe, a wholly owned subsidiary of the Company. The facilities are secured by guarantees and debentures granted by material subsidiaries of Tata Steel Europe (other than Tata Steel Nederland B.V. and its subsidiaries) and by a pledge over the shares in Tata Steel Nederland B.V.

(iii) Commercial papers

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

(iv) Finance lease obligations

The Group has taken certain items of plant and machinery as lease for business purpose. In addition the Company has entered into long term arrangements whose fulfillment is dependent on the use of dedicated assets. Some of these arrangements have been assessed as being in the nature of lease and have been classified as finance leases.

Finance lease obligations represent the present value of minimum lease payments payable over the lease term. The arrangements have been classified as secured or unsecured based on the legal form.

(b) Bonds and debentures

The details of major unsecured borrowings taken by the Group are given below:

(i) The debentures issued by the Group are non convertible in nature with interest rates ranging from 2% to 11%.

ABJA Investment Company Pte Ltd. a wholly owned subsidiary of the Company has issued bonds that are listed on the Singapore Stock Exchange and Frankfurt Stock Exchange. Details of the bonds outstanding at the end of the year are as follows:

Issued on	Currency	Initial principal due (in millions)	Outstanding principal (in millions)			Interest rate	Redeemable on
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015		
July 2014	USD	1000	1000	1000	1000	5.95%	July 2024
July 2014	USD	500	500	500	500	4.85%	January 2020
May 2013	SGD	300	300	300	300	4.95%	May 2023

The above figures do not include current maturities of long term debt and finance lease obligations of ₹**664.12** crore (March 31, 2016: ₹1,392.03 crore; April 1, 2015: ₹4,848.48 crore).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

22. BORROWINGS (CONTD.)

(c) The currency and interest exposure of borrowings (including current maturities of long term debt and finance lease obligations) at the end of the reporting period is 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	15,862.80	10,819.76	26,682.56	15,050.46	13,731.89	28,782.35	12,878.24	11,588.73	24,466.97
GBP	172.69	4,643.07	4,815.76	479.95	5,663.89	6,143.84	527.14	5,554.88	6,082.02
EURO	957.11	14,270.14	15,227.25	1,182.61	15,527.78	16,710.39	983.88	13,312.05	14,295.93
USD	14,348.92	19,089.66	33,438.58	11,090.90	16,669.79	27,760.69	10,235.30	18,149.17	28,384.47
Others	1,722.96	1,127.38	2,850.34	1,837.86	751.80	2,589.66	1,963.81	1,600.09	3,563.90
Total	**33,064.48**	**49,950.01**	**83,014.49**	**29,641.78**	**52,345.15**	**81,986.93**	**26,588.37**	**50,204.92**	**76,793.29**

INR-Indian rupees, GBP- Great Britain Pound, USD-United states dollars.

(i) Others primarily include SGD-Singapore dollars, CAD- Canadian dollars and THB-Thai Baht.

(ii) 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, ₹**10,881.83** crore (March 31, 2016, ₹12,785.67; April 1, 2015, ₹14,782.33) has been hedged using interest rate swaps and collars, with contracts covering a period of more than one year.

(d) The maturity profile of Group'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	19,392.30	17,468.24	14,898.80
Later than one year but not two years	2,415.91	1,735.75	2,755.03
Later than two years but not three years	13,407.73	3,254.24	4,635.79
Later than three years but not four years	12,316.42	14,834.81	4,725.90
Later than four years but not five years	12,126.29	13,465.81	14,483.98
More than five years	29,031.25	36,553.17	40,916.15
	88,689.90	**87,312.02**	**82,415.65**
Less: Future finance charges on financial leases	4,306.89	3,549.41	3,734.60
Less: Capitalisation of transaction costs	1,368.52	1,775.68	1,887.76
	83,014.49	**81,986.93**	**76,793.29**

(e) Some of the Group's major financing arrangements include financial covenants, which require compliance to certain debt-equity ratios and debt coverage ratios in the various entities in the Group which have such covenants. Additionally, certain negative covenants may limit the Group'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

23. OTHER FINANCIAL LIABILITIES

A. NON-CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Interest accrued but not due	12.37	-	-
(b)	Creditors for other liabilities	96.41	454.42	900.55
		108.78	**454.42**	**900.55**

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	445.49	1,165.45	4,653.38
(b)	Current maturities of finance lease obligations	218.63	226.58	195.10
(c)	Interest accrued but not due	752.02	616.60	814.25
(d)	Unclaimed dividends	62.81	63.62	63.39
(e)	Creditors for other liabilities	4,836.56	4,828.87	4,802.44
		6,315.51	**6,901.12**	**10,528.56**

(i) Non-current and current creditors for other liabilities includes creditors for capital supplies and services of ₹**3,076.96** crore (March 31, 2016: ₹3,550.13 crore; April 1, 2015: ₹3,890.16 crore).

24. PROVISIONS

A. NON-CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Employee benefits	2,583.23	2,733.97	1,911.80
(b)	Insurance provisions	882.46	957.51	287.88
(c)	Others	814.00	749.00	773.81
		4,279.69	**4,440.48**	**2,973.49**

B. CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Employee benefits	398.94	829.39	324.80
(b)	Insurance provisions	-	3.00	1.49
(c)	Others	588.44	689.47	490.19
		987.38	**1,521.86**	**816.48**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

24. PROVISIONS (CONTD.)

(i) Non current and current provision for employee benefits include provision for leave salaries of ₹**1,094.03** crore (March 31, 2016: ₹986.28 crore; April 1, 2015: ₹913.55 crore). It also includes provision for early separation and disability scheme amounting to ₹**1,789.59** crore (March 31, 2016 : ₹1,968.94 crore; April 1, 2015: ₹1,131.54 crore).

(ii) The Insurance provisions relate to Crucible Insurance Company which underwrites marine cargo, public liability and retrospective hearing impairment policies of Tata Steel Europe. These provisions represent losses incurred but not yet reported in respect of risks retained by the Group rather then passed to third party insurers and include amounts in relation to certain disease insurance claims. Such provisions are subject to regular review and are adjusted as appropriate. The value of final insurance settlements is uncertain and so is the timing of the expenditure.

(iii) Others primarily include:

a. Provision for compensatory afforestation mine closure and rehabilitation obligations of ₹**529.31** crore (March 31, 2016: ₹226.13 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 in respect of onerous leases. The outstanding term of these leases ranges between 1 to 16 years.

(iv) The detail of movement in provision balances is as below:

As at March 31, 2017

(₹ crore)

	Insurance Provisions	Others	Total
Balance at the beginning of the year	960.51	1,438.47	2,398.98
Recognised during the year	126.23	537.03	663.26
Disposal of group undertakings	-	(351.73)	(351.73)
Utilised during the year	(49.87)	(113.51)	(163.38)
Classified as held for sale	-	(9.57)	(9.57)
Exchange differences on consolidation	(154.41)	(98.25)	(252.66)
Balance at the end of the year	**882.46**	**1,402.44**	**2,284.90**

As at March 31, 2016

(₹ crore)

	Insurance Provisions	Others	Total
Balance at the beginning of the year	289.37	1,264.00	1,553.37
Recognised during the year	715.23	300.93	1,016.16
Utilised during the year	(32.45)	(185.80)	(218.25)
Exchange differences on consolidation	(11.64)	59.34	47.70
Balance at the end of the year	**960.51**	**1,438.47**	**2,398.98**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

25. DEFERRED INCOME

A. NON-CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Grants relating to property, plant and equipment	1,979.19	2,339.12	2,229.81
(b)	Others	78.40	92.29	105.38
		2,057.59	**2,431.41**	**2,335.19**

B. CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Grants relating to property, plant and equipment	0.22	0.21	0.01
(b)	Others	22.30	3.49	3.07
		22.52	**3.70**	**3.08**

(i) Grants relating to property, plant and equipment relates to duty saved on import of capital goods and spares under the EPCG scheme. Under such scheme the Group 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 Group would be required to pay the duty saved along with interest to the regulatory authorities. Such grants recognised are released to the consolidated statement of profit and loss based on fulfillment of export obligations.

(ii) During the year, an amount of ₹**351.73** crore (2015-16: ₹5.24 crore) was released to consolidated statement of profit and loss on fulfillment of export obligations.

26. OTHER LIABILITIES

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	171.20	264.99	320.49
		226.51	**329.05**	**320.49**

B. CURRENT

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Advances received from customers	548.42	421.16	297.55
(b)	Employee recoveries and employer contributions	65.89	77.62	75.17
(c)	Statutory dues	3,683.41	3,104.33	2,442.32
(d)	Other credit balances	17.55	34.90	21.72
		4,315.27	**3,638.01**	**2,836.76**

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

27. TRADE PAYABLES

(₹ crore)

		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a)	Creditors for supplies and services	14,543.26	14,918.59	14,581.81
(b)	Creditors for accrued wages and salaries	4,031.20	3,638.11	3,484.85
		18,574.46	**18,556.70**	**18,066.66**

28. REVENUE FROM OPERATIONS

(₹ crore)

		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Sale of products	1,15,055.90	1,04,062.82
(b)	Sale of power and water	1,418.87	1,399.87
(c)	Income from town, medical and other services	207.80	220.49
(d)	Other operating income	737.37	656.74
		1,17,419.94	**1,06,339.92**

29. OTHER INCOME

(₹ crore)

		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Dividend income	73.03	67.09
(b)	Finance income	184.76	117.98
(c)	Net gain/(loss) on investments carried at fair value through consolidated statement of profit and loss	316.95	184.22
(d)	Net gain/(loss) on sale of non-current investments	0.97	-
(e)	Profit/(loss) on sale of capital assets (net of loss on assets sold/scrapped/written off)	0.15	33.56
(f)	Gain/(loss) on cancellation of forwards, swaps and options	(67.95)	(1.23)
(g)	Other miscellaneous income	19.56	10.60
		527.47	**412.22**

(i) Finance income includes:

(a) Income from financial assets carried at amortised cost of ₹**172.25** crore (2015-16: ₹109.76 crore).

(b) Income from financial assets carried at fair value through consolidated profit and loss of ₹**12.51** crore (2015-16: ₹8.22 crore).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

30. EMPLOYEE BENEFIT EXPENSES

(₹ crore)

		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Salaries and wages	14,011.31	13,784.22
(b)	Contribution to provident and other funds	2,735.44	3,226.55
(c)	Staff welfare expenses	505.47	576.86
		17,252.22	**17,587.63**

During the year, the Group 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**

31. FINANCE COSTS

(₹ crore)

		Year ended March 31, 2017	Year ended March 31, 2016
Interest expense on:			
(a)	Bonds, debentures, bank borrowings and others	4,978.26	5,190.81
(b)	Finance leases	378.16	313.95
		5,356.42	**5,504.76**
Less: Interest capitalised		284.22	1,283.35
		5,072.20	**4,221.41**

32. DEPRECIATION AND AMORTISATION EXPENSE

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of tangible and amortisation of intangible assets	5,685.67	5,319.76
Less : Amount released from specific grants	12.79	13.41
	5,672.88	**5,306.35**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

33. OTHER EXPENSES

(₹ crore)

		Year ended March 31, 2017	Year ended March 31, 2017
(a)	Consumption of stores and spares	7,881.07	8,287.91
(b)	Repairs to buildings	100.95	113.69
(c)	Repairs to machinery	5,332.98	5,534.34
(d)	Relining expenses	141.00	117.95
(e)	Fuel oil consumed	467.12	486.27
(f)	Purchase of power	4,753.71	4,507.62
(g)	Conversion charges	2,343.14	1,980.39
(h)	Freight and handling charges	7,268.08	6,832.11
(i)	Rent	2,364.10	2,729.55
(j)	Royalty	1,188.46	997.72
(k)	Rates and taxes	1,644.30	1,157.33
(l)	Insurance charges	426.13	295.76
(m)	Commission, discounts and rebates	235.01	258.40
(n)	Allowance for credit loss/provision for advances	45.95	101.08
(o)	Excise duty (including recovered on sales)	5,120.52	4,375.20
(p)	Others	5,307.19	3,480.15
		44,619.71	**41,255.47**

(i) Other expenses include foreign exchange gain/(loss) of ₹**576.57** crore [2015-16: ₹(110.65) crore]

(ii) Revenue expenditure charged to consolidated statement of profit and loss in respect of research and development activities undertaken during the year is ₹**646.24** crore (2015-16: ₹637.55 crore)

34. EXCEPTIONAL ITEMS

(a) Profit on sale of investments in subsidiaries, associates and joint ventures of ₹**22.70** crore (2015-16: ₹47.17 crore)

(b) Profit on sale of assets amounting to ₹**85.87** crore (2015-16: Nil) of a subsidiary in South East Asia on liquidation.

(c) Provision for advances paid for repurchase of equity shares in Tata Teleservices Limited from NTT Docomo Inc. of ₹**125.45** crore (2015-16: Provision of ₹72.99 crore relating to advances paid for a project which the Company has decided to discontinue).

(d) Impairment loss recognised in respect of property, plant and equipment (including capital work-in-progress) and intangible assets of ₹**267.93** crore (2015-16: ₹1,530.17 crore)

The impairment loss relates to the reportable segments as below. The same however has been shown as an exceptional item and does not form part of segment result in the segment report:

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Tata Steel India	-	51.51
Other Indian Operations	1.44	-
Tata Steel Europe	148.37	81.97
South East Asian Operations	118.12	-
Rest of the World	-	1,396.69
	267.93	**1,530.17**

(e) Provision of ₹**218.25** crore for demands and claims in relation to the Indian operations (2015-16: ₹880.05 crore)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

34. EXCEPTIONAL ITEMS(CONTD.)

(f) Provision of ₹**207.37** crore on account of employee separation scheme in relation to the Indian operations (2015-16: ₹556.25 crore)

(g) Restructuring and other provisions of ₹**3,613.80** crore primarily include curtailment charge relating to closure of Tata Steel Europe's British Steel Pension Scheme (BSPS) to future accrual (2015-16: Represents a gain of ₹6,982.67 crore primarily on account of changes to BSPS and Stichting Pensioenfonds Hoogovens (SPH) scheme and other restructuring exercise relating to the European operations).

35. DISCONTINUED OPERATIONS

The recognition of non-current assets (or disposal group) as held for sale is dependent upon whether its carrying value will be recovered principally through a sale transaction rather than through continuing use. Significant judgement is required to assess whether the sale of the assets (or disposal group) is highly probable. A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale. Judgement is required to assess whether the component represents a separate major line of business or geographical area of operation, and is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation.

These businesses have been classified as discontinued operations during the current year following a coordinated plan to dispose of these businesses which do not form part of the Group's core Strip Products. The previous year figures have also been restated accordingly.

On May 31, 2016, the Group disposed of the trade and other assets of its Long Products Europe business to Greybull Capital LLP.

On February 9, 2017, the Group announced a definitive sales agreement to dispose of the trade and other assets of its Speciality Steels business. The disposal was completed on May 1, 2017.

The results of the discontinued operations in each of the reporting periods are as below:

(₹ crore)

	Year ended March 31, 2017	**Year ended March 31, 2016**
Revenue from operations	3,123.77	12,751.73
Other income	0.05	(2.27)
	3,123.82	**12,749.46**
Expenses		
Raw materials consumed	738.97	3,423.61
Purchases of finished, semi-finished and other products	257.81	418.15
Employee benefit expense	981.05	3,711.82
Finance costs	39.34	(18.39)
Depreciation and amortisation expense	16.89	86.73
Other expenses	1,860.62	7,612.99
	3,894.68	**15,234.91**
Profit/(loss) before tax from discontinued operations	**(770.86)**	**(2,485.45)**
Tax expenses:	**8.01**	**54.43**
(a) Current tax	10.31	47.28
(b) Deferred tax	(2.30)	7.15
Profit/(loss) after tax from discontinued operations	**(778.87)**	**(2,539.88)**
Profit/(loss) on disposal of discontinued operations	(3,085.32)	-
Total Profit/(loss) from discontinued operations	**(3,864.19)**	**(2,539.88)**

An impairment charge of ₹ **196.63** crore was recognised during the year being the write down to fair value less costs to sell for assets classified as held for sale.

During the year, discontinued operations resulted in an outflow of ₹ **500.59** crore (March 31, 2016: ₹ 1,255.08 crore) to the Group's net operating cash flows, an outflow of ₹ **105.39** crore (March 31, 2016: ₹ 529.49 crore) in respect of investing activities and an outflow of **Nil** (March 31, 2016: ₹ 19.61 crore) in respect of financing activities.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

36. DISPOSAL OF SUBSIDIARIES

On May 31,2016 the Group completed the sale of its long products Europe business to Greybull Capital LLP. On March 29, 2017, the Group also completed the sale of its subsidiary Kalzip (Guangzhou) Limited to Shangai Qinheng International Trade Co. Ltd

(a) The details of net assets disposed off and profit/(loss) on disposal is as below:

(₹ crore)

	Year ended March 31, 2017
Property,plant and equipment	608.17
Other Intangible assets	3.56
Deferred tax Assets	20.82
Inventories	1,421.22
Trade receivables	1,887.12
Cash and bank balances	30.99
Long term borrowings	(193.07)
Long term provisions	(49.43)
Non-Current retirement benefit obligations	(318.38)
Trade payables	(1,973.29)
Short term borrowings	(18.07)
Short term provisions	(314.52)
Current tax liabilities	(7.81)
Carrying value of net assets disposed off	**1,097.31**

(₹ crore)

	Year ended March 31, 2017
Sale consideration	(1,169.18)
Exchange differences recycled to consolidated statement of profit and loss	42.01
Transaction costs	48.87
Pension curtailment	(887.01)
Net consideration	(1,965.31)
Carrying value of net assets disposed off	1,097.31
Profit/(Loss) on disposal	**(3,062.62)**

(b) The net cash flow arising on disposal is as below:

(₹ crore)

	Year ended March 31, 2017
Consideration paid in cash and cash equivalents	(1,169.18)
Deferred consideration	87.82
Less: Cash and cash equivalents disposed off	30.99
Net cash flow arising on disposal	**(1,112.35)**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

37. EARNINGS PER SHARE

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 from continuing operations	(304.38)	2,042.79
	Less: Distribution on Hybrid Perpetual Securities (net of tax)	174.01	174.06
	Profit after tax from continuing operations attributable to Ordinary Shareholders - for Basic and Diluted EPS (A)	(478.39)	1,868.73
	Profit after tax from discontinued operations attributable to Ordinary Shareholders - for Basic and Diluted EPS (B)	(3,864.19)	(2,539.88)
	Profit after tax from continuing and discontinued operations attributable to Ordinary Shareholders - for Basic and Diluted EPS (A+B)	(4,342.58)	(671.15)
		Nos.	Nos.
(b)	Weighted average number of Ordinary Shares for Basic EPS	97,00,47,046	97,01,42,816
	Weighted average number of Ordinary Shares for Diluted EPS	97,00,47,100	97,01,42,816
(c)	Nominal value of Ordinary Shares (₹)	10.00	10.00
(d)	Basic and Diluted Earnings per Ordinary Share (₹) - continuing operations	(4.93)	19.26
	Basic and Diluted Earnings per Ordinary Share (₹) - discontinued operations	(39.84)	(26.18)
	Basic and Diluted Earnings per Ordinary Share (₹) - continuing and discontinued operations	(44.77)	(6.92)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

38. EMPLOYEE BENEFITS

A. Defined Contribution Plans

The Group 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 Group at rates specified by the rules of those plans. The only amounts included in the consolidated 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 Group 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 and its Indian subsidiaries are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company and its Indian subsidiaries 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 and its Indian subsidiaries, post contribution of amount specified under the law to Employee Provident Fund Organisation on account of employee pension scheme.

(b) Superannuation fund

The Company and some of its Indian subsidiaries have 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 and its Indian subsidiaries 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 and its Indian subsidiaries does not have any further obligations beyond this contribution.

The total expenses recognised in the consolidated statement of profit and loss during the year on account of defined contribution plans amounted to ₹**1,014.56** crore (2016: ₹841.10 crore).

B. Defined Benefit Plans

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

(a) Retiring gratuity

The Company and its Indian subsidiaries have an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 to 30 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Group makes annual contributions to gratuity funds established as trusts or insurance companies. The Company and its Indian subsidiaries 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 and some of its subsidiaries receive medical benefits subject to certain limits on amounts of benefits, periods after retirement and types of benefits, depending on their grade and location at the time of retirement. Employees separated from the Company and its subsidiaries under an early separation scheme, on medical grounds or due to permanent disablement are also covered under the scheme. The Company and such subsidiaries accounts for the liability for post-retirement medical scheme based on an actuarial valuation.

(c) Pension Plan

Tata Steel Europe operates a number of defined benefit pension and post-retirement schemes covering the majority of employees. The benefits offered by these schemes are largely based on pensionable pay and years of service at retirement. With the exception of certain unfunded arrangements, the assets of these schemes are held in administered funds that are legally separated from Tata Steel Europe. For those pension schemes set up under a trust, the trustees are required by law to act in the best interests of the schemes beneficiaries in accordance with the scheme rules and relevant pension legislation. The trustees are generally responsible for the investment policy with regard to the assets of the fund, after consulting with the sponsoring employer.

Tata Steel Europe accounts for all pension and post-retirement defined benefit arrangements using Ind AS 19 'Employee Benefits', with independent actuaries being used to calculate the costs, assets and liabilities to be recognised

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

38. EMPLOYEE BENEFITS (CONTD.)

in relation to these schemes. The present value of the defined benefit obligation, the current service cost and past service costs are calculated by these actuaries using the Projected unit credit method. However, the ongoing funding arrangements of each scheme, in place to meet their long term pension liabilities, are governed by the individual scheme documentation and national legislation. The accounting and disclosure requirements of Ind AS 19 do not affect these funding arrangements.

The principal defined benefit pension scheme of the Group at March 31, 2017 was the BSPS, which is the main scheme for historic and present employees based in the UK. The main scheme for historic and present employees in the Netherlands is the SPH which, from July 7, 2015, switched from being classified as a defined benefit scheme to a defined contribution scheme.

(d) Other defined benefits

Other benefits provided under unfunded schemes include pension payable to directors 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 Group to a number of actuarial risks as below:

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) Inflation risk: Some of the Group's Pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although), in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

C. Details of defined benefit obligation and plan assets:

(a) Retiring gratuity:

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

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Change in defined benefit obligation:		
Obligation at the beginning of the year	2,824.78	2,735.84
Current service costs	131.24	128.13
Interest costs	205.11	199.78
Remeasurement (gains)/losses	156.62	77.27
Benefits paid	(336.57)	(316.24)
Obligation at the end of the year	**2,981.18**	**2,824.78**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

38. EMPLOYEE BENEFITS (CONTD.)

(₹ 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	2,646.07	2,160.13
Interest income	198.90	177.57
Remeasurement gains/(losses)	56.93	46.22
Employers' contributions	179.94	578.39
Benefits paid	(336.50)	(316.24)
Fair value of plan assets at the end of the year	**2,745.34**	**2,646.07**

Amounts recognised in the consolidated 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 the beginning/end of the year	2,745.34	2,646.07	2,160.13
Present value of obligation at the beginning/end of the year	2,981.18	2,824.78	2,735.84
	(235.84)	**(178.71)**	**(575.71)**
Recognised as:			
Retirement benefit assets - Non-current	0.50	0.67	0.13
Retirement benefit liability - Current	(3.29)	-	-
Retirement benefit liability - Non-current	(233.05)	(179.38)	(575.84)
	(235.84)	**(178.71)**	**(575.71)**

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

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Employee benefits expenses:		
Current service costs	131.24	128.13
Net interest expenses/(income)	6.21	22.21
	137.45	**150.34**
Other comprehensive income:		
(Gain)/loss on plan assets	(56.93)	(46.22)
Actuarial (gain)/loss arising from changes in financial assumption	160.54	2.27
Actuarial (gain)/loss arising from changes in experience adjustments	(3.92)	75.00
	99.69	**31.05**
Expenses recognised in the consolidated statement of profit and loss	**237.14**	**181.39**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

38. EMPLOYEE BENEFITS (CONTD.)

(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 (%)			
Quoted			
Equity instruments	0.21	-	-
Debt instruments	29.53	31.40	39.58
Other assets	0.04	-	0.05
	29.78	**31.40**	**39.63**
Unquoted			
Debt instruments	0.42	0.42	0.45
Insurance products	69.32	67.35	59.14
Other assets	0.48	0.83	0.78
	70.22	**68.60**	**60.37**
	100.00	**100.00**	**100.00**

The Group'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 Group evaluates the risks, transaction costs and liquidity for potential investments. To measure plan assets performance, the Group 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
(a)	Discount rate	7.00-7.50%	7.50-7.80%	7.50-7.80%
(b)	Rate of escalation in salary	5.00-10.00%	5.00-10.00%	6.00-10.00%

(iv) The weighted average duration of the obligation as at March 31, 2017 ranges between **6 to 22** years (March 31, 2016: 6 to 15 years and April 1, 2015: 6 to 16 years).

(v) The Group expects to contribute ₹**234.17** crore to the plan during the 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.

As at March 31, 2017

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹210.17 crore, increase by ₹245.32 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹239.40 crore, decrease by ₹210.16 crore

As at March 31, 2016

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹193.37 crore, increase by ₹208.56 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹212.36 crore, decrease by ₹188.39 crore

As at April 1, 2015

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹184.99 crore, increase by ₹212.29 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹209.55 crore, decrease by ₹185.03 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

38. EMPLOYEE BENEFITS (CONTD.)

(b) Tata Steel Europe Pension Plan

(i) The following table sets out the amounts recognised in the consolidated financial statements for Tata Steel Europe's pension plans.

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Change in defined benefit obligations:		
Obligation at the beginning of the year	1,21,336.52	1,86,236.91
Current service costs	834.31	1,500.21
Interest costs	3,583.16	4,481.02
Past service costs	3,627.07	(7,697.15)
Remeasurement (gains)/losses	18,662.81	(7,811.38)
Employees' contributions	105.39	274.55
Curtailment	895.79	-
Settlements	-	(56,743.21)
Benefits paid	(6,832.59)	(7,020.59)
Obligations of companies disposed off	(878.23)	-
Exchange differences on consolidation	(19,388.02)	8,116.16
Obligation at the end of the year	**1,21,946.21**	**1,21,336.52**

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Change in plan assets:		
Fair value of plan assets at beginning of the year	1,31,204.14	1,85,888.76
Interest income	3,890.54	4,726.15
Remeasurement gains/(losses)	14,560.97	(5,814.54)
Employers' contributions	526.94	1,588.46
Employees' contributions	105.39	274.55
Settlements	-	(56,184.31)
Benefits paid	(6,797.46)	(6,981.37)
Assets of companies disposed off	(562.06)	-
Exchange differences on consolidation	(20,317.32)	7,706.44
Fair value of plan assets at end of the year	**1,22,611.14**	**1,31,204.14**

Amount recognised in the consolidated balance sheet consist of:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fair value of plan assets at the beginning/end of the year	1,22,611.14	1,31,204.14	1,85,888.76
Present value of obligation at the beginning/end of the year	1,21,946.21	1,21,336.52	1,86,236.91
	664.93	**9,867.62**	**(348.15)**
Recognised as:			
Retirement benefit assets - Non-current	1,752.14	11,476.77	1,330.50
Retirement benefit liability - Current	(27.07)	(46.21)	(52.83)
Retirement benefit liability - Non-current	(1,060.14)	(1,562.94)	(1,625.82)
	664.93	**9,867.62**	**(348.15)**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

38. EMPLOYEE BENEFITS (CONTD.)

Expenses recognised in the consolidated statement of profit and loss consist of:

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Employee benefit expenses:		
Current service costs	834.31	1,500.21
Past service costs	3,627.07	(7,697.15)
Net interest expenses/(income)	(307.38)	(245.13)
Settlements	-	(558.90)
Curtailments	895.79	-
	5,049.79	**(7,000.97)**
Other comprehensive income:		
Return on plan assets	(14,560.97)	5,814.54
Actuarial (gain)/loss arising from changes in demographic assumptions	(702.58)	-
Actuarial (gain)/loss arising from changes in financial assumption	20,199.17	(6,373.43)
Actuarial (gain)/loss arising from changes in experience adjustments	(833.78)	(1,437.95)
	4,101.84	**(1,996.84)**
Expenses recognised in the consolidated statement of profit and loss	**9,151.63**	**(8,997.81)**

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

(%)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets category (%)			
Quoted			
(a) Equity - UK Entities	0.79	8.02	5.96
(b) Equity - Non-UK Entities	8.79	19.08	22.28
(c) Bonds - Fixed rate	39.71	17.69	24.84
(d) Bonds - indexed linked	42.20	44.13	30.75
(e) Others	0.23	0.05	0.17
	91.72	**88.97**	**84.00**
Unquoted			
(a) Property	8.49	9.42	7.84
(b) Others	(0.21)	1.61	8.16
	8.28	**11.03**	**16.00**
	100.00	**100.00**	**100.00**

(iii) The key assumptions used in accounting for the pension plans is as below:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Discount rate	0.5-4.1%	0.4-4.1%	0.8-4.5%
(b) Rate of escalation in salary	1.0-3.0%	1.0-2.5%	1.0-3.0%
(c) Inflation rate	1.0-2.0%	1.0-3.0%	1.0-3.0%

(iv) The weighted average duration of the obligation as at March 31, 2017 is **16** years (March 31, 2016: 16 years and April 1, 2015: 16 years).

(v) The Group expects to contribute ₹**1,194.39** crore to the plan during the financial year 2017-18.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

38. EMPLOYEE BENEFITS (CONTD.)

(vi) The table below outlines the effect on obligation in the event of a decrease/ increase of 10 bps in the assumptions used.

As at March 31, 2017

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 10 bps, decrease by 10 bps	Decrease by 1.5%, increase by 1.5%
Rate of escalation in salary	Increase by 10 bps, decrease by 10 bps	Increase by 0.3%, decrease by 0.3%
Inflation rate	Increase by 10 bps, decrease by 10 bps	Increase by 1.2%, decrease by 1.2%

As at March 31, 2016

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 10 bps, decrease by 10 bps	Decrease by 1.5%, increase by 1.5%
Rate of escalation in salary	Increase by 10 bps, decrease by 10 bps	Increase by 0.3%, decrease by 0.3%
Inflation rate	Increase by 10 bps, decrease by 10 bps	Increase by 1.2%, decrease by 1.2%

As at April 1, 2015

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 10 bps, decrease by 10 bps	Decrease by 1.5%, increase by 1.5%
Rate of escalation in salary	Increase by 10 bps, decrease by 10 bps	Increase by 0.3%, decrease by 0.3%
Inflation rate	Increase by 10 bps, decrease by 10 bps	Increase by 1.4%, decrease by 1.4%

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.

(c) Post retirement medical and other defined benefit plans

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

(₹ crore)

	As at March 31, 2017		As at March 31, 2016	
	Medical	**Others**	**Medical**	**Others**
Change in defined benefit obligations:				
Obligations at the beginning of the year	1,097.49	154.42	1,067.18	142.01
Current service cost	19.89	11.83	18.22	12.27
Interest cost	82.41	9.04	80.69	8.69
Remeasurement (gain)/loss:				
(i) Actuarial (gain)/loss arising from changes in financial assumptions	128.33	8.98	0.28	3.22
(ii) Actuarial (gain)/loss arising from changes in experience adjustments	(10.23)	5.95	(16.54)	(0.44)
(iii) Actuarial (gain)/loss arising from changes in demographic assumptions	(0.02)	-	(0.02)	-
Exchange differences on consolidation	-	(0.20)	-	(0.35)
Benefits paid	(61.50)	(14.49)	(52.32)	(10.98)
Past service costs	0.26	5.76	-	-
Obligations at the end of the year	**1,256.63**	**181.29**	**1,097.49**	**154.42**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

38. EMPLOYEE BENEFITS (CONTD.)

Amounts recognised in the consolidated balance sheet consist 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 obligations at the beginning/end of the year	1,256.63	181.29	1,097.49	154.42	1,067.18	142.01
Recognised as:						
(a) Retirement benefit liability - Current	54.80	10.04	53.98	10.89	48.59	8.89
(b) Retirement benefit liability - Non-current	1,201.83	171.25	1,043.51	143.53	1,018.59	133.12

Expenses recognised in the consolidated statement of profit and loss consist of:

(₹ crore)

	As at March 31, 2017		As at March 31, 2016	
	Medical	**Others**	**Medical**	**Others**
Employee benefit expenses:				
Current service costs	19.89	11.83	18.22	12.27
Past service costs	0.26	5.76	-	-
Interest costs	82.41	9.04	80.69	8.69
	102.56	**26.63**	**98.91**	**20.96**
Other comprehensive income consist of:				
Actuarial (gain)/loss arising from changes in demographic assumption	(0.02)	-	(0.02)	-
Actuarial (gain)/loss arising from changes in financial assumption	128.33	8.98	0.28	3.22
Actuarial (gain)/loss arising from changes in experience adjustments	(10.23)	5.95	(16.54)	(0.44)
	118.08	**14.93**	**(16.28)**	**2.78**
Expenses recognised in the consolidated statement of profit and loss	**220.64**	**41.56**	**82.63**	**23.74**

(ii) The key assumptions used in accounting for the post-retirement medical benefits and other defined benefits is as below:

	As at March 31, 2017		As at March 2016		As at April 1, 2015	
	Medical	**Others**	**Medical**	**Others**	**Medical**	**Others**
(a) Discount rate	7.00-7.50%	0.51-7.75%	7.50-7.75%	0.51-7.75%	7.75-7.90%	3.02-7.90%
(b) Rate of escalation in salary	N.A.	4.95-15.00%	N.A.	5.00-15.00%	N.A.	4.00-15.00%
(c) Inflation rate	6.00-8.00%	4.00-8.00%	6.00-8.00%	4.00-8.00%	6.00-8.00%	4.00-8.00%

(iii) The weighted average duration of the post-retirement medical benefit obligations as at March 31, 2017 ranges between **4-10** years (March 31, 2016: 6-10 years and April 1, 2015: 6-10.5 years).

The weighted average duration of the other defined benefit obligations as at March 31, 2017 ranges between **6-12** years (March 31, 2016: 6-11 years and April 1, 2015: 6-10.5 years).

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38. EMPLOYEE BENEFITS (CONTD.)

(iv) The table below outlines the effect on the post-retirement medical benefit obligations 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 ₹166.77 crore, increase by ₹213.97 crore
Medical cost inflation rate	Increase by 1%, decrease by 1%	Increase by ₹203.91 crore, decrease by ₹162.92 crore

As at March 31, 2016

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹140.03 crore, increase by ₹170.96 crore
Medical cost inflation rate	Increase by 1%, decrease by 1%	Increase by ₹168.46 crore, decrease by ₹140.65 crore

As at April 1, 2015

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹135.83 crore, increase by ₹165.58 crore
Medical cost inflation rate	Increase by 1%, decrease by 1%	Increase by ₹163.34 crore, decrease by ₹136.77 crore

(v) The table below outlines the effect on other defined benefit obligations 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 ₹13.27 crore, increase by ₹14.18 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹14.29 crore, decrease by ₹12.42 crore
Inflation rate	Increase by 1%, decrease by 1%	Increase by ₹11.62 crore, decrease by ₹9.96 crore

As at March 31, 2016

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹13.13 crore, increase by ₹15.11 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹9.47 crore, decrease by ₹8.31 crore
Inflation rate	Increase by 1%, decrease by 1%	Increase by ₹7.87 crore, decrease by ₹6.96 crore

As at April 1, 2015

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase by 1%, decrease by 1%	Decrease by ₹9.90 crore, increase by ₹11.36 crore
Rate of escalation in salary	Increase by 1%, decrease by 1%	Increase by ₹5.10 crore, decrease by ₹4.46 crore
Inflation rate	Increase by 1%, decrease by 1%	Increase by ₹9.12 crore, decrease by ₹7.82 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

39. CONTINGENCIES AND COMMITMENTS

A. CONTINGENCIES

In the ordinary course of business, the Group faces claims and assertions by various parties. The Group 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 Group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its consolidated financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the consolidated 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 Group believes that none of the contingencies described below would have a material adverse effect on the Group's financial condition, results of operations or cash flows.

Litigations

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

Income Tax

The Group 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 Group as deductions and the computation of, or eligibility of the Group's use of certain tax incentives or allowances.

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

As at March 31, 2017, there are matters and/or disputes pending in appeal amounting to ₹**1,442.95** crore (March 31, 2016: ₹1,334.73 crore; April 1, 2015: ₹1,070.66 crore) which includes ₹**7.71** crore (March 31, 2016: ₹7.24 crore, April 1, 2015: ₹5.52 crore) in respect of equity accounted investees.

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.

Customs, Excise Duty and Service Tax

As at March 31, 2017, there were pending litigation for various matters relating to customs, excise duty and service taxes involving demands of ₹**804.84** crore (March 31, 2016: ₹741.96 crore, April 1, 2015: ₹691.76 crore), which includes ₹**43.35** crore (March 31, 2016: ₹41.42 crore, April 1, 2015: ₹42.17 crore) in respect of equity accounted investees.

Sales Tax /VAT

The total sales tax demands that are being contested by the Group amounted to ₹**438.06** crore (March 31, 2016: ₹622.74 crore, April 1, 2015: ₹477.97 crore), which includes ₹**28.10** crore (March 31, 2016: ₹9.12 crore, April 1, 2015: ₹7.04 crore) in respect of equity accounted investees.

Other Taxes, Dues and Claims

Other amounts for which the Group may contingently be liable aggregate to ₹**9,421.13** crore (March 31, 2016: ₹7,969.49 crore, April 1, 2015: ₹7,158.85 crore), which includes ₹**68.54** crore (March 31, 2016: ₹67.49 crore, April 1, 2015: ₹68.26) in respect of equity accounted investees.

The details of demands for more than ₹100 crore is 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

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39. CONTINGENCIES AND COMMITMENTS (CONTD.)

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 26.06.2015, 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 15 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.

(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 rate as on March 31, 2017: ₹**847.96** crore (March 31, 2016: ₹411.08 crore: April 1, 2015: ₹411.08 crore.

B. COMMITMENTS

(a) The Group has entered into various contracts with suppliers and contractors for the acquisition of plant and machinery, equipment and various civil contracts of capital nature amounting to ₹**6,737.88** crore, which includes ₹**21.80** crore in respect of equity accounted investees as at March, 2017 (₹9,173.79 crore, which includes ₹10.77 crore in respect of equity accounted investees as at March 31, 2016 and ₹9,739.60 crore which includes ₹5.15 crore in respect of equity accounted investees as at April 1, 2015), which are yet to be executed.

Other commitments amounts to ₹**0.01** crore which includes Nil in respect of equity accounted investees as at March 31, 2017 (₹0.01 crore which includes Nil in respect of equity accounted investees as at March 31, 2016, ₹0.01 crore which includes Nil in respect of equity accounted investees as at April 1, 2015.

(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, (minimal stake required to be able to provide a

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39. CONTINGENCIES AND COMMITMENTS (CONTD.)

corporate guarantee towards long-term debt), (d) ICICI Bank Limited to directly or indirectly continue to hold atleast 51% shareholding in Jamshedpur Continuous Annealing and 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) 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 and REC.

(g) T S Global Minerals Holdings Pte Ltd. (formerly known as Tata Steel Global Minerals Holdings Pte Ltd.), an indirect subsidiary and Riversdale Mining Pty Limited (formerly Riversdale Mining Limited) have executed a deed of cross charge in favour of each other to secure the performance of obligation under Joint Venture agreement and funding requirements of the Joint Venture Minas De Benga (Mauritius) Limited (formerly Rio Tinto Benga (Mauritius) Limited) upto a maximum amount of US$ 100 million on the shares of Minas De Benga (Mauritius) Limited and all of its present and future benefits and rights under the joint venture agreement.

(h) The Group has given guarantees aggregating ₹**223.78** crore (March 31, 2016: ₹323.44 crore, April 1, 2015: ₹337.29 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.

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

40. 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.

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40. OTHER SIGNIFICANT LITIGATIONS (CONTD.)

(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 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.
- 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 installment by October 15, 2015, second installment by November 15, 2015 and third installment 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

41. CAPITAL MANAGEMENT

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

The Group determines the amount of capital required on the basis of annual business plan of the entities within the Group coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations, long and short term bank borrowings and issue of non-convertible debt securities.

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

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

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

(₹ crore)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity share capital	970.24	970.24	971.41
Hybrid Perpetual Securities	2,275.00	2,275.00	2,275.00
Other equity	34,574.08	40,487.31	43,867.22
Equity attributable to shareholders of the Company	**37,819.32**	**43,732.55**	**47,113.63**
Non controlling interests	1,601.70	780.94	854.18
Total Equity (A)	**39,421.02**	**44,513.49**	**47,967.81**
Non-current borrowings	64,022.27	64,872.78	62,251.56
Current borrowings	18,328.10	15,722.12	9,693.25
Current maturities of non-current borrowings and finance lease obligations	664.12	1,392.03	4,848.48
Gross Debt (B)	**83,014.49**	**81,986.93**	**76,793.29**
Total Capital (A+B)	**1,22,435.51**	**1,26,500.42**	**1,24,761.10**
Gross Debt as above	83,014.49	81,986.93	76,793.29
Less: Current investments	5,673.13	4,663.55	1,214.60
Less: Cash and cash equivalents	4,832.29	6,109.05	8,177.13
Less: Other balances with bank (including non-current and earmarked balances)	142.30	115.54	113.84
Net Debt (C)	**72,366.77**	**71,098.79**	**67,287.72**
Net debt to equity	**1.72**	**1.54**	**1.40**

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

42. DISCLOSURES ON FINANCIAL INSTRUMENTS

This section gives an overview of the significance of financial instruments for the Group 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(r) to the consolidated financial statements.

(a) Financial assets and liabilities

The following table presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2017, 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 consolidated statement profit and loss	Total Carrying Value	Total Fair Value
Financial assets							
Cash and bank balances	4,921.05	-	-	-	-	4,921.05	4,921.05
Trade receivables	11,586.82	-	-	-	-	11,586.82	11,586.82
Investments	49.93	4,858.82	-	-	5,954.69	10,863.44	10,863.44
Derivatives	-	-	90.42	96.79	-	187.21	187.21
Loans	373.06					373.06	373.06
Other financial assets	697.90	-	-	-	-	697.90	697.90
	17,628.76	**4,858.82**	**90.42**	**96.79**	**5,954.69**	**28,629.48**	**28,629.48**
Financial liabilities							
Trade and other payables	18,574.46	-	-	-	-	18,574.46	18,574.46
Borrowings	83,014.49	-	-	-	-	83,014.49	84,870.68
Derivatives	-	-	221.47	632.18	-	853.65	853.65
Other financial liabilities	5,760.17	-	-	-	-	5,760.17	5,760.17
	1,07,349.12	**-**	**221.47**	**632.18**	**-**	**1,08,202.77**	**1,10,058.96**

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 consolidated statement profit and loss	Total Carrying Value	Total Fair Value
Financial assets							
Cash and bank balances	6,186.34	-	-	-	-	6,186.34	6,186.34
Trade receivables	12,066.22	-	-	-	-	12,066.22	12,066.22
Investments	34.18	4,015.45	-	-	5,043.67	9,093.30	9,093.30
Derivatives	-	-	296.67	45.77	-	342.44	342.44
Loans	412.23					412.23	412.23
Other financial assets	489.76	-	-	-	-	489.76	489.76
	19,188.73	**4,015.45**	**296.67**	**45.77**	**5,043.67**	**28,590.29**	**28,590.29**
Financial liabilities							
Trade and other payables	18,556.70	-	-	-	-	18,556.70	18,556.70
Borrowings	81,986.93	-	-	-	-	81,986.93	82,321.20
Derivatives			430.06	233.69	-	663.75	663.75
Other financial liabilities	5,963.51	-	-	-	-	5,963.51	5,963.51
	1,06,507.14	**-**	**430.06**	**233.69**	**-**	**1,07,170.89**	**1,07,505.16**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

42. DISCLOSURES ON FINANCIAL INSTRUMENTS (CONTD.)

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 consolidated statement profit and loss	Total Carrying Value	Total Fair Value
Financial assets							
Cash and bank balances	8,248.47					8,248.47	8,248.47
Trade receivables	13,579.77					13,579.77	13,579.77
Investments	0.22	10,770.14			1,603.01	12,373.37	12,373.37
Derivatives			615.77	969.74		1,585.51	1,585.51
Loans	290.09					290.09	290.09
Other financial assets	637.70					637.70	637.70
	22,756.25	**10,770.14**	**615.77**	**969.74**	**1,603.01**	**36,714.91**	**36,714.91**
Financial liabilities							
Trade and other payables	18,066.66					18,066.66	18,066.66
Borrowings	76,793.29					76,793.29	78,123.41
Derivatives			603.63	307.91		911.54	911.54
Other financial liabilities	6,580.63					6,580.63	6,580.64
	1,01,440.58	**-**	**603.63**	**307.91**	**-**	**1,02,352.12**	**1,03,682.23**

(i) Investments in mutual funds and derivative instruments are mandatorily classified as fair value through the consolidated 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 and liabilities, that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of 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 Group's over-the-counter (OTC) derivative contracts.

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

(₹ crore)

	As at March 31, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets:				
Investments in mutual funds	5,673.13	-	-	5,673.13
Investments in equity shares	4,490.38	-	405.28	4,895.66
Investments in bonds and debentures	244.72	-	-	244.72
Derivative financial assets	-	187.21	-	187.21
	10,408.23	**187.21**	**405.28**	**11,000.72**
Financial liabilities:				
Derivative financial liabilities	-	853.65	-	853.65
	-	**853.65**	**-**	**853.65**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

42. DISCLOSURES ON FINANCIAL INSTRUMENTS (CONTD.)

(₹ crore)

	As at March 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments in mutual funds	4,663.55	-	-	4,663.55
Investments in equity shares	3,643.86	-	406.28	4,050.14
Investments in bonds and debentures	345.43	-	-	345.43
Derivative financial assets	-	342.44	-	342.44
	8,652.84	**342.44**	**406.28**	**9,401.56**
Financial liabilities:				
Derivative financial liabilities	-	663.75	-	663.75
	-	**663.75**	**-**	**663.75**

(₹ crore)

	As at April 1, 2015			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments in mutual funds	1,214.60	-	-	1,214.60
Investments in equity shares	10,330.86	-	466.28	10,797.14
Investments in bonds and debentures	361.41	-	-	361.41
Derivative financial assets	-	1,585.51	-	1,585.51
	11,906.87	**1,585.51**	**466.28**	**13,958.66**
Financial liabilities:				
Derivative financial liabilities	-	911.54	-	911.54
	-	**911.54**	**-**	**911.54**

Notes:

(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.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

42. DISCLOSURES ON FINANCIAL INSTRUMENTS (CONTD.)

(c) Derivative financial instruments

Derivative instruments used by the Group include forward exchange contracts, interest rate swaps, currency swaps, options, commodity futures and interest rate caps/collars. These financial instruments are used to hedge future transactions and cash flows and are subject to hedge accounting under Ind AS 109 "Financial Instruments" to the extent possible. The Group does not hold or issue derivative financial instruments for trading purposes. 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 Group as at the end of the 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, futures and options	165.07	823.57	279.05	607.78	1,560.80	622.04
(ii)	Commodity futures and options	0.66	11.46	45.65	10.82	0.11	85.33
(iii)	Interest rate swaps and collars	21.48	18.62	17.74	45.15	24.60	204.17
		187.21	**853.65**	**342.44**	**663.75**	**1,585.51**	**911.54**
Classified as :							
Non-current		83.17	179.98	32.82	165.47	88.17	174.91
Current		104.04	673.67	309.62	498.28	1,497.34	736.63

At the end of the reporting period, the total notional amount of outstanding foreign currency contracts, commodity futures, options and interest rate swap/collars that the Group has committed to are as follows:

(USD million)

		As at March 31, 2017	As at March 31, 2016	As at April1, 2015
(i)	Foreign currency forwards, futures and options	7,282.80	6,186.69	5,994.55
(ii)	Commodity futures and options	142.37	84.74	113.87
(iii)	Interest rate swaps and collars	1,872.57	2,132.08	2,560.49
		9,297.74	**8,403.51**	**8,668.91**

(d) Transfer of financial assets

The Group 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	654.88	654.88	517.46	517.46	558.98	558.98

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

42. DISCLOSURES ON FINANCIAL INSTRUMENTS (CONTD.)

(e) Financial risk management

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

The Group has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities. 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, commodity prices and interest rate fluctuations on the entity'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, commodity prices, 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 potential impact on the consolidated 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 respective consolidated entities.

Considering the countries and economic environment in which the Group operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar, Great British Pound, Euro, Singapore dollar, and Thai Baht against the respective functional currencies of the Company and its subsidiaries.

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

A 10% appreciation/depreciation of the foreign currencies with respect to functional currency of the entities within the Group would result in a decrease/increase in the Group's net profit before tax by approximately ₹**885.74** crore for the year ended March 31, 2017, (₹804.18 crore for the year ended March 31, 2016; ₹960.64 crore as on April 1, 2015) and increase/decrease in carrying value of property, plant and equipment (before considering depreciation impact) by approximately ₹**185.49** crore as at March 31, 2017 (March 31, 2016: ₹215.55 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 entities within the Group .

The sensitivity analysis has been based on the composition of the Group'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 Group's cash flows as well as costs.

The Group is subject to variable interest rates on some of its interest bearing liabilities. The Group'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 Group's finance costs and thereby consequently reduce net profit before tax by approximately ₹**421.73** crore for the year ended March 31, 2017 (2015-16: ₹424.73 crore and ₹389.12 crore as on April 1, 2015).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

42. DISCLOSURES ON FINANCIAL INSTRUMENTS (CONTD.)

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 the change in market reference price of investments in equity securities held by the Group.

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

The fair value of quoted equity investments as at March 31, 2017, March 31, 2016 and April 1, 2015, was ₹**4,490.38** crore, ₹3,643.86 crore and ₹10,330.86 crore respectively.

A 10% change in equity prices of investments held as at March 31, 2017, March 31, 2016 and April 1, 2015, would result in an impact of ₹**449.03** crore, ₹364.38 crore and ₹1,033.08 crore respectively on equity before considering tax impact.

(ii) Commodity risk

The Group makes use of commodity futures contracts and options to manage its purchase price risk for certain commodities. Across the Group forward purchases are also made of zinc, tin and nickel to cover sales contracts with fixed metal prices.

There was no significant market risk relating to the income statement since the majority of commodity derivatives are treated as cash flow hedges with movements being reflected in equity and the timing and recognition in the income statement would depend on the point at which the underline hedged transactions were also recognised.

(iii) 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 entities within the Group have 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 Group. None of the financial instruments of the Group 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 ₹**16,188.63** crore, ₹15,953.78 crore, ₹16,218.92 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 15.

The Group's exposure to customers is diversified and there is no concentration of credit risk with respect to any particular customer as at March 31, 2017, March 31, 2016 and April 1, 2015.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

42. DISCLOSURES ON FINANCIAL INSTRUMENTS (CONTD.)

(iv) Liquidity risk

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

The following table shows a maturity analysis of the anticipated cash flows including interest obligations for the Group'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	83,014.49	1,05,464.32	21,183.49	50,574.60	33,706.23
Trade payables	18,574.46	18,574.46	18,574.46	-	-
Other financial liabilities	5,760.17	5,760.17	5,651.40	36.29	72.48
	1,07,349.12	**1,29,798.95**	**45,409.35**	**50,610.89**	**33,778.71**
Derivative financial liabilities	**853.65**	**853.65**	**673.67**	**96.76**	**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	81,986.93	1,07,085.79	19,476.33	45,441.00	42,168.46
Trade payables	18,556.70	18,556.70	18,556.70	-	-
Other financial liabilities	5,963.51	5,963.51	5,509.11	405.87	48.53
	1,06,507.14	**1,31,606.00**	**43,542.14**	**45,846.87**	**42,216.99**
Derivative financial liabilities	**663.75**	**663.75**	**498.28**	**136.74**	**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	76,793.29	1,08,896.16	17,565.67	41,505.35	49,825.14
Trade payables	18,066.66	18,066.66	18,066.66	-	-
Other financial liabilities	6,580.63	6,580.63	5,680.07	848.34	52.22
	1,01,440.58	**1,33,543.45**	**41,312.40**	**42,353.69**	**49,877.36**
Derivative financial liabilities	**911.54**	**911.54**	**736.64**	**117.82**	**57.08**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

43. SEGMENT REPORTING

(I) The Group is engaged in the business of manufacturing steel products across the globe. The operating segments have been identified based on the different geographical areas where major entities within the Group operate and which is also the basis on which the Chief Operating Decision Maker (CODM) reviews and assess the Group's performances.

The Group's reportable segments and segment information is presented below:

(₹ crore)

	Tata Steel India	Other Indian operations	Tata Steel Europe	Other trade related operations	South-East Asian operations	Rest of the world	Inter-segment eliminations	Total
Segment revenue								
External revenue	**48,741.51**	**5,142.09**	**52,017.48**	**3,258.07**	**7,653.25**	**607.54**	**-**	**1,17,419.94**
	39,718.65	*4,595.53*	*53,225.87*	*840.44*	*7,558.92*	*400.51*	*-*	*1,06,339.92*
Intersegment revenue	**4,519.45**	**1,557.75**	**67.48**	**20,493.30**	**482.65**	**22.41**	**(27,143.04)**	**-**
	2,978.79	*1,631.10*	*329.49*	*14,196.83*	*508.05*	*140.55*	*(19,784.81)*	*-*
Total Revenue	**53,260.96**	**6,699.84**	**52,084.96**	**23,751.37**	**8,135.90**	**629.95**	**(27,143.04)**	**1,17,419.94**
	42,697.44	*6,226.63*	*53,555.36*	*15,037.27*	*8,066.97*	*541.06*	*(19,784.81)*	*1,06,339.92*
Segment results before exceptional items, interest, tax and depreciation :	**11,952.75**	**580.08**	**4,704.91**	**261.62**	**531.27**	**(19.56)**	**(985.70)**	**17,025.37**
	7,792.31	*606.91*	*(513.20)*	*1,278.10*	*197.41*	*(152.63)*	*(1,258.11)*	*7,950.79*
Segment results include:								
Share of profit/(loss) of joint ventures and associates	**(30.01)**	**2.53**	**48.29**	**-**	**(13.16)**	**-**	**-**	**7.65**
	(89.69)	*1.65*	*(14.05)*	*-*	*(8.33)*	*-*	*-*	*(110.42)*
Reconciliation to profit/(loss) for the year:								
Finance income								**517.57**
								319.34
Finance cost								**5,072.20**
								4,221.41
Depreciation and Amortisation								**5,672.88**
								5,306.35
Profit before exceptional items and tax								**6,797.86**
								(1,257.63)
Exceptional items								**(4,324.23)**
								3,990.38
Profit before tax								**2,473.63**
								2,732.75
Tax								**2,778.01**
								689.96
Profit after tax from continuing operations								**(304.38)**
								2,042.79
Profit after tax from discontinued operations								**(3,864.19)**
								(2,539.88)
Net profit/(loss) for the period								**(4,168.57)**
								(497.09)
Segment assets	**1,09,180.60**	**5,532.26**	**43,687.31**	**43,413.50**	**5,091.43**	**7,904.66**	**(41,476.52)**	**1,73,333.24**
	1,02,929.47	*4,910.99*	*55,585.99*	*42,616.15*	*4,936.98*	*7,347.91*	*(40,816.05)*	*1,77,511.44*
Segment assets include:								
Equity accounted investments	**1,281.05**	**25.62**	**275.26**	**-**	**11.75**	**-**	**-**	**1,593.68**
	1,295.14	*33.93*	*275.66*	*-*	*15.68*	*-*	*-*	*1,620.41*
Segment liabilities	**62,542.95**	**3,274.90**	**73,061.71**	**33,208.34**	**2,724.50**	**2,205.11**	**(43,105.29)**	**1,33,912.22**
	59,213.64	*2,894.21*	*78,656.38*	*25,471.36*	*2,797.20*	*6,213.81*	*(42,248.65)*	*1,32,997.95*
Additions to non-current assets	**3,846.73**	**419.81**	**3,665.80**	**3.17**	**5.38**	**216.67**	**-**	**8,157.56**
	6,074.92	*367.67*	*3,539.24*	*0.57*	*32.03*	*1,582.09*	*-*	*11,596.52*

Figures in italics represents comparative figures of previous year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

43. SEGMENT REPORTING (CONTD.)

Details of revenue by nature of business is as below:

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
Steel	1,05,611.52	96,321.74
Others	11,808.42	10,018.18
	1,17,419.94	**1,06,339.92**

Revenue from other business primarily relate to from ferro alloys, power, town and medical services.

Details of revenue based on geographical location of customers is as below:

(₹ crore)

	Year ended March 31, 2017	Year ended March 31, 2016
India	50,982.81	43,603.61
Outside India	66,437.13	62,736.31
	1,17,419.94	**1,06,339.92**

Revenue outside India primarily relates to the United Kingdom and other European countries.

Details of non-current assets (property, plant and equipment, intangibles and goodwill on consolidation) based on geographical area is as below:

(₹ crore)

	As at March 31, 2017	As at March 31, 2016
India	81,097.26	80,455.74
Outside India	26,693.42	27,740.11
	1,07,790.68	**1,08,195.85**

Notes:

(i) Segment performance is reviewed by the CODM on the basis of profit or loss from continuing operations before finance income and finance cost, depreciation and amortisation and tax expenses. Segment results reviewed by the CODM also exclude income or expenses which are non-recurring in nature and are classified as exceptional.

Information about segment assets and liabilities provided to the CODM, however, include the related assets and liabilities arising on account of items excluded in measurement of segment results. Such amounts, therefore, form part of the reported segment assets and liabilities.

(ii) No single customer represents 10% or more of the Group's total revenue during the year ended March 31, 2017 and March 31, 2016

(iii) The accounting policies of the reportable segments are the same as of the Group's accounting policies.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

44. RELATED PARTY TRANSACTIONS

The Group's related parties primarily consists of its associates and joint ventures, Tata Sons Limited including its subsidiaries and joint ventures. The Group's routinely enters into transactions with these related parties in the ordinary course of business at market rates and terms. Transactions and balances between the Company, its subsidiaries and fellow subsidiaries are eliminated on consolidation.

The following table summarises related-party transactions and balances included in the consolidated financial statements for the year ended/as at March 31, 2017, March 31, 2016 and April 1, 2015.

(₹ crore)

	Associates	Joint Arrangements	Tata Sons and its subsidiaries and joint ventures	Total
Purchase of goods	**591.96**	**261.68**	**1,055.02**	**1,908.66**
	537.74	*411.83*	*580.93*	*1,530.50*
Sale of goods	**814.09**	**1,942.58**	**190.15**	**2,946.82**
	657.35	*1,923.24*	*63.48*	*2,644.07*
Services received	**13.88**	**1,894.82**	**111.40**	**2,020.10**
	29.90	*1,212.42*	*118.95*	*1,361.27*
Services rendered	**14.57**	**102.17**	**0.85**	**117.59**
	9.15	*110.54*	*0.23*	*119.92*
Interest income recognised	**-**	**0.39**	**-**	**0.39**
	-	*1.79*	-	*1.79*
Interest expenses recognised	**-**	**-**	**16.16**	**16.16**
	0.94	*0.37*	*0.83*	*2.14*
Dividend paid	**-**	**-**	**236.48**	**236.48**
	-	-	*236.61*	*236.61*
Dividend received	**23.83**	**48.36**	**0.54**	**72.73**
	9.50	*43.32*	*40.94*	*93.76*
Provision for receivables recognised during the year	-	-	-	-
	0.03	-	-	*0.03*
Management contracts	**0.86**	**1.89**	**131.22**	**133.97**
	0.71	*0.88*	*145.41*	*147.00*
Purchase of Investments	-	-	-	-
	8.15	-	-	*8.15*
Sale of Investments	**-**	**-**	**-**	**-**
	-	-	*2,603.63*	*2,603.63*
Finance provided during the year	**-**	**7.00**	**-**	**7.00**
	0.91	*60.61*	*7.69*	*69.21*
	-	*207.47*	-	*207.47*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

44. RELATED PARTY TRANSACTIONS (CONTD.)

(₹ crore)

	Associates	Joint Arrangements	Tata Sons and its subsidiaries and joint ventures	Total
Outstanding loans and receivables	**95.19**	**1,056.44**	**82.03**	**1,233.66**
	80.34	*1,269.78*	*38.56*	*1,388.68*
	87.37	*1,319.97*	*37.04*	*1,444.38*
Provision for outstanding loans and receivables	**2.98**	**944.66**	**-**	**947.64**
	3.50	*990.43*	*-*	*993.93*
	3.37	*899.00*	*-*	*902.37*
Outstanding Payables	**56.52**	**435.89**	**288.21**	**780.62**
	75.87	*339.23*	*229.01*	*644.11*
	91.56	*316.20*	*233.77*	*641.53*
Guarantees provided outstanding	**-**	**222.56**	**-**	**222.56**
	-	*242.22*	*-*	*242.22*
	-	256.07	-	256.07

Figures in italics represents comparative figures of previous years.

(i) The details of remuneration paid to the managerial personnel is provided in Note 30.

In addition, during the year the Group 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 Group has contributed ₹**471.09** crore (2015-16: ₹865.30 crore) to post employment benefit plans.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

45. ADOPTION OF INDIAN ACCOUNTING STANDARDS (IND AS)

A. Mandatory exceptions to retrospective application

The Group 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 Group 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 transition. The Group has accordingly on transition to Ind AS availed the following key exemptions:

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

The Company and some of its subsidiaries 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 ₹14,129.68 crore being recognised to the carrying value reported under the Previous GAAP.

ii. Business combination

The Group has elected to apply the principles of Ind AS 103, 'Business Combinations' retrospectively to acquisitions made on or after April 2, 2007. The assets acquired and liabilities assumed in such business combinations have thus been accounted for at their respective fair values as on the acquisition date adjusted till the date of transition and for subsequent reporting periods.

iii. Designation of previously recognised financial instruments

As per 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 Group 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. Effects of changes in exchange rates

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 and some of its subsidiaries have elected to recognise exchange differences on translation of such long term foreign currency monetary items in line with their 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 consolidated statement of profit and loss

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

46. EXPLANATION OF TRANSITION TO IND AS

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”.

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

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

(c) Reconciliation of consolidated 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.

(a) Reconciliation of total equity

(₹ crore)

	Note	As at March 31, 2016	As at April 1, 2015
Equity as per Previous GAAP		28,478.86	31,349.41
Re-measurements on transition to Ind AS:			
(1) Property, plant and equipment	(ii)	21,012.12	14,041.01
(2) Financial instruments	(i)	3,904.78	10,458.08
(3) Re-classification of Hybrid Perpetual Securities	(v)	2,275.00	2,275.00
(4) Reversal of proposed dividend and tax thereon	(vii)	946.37	943.15
(5) Leases	(iii)	(153.69)	(164.92)
(6) Employee benefits	(viii)	531.82	1,414.91
(7) Change in method/scope of consolidation	(vi)	902.68	610.52
(8) Re-classification of non-controlling interests	(x)	935.89	1,016.58
(9) Business combinations	(iv)	(7,677.03)	(7,229.09)
(10) Others	(xi)	(380.35)	(346.84)
(11) Tax impact on above adjustments	(ix)	(6,262.96)	(6,400.00)
Equity as per Ind AS		**44,513.49**	**47,967.81**

(b) Reconciliation of total comprehensive income

(₹ crore)

	Note	Year ended March 31, 2016
Profit/(loss) after tax as per Previous GAAP		(3,049.32)
Re-measurements on transition to Ind AS:		
(1) Financial instruments	(i)	(3,761.81)
(2) Property, plant and equipment	(ii)	7,207.40
(3) Employee benefits	(viii)	(1,707.18)
(4) Others	(xi)	81.40
(5) Tax impact on above adjustments	(ix)	732.42
Profit/(loss) after tax as per Ind AS		**(497.09)**
Other Comprehensive Income/(loss)	(xii)	(1,898.17)
Total Comprehensive Income/(loss) as per Ind AS		**(2,395.26)**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

46. EXPLANATION OF TRANSITION TO IND AS (CONTD.)

(c) Reconciliation of consolidated 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	(xiii-xv)	11,116.96	338.39	11,455.35
Net cash generated from/(used in) investing activities	(xiii-xv)	(9,192.46)	(61.36)	(9,253.82)
Net cash generated from/(used in) financing activities	(xiii-xv)	(4,313.77)	(415.35)	(4,729.12)
Net increase/(decrease) in cash and cash equivalents		**(2,389.40)**	**(138.19)**	**(2,527.59)**
Cash and cash equivalents as at April 1, 2015	(xiii-xv)	8,525.66	(348.53)	8,177.13
Effect of exchange rate on translation of foreign currency cash and cash equivalents	(xiii-xv)	472.73	(13.22)	459.51
Cash and cash equivalents as at March 31, 2016	(xiii-xv)	6,608.99	(499.94)	6,109.05

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 consolidated statement of profit and loss under the Previous GAAP has 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 consolidated statement of profit and loss using the effective interest rate.

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

(c) In accordance with Ind AS 109 "Financial Instruments", investments in mutual funds are recognised at fair value through the consolidated 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 consolidated statement of profit and loss except where designated in a hedging relationship.

(ii) Property, plant and equipment

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

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

(iii) Leases

As per Ind AS 17, "Leases", the Group has assessed long term arrangements, fulfilment of which is dependant on use of specified assets and where the Group 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) Business combinations

The Group has fair valued business combinations effected on or after April 2, 2007. The assets acquired and liabilities assumed in such business combinations have thus been recorded at fair values on the date of acquisition and adjusted for subsequent depreciation and amortisation till the date of transition to Ind AS and for subsequent reporting periods.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

46. EXPLANATION OF TRANSITION TO IND AS (CONTD.)

(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) Equity accounting of joint ventures and changes in scope of consolidation

In accordance with Ind AS 28, "Investments in Associates and Joint Ventures", the Group has accounted for its joint ventures using the equity method unlike proportionate line by line method under the previous GAAP.

In addition, certain entities consolidated as subsidiaries under the Previous GAAP have been consolidated as joint ventures and accounted for using the equity method under Ind AS.

(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 obligations are recognised in other comprehensive income as compared to the consolidated statement of profit and loss under the Previous GAAP.

(b) Interest expense/income on the net defined benefit liability/asset is recognised in the consolidated 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.

(c) Plan administration costs are recognised in the consolidated statement of profit and loss as and when incurred, as compared to the Previous GAAP where the same was included in the valuation of obligations or assets as the case may be.

(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) Non-controlling Interests

Under the Previous GAAP, non-controlling interest was not considered as part of total equity and was presented separately. In the consolidated statement of profit and loss, share of non-controlling interest for the year was shown as a deduction from Group's profit or loss.

Under Ind AS, non-controlling interests are considered as a part of total equity and its share in profit or loss for the year and total comprehensive income is shown as an allocation instead of as a deduction from profit or loss for the year.

Further, under Ind AS, profit or loss and each component of other comprehensive income is attributed to the owners of the Company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance. Under the Previous GAAP, the excess of such losses attributable to non-controlling interests over its interest in the equity of subsidiary was attributed to the owners of the Company.

(xi) Other Adjustments

(a) 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 consolidated 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.

(b) Other adjustments also include consequential impact on inventory valuation due to Ind AS transition.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

46. EXPLANATION OF TRANSITION TO IND AS (CONTD.)

(xii) 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 consolidated statement of profit and loss and other comprehensive income include re-measurements gains or losses on defined benefit plans, effective portion of gains or losses on cash flow hedges, fair value changes of equity investments and foreign currency translation differences of foreign subsidiaries.

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

Notes to reconciliation of consolidated statement of cash flows

(xiii) The Group transfers trade receivables under discounting arrangements with banks and financial institutions. Some of the arrangements do not meet the de-recognition criteria due to recourse 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 consolidated 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.

(xiv) 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.

(xv) Under the Previous GAAP, joint ventures were consolidated using line by line proportionate method whereas under Ind AS joint ventures have been accounted for using the equity method. As a result, proportionate cash flows for operating, investing and financing activities including cash and cash equivalents of joint ventures included in the consolidated cash flow under the Previous GAAP do not form part of consolidated cash flow under Ind AS.

47. DIVIDEND

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 ₹1,167.76 crore inclusive of a dividend distribution tax of ₹197.72 crore.

48. STATEMENT OF NET ASSETS AND PROFIT OR LOSS ATTRIBUTABLE TO OWNERS AND MINORITY INTEREST

	Name of the Entity	Reporting Currency	Net Assets, i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
			As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
A.	**PARENT**									
	Tata Steel Limited	INR	**19.64%**	**51,934.01**	**(44.44%)**	**3,444.55**	**(27.94%)**	**675.79**	**(40.52%)**	**4,120.34**
B.	**SUBSIDIARIES**									
a)	**Indian**									
1	Adityapur Toll Bridge Company Limited	INR	0.02%	39.79	0.05%	(3.50)	0.00%	-	0.03%	(3.50)
2	Tata Steel Special Economic Zone Limited	INR	0.05%	132.62	0.02%	(1.31)	0.00%	(0.00)	0.01%	(1.31)
3	Indian Steel & Wire Products Ltd.	INR	0.02%	63.41	(0.08%)	6.12	0.04%	(0.97)	(0.05%)	5.15
4	Jamshedpur Utilities & Services Company Limited	INR	0.02%	63.88	(0.67%)	51.56	0.00%	0.05	(0.51%)	51.61
5	Haldia Water Management Limited	INR	(0.06%)	(160.84)	0.18%	(13.57)	0.00%	-	0.13%	(13.57)
6	Rujuvalika Investments Limited	INR	0.03%	84.14	(0.03%)	2.38	(0.80%)	19.41	(0.21%)	21.79
7	T S Alloys Limited	INR	0.04%	112.79	(0.01%)	0.84	0.01%	(0.14)	(0.01%)	0.70
8	Tata Korf Engineering Services Ltd.	INR	0.00%	(9.80)	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
9	Tata Metaliks Ltd.	INR	0.08%	207.18	(1.50%)	116.48	0.09%	(2.26)	(1.12%)	114.22
10	Tata Sponge Iron Limited	INR	0.34%	864.85	(0.75%)	58.18	0.06%	(1.36)	(0.56%)	56.82
11	TSIL Energy Limited	INR	0.00%	1.14	0.00%	0.03	0.00%	-	0.00%	0.03
12	Kalzip India Private Limited	INR	0.00%	10.33	(0.01%)	0.90	0.00%	-	(0.01%)	0.90
13	Tata Steel International (India) Limited	INR	0.02%	43.18	(0.05%)	4.06	0.00%	-	(0.04%)	4.06
14	Tata Steel Odisha Limited	INR	0.00%	(0.01)	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
15	Tata Steel Processing and Distribution Limited	INR	0.20%	536.76	(0.52%)	40.41	0.07%	(1.76)	(0.38%)	38.65
16	Tayo Rolls Limited	INR	(0.15%)	(422.66)	1.08%	(84.00)	0.00%	0.02	0.83%	(83.98)
17	Tata Pigments Limited	INR	0.02%	46.45	(0.08%)	6.46	0.03%	(0.68)	(0.06%)	5.78
18	The Tinplate Company of India Ltd	INR	0.25%	622.29	(0.36%)	27.86	0.14%	(3.27)	(0.24%)	24.59
19	Tata Steel Foundation	INR	0.00%	0.99	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
b)	**Foreign**									
1	ABJA Investment Co. Pte. Ltd.	USD	(0.10%)	(265.46)	(0.97%)	75.52	0.00%	-	(0.74%)	75.52
2	NatSteel Asia Pte. Ltd.	USD	0.56%	1,493.07	0.94%	(72.97)	3.87%	(93.62)	1.64%	(166.59)
3	TS Asia (Hong Kong) Ltd.	USD	0.04%	115.31	(0.19%)	15.01	0.00%	-	(0.15%)	15.01
4	Tata Steel (KZN) (Pty) Ltd.	ZAR	(0.38%)	(1,011.91)	0.00%	-	0.00%	-	0.00%	-
5	T Steel Holdings Pte. Ltd.	GBP	17.98%	47,527.01	0.00%	(0.07)	0.00%	-	0.00%	(0.07)
6	T S Global Holdings Pte Ltd.	GBP	11.88%	31,410.60	69.17%	(5,361.11)	0.00%	-	52.72%	(5,361.11)
7	Orchid Netherlands (No.1) B.V.	EUR	0.00%	1.58	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
8	NatSteel Holdings Pte. Ltd.	SGD	0.00%	2.49	(0.25%)	19.60	(0.16%)	3.90	(0.23%)	23.50
9	Easteel Services (M) Sdn. Bhd.	MYR	0.01%	28.78	0.00%	(0.33)	0.00%	-	0.00%	(0.33)
10	Eastern Steel Fabricators Philippines, Inc.	SGD	(0.02%)	(39.91)	0.00%	-	0.00%	-	0.00%	-
11	NatSteel (Xiamen) Ltd.	CNY	(0.04%)	(101.09)	(1.23%)	95.39	0.00%	-	(0.94%)	95.39
12	NatSteel Recycling Pte Ltd.	SGD	0.07%	195.06	(0.05%)	4.23	0.00%	-	(0.04%)	4.23
13	NatSteel Trade International (Shanghai) Company Ltd.	CNY	0.00%	(0.27)	0.00%	(0.07)	0.00%	-	0.00%	(0.07)

48. STATEMENT OF NET ASSETS AND PROFIT OR LOSS ATTRIBUTABLE TO OWNERS AND MINORITY INTEREST (CONTD.)

	Name of the Entity	Reporting Currency	Net Assets, i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
			As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
14	NatSteel Trade International Pte. Ltd.	USD	0.01%	15.03	(0.01%)	0.75	0.00%	-	(0.01%)	0.75
15	NatSteel Vina Co. Ltd.	VND	0.03%	75.59	(0.09%)	7.19	0.00%	-	(0.07%)	7.19
16	The Siam Industrial Wire Company Ltd.	THB	0.38%	1,003.63	(1.10%)	85.01	(0.04%)	0.85	(0.84%)	85.86
17	TSN Wires Co., Ltd.	THB	0.02%	56.85	0.13%	(10.05)	(0.01%)	0.16	0.10%	(9.89)
18	Tata Steel Europe Limited	GBP	6.39%	16,877.27	12.64%	(979.59)	0.00%	-	9.64%	(979.59)
19	Apollo Metals Limited	USD	0.03%	70.62	(0.51%)	39.57	(0.20%)	4.73	(0.44%)	44.30
20	Augusta Grundstucks GmbH	EUR	0.00%	(1.87)	0.01%	(1.12)	(0.01%)	0.30	0.01%	(0.82)
21	Automotive Laser Technologies Limited	GBP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
22	B S Pension Fund Trustee Limited	GBP	0.01%	17.93	0.00%	-	0.00%	-	0.00%	-
23	Beheermaatschappij Industriele Produkten B.V.	EUR	(0.02%)	(47.80)	0.00%	(0.34)	0.00%	-	0.00%	(0.34)
24	Bell & Harwood Limited	GBP	0.00%	(10.23)	0.00%	-	0.00%	-	0.00%	-
25	Blastmega Limited	GBP	0.28%	753.24	0.00%	-	0.00%	-	0.00%	-
26	Blume Stahlservice GmbH	EUR	0.02%	53.02	0.13%	(10.45)	0.06%	(1.44)	0.12%	(11.89)
27	Blume Stahlservice Polska Sp.Z.O.O	PLZ	0.00%	-	0.00%	0.06	0.00%	-	0.00%	0.06
28	Bore Samson Group Limited	GBP	0.05%	121.54	0.00%	-	0.00%	-	0.00%	-
29	Bore Steel Limited	GBP	0.05%	138.07	0.00%	-	0.00%	-	0.00%	-
30	British Guide Rails Limited	GBP	0.01%	39.35	0.00%	-	0.00%	-	0.00%	-
31	British Steel Corporation Limited	GBP	0.09%	247.04	0.00%	-	0.00%	-	0.00%	-
32	British Steel Directors (Nominees) Limited	GBP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
33	British Steel Engineering Steels (Exports) Limited	GBP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
34	British Steel Nederland International B.V.	EUR	0.16%	432.16	(0.07%)	5.56	0.00%	-	(0.05%)	5.56
35	British Steel Service Centres Limited	GBP	0.16%	433.06	0.00%	-	0.00%	-	0.00%	-
36	British Tubes Stockholding Limited	GBP	0.03%	85.29	0.00%	-	0.00%	-	0.00%	-
37	C V Benine	EUR	0.01%	15.00	0.00%	-	0.00%	-	0.00%	-
38	C Walker & Sons Limited	GBP	0.05%	131.58	0.00%	-	0.00%	-	0.00%	-
39	Catnic GmbH	EUR	0.02%	40.57	(0.05%)	4.03	0.00%	-	(0.04%)	4.03
40	Catnic Limited	GBP	0.00%	(0.49)	0.10%	(8.10)	0.00%	-	0.08%	(8.10)
41	CBS Investissements SAS	EUR	0.00%	1.64	0.00%	0.15	0.00%	-	0.00%	0.15
42	Cogent Power Inc.	CAD	0.06%	146.88	(0.09%)	6.80	0.00%	-	(0.07%)	6.80
43	Tata Steel International Mexico SA de CV	USD	0.00%	(0.45)	0.01%	(0.46)	0.00%	-	0.00%	(0.46)
44	Cogent Power Inc.	USD	0.01%	19.75	0.11%	(8.21)	0.00%	-	0.08%	(8.21)
45	Cogent Power Limited	GBP	0.04%	107.16	0.00%	(0.12)	0.00%	-	0.00%	(0.12)
46	Color Steels Limited	GBP	0.01%	36.71	0.00%	-	0.00%	-	0.00%	-
47	Corbeil Les Rives SCI	EUR	0.00%	8.51	0.00%	-	0.00%	-	0.00%	-
48	Corby (Northants) & District Water Company Limited	GBP	0.00%	4.65	0.00%	-	0.00%	-	0.00%	-
49	Cordor (C& B) Limited	GBP	0.00%	2.63	0.00%	-	0.00%	-	0.00%	-
50	Corus Aluminium Verwaltungsgesellschaft Mbh	EUR	0.00%	3.60	(0.11%)	8.23	0.00%	-	(0.08%)	8.23
51	Corus Beteiligungs GmbH	EUR	0.00%	1.76	0.24%	(18.35)	0.00%	-	0.18%	(18.35)
52	Corus Building Systems Bulgaria AD	LEV	(0.01%)	(23.98)	0.03%	(2.32)	0.00%	-	0.02%	(2.32)
53	Corus CNBV Investments	GBP	0.00%	-	0.00%	-	0.00%	-	0.00%	-

48. STATEMENT OF NET ASSETS AND PROFIT OR LOSS ATTRIBUTABLE TO OWNERS AND MINORITY INTEREST (CONTD.)

	Name of the Entity	Reporting Currency	Net Assets, i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
			As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
54	Corus Cold drawn Tubes Limited	GBP	(0.01%)	(13.95)	0.00%	-	0.00%	-	0.00%	-
55	Corus Engineering Steels (UK) Limited	GBP	0.14%	370.97	0.00%	-	0.00%	-	0.00%	-
56	Corus Engineering Steels Holdings Limited	GBP	1.37%	3,629.26	0.00%	-	0.00%	-	0.00%	-
57	Corus Engineering Steels Limited	GBP	1.46%	3,851.26	0.00%	-	0.00%	-	0.00%	-
58	Corus Engineering Steels Overseas Holdings Limited	GBP	0.00%	8.05	0.00%	-	0.00%	-	0.00%	-
59	Corus Engineering Steels Pension Scheme Trustee Limited	GBP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
60	Corus Group Limited	GBP	0.33%	868.46	3.52%	(273.03)	0.00%	-	2.68%	(273.03)
61	Corus Holdings Limited	GBP	0.00%	3.35	(0.01%)	0.52	0.00%	-	(0.01%)	0.52
62	Corus International (Overseas Holdings) Limited	GBP	1.44%	3,806.01	(0.81%)	62.86	0.00%	-	(0.62%)	62.86
63	Corus International Limited	GBP	0.93%	2,447.49	(0.11%)	8.85	0.00%	-	(0.09%)	8.85
64	Corus International Romania SRL.	RON	0.00%	0.40	0.00%	0.01	0.00%	-	0.00%	0.01
65	Corus Investments Limited	GBP	0.07%	183.68	0.00%	-	0.00%	-	0.00%	-
66	Corus Ireland Limited	EUR	0.00%	5.34	(0.01%)	1.08	0.00%	-	(0.01%)	1.08
67	Corus Large Diameter Pipes Limited	GBP	0.22%	589.10	0.00%	-	0.00%	-	0.00%	-
68	Corus Liaison Services (India) Limited	GBP	(0.01%)	(19.36)	0.00%	-	0.00%	-	0.00%	-
69	Corus Management Limited	GBP	(0.14%)	(367.21)	0.00%	-	0.00%	-	0.00%	-
70	Corus Primary Aluminium B.V.	EUR	(0.05%)	(121.51)	0.03%	(2.49)	0.00%	-	0.02%	(2.49)
71	Corus Property	GBP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
72	Corus Service Centre Limited	GBP	0.05%	129.26	0.00%	-	0.00%	-	0.00%	-
73	Corus Steel Service STP LLC	RUB	0.00%	(1.68)	0.00%	0.19	0.00%	-	0.00%	0.19
74	Corus Tubes Poland Spolka Z.O.O	EUR	0.00%	(1.58)	0.00%	-	0.00%	-	0.00%	-
75	Corus UK Healthcare Trustee Limited	GBP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
76	Corus Ukraine Limited Liability Company	UAH	0.00%	0.02	0.00%	-	0.00%	-	0.00%	-
77	CPN (85) Limited	GBP	0.00%	(0.68)	0.00%	-	0.00%	-	0.00%	-
78	Crucible Insurance Company Limited	GBP	0.11%	278.99	(0.55%)	42.50	0.00%	-	(0.42%)	42.50
79	Degels GmbH	EUR	(0.01%)	(15.84)	(0.30%)	23.58	0.00%	-	(0.23%)	23.58
80	Demka B.V.	EUR	0.02%	60.79	0.00%	(0.10)	0.00%	-	0.00%	(0.10)
81	DSRM Group Plc.	GBP	0.06%	160.70	0.00%	-	0.00%	-	0.00%	-
82	Eric Olsson & Soner Forvaltnings AB	SEK	0.01%	16.03	0.00%	-	0.00%	-	0.00%	-
83	Esmil B.V.	EUR	0.01%	18.60	0.00%	0.05	0.00%	-	0.00%	0.05
84	Europressings Limited	GBP	0.00%	5.17	0.00%	-	0.00%	-	0.00%	-
85	Firsteel Group Limited	GBP	(0.03%)	(71.24)	2.79%	(216.43)	0.00%	-	2.13%	(216.43)
86	Firsteel Holdings Limited	GBP	0.02%	62.68	0.00%	-	0.00%	-	0.00%	-
87	Fischer Profil GmbH	EUR	0.00%	(7.29)	0.55%	(42.30)	(0.06%)	1.43	0.40%	(40.87)
88	Gamble Simms Metals Limited	EUR	0.00%	(1.95)	0.00%	-	0.00%	-	0.00%	-
89	Grant Lyon Eagre Limited	GBP	0.02%	47.70	0.00%	-	0.00%	-	0.00%	-
90	H E Samson Limited	GBP	0.02%	42.30	0.00%	-	0.00%	-	0.00%	-
91	Hadfields Holdings Limited	GBP	(0.02%)	(65.07)	0.00%	-	0.00%	-	0.00%	-
92	Halmstad Steel Service Centre AB	SEK	0.02%	64.90	0.10%	(8.08)	0.00%	-	0.08%	(8.08)

48. STATEMENT OF NET ASSETS AND PROFIT OR LOSS ATTRIBUTABLE TO OWNERS AND MINORITY INTEREST (CONTD.)

	Name of the Entity	Reporting Currency	Net Assets, i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
			As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
93	Hammermega Limited	GBP	0.01%	18.22	0.00%	-	0.00%	-	0.00%	-
94	Harrowmills Properties Limited	GBP	0.06%	154.24	0.00%	-	0.00%	-	0.00%	-
95	Hille & Muller GmbH	EUR	0.04%	110.14	(0.04%)	3.15	0.03%	(0.74)	(0.02%)	2.41
96	Hille & Muller USA Inc.	USD	0.04%	114.90	(0.04%)	2.93	0.00%	-	(0.03%)	2.93
97	Hoogovens USA Inc.	USD	0.18%	475.58	(0.01%)	0.89	0.00%	-	(0.01%)	0.89
98	Huizenbezit "Breesaap" B.V.	EUR	0.00%	(7.47)	0.00%	0.06	0.00%	-	0.00%	0.06
99	Ickles Cottage Trust Limited	GBP	0.00%	1.63	0.00%	-	0.00%	-	0.00%	-
100	Inter Metal Distribution SAS	EUR	0.01%	34.38	(0.12%)	9.63	0.01%	(0.12)	(0.09%)	9.51
101	Kalzip Asia Pte Limited	SGD	(0.04%)	(114.09)	0.33%	(25.66)	0.00%	-	0.25%	(25.66)
102	Kalzip FZE	AED	0.00%	4.69	(0.01%)	0.85	0.00%	-	(0.01%)	0.85
103	Kalzip GmbH	EUR	0.00%	0.96	0.00%	-	0.00%	-	0.00%	-
104	Kalzip GmbH	EUR	0.01%	18.03	(0.03%)	2.57	(0.13%)	3.10	(0.06%)	5.67
105	Kalzip Inc	USD	(0.02%	(45.24)	0.00%	0.14	0.00%	-	0.00%	0.14
106	Kalzip Italy SRL	EUR	0.00%	0.30	0.00%	0.04	0.00%	-	0.00%	0.04
107	Kalzip Limited	GBP	0.01%	15.76	(0.03%)	2.05	0.00%	-	(0.02%)	2.05
108	Kalzip Spain S.L.U.	EUR	0.00%	10.40	0.00%	0.11	0.00%	-	0.00%	0.11
109	Layde Steel S.L.	EUR	0.03%	71.09	(0.23%)	17.90	0.00%	-	(0.18%)	17.90
110	Lister Tubes Limited	EUR	0.00%	11.21	0.00%	-	0.00%	-	0.00%	-
111	London Works Steel Company Limited	GBP	(0.03%)	(83.46)	0.00%	-	0.00%	-	0.00%	-
112	Midland Steel Supplies Limited	GBP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
113	Montana Bausysteme AG	CHF	0.04%	93.45	(0.15%)	11.62	(0.27%)	6.51	(0.18%)	18.13
114	Naantali Steel Service Centre OY	EUR	0.01%	27.76	0.09%	(6.77)	0.00%	-	0.07%	(6.77)
115	Nationwide Steelstock Limited	GBP	0.00%	(9.18)	0.00%	-	0.00%	-	0.00%	-
116	Norsk Stal Tynnplater AS	NOK	0.02%	47.58	(0.11%)	8.77	0.00%	-	(0.09%)	8.77
117	Norsk Stal Tynnplater AB	NOK	0.01%	15.67	(0.04%)	2.94	0.00%	-	(0.03%)	2.94
118	Orb Electrical Steels Limited	GBP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
119	Ore Carriers Limited	GBP	0.01%	23.07	0.00%	-	0.00%	-	0.00%	-
120	Oremco Inc.	USD	0.00%	(10.31)	0.02%	(1.61)	0.00%	-	0.02%	(1.61)
121	Plated Strip International Limited	GBP	0.01%	14.39	0.00%	-	0.00%	-	0.00%	-
122	Precoat International Limited	GBP	0.02%	62.78	0.00%	-	0.00%	-	0.00%	-
123	Precoat Limited	GBP	(0.01%)	(17.18)	0.00%	-	0.00%	-	0.00%	-
124	Rafferty-Brown Steel Co Inc Of Conn.	USD	0.01%	28.95	0.00%	(0.20)	0.00%	-	0.00%	(0.20)
125	Round Oak Steelworks Limited	GBP	(0.15%)	(388.02)	0.00%	-	0.00%	-	0.00%	-
126	Runblast Limited	GBP	0.16%	421.42	0.00%	-	0.00%	-	0.00%	-
127	Runmega Limited	GBP	0.00%	3.52	0.00%	-	0.00%	-	0.00%	-
128	S A B Profiel B.V.	EUR	0.12%	321.10	(1.97%)	152.37	0.00%	-	(1.50%)	152.37
129	S A B Profil GmbH	EUR	0.05%	119.85	(0.08%)	6.56	0.00%	-	(0.06%)	6.56
130	Seamless Tubes Limited	GBP	0.06%	150.37	0.00%	-	0.00%	-	0.00%	-
131	Service Center Gelsenkirchen GmbH	EUR	0.13%	345.19	2.84%	(220.56)	0.15%	(3.56)	2.20%	(224.12)
132	Service Centre Maastricht B.V.	EUR	0.01%	28.93	(0.33%)	25.64	0.00%	-	(0.25%)	25.64

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			As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
133	Skruv Erik AB	SEK	0.00%	0.50	0.00%	-	0.00%	-	0.00%	-
134	Societe Europeenne De Galvanisation (Segal) Sa	EUR	0.07%	187.90	(0.05%)	3.59	0.00%	-	(0.04%)	3.59
135	Staalverwerking en Handel B.V.	EUR	0.47%	1,233.89	(5.32%)	412.46	0.00%	-	(4.06%)	412.46
136	Steel StockHoldings Limited	GBP	0.01%	37.10	0.00%	-	0.00%	-	0.00%	-
137	Steelstock Limited	GBP	0.00%	0.16	0.00%	-	0.00%	-	0.00%	-
138	Stewarts & Lloyds Of Ireland Limited	EUR	0.00%	(1.61)	0.00%	-	0.00%	-	0.00%	-
139	Stewarts And Lloyds (Overseas) Limited	GBP	0.06%	165.74	0.00%	-	0.00%	-	0.00%	-
140	Stocksbridge Works Cottage Trust Limited	GBP	0.00%	0.89	0.00%	-	0.00%	-	0.00%	-
141	Surahammar Bruks AB	SEK	0.05%	130.74	0.09%	(7.16)	(0.14%)	3.28	0.04%	(3.88)
142	Swinden Housing Association Limited	GBP	0.00%	5.23	0.00%	-	0.00%	-	0.00%	-
143	Tata Steel Belgium Packaging Steels N.V.	EUR	0.07%	192.85	(0.05%)	3.79	0.00%	-	(0.04%)	3.79
144	Tata Steel Belgium Services N.V.	EUR	0.14%	360.70	(0.12%)	9.09	0.00%	-	(0.09%)	9.09
145	Tata Steel Denmark Byggsystemer A/S	DKK	0.01%	18.79	0.03%	(2.71)	0.00%	-	0.03%	(2.71)
146	Tata Steel Europe Distribution BV	EUR	(0.01%)	(21.05)	(0.03%)	1.99	0.00%	-	(0.02%)	1.99
147	Tata Steel Europe Metals Trading BV	EUR	0.10%	257.22	0.00%	(0.31)	0.00%	-	0.00%	(0.31)
148	Tata Steel France Batiment et Systemes SAS	EUR	0.01%	13.63	0.19%	(14.72)	0.00%	-	0.14%	(14.72)
149	Tata Steel France Holdings SAS	EUR	0.30%	781.39	0.75%	(58.15)	0.13%	(3.23)	0.60%	(61.38)
150	Tata Steel Germany GmbH	EUR	0.00%	2.96	5.29%	(410.34)	0.05%	(1.21)	4.06%	(411.55)
151	Tata Steel IJmuiden BV	EUR	6.30%	16,647.07	(21.27%)	1,648.83	(2.63%)	63.50	(16.84%)	1,712.33
152	Tata Steel International (Americas) Holdings Inc	USD	0.22%	589.21	0.25%	(19.70)	0.00%	-	0.19%	(19.70)
153	Tata Steel International (Americas) Inc	USD	0.40%	1,044.64	(0.40%)	31.16	(0.13%)	3.11	(0.34%)	34.27
154	Tata Steel International (Benelux) BV	EUR	0.00%	8.67	0.00%	0.07	0.00%	-	0.00%	0.07
155	Tata Steel International (Canada) Holdings Inc	CAD	0.00%	1.74	0.00%	-	0.00%	-	0.00%	-
156	Tata Steel International (Czech Republic) S.R.O	CZK	0.00%	8.83	(0.04%)	3.17	0.00%	-	(0.03%)	3.17
157	Tata Steel International (Denmark) A/S	DKK	0.00%	0.48	0.00%	(0.28)	0.00%	-	0.00%	(0.28)
158	Tata Steel International (Finland) OY	EUR	0.00%	0.89	0.00%	-	0.00%	-	0.00%	-
159	Tata Steel International (France) SAS	EUR	0.01%	31.73	(0.01%)	0.41	0.00%	-	0.00%	0.41
160	Tata Steel International (Germany) GmbH	EUR	0.00%	0.79	(0.03%)	2.62	0.00%	0.10	(0.03%)	2.72
161	Tata Steel International (South America) Representações LTDA	USD	0.00%	0.53	0.00%	0.34	0.00%	-	0.00%	0.34
162	Tata Steel International Hellas SA	EUR	0.00%	1.02	0.00%	-	0.00%	-	0.00%	-
163	Tata Steel International (Italia) SRL	EUR	0.00%	12.40	(0.05%)	3.81	0.00%	-	(0.04%)	3.81
164	Tata Steel International (Middle East) FZE	AED	0.08%	209.76	(0.10%)	7.84	0.00%	-	(0.08%)	7.84
165	Tata Steel International (Nigeria) Ltd.	NGN	0.00%	-	0.00%	-	0.00%	-	0.00%	-
166	Tata Steel International (Poland) sp Zoo	PLZ	0.00%	3.04	(0.02%)	1.90	0.00%	-	(0.02%)	1.90
167	Tata Steel International (Schweiz) AG	CHF	0.00%	4.50	0.00%	(0.22)	0.00%	-	0.00%	(0.22)
168	Tata Steel International (Sweden) AB	SEK	0.00%	6.13	(0.03%)	2.07	0.00%	-	(0.02%)	2.07
169	Tata Steel International Iberica SA	EUR	0.00%	3.82	(0.04%)	3.04	0.00%	-	(0.03%)	3.04
170	Tata Steel Istanbul Metal Sanayi ve Ticaret AS	USD	0.01%	16.58	0.02%	(1.20)	0.00%	-	0.01%	(1.20)
171	Tata Steel Latvia Building Systems SIA	EUR	0.00%	0.09	0.00%	0.01	0.00%	-	0.00%	0.01

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			As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
172	Tata Steel Maubeuge SAS	EUR	0.05%	136.96	(0.99%)	76.88	0.11%	(2.73)	(0.73%)	74.15
173	Tata Steel Nederland BV	EUR	4.11%	10,856.48	(3.02%)	234.40	0.00%	-	(2.30%)	234.40
174	Tata Steel Nederland Consulting & Technical Services BV	EUR	0.01%	37.97	0.00%	(0.06)	0.00%	-	0.00%	(0.06)
175	Tata Steel Nederland Services BV	EUR	0.10%	275.48	1.15%	(89.40)	0.00%	-	0.88%	(89.40)
176	Tata Steel Nederland Star-Frame BV	EUR	0.00%	0.16	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
177	Tata Steel Nederland Technology BV	EUR	0.18%	477.16	(0.25%)	19.22	0.00%	-	(0.19%)	19.22
178	Tata Steel Nederland Tubes BV	EUR	(0.02%)	(41.60)	(0.33%)	25.70	0.00%	-	(0.25%)	25.70
179	Tata Steel Netherlands Holdings B.V.	EUR	2.78%	7,341.47	(2.37%)	184.08	(0.78%)	18.82	(1.99%)	202.90
180	Tata Steel Norway Byggsystemer A/S	NOK	0.02%	45.16	(0.09%)	7.06	0.00%	-	(0.07%)	7.06
181	Tata Steel Speciality Service Centre Suzhou Co. Limited	USD	0.00%	(3.90)	0.04%	(3.10)	0.00%	-	0.03%	(3.10)
182	Tata Steel Sweden Byggsystem AB	SEK	0.01%	20.38	0.21%	(15.94)	0.00%	-	0.16%	(15.94)
183	Tata Steel Speciality Service Centre Xian Co. Limited	USD	0.00%	5.88	0.00%	0.27	0.00%	-	0.00%	0.27
184	Tata Steel UK Consulting Limited	GBP	0.00%	3.14	(0.01%)	0.60	0.00%	-	(0.01%)	0.60
185	Tata Steel UK Holdings Limited	GBP	6.44%	16,992.15	4.79%	(371.92)	0.00%	-	3.66%	(371.92)
186	Tata Steel UK Limited	GBP	(6.38%)	(16,902.83)	88.67%	(6,873.37)	132.03%	(3,193.36)	99%	(10,066.73)
187	Tata Steel USA Inc.	USD	0.03%	79.70	(0.07%)	5.53	0.00%	-	(0.05%)	5.53
188	The Newport And South Wales Tube Company Limited	GBP	0.00%	0.13	0.00%	-	0.00%	-	0.00%	-
189	The Stanton Housing Company Limited	GBP	0.00%	7.80	0.00%	-	0.00%	-	0.00%	-
190	The Templeborough Rolling Mills Limited	GBP	0.05%	128.55	0.00%	-	0.00%	-	0.00%	-
191	Thomas Processing Company	USD	0.05%	135.94	0.02%	(1.40)	0.00%	-	0.01%	(1.40)
192	Thomas Steel Strip Corp.	USD	(0.08%)	(207.97)	(0.44%)	33.78	(3.27%)	79.15	(1.11%)	112.93
193	Toronto Industrial Fabrications Limited	GBP	0.00%	(4.02)	0.00%	-	0.00%	-	0.00%	-
194	Trierer Walzwerk Verwaltungsgsellschaft mbH	EUR	0.01%	26.40	0.01%	(0.73)	(0.06%)	1.45	(0.01%)	0.72
195	TS South Africa Sales Office Proprietary Limited	SAR	0.00%	4.61	(0.01%)	0.94	0.00%	-	(0.01%)	0.94
196	Tulip UK Holdings (No.2) Limited	GBP	5.04%	13,319.31	0.00%	-	0.00%	-	0.00%	-
197	Tulip UK Holdings (No.3) Limited	GBP	4.87%	12,862.25	4.18%	(322.96)	0.00%	-	3.18%	(322.96)
198	U.E.S. Bright Bar Limited	GBP	0.00%	12.15	0.00%	-	0.00%	-	0.00%	-
199	UK Steel Enterprise Limited	GBP	0.05%	125.24	0.07%	(5.66)	0.00%	-	0.06%	(5.66)
200	UKSE Fund Managers Limited	GBP	0.00%	0.37	0.00%	-	0.00%	-	0.00%	-
201	Unitol SAS	EUR	0.03%	69.86	(0.46%)	36.00	0.00%	0.03	(0.35%)	36.03
202	Walker Manufacturing And Investments Limited	GBP	0.05%	125.12	0.00%	-	0.00%	-	0.00%	-
203	Walkersteelstock Ireland Limited	EUR	0.00%	3.38	0.00%	-	0.00%	-	0.00%	-
204	Walkersteelstock Limited	GBP	0.00%	8.10	0.00%	-	0.00%	-	0.00%	-
205	Westwood Steel Services Limited	GBP	0.07%	190.31	0.00%	-	0.00%	-	0.00%	-
206	Whitehead (Narrow Strip) Limited	GBP	0.04%	92.88	0.00%	-	0.00%	-	0.00%	-
207	T S Global Minerals Holdings Pte Ltd.	USD	1.95%	5,135.42	0.89%	(69.95)	(0.29%)	7.00	0.62%	(62.95)
208	Al Rimal Mining LLC	OMR	0.00%	6.16	0.00%	(0.02)	0.00%	-	0.00%	(0.02)
209	Black Ginger 461 (Proprietary) Ltd	ZAR	0.04%	115.49	(0.67%)	52.27	0.00%	-	(0.51%)	52.27
210	Kalimati Coal Company Pty. Ltd.	AUD	(0.07%)	(189.17)	(0.02%)	1.55	0.00%	-	(0.02%)	1.55
211	Sedibeng Iron Ore Pty. Ltd.	ZAR	0.03%	86.37	(0.72%)	55.57	0.00%	-	(0.55%)	55.57

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212	Tata Steel Cote D' Ivoire S.A	FCFA	0.02%	64.24	0.02%	(1.26)	0.00%	-	0.01%	(1.26)
213	TSMUK Limited	USD	1.79%	4,744.06	0.00%	(0.04)	0.00%	-	0.00%	(0.04)
214	Tata Steel Minerals Canada Limited	USD	1.71%	4,516.02	2.09%	(162.28)	0.00%	-	1.61%	(162.28)
215	T S Canada Capital Ltd	USD	0.01%	32.38	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
216	Tata Steel International (Singapore) Holdings Pte. Ltd.	HKD	0.14%	378.18	0.00%	0.07	0.00%	-	0.00%	0.07
217	Tata Steel International (Shanghai) Ltd.	CNY	0.00%	7.20	0.00%	0.13	0.00%	-	0.00%	0.13
218	Tata Steel International (Singapore) Pte. Ltd.	SGD	0.01%	32.58	(0.05%)	3.85	0.00%	-	(0.04%)	3.85
219	Tata Steel International (Asia) Limited	HKD	0.20%	538.79	(0.01%)	0.40	0.00%	-	0.00%	0.40
220	Tata Steel (Thailand) Public Company Ltd.	THB	0.94%	2,497.71	(1.28%)	99.58	(0.07%)	1.75	(0.97%)	99.58
221	N.T.S Steel Group Plc.	THB	0.06%	146.88	0.74%	(57.36)	0.00%	-	0.56%	(57.36)
222	The Siam Construction Steel Co. Ltd.	THB	0.14%	380.52	(0.94%)	73.18	0.00%	-	(0.72%)	73.18
223	The Siam Iron And Steel (2001) Co. Ltd.	THB	0.08%	218.11	(0.39%)	30.39	0.00%	-	(0.30%)	30.39
224	T S Global Procurement Company Pte. Ltd.	USD	0.86%	2,264.92	(0.88%)	67.97	0.00%	-	(0.67%)	67.97
225	ProCo Issuer Pte. Ltd.	GBP	1.07%	2,841.49	(2.33%)	180.55	0.00%	-	(1.78%)	180.55
C.	**ASSOCIATES**									
a)	**Indian**									
1	Industrial Energy Limited	INR	0.08%	212.93	0.00%	(0.00)	0.00%	0.08	0.00%	0.08
2	Jamipol Limited	INR	0.02%	53.93	0.00%	0.00	(0.01%)	0.14	0.00%	0.14
3	Strategic Energy Technology Systems Ltd	INR	0.00%	-	0.00%	-	0.00%	-	0.00%	-
4	TRF Limited	INR	(0.02%)	(43.94)	0.00%	-	0.00%	-	0.00%	-
5	TRL Krosaki Refractories Limited	INR	0.03%	88.75	0.00%	0.00	(0.31%)	7.52	(0.07%)	7.52
6	YORK Transport Equipment India Pvt. Ltd	INR	0.02%	52.18	0.00%	0.00	0.00%	-	0.00%	0.00
b)	**Foreign**									
1	European Profiles (M) Sdn. Bhd.	MYR	0.00%	-	0.00%	-	0.00%	-	0.00%	-
2	New Millennium Iron Corp.	CAD	0.02%	64.43	0.87%	(67.74)	0.00%	-	0.67%	(67.74)
3	Albi Profils SRL	EUR	0.00%	-	0.00%	-	0.00%	-	0.00%	-
4	Appleby Frodingham Cottage Trust Limited	GBP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
5	Fabsec Limited	GBP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
6	Gietwalsonderhoudcombinatie B.V.	EUR	0.01%	17.16	(0.01%)	0.62	0.00%	-	(0.01%)	0.62
7	Hoogovens Court Roll Service Technologies VOF	EUR	0.00%	-	0.00%	-	0.00%	-	0.00%	-
8	Hoogovens Gan Multimedia S.A. De C.V.	MEX PESO	0.00%	-	0.00%	-	0.00%	-	0.00%	-
9	ISSB Limited	GBP	0.00%	-	0.00%	-	0.00%	-	0.00%	-
10	Wupperman Staal Nederland B.V.	EURO	0.04%	116.99	(0.27%)	21.30	0.00%	-	(0.21%)	21.30
11	YORK Transport Equipment (Asia) Pte Ltd	USD	0.05%	122.80	0.05%	(4.08)	0.00%	-	0.04%	(4.08)
12	YORK Transport Equipment Pty Ltd	AUD	0.00%	(7.12)	0.00%	0.06	0.00%	-	0.00%	0.06
13	YORK Sales (Thailand) Co. Ltd	BHT	0.01%	16.72	0.00%	0.34	0.00%	-	0.00%	0.34
14	YTE Transport Equipment (SA) (Pty) Limited	RAND	0.00%	0.27	(0.01%)	0.91	0.00%	-	(0.01%)	0.91
15	Rednet Pte Ltd.	USD	0.00%	(5.88)	0.00%	(0.03)	0.00%	-	0.00%	(0.03)

48. STATEMENT OF NET ASSETS AND PROFIT OR LOSS ATTRIBUTABLE TO OWNERS AND MINORITY INTEREST (CONTD.)

	Name of the Entity	Reporting Currency	Net Assets, i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
			As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
16	PT YORK Engineering	Rupiah	0.00%	(2.21)	0.00%	-	0.00%	-	0.00%	-
17	YTE Special Products Pte Ltd	USD	0.00%	6.68	0.01%	(0.97)	0.00%	-	0.01%	(0.97)
18	Qingdao YTE Special Products Co. Ltd	RMB	(0.01%)	(17.07)	0.06%	(4.85)	0.00%	-	0.05%	(4.85)
19	YORK Transport Equipment (Shanghai) Co. Ltd	RMB	0.01%	16.52	0.01%	(0.81)	0.00%	-	0.01%	(0.81)
20	Dutch Lanka Trailer Manufacturing Limited	USD	0.00%	11.81	(0.02%)	1.89	0.00%	-	(0.02%)	1.89
21	Durch Lanka Engineering Private Limited	LKR	0.00%	4.54	(0.03%)	2.62	0.00%	-	(0.03%)	2.62
22	Durch Lanka Trailers Manufacturing LLC	OMR	0.00%	1.51	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
23	Hewit Robins International Limited	GBP	0.01%	30.59	(0.05%)	3.61	0.00%	-	(0.04%)	3.61
24	Hewit Robins International Holdings Limited	GBP	0.00%	0.60	0.00%	-	0.00%	-	0.00%	-
25	TRF Singapore Pte Limited	SGD	0.08%	215.34	0.01%	(0.78)	0.00%	-	0.01%	(0.78)
26	TRF Holding Pte Limited	USD	(0.01%)	(35.93)	0.07%	(5.31)	0.00%	-	0.05%	(5.31)
D.	**JOINT VENTURES**									
a)	**Indian**									
1	Bhubaneshwar Power Private Limited	INR	0.02%	52.41	0.08%	(6.25)	0.00%	0.01	0.06%	(6.24)
2	Himalaya Steel Mills Services Private Limited	INR	0.00%	2.07	0.00%	(0.06)	0.00%	0.00	0.00%	(0.06)
3	mjunction services Limited	INR	0.04%	114.34	(0.15%)	11.65	0.01%	(0.12)	(0.11%)	11.53
4	S & T Mining Company Private Limited	INR	0.00%	(0.50)	0.03%	(2.53)	0.00%	(0.00)	0.02%	(2.53)
5	Tata Bluescope Steel Limited	INR	0.07%	188.57	(0.36%)	28.20	(0.02%)	0.41	(0.28%)	28.61
6	Tata NYK Shipping (India) Pvt. Ltd.	INR	0.00%	2.61	0.00%	0.07	0.00%	-	0.00%	0.07
7	Naba Diganta Water Management Limited	INR	0.01%	16.41	(0.03%)	2.53	0.00%	-	(0.02%)	2.53
8	SEZ Adityapur Limited	INR	0.00%	(0.06)	0.00%	-	0.00%	-	0.00%	-
9	Jamshedpur Continuous Annealing & Processing Company Private Limited	INR	0.09%	235.19	1.35%	(104.88)	0.00%	(0.12)	1.03%	(105.00)
10	T M Mining Company Limited	INR	0.00%	(0.02)	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
11	TM International Logistics Limited	INR	0.11%	289.44	(0.27%)	20.70	(0.04%)	0.94	(0.21%)	21.64
12	TKM Global Logistics Limited	INR	0.01%	24.89	0.00%	0.28	0.00%	(0.07)	0.00%	0.21
b)	**Foreign**									
1	Tata NYK Shipping Pte Ltd.	USD	0.02%	60.93	(0.27%)	21.11	(0.01%)	0.31	(0.21%)	21.42
2	Minas De Benga (Mauritius) Limited	USD	(0.33%)	(878.56)	(4.26%)	329.85	0.00%	-	(3.24%)	329.85
3	Minas de Benga Limited-Mozambique	USD	(0.61%)	(1,623.46)	0.51%	(39.58)	0.00%	-	0.39%	(39.58)
4	BlueScope Lysaght Lanka (Pvt) Ltd	LKR	0.01%	18.40	(0.06%)	4.35	0.00%	-	(0.04%)	4.35
5	International Shipping and Logistics FZE	USD	0.08%	214.87	(0.15%)	11.85	0.19%	(4.49)	(0.07%)	7.36
6	TKM Global China Ltd	CNY	0.00%	3.12	0.00%	(0.18)	0.01%	(0.29)	0.00%	(0.47)
7	TKM Global GmbH	EUR	0.06%	166.30	(0.64%)	49.95	0.29%	(7.12)	(0.42%)	42.83
8	Afon Tinplate Company Limited	GBP	0.01%	31.29	(0.04%)	2.73	0.00%	-	(0.03%)	2.73

48. STATEMENT OF NET ASSETS AND PROFIT OR LOSS ATTRIBUTABLE TO OWNERS AND MINORITY INTEREST (CONTD.)

	Name of the Entity	Reporting Currency	Net Assets, i.e. total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
			As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
9	Caparo Merchant Bar Plc	GBP	0.00%	(5.13)	(0.02%)	1.23	0.00%	-	(0.01%)	1.23
10	Industrial Rail Services IJmond B.V.	EUR	0.00%	-	0.00%	-	0.00%	-	0.00%	-
11	Laura Metaal Holding B.V.	EUR	0.05%	128.11	(0.20%)	15.14	0.00%	-	(0.15%)	15.14
12	Ravenscraig Limited	GBP	(0.01%)	(37.70)	0.10%	(8.11)	0.00%	-	0.08%	(8.11)
13	Tata Elastron Steel Service Center SA	EUR	0.00%	9.26	0.06%	(4.48)	0.00%	-	0.04%	(4.48)
14	Tata Steel Ticaret AS	TRY	0.00%	12.11	(0.02%)	1.17	0.00%	-	(0.01%)	1.17
15	Air Products Llanwern Limited	GBP	0.00%	6.08	(0.03%)	2.48	0.00%	-	(0.02%)	2.48
16	BSR Pipeline Services Limited	GBP	0.00%	7.77	0.00%	0.19	0.00%	-	0.00%	0.19
17	Texturing Technology Limited	GBP	0.00%	4.70	(0.03%)	2.61	0.00%	-	(0.03%)	2.61
18	TVSC Construction Steel Solutions Limited	HKD	0.00%	2.95	0.19%	(14.75)	0.00%	-	0.15%	(14.75)
	TOTAL		**100.00%**	**2,64,383.29**	**100.00%**	**(7,750.62)**	**100.00%**	**(2,418.86)**	**100.00%**	**(10,169.48)**
D.	**Adjustment due to consolidation**			(2,26,563.97)		3,509.82		1,859.34		5,369.16
E.	**Minority Interests in subsidiaries**									
a)	**Indian Subsidiaries**									
1	The Tinplate Company of India Limited	INR		155.84		5.91		(0.82)		5.09
2	Indian Steel & Wire Products Ltd	INR		3.16		0.31		(0.05)		0.26
3	Tata Metaliks Ltd.	INR		103.40		57.40		(0.91)		56.49
4	Adityapur Toll Bridge Company Ltd	INR		4.57		1.44		-		1.44
5	Tata Sponge Iron Ltd	INR		397.50		25.50		(0.62)		24.88
6	Jamshedpur Utilities & Services Company Limited	INR		(10.32)		(5.43)		-		(5.43)
7	Tayo Rolls Limited	INR		(190.57)		(35.86)		0.01		(35.85)
b)	**Foreign Subsidiaries**									
1	Tata Steel (Thailand) Public Company Ltd.	THB		326.72		13.00		5.02		18.02
2	TATA Steel Europe Limited	GBP		(4.04)		(0.72)		-		(0.72)
3	Natsteel Holdings Pte. Ltd.	SGD		56.22		(0.74)		1.75		1.01
4	T S Global Minerals Holdings Pte Ltd.	USD		860.41		11.42		(0.68)		10.74
5	Tata Steel (KZN) (Pty) Ltd.	ZAR		(101.19)		-		(7.25)		(7.25)
				1,601.70		**72.23**		**(3.54)**		**68.69**
	Consolidated Net Asset / Profit after Tax			**39,421.02**		**(4,168.57)**		**(563.06)**		**(4,731.63)**

48. STATEMENT OF NET ASSETS AND PROFIT OR LOSS ATTRIBUTABLE TO OWNERS AND MINORITY INTEREST (CONTD.)

List of subsidiaries, associates and joint ventures which have not been consolidated and reasons for not consolidating

Sl. No.	Name	Reason
1	Fabsec Limited	The operations of the companies are not significant and hence are immaterial for consolidation
2	Industrial Rail Services IJmond B.V.	The operations of the companies are not significant and hence are immaterial for consolidation
3	European Profiles (M) Sdn. Bhd.	The operations of the companies are not significant and hence are immaterial for consolidation
4	New Millennium Iron Corp.	The operations of the companies are not significant and hence are immaterial for consolidation
5	Albi Profils SRL	The operations of the companies are not significant and hence are immaterial for consolidation
6	Hoogovens Gan Multimedia S.A. De C.V.	The operations of the companies are not significant and hence are immaterial for consolidation
7	ISSB Limited	The operations of the companies are not significant and hence are immaterial for consolidation
8	Kalinga Aquatics Ltd.	Not Consolidated as the financials were not available
9	Kumardhubi Fireclay & Silica Works Ltd.	Not Consolidated as the financials were not available
10	Kumardhubi Metal Casting & Engineering Ltd.	Not Consolidated as the financials were not available
11	Nicco Jubilee Park Limited	Not Consolidated as the financials were not available
12	Tata Construction & Projects Ltd.	Not Consolidated as the financials were not available
13	Malusha Travels Pvt Ltd.	Not Consolidated as the financials were not available
14	Mohar Export Services Pvt. Ltd	Not Consolidated as the financials were not available
15	Metal Corporation of India	Not Consolidated as the financials were not available
16	Medica TS Hospital Pvt. Ltd.	Not Consolidated as the financials were not available

INDEPENDENT AUDITOR'S REPORT ON AUDIT OF INTERIM FINANCIAL RESULTS

TO
THE BOARD OF DIRECTORS OF
TATA STEEL LIMITED

1. We have audited the accompanying Statement of Standalone Financial Results of TATA STEEL LIMITED ("the Company"), for the quarter ended June 30, 2017 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

   This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related interim standalone financial statements which has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such interim standalone financial statements.

2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

   An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

   We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

3. In our opinion and to the best of our information and according to the explanations given to us, the Statement:

   a. is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and

   b. gives a true and fair view in conformity with the aforesaid Indian Accounting Standards ("Ind AS") and other accounting principles generally accepted in India of the net profit and Total comprehensive income and other financial information of the Company for the quarter ended June 30, 2017.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

N. Venkatram
Partner
(Membership No.71387)

MUMBAI, August 7, 2017

STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED ON JUNE 30, 2017

₹ Crores

Particulars			Quarter ended on 30.06.2017	Quarter ended on 31.03.2017	Quarter ended on 30.06.2016	Financial year ended on 31.03.2017
			Audited	Audited	Audited	Audited
1	Revenue from operations					
a)	Gross sales / income from operations		14,286.73	16,692.67	10,261.24	52,564.93
b)	Other operating revenues		134.99	420.46	62.24	696.03
Total revenue from operations [1(a) + 1(b)]			14,421.72	17,113.13	10,323.48	53,260.96
2	Other income		112.14	46.51	105.50	414.46
3	Total income [1 + 2]		14,533.86	17,159.64	10,428.98	53,675.42
4	Expenses					
	a)	Raw materials consumed	4,219.58	4,247.45	2,307.92	12,496.78
	b)	Purchases of finished, semi-finished & other products	262.57	206.44	264.84	881.18
	c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(904.57)	96.15	(1,097.05)	(1,329.65)
	d)	Employee benefits expense	1,157.69	1,061.12	1,160.36	4,605.13
	e)	Finance costs	700.14	652.92	529.19	2,688.55
	f)	Depreciation and amortisation expense	966.41	1,057.49	702.97	3,541.55
	g)	Excise duty recovered on sales	1,358.58	1,474.21	1,203.00	5,267.94
	h)	Other expenses	5,361.59	5,666.80	4,263.05	19,463.63
Total expenses [4(a) to 4(h)]			13,121.99	14,462.58	9,334.28	47,615.11
5	**Profit / (Loss) before exceptional items & tax [3 - 4]**		**1,411.87**	**2,697.06**	**1,094.70**	**6,060.31**
6	Exceptional items :					
	a)	Provision for impairment of investments / doubtful advances	-	(19.65)	(133.22)	(170.87)
	b)	Provision for demands and claims	(614.41)	(218.25)	-	(218.25)
	c)	Employee separation compensation	(2.38)	(68.58)	(22.25)	(178.68)
	d)	Restructuring and other provisions	-	(135.58)	-	(135.58)
	Total exceptional items [6(a) to 6(d)]		(616.79)	(442.06)	(155.47)	(703.38)
7	**Profit / (Loss) before tax [5 + 6]**		**795.08**	**2,255.00**	**939.23**	**5,356.93**
8	Tax Expense					
	a)	Current tax	219.50	493.75	268.26	1,400.54
	b)	Deferred tax	69.13	346.29	95.54	511.84
	Total tax expense [8(a) + 8(b)]		288.63	840.04	363.80	1,912.38
9	**Net Profit / (Loss) for the period [7 - 8]**		**506.45**	**1,414.96**	**575.43**	**3,444.55**
10	Other comprehensive income					
	A (i)	Items that will not be reclassified to profit or loss	(114.79)	17.15	626.66	601.22
	(ii)	Income tax relating to items that will not be reclassified to profit or loss	(11.57)	7.67	10.92	75.37
B	(i)	Items that will be reclassified to profit or loss	(4.27)	(1.87)	0.92	(1.22)
	(ii)	Income tax relating to items that will be reclassified to profit or loss	1.48	0.65	(0.32)	0.42
	Total other comprehensive income		(129.15)	23.60	638.18	675.79
11	**Total Comprehensive Income for the period [9 + 10]**		**377.30**	**1,438.56**	**1,213.61**	**4,120.34**
12	Paid-up equity share capital [Face value ₹ 10 per share]		971.41	971.41	971.41	971.41
13	Reserves excluding revaluation reserves					48,687.59
14	Earnings per equity share					
	Basic earnings per share (not annualised) - in Rupees (after exceptional items)		4.77	14.12	5.48	33.67
	Diluted earnings per share (not annualised) - in Rupees (after exceptional items)		4.77	14.12	5.48	33.67

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO
THE BOARD OF DIRECTORS OF
TATA STEEL LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Resultsof TATA STEEL LIMITED ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"),and its share of the profit/(loss) of its joint ventures and associates for the quarter ended June 30, 2017 ("the Statement")being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

   This Statement,which is the responsibility of the Parent's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Parent's personnel and analyticalprocedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3. The Statement includes the results of the entities listed in Annexure A.

4. We did not review the interim financial information of threesubsidiaries included in the consolidated unaudited financial results, whose interim financial information reflect total revenues of Rs. 16,085.74 crores for the quarter ended June 30, 2017, and total loss after tax of Rs. 497.07 crores and total comprehensive loss of Rs. 4,252.89 croresfor the quarter ended June 30, 2017, as considered in the consolidated unaudited financial results. These interim financial information have been reviewed by other auditors whose reports have been furnished to us by the Management and our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

   Our report on the Statement is not modified in respect of these matters.

5. Based on our review conducted as stated above and based on the consideration of the review reports of the other auditors referred to in paragraph 4above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. The consolidated unaudited financial resultsincludes the interim financial information of sixteensubsidiaries which have not been reviewed/audited by their auditors, whose interim financial information reflect total revenue of Rs. 729.52 crores for the quarter ended June 30, 2017 and total profit after tax of Rs.186.07 crores and total comprehensive income of Rs. 391.73 croresfor the quarter ended June 30, 2017, as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also includes the Group's share of profitafter tax of Rs. 2.03 crores and total comprehensive income of Rs. 5.83 croresfor the quarter ended June 30, 2017, as considered in the consolidated unaudited financial results, in respect of an associate and seven joint ventures, based on their interim financial information which have not been reviewed/audited by their auditors. According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

   Our report on the Statement is not modified in respect of our reliance on the interim financial information certified by the Management.

7. In the case of one subsidiary and eight associates the financial information as at June 30, 2017 are not available. The investments in these companies are carried at Re. 1 each as at June 30, 2017. In the absence of their financial information as at June 30, 2017, the total revenue and total profit/(loss) of the subsidiary and the Group's share of profit/(loss) of these associates have not been included in the Consolidated Financial results.

   Our report is not qualified in respect of this matter.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

N. Venkatram
Partner
(Membership No.71387)

MUMBAI, August 7, 2017

ANNEXURE A:
List of entities consolidated

Sl. No	Name of the Company
A.	**Subsidiaries (Direct)**
1	ABJA Investment Co. Pte. Ltd.
2	Adityapur Toll Bridge Company Limited
3	Tata Steel Special Economic Zone Limited
4	Indian Steel & Wire Products Ltd.
5	Jamshedpur Utilities & Services Company Limited
6	Mohar Export Services Pvt. Ltd
7	NatSteel Asia Pte. Ltd.
8	Rujuvalika Investments Limited
9	T S Alloys Limited
10	Tata Korf Engineering Services Ltd.
11	Tata Metaliks Ltd.
12	Tata Sponge Iron Limited
13	Tata Steel (KZN) (Pty) Ltd.
14	T Steel Holdings Pte. Ltd.
15	Tata Steel Odisha Limited
16	Tata Steel Processing and Distribution Limited
17	Tayo Rolls Limited
18	Tata Pigments Limited
19	The Tinplate Company of India Ltd
20	Tata Steel Foundation
B.	**Subsidiaries (Indirect)**
1	Haldia Water Management Limited
2	TS Asia (Hong Kong) Ltd.
3	TSIL Energy Limited
4	T S Global Holdings Pte Ltd.
5	Orchid Netherlands (No.1) B.V.
6	NatSteel Holdings Pte. Ltd.
7	Easteel Services (M) Sdn. Bhd.
8	Eastern Steel Fabricators Philippines, Inc.
9	NatSteel (Xiamen) Ltd.
10	NatSteel Recycling Pte Ltd.
11	NatSteel Trade International (Shanghai) Company Ltd.
12	NatSteel Trade International Pte. Ltd.
13	NatSteel Vina Co. Ltd.
14	The Siam Industrial Wire Company Ltd.
15	TSN Wires Co., Ltd.
16	Tata Steel Europe Limited
17	Apollo Metals Limited
18	Augusta Grundstucks GmbH
19	Automotive Laser Technologies Limited
20	B S Pension Fund Trustee Limited
21	Beheermaatschappij Industriele Produkten B.V.
22	Bell & Harwood Limited
23	Blastmega Limited

Sl. No	Name of the Company
24	Blume Stahlservice GmbH
25	Blume Stahlservice Polska Sp.Z.O.O
26	Bore Samson Group Limited
27	Bore Steel Limited
28	British Guide Rails Limited
29	British Steel Corporation Limited
30	British Steel Directors (Nominees) Limited
31	British Steel Engineering Steels (Exports) Limited
32	British Steel Nederland International B.V.
33	British Steel Service Centres Limited
34	British Tubes Stockholding Limited
35	C V Benine
36	C Walker & Sons Limited
37	Catnic GmbH
38	Catnic Limited
39	CBS Investissements SAS
40	Cogent Power Inc.
41	Tata Steel International Mexico SA de CV
42	Cogent Power Inc.
43	Cogent Power Limited
44	Color Steels Limited
45	Corbeil Les Rives SCI
46	Corby (Northants) & District Water Company Limited
47	Cordor (C& B) Limited
48	Corus Aluminium Verwaltungsgesellschaft Mbh
49	Corus Beteiligungs GmbH
50	Corus Building Systems Bulgaria AD
51	Corus CNBV Investments
52	Corus Cold drawn Tubes Limited
53	Corus Engineering Steels (UK) Limited
54	Corus Engineering Steels Holdings Limited
55	Corus Engineering Steels Limited
56	Corus Engineering Steels Overseas Holdings Limited
57	Corus Engineering Steels Pension Scheme Trustee Limited
58	Corus Group Limited
59	Corus Holdings Limited
60	Corus International (Overseas Holdings) Limited
61	Corus International Limited
62	Corus International Romania SRL.
63	Corus Investments Limited
64	Corus Ireland Limited
65	Corus Large Diameter Pipes Limited
66	Corus Liaison Services (India) Limited
67	Corus Management Limited
68	Corus Primary Aluminium B.V.

ANNEXURE A: (CONTD.)
List of entities consolidated

Sl. No	Name of the Company
69	Corus Property
70	Corus Service Centre Limited
71	Corus Steel Service STP LLC
72	Corus Tubes Poland Spolka Z.O.O
73	Corus UK Healthcare Trustee Limited
74	Corus Ukraine Limited Liability Company
75	CPN (85) Limited
76	Crucible Insurance Company Limited
77	Degels GmbH
78	Demka B.V.
79	DSRM Group Plc.
80	Eric Olsson & Soner Forvaltnings AB
81	Esmil B.V.
82	Europressings Limited
83	Firsteel Group Limited
84	Firsteel Holdings Limited
85	Fischer Profil GmbH
86	Gamble Simms Metals Limited
87	Grant Lyon Eagre Limited
88	H E Samson Limited
89	Hadfields Holdings Limited
90	Halmstad Steel Service Centre AB
91	Hammermega Limited
92	Harrowmills Properties Limited
93	Hille & Muller GmbH
94	Hille & Muller USA Inc.
95	Hoogovens USA Inc.
96	Huizenbezit "Breesaap" B.V.
97	Inter Metal Distribution SAS
98	Kalzip Asia Pte Limited
99	Kalzip FZE
100	Kalzip GmbH
101	Kalzip GmbH
102	Kalzip Inc
103	Kalzip India Private Limited
104	Kalzip Italy SRL
105	Kalzip Limited
106	Kalzip Spain S.L.U.
107	Layde Steel S.L.
108	Lister Tubes Limited
109	London Works Steel Company Limited
110	Midland Steel Supplies Limited
111	Montana Bausysteme AG
112	Naantali Steel Service Centre OY
113	Nationwide Steelstock Limited
114	Norsk Stal Tynnplater AS

Sl. No	Name of the Company
115	Norsk Stal Tynnplater AB
116	Orb Electrical Steels Limited
117	Ore Carriers Limited
118	Oremco Inc.
119	Plated Strip (International) Limited
120	Precoat International Limited
121	Precoat Limited
122	Rafferty-Brown Steel Co Inc Of Conn.
123	Round Oak Steelworks Limited
124	Runblast Limited
125	Runmega Limited
126	S A B Profiel B.V.
127	S A B Profil GmbH
128	Seamless Tubes Limited
129	Service Center Gelsenkirchen GmbH
130	Service Centre Maastricht B.V.
131	Skruv Erik AB
132	Societe Europeenne De Galvanisation (Segal) Sa
133	Speciality Steels UK Limited
134	Staalverwerking en Handel B.V.
135	Steel StockHoldings Limited
136	Steelstock Limited
137	Stewarts & Lloyds Of Ireland Limited
138	Stewarts And Lloyds (Overseas) Limited
139	Surahammar Bruks AB
140	Tata Steel Belgium Packaging Steels N.V.
141	Tata Steel Belgium Services N.V.
142	Tata Steel Denmark Byggsystemer A/S
143	Tata Steel Europe Distribution BV
144	Tata Steel Europe Metals Trading BV
145	Tata Steel France Batiment et Systemes SAS
146	Tata Steel France Holdings SAS
147	Tata Steel Germany GmbH
148	Tata Steel IJmuiden BV
149	Tata Steel International (Americas) Holdings Inc
150	Tata Steel International (Americas) Inc
151	Tata Steel International (Benelux) BV
152	Tata Steel International (Canada) Holdings Inc
153	Tata Steel International (Czech Republic) S.R.O
154	Tata Steel International (Denmark) A/S
155	Tata Steel International (Finland) OY
156	Tata Steel International (France) SAS
157	Tata Steel International (Germany) GmbH
158	Tata Steel International (South America) Representações LTDA
159	Tata Steel International Hellas SA

ANNEXURE A: (CONTD.)
List of entities consolidated

Sl. No	Name of the Company
160	Tata Steel International (Italia) SRL
161	Tata Steel International (Middle East) FZE
162	Tata Steel International (Nigeria) Ltd.
163	Tata Steel International (Poland) sp Zoo
164	Tata Steel International (Schweiz) AG
165	Tata Steel International (Sweden) AB
166	Tata Steel International (India) Limited
167	Tata Steel International Iberica SA
168	Tata Steel Istanbul Metal Sanayi ve Ticaret AS
169	Tata Steel Latvia Building Systems SIA
170	Tata Steel Maubeuge SAS
171	Tata Steel Nederland BV
172	Tata Steel Nederland Consulting & Technical Services BV
173	Tata Steel Nederland Services BV
174	Tata Steel Nederland Star-Frame BV
175	Tata Steel Nederland Technology BV
176	Tata Steel Nederland Tubes BV
177	Tata Steel Netherlands Holdings B.V.
178	Tata Steel Norway Byggsystemer A/S
179	Tata Steel Speciality Service Centre Suzhou Co. Limited
180	Tata Steel Sweden Byggsystem AB
181	Tata Steel Speciality Service Centre Xian Co. Limited
182	Tata Steel UK Consulting Limited
183	Tata Steel UK Holdings Limited
184	Tata Steel UK Limited
185	Tata Steel USA Inc.
186	The Newport And South Wales Tube Company Limited
187	The Stanton Housing Company Limited
188	The Templeborough Rolling Mills Limited
189	Thomas Processing Company
190	Thomas Steel Strip Corp.
191	Toronto Industrial Fabrications Limited
192	Trier Walzwerk Verwaltungsgsellschaft mbH
193	TS South Africa Sales Office Proprietary Limited
194	Tulip UK Holdings (No.2) Limited
195	Tulip UK Holdings (No.3) Limited
196	U.E.S. Bright Bar Limited
197	UK Steel Enterprise Limited
198	UKSE Fund Managers Limited
199	Unitol SAS
200	Walker Manufacturing And Investments Limited
201	Walkersteelstock Ireland Limited
202	Walkersteelstock Limited
203	Westwood Steel Services Limited
204	Whitehead (Narrow Strip) Limited
205	T S Global Minerals Holdings Pte Ltd.

Sl. No	Name of the Company
206	Al Rimal Mining LLC
207	Black Ginger 461 (Proprietary) Ltd
208	Kalimati Coal Company Pty. Ltd.
209	Sedibeng Iron Ore Pty. Ltd.
210	Tata Steel Cote D' Ivoire S.A
211	TSMUK Limited
212	Tata Steel Minerals Canada Limited
213	T S Canada Capital Ltd
214	Tata Steel International (Singapore) Holdings Pte. Ltd.
215	TSIA Holdings (Thailand) Limited
216	Tata Steel International (Shanghai) Ltd.
217	Tata Steel International (Thailand) Limited
218	Tata Steel International (Singapore) Pte. Ltd.
219	Tata Steel International (Asia) Limited
220	Tata Steel (Thailand) Public Company Ltd.
221	N.T.S Steel Group Plc.
222	The Siam Construction Steel Co. Ltd.
223	The Siam Iron And Steel (2001) Co. Ltd.
224	T S Global Procurement Company Pte. Ltd.
225	ProCo Issuer Pte. Ltd.
C.	**Jointly Controlled Entities (Direct)**
1	Bhubaneshwar Power Private Limited
2	Himalaya Steel Mills Services Private Limited
3	mjunction services limited
4	S & T Mining Company Private Limited
5	Tata BlueScope Steel Limited
6	Tata NYK Shipping Pte Ltd.
7	Jamshedpur Continuous Annealing & Processing Company Private Limited
8	T M Mining Company Limited
9	TM International Logistics Limited
10	Industrial Energy Limited
11	Jamipol Limited
D.	**Jointly Controlled Entities (Indirect)**
1	SEZ Adityapur Limited
2	Naba Diganta Water Management Limited
3	TVSC Construction Steel Solutions Limited
4	Afon Tinplate Company Limited
5	Caparo Merchant Bar Plc
6	Fabsec Limited
7	Industrial Rail Services IJmond B.V.
8	Laura Metaal Holding B.V.
9	Ravenscraig Limited
10	Tata Elastron Steel Service Center SA

ANNEXURE A: (CONTD.)
List of entities consolidated

Sl. No	Name of the Company
11	Tata Steel Ticaret AS
12	Minas De Benga (Mauritius) Limited
13	International Shipping and Logistics FZE
14	TKM Global China Ltd
15	TKM Global GmbH
16	TKM Global Logistics Limited
17	Tata NYK Shipping (India) Pvt. Ltd.
18	BlueScope Lysaght Lanka (Pvt) Ltd
E.	**Joint Operation**
1	Air Products Llanwern Limited
2	BSR Pipeline Services Limited
3	Texturing Technology Limited
4	Hoogovens Court Roll Service Technologies VOF
F.	**Associates (Direct)**
1	Kalinga Aquatics Ltd.
2	Kumardhubi Fireclay & Silica Works Ltd.
3	Kumardhubi Metal Casting and Engineering Limited
4	Nicco Jubilee Park Limited
5	Strategic Energy Technology Systems Private Limited
6	Tata Construction & Projects Ltd.
7	TRL Krosaki Refractories Limited
8	TRF Limited
9	Malusha Travels Pvt Ltd.

Sl. No	Name of the Company
G.	**Associates (Indirect)**
1	European Profiles (M) Sdn. Bhd.
2	Albi Profils SRL
3	GietWalsOnderhoudCombinatie B.V.
4	Hoogovens Gan Multimedia S.A. De C.V.
5	ISSB Limited
6	Wupperman Staal Nederland B.V.
7	New Millennium Iron Corp.
8	Metal Corporation of India Limited
9	TRF Singapore Pte Limited
10	TRF Holding Pte Limited
11	York Transport Equipment (Asia) Pte Ltd
12	York Transport Equipment (India) Pvt Ltd
13	York Transport Equipment Pty Ltd
14	York Sales (Thailand) Company Limited
15	York Transport Equipment (SA) (Pty) Ltd
16	Rednet Pte Ltd
17	PT York Engineering
18	YTE Special Products Pte. Limited
19	Qingdao YTE Special Products Co. Limited
20	York Transport Equipment (Shanghai) Co. Ltd
21	Aditya Automotive Applications Private Limited
22	Dutch Lanka Trailer Manufacturers Limited
23	Dutch Lanka Engineering (Private) Limited
24	Dutch Lanka Trailers Manufacturing LLC
25	Hewitt Robins International Ltd
26	Hewitt Robins International Holdings Ltd

CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER/ THREE MONTHS ENDED ON 30TH JUNE 2017

₹ Crores

Particulars			Quarter ended on 30.06.2017	Quarter ended on 31.03.2017	Quarter ended on 30.06.2016	Financial year ended on 31.03.2017
			Unaudited	**Unaudited**	**Unaudited**	**Audited**
1	Revenue from operations					
a)	Gross sales / income from operations		30,803.32	34,832.98	25,896.94	1,16,682.57
b)	Other operating revenues		170.01	471.91	73.77	737.37
Total revenue from operations [1(a) + 1(b)]			30,973.33	35,304.89	25,970.71	1,17,419.94
2	Other income		155.47	152.17	136.38	527.47
3	Total income [1 + 2]		31,128.80	35,457.06	26,107.09	1,17,947.41
4	Expenses					
	a)	Raw materials consumed	10,279.43	9,957.64	6,815.11	32,418.09
	b)	Purchases of finished, semi-finished & other products	2,757.70	2,784.80	2,916.14	11,424.94
	c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,967.28)	(295.31)	(1,593.61)	(4,538.13)
	d)	Employee benefits expense	4,303.86	4,216.94	4,503.33	17,252.22
	e)	Finance costs	1,343.71	1,263.12	1,070.68	5,072.20
	f)	Depreciation and amortisation expense	1,501.13	1,589.22	1,237.77	5,672.88
	g)	Excise duty recovered on sales	1,316.04	1,408.89	1,176.35	5,120.52
	h)	Other expenses	9,309.57	10,206.72	8,878.02	38,734.48
Total expenses [4(a) to 4(h)]			28,844.16	31,132.02	25,003.79	1,11,157.20
5	Profit / (Loss) before share of profit/(loss) of joint ventures & associates, exceptional items & tax [3 - 4]		2,284.64	4,325.04	1,103.30	6,790.21
6	Share of profit / (loss) of joint ventures & associates		5.90	2.76	14.20	7.65
7	**Profit / (Loss) before exceptional items & tax [5 + 6]**		**2,290.54**	**4,327.80**	**1,117.50**	**6,797.86**
8	Exceptional items :					
	a)	Profit / (Loss) on sale of non current investments	-	22.70	-	22.70
	b)	Profit on sale of non current assets	-	85.87	-	85.87
	c)	Provision for diminution in value of investments / doubtful advances	-	(8.59)	(116.86)	(125.45)
	d)	Provision for impairment of non-current assets	-	(267.93)	-	(267.93)
	e)	Provision for demands and claims	(614.41)	(218.25)	-	(218.25)
	f)	Employee separation compensation	(2.38)	(68.59)	(50.94)	(207.37)
	g)	Restructuring and other provisions	-	**(3,613.80)**	**-**	(3,613.80)
	Total exceptional items [8(a) to 8(g)]		(616.79)	(4,068.59)	(167.80)	(4,324.23)
9	**Profit / (Loss) before tax [7 + 8]**		**1,673.75**	**259.21**	**949.70**	**2,473.63**
10	Tax Expense					
	a)	Current tax	325.50	667.50	233.66	1,741.70
	b)	Deferred tax	415.03	308.46	506.61	1,036.31
	Total tax expense [10(a) + 10(b)]		740.53	975.96	740.27	2,778.01
11	Net Profit / (Loss) after tax from continuing operations [9 - 10]		933.22	(716.75)	209.43	(304.38)
12	Profit / (Loss) before tax from discontinued operations		(30.77)	(493.90)	(90.78)	(770.86)
13	Tax expense of discontinued operations		-	(0.11)	5.24	8.01
14	Profit / (Loss) after tax from discontinued operations [12 - 13]		(30.77)	(493.79)	(96.02)	(778.87)
15	Profit / (Loss) on disposal of discontinued operations		18.64	42.52	(3,296.48)	(3,085.32)
16	Net Profit / (Loss) after tax from discontinued operations [14 + 15]		(12.13)	(451.27)	(3,392.50)	(3,864.19)
17	**Net Profit / (Loss) for the period [11 + 16]**		**921.09**	**(1,168.02)**	**(3,183.07)**	**(4,168.57)**
18	Profit/ (Loss) from continuing operations for the period attributable to:					
	Owners of the Company		918.40	(725.14)	185.82	(376.61)
	Non controlling interests		14.82	8.39	23.61	72.23
19	Profit / (Loss) from discontinued operations for the period attributable to:					
	Owners of the Company		(12.13)	(451.27)	(3,392.50)	(3,864.19)
	Non controlling interests		-	-	-	-

CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER/ THREE MONTHS ENDED ON 30TH JUNE 2017

₹ Crores

Particulars				Quarter ended on 30.06.2017	Quarter ended on 31.03.2017	Quarter ended on 30.06.2016	Financial year ended on 31.03.2017
				Unaudited	Unaudited	Unaudited	Audited
20	Other comprehensive income						
	A	(i)	Items that will not be reclassified to profit or loss	(2,792.99)	1,820.30	(625.40)	(3,494.25)
		(ii)	Income tax relating to items that will not be reclassified to profit or loss	276.20	(303.42)	235.34	782.34
	B	(i)	Items that will be reclassified to profit or loss	(1,085.53)	(152.44)	755.54	2,188.30
		(ii)	Income tax on items that will be reclassified to profit or loss	60.52	28.18	(11.29)	(39.45)
	Total other comprehensive income			(3,541.80)	1,392.62	354.19	(563.06)
21	**Total Comprehensive Income for the period [17 + 20]**			**(2,620.71)**	**224.60**	**(2,828.88)**	**(4,731.63)**
22	Total comprehensive income for the period attributable to:						
	Owners of the Company			(2,636.77)	212.26	(2,862.13)	(4,800.32)
	Non controlling interests			16.06	12.34	33.25	68.69
23	Paid-up equity share capital [Face value ₹ 10 per share]			970.24	970.24	970.24	970.24
24	Reserves (excluding revaluation reserves) and Non controlling interest						36,175.77
25	Earnings per equity share (for continuing operation):						
	Basic earnings per share (not annualised) - in Rupees (after exceptional items)			9.17	(7.83)	1.71	1.71
	Diluted earnings per share (not annualised) - in Rupees (after exceptional items)			9.17	(7.83)	1.71	1.71
26	Earnings per equity share (for discontinued operation):						
	Basic earnings per share (not annualised) - in Rupees			(0.13)	(4.65)	(34.97)	(39.84)
	Diluted earnings per share (not annualised) - in Rupees			(0.13)	(4.65)	(34.97)	(39.84)
27	Earnings per equity share (for continuing and discontinued operations):						
	Basic earnings per share (not annualised) - in Rupees (after exceptional items)			9.04	(12.48)	(33.26)	(44.77)
	Diluted earnings per share (not annualised) - in Rupees (after exceptional items)			9.04	(12.48)	(33.26)	(44.77)

CONSOLIDATED SEGMENT REVENUE, RESULTS, ASSETS AND LIABILITIES

₹ Crores

Particulars	Quarter ended on 30.06.2017	Quarter ended on 31.03.2017	Quarter ended on 30.06.2016	Financial year ended on 31.03.2017
	Unaudited	Unaudited	Unaudited	Audited
Segment Revenue:				
Tata Steel India	14,421.72	17,113.13	10,323.48	53,260.96
Other Indian Operations	1,831.17	2,056.96	1,470.83	6,699.84
Tata Steel Europe	14,078.79	15,243.52	12,665.08	52,084.96
Other Trade Related Operations	7,202.67	7,202.26	4,451.04	23,751.37
South East Asian Operations	1,990.96	2,220.84	2,003.09	8,135.90
Rest of the World	118.76	240.48	147.27	629.95
Total	**39,644.07**	**44,077.19**	**31,060.79**	**1,44,562.98**
Less: Inter Segment Revenue	8,670.74	8,772.30	5,090.08	27,143.04
Total Segment Revenue from operations	**30,973.33**	**35,304.89**	**25,970.71**	**1,17,419.94**
Segment Results before exceptional items, interest, tax and depreciation :				
Tata Steel India	2,921.54	4,324.39	2,236.10	11,952.75
Other Indian Operations	204.82	214.75	123.89	580.08
Tata Steel Europe	1,252.52	1,972.17	889.73	4,704.91
Other Trade Related Operations	817.66	582.39	(23.71)	261.62
South East Asian Operations	25.77	154.56	185.03	531.27
Rest of the World	(25.47)	44.48	9.84	(19.56)
Less: Inter Segment Eliminations	257.52	310.75	117.52	985.70
Total Segment Results before exceptional items, interest, tax and depreciation	**4,939.32**	**6,981.99**	**3,303.36**	**17,025.37**
Add: Finance income	196.06	198.15	122.59	517.57
Less: Finance costs	1,343.71	1,263.12	1,070.68	5,072.20
Less: Depreciation and Amortisation	1,501.13	1,589.22	1,237.77	5,672.88
Profit / (Loss) before exceptional items & tax	**2,290.54**	**4,327.80**	**1,117.50**	**6,797.86**
Add: Exceptional items	(616.79)	(4,068.59)	(167.80)	(4,324.23)
Profit / (Loss) before tax	**1,673.75**	**259.21**	**949.70**	**2,473.63**
Less: Tax expense	740.53	975.96	740.27	2,778.01
Net Profit / (Loss) after tax from continuing operations	**933.22**	**(716.75)**	**209.43**	**(304.38)**
Net Profit / (Loss) after tax from discontinued operations	(12.13)	(451.27)	(3,392.50)	(3,864.19)
Net Profit / (Loss) for the period	**921.09**	**(1,168.02)**	**(3,183.07)**	**(4,168.57)**
Segment Assets:				
Tata Steel India	1,13,173.59	1,09,180.60	1,06,328.76	1,09,180.60
Other Indian Operations	5,637.60	5,532.26	5,097.56	5,532.26
Tata Steel Europe	43,438.90	43,687.31	49,272.35	43,687.31
Other Trade Related Operations	46,779.39	43,413.50	48,122.01	43,413.50
South East Asian Operations	4,913.41	5,091.43	5,220.67	5,091.43
Rest of the World	7,896.24	7,904.66	7,457.23	7,904.66
Less: Inter Segment Eliminations	44,260.85	41,476.52	45,185.37	41,476.52
Total Segment Assets	**1,77,578.28**	**1,73,333.24**	**1,76,313.21**	**1,73,333.24**
Segment Liabilities:				
Tata Steel India	66,213.50	62,542.95	61,433.63	62,542.95
Other Indian Operations	3,267.80	3,274.90	3,095.11	3,274.90
Tata Steel Europe	77,036.93	73,061.71	76,253.91	73,061.71
Other Trade Related Operations	35,439.58	33,208.34	31,441.18	33,208.34
South East Asian Operations	2,574.49	2,724.50	2,933.40	2,724.50
Rest of the World	2,274.77	2,205.11	6,274.85	2,205.11
Less: Inter Segment Eliminations	45,983.27	43,105.29	46,717.85	43,105.29
Total Segment Liabilities	**1,40,823.80**	**1,33,912.22**	**1,34,714.23**	**1,33,912.22**

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Tata Steel Limited
Bombay House
24, Homi Mody Street,
Fort, Mumbai 400 001

1. We have audited the financial results of Tata Steel Limited (the "Company") for the quarter ended September 30, 2017 and the year to date results for the period April 1, 2017 to September 30, 2017 including the period from April 1, 2017 to June 30, 2017 which was audited by another firm of chartered accountants on whose report dated August 7, 2017 we have relied upon, (the "results") which are included in the accompanying 'Standalone Financial Results for the quarter and six months ended on 30th September, 2017' and the Standalone Balance Sheet as on that date, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015").

2. The Company's Management is responsible for preparation of the results on the basis of its interim financial statements prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 'Interim Financial Reporting', prescribed under section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the results based on our audit of such interim financial statements.

3. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the results. An audit also includes assessing the accounting principles used and significant estimates made by Management. We believe that our audit provides a reasonable basis for our opinion. (Also refer paragraph 5 below)

4. In our opinion, and to the best of our information and according to the explanations given to us, the results :

   (i) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations, 2015 in this regard; and

   (ii) give a true and fair view of the net profit and other financial information for the quarter ended September 30, 2017 as well as the year to date results for the period from April 1, 2017 to September 30, 2017, including the period from April 1, 2017 to June 30, 2017 audited by another firm of chartered accountants on whose report dated August 7, 2017 we have relied upon, and also the Standalone Balance Sheet as at September 30, 2017.

5. (a) The standalone financial results of the Company for the quarters ended June 30, 2017, September 30, 2016/ year to date results for the period April 1, 2016 to September 30, 2016 were audited by another firm of chartered accountants, who issued their unmodified opinions vide their reports dated August 7, 2017 and November 11, 2016 respectively.

   (b) The financial statements of the Company for the year ended March 31, 2017 was audited by another firm of chartered accountants, who issued their unmodified opinion, vide their report dated May 16, 2017.

For **Price Waterhouse & Co Chartered Accountants LLP**
Chartered Accountants
Registration Number: 304026E/E-300009

Russell I Parera
(Partner)
(Membership Number : 042190)

Mumbai, October 30, 2017

STANDALONE FINANCIAL RESULTS FOR THE QUARTER/ SIX MONTHS ENDED ON 30TH SEPTEMBER 2017

₹ Crores

	Particulars	Quarter ended on 30.09.2017	Quarter ended on 30.06.2017	Quarter ended on 30.09.2016	Six months ended on 30.09.2017	Six months ended on 30.09.2016	Financial year ended on 31.03.2017
		Audited	Audited	Audited	Audited	Audited	Audited
1	Revenue from operations						
a)	Gross sales / income from operations	13,910.36	14,286.73	11,639.23	28,197.09	21,900.47	52,564.93
b)	Other operating revenues	310.57	134.99	79.08	445.56	141.32	696.03
	Total revenue from operations [1(a) + 1(b)]	14,220.93	14,421.72	11,718.31	28,642.65	22,041.79	53,260.96
2	Other income	249.48	112.14	164.65	361.62	270.15	414.46
3	Total income [1 + 2]	14,470.41	14,533.86	11,882.96	29,004.27	22,311.94	53,675.42
4	Expenses						
	a) Raw materials consumed	4,448.98	4,219.58	2,643.85	8,668.56	4,951.77	12,496.78
	b) Purchases of finished, semi-finished & other products	81.26	262.57	212.77	343.83	477.61	881.18
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	918.89	(904.57)	159.47	14.32	(937.58)	(1,329.65)
	d) Employee benefits expense	1,115.11	1,157.69	1,180.87	2,272.80	2,341.23	4,605.13
	e) Finance costs	709.16	700.14	736.72	1,409.30	1,265.91	2,688.55
	f) Depreciation and amortisation expense	912.42	966.41	911.65	1,878.83	1,614.62	3,541.55
	g) Excise duty recovered on sales	-	1,358.58	1,197.09	1,358.58	2,253.64	5,117.18
	h) Other expenses	4,281.44	5,361.59	4,409.49	9,643.03	8,818.99	19,614.39
	Total expenses [4(a) to 4(h)]	12,467.26	13,121.99	11,451.91	25,589.25	20,786.19	47,615.11
5	**Profit / (Loss) before exceptional items & tax [3 - 4]**	**2,003.15**	**1,411.87**	**431.05**	**3,415.02**	**1,525.75**	**6,060.31**
6	Exceptional items :						
	a) Provision for impairment of investments / doubtful advances	(26.65)	-	(5.00)	(26.65)	(138.22)	(170.87)
	b) Provision for demands and claims	-	(614.41)	-	(614.41)	-	(218.25)
	c) Employee separation compensation	-	(2.38)	(59.29)	(2.38)	(81.54)	(178.68)
	d) Restructuring and other provisions	-	-	-	-	-	(135.58)
	Total exceptional items [6(a) to 6(d)]	(26.65)	(616.79)	(64.29)	(643.44)	(219.76)	(703.38)
7	**Profit / (Loss) before tax [5 + 6]**	**1,976.50**	**795.08**	**366.76**	**2,771.58**	**1,305.99**	**5,356.93**
8	Tax Expense						
	a) Current tax	489.36	219.50	181.21	708.86	449.47	1,400.54
	b) Deferred tax	193.06	69.13	(64.01)	262.19	31.53	511.84
	Total tax expense [8(a) + 8(b)]	682.42	288.63	117.20	971.05	481.00	1,912.38
9	**Net Profit / (Loss) for the period [7 - 8]**	**1,294.08**	**506.45**	**249.56**	**1,800.53**	**824.99**	**3,444.55**
10	Other comprehensive income						
	A (i) Items that will not be reclassified to profit or loss	(75.59)	(114.79)	521.58	(190.38)	1,148.23	601.22
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(6.41)	(11.57)	51.02	(17.98)	61.95	75.37
	B (i) Items that will be reclassified to profit or loss	1.63	(4.27)	(0.63)	(2.64)	0.29	(1.22)
	(ii) Income tax relating to items that will be reclassified to profit or loss	(0.57)	1.48	0.22	0.91	(0.10)	0.42
	Total other comprehensive income	(80.94)	(129.15)	572.19	(210.09)	1,210.37	675.79
11	**Total Comprehensive Income for the period [9 + 10]**	**1,213.14**	**377.30**	**821.75**	**1,590.44**	**2,035.36**	**4,120.34**
12	Paid-up equity share capital [Face value ₹ 10 per share]	971.41	971.41	971.41	971.41	971.41	971.41
13	Paid-up debt capital				10,260.71	9,517.36	10,175.70
14	Reserves excluding revaluation reserves						48,687.60
15	Hybrid perpetual securities				2,275.00	2,275.00	2,275.00

STANDALONE FINANCIAL
RESULTS FOR THE QUARTER/ SIX MONTHS ENDED ON 30TH SEPTEMBER 2017

₹ Crores

Particulars		Quarter ended on 30.09.2017	Quarter ended on 30.06.2017	Quarter ended on 30.09.2016	Six months ended on 30.09.2017	Six months ended on 30.09.2016	Financial year ended on 31.03.2017
		Audited	Audited	Audited	Audited	Audited	Audited
16	Debenture redemption reserve				2,046.00	2,046.00	2,046.00
17	Earnings per equity share						
	Basic earnings per share (not annualised) - in Rupees (after exceptional items)	12.87	4.77	2.12	17.64	7.60	33.67
	Diluted earnings per share (not annualised) - in Rupees (after exceptional items)	12.87	4.77	2.12	17.64	7.60	33.67
18	Net Debt Equity Ratio				0.42	0.53	0.44
19	Debt Service Coverage Ratio				4.25	2.03	2.72
20	Interest Service Coverage Ratio				5.15	2.81	4.21

(a) Paid up debt capital represents debentures

(b) Net Debt to Equity: Net Debt / Average Net Worth

(Net debt: Long term borrowings + Current maturities of long term borrowings + Short term borrowings - Cash & bank balances - Current investments)

(Net Worth: Equity Share Capital + Other Equity + Hybrid Perpetual Securities)

(c) Debt Service Coverage Ratio: EBIT / (Net Finance Charges + Scheduled Principal repayments of long term borrowings (excluding prepayments) during the period)

(EBIT : Profit before Taxes +/(-) Exceptional Items + Net Finance Charges)

(Net Finance Charges: Finance costs (excluding interest on short term debts) - Interest income - Dividend income from current investments - Net Gain/(Loss) on sale of current investments)

(d) Interest Service Coverage Ratio: EBIT / Net Finance Charges

STANDALONE BALANCE SHEET AS AT 30TH SEPTEMBER 2017

(₹ crore)

				As at September 30, 2017	As at March 31, 2017
				Audited	Audited
ASSETS					
I	**Non current assets**				
	(a)	Property, plant and equipment		71,506.48	71,778.97
	(b)	Capital work-in-progress		5,581.92	6,125.35
	(c)	Intangible assets		774.71	788.18
	(d)	Intangible assets under development		49.30	38.61
	(e)	Investments in subsidiaries, associates and joint ventures		3,446.57	3,397.57
	(f)	Financial assets			
		(i)	Investments	5,781.51	4,958.33
		(ii)	Loans	211.19	211.97
		(iii)	Derivative assets	1.84	0.12
		(iv)	Other financial assets	18.13	79.49
	(g)	Income tax assets (net)		884.05	867.75
	(h)	Other assets		2,163.19	3,121.64
	Total Non current assets			**90,418.89**	**91,367.98**
II	**Current assets**				
	(a)	Inventories		10,258.58	10,236.85
	(b)	Financial assets			
		(i)	Investments	8,781.25	5,309.81
		(ii)	Trade receivables	1,749.71	2,006.52
		(iii)	Cash and cash equivalents	312.54	905.21
		(iv)	Other balances with banks	100.04	65.10
		(v)	Loans	108.65	27.14
		(vi)	Derivative assets	34.50	6.26
		(vii)	Other financial assets	455.28	315.06
	(c)	Other assets		2,581.77	1,225.48
	Total Current assets			**24,382.32**	**20,097.43**
TOTAL ASSETS				**114,801.21**	**111,465.41**
EQUITY AND LIABILITIES					
III	**Equity**				
	(a)	Equity Share Capital		971.41	971.41
	(b)	Hybrid Perpetual Securities		2,275.00	2,275.00
	(c)	Other equity		49,031.16	48,687.60
	Total Equity			**52,277.57**	**51,934.01**
IV	**Non current liabilities**				
	(a)	Financial liabilities			
		(i)	Borrowings	26,997.61	24,694.37
		(ii)	Derivative liabilities	113.65	179.33
		(iii)	Other financial liabilities	19.55	18.22
	(b)	Provisions		1,023.28	1,092.36
	(c)	Retirement benefit obligations		1,516.47	1,484.21
	(d)	Deferred income		1,726.64	1,885.19
	(e)	Deferred tax liabilities (net)		5,638.57	6,111.27
	(f)	Other liabilities		76.27	77.74
	Total Non current liabilities			**37,112.04**	**35,542.69**
V	**Current liabilities**				
	(a)	Financial liabilities			
		(i)	Borrowings	3,773.19	3,239.67
		(ii)	Trade payables	10,214.78	10,717.44
		(iii)	Derivative liabilities	29.72	270.17
		(iv)	Other financial liabilities	3,987.11	4,062.35
	(b)	Provisions		1,650.02	1,632.98
	(c)	Retirement benefit obligations		53.90	56.58
	(d)	Income tax liabilities (net)		1,030.36	465.72
	(e)	Other liabilities		4,672.52	3,543.80
	Total current liabilities			**25,411.60**	**23,988.71**
TOTAL EQUITY AND LIABILITIES				**114,801.21**	**111,465.41**

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors
Tata Steel Limited
Bombay House
24, Homi Mody Street Fort,
Mumbai 400 001

1. We have reviewed the unaudited consolidated financial results of Tata Steel Limited (the "Company"), its subsidiaries, jointly controlled entities and associate companies (hereinafter referred to as the "Group") for the quarter ended September 30, 2017 which are included in the accompanying Consolidated Financial Results for the quarter/ six months ended on 30th September 2017 and the unaudited Consolidated Balance Sheet as at that date (the "Statement"). The Statement has been prepared by the Company's Management pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015"), which has been initialled by us for identification purposes. The Statement is the responsibility of the Company's Management and has been approved by its Board of Directors. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.

3. The Statement includes the results of the entities listed in Annexure A.

4. A review is limited primarily to inquiries of Group personnel and analytical procedures applied to the Group's financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

5. We did not review the interim financial information of four subsidiaries considered in the preparation of the Statement and which constitute total assets of ₹ 49,783.30 crores and net assets of ₹ (37,142.62) crores as at September 30, 2017, total revenue of ₹ 17,588.63 crores and total comprehensive income (comprising of loss and other comprehensive income) of ₹ (5584.68) crores for the quarter ended September 30, 2017 and which also include their step down joint ventures and associates representing ₹16.06 crores of the Group's share of total comprehensive income for the quarter ended September 30, 2017. These financial information have been reviewed by other auditors whose reports have been furnished to us, and our conclusion on the Statement to the extent they have been derived from such financial information is based solely on the report of such other auditors.

6. We did not review the financial information of (i) eleven subsidiaries considered in the preparation of the Statement and which constitute total assets of ₹ 13,511.48 crores and net assets of ₹ 4,088.49 crores as at September 30, 2017, total revenue of ₹ 783.88 crores and total comprehensive income of ₹ 87.96 crores for the quarter ended September 30, 2017 and (ii) six joint ventures and three associates representing ₹ 11.52 crores of the Group's share of total comprehensive income for the quarter ended September 30, 2017. These financial information have been furnished to us by the Management, and our conclusion on the Statement in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates is based solely on such financial information.

7. In the case of one subsidiary, one joint venture and seven associates, the financial information for the quarter ended September 30, 2017 and as at that date is not available. The investments in these companies are carried at Re. 1 each as at September 30, 2017. In absence of the aforementioned financial information (i) the total assets and net assets as at September 30, 2017 and the total revenue and total comprehensive income of this subsidiary for the quarter ended September 30, 2017 and (ii) the Group's share of total comprehensive income of this joint venture and these associates for the quarter ended September 30, 2017, have not been included in the Consolidated Financial Information of the Group.

Our Report is not modified in respect of matters set out in Paragraphs 5, 6 and 7 above.

8. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

9. (a) The consolidated financial results of the Group for the quarters ended June 30, 2017, September 30, 2016/ year to date results for the period April 1, 2016 to September 30, 2016 were reviewed by another firm of chartered accountants, who issued their unmodified conclusion vide their reports dated August 7, 2017 and November 11, 2016 respectively.

(b) The financial statements of the Group for the year ended March 31, 2017 was audited by another firm of chartered accountants, who issued their unmodified opinion, vide their report dated May 16, 2017.

For **Price Waterhouse & Co Chartered Accountants LLP**
Chartered Accountants
Registration Number: 304026E/E-300009

Russell I Parera
(Partner)
(Membership Number : 042190)

Mumbai, October 30, 2017

CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER/ SIX MONTHS ENDED ON 30TH SEPTEMBER 2017

₹ Crores

	Particulars		Quarter ended on 30.09.2017	Quarter ended on 30.06.2017	Quarter ended on 30.09.2016	Six months ended on 30.09.2017	Six months ended on 30.09.2016	Financial year ended on 31.03.2017
			Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
1	Revenue from operations							
a)	Gross sales / income from operations		32,101.03	30,803.32	27,040.55	62,904.35	52,937.49	116,682.57
b)	Other operating revenues		363.11	170.01	79.10	533.12	152.87	737.37
Total revenue from operations [1(a) + 1(b)]			32,464.14	30,973.33	27,119.65	63,437.47	53,090.36	117,419.94
2	Other income		253.21	155.47	108.85	408.68	245.23	527.47
3	Total income [1 + 2]		32,717.35	31,128.80	27,228.50	63,846.15	53,335.59	117,947.41
4	Expenses							
	a)	Raw materials consumed	10,354.59	10,279.43	7,634.04	20,634.02	14,449.15	32,418.09
	b)	Purchases of finished, semi-finished & other products	2,626.61	2,757.70	2,790.91	5,384.31	5,707.05	11,424.94
	c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,308.42	(1,967.28)	(1,083.25)	(658.86)	(2,676.86)	(4,538.13)
	d)	Employee benefits expense	4,294.10	4,303.86	4,352.74	8,597.96	8,856.07	17,252.22
	e)	Finance costs	1,349.93	1,343.71	1,351.02	2,693.64	2,421.70	5,072.20
	f)	Depreciation and amortisation expense	1,473.28	1,501.13	1,466.91	2,974.41	2,704.68	5,672.88
	g)	Excise duty recovered on sales	-	1,316.04	1,198.57	1,316.04	2,204.79	4,995.16
	h)	Other expenses	9,159.75	9,309.57	9,155.55	18,469.32	18,203.70	38,859.84
Total expenses [4(a) to 4(h)]			30,566.68	28,844.16	26,866.49	59,410.84	51,870.28	111,157.20
5	Profit / (Loss) before share of profit/(loss) of joint ventures & associates, exceptional items & tax [3 - 4]		2,150.67	2,284.64	362.01	4,435.31	1,465.31	6,790.21
6	Share of profit / (loss) of joint ventures & associates		19.80	5.90	(9.06)	25.70	5.14	7.65
7	**Profit / (Loss) before exceptional items & tax [5 + 6]**		**2,170.47**	**2,290.54**	**352.95**	**4,461.01**	**1,470.45**	**6,797.86**
8	Exceptional items :							
	a)	Profit / (Loss) on sale of non current investments	-	-	-	-	-	22.70
	b)	Profit on sale of non current assets	-	-	-	-	-	85.87
	c)	Provision for diminution in value of investments / doubtful advances	(26.65)	-	-	(26.65)	(116.86)	(125.45)
	d)	Provision for impairment of non-current assets	-	-	-	-	-	(267.93)
	e)	Provision for demands and claims	-	(614.41)	-	(614.41)	-	(218.25)
	f)	Employee separation compensation	(18.00)	(2.38)	(59.29)	(20.38)	(110.23)	(207.37)
	g)	Restructuring and other provisions	-	-	-	-	-	(3,613.80)
	Total exceptional items [8(a) to 8(g)]		(44.65)	(616.79)	(59.29)	(661.44)	(227.09)	(4,324.23)
9	**Profit / (Loss) before tax [7 + 8]**		**2,125.82**	**1,673.75**	**293.66**	**3,799.57**	**1,243.36**	**2,473.63**
10	Tax Expense							
	a)	Current tax	610.86	325.50	255.42	936.36	489.08	1,741.70
	b)	Deferred tax	527.11	415.03	107.95	942.14	614.56	1,036.31
	Total tax expense [10(a) + 10(b)]		1,137.97	740.53	363.37	1,878.50	1,103.64	2,778.01
11	Net Profit / (Loss) after tax from continuing operations [9 - 10]		987.85	933.22	(69.71)	1,921.07	139.72	(304.38)
12	Profit / (Loss) before tax from discontinued operations		33.16	(30.77)	(85.53)	2.39	(176.31)	(770.86)
13	Tax expense of discontinued operations		-	-	3.03	-	8.27	8.01
14	Profit / (Loss) after tax from discontinued operations [12 - 13]		33.16	(30.77)	(88.56)	2.39	(184.58)	(778.87)

CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER/ SIX MONTHS ENDED ON 30TH SEPTEMBER 2017

₹ Crores

	Particulars	Quarter ended on 30.09.2017	Quarter ended on 30.06.2017	Quarter ended on 30.09.2016	Six months ended on 30.09.2017	Six months ended on 30.09.2016	Financial year ended on 31.03.2017
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
15	Profit / (Loss) on disposal of discontinued operations	(3.23)	18.64	108.89	15.41	(3,187.59)	(3,085.32)
16	Net Profit / (Loss) after tax from discontinued operations [14 + 15]	29.93	(12.13)	20.33	17.80	(3,372.17)	(3,864.19)
17	**Net Profit / (Loss) for the period [11 + 16]**	**1,017.78**	**921.09**	**(49.38)**	**1,938.87**	**(3,232.45)**	**(4,168.57)**
18	Profit/ (Loss) from continuing operations for the period attributable to:						
	Owners of the Company	975.87	918.40	(79.94)	1,894.27	105.88	(376.61)
	Non controlling interests	11.98	14.82	10.23	26.80	33.84	72.23
19	Profit / (Loss) from discontinued operations for the period attributable to:						
	Owners of the Company	29.93	(12.13)	20.33	17.80	(3,372.17)	(3,864.19)
	Non controlling interests	-	-	-	-	-	-
20	Other comprehensive income						
	A (i) Items that will not be reclassified to profit or loss	(3,745.09)	(2,792.99)	(4,076.07)	(6,538.08)	(4,701.47)	(3,494.25)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	261.19	276.20	826.36	537.39	1,061.70	782.34
	B (i) Items that will be reclassified to profit or loss	(765.78)	(1,085.53)	664.84	(1,851.31)	1,420.38	2,188.30
	(ii) Income tax on items that will be reclassified to profit or loss	15.21	60.52	(17.25)	75.73	(28.54)	(39.45)
	Total other comprehensive income	(4,234.47)	(3,541.80)	(2,602.12)	(7,776.27)	(2,247.93)	(563.06)
21	**Total Comprehensive Income for the period [17 + 20]**	**(3,216.69)**	**(2,620.71)**	**(2,651.50)**	**(5,837.40)**	**(5,480.38)**	**(4,731.63)**
22	Total comprehensive income for the period attributable to:						
	Owners of the Company	(3,273.90)	(2,636.77)	(2,656.54)	(5,910.67)	(5,518.67)	(4,800.32)
	Non controlling interests	57.21	16.06	5.04	73.27	38.29	68.69
23	Paid-up equity share capital [Face value ₹ 10 per share]	970.24	970.24	970.24	970.24	970.24	970.24
24	Reserves (excluding revaluation reserves) and Non controlling interest						36,175.78
25	Hybrid perpetual securities				2,275.00	2,275.00	2,275.00
26	Earnings per equity share (for continuing operation):						
	"Basic earnings per share (not annualised) - in Rupees (after exceptional items)"	9.73	9.17	(1.17)	18.90	0.54	(4.93)
	"Diluted earnings per share (not annualised) - in Rupees (after exceptional items)"	9.73	9.17	(1.17)	18.90	0.54	(4.93)
27	Earnings per equity share (for discontinued operation):						
	Basic earnings per share (not annualised) - in Rupees	0.31	(0.13)	0.21	0.18	(34.76)	(39.84)
	Diluted earnings per share (not annualised) - in Rupees	0.31	(0.13)	0.21	0.18	(34.76)	(39.84)
28	Earnings per equity share (for continuing and discontinued operations):						
	Basic earnings per share (not annualised) - in Rupees (after exceptional items)	10.04	9.04	(0.96)	19.08	(34.22)	(44.77)
	Diluted earnings per share (not annualised) - in Rupees (after exceptional items)	10.04	9.04	(0.96)	19.08	(34.22)	(44.77)

CONSOLIDATED SEGMENT REVENUE, RESULTS, ASSETS AND LIABILITIES

₹ Crores

Particulars	Quarter ended on 30.09.2017	Quarter ended on 30.06.2017	Quarter ended on 30.09.2016	Six months ended on 30.09.2017	Six months ended on 30.09.2016	Financial year ended on 31.03.2017
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Segment Revenue:						
Tata Steel India	14,220.93	14,421.72	11,718.31	28,642.65	22,041.79	53,260.96
Other Indian Operations	2,099.29	1,831.17	1,517.66	3,930.46	2,988.49	6,699.84
Tata Steel Europe	15,006.08	14,078.79	12,006.17	29,084.87	24,671.26	52,084.96
Other Trade Related Operations	6,339.19	7,202.67	4,812.52	13,541.86	9,263.57	23,751.37
South East Asian Operations	2,494.41	1,990.96	1,955.35	4,485.37	3,958.44	8,135.90
Rest of the World	261.01	118.76	135.99	379.77	283.26	629.95
Total	**40,420.91**	**39,644.07**	**32,146.00**	**80,064.98**	**63,206.81**	**144,562.98**
Less: Inter Segment Revenue	7,956.77	8,670.74	5,026.35	16,627.51	10,116.45	27,143.04
Total Segment Revenue from operations	**32,464.14**	**30,973.33**	**27,119.65**	**63,437.47**	**53,090.36**	**117,419.94**
Segment Results before exceptional items, interest, tax and depreciation :						
Tata Steel India	3,407.69	2,921.54	1,991.22	6,329.23	4,227.33	11,944.25
Other Indian Operations	201.27	204.82	115.21	406.09	239.10	580.08
Tata Steel Europe	753.13	1,252.52	1,135.91	2,005.65	2,025.64	4,704.91
Other Trade Related Operations	451.21	817.66	169.59	1,268.87	145.88	261.62
South East Asian Operations	135.03	25.77	68.16	160.80	253.19	531.27
Rest of the World	46.66	(25.47)	(103.77)	21.19	(93.93)	(19.56)
Less: Inter Segment Eliminations	268.91	257.52	283.00	526.43	400.53	977.20
Total Segment Results before exceptional items, interest, tax and depreciation	4,726.08	4,939.32	3,093.32	9,665.40	6,396.68	17,025.37
Add: Finance income	267.60	196.06	77.56	463.66	200.15	517.57
Less: Finance costs	1,349.93	1,343.71	1,351.02	2,693.64	2,421.70	5,072.20
Less: Depreciation and Amortisation	1,473.28	1,501.13	1,466.91	2,974.41	2,704.68	5,672.88
Profit / (Loss) before exceptional items & tax	**2,170.47**	**2,290.54**	**352.95**	**4,461.01**	**1,470.45**	**6,797.86**
Add: Exceptional items	(44.65)	(616.79)	(59.29)	(661.44)	(227.09)	(4,324.23)
Profit / (Loss) before tax	**2,125.82**	**1,673.75**	**293.66**	**3,799.57**	**1,243.36**	**2,473.63**
Less: Tax expense	1,137.97	740.53	363.37	1,878.50	1,103.64	2,778.01
Net Profit / (Loss) after tax from continuing operations	**987.85**	**933.22**	**(69.71)**	**1,921.07**	**139.72**	**(304.38)**
Net Profit / (Loss) after tax from discontinued operations	29.93	(12.13)	20.33	17.80	(3,372.17)	(3,864.19)
Net Profit / (Loss) for the period	**1,017.78**	**921.09**	**(49.38)**	**1,938.87**	**(3,232.45)**	**(4,168.57)**
Segment Assets:						
Tata Steel India	107,618.98	113,173.59	106,725.95	107,618.98	106,725.95	109,180.60
Other Indian Operations	5,998.66	5,637.60	5,089.30	5,998.66	5,089.30	5,532.26
Tata Steel Europe	44,897.48	43,438.90	43,323.80	44,897.48	43,323.80	43,687.31
Other Trade Related Operations	52,809.27	46,779.39	42,644.85	52,809.27	42,644.85	43,413.50
South East Asian Operations	4,873.48	4,913.41	4,940.09	4,873.48	4,940.09	5,091.43
Rest of the World	8,247.46	7,896.24	7,598.26	8,247.46	7,598.26	7,904.66
Less: Inter Segment Eliminations	50,225.03	44,260.85	39,424.97	50,225.03	39,424.97	41,476.52
Total Segment Assets	**174,220.30**	**177,578.28**	**170,897.28**	**174,220.30**	**170,897.28**	**173,333.24**
Segment Liabilities:						
Tata Steel India	65,535.19	66,213.50	62,030.74	65,535.19	62,030.74	62,542.95
Other Indian Operations	3,548.25	3,267.80	3,056.56	3,548.25	3,056.56	3,274.90
Tata Steel Europe	84,492.06	77,036.93	71,832.03	84,492.06	71,832.03	73,061.71
Other Trade Related Operations	35,670.98	35,439.58	31,748.39	35,670.98	31,748.39	33,208.34
South East Asian Operations	2,425.89	2,574.49	2,637.01	2,425.89	2,637.01	2,724.50
Rest of the World	2,522.78	2,274.77	2,376.28	2,522.78	2,376.28	2,205.11
Less: Inter Segment Eliminations	52,003.36	45,983.27	40,952.62	52,003.36	40,952.62	43,105.29
Total Segment Liabilities	**142,191.79**	**140,823.80**	**132,728.39**	**142,191.79**	**132,728.39**	**133,912.22**

CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER 2017

(₹ crore)

			As at September 30, 2017	As at March 31, 2017
			Unaudited	Audited
ASSETS				
I	**Non current assets**			
	(a)	Property, plant and equipment	88,719.05	86,880.59
	(b)	Capital work-in-progress	15,478.75	15,514.37
	(c)	Goodwill on consolidation	3,755.26	3,494.73
	(d)	Other Intangible assets	1,572.77	1,631.23
	(e)	Intangible assets under development	372.26	269.76
	(f)	Equity accounted investments	1,636.99	1,593.68
	(g)	Financial assets		
		(i) Investments	1,086.89	5,190.31
		(ii) Loans	664.27	373.06
		(iii) Derivative assets	21.47	83.17
		(iv) Other financial assets	24.27	85.58
	(h)	Retirement benefit assets	3.40	1,752.64
	(i)	Income tax assets	1,004.84	981.23
	(j)	Deferred tax assets	986.43	885.87
	(k)	Other assets	2,800.65	3,674.96
	Total Non current assets		**118,127.30**	**122,411.18**
II	**Current assets**			
	(a)	Inventories	26,548.81	24,803.82
	(b)	Financial assets		
		(i) Investments	9,142.69	5,673.13
		(ii) Trade receivables	12,186.76	11,586.82
		(iii) Cash and cash equivalents	2,656.83	4,832.29
		(iv) Other balances with banks	137.80	88.76
		(v) Loans	313.84	224.50
		(vi) Derivative assets	496.62	104.04
		(vii) Other financial assets	618.33	387.82
	(c)	Retirement benefit assets	0.44	-
	(d)	Income tax assets	29.12	35.08
	(e)	Other assets	3,859.73	2,194.38
	Total current assets		**55,990.97**	**49,930.64**
III	**Assets held for sale**		**102.03**	**991.42**
TOTAL ASSETS			**174,220.30**	**173,333.24**
EQUITY AND LIABILITIES				
IV	**Equity**			
	(a)	Equity share capital	970.24	970.24
	(b)	Hybrid Perpetual Securities	2,275.00	2,275.00
	(c)	Other equity	33,820.41	34,574.08
	Equity attributable to shareholders of the Company		37,065.65	**37,819.32**
	Non controlling interest		(5,037.14)	1,601.70
	Total Equity		**32,028.51**	**39,421.02**
V	**Non current liabilities**			
	(a)	Financial liabilities		
		(i) Borrowings	68,230.95	64,022.27
		(ii) Derivative liabilities	120.85	179.98
		(iii) Other financial liabilities	109.75	108.78
	(b)	Provisions	3,240.11	3,278.50
	(c)	Retirement benefit obligations	2,787.82	2,666.27
	(d)	Deferred income	1,888.86	2,057.59
	(e)	Deferred tax liabilities	9,683.73	10,030.08
	(f)	Other liabilities	159.33	226.51
	Total Non current liabilities		**86,221.40**	**82,569.98**
VI	**Current liabilities**			
	(a)	Financial liabilities		
		(i) Borrowings	21,304.54	18,328.10
		(ii) Trade payables	18,237.19	18,574.46
		(iii) Derivative liabilities	958.14	673.67
		(iv) Other financial liabilities	6,428.72	6,315.51
	(b)	Provisions	2,110.63	1,988.57
	(c)	Retirement benefit obligations	76.95	95.20
	(d)	Deferred income	5.32	22.52
	(e)	Income tax liabilities	1,332.32	739.18
	(f)	Other liabilities	5,516.58	4,315.27
	Total Current liabilities		**55,970.39**	**51,052.48**
VII	**Liabilities held for sale**		**-**	**289.76**
TOTAL EQUITY AND LIABILITIES			**174,220.30**	**173,333.24**

Notes:

1. The results have been reviewed by the Audit Committee in its meeting held on October 29, 2017 and were approved by the Board of Directors in its meeting of date.
2. Post the applicability of Goods and Service Tax (GST) with effect from July 01, 2017, revenue from operations is disclosed net of GST. Accordingly, the revenue from operations and other expenses for the quarter/ six months ended on September 30, 2017 are not comparable with the previous periods presented in the results.
3. Exceptional item 6(a) and 8(c) in the standalone and consolidated financial results respectively represents provision for advances given for repurchase of equity shares in Tata Teleservices Limited from NTT Docomo Inc.
4. On August 11, 2017, Tata Steel UK announced it had signed the documentation for a Regulated Apportionment Arrangement (RAA) with the Trustee of the British Steel Pension Scheme (BSPS). Subsequently, on September 11, 2017, Tata Steel UK received confirmation from The Pensions Regulator that it had approved the RAA, consequent to which the BSPS has now been separated from Tata Steel UK.
5. On September 19, 2017, Tata Steel Limited and thyssenkrupp AG signed a memorandum of understanding to create a new 50:50 joint venture company called thyssenkrupp Tata Steel. Due diligence has commenced and is currently expected to run for several months prior to signing definitive shareholder agreements and other binding commitments. Completion is currently expected to take place towards the end of 2018 following anti-trust approvals.
6. The consolidated financial results have been subjected to limited review and the standalone financial results have been audited by the statutory auditors.
7. Figures for the previous periods have been regrouped and reclassified to conform to the classification of the current period, where necessary.

T V Narendran

Managing Director

Koushik Chatterjee

Group Executive Director

Mumbai: October 30, 2017

WORKING RESULTS

In accordance with circular no. F.2/5/SE/76 dated February 5, 1977 issued by the MoF, as amended by MoF through its circular dated March 8, 1977, working results of our Company on a standalone basis for the period from April 1, 2017 to November 30, 2017 are set out in the table below:

Particulars	**For the period April 1, 2017 to November 30, 2017 (in ₹crore)**
Sales / Turnover	38,513
Other Income	477
Total Income	**38,990**
Estimated gross profit/ loss (excluding depreciation and taxes)	6,861
Provision for depreciation	2,483
Provision for taxes (net)	1,543
Estimated net profit/ (loss)	2,835

Material changes and commitments, if any, affecting our financial position

For details in relation to material changes affecting the financial position of our Company, please see the section entitled "*Material Developments*" on page 314.

MATERIAL DEVELOPMENTS

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since March 31, 2017, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

1. Our Company has executed definitive agreements dated November 30, 2017, to acquire 74% of the equity shares of Bhubaneshwar Power Private Limited ("**BPPL**") from JL Power Ventures Private Limited. BPPL is engaged in the business of generation of power and owns a 135 MW thermal power plant at Anantapur village, Cuttack district, Odisha.

2. Tata Steel UK ("**TSUK**"), a wholly owned subsidiary of our Company, has executed a Regulated Apportionment Agreement ("**RAA**") dated August 11, 2017 with the Trustee, British Steel Pension Scheme ("**BSPS**") and further received approval from the UK Pensions Regulator on September 11, 2017, as part of the separation of BSPS from our Company. In terms of the RAA, TSUK has made a payment of £550 million to BSPS and has issued shares equivalent to a 33% economic stake in TSUK to the Trustee, BSPS.

3. Our Company had executed definitive agreements to acquire a 100% of the equity shares of Brahmani River Pellets Limited from Aryan Mining and Trading Corporation Private Limited and companies in the Moorgate Industries Group ("**Selling Entities**"). The transaction has not been completed due to non-fulfillment of conditions precedents, stipulated in the aforementioned agreements, by the Selling Entities.

4. Tata Steel UK ("**TSUK**"), a wholly owned subsidiary of our Company, has executed definitive sale agreement dated in July 2017 with the Liberty House Group for the sale of Submerged Arc Weld mills ("**Mills**") located at Hartlepool, UK. The sale of the Mills was part of the portfolio restructuring undertaken by TSUK.

5. Our Company has executed an agreement for sale dated July 10, 2017 ("**Sale Agreement**") with Elastron SA ("**Purchaser**") for the sale of its 50% equity stake in Tata Elastron SA, a joint venture between our Company and the Purchaser for a consideration of €0.37 million.

6. Our Company has sold 8,35,37,697 equity shares of Tata Motors Limited on June 23, 2017, to Tata Sons Limited for a consideration of an amount of ₹3,782.59 crore.

7. Our Company has executed a memorandum of understanding ("**MoU**") with thyssenkrupp AG dated September 20, 2017, with the purpose of incorporating a 50:50 joint venture company in Netherlands, namely, thyssenkrupp Tata Steel AG ("**JV**"). The JV would combine the flat steel businesses of our Company and thyssenkrupp AG and the steel mills of thyssenkrupp AG.

8. Our Company has acquired the complete intellectual property rights in respect of a refining process, namely, HIsarna. A part of the process, required a smelter technology ("**Smelter Technology**"), whose intellectual property rights were held by the Rio Tinto Group. The Smelter Technology has been acquired by our Company in October, 2017.

9. Tata Steel UK ("**TSUK**"), a wholly owned subsidiary of our Company, completed the sale of their entire equity in Speciality Steels UK Limited to Liberty House group for a consideration of GBP 100 million on May 2, 2017.

10. The Board of Directors at their meeting held on December 18, 2017 and December 19, 2017 approved the next phase of expansion of capacity for the Kalinganagar facility by 5 MTPA from 3 MTPA to 8 MTPA. The proposed cost for the expansion is estimated at ₹23,500 crore.

11. ABJA Investment Co. Pte. Ltd. ("**ABJA**"), a wholly owned foreign subsidiary of our Company on January 18, 2018 signed a subscription agreement with a number of international banks with respect to a

dual tranche Regulation S issuance of US$ 1.3 billion of unsecured bonds in the international markets. The issuance comprises US$ 300 million 4.45% unsecured bonds due on July 24, 2023 and US$ 1 billion 5.45% unsecured bonds due on January 24, 2028.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following tables present certain accounting and other ratios computed on the basis of the Financial Statements included in the section entitled "*Financial Statements*" on page 102.

Accounting Ratios

Ratio	Consolidated			Standalone		
	As at and for the six month period ended September 30, 2017*	As at and for the Fiscal 2017(1)	As at and for the Fiscal 2016(1)	As at and for the six month period ended September 30, 2017*	As at and for the Fiscal 2017(1)	As at and for the Fiscal 2016(1)
Basic and Diluted EPS (in ₹) (For continuing operations)	18.90	(4.93)	19.26	17.64	33.67	8.05
Basic and Diluted EPS (in ₹) (For continuing and discontinued operations)	19.08	(44.77)	(6.92)	17.64	33.67	8.05
Return on Average Net Worth (in %)	-	(9.93)	(1.08)	-	6.83	1.89
Net Worth per Ordinary Share (in ₹)	330.17	406.38	458.83	538.27	534.73	503.62

(1) *Based on Audited Consolidated and Standalone Financial Statements.*
* *Not annualised*

The ratios have been computed as below:

Ratios	Computation
Basic and diluted earnings per share	Profit attributable to Ordinary Shareholders / Total number of weighted average number of Ordinary Shares
Return on Net Worth (%)	Profit after tax (including discontinued operations) / Average Net Worth
Net Worth per Share	Net Worth / Average number of Ordinary Shares Net Worth on Standalone basis: Equity Share Capital + Hybrid Perpetual Securities + Other equity Net Worth on Consolidated basis: Equity Share Capital + Hybrid Perpetual Securities + Other equity + Non-controlling interest

Capitalisation Statement

The following table sets forth the capitalisation statement of our Company based on (i) the audited standalone financial statements as at and for the six month period ended September 30, 2017, and (ii) as adjusted for the Issue:

(in ₹ crore)

Particulars	As at September 30, 2017	As adjusted for the Issue*
Share Capital		
Ordinary Share Capital	971	1,204
Other equity	49,031	61,501
Hybrid Perpetual Securities	2,275	2,275
Total equity	**52,277**	**64,980**
Debt		
Long Term Borrowings (includes current maturities of long-term debt and current maturities of finance lease	27,407	27,407

Particulars	As at September 30, 2017	As adjusted for the Issue*
obligations)		
Short Term Borrowings	3,773	3,773
Total Debt	**31,180**	**31,180**
Long Term Debt/equity ratio	0.52	0.42

* *Assuming full subscription of the Issue*

The following table sets forth the capitalisation statement of our Company based on (i) the limited review consolidated financial statements as at and for the six month period ended September 30, 2017, and (ii) as adjusted for the Issue:

(in ₹ crore)

Particulars	As at September 30, 2017	As adjusted for the Issue*
Share Capital		
Ordinary Share Capital	970	1,203
Other equity	33,820	46,290
Hybrid Perpetual Securities	2,275	2,275
Equity attributable to shareholders of the Company	37,065	49,768
Non-controlling interest	(5,037)	(5,037)
Total equity	**32,028**	**44,731**
Debt		
Long Term Borrowings (including current maturities of long term borrowings)	68,955	68,955
Short Term Borrowings	21,305	21,305
Total Debt	**90,260**	**90,260**
Long Term Debt/equity ratio	2.15	1.54

* *Assuming full subscription of the Issue*

The ratios have been computed as under:

1. Current maturity of long term debt has been considered under long term debt.
2. Total Debt / Equity Ratio = Total Debt / Total Shareholders' Fund / Equity
3. Long Term Debt / Equity Ratio = Long Term Debt / Total Shareholders' Fund / Equity
4. Other Equity includes Other Comprehensive Income and other consolidated reserve

STOCK MARKET DATA FOR SECURITIES OF OUR COMPANY

The Ordinary Shares are listed on BSE and NSE. The Ordinary Shares being issued pursuant to the Issue, have not been listed earlier and will be listed on the Stock Exchanges pursuant to the Issue. For further details, please see the section entitled "*Terms of the Issue*" on page 340. We have received in-principle approvals for listing of the Ordinary Shares to be issued pursuant to the Issue from BSE and NSE by letters dated January 17, 2018, respectively.

For the purpose of this section, unless otherwise specified:

- A year is a calendar year;
- Average price is the average of the daily closing prices of the Ordinary Shares for the year, or the month, as the case may be;
- High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Ordinary Shares, as the case may be, for the year, or the month, as the case may be; and
- In case of two days with the same high / low / closing price, the date with higher volume has been considered.

The following table sets forth the high, low and average market prices of the Ordinary Shares recorded on BSE and NSE during the preceding three years and the number of the Ordinary Shares traded on the days of the high and low prices were recorded:

BSE							
Year	**Date of High**	**High (₹)**	**Volume on date of High (No. of Ordinary Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Ordinary Shares)**	**Average (₹)**
2017	December 29, 2017	744.35	1,96,766	January 2, 2017	388.95	9,85,088	565.96
2016	November 11, 2016	440.90	10,90,380	February 12, 2016	211.30	13,88,445	342.19
2015	January 5, 2015	421.20	9,53,201	September 29, 2015	200.00	33,35,005	296.17

Source: www.bseindia.com

NSE							
Year	**Date of High**	**High (₹)**	**Volume on date of High (No. of Ordinary Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Ordinary Shares)**	**Average (₹)**
2017	December 29, 2017	744.85	28,16,505	January 2, 2017	388.90	55,78,129	566.14
2016	November 11, 2016	441.50	87,33,209	February 12, 2016	211.15	93,73,751	342.26
2015	January 5, 2015	421.45	52,05,645	September 29, 2015	199.70	1,20,85,656	296.75

Source: www.nseindia.com

The following table sets forth the monthly high and low prices and trading volumes on BSE and NSE for the six months preceding the date of filing of this Letter of Offer.

BSE							
Month	**Date of High**	**High (₹)**	**Volume on date of High (No. of Ordinary Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Ordinary Shares)**	**Average (₹)**
December,	December 29,	744.35	1,96,766	December 6,	660.60	3,23,882	700.16

BSE							
Month	**Date of High**	**High (₹)**	**Volume on date of High (No. of Ordinary Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Ordinary Shares)**	**Average (₹)**
2017	2017			2017			
November, 2017	November 21, 2017	717.95	4,45,191	November 15, 2017	669.70	6,47,884	700.68
October, 2017	October 30, 2017	734.90	4,37,508	October 4, 2017	654.25	2,72,720	700.44
September, 2017	September 21, 2017	696.55	4,70,807	September 25, 2017	623.00	6,18,351	662.47
August, 2017	August 31, 2017	642.60	3,43,580	August 3, 2017	558.00	2,46,194	612.18
July, 2017	July 19, 2017	572.00	3,59,002	July 3, 2017	541.95	4,81,716	557.07

Source: www.bseindia.com

NSE							
Year	**Date of High**	**High (₹)**	**Volume on date of High (No. of Ordinary Shares)**	**Date of Low**	**Low (₹)**	**Volume on date of Low (No. of Ordinary Shares)**	**Average (₹)**
December, 2017	December 29, 2017	744.85	28,16,505	December 6, 2017	660.70	42,66,074	700.29
November, 2017	November 21, 2017	718.50	36,57,310	November 15, 2017	669.25	42,98,026	700.84
October, 2017	October 30, 2017	735.00	50,46,825	October 4, 2017	654.45	27,84,555	700.73
September, 2017	September 21, 2017	696.25	61,32,440	September 25, 2017	623.10	70,63,975	662.68
August, 2017	August 31, 2017	643.00	65,14,220	August 3, 2017	557.55	32,86,455	612.52
July, 2017	July 19, 2017	572.35	32,85,956	July 3, 2017	542.05	64,47,865	557.43

Source: www.nseindia.com

Week end prices of Ordinary Shares of our Company along with the highest and lowest closing prices on the Stock Exchanges for the last four weeks preceding the date of filing of this Letter of Offer is as stated below:

BSE			
For the week ended on	**Closing Price (₹)**	**High (₹)**	**Low (₹)**
January 19, 2018	751.65	783.20	751.65
January 12, 2018	771.05	772.30	768.95
January 5, 2018	770.30	770.30	723.70
December 29, 2017	732.45	734.65	721.40

Source: www.bseindia.com

NSE			
For the week ended on	**Closing Price (₹)**	**High (₹)**	**Low (₹)**
January 19, 2018	753.00	783.50	751.75
January 12, 2018	770.25	772.85	768.75
January 5, 2018	770.70	770.70	722.20
December 29, 2017	732.40	736.25	721.65

Source: www.nseindia.com

The closing market price of the Ordinary Shares of our Company as on one day prior to the date of the Letter of Offer was ₹751.65 on BSE and ₹753.00 on NSE.

The Issue Price of ₹510 per Fully Paid Share and ₹615 per Partly Paid Share has been arrived at in consultation between our Company and the Lead Managers.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as disclosed below, there is no outstanding litigation against our Company and our Subsidiaries including, suits, criminal or civil prosecutions and taxation related proceedings that would have a material adverse effect on our operations or financial position.

In this regard, please note the following:

(i). in determining whether any outstanding litigation against our Company and / or our Subsidiaries other than litigation involving moral turpitude, criminal liability, material violations of statutory regulations or proceedings relating to economic offences would have a material adverse effect on our business, the materiality threshold has been determined as per Clause XII sub-clause C in Part E of Schedule VIII of the SEBI Regulations, which stipulates that disclosure of outstanding litigation is required where (a) the aggregate amount in such individual litigation is likely to exceed 1% of the consolidated total revenue of our Company or 1% of the consolidated net worth of our Company, as per the last completed financial year; (b) the decision in one case is likely to affect the decision in similar case, even though the amount involved in a single case individually may not exceed 1% of the total revenue of our Company or 1% of the net worth of our Company, as per the last completed financial year, if similar cases put together collectively exceed such threshold. Accordingly, the materiality threshold considered for disclosure in this section is ₹ 390 crore; and

(ii). Except as stated below, neither our Company nor our Subsidiaries are aware of any litigation involving moral turpitude or criminal liability, material violations of statutory regulations or proceedings relating to economic offences, which have arisen in the last ten years.

In addition to the cases set out below, our Company and our Subsidiaries, from time to time, have been and continue to be involved in legal proceedings, arising in the ordinary course of their respective businesses. We believe that the number of proceedings in which our Company and our Subsidiaries are/were involved is not unusual for a company of our size.

Litigation involving our Company

Litigation filed against our Company

Regulatory proceedings

1. In the matter of *Common Cause v. Union of India & Ors.*, the Supreme Court has by its order dated August 2, 2017 (the "**Common Cause Order**") directed payment under Section 21(5) of the MMDR Act, 1957 for excess production of iron ore and manganese ore from mines in Odisha due to breach of limits prescribed in the environmental clearance (granted under the Environment (Protection) Act, 1986). Pursuant to the purported application of the Common Cause Order, our Company has received the following:

(a) Additional demand notices, as compensation payable, from the Office of the Deputy Director Mines, Joda Circle, District Keonjhar (the "**Mines Director**") in relation to seven of our iron ore and manganese ore mines located in Odisha, aggregating to ₹133 crore (the "**Demand**") in respect of excess production beyond the thresholds prescribed in the '*consent to operate*' (granted under the Air (Prevention and Control Of Pollution) Act, 1981 and the Water (Prevention and Control Of Pollution) Act, 1974) and the mining plan (as approved under the MMDR Act, 1957). Subsequently, an interim application was filed before the Supreme Court by, among others, our Company, seeking clarifications regarding the Common Cause Order. The Supreme Court also granted our Company leave, to pursue alternative legal remedies. Our Company has filed an application before the Revisionary Authority, Ministry of Mines, Government of India and obtained a stay against the due date and continue its operations until January 22, 2018, being the next date of hearing.

(b) Demand notices by the Department of Mines and Geology, Government of Jharkhand, for four of our coal mines located in Jharkhand, aggregating to ₹2,140 crore and in the event such amounts are not paid, its operations at the mines would be suspended. The operations of our Company continue uninterrupted. Our Company will seek appropriate legal remedies as may be warranted.

(c) Demand notice by the District Mining Officer, Chaibasa, in respect of our iron ore mines located at Noamundi, Jharkhand, aggregating to ₹57 crore (the "**Noamundi Demand**"). Our Company has made a payment of ₹57 crore under protest, in respect of the Noamundi Demand and is seeking suitable legal remedies.

A show-cause notice by the Office of the Deputy Director Mines, Joda Circle, District Keonjhar in relation to our chromite mine at Sukinda, Orissa, involving an amount aggregating to ₹694.02 crore (the "**SCN**"). Our Company has responded to the SCN.

2. Our Company and others (the "**Petitioners**") had filed a writ petition challenging the constitutional validity of the Orissa Rural Infrastructure and Socio-Economic Development Act, 2004 (the "**ORISED Act**") before the High Court of Orissa. Under the ORISED Act, tax is required to be paid on the annual value of mineral-bearing land and the annual value of such land, in relation to a financial year, is determined on the basis of average value of minerals produced from mineral bearing land in the immediately preceding two financial years. The High Court of Orissa held that the ORISED Act was unconstitutional as the state legislature was incompetent to levy any taxes or duties on the extraction of minerals and set aside the demand notices issued to the Petitioners for an amount aggregating to ₹6,201 crore. The State Government of Odisha has appealed the aforesaid judgment before the Supreme Court by way of a special leave petition. The matter is currently pending before the Supreme Court.

3. Our Company has filed petitions (the "**Petitions**") in the High Court of Jharkhand (the "**High Court**") against the Union of India challenging, among others, the constitutional validity of Rules 64B and 64C of Mineral Concession Rules, 1960 (the "**MC Rules**" and the challenged provisions, the "**Impugned Rules**") in relation to differential royalty liable to be paid by our Company on the coal mined from our West Bokaro and Jharia mines. The dispute pertains to the method of computation of, and the levy of final royalty on, coal in terms of the MC Rules and the MMDR Act, 1957. In an earlier proceeding involving our Company (the "**Supreme Court Proceedings**"), the Supreme Court, through its order dated March 17, 2015, held that (i) the removal or extraction of a mineral in terms of section 9 of the MMDR Act meant removal of the mineral from the mine or the pit-head and not the removal or extraction of the mineral from the boundaries of the leased area; (ii) pursuant to the introduction of the Impugned Rules, the levy of royalty on coal was postponed from the pit-head to the stage of removal of the coal; (iii) our Company was liable to pay royalty under the Impugned Rules from the date of their notification i.e. from the year 2000; and (iv) our Company was entitled to refund of royalty paid between August 10, 1998 and September 25, 2000. However, the constitutionality of the Impugned Provisions was not adjudicated upon by the Supreme Court.

During the pendency of the Supreme Court Proceedings, our Company received demand notices aggregating to ₹347.42 crore received by our Company from the District Mining Officer, Ramgarh, towards alleged short levy of royalty on washed coal of "Steel Grade-I" and short levy of royalty on "tailing coal" (the "**Demand Notices**"). Subsequently, the Supreme Court of India, through its order dated May 8, 2015, granted leave to our Company to challenge the constitutional validity of the Impugned Provisions afresh. Pursuant to the said order, our Company filed fresh writ petitions before the High Court challenging the constitutional validity of the Impugned Provisions. The High Court, through its order dated June 26, 2015 refused to grant a stay on the Demand Notices and directed that as in the past, our Company would have to pay the amount under the Demand Notices under protest. Subsequently, the High Court has dismissed the Petitions by way of an order dated January 10, 2018. Our Company will seek appropriate legal remedies as may be warranted.

Our Company has also filed revision applications against the Demand Notices before the Revisionary Authority, Ministry of Mines, Government of India (the "**Mines Tribunal**"). The total amount involved in the matter is ₹1,416 crore. As on date, our Company has paid a total amount of ₹510 crore under protest. The revision applications are currently pending before the Mines Tribunal.

4. Our Company had filed a writ petition before the High Court of Orissa (the "**High Court**") on July 5, 2013, challenging the constitutional validity of the Indian Stamp (Odisha Amendment) Act, 2013 (the "**Amendment Act**") and Rule 11C of the Odisha Stamp Rules, 1952, inserted through Indian Stamp (Odisha Amendment) Rules, 2013 (the "**Amendment Rules**") in relation to new provisions introduced

by the said Act with respect to introduction of stamp duty chargeable on grant and renewal of mining leases and more particularly, requiring stamp duty to be paid with respect to mining leases awaiting renewal. The High Court, through its order dated July 9, 2013 has granted an interim stay on the implementation of the provisions of the Amendment Act. Our Company has made applications for renewal of mining leases as per the provisions of the MMDR Act, 1957. As on date, our Company has received demand notices, issued by the relevant authority, for various mines in Odisha aggregating to ₹5,579 crore. The matter is currently pending before the High Court.

5. Our Company is a mining lessee for iron ore in Noamundi, Jharkhand. The mining lease in respect of the said mine (the "**Noamundi Mines**" and the mining lease, the "**Mining Lease**") was initially granted in 1922 and has been subsequently renewed for a period up to December 31, 2011. Prior to the expiry of the Mining Lease, our Company applied for its renewal on December 17, 2009 (the "**Application**"). Pending the decision on the Application, our Company continued mining operations at the Noamundi Mines in accordance with the applicable licenses and the extant provisions of the Mineral Concession Rules, 1960 (the "**MC Rules**"). Subsequently, our Company filed a writ petition before the High Court of Jharkhand at Ranchi (the "**High Court**") praying for directions to the State Government of Jharkhand (the "**State Government**") for issuance of formal orders for renewal of the Mining Lease under the provisions of MMDR Act, 1957. The High Court allowed the writ petition and directed the State Government issue orders. Whilst the State Government through its order granted its approval for the extension of the Mining Lease, the same was subject to compliance with certain additional terms and conditions (the "**Additional Conditions**"), including a demand of ₹3,568.32 crore towards penalty for alleged illegal mining by our Company (the "**Demand**"). Pursuant to an interim order passed by the High Court and in order to resume mining operations at the Noamundi Mines, our Company paid a total amount of ₹573.83 crore of the Demand under protest. Subsequently, the MMDR Amendment Act, 2015 was passed and the Company has amended its writ petitions before the High Court for, amongst other issues, challenging the Additional Conditions and Demand imposed on our Company to further plead that these were not tenable under the provisions of extension of lease, under the MMDR Amendment Act, 2015 as well. The matter is currently pending.

6. Our Company has filed a writ petition before the High Court of Jharkhand (the "**High Court**") in relation to the water rates to be paid by our Company for drawing water for industrial purposes. In September, 1993, the State of Jharkhand (*erstwhile State of Bihar*) had issued a bill for water usage by our Company for an amount of ₹3.14 crore at the rate of ₹3 per thousand gallons. Our Company had filed a writ petition before the High Court challenging the aforesaid bill. The High Court held that the rate of ₹3 per thousand gallons for usage of water for industrial purposes proposed by the State of Jharkhand was justified but that the State of Jharkhand must verify the quantum of water used and the amounts involved. Our Company and the State of Jharkhand both (the "**Parties**") filed appeals against the order of the High Court before the Supreme Court. The Supreme Court disposed of the appeals, on the grounds that the High Court had not considered all issues involved, and remanded the matter back to the High Court to hear the arguments of the Parties afresh. The matter is currently pending. The aggregate amount involved is ₹419.86 crore.

7. The Deputy Director of Mines, Joda, Keonjhar, Odisha (the "**Odisha State Government**") issued three demand notices to our Company for an amount of ₹870.23 crore on the grounds that a differential royalty was payable on iron ore lump removed or in the processed form, whichever is higher (the "**Demand**") in respect of our Company's mining lease for Joda East Iron Mines in the district of Keonjhar. Subsequently, our Company filed three revision applications against the Demand before the Revisionary Authority, Ministry of Mines, Government of India (the "**Mines Tribunal**") challenging the legality and validity of the Demand. The Mines Tribunal has granted a stay in respect of the Demand. Our Company has made a payment of an amount of ₹137 crore, under protest towards the Demand. The matter is currently pending.

In a separate matter, filed by, among others, Mideast Integrated Steel Limited ("**MISL**"), before the High Court of Odisha, MISL challenged circulars dated September 7, 2010 and April 9, 2012 issued by the Odisha State Government prescribing that payment of royalty shall be on iron ore lump or calibrated lump ore, whichever was higher, removed from the mines. The High Court of Odisha passed an order in the matter of MISL(the "**MISL Order**"), wherein the High Court of Odisha held that hundred per cent of the differential royalty payable on iron ore lump removed would be due to the Odisha State Government. Our Company has filed a special leave petition before the Supreme Court challenging the

MISL Order, on the grounds that, among others, our Company, who was an aggrieved party and directly and adversely affected by the MISL Order, was not afforded an opportunity to be heard in the matter. The matter is currently pending.

Arbitration Proceedings

1. Vakksh Capital Company Limited (the "**Claimant**") has initiated arbitration proceedings against us. We had entered into an advisory agreement with the Claimant in July, 2006, to provide advisory services to us (the "**Agreement**"). In January, 2008, the Claimant and we executed a term-sheet which stipulated that the parties shall execute a separate definitive agreement in respect of fees to be paid to the Claimant in accordance with the terms of such definitive agreement (the "**Proposed Agreement**"). The Proposed Agreement was not executed. Subsequently, we terminated the Agreement, pursuant to which the Claimant initiated the arbitration proceedings, claiming amongst others, fees allegedly due under the Agreement and under the term-sheet (the "**Claim**"). We have, among others, disputed the claim, the amount claimed and the scope of the arbitration proceedings. The matter is currently pending.

Tax Proceedings

Direct Tax

1. The income tax department has initiated reassessment proceedings (the "**Reassessment Proceedings**") against our Company in relation to the assessment years 2006 – 07; 2007 – 08; and 2008 – 09 (the "**Relevant AYs**") and issued reassessment orders along with demand notices in respect of the Relevant AYs (the "**Reassessment Orders**"). The Reassessment Proceedings were initiated on the basis of show cause notices issued by the mining authorities of the State Government of Odisha, alleging mining in excess of the permitted limits by our Company (the "**Excess Mining Activities**") and on the premise that our Company had allegedly not disclosed the income and profits arising out of such activities at the time of initial assessment. The demand in respect of the Excess Mining Activities aggregated to ₹696.29 crore. Our Company preferred appeals against the Reassessment Orders before the Commissioner of Income Tax, (Appeals) (the "**CIT(A)**"), Mumbai, wherein the CIT(A) allowed the Company's appeals, in respect of the demands made in respect of the Excess Mining Activities (the "**Appellate Orders**").

   In relation to AYs 2009 – 10 and 2010 – 11, the assessing officer alleged that our Company had not disclosed the profits arising to it from the Excess Mining Activities and sought to make additions to the Company's taxable income for an amount of ₹1,483.61 crore and ₹465.08 crore (the "**Additions to Income**") respectively, to the taxable income of our Company. Our Company objected to the Additions to Income before the Dispute Resolution Panel – II, Mumbai (the "**DRP**"). The DRP, through its directions dated December 27, 2013 and December 23, 2014, respectively, directed the assessing officer to delete the Additions to Income for the purposes of computing the taxable income of our Company.

   In relation to the Appellate Orders and the directions of the DRP for AYs 2009-10 and 2010-11, the income tax department has preferred appeals before the Income Tax Appellate Tribunal. These matters are currently pending.

2. Our Company has filed five appeals, in respect of AYs 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 (the "**Appeals**") before the Income Tax Appellate Tribunal, Mumbai (the "**ITAT**") against the directions issued by the Dispute Resolution Panel (the "**DRP**") in relation to the disallowance of interest expenses pertaining to the investment of our Company in Corus Group Plc, a foreign subsidiary of our Company ("**Corus**") for AYs 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13. Our Company had taken loans to invest in Corus and claimed the interest expense of the borrowings as business expenditure in the return of income filed by our Company, for the said assessment years. The assessing officer has alleged that since the investment in Corus was made not for the advancement of the Company's business, but for acquiring a controlling interest in Corus, the interest expense on borrowings made for making the investment in Corus could not be allowed as a business expenditure and was disallowed in the assessments. Consequently, the assessing officer issued an assessment order in relation to AYs 2008-09 demanding an amount of ₹225.46 crore and draft assessment orders for AYs 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 proposing to demand, in respect of the interest expenditure pertaining to the investments in Corus by our Company, an amount of ₹413.31 crore, ₹451.76 crore, ₹238.22 crore and ₹200.64 crore and ₹133.86 crore respectively. The proposed demand in respect of AY 2013-14 was made by way of effective disallowance of the Minimum Alternate Tax

credit. Subsequently, our Company preferred an appeal before the Commissioner of Income Tax (Appeals) against the assessment order issued in relation to assessment year 2008-09, which was dismissed. Further, in relation to the draft assessment orders passed with respect to AYs 2009-10 to 2013-14, our Company had preferred objections to the DRP praying for directions to the assessing officer to delete the additions proposed to the taxable income. The DRP rejected the objections and upheld the disallowance made by the assessing officers. Therefore, our Company has preferred the Appeals before the ITAT against the final assessment orders passed by the assessing officer. The aggregate demands involved in the matter are ₹1,529.39 crore. The assessing officer also initiated penalty proceedings against our Company under Section 271(1)(c) of the Income Tax Act. The matters are currently pending.

Indirect Tax

1. Our Company and others (the "**Petitioners**") filed writ petitions before the High Court of Jharkhand (the "**High Court**") to challenge the constitutional validity of Section 3 of the Jharkhand Entry Tax on Consumption or Use of Goods Act, 2011 and Section 11 of the Jharkhand Value Added Tax Act, 2005 (the "**Impugned Provisions**"), respectively. In terms of the Impugned Provisions, the Government of Jharkhand is seeking to levy and collect entry tax on the scheduled goods, making entry exceeding ₹10,000 into local area from any place outside the state of Jharkhand for consumption or use therein (the "**Entry Tax**"). The Petitioners are engaged in the activity of trade and manufacture and during the course of their business, import scheduled goods under the Act from outside the state of Jharkhand. The High Court, declared the Impugned Provisions to be unconstitutional. The Government of Jharkhand preferred an appeal against the order of the High Court before the Supreme Court (the "**Appeal**"). The Supreme Court allowed the Appeals on the ground that the High Court had declared the levy of entry tax unconstitutional on the limited ground that the said levy was not compensatory in nature and in view of the judgment of Nine Judges Bench, compensatory character of tax is no longer a valid criteria for deciding the constitutional validity of entry tax. However, the Supreme Court granted liberty to our Company to file writ petitions before High Court in respect of the other issues involved, not dealt with by the High Court. Pursuant to the order of the Supreme Court, our Company has filed two writ petitions before the High Court challenging the Impugned provisions as being discriminatory. The matter is currently pending.

Litigation filed by our Company

1. Our Company has filed a writ petition in the High Court of Calcutta against the Union of India, the Joint Plant Committee and others (the "**Respondents**"). The Company has claimed a return and refund of balance of the contribution of approximately ₹1,700.60 crore along with interest as on March 31, 2008, contributed by the Company to the Steel Development Fund ("**SDF**"). The High Court of Calcutta has passed an interim order dated February 13, 2006 restraining the Respondents from utilising any amounts from the contributions made by the Company to the SDF, except for the use towards its members, including the Company. The total amount involved in the matter is ₹2,420 crore as of March 31, 2017, including applicable interest. The matter is currently pending before the High Court of Calcutta.

Other matters

1. As a listed company in India and having operations in different parts of the world, we receive, from time to time, various communications, including information requests, from various regulators, such as the SEBI. We have also paid penalties as part of regulatory proceedings, which are below the materiality threshold under the SEBI Regulations.

Litigation involving our Directors

Criminal Proceedings

1. Thirty four criminal cases have been filed against certain current and former directors and officials of our Company, in relation to alleged violations arising in the course of our business operations under, *among other laws*, the Indian Penal Code, 1860, the Prevention of Cruelty to Animals Act, 1960, the Industrial Disputes Act, 1947, the Factories Act, 1948, the Minimum Wages Act, 1948, the Environment (Protection) Act, 1986 and the rules made thereunder. These matters are currently pending at various stages of adjudication.

Litigation involving Subsidiaries

Litigation against our Subsidiaries

Haldia Water Management Limited

Arbitration Proceedings

1. Haldia Water Management Limited ("**HWML**") has entered into a concession agreement with Haldia Development (the "**Authority**" and the agreement, the "**Agreement**"). In terms of the Agreement, HWML was required to construct a 113.5 million litres per day water treatment plant on a build, operate and transfer basis (the "**New WTP**"). In terms of the Agreement, HWML has initiated arbitration proceedings against the Authority for breach of the terms of the Agreement and has claimed a ₹191.63 crore from the Authority. HWML has submitted that the Authority indulged in premature collection of license fees and subsequently stopped sharing revenues with HWML. Such breaches and other circumstances such as rise in the cost components and inadequate water demand adversely affected HWML's ability to comply with its obligations under the Agreement. The Authority has counter-claimed an amount of ₹776 crore, plus applicable interest, for alleged breach of the terms of the Agreement by HWML. The matter is currently pending before the arbitral tribunal.

*Jamshedpur Utilities and Services Company Limited ("**JUSCO**")*

Criminal Proceedings

1. The Superintendent of Police, Anti-corruption Branch, Central Bureau of Investigation ("**CBI**"), Ranchi has filed a criminal complaint against, among others, JUSCO and Sanjiv Paul, the former managing director of JUSCO, (the "**Accused**") before the Anti-corruption Bureau, CBI, Ranchi under Sections 120(B) and 420 of the Indian Penal Code, 1860, and Section 13(2) read with Section 13(1)(d) of the Prevention of Corruption Act, 1988 (the "**Complaint**"). The Complainants have alleged that the Accused conspired to have a civil and electrical works contract unfairly awarded in the favour of JUSCO by National Institute of Technology ("**NIT**"), Jamshedpur, as a result of which NIT, Jamshedpur, suffered a loss of ₹162.67 lakhs. The Accused have filed an application before the Special Judge, CBI, Ranchi for discharge of the Accused. The matter is currently pending.

2. Chuna Ram Baskey (the "**Complainant**") has filed a complaint against, among others, Ashish Mathur, managing director of JUSCO and Sunil Bhaskaran, a vice president of our Company, (the "**Defendants**") before the Chief Judicial Magistrate, Jamshedpur (the "**CJM**") under Sections 3(y), 3(z) and 3(za) of the Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act, 1989 (the "**Complaint**"). The Complainant has alleged that the Complainant was forcefully ousted from a certain locality by the Defendants. On the basis of the Complaint, the CJM directed the Sonari police station to register a first information report (the "**FIR**"). The Defendants have filed a writ petition before the High Court of Jharkhand (the "**High Court**") for quashing of the FIR. The High Court has vide order dated February 6, 2015 referred the matter to a division bench of the High Court and directed the local police to not take coercive steps during the interim. The matter is currently pending.

3. Deepak Mukhi (the "**Complainant**") has filed a criminal complaint against, among others, Ashish Mathur, managing director of JUSCO and Captain Dhananjay Mishra, a senior general manager of JUSCO (the "**Defendants**") before the Birsanagar police station, Jamshedpur under Sections 147, 148, 323, 325, 207 and 504 of the Indian Penal Code, 1860, and Sections 3 and 4 of the Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act, 1989 (the "**Complaint**"). The Sub-divisional magistrate had the directed the demolition of certain dilapidated quarters of our Company under the supervision of a deputed Magistrate (the "**Magistrate**"). The said demolition was resisted by the local people including the Complainant. The Complainant alleged that the Defendants along with the Magistrate committed cruelty and humiliated the Complainant. The matter is currently pending.

*Tata Steel UK Limited ("**TSUK**")*

Criminal Proceedings

1. TSUK has entered guilty pleas in respect of breaches of Section 2(1) and Section 3(1) of the UK Health

and Safety at Work etc Act, 1974 following a fatal accident at its Scunthorpe works on April 23, 2010. The sentencing hearing took place on December 18, 2017. The matter is reserved for judgment to the earliest of the end of January, 2018.

2. TSUK is being prosecuted for a breach of Regulation 22(1) of the Construction (Design and Management) Regulations, 2007 following an incident on January 18, 2014 when a scaffolding contractor's employee fell from height. TSUK has indicated its intention to plead not guilty with a trial to be scheduled for some time during 2018.

Other Proceedings

1. TSUK is defending occupational disease claims being brought under a group litigation order granted in 2016 allegedly arising from exposure to dust and fumes whilst working at various coke ovens across England, Wales and Scotland mainly between 1950 and 1980. The cut-off date for claimants to bring claims under the group litigation order is in September, 2018. The claims are unknown on date.

Litigation by our Subsidiaries

*Tayo Rolls Limited ("**Tayo Rolls**")*

1. Tayo Rolls (the "**Petitioner**") has filed a writ petition against the State of Jharkhand (the "**Respondent**") before the High Court of Jharkhand challenging the rejection of an application for closure of its operations, by the Respondent, under the Industrial Disputes Act, 1947 (the "**Petition**"). The Board of Directors of the Petitioner resolved to suspend the operations of the company in a phased manner, including, by way of a voluntary separation scheme for its employees. Pursuant to the above, it filed an application under Section 25-O of the Industrial Disputes Act, 1947, seeking permission for the closure of the Company. The Respondent rejected the said application, pursuant to which the Petitioner filed the Petition. The matter is currently pending.

2. Tayo Rolls (the "**Applicant**") has filed an application before the Kolkata Bench of the National Company Law Tribunal (the "**NCLT**"), under Section 10 of the Insolvency and Bankruptcy Code, 2016 (the "**IBC**"). Due to the Applicant's net worth becoming negative, it had made an application to the Board for Industrial and Financial Reconstruction under the Sick Industrial Companies (Special Provisions) Act, 1985 (the "**SICA**"), pursuant to the resolutions passed by the board of directors of Tayo Rolls on February 12, 2016. However the SICA was repealed in terms of the provisions of the IBC. Accordingly, the Applicant has filed a fresh application initiating corporate insolvency resolution process under Section 10 of the IBC. The NCLT rejected the application filed by Tayo Rolls by its order dated December 22, 2017. Tayo Rolls is seeking appropriate legal remedies as may be warranted.

Litigation involving the directors of our Subsidiaries

Criminal Proceedings

1. Twelve criminal cases have been filed against the current and former directors and officials of our Subsidiaries, in relation to alleged violations, arising in the course of our business operations, under the Indian Penal Code, 1860 and the Factories Act, 1948 and the rules made thereunder. These matters are currently pending at various stages of adjudication.

Actions initiated by SEBI against the Entities operating in the Securities Market with which Directors are associated

Our Directors, Saurabh Agrawal and D. K. Mehrotra are associated with the securities market. No action has been initiated by SEBI against the entities operating in the securities market with which the Directors are associated.

GOVERNMENT AND OTHER APPROVALS

We are required to obtain approvals, registrations, permits and licenses under the provisions of various laws and regulations for conducting our business. The requirement for approvals for a particular business or plant may vary based on factors such as the legal requirements in the state in which such business or plant is located. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.

We have obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are required for conducting our present business activities. Some of the approvals and licenses that we require for our business operations may expire in the ordinary course of business, and we will apply for their renewal from time to time.

General

Our Company requires various approvals for it to carry on its steel manufacturing business in India and overseas.

(A). Approvals obtained

The material approvals in respect of our Company's steel manufacturing business in India are as follows:

(i). Licenses issued under the Factories Act, 1948 and the rules thereof for the maximum number of workers permitted to be employed on any one day in a factory/unit.

(ii). Consents under the Air (Prevention and Control of Pollution) Act, 1981 from the relevant State Pollution Control Board.

(iii). Consents under the Water (Prevention and Control of Pollution) Act, 1974 from the relevant State Pollution Control Board.

(iv). Authorisation for the disposal of biomedical wastes under Bio-Medical Waste (Management & Handling) Rules, 1998 from the relevant State Pollution Control Boards.

(v). Authorisation under the Hazardous Wastes (Management and Handling) Rules, 1989 from the relevant State Pollution Control Boards.

(vi). Registration certificate under the Contract Labour (Regulation and Abolition) Act, 1970 for the employment of contract labour from the Labour Commissioner.

(vii). Notice of occupation issued by the Chief Inspector of Factories under the Factories Act, 1948.

(viii). Licenses issued by the Inspector of Factories for the manufacture of steel tubes and accessories and for washing of coal.

(ix). Approval issued by the relevant State Industrial Development Corporation for approving plans for the factory building.

(B). Major pending approvals and pending renewal of licenses in relation to our major operational factories/units/mines

(I). ***Jamshedpur***

(i). Application dated June 12, 2014 for renewal of authorisation under the Hazardous Wastes (Management and Handling) Rules, 1989 before the Jharkhand State Pollution Control Board for Tata Growth Shop (Adityapur Complex) division at the facility at Jamshedpur.

(ii). Application dated April 21, 2016 for renewal of authorisation under the Hazardous Wastes (Management and Handling) Rules, 1989 before the Jharkhand State Pollution Control Board for the CRM Bara division at the facility at Jamshedpur.

(II). ***Tarapur Wire Plant***

(i). Application dated October 30, 2017 for the renewal of license issued under the Factories Act, 1948, in relation to the T1 and T2 divisions of the Tarapur Wire Plant for the year 2018 to 2020; and

(ii). Application dated October 30, 2017 for the renewal of license issued under the Factories Act, 1948, in relation to the wire rod mill divisions of the Tarapur Wire Plant for the year 2018 to 2020.

(III). ***Katamati iron ore mine, Odisha***

(i). Application dated March 1, 2017 for amendment to the registration certificate under the Contract Labour (Regulation and Abolition) Act, 1970 in relation to the Katamati iron ore mine.

(C). Other Approvals

I. Our respective Subsidiaries have the necessary material approvals for undertaking business operations outside India, including those in Europe, Canada, Thailand and Singapore.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors of our Company passed at its meeting held on December 18, 2017 and December 19, 2017 pursuant to Section 62 of the Companies Act, a circular resolution dated January 9, 2018 passed by the Executive Committee of the Board on January 12, 2018 and a resolution of the Executive Committee of the Board passed at their meeting held on January 19, 2018.

The Issue Price, of ₹510 for the Fully Paid Shares and ₹615 for the Partly Paid Shares, has been arrived at in consultation with the Lead Managers.

Our Company has received in-principle approvals from BSE and NSE pursuant to Regulation 28 of the Listing Regulations for listing of the Ordinary Shares to be Allotted in the Issue pursuant to letters dated January 17, 2018, respectively.

Prohibition by SEBI or Other Governmental Authorities

Our Company, the Promoter, the members of the Promoter Group, the Directors, persons in control of our Company and persons in control of the Promoter have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which the Promoter, the Directors or the persons in control of our Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Directors, Saurabh Agrawal and D. K. Mehrotra are associated with the securities market in their capacity as directors on companies operating in the securities market.

Prohibition by RBI

None of our Company, the Promoter, the members of the Promoter Group or the Group Companies have been identified as Wilful Defaulters.

Eligibility for the Issue

Our Company is a listed company, incorporated under the Indian Companies Act, 1882. The Ordinary Shares of our Company are presently listed on the Stock Exchanges. It is eligible to offer Ordinary Shares pursuant to the Issue in terms of Chapter IV and other applicable provisions of the SEBI Regulations.

Compliance with Regulation 4(2) of the SEBI Regulations

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI Regulations, to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Ordinary Shares to be issued pursuant to the Issue. BSE is the Designated Stock Exchange for the Issue.

Compliance with Regulation 10 of the SEBI Regulations

Our Company satisfies the following conditions specified in Regulation 10 and accordingly, our Company is eligible to make the Issue by way of a ‘fast track issue’:

1. the Ordinary Shares have been listed on BSE and NSE, each being a recognized stock exchange having nationwide trading terminals, for a period of at least three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

2. the average market capitalization of the public shareholding of the Company is at least ₹250 crore;

3. the annualized trading turnover of the Ordinary Shares during the six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at

least 2% of the weighted average number of Ordinary Shares, as applicable, available as listed during such six month period;

4. the Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month of the date of this Letter of Offer;

5. the Company has been in compliance with the equity listing agreement and the provisions of the Listing Regulations, including with respect to the composition of the Board, for a period of at least three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

6. the impact of auditors' qualifications, if any, on the audited accounts of the Company in respect of those Fiscals for which such accounts are disclosed in the offer document does not exceed 5% of the net profit or loss after tax of the Company for the respective years;

7. no show-cause notices have been issued or prosecution proceedings initiated by SEBI or pending against the Company or its promoters or whole time directors, as on the date of filing the Letter of Offer with the Designated Stock Exchange;

8. neither our Company, the Promoter, members of the Promoter Group nor any of our Directors have settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI during three years immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;

9. the entire shareholding of the Promoter Group is held in dematerialised form, as on the date of filing this Letter of Offer with the Designated Stock Exchange;

10. the Promoter and Promoter Group shall mandatorily subscribe to their rights entitlement and shall not renounce their rights, except to the extent of renunciation within the Promoter Group for the purpose of complying with minimum public shareholding norms prescribed under Rule 19A of the Securities Contracts (Regulation) Rules, 1957, as amended. Further, the Promoter has also confirmed that it will subscribe to the Rights Entitlement of Sir Dorabji Tata Trust and Sir Ratan Tata Trust (collectively, the "**Trusts**"), which are members of the Promoter Group, that may be renounced in favour of the Promoter since subscription to their respective Rights Entitlement would not be covered under the category of eligible investments under the provisions of the Bombay Public Trusts Act, 1950, as amended. Such renunciation of the Rights Entitlement by the Trusts to the Promoter would not be considered as "renunciation" for the purposes of Regulation 10(4)(b)(i) of Takeover Regulations as the Trusts are not permitted to subscribe to their Rights Entitlement in terms of the Bombay Public Trusts Act, 1950. Such subscription by the Promoter to Ordinary Shares in the Issue to the extent of the Rights Entitlements renounced in its favour by the Trusts shall be exempt from open offer requirements in terms of Regulation 10(4)(b) of the Takeover Regulations.

    Additionally, the Promoter has also confirmed that it will subscribe to the Rights Entitlement of Rujuvalika Investment Limited, a Subsidiary of our Company which is also a member of the Promoter Group, may be renounced in favour of the Promoter since subscription to its Rights Entitlement would not permitted in terms of Section 19 of the Companies Act, 2013 which does not permit a holding company to allot or transfer its shares to any of its subsidiaries. Such renunciation of the Rights Entitlement by Rujuvalika Investment Limited to the Promoter would not be considered as "renunciation" for the purposes of Regulation 10(4)(b)(i) of Takeover Regulations as Rujuvalika Investment Limited is not permitted to subscribe to their Rights Entitlement in terms of the Companies Act, 2013. Such subscription by the Promoter to Ordinary Shares in the Issue to the extent of the Rights Entitlements renounced in its favour by the Rujuvalika Investment Limited shall be exempt from open offer requirements in terms of Regulation 10(4)(b) of the Takeover Regulations.

    The members of the Promoter Group, subject to approval of their respective Board of Directors or a committee thereof, may subscribe, on their own account, to the full extent of their rights entitlement in the Issue or renounce, any or all, of their respective Rights Entitlement in favour of Tata Sons Limited.

11. the Ordinary Shares of our Company have not been suspended from trading as a disciplinary measure during the last three years immediately preceding date of filing of this Letter of Offer with the Designated Stock Exchange;

12. the annualized delivery-based turnover of the Ordinary Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange, has been at least 10% of the weighted average number of Ordinary Shares listed during such six month period; and

13. there is no conflict of interest between the Lead Managers to the Issue and the Company or its group or associate companies in accordance with the applicable regulations.

Compliance with Part E of Schedule VIII of the SEBI Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII of the SEBI Regulations as explained below:

1. The Company has been filing periodic reports, statements and information in compliance with the Listing Agreement for the last three years immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.

2. The reports, statements and information referred to above are available on the website of BSE and NSE or on a common e-filing platform specified by SEBI.

3. The Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part E of Schedule VIII of SEBI Regulations, and is not covered under the conditions specified in Clause (3) of Part E of Schedule VIII of SEBI Regulations, disclosures in this Letter of Offer have been made in terms of Clause (5) of Part E of Schedule VIII of SEBI Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGERS HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 22, 2018 WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS

OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:

(a) THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AND THE COMPANIES ACT, 2013, TO THE EXTENT APPLICABLE, SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – <u>NOT APPLICABLE</u>

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – <u>NOT APPLICABLE.</u>

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE LETTER OF OFFER – <u>NOT APPLICABLE.</u>

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – <u>NOT APPLICABLE.</u>

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF

ASSOCIATION OR OTHER CHARTER DOCUMENTS OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECTS CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION - <u>NOT APPLICABLE FOR A RIGHTS ISSUE. TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO OUR COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SEBI REGULATIONS.</u>

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SECURITIES IN DEMAT OR PHYSICAL MODE.

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:

(a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE ORDINARY SHARES OF THE COMPANY; AND

(b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – <u>NOTED FOR COMPLIANCE.</u>

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

(16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE LEAD MANAGERS BELOW (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR DATED SEPTEMBER 27, 2011 - <u>NOT APPLICABLE.</u>

(17) **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED, IN ACCORDANCE WITH ACCOUNTING STANDARD 18, IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THIS LETTER OF OFFER.**

(18) **WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y(1)(a) or (b) (AS THE CASE MAY BE) TO THE LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THE SEBI REGULATIONS, (IF APPLICABLE) – NOT APPLICABLE.**

(19) **WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY – PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP IS OUR STATUTORY AUDITORS. ON JANUARY 10, 2018, SEBI IMPOSED A TWO YEAR BAN ON PRICE WATERHOUSE NETWORK OF FIRMS IN INDIA (WHICH INCLUDES PRICE WATERHOUSE & CO) FROM AUDITING ANY PUBLICLY LISTED COMPANIES IN INDIA AS A RESULT OF THEIR INVOLVEMENT AS AUDITORS IN SATYAM COMPUTER SERVICES LIMITED. THE BAN DOES NOT IMPACT PRICE WATERHOUSE & CO'S ABILITY TO CONTINUE AS STATUTORY AUDITORS OF THE COMPANY AND THE GROUP FOR FINANCIAL YEAR ENDING MARCH 31, 2018.**

(20) **WE CONFIRM THAT THE COMPANY IS ELIGIBLE TO MAKE FAST TRACK ISSUE IN TERMS OF REGULATION 10 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION, BY THE COMPANY, HAS ALSO BEEN DISCLOSED IN THE LETTER OF OFFER.**

(21) **WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE, UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH THE PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN – COMPLIED WITH AND NOTED FOR COMPLIANCE.**

(22) **WE CONFIRM THAT THE ABRIDGED LETTER OF OFFER CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. COMPLIED WITH.**

(23) **WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY.**

(24) **WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, THE CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE LETTER OF OFFER – NOT APPLICABLE.**

The filing of the Letter of Offer does not, however, absolve our Company from any liabilities under Section 34 or Section 36 of the Companies Act or from the requirement of obtaining such statutory or other clearance as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up, at any point of time, with the Lead Managers any irregularities or lapses in this Letter of Offer.

Disclaimer clauses from our Company and the Lead Managers

Our Company and the Lead Managers accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Company and the Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Ordinary Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Company and the Lead Managers shall make all information available to the Eligible Ordinary Shareholders and no selective or additional information would be available for a section of the Eligible Ordinary Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorised to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorised information or representations. This Letter of Offer is an offer to sell only the Ordinary Shares and rights to purchase the Ordinary Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is BSE.

Disclaimer Clause of BSE

BSE Limited (the "**Exchange**") has given, vide its letter dated January 17, 2018 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of NSE

As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/33732 dated January 17, 2018 permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Selling Restrictions

The distribution of this Letter of Offer and the issue of Ordinary Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making the Issue on a rights basis to the Eligible Ordinary Shareholders and will dispatch this Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Ordinary Shareholders. No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or any other material relating to our Company, the Ordinary Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI.

Accordingly, the Ordinary Shares and Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Letter of Offer or any offering materials or advertisements in connection with the Ordinary Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Our Company is making the Issue on a rights basis to the Eligible Ordinary Shareholders of our Company and will dispatch the Letter of Offer / Abridged Letter of Offer and CAF only to Eligible Ordinary Shareholders who have provided an Indian address to our Company. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to dispatch the Letter of Offer / Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer / Abridged Letter of Offer and CAFs.

If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Ordinary Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Ordinary Shares or accepting any provisional allotment of Ordinary Shares, or making any offer, sale, resale, pledge or other transfer of the Ordinary Shares or Rights Entitlement.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

Each person who exercises Rights Entitlement and subscribes for Ordinary Shares or excess Ordinary Shares, or who purchases Rights Entitlement or Ordinary Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE ORDINARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**US SECURITIES ACT**"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND ORDINARY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY ORDINARY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States of America when the buy order is made. Envelopes containing a CAF should not be postmarked in the United States of America or otherwise dispatched from the United States of America or any other jurisdiction where it would be illegal to make an offer under the Letter of Offer. Our Company is making the Issue on a rights basis to the Eligible Ordinary Shareholders and will dispatch this Letter of Offer or Abridged Letter of Offer and CAF only to Eligible Ordinary Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Ordinary Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Ordinary Shares or the Rights Entitlements, it will not be, in the United States of America when the buy order is made, and (ii) is authorized to acquire the Rights Entitlement and the Ordinary Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any CAF which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the CAF to the effect that the person accepting and/or renouncing the CAF does not have a registered address (and is not otherwise located) in the United States of America, and such person is complying with laws of jurisdictions applicable to such person in connection with the Issue, among others; (iii) where a registered Indian address is not provided; or (iv) where our Company believes acceptance of such CAF may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Ordinary Shares in respect of any such CAFs.

None of the Rights Entitlements or Ordinary Shares of the Company have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**"), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Ordinary Shares are being offered and sold only outside the United States in compliance with Regulation S under the US Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR ORDINARY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY ORDINARY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICIATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

Experts

Our Company has received consent from its Statutory Auditors, Price Waterhouse & Co Chartered Accountants LLP through its letter dated January 22, 2018 to include its name as required under Section 26 of the Companies Act, 2013 in this Letter of Offer.

Price Waterhouse & Co Chartered Accountants LLP is our Statutory Auditors. On January 10, 2018, SEBI imposed a two year ban on Price Waterhouse network of firms in India (which includes Price Waterhouse & Co) from auditing any publicly listed companies in India as a result of their involvement as auditors in Satyam Computer Services Limited. The ban does not impact Price Waterhouse & Co's ability to continue as statutory auditors of our Company and the Group for financial year ending March 31, 2018. Price Waterhouse network of firms in India have filed an appeal against the SEBI ban on January 17, 2018, and should Price Waterhouse & Co become legally incapable to continue the office of our Company's and the Group's statutory auditors post March 31, 2018, our Company would evaluate to fill the vacancy in such eventuality, keeping in line with the requirements of the applicable statutes in India.

Filing

This Letter of Offer is being filed with the Designated Stock Exchange as per the provisions of the SEBI Regulations. Further, in terms of Regulation 6(4) of the SEBI Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, submit a copy of this Letter of Offer with SEBI.

Issue Related Expenses

The expenses of the Issue payable by our Company include brokerage, fees and reimbursement to the Lead Managers, Statutory Auditors, legal advisors, Registrar, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses and will be met out of the Issue Proceeds. For further details, please see the section entitled "*Objects of the Issue – Estimated Issue Related Expenses*" on page 64.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement.

Our Company has a Stakeholders' Relationship Committee which currently comprises of D. K. Mehrotra (Chairman), Saurabh Agrawal and Koushik Chatterjee. The broad terms of reference include redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates etc. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

The Investor complaints received by our Company are disposed of within 15 days from the date of receipt of the complaint.

Registrar to the Issue

Link Intime India Private Limited
C-101, 247 Park
L B S Marg
Vikhroli (West)
Mumbai 400 083
Tel: +91 22 4918 6300
Fax: +91 22 4918 6195
E-mail: tatasteel.rights2018@linkintime.co.in
Investor Grievance E-Mail: tatasteel.rights2018@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration Number: INR000004058

Investors may contact our Company Secretary and Compliance Officer or the Registrar in case of any pre-Issue/post-Issue related problems such as non-receipt of Allotment advice/demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

TATA STEEL

Parvatheesam K.
Bombay House
24, Homi Mody Street
Fort, Mumbai 400 001
Tel: +91 22 6665 7279
Fax: +91 22 6665 7724
E-mail: cosec@tatasteel.com

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Ordinary Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the CAF, the SAF, the Memorandum of Association and the Articles of Association of our Company, the provisions of Companies Act, FEMA, the SEBI Regulations, the Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchanges and terms and conditions as stipulated in the allotment advice or security certificate.

Important:

Investors must note that each Eligible Ordinary Shareholder would be sent separate CAFs for Fully Paid Shares and for Partly Paid Shares along with the Abridged Letter of Offer. Investors must take note of the following while applying for or renouncing the Ordinary Shares, as well as, while requesting for SAF or any complaints for non-receipt of CAF/SAF:

1. Please check that you have received the Fully Paid Shares CAF in white and the Partly Paid Shares CAF in yellow.

2. Please note that there are separate payment instructions for Fully Paid Shares and Partly Paid Shares. Investors must enclose the cheque/demand draft, as applicable, correctly to avoid the rejection of CAFs:

   a. Fully Paid Shares (residents or NRI applying without repatriation benefits): "Tata Steel Fully Paid – Rights Issue – Escrow Collection - R";
   b. Fully Paid Shares (NRI applying with repatriation benefits): "Tata Steel Fully Paid – Rights Issue – Escrow Collection - NR";
   c. Partly Paid Shares (residents or NRI applying without repatriation benefits): "Tata Steel Partly Paid – Rights Issue – Escrow Collection - R"; and
   d. Partly Paid Shares (NRI applying with repatriation benefits): "Tata Steel Partly Paid – Rights Issue – Escrow Collection - NR".

3. Investors must inform the SCSBs, while blocking the amounts, whether they are applying for Fully Paid Shares or Partly Paid Shares, or both, and issue separate instructions to their bank for blocking of amounts in the account.

4. Investors may choose to apply for either or both of the Fully Paid Shares and Partly Paid Shares. Accordingly, for request for duplicate CAF, request for SAF and for renouncing either Fully Paid Shares or Partly Paid Shares, the same should be done independent of the other. Renouncing of the Fully Paid Shares will not prohibit applying for additional Partly Paid Shares and vice-versa.

5. In case the Eligible Ordinary Shareholders have not received the CAF(s), they can apply using plain paper. Please note that separate plain paper applications shall be used to apply for Fully Paid Shares and Partly Paid Shares. For further information, please see the section entitled "*Terms of the Issue – Application on Plain Paper*" on page 353.

6. Applicants must check the amount payable in respect of the Fully Paid Shares and Partly Paid Shares and must pay the Application Money by way of separate cheque/demand draft. In case the Applicant encloses one payment instrument for either Fully Paid Shares or Partly Paid Shares for the Rights Entitlement applicable for a given demat account/folio, the Application Money blocked would be allocated towards the respective CAF for which the amount is paid and the balance amount shall be unblocked and refunded. For example, if an applicant applies for 20 Fully Paid Shares and 10 Partly Paid Shares with cheque drawn in favour of "Tata Steel Fully Paid – Rights Issue – Escrow Collection - R" covering the Application Money for both, the amount would be considered for Fully Paid Shares.

Please note that in accordance with the provisions of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the

eligibility conditions prescribed under the SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 must mandatorily invest through the ASBA process (including the locations where the ASBA facility is available). All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process or apply through the non-ASBA process. Renouncees and Physical Shareholders are not eligible ASBA Investors and must only apply for Ordinary Shares through the non-ASBA process, irrespective of the application amounts/applicant category.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please see the section entitled "*Terms of the Issue - Procedure for Application through the ASBA Process*" on page 357.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in the Issue and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights or obligations of the Eligible Ordinary Shareholders in relation to application and refunds pertaining to the Issue shall apply to the Renouncee(s) as well.

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors of our Company passed at its meeting held on December 18, 2017 and December 19, 2017 pursuant to Section 62 of the Companies Act, a circular resolution dated January 9, 2018 passed by the Executive Committee of the Board on January 12, 2018 and a resolution of the Executive Committee of the Board passed at their meeting held on January 19, 2018.

Basis for the Issue

The Ordinary Shares are being offered for subscription for cash to the existing Ordinary Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Ordinary Shares held in the electronic form and on the register of members of our Company in respect of the Ordinary Shares held in physical form at the close of business hours on the Record Date, decided in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the issued and Fully Paid Shares held in the electronic form or appears in the register of members as an Eligible Ordinary Shareholder of our Company in respect of the Ordinary Shares held in physical form as on the Record Date, being February 1, 2018, you are entitled to the number of Fully Paid Shares and the Partly Paid Shares as set out in Part A of the Fully Paid Shares CAF or the Partly Paid Shares CAF, as the case may be.

Our Company is making the Issue on a rights basis to the Eligible Ordinary Shareholders of our Company and will dispatch this Letter of Offer, Abridged Letter of Offer and CAF(s) only to Eligible Ordinary Shareholders who have provided an Indian address to our Company. The distribution of this Letter of Offer, Abridged Letter of Offer and the issue of Ordinary Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer was filed with SEBI and the Stock Exchanges. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and this Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in any

jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer must be treated as sent for information only and should not be acted upon for subscription to Ordinary Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the Ordinary Shares or the Rights Entitlements, distribute or send this Letter of Offer in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Ordinary Shares or the Rights Entitlements referred to in this Letter of Offer. Any person who acquires Rights Entitlements or Ordinary Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Ordinary Shares or the Rights Entitlements, it will not be in any restricted jurisdiction.

PRINCIPLE TERMS OF THE ISSUE

<table>
<tr><th>Term</th><th>Fully Paid Shares</th><th>Partly Paid Shares</th></tr>
<tr><td>Face Value</td><td colspan="2">Each Fully Paid Share and Partly Paid Share will have the face value of ₹10.</td></tr>
<tr><td rowspan="2">Issue Price</td><td>Each Fully Paid Share is being offered at a price of ₹510 per Fully Paid Share (including a premium of ₹500 per Fully Paid Share) in the Issue.</td><td>Each Partly Paid Share is being offered at a price of ₹ 615 per Partly Paid Share (including a premium of ₹605 per Partly Paid Share) in the Issue.</td></tr>
<tr><td colspan="2">The Issue Price for Fully Paid Share and Partly Paid Share has been arrived at after consultation between our Company and the Lead Managers and has been decided prior to the determination of the Record Date.</td></tr>
<tr><td>Rights Entitlement Ratio</td><td>The Fully Paid Share are being offered on a rights basis to the Eligible Ordinary Shareholders in the ratio of 4 Fully Paid Share for every 25 Ordinary Shares held as on the Record Date.</td><td>The Partly Paid Shares are being offered on a rights basis to the Eligible Ordinary Shareholders in the ratio of 2 Partly Paid Shares for every 25 Ordinary Shares held as on the Record Date.</td></tr>
<tr><td>Terms of Payment</td><td>Full amount of ₹510 per Fully Paid Share is payable on application.</td><td>The Issue Price per Partly Paid Shares shall be payable as follows:
<table>
<tr><th colspan="4">PAYMENT METHOD FOR PARTLY PAID SHARES</th></tr>
<tr><th>Amount payable per Partly Paid Share*</th><th>Face Value (₹)</th><th>Premium (₹)</th><th>Total (₹)</th></tr>
<tr><td>On Application</td><td>2.504</td><td>151.496</td><td>154</td></tr>
<tr><td>On First and Final Call</td><td>7.496</td><td>453.504</td><td>461</td></tr>
<tr><td>Total</td><td>10</td><td>605</td><td>615</td></tr>
</table>
* Note:
Investors shall be required to make the balance payment towards the First and Final Call by the due date, which shall be separately notified by our Company.
Note:

Out of the amount of ₹ 154 paid on application, ₹ 2.504 would be adjusted towards the face value of the Partly Paid Shares and ₹ 151.496 shall be adjusted towards the premium of the Partly Paid Shares.
Out of the amount of ₹ 461 paid on First and Final Call, ₹ 7.496 would be adjusted towards the face value of the Partly Paid Shares and ₹ 453.504 shall be adjusted towards the premium of the Partly Paid Shares.
A notice of the First and Final Call shall be sent by our Company for making the payment towards the balance amount due.

Partly Paid Shares in respect of which the First and Final Call payable remains unpaid may be forfeited, at any time after the due date for payment of the balance amount due.
</td></tr>
</table>

Term	Fully Paid Shares	Partly Paid Shares
		If the payment made by the Applicant exceeds the amount payable on application for the Partly Paid Shares and additional Partly Paid Shares applied for, the excess amount shall be refunded by the Company.
Record date for First and Final Call and suspension of trading	Not applicable	The Company would fix a record date giving at least seven working days prior notice to the Stock Exchanges for the purpose of determining the list of Ordinary Shareholders to whom the notice for First and Final Call would be sent. Once the Call Record Date has been fixed, trading in the Partly Paid Shares for which the First and Final Call has been made may be suspended prior to Call Record Date.
Procedure for First and Final Call Notice for Partly Paid Shares	Not applicable	The Company would convene a meeting of the Board of Directors to pass the required resolutions for making the First and Final Call and suitable intimation would be given by the Company to the Stock Exchanges. Further, advertisements for the same will be published in (i) one English national daily newspaper; (ii) one Marathi language daily newspaper; and (iii) one Hindi national daily newspaper, all with wide circulation. The First and Final Call shall be deemed to have been made at the time when the resolution authorizing such First and Final Call is passed at the meeting of the Board. The First and Final Call may be revoked or postponed at the discretion of the Board. Pursuant to the provisions of the Articles of Association of the Company, the Investors would be given at least 14 days' notice for the payment of the First and Final Call. The Board may, from time to time at its discretion, extend the time fixed for the payments of the First and Final Call. Our Company, at its sole discretion, may send one reminder for the First and Final Call, and if it does not receive the Call Money as per the timelines stipulated, it would forfeit the Application Money.
Separate ISIN for Partly Paid Shares	Not applicable	In addition to the present ISIN for the existing Ordinary Shares, our Company would obtain a separate ISIN for its Partly Paid Shares. The Partly Paid Shares offered under the Issue will be traded under a separate ISIN for the period as may be applicable under the rules and regulations prior to the Call Record Date notice. The ISIN representing Partly Paid Shares may be frozen after the Call Record Date for the First and Final Call notice. On payment of the First and Final Call money in respect of the Partly Paid Shares, such Partly Paid Shares would be converted into Fully Paid Shares. Upon the Partly Paid Shares becoming Fully Paid Shares, such shares shall be issued under the present ISIN for the existing Ordinary Shares.
Listing of Partly Paid Shares	Not applicable	The Partly Paid Shares would be listed on BSE and NSE. For an applicable period, under the rules and regulations, prior to the record date for the First and Final Call, the trading of the existing Partly Paid Shares may be suspended. The process of corporate action for crediting the Fully Paid Shares and Partly Paid Shares to the Investors' demat accounts may take about two weeks' time from the last date of payment in the account under the First and Final Call notice. The listing and trading of the Partly Paid Shares shall be based on the current regulatory framework applicable thereto. Any change in the regulatory regime would accordingly affect the schedule.
Fractional Entitlements	The Fully Paid Shares are being	The Partly Paid Shares are being offered on a rights basis to Eligible Ordinary Shareholders in the ratio of 2 Partly Paid

Term	Fully Paid Shares	Partly Paid Shares
	offered on a rights basis to Eligible Ordinary Shareholders in the ratio of 4 Fully Paid Shares for every 25 Ordinary Shares held on the Record Date. For Fully Paid Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Ordinary Shareholders is less than 25 Ordinary Shares or not in the multiple of 25, the fractional entitlement of such Eligible Ordinary Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Ordinary Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Ordinary Share each if they apply for additional Fully Paid Shares over and above their Rights Entitlement, if any. For example, if an Eligible Ordinary Shareholder holds 30 Ordinary Shares, such Ordinary Shareholder will be entitled to 4 Fully Paid Shares on a rights basis and will also be given a preferential consideration for the Allotment of	Shares for every 25 Ordinary Shares held on the Record Date. For Partly Paid Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Ordinary Shareholders is less than 25 Ordinary Shares or not in the multiple of 25, the fractional entitlement of such Eligible Ordinary Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Ordinary Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Partly Paid Share if they apply for additional Partly Paid Shares over and above their Rights Entitlement, if any. For example, if an Eligible Ordinary Shareholder holds 30 Ordinary Shares, such Ordinary Shareholder will be entitled to 2 Partly Paid Shares on a rights basis and will also be given a preferential consideration for the Allotment of one additional Partly Paid Share if the Shareholder has applied for the same. Further, the Eligible Ordinary Shareholders holding less than 13 Ordinary Shares shall have 'zero' entitlement for Partly Paid Shares. Such Eligible Ordinary Shareholders are entitled to apply for additional Partly Paid Shares and will be given preference in the allotment of one additional Partly Paid Share if such Eligible Ordinary Shareholders apply for the additional Partly Paid Share. However, they cannot renounce the same in favour of third parties and the CAF shall be non-negotiable. Our Company may issue additional Partly Paid Shares due to rounding off.

Term	Fully Paid Shares	Partly Paid Shares
	one additional Fully Paid Share if the Shareholder has applied for the same. Further, the Eligible Ordinary Shareholders holding less than 7 Ordinary Shares shall have 'zero' entitlement for Fully Paid Shares. Such Eligible Ordinary Shareholders are entitled to apply for additional Fully Paid Share and will be given preference in the allotment of one additional Fully Paid Share if, such Eligible Ordinary Shareholders apply for the additional Fully Paid Share. However, they cannot renounce the same in favour of third parties and the CAF shall be non-negotiable. Our Company may issue additional Fully Paid Shares due to rounding off.	
Ranking	The Fully Paid Shares and the Partly Paid Shares to be issued and allotted pursuant to the Rights Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association of our Company. The Fully Paid Shares and Partly Paid Shares to be issued and allotted under the Issue shall rank *pari passu* with the existing Ordinary Shares of our Company, in all respects including dividends. The voting rights in a poll, whether present in person or by representative or by proxy shall be in proportion to the paid-up value of the Ordinary Shares held, and no voting rights shall be exercisable in respect of moneys paid in advance, if any.	

Listing and trading of the Ordinary Shares of our Company to be issued pursuant to the Issue

The existing Ordinary Shares of our Company are listed and traded on BSE (Scrip Code: 500470) and NSE (Scrip Code: TATASTEEL). The Ordinary Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE and NSE subject to necessary approvals. All steps for completion of necessary formalities for listing and commencement of trading in the Ordinary Shares will be taken within seven Working Days of the Issue Closing Date. Our Company has received in-principle approval from BSE through letter no. DCS/RIGHTS/PB/IP-RT/2529/2016-17 dated January 17, 2018 and from NSE through letter no. NSE/LIST/33732 dated January 17, 2018.

Our Company's existing Ordinary Shares are currently traded on BSE and NSE under the ISIN INE081A01012. The Fully Paid Shares which will be allotted pursuant to the Issue shall be listed for trading on BSE and NSE under the existing ISIN as Ordinary Shares of our Company.

The Partly Paid Shares proposed to be issued on a rights basis shall, in terms of SEBI Circular No. CIR/MRD/DP/21 /2012 dated August 2, 2012, be Allotted under a temporary ISIN and shall be frozen until the time final listing/trading approvals are granted by the Stock Exchanges. Upon receipt of such listing and trading approvals, the Partly Paid Shares proposed to be issued on a rights basis shall be debited from such temporary ISIN and credited in the existing ISIN and be available for trading.

The listing and trading of the Ordinary Shares issued pursuant to the Issue shall be based on the current regulatory framework applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

As on December 31, 2017, 3,059 Global Depository Receipts of our Company ("**GDRs**") issued by Citibank N.A. as a depository ("**GDR Depository**"), are currently listed on the Luxembourg Stock Exchange, pursuant to the deposit agreement dated February 24, 1994 ("**1994 Deposit Agreement**"). 1,43,82,278 GDRs issued by the GDR Depository, are currently listed on the London Stock Exchange, pursuant to the deposit agreement dated July 24, 2009 ("**2009 Deposit Agreement**", and together with the 1994 Deposit Agreement, the "**Deposit Agreements**").

Pursuant to the provisions of the Deposit Agreements and terms and conditions of the Global Depository Receipts annexed to such Deposit Agreements ("**GDR Terms and Conditions**"), our Company will assist the GDR Depositary to determine the legality and practicability of selling the Rights Entitlement in the Issue that would accrue to holders of the GDRs as on the Record Date so that the GDR Depositary can remit the proceeds of such sale in accordance with the 1994 Deposit Agreement or the 2009 Deposit Agreement, as the case may be.

Subscription to the Issue by our Promoter and our Promoter Group

For details of the intent and extent of the subscription by the Promoter and the Promoter Group, please see the section entitled "*Capital Structure*" on page 53.

Rights of Holders of Fully Paid Shares and Partly Paid Shares of our Company

Subject to applicable laws, holders of Fully Paid Shares and Partly Paid Shares shall have the following rights*:

1. The right to receive dividend, if declared;
2. The right to vote in person, or by proxy;
3. The right to receive offers for rights shares and be allotted bonus shares, if announced;
4. The right to receive surplus on liquidation;
5. The right of free transferability of Ordinary Shares;
6. The right to attend general meetings and exercise voting powers in accordance with law and unless prohibited by law; and
7. Such other rights as may be available to a shareholder of a listed public company under the Companies Act, and the Memorandum of Association and the Articles of Association.

* Subject to applicable law, holders of Partly Paid Shares shall be entitled to the above rights in proportion to amount paid-up on such Partly Paid Shares.

General Terms of the Issue

Market Lot

The Ordinary Shares of our Company are tradable only in dematerialized form. The market lot for Ordinary Shares in dematerialised mode is one Ordinary Share. In case an Investor holds Ordinary Shares in the physical form, our Company would issue to the allottees one certificate for the Fully Paid Shares or Partly Paid Shares, as the case may be, allotted to each folio (the "**Consolidated Certificate**"). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Investor. We shall not charge a fee for splitting any of the Consolidated Certificates.

Joint Holders

Where two or more persons are registered as the holders of any Ordinary Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

The nomination facility is available in respect of the Ordinary Shares in accordance with the provisions of the Section 72 of the Companies Act read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014. An Eligible Ordinary Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Ordinary Shareholders who are individuals, a sole Eligible Ordinary Shareholder or the first named Eligible Ordinary Shareholder, along with other joint Eligible Ordinary Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole Eligible Ordinary Shareholder or all of the joint Eligible Ordinary Shareholders, as the case may be, shall become entitled to the Ordinary Shares offered in the Issue. A person, being a nominee, becoming entitled to the Ordinary Shares by reason of death of the original Eligible Ordinary Shareholder(s), shall be entitled to the same advantages and obligations to which he would be entitled if he were the registered Eligible Ordinary Shareholder. Where the nominee is a minor, the Eligible Ordinary Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Ordinary Shares, in the event of death of the said Eligible Ordinary Shareholder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Ordinary Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the Ordinary Shares are held by more than one person jointly, the nominee shall become entitled to all rights in the Ordinary Shares only in the event of death of all the joint holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, or any other rules that may be prescribed under the Companies Act, any person who becomes a nominee shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Ordinary Shares; or

2. to make such transfer of the Ordinary Shares, as the deceased holder could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holders of the Ordinary Shares himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Ordinary Shareholder.

Further, the Board of Directors may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Ordinary Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Ordinary Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Investor(s) has already registered the nomination with our Company, no further nomination needs to be made for Ordinary Shares that may be allotted in the Issue under the same folio.

In case the Allotment of Ordinary Shares is in dematerialised form, there is no need to make a separate nomination for the Ordinary Shares to be Allotted in the Issue. Nominations registered with respective DP of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

Arrangements for Disposal of Odd Lots

Our Ordinary Shares are traded in dematerialised form only and therefore the marketable lot is one Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

All notices to the Eligible Ordinary Shareholder(s) required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one Marathi language daily newspaper with wide circulation and/or, will be sent by post to the Indian address of the Eligible Ordinary Shareholders provided to our Company. However, the distribution of this Letter of Offer, Abridged Letter of Offer and the issue of Ordinary Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

Procedure for Application

The CAF for the Ordinary Shares offered as part of the Issue would be printed for all Eligible Ordinary Shareholders. In case the original CAFs are not received by the Eligible Ordinary Shareholder or is misplaced by the Eligible Ordinary Shareholder, the Eligible Ordinary Shareholder may request the Registrar, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and Indian address. In case the signature of the Investor(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither our Company nor the Registrar shall be responsible for delay in the receipt of the CAF or the duplicate CAF attributable to postal delays or if the CAF or the duplicate CAF are misplaced in the transit. Eligible Ordinary Shareholders should note that those who are making the application in such duplicate CAF should not utilize the original CAF for any purpose, including renunciation, even if the original CAF is received or found subsequently. If any Eligible Ordinary Shareholder violates any of these requirements, he/she shall face the risk of rejection of both applications.

Please note that all Applicants who are QIBs, Non-Institutional Investors (including all companies and body corporates) and other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs, Non-Institutional Investors or Investors whose application amount is not more than ₹ 2,00,000 can participate in the Issue through the ASBA process or the non ASBA process.

Please also note that by virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Eligible Ordinary Shareholder being an OCB is required to obtain prior approval from RBI for applying to the Issue.

CAF

The Registrar will dispatch separate Fully Paid Shares CAF and Partly Paid Shares CAF to Eligible Ordinary Shareholders as per their Rights Entitlement on the Record Date. The Fully Paid Shares CAF and the Partly Paid Shares CAF will clearly indicate the number of Ordinary Shares that the Eligible Ordinary Shareholder is entitled to. Applicants may also choose to accept the offer to participate in the Issue by making plain paper Applications. For more information, please see the section entitled "*Terms of the Issue - Application on Plain Paper*" on page 353.

Each of the Fully Paid Shares CAF and the Partly Paid Shares CAF consists of four parts:

Part A: Form for accepting the Fully Paid Shares or the Partly Paid Shares, as the case may be, offered as a part of the Issue, in full or in part, and for applying for additional Fully Paid Shares or Partly Paid Shares;

Part B: Form for renunciation of Fully Paid Shares or Partly Paid Shares, as the case may be;

Part C: Form for application of Fully Paid Shares or Partly Paid Shares, as the case may be, by Renouncee(s); and

Part D: Form for request for split application forms.

Please note that Eligible Ordinary Shareholders can apply for Fully Paid Shares only through a Fully Paid Shares CAF (or plain paper) and for Partly Paid Shares only through Partly Paid Shares CAF (or plain paper). Please also note that Renouncees can apply for Fully Paid Shares only through Fully Paid Shares CAF and for Partly Paid Shares only through Partly Paid Shares CAF.

Option available to the Eligible Ordinary Shareholders

The CAFs will clearly indicate the number of Ordinary Shares that the Eligible Ordinary Shareholder is entitled to.

If the Eligible Ordinary Shareholder applies for an investment in Fully Paid Shares, then such shareholder can:

(i) Apply for their Rights Entitlement of Fully Paid Shares in full;

(ii) Apply for their Rights Entitlement of Fully Paid Shares in part;

(iii) Apply for their Rights Entitlement of Fully Paid Shares in part and renounce the other part of the Fully Paid Shares;

(iv) Apply for their Rights Entitlement in full and apply for additional Fully Paid Shares; and

(v) Renounce their Rights Entitlement of Fully Paid Shares in full.

If the Eligible Ordinary Shareholder applies for an investment in Partly Paid Shares, then such shareholder can:

(i) Apply for their Rights Entitlement of Partly Paid Shares in full;

(ii) Apply for their Rights Entitlement of Partly Paid Shares in part;

(iii) Apply for their Rights Entitlement of Partly Paid Shares in part and renounce the other part of the Partly Paid Shares;

(iv) Apply for their Rights Entitlement in full and apply for additional Partly Paid Shares; and

(v) Renounce their Rights Entitlement of Partly Paid Shares in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Ordinary Shares, either in full or in part, by filling Part A of the Fully Paid Shares CAF or the Partly Paid Shares CAF, as the case may be, and submit the same along with the application money payable to the Bankers to the Issue or any of the collection centres as mentioned on the reverse of the Fully Paid Shares CAF or the Partly Paid Shares CAF, as the case may be, before close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board of Directors in this regard. Investors at centres not covered by the collection branches of the Bankers to the Issue can send their Fully Paid Shares CAF or the Partly Paid Shares CAF, as the case may be, together with the cheque drawn, in each case, at par on a local bank at Mumbai or a demand draft payable at Mumbai to the Registrar by registered post so as to reach the Registrar prior to the Issue Closing Date. Please note that neither our Company nor the Lead Managers or the Registrar shall be responsible for delay in the receipt of the Fully Paid Shares CAF or the Partly Paid Shares CAF, as the case may be, attributable to postal delays or if the Fully Paid Shares CAF or the Partly Paid Shares CAF, as the case may be, is misplaced in the transit. Such applications sent to anyone other than the Registrar are liable to be rejected. For further details on the mode of payment, please see the sections entitled "*Terms of the Issue - Mode of Payment for Resident Investors*" and "*Terms of the Issue - Mode of Payment for Non-Resident Investors*" on page 355.

Additional Ordinary Shares

You are eligible to apply for additional Fully Paid Shares and/or Partly Paid Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Ordinary Shares offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional Fully Paid Shares and/or Partly Paid Shares shall be considered and Allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock

Exchange and in the manner prescribed under the section entitled "*Terms of the Issue - Basis of Allotment*" on page 366.

If you desire to apply for additional Fully Paid Shares and/or Partly Paid Shares, please indicate your requirement in the place provided for additional Ordinary Shares in Part A of the Fully Paid Shares CAF or the Partly Paid Shares CAF, as the case may be. Renouncee(s) applying for all the Ordinary Shares renounced in their favour may also apply for additional Ordinary Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between Non-Residents and residents are permitted subject to compliance with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or certain other conditions, then the prior approval of the RBI will be required.

Where the number of additional Ordinary Shares applied for exceeds the number of Ordinary Shares available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange. For the purpose of determining Basis of Allotment, the number of Fully Paid Shares and Partly Paid Shares, available and applied for, shall be determined separately.

Renunciation

The Issue includes a right exercisable by you to renounce the Fully Paid Shares or Partly Paid Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register the Fully Paid Shares or the Partly Paid Shares in favour of the following Renouncees: (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors; (iv) HUF; or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Ordinary Shares, as the case may be). Additionally, the Eligible Ordinary Shareholders may not renounce in favour of persons or entities which would otherwise be prohibited from being offered or subscribing for Ordinary Shares or Rights Entitlement under applicable securities or other laws. Eligible Ordinary Shareholders may also not renounce in favour of persons or entities in the United States or to the account or benefit of a U. S. person (as defined in Regulation S) or to who would otherwise be prohibited from being offered or subscribing for Ordinary Shares or Rights Entitlement under applicable securities law.

Procedure for renunciation

The following procedure applies to renunciation. The same applies for either renunciation of Fully Paid Shares or Partly Paid Shares, as the case may be. Please note that the procedure set out below would apply separately for Fully Paid Shares or Partly Paid Shares:

To renounce all the Ordinary Shares offered to an Eligible Ordinary Shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF in the same order. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

To renounce in part or the whole to more than one person(s)

If you wish to either (i) accept this offer in part and renounce the balance, or (ii) renounce the entire offer under the Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as provided herein. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Ordinary Shareholder(s), who has renounced the Ordinary Shares, does not match with the specimen registered with our Company or the Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Fully Paid Shares or Partly Paid Shares are renounced should fill in and sign Part 'C' of the Fully Paid Shares CAF or the Partly Paid Shares CAF, as the case may be, and submit the entire Fully Paid Shares CAF or Partly Paid Shares CAF, as the case may be, to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the Fully Paid Shares CAF or the Partly Paid Shares CAF, as the case may be, on or before the Issue Closing Date along with the application money in full.

Change and/or introduction of additional holders

If you wish to apply for Ordinary Shares jointly with any other person(s), not more than three including you, who is or are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Eligible Ordinary Shareholder is presented below. You may exercise any of the following options with regard to the Fully Paid Shares offered, using the Fully Paid Shares CAF:

Option Available	Action Required
Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (*All joint holders must sign in the same sequence*)
Accept your Rights Entitlement in full and apply for additional Fully Paid Shares.	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Fully Paid Shares (*All joint holders must sign in the same sequence*)
Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Fully Paid Shares, offered to you to more than one Renouncee	Fill in and sign Part D (*All joint holders must sign in the same sequence*) requesting for SAFs. Send the Fully Paid Shares CAF to the Registrar so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. (i) For the Fully Paid Shares, you wish to accept, if any, fill in and sign Part A. (ii) For the Fully Paid Shares, you wish to renounce, fill in and sign Part B indicating the number of Fully Paid Shares renounced and hand it over to the Renouncees. (iii) Each Renouncee should fill in and sign Part C for the Fully Paid Shares, accepted by them.
Renounce your Rights Entitlement in full to one person (*Joint Renouncees are considered as one*).	Fill in and sign Part B (*All joint holders must sign in the same sequence*) indicating the number of Fully Paid Shares, renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (*All joint Renouncees must sign*)
Introduce a joint holder or change the sequence of joint holders.	This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

You may exercise any of the following options with regard to the Partly Paid Shares offered, using the Partly Paid Shares CAF:

Option Available	Action Required
Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (*All joint holders must sign in the same sequence*)
Accept your Rights Entitlement in full and apply for additional Partly Paid Shares.	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Partly Paid Shares (*All joint holders must sign in the same sequence*)
Accept a part of your Rights	Fill in and sign Part D (*All joint holders must sign in the same*

Option Available	Action Required
Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Partly Paid Shares, offered to you to more than one Renouncee	*sequence*) requesting for SAFs. Send the Partly Paid Shares CAF to the Registrar so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. (i) For the Partly Paid Shares, you wish to accept, if any, fill in and sign Part A. (ii) For the Partly Paid Shares, you wish to renounce, fill in and sign Part B indicating the number of Partly Paid Shares renounced and hand it over to the Renouncees. (iii) Each Renouncee should fill in and sign Part C for the Partly Paid Shares, accepted by them.
Renounce your Rights Entitlement in full to one person (*Joint Renouncees are considered as one*).	Fill in and sign Part B (*All joint holders must sign in the same sequence*) indicating the number of Partly Paid Shares, renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (*All joint Renouncees must sign*)
Introduce a joint holder or change the sequence of joint holders.	This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

In case of Ordinary Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Ordinary Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

Please note that:

1. Separate CAFs for Fully Paid Shares CAF and Partly Paid Shares CAF will be issued to Eligible Ordinary Shareholders as on the Record Date.

2. Part 'A' of the Fully Paid Shares CAF or the Partly Paid Shares CAF, as the case may be, must not be used by any person(s) other than the Eligible Ordinary Shareholder to whom this Letter of Offer has been addressed. If used, this will render the application invalid.

3. Request for each Fully Paid Shares SAF should be made for a minimum of one Fully Paid Share, in multiples thereof and one Fully Paid Shares SAF for the balance Fully Paid Shares, if any.

4. Request for each Partly Paid Shares SAF should be made for a minimum of one Partly Paid Share, in multiples thereof and one Partly Paid Shares SAF for the balance Partly Paid Shares, if any.

5. Request by the Investor for the Fully Paid Shares SAF and Partly Paid Shares SAF should reach the Registrar latest by the close of business hours on the last date of receiving requests for SAFs as provided herein.

6. Only the Eligible Ordinary Shareholder to whom this Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.

7. The Fully Paid Shares SAF or the Partly Paid Shares SAF will be sent to the Investor(s) by post at the Applicant's risk.

8. Eligible Ordinary Shareholders may not renounce in favour of persons or entities who would otherwise be prohibited from being offered or subscribing for corresponding Fully Paid Shares and/or Partly Paid Shares or Rights Entitlement under applicable securities laws.

9. Submission of the Fully Paid Shares CAF or the Partly Paid Shares CAF to the Banker to the Issue at its collecting branches specified on the reverse of the corresponding CAF with the form of renunciation (Part B of the corresponding CAF) duly filled in shall be conclusive evidence for use of the person(s) applying for Ordinary Shares in Part C of the corresponding CAF to receive Allotment of such Ordinary Shares.

10. While renouncing their Rights Entitlement, all joint Eligible Ordinary Shareholders must sign the corresponding CAF/SAF and in the same order and as per specimen signatures recorded with our Company or the Depositories.

11. *Non-resident Eligible Ordinary Shareholders*: Application(s) received from Non-Resident or NRIs, or persons of Indian origin residing abroad for allotment of Ordinary Shares allotted as a part of the Issue shall, amongst other things, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Ordinary Shares, subsequent issue and allotment of Ordinary Shares, interest, export of share certificates, etc. In case a Non-Resident or an NRI Eligible Ordinary Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

12. Applicants must write their corresponding CAF/SAF number at the back of the cheque/demand draft, issued in each case.

13. RBI has mandated that CTS 2010 standard non-compliant cheques can be present in clearing only in a reduced frequency, i.e., once a week. This may have an impact on timelines for the issuance of the final certificate by the Escrow Collection Banks. Hence, the CAF/SAF accompanied by non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Eligible Ordinary Shareholder, the Registrar will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number or DP and Client ID number and his/ her full name and Indian address to the Registrar. Please note that the request for duplicate CAF should reach the Registrar at least seven days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received or found, as the case may be, subsequently. If the Investor violates such requirements, he/ she shall face the risk of rejection of either original CAF or both the applications. Our Company or the Registrar to the Issue or the Lead Managers will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper

Please note that the procedure for application on plain paper set out below would apply separately for Fully Paid Shares and Partly Paid Shares, as the case may be.

An Eligible Ordinary Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an account payee cheque/ demand draft, net of bank and postal charges payable at Mumbai and the Investor should send the same by registered post directly to the Registrar to the Issue. For details of the mode of payment, please see the section entitled "*Terms of the Issue - Modes of Payment*" on page 355. Applications on plain paper from any address outside India will not be accepted.

The envelope should be superscribed "Tata Steel Limited - Rights Issue" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Ordinary Shareholder including joint holders, in the same order and as per specimen recorded with our Company or the Depositories, must reach the office of the Registrar before the Issue Closing Date and should contain the following particulars:

1. Name of the Company, being Tata Steel Limited;

2. Name and address of the Eligible Ordinary Shareholder including joint holders;

3. Registered Folio Number/DP and Client ID No.;

4. Number of Ordinary Shares held as on Record Date;

5. Share Certificate numbers and distinctive numbers of Fully Paid Shares and/or Partly Paid Shares, if held in physical form;

6. Allotment option preferred - physical or demat form (including DP ID and Client ID), if held in

physical form;

7. Number of Ordinary Shares entitled to;

8. Number of Ordinary Shares applied for;

9. Number of additional Ordinary Shares applied for, if any;

10. Total number of Ordinary Shares applied for;

11. Total amount paid at the rate of ₹510 per Fully Paid Share or ₹154 per Partly Paid Share, as the case may be;

12. Particulars of cheque/demand draft, separately for Fully Paid Shares and Partly Paid Shares;

13. Savings or current account number and name and address of the bank where the Eligible Ordinary Shareholder will be depositing the refund order. In case of Ordinary Shares held in dematerialized form, the Registrar shall obtain the bank account details from the information available with the Depositories;

14. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Ordinary Shareholder and for each Eligible Ordinary Shareholder in case of joint names, irrespective of the total value of the Ordinary Shares applied for pursuant to the Issue;

15. If the payment is made by a draft purchased from NRE or FCNR or NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE or FCNR or NRO account;

16. Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Company or the Depositories); and

17. Additionally, all such Applicants are deemed to have accepted the following:

    *"I/ We understand that neither the Rights Entitlement nor the Ordinary Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"). I/ we understand the Ordinary Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Ordinary Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Ordinary Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I am/ we not in the United States and understand that neither us, nor the Registrar, the Lead Managers or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Managers or any other person acting on behalf of us have reason to believe is in the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

    I/ We will not offer, sell or otherwise transfer any of the Ordinary Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. I/We satisfy, and each account for which I/we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence.

    I/ We understand and agree that the Rights Entitlement and Ordinary Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

I/ We acknowledge that we, the Lead Managers, our affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Ordinary Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Eligible Ordinary Shareholder without any interest thereon and no liability shall arise on part of our Company, Lead Managers and our Directors. In cases where multiple CAFs are submitted, including cases where an Investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected. Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Managers and the Registrar not having any liability to the Investor. The plain paper application format will be available on the website of the Registrar at www.linkintime.co.in.

Last date for Application

The last date for submission of the duly filled in CAF or a plain paper application is February 28, 2018. The Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the CAF together with the amount payable is either (i) not blocked with an SCSB; or (ii) not received by the Banker to the Issue or the Registrar on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board or the Committee of Directors, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and the Board or the Committee of Directors shall be at liberty to dispose of the Ordinary Shares hereby offered, as provided under the section entitled "*Terms of the Issue - Basis of Allotment*" on page 366. The entitlement for Fully Paid Shares and Partly Paid Shares will be kept in abeyance by our Company, if required under applicable law.

Modes of Payment

Mode of payment for Resident Investors

1. All cheques / demand drafts accompanying the Fully Paid Shares CAF or Partly Paid Shares CAF should be drawn in favour of "Tata Steel Fully Paid – Rights Issue – Escrow Collection - R" or "Tata Steel Partly Paid – Rights Issue – Escrow Collection - R", as the case may be, crossed 'A/c Payee only' and should be submitted along with the Fully Paid Shares CAF or Partly Paid Shares CAF, to the Bankers to the Issue or the Escrow Collecting Banks or to the Registrar on or before the Issue Closing Date;

2. Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with an account payee cheque/ demand draft for the full application amount, net of bank and postal charges drawn in favour of "Tata Steel Fully Paid – Rights Issue – Escrow Collection - R" or "Tata Steel Partly Paid – Rights Issue – Escrow Collection - R", as the case may be, crossed 'A/c Payee only' and payable at Mumbai directly to the Registrar by registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed "Tata Steel Limited - Rights Issue". Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.

3. Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Managers. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the application by non-resident Investor, the following conditions shall apply:

1. Individual non-resident Indian Applicants who are permitted to subscribe for Ordinary Shares by applicable local securities laws can obtain application forms from the following address:

Link Intime India Private Limited
C-101, 247 Park
L B S Marg
Vikhroli (West)
Mumbai 400 083
Tel: +91 22 4918 6300
Fax: +91 22 4918 6195
E-mail: tatasteel.rights2018@linkintime.co.in
Investor Grievance E-Mail: tatasteel.rights2018@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Sumeet Deshpande
SEBI Registration Number: INR000004058

2. Applications will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Ordinary Shares may be restricted by applicable securities laws.

3. Non-resident investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges drawn in favour of "Tata Steel Fully Paid – Rights Issue – Escrow Collection - NR" or "Tata Steel Partly Paid – Rights Issue – Escrow Collection - NR", as the case may be, crossed 'A/c Payee only' payable at Mumbai directly to the Registrar by registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed "Tata Steel Limited - Rights Issue". Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.

4. Payment by non-residents must be made by demand draft payable at Mumbai/cheque drawn on a bank account maintained with the Escrow Collection Banks or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

5. By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);

6. By separate cheque/draft drawn on an NRE or FCNR Account with Escrow Collection Banks for Fully Paid Shares;

7. By Rupee draft purchased by debit to NRE or FCNR Account maintained elsewhere in India and payable at Mumbai;

8. FPIs registered with SEBI must utilise funds from special non-resident rupee account;

9. Non-resident investors with repatriation benefits should draw the cheques/ demand drafts in favour of "Tata Steel Fully Paid – Rights Issue – Escrow Collection - NR" or "Tata Steel Partly Paid – Rights Issue – Escrow Collection - NR", as the case may be, crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue or collection centres or to the Registrar;

10. Applicants should note that where payment is made through drafts purchased from NRE or FCNR or NRO account as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE or FCNR or NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

11. As far as non-residents holding Ordinary Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained with the Escrow Collection Banks or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai In such cases, the Allotment of

Ordinary Shares will be on non-repatriation basis.

12. Non-resident investors without repatriation benefits should draw the cheques/demand drafts in favour of "Tata Steel Fully Paid – Rights Issue – Escrow Collection - R" or "Tata Steel Partly Paid – Rights Issue – Escrow Collection - R", as the case may be, crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue or collection centres or to the Registrar;

13. Applicants should note that where payment is made through drafts purchased from NRE or FCNR or NRO accounts, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE or FCNR or NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

14. An Eligible Ordinary Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Managers.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Ordinary Shares can be remitted outside India, subject to tax, as applicable according to the IT Act.

2. In case Ordinary Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Ordinary Shares cannot be remitted outside India.

3. The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.

4. In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

5. Applications received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Ordinary Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money, Allotment of Ordinary Shares, subsequent issue and allotment of Ordinary Shares, interest and export of share certificates.

6. In the case of NRIs who remit their application money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account, details of which should be furnished in the appropriate columns in the CAF. In the case of NRIs who remit their application money through Indian Rupee Drafts from abroad, refunds and other disbursements, if any will be made in U. S. Dollars at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into U.S. Dollar or for collection charges charged by the applicant's bankers

Procedure for Application through the ASBA Process

The procedure for application through the ASBA Process is set out below. Please note that separate instructions would be required for Fully Paid Shares and Partly Paid Shares in respect of blocking the application amount.

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Managers, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that pursuant to the applicability of the directions issued by SEBI through its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) investors whose application amount is more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Self Certified Syndicate Banks

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Eligible Ordinary Shareholders who are eligible to apply under the ASBA Process

The option of applying for Ordinary Shares in the Issue through the ASBA Process is only available to the Eligible Ordinary Shareholders of our Company, reckoned separately for Fully Paid Shares and Partly Paid Shares, on the Record Date and who:

1. hold the Ordinary Shares in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Ordinary Shares in the Issue in dematerialised form;

2. have not renounced his/her Rights Entitlements in full or in part;

3. are not a Renouncee;

4. are applying through a bank account maintained with SCSBs; and

5. are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Ordinary Shares in the Issue.

CAF

The Registrar will dispatch the Fully Paid Shares CAF and Partly Paid Shares CAF to all Eligible Ordinary Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account calculated separately for each issue.

Acceptance of the Issue

You may accept the Issue and apply for the Ordinary Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

Additional Ordinary Shares

You are eligible to apply for additional Ordinary Shares over and above the number of Ordinary Shares that you are entitled to, provided that you are eligible to apply for Ordinary Shares under applicable law and you have applied for all the Ordinary Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Ordinary Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under the section entitled "*Terms of the Issue - Basis of Allotment*" on page 366.

If you desire to apply for additional Ordinary Shares, please indicate your requirement in the place provided for additional Ordinary Shares in Part A of the CAF.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can they renounce their Rights Entitlement. Renunciation shall be ascertained separately for Fully Paid Shares CAF and Partly Paid Shares CAF. For example, if an Eligible Ordinary Shareholder renounces in part his entitlement for Partly Paid Shares, but accepts his entitlement, in full or in part, (without renouncing) for Fully Paid Shares, he is eligible to apply through ASBA for Fully Paid Shares, but is not eligible to apply through ASBA for Partly Paid Shares.

Application on Plain Paper under ASBA process

Please note that pursuant to the applicability of the directions issued by SEBI through its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) investors whose application amount is more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.

An Eligible Ordinary Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an Application to subscribe to the Issue on plain paper and the Eligible Ordinary Shareholders should submit the same with the SCSB. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed "Tata Steel Limited - Rights Issue" and should be postmarked in India. The application on plain paper, duly signed by the Eligible Ordinary Shareholder including joint holders, in the same order and as per specimen recorded with our Company or the Depositories, must reach the office of the Registrar before the Issue Closing Date and should contain the following particulars:

1. Name of the Company, being Tata Steel Limited;
2. Name and address of the Eligible Ordinary Shareholder including joint holders;
3. Registered DP and Client ID No.;
4. Number of Ordinary Shares held as on Record Date in dematerialised form only;
5. Allotment option – Only demat form;
6. Number of Ordinary Shares entitled to;
7. Number of Ordinary Shares applied for;
8. Number of additional Ordinary Shares applied for, if any;

9. Total number of Ordinary Shares applied for;

10. Total amount paid at the rate of ₹510 per Fully Paid Share or ₹154 per Partly Paid Share, as the case may be;

11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;

12. In case of NR Eligible Equity Shareholders, details of the NRE/FCNR/NRO account such as the account;

13. number, name, address and branch of the SCSB with which the account is maintained;

14. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Ordinary Shareholder and for each Eligible Ordinary Shareholder in case of joint names, irrespective of the total value of the Ordinary Shares applied for pursuant to the Issue;

15. If the payment is made by a draft purchased from NRE or FCNR or NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE or FCNR or NRO account;

16. Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Company or the Depositories); and

17. Additionally, all such Applicants are deemed to have accepted the following:

    *"I/ We understand that neither the Rights Entitlement nor the Ordinary Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"). I/ we understand the Ordinary Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Ordinary Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Ordinary Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I am/ we not in the United States and understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is in the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

    I/ We will not offer, sell or otherwise transfer any of the Ordinary Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. I/We satisfy, and each account for which I/we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence.

    I/ We understand and agree that the Rights Entitlement and Ordinary Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

    I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Mode of payment

The Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI Regulations, into a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar and the Lead Managers to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Please note that all Applicants who are QIBs, Non-Institutional Investors (including all companies and body corporates) and other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. The Investors who are not QIBs, Non-Institutional Investors or Investors whose application amount is not more than ₹ 2,00,000 can participate in the Issue through the ASBA process or the non ASBA process.

Options available to the Eligible Ordinary Shareholders applying under the ASBA Process

The summary of options available to the Investors is presented below. Please note that separate instructions would be required for Fully Paid Shares and Partly Paid Shares in respect of blocking the application amount.

You may exercise any of the following options with regard to the Fully Paid Shares, using the Fully Paid Shares CAF received from Registrar:

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement of Fully Paid Shares without renouncing the balance.	Fill in and sign Part A of the Fully Paid Shares CAF *(All joint holders must sign in the same sequence).*
2.	Accept your Rights Entitlement of Fully Paid Shares in full and apply for additional Fully Paid Shares.	Fill in and sign Part A of the Fully Paid Shares CAF, including Block III relating to the acceptance of entitlement and Block IV relating to additional Fully Paid Shares *(All joint holders must sign in the same sequence).*

You may exercise any of the following options with regard to the Partly Paid Shares, using the Partly Paid Shares CAF received from Registrar:

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement of Partly Paid Shares without renouncing the balance.	Fill in and sign Part A of the Partly Paid Shares CAF *(All joint holders must sign in the same sequence)*
2.	Accept your Rights Entitlement of Partly Paid Shares in full and apply for additional Partly Paid Shares.	Fill in and sign Part A of the Partly Paid Shares CAF, including Block III relating to the acceptance of entitlement and Block IV relating to additional Partly Paid Shares *(All joint holders must sign in the same sequence)*

The Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide necessary details as required. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branch of the SCSBs with the relevant details required under the ASBA

process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Investor has selected to apply through the ASBA process option.

Option to receive Ordinary Shares in Dematerialized Form

ELIGIBLE ORDINARY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE ORDINARY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE ORDINARY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Investors applying under the ASBA Process

(a) Please read the instructions printed on the respective CAF carefully.

(b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer and Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.

(c) ASBA Applicants are required to select ASBA option/mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorizing the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.

(d) Eligible Ordinary Shareholders participating in the Issue other than through ASBA are required to fill Part A of the CAF and submit the CAF along with Application Money before close of banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard. The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue or Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to our Company or the Registrar or the Lead Managers.

(e) All Applicants, and in the case of application in joint names, each of the joint Applicants, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Ordinary Shares pursuant to the Issue shall be made into the accounts of such Investors**.

(f) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Company or the Depositories.

(h) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company or the Depositories. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(i) All communication in connection with application for the Ordinary Shares, including any change in address of the Investors should be addressed to the Registrar prior to the date of Allotment in the Issue quoting the name of the first/sole Applicant, folio numbers and CAF number.

(j) Only the person or persons to whom the Ordinary Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

(k) Only persons outside the United States and other restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Ordinary Shares under applicable securities laws are eligible to participate.

(l) Only the Eligible Ordinary Shareholders holding shares in demat are eligible to participate through the ASBA process.

(m) Eligible Ordinary Shareholders who have renounced their entitlement in part or in full are not entitled to apply using the ASBA process. Renunciation shall be ascertained separately for Fully Paid Shares CAF and Partly Paid Shares CAF.

(n) Please note that pursuant to the applicability of the directions issued by SEBI through its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors and other Applicants whose application amount exceeds ₹2,00,000 complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 can participate in the Issue only through the ASBA process. QIBs, Non-Institutional Investors and other Applicants whose application amount exceeds ₹2,00,000 shall use the ASBA facility at various centres where the facility is made available. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) investors whose application amount is more than ₹2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the section entitled "*Terms of the Issue - Application on Plain Paper*" on page 353.

(o) Investors are required to ensure that the number of Ordinary Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's:

(a) Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in.

(b) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Ordinary Shares will be allotted in the dematerialized form only.

(c) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.

(d) Ensure that there are sufficient funds (equal to {number of Ordinary Shares as the case may be applied for} X {Issue Price of Ordinary Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

(e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.

(f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.

(g) Except for CAFs submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the IT Act.

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(i) Ensure that the Demographic Details are updated, true and correct, in all respects.

(j) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

(k) Investors are requested to ensure that the number of Ordinary Shares applied for by them do not exceed the prescribed limits under applicable law.

Don'ts:

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

(c) Do not pay the amount payable on application in cash, by money order, pay order or postal order.

(d) Do not send your physical CAFs to the Lead Managers, the Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

(e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(f) Do not apply if the ASBA account has been used for five Applicants, for the issue of each instrument under the Issue.

(g) Do not apply through the ASBA Process if you are not an ASBA Investor.

(h) Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under section entitled "*Terms of the Issue - Grounds for Technical Rejections for non-ASBA Investors*" on page 373, applications under the ABSA Process are liable to be rejected on the following grounds:

(a) Application on a SAF.

(b) Application for allotment of Rights Entitlements or additional Ordinary Shares which are in physical form.

(c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.

(d) Sending an ASBA application on plain paper to a person other than an SCSB.

(e) Sending CAF to Lead Managers, Registrar, Escrow Collecting Banks (assuming that such Escrow Collecting Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or the Company.

(f) Renouncee applying under the ASBA Process.

(g) Submission of more than five CAFs per ASBA Account, calculated separately for each issue.

(h) Insufficient funds are available with the SCSB for blocking the amount.

(i) Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.

(j) Account holder not signing the CAF or declaration mentioned therein.

(k) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States or any other restricted jurisdiction and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.

(l) CAFs which have evidence of being executed in or dispatched from any restricted jurisdiction.

(m) QIBs, Non-Institutional Investors and other Eligible Ordinary Shareholders applying for Ordinary Shares in the Issue for value of more than ₹2,00,000 who hold Ordinary Shares in dematerialised form and is not a Renouncer or a Renouncee not applying through the ASBA process.

(n) Application by an Eligible Ordinary Shareholder whose cumulative value of Ordinary Shares applied for is more than ₹2,00,000 but has applied separately through split CAFs of less than ₹2,00,000 and has not done so through the ASBA process.

(o) Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

(p) Submitting the GIR instead of the PAN.

(q) An Eligible Ordinary Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.

(r) Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

(s) ASBA Bids by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(t) Applications by Applicants ineligible to make applications through the ASBA process, made through the ASBA process.

(u) Non-Institutional Investors or Non Retail Individual Investors who have a bank account with an SCSB providing ASBA facility in the location of the Non-Institutional Investors or the Non Retail Individual Investors and the application by the Non-Institutional Investors or the Non Retail Individual Investors is not made through that SCSB providing ASBA facility in such location.

(v) Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.

(w) If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.'

(x) Depository account and bank details for Investors applying under the ASBA Process.

(y) Applications by Eligible Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.

Depository account and bank details for Investors applying under the ASBA Process

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR ORDINARY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE ORDINARY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE

CAF. INVESTORS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under the ASBA Process should note that on the basis of name of these Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF or the plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository, demographic details of these Investors such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Investors applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor. The Demographic Details given by the Investors in the CAF would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Investors applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Investor applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Ordinary Shares are not allotted to such Investor. Investors applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Investor in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Investors applying under the ASBA Process and none of our Company, the SCSBs or the Lead Managers shall be liable to compensate the Investor applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date:	**February 14, 2018**
Last date for receiving requests for SAFs:	**February 21, 2018**
Issue Closing Date:	**February 28, 2018**

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

For Fully Paid Shares

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Fully Paid Shares CAF, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Fully Paid Shares in the following order of priority:

(a) Full Allotment to those Eligible Ordinary Shareholders who have applied for their Rights Entitlement of

Fully Paid Shares either in full or in part and also to the Renouncee(s) who has or have applied for Fully Paid Shares renounced in their favour, in full or in part.

(b) Investors whose fractional entitlements are being ignored and Eligible Ordinary Shareholders with zero entitlement, would be given preference in allotment of one additional Fully Paid Share each if they apply for additional Fully Paid Shares. Allotment under this head shall be considered if there are any unsubscribed Fully Paid Shares after allotment under (a) above. If number of Fully Paid Shares required for Allotment under this head are more than the number of Fully Paid Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Ordinary Shareholders who having applied for all the Fully Paid Shares offered to them as part of the Issue, have also applied for additional Fully Paid Shares. The Allotment of such additional Fully Paid Shares will be made as far as possible on an equitable basis having due regard to the number of Ordinary Shares held by them on the Record Date, provided there are any unsubscribed Fully Paid Shares after making full Allotment in (a) and (b) above. The Allotment of such Fully Paid Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Fully Paid Shares renounced in their favour, have applied for additional Fully Paid Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Fully Paid Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(e) Allotment to any other person that the Board of Directors as it may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of the Board in this regard shall be final and binding.

For Partly Paid Shares

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Partly Paid Shares CAF, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to allot the Partly Paid Shares in the following order of priority:

(a) Full Allotment to those Eligible Ordinary Shareholders who have applied for their Rights Entitlement of Partly Paid Shares either in full or in part and also to the Renouncee(s) who has or have applied for Partly Paid Shares renounced in their favour, in full or in part.

(b) Investors whose fractional entitlements are being ignored and Eligible Ordinary Shareholders with zero entitlement, would be given preference in allotment of one additional Partly Paid Share each if they apply for additional Partly Paid Shares. Allotment under this head shall be considered if there are any unsubscribed Partly Paid Shares after allotment under (a) above. If number of Partly Paid Shares required for Allotment under this head are more than the number of Partly Paid Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Ordinary Shareholders who having applied for all the Partly Paid Shares offered to them as part of the Issue, have also applied for additional Partly Paid Shares. The Allotment of such additional Partly Paid Shares will be made as far as possible on an equitable basis having due regard to the number of Ordinary Shares held by them on the Record Date, provided there are any unsubscribed Partly Paid Shares after making full Allotment in (a) and (b) above. The Allotment of such Partly Paid Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Partly Paid Shares renounced in their favour, have applied for additional Partly Paid Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Partly Paid Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(e) Allotment to any other person that the Board of Directors as it may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of the Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Regulations. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Ordinary Shares in the Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Allotment Advices or Refund Orders

Our Company will issue and dispatch Allotment advice or share certificates or demat credit and/or letters of regret, as the case may be, along with refund order or credit the allotted Ordinary Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("**NACH**") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Ordinary Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding share certificates will be kept ready within six months from the date of Allotment thereof under Section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment or refund order would be sent by registered post or speed post to the sole/ first Investor's Indian address provided by the Eligible Ordinary Shareholders to our Company. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

In the case of non-resident Shareholders or Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The share certificates will be sent by registered post or speed post to the Indian address of the Non Resident Shareholders or Investors as provided to our Company.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

2. National Electronic Fund Transfer ("**NEFT**") – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

4. RTGS – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the CAF. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

5. For all other Investors the refund orders will be dispatched through speed post or registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

6. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

Refund payment to Non-residents

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned Applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE or FCNR or NRO cheques, refunds will be credited to NRE or FCNR or NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders or refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice or Share Certificates or Demat Credit

Allotment advice or share certificates or demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the respective share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Ordinary Shares in Dematerialized Form

Investors shall be allotted the Ordinary Shares in dematerialized (electronic) form at the option of the Investor. Our Company has signed a tripartite agreement dated November 6, 1996 with NSDL and TSR Darashaw Limited which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Ordinary Shares in the form of physical certificates. Our Company has also signed a tripartite agreement dated September 22, 1999 with CDSL and TSR Darashaw Limited which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Ordinary Shares in the form of physical certificates.

In the Issue, the Allottees who have opted for Ordinary Shares in dematerialized form will receive their Ordinary Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Ordinary Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Ordinary Shares in physical form. No separate CAFs for Ordinary Shares in physical and/or dematerialized form should be made. If such CAFs are made, the CAFs for physical Ordinary Shares he Ordinary Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Ordinary Shares sought in demat and balance, if any, will be allotted in physical Ordinary Shares. Eligible Ordinary Shareholders of our Company holding Ordinary Shares in physical form may opt to receive Ordinary Shares in the Issue in dematerialized form.

INVESTORS MAY PLEASE NOTE THAT THE ORDINARY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Ordinary Shares in the Issue in the electronic form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

2. For Eligible Ordinary Shareholders already holding Ordinary Shares in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Ordinary Shares pursuant to the Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Ordinary Shares arising out of the Issue may be made in dematerialized form even if the Ordinary Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.

If incomplete or incorrect beneficiary account details are given in the CAF, the Investor will get Ordinary Shares in physical form.

The Ordinary Shares allotted to Applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Applicant by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Ordinary Shares to the Applicant's depository account.

Non-transferable allotment advice/ refund orders will be directly sent to the Investors by the Registrar to the Issue.

Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Ordinary Shares in the Issue. In case these details are incomplete or incorrect, the application is liable to be rejected. The Company in consultation with the Lead Managers and the Designated Stock Exchange, may consider issuing such Ordinary Shares in physical form, on a case to case basis.

General instructions for non-ASBA Investors

(a) Please read the instructions printed on the CAF carefully.

(b) Applicants that are not QIBs or are not Non – Institutional Investor or those whose Application money does not exceed ₹2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Ordinary Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Ordinary Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.

(c) Application should be made on the printed CAF, provided by our Company except as mentioned stated under the section entitled "*Terms of the Issue - Application on Plain Paper*" on page 353 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's or husband's name must be filled in block letters.

The CAF together with the cheque or demand draft should be sent to the Bankers to the Issue or the Escrow Collection Banks or to the Registrar and not to our Company or the Lead Managers to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

In the event the Company receives applications where separate cheques or demand drafts are not attached for amounts to be paid for Fully Paid Shares or Partly Paid Shares, as the case may be, the Company, in consultation with the Lead Managers and the Designated Stock Exchange, may decide how to treat such applications. Applications accompanied by cash, postal order or stock invest are liable to be rejected.

(d) Except for applications on behalf of the Central and the State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.

(e) Investors, holding Ordinary Shares in physical form, are advised that it is mandatory to provide information as to their savings or current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.

(f) All payment should be made by cheque or demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.

(g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Company.

(h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under the Issue and to sign the application and a copy of the Memorandum of Association and Articles of Association and/or bye laws of such body corporate or society must be lodged with the Registrar giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

(i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company or the Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

(j) Application(s) received from NRs or NRIs, or persons of Indian origin residing abroad for Allotment of Ordinary Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, in the matter of refund of application money, Allotment of Ordinary Shares, subsequent issue and Allotment of Ordinary Shares, interest, export of share certificates, etc. In case an NR or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in any jurisdiction where the offer or sale of the Rights Entitlements and subsequent issue of Ordinary shares of our Company upon conversion of Ordinary Shares may be restricted by applicable securities laws.

(k) All communication in connection with application for the Ordinary Shares, including any change in address of the Investors should be addressed to the Registrar prior to the date of Allotment in the Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the date of Allotment, should be sent to the Registrar and transfer agents of our Company, in the case of Ordinary Shares held in physical form and to the respective depository participant, in case of Ordinary Shares held in dematerialized form.

(l) SAFs cannot be re-split.

(m) Only the person or persons to whom Ordinary Shares have been offered and not Renouncee(s) shall be entitled to obtain SAFs.

(n) Investors must write their CAF number at the back of the cheque or demand draft.

(o) Only one mode of payment per application should be used. The payment must be by cheque or demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.

(p) A separate cheque or draft must accompany each CAF. Outstation cheques, demand drafts or post-dated cheques and postal or money orders will not be accepted and applications accompanied by such cheques, demand drafts, money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash.

(q) No receipt will be issued for application money received. The Bankers to the Issue, the Escrow Collection Banks or the Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

(r) The distribution of this Letter of Offer and issue of Ordinary Shares to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard this Letter of Offer and not to attempt to subscribe for Ordinary Shares.

(s) Investors are required to ensure that the number of Ordinary Shares applied for by them do not exceed the prescribed limits under the applicable law.

Do's for non-ASBA Investors:

(a) Check if you are eligible to apply i.e. you are an Eligible Ordinary Shareholder on the Record Date.

(b) Read all the instructions carefully and ensure that the cheque or draft option is selected in Part A of the CAF and necessary details are filled in.

(c) In the event you hold Ordinary Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Ordinary Shares will be allotted in the dematerialized form only.

(d) Ensure that your Indian address is available to us and the Registrar and transfer agent, in case you hold the Ordinary Shares in physical form or the depository participant, in case you hold Ordinary Shares in dematerialised form.

(e) Ensure that the value of the cheque or draft submitted by you is equal to the (number of Ordinary Shares applied for) X (Issue Price of Ordinary Shares, as the case may be) before submission of the CAF. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges.

(f) Ensure that you receive an acknowledgement from the collection branch of the Bankers to the Issue for your submission of the CAF in physical form.

(g) Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and the State Governments, residents of the state of Sikkim and officials appointed by the courts.

(h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

(i) Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

(a) Do not apply if you are in the United States or any other restricted jurisdiction or are otherwise not eligible to participate in the Issue pursuant to the securities laws applicable to your jurisdiction.

(b) Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue.

(c) Do not pay the amount payable on application in cash, by money order or by postal order.

(d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(e) Do not submit Application accompanied with stock invest.

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the amount payable.

2. Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar and transfer agent (in the case of physical holdings).

3. Age of Investor(s) not given (in case of Renouncees).

4. Except for CAFs on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value.

5. In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted.

6. If the signature of the Investor does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories.

7. CAFs are not submitted by the Investors within the time prescribed as per the CAF and this Letter of Offer.

8. CAFs not duly signed by the sole or joint Investors.

9. CAFs or SAFs by OCBs not accompanied by a copy of an RBI approval to apply in the Issue.

10. CAFs accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

11. In case no corresponding record is available with the depositories that match three parameters, namely, names of the Investors (including the order of names of joint holders), DP ID and Client ID.

12. CAFs that do not include the certifications set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in any restricted jurisdictions and is authorized to acquire the Rights Entitlements and Ordinary Shares in compliance with all applicable laws and regulations.

13. CAFs which have evidence of being executed in or dispatched from restricted jurisdictions.

14. CAFs by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where an Indian address has not been provided.

15. CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements.

16. In case the GIR number is submitted instead of the PAN.

17. Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

18. Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.

19. Applications from QIBs, Non-Institutional Investors or Investors applying in the Issue for Ordinary Shares for an amount exceeding ₹2,00,000, not through ASBA process.

20. Application by an Eligible Ordinary Shareholder whose cumulative value of Ordinary Shares applied for is more than ₹2,00,000 but has applied separately through SAFs of less than ₹2,00,000 and has not been undertaken through the ASBA process.

Please read this Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in this Letter of Offer or the CAF.

Procedure for Applications by FPIs

In terms of the SEBI FPI Regulations, the issue of Ordinary Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Issue Ordinary Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Ordinary Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Ordinary Share capital of our Company on a fully diluted basis. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The existing individual and aggregate investment limits for an FPI in our Company are not exceeding 10% and 49% of the total paid-up Ordinary Share capital of our Company, respectively.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio investor and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) such offshore derivative instruments shall not be issued or transferred to persons who are resident Indians or NRIs and to entities beneficially owned by resident Indians or NRIs. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended ("**SEBI VCF Regulations**") and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended ("**SEBI FVCI Regulations**") prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 ("**SEBI AIF Regulations**") prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by Regulation 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, as amended. Applications will not be accepted from NRIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI through its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Ordinary Shares for an amount exceeding ₹ 2,00,000 shall mandatorily make use of ASBA facility.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI through its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in the Issue for Ordinary Shares for an amount exceeding ₹ 2,00,000 shall mandatorily make use of ASBA facility.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act which is reproduced below:

"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

Section 447 of the Companies Act provides for punishment for fraud which, amongst other things, states punishment of imprisonment for a terms which shall not be less than six months but which may extend to ten years and shall be liable to a fine which shall not be less than the amount involved in the fraud, but which shall extend to three times of the amount involved in the fraud.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in the Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Bankers to the Issue, the Registrar or the Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Ordinary Shares allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board of Directors declares that:

1. All monies received out of the Issue shall be transferred to a separate bank account;

2. Details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

3. Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate

head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Ordinary Shares are to be listed will be taken within seven working days of finalization of Basis of Allotment.

3. The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5. No further issue of securities affecting our Company's equity capital shall be made till the Ordinary Shares issued or offered in the Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.

6. Adequate arrangements shall be made to collect all ASBA applications and to consider then similar to non-ASBA applications while finalising the Basis of Allotment.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue (separately for Fully Paid Shares and Partly Paid Shares) and the sum payable on application is not received within 15 days from the Issue Closing Date, our Company shall refund the entire subscription amount received. If there is delay in the refund of the subscription amount within 15 days after the Issue Closing Date, the Directors who are "officers in default" shall jointly and severally refund that money along with interest at the rate of 15% per annum.

Important

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

2. All enquiries in connection with this Letter of Offer or CAF and requests for SAFs must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the CAF number and the name of the first Eligible Ordinary Shareholder as mentioned on the CAF and super scribed "Tata Steel Limited - Rights Issue" on the envelope and postmarked in India) to the Registrar at the following address:

   Link Intime India Private Limited
   C-101, 247 Park
   L B S Marg
   Vikhroli (West)
   Mumbai 400 083
   Tel: +91 22 4918 6300
   Fax: +91 22 4918 6195
   E-mail: tatasteel.rights2018@linkintime.co.in
   Investor Grievance E-Mail: tatasteel.rights2018@linkintime.co.in
   Website: www.linkintime.co.in
   Contact Person: Sumeet Deshpande
   SEBI Registration Number: INR000004058

The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated January 22, 2018 between our Company and the Lead Managers.
2. Registrar Agreement dated January 22, 2018 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated January 22, 2018 amongst our Company, the Lead Managers, the Registrar to the Issue and the Bankers to the Issue.
4. Monitoring Agency Agreement dated January 22, 2018 between our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of incorporation of our Company and fresh certificate of incorporation, issued pursuant to the change of name of our Company to Tata Steel Limited from The Tata Iron and Steel Limited.
3. Letter of Offer dated November 7, 2007 issued by our Company.
4. Resolution of our Board dated December 18, 2017 and December 19, 2017 in relation to the Issue and other related matters.
5. Circular resolution dated January 9, 2018 passed by the Executive Committee of the Board on January 12, 2018.
6. Resolution passed by the Executive Committee of the Board dated January 19, 2018 finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
7. Consents of our Directors, Company Secretary and Compliance Officer, Statutory Auditors, the Lead Managers, Bankers to the Issue, Legal Advisor to our Company, Legal Advisor to the Lead Managers, the Registrar to the Issue and the Monitoring Agency for inclusion of their names in this Letter of Offer to act in their respective capacities.
8. The audit report of the erstwhile statutory auditors, Deloitte Haskins & Sells LLP, Chartered Accountants, dated May 16, 2017 on the financial statements for the year ended March 31, 2017.
9. Annual Reports of our Company for Fiscals 2017, 2016, 2015, 2014 and 2013.
10. Prospectus dated January 25, 2011, in relation to the Further Public Issue of 5,70,00,000 equity shares of face value ₹10 each.
11. Approvals dated January 17, 2018 issued by BSE and NSE, respectively under Regulation 28(1) of the Listing Regulations.

12. Due diligence certificate dated January 22, 2018 addressed to SEBI from the Lead Managers.

13. Tripartite agreement dated November 6, 1996 between our Company, TSR Darashaw Limited and NSDL.

14. Tripartite agreement dated September 22, 1999 between our Company, TSR Darashaw Limited and CDSL.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Ordinary Shareholders, subject to compliance with applicable law.

TATA STEEL

DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

We further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

N. Chandrasekaran
Chairman and Non-Executive Director

Mallika Srinivasan
Independent Director

O. P. Bhatt
Independent Director

Dr. Petrus Blauwhoff
Independent Director

Aman Mehta
Independent Director

Deepak Kapoor
Independent Director

D. K. Mehrotra
Non-Executive Director

Saurabh Agrawal
Non-Executive Director

T. V. Narendran
Chief Executive Officer and Managing Director

Koushik Chatterjee
Executive Director and Chief Financial Officer

Date: January 22, 2018

Place: Mumbai