When in doubt, tell the TRUTH.

Krishnan R
 SIES (Autonomous)
 Sion West

Mark Twain

## **Accounting Standards**

- Accounting standards are common set of principles, rules and procedures that define the basis of financial accounting policies and practices.
- Accounting standards apply to every corner of an entity's financial picture including assets, liabilities, income, expenses and shareholder's equity.
- Applicable to every enterprise based on levels.

## Level I Enterprises

Enterprises which fall under any one or more category below mentioned are termed as Level I Companies

- 1. Enterprises whose equity or debt securities are listed whether in India or outside India
- Enterprises which are in the process of listing their equity or debt securities. Board of directors' resolution must be available as an evidence
- 3. Banks including co-operative banks
- 4. Financial institutions
- 5. Enterprises carrying on insurance business
- 6. All commercial, industrial and business reporting enterprises, whose turnover not including 'other income' for the immediately preceding accounting period on the basis of audited financial statements exceeds Rs. 50 crore
- All commercial, industrial and business reporting enterprises having borrowings, including public deposits, in excess of Rs. 10 crores at any time during the accounting period
- Holding and subsidiary enterprises of any one of the above at any time during the accounting period

## Level II Enterprises

Enterprises which fall under any one or more category below mentioned are termed as Level II Companies

- All commercial, industrial and business reporting enterprises, whose turnover (excluding 'other income') for the immediately preceding accounting period on the basis of audited financial statements is greater than Rs. 40 lakhs but less than Rs. 50 crore
- All commercial, industrial and business reporting enterprises having borrowings, including public deposits, is greater Rs. 1 crore but less than Rs. 10 crores at any time during the accounting period
- Holding and subsidiary enterprises of any one of the above at any time during the accounting period

## Level III Enterprises:

Enterprises which do not fall under Level I and Level II, are considered as Level III enterprises

# AS: 1 Disclosure of Accounting Policies



- Issued by ICAI
- Deals with disclosure of significant accounting policies
- Mandatory as per law
- ❖ Facilitates the accounting policies to be shown in financial statements in the right manner
- Helps the readers to study, understand, compare, analyze and judge the figures of Final Accounts

## **Accounting Policy**

- Specific accounting principles and methods of applying those principles adopted
- > Used during preparation of financial statements
- > Enables true and fair view of financial statements
- ➤ Vary from company to company, depending of nature of business and management philosophy
- ➤ Applicable in areas like "DEPRECIATION, FOREIGN CURRENCY CONVERSIONS, STOCK VALUATION, GOODWILL, INVESTMENTS, FIXED ASSETS, CONTINGENT LIABILITIES, FTC"

## Factors influencing Choice of Accounting Policy

### **☐** Prudence

No overestimation of the amount of revenues recognized/assets nor underestimation of the amount of expenses/liabilities. Shows conservative state of financial statements. Provisions to be shown wherever needed.

### ☐ Substance over form

The accounting treatment should be governed by their substance and not merely by legal form.

Expenditure

### ■ Materiality

Financial statements should disclose all items which influence the decisions of user of financial statements.

## Disclosure Rules

- All disclosures should form a part of financial statements.
- Should be disclosed in one place and not shattered.
- Any important changes in accounting policy should be disclosed.
- Effect of any change in the value of an item should also be disclosed.
- ❖ A change likely to affect subsequent years should also be disclosed.

TATA STEEL STANDALONE

#### BALANCE

#### SHEET as at March 31, 2017, 2016 and April 1, 2015

							(₹ cram)
			Note	Page	As at March 31, 2017	March 31, 2016	April 1, 2015
ASS		-current assets	_	4	V 7		
-	(4)	Property, plant and equipment	03	167	73,776,97	49,561,05	50,882.48
_	(b)	Capital work in progress	- 43	100	6,175,35	26,174.01	24,153,78
_	(5)	ntangible assets	05	191	786.15	527,34	177.14
	(6)	rtangible assets under development	-	-	18.61	31.67	15.46
	(4)	recoments in subsidiaries, associates and joint ventures	06	192	3,397,57	3,340.97	3,145.89
	(1)	Financial assets	7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	7.1.10		10750000	11505600
		(i) Investments	0.7	195	4,958.33	4,119.45	10,853.13
		(a) Lours	00	199	211.97	205.96	141.63
		(iri) Derivetive assets	100	1200	0.77	0.80	40.91
	-572	(iv) Other financial assets	09	700	79.49	36.92	60.70
	(4)	Income tax assets (net)	111111111111111111111111111111111111111	10000	567.75	837.66	723.57
	(5)	Other assets	- 11	203	3,121,64	3,375,18	2,845.87
_	Tota	non-current accets			91,367.98	90,161,21	93,044.76
1		ent aneb				100000000000000000000000000000000000000	
	(4)	Inventores	12	205	10,236.85	7,117.36	8,073.35
_	(b)	Francial assets	33	3 2		- NO - OO	
_		(i) [rwipitmenta]	07	195	5,309.81	4,325.00	1,001.15
_		(ii) Inde recessibles	13	205	2,006.52	1,133,17	1,057.02
_		(iii) Cash and cash equivalents	14	207	905.21	974.60	495.16
		(iv) Other balances with bank	15	207	65.10	61.45	55.56
_		(v) Loans	OIS	199	27.14	18.75	82.04
		(vi) Deravative assets	-		6.36	6.70	614.10
_	-	(vii) Other financial assets.	09	200	315.06	207.75	254.01
	(1)	Other assets	- 11	203	1,225.48	1,088.87	1,025.09
-		current assets	2		20,097.43	14,953.25	12,588.58
101	<b>SLASS</b>	(1)			1,11,465.41	1,05,114.46	1,05,633.34
ESIU	ULLAD	ETS DELABILITIES					
-	[a]	Equity Share Capital	16	208	971.41	971.41	971.41
_			17				
_	(5)	Hybrid Perpetual Securities		210	2,275,00	2,275.00	2,275.00 49,217.90
_	100	Other equity		210	46.667.60 51.934.01	45.665.97 46.912.36	52,464,31
IV	IOLA	equity current liabilities	-	_	51,934.01	40.917.30	32,404,31
IV	THOSE .	Financial labelities	-	-			
_	181	(i) Borrowings	19	213	2469437	23,926,76	24,316,10
_		(c) Derivative liabilities			179.33	116.01	171.97
		(no) Other financial liabilities	70	216	16.22	396.51	841.89
_	(b)	Provisions	71	216	2,024,74	1,862.05	1,320.99
_	- 2	Reference benefit obligations	72	217	1.464.21	1,252.45	1,623,23
_	10	Deferred income	- 23	218	1,885,19	7.778.48	213038
_	(c)	Deferred tax (aborties (not))	10	201	6,111.27	5,610.70	6,231,55
_	(1)	Oher labilities	24	218	77.74	76.79	1947
_	Inte	non-current labilities			36,475.07	35,469,75	36,653,96
v		ent liabilities	_	_			
-	00	Financial labilities	32	<del> </del>	-		
_	- 140	(i) Sorrowings	19	213	3,239.47	5,888.00	812,74
		(ii) Track payables	25	210	10,717,44	6,796,88	4,935.96
		(iii) December subdition	-	- 111	270.17	75.23	129.17
		(iv) Other financial liabilities	70	216	4,067,35	4433.35	7,736.90
	(6)	Provinces	21	216	700.60	280.64	167.99
_		Retirement benefit obligations	- 22	217	56.58	55.67	51.53
_	100	Income tax labilities (net)		77.77.33	405.72	737.58	505.75
_	(e)	Other labilities	24	218	3.543,80	2.865.98	2,149,01
	ota	current liabilities			23,056,33	20,732.33	16,513.05
TOTAL	AL EOR	ITTY AND LIABILITIES RMING PART OF THE FINANCIAL STATEMENTS	10888		1,11,465.41	1,05,114.46	1,05,633,34
NO	ES FOI	RMING PART OF THE FINANCIAL STATEMENTS	1-43				X 7 1 - 1 - 1 - 1 - 1

in terms of our report attached For and on behalf of the Board of Directors

For DELOITTE HASKINS & SELLS LLP Chartered Accountants	nd/- N. Chandrasekaran Chairman (DN: 00121863)	nd/- lahunt Hussain Director (DR: 00027891)	Andrew Robb Director (DN: 01911023)	ed)- O. R. Shaft Director (DIN-005-46091)	Malika Srintvasan Disector (DIN: 00037022)	Peter Blauwhoff Director (DR: 07728872)
sdi- N. Venkafram Pariner	adj- Amen Mehts Director (DIN: 00000364)	a5/- Deepak Kapoor Director (DIN: 00162957)	sdF- D. K. Mehrotra Director (DR: 00142711)	edi- Koushik Chatterjee Group Sascutive Director (France, Corporale & Surope) (Dire 2000-4889)	sd/- T.V. Narendran Managing Director (DRE-03083605)	edi- Parvatheesam K. Company Secretary (ACS: 15921)

Murrissi, May 16, 2017

#### 172 INTEGRATED REPORT & ANNUAL ACCOUNTS 2016-17 | 110\*\*YEAR

#### STATEMENT OF PROFIT AND LOSS for the years ended March 31, 2017 and 2016

							(₹ crore)
900	20			Note	Page	Year ended March 31, 2017	Year ended March 31, 2016
			om sperations	26	219	53,260.96	42,597,44
B.		er inco		27	219	414.46	391.16
81		Linco				53.675.42	43.088.60
N	(a)	enses	materials consumed		-	12 496.78	9,700.01
_			theses of finished, semi-finished and other products	-	-	881.18	991.54
_	(0)		nges in stock of finished goods, work-in-progress and stock-in-trade	28	220	(1,329.65)	70.75
-	(4)		sloves benefits expenses	29	220	4.605.13	4319.89
	(4)		nce costs	30	220	2,688.55	1.848.05
-	(0)		reciation and amortisation expense	31	221	354135	2,962,28
	(4)		er expenses	32	221	24,949,09	20,602.35
_	130			-		47.832.63	40,494,87
	Less	Exper	nditure (other than interest) transferred to capital and other accounts			217.52	598.89
9		despe			(5) (6)	47,615,11	39,895,98
V	Prof	tt bed	ore exceptional items and tax (III-IV)	5 103	(0.201/12)	6,060.31	3,192.62
W	Exce		al Homs:	33	222		3 30000
	(2)	Pru	tt/(Loss) on sale of non-current investments	0 524	Emma)		(0.85)
	(0)		rision for impairment of investments/doubtful advances			(170.87)	(160.62)
	(C)		rision for impairment of non-current assets				(51.51)
-	(d)		rision for demands and claims			(218.25)	(880.05)
	(9)		ployee separation compensation			(178.68)	(556.25)
	(7)		nucturing and other provisions			(135.58)	
			ptional Hems			(703,38)	(1.649,28)
VII			ore tax (V+VI)			5,356.93	1,543.34
VIII		exper		_	-	1.00074	1.193.28
_	(a) (b)		ent Tax erod Tax			1,400.54 511.84	(605.5%)
_			IXDERSE	_	-	1.912.38	587.60
IX			the year (VII-VIII)	_	-	3,444.55	955.65
X			prehensive income (floss)	_	-	2,444.22	823.03
	A	(1)	Items that will not be reclassified subsequently to the statement of profit and loss				
			<ul> <li>Remeasurement gains/(losses) on post employment defined benefit plans</li> </ul>	S	0-0	(217.79)	(5.01)
			(b) Fair value changes of investments in equity shares			819,01	(3,163.52)
		(11)	Income tax on items that will not be reclassified subsequently to the statement of profit and loss		3 3	75.37	(239.78)
3	В	(0)	Items that will be reclassified subsequently to the statement of profit and loss				3 33
-		_	(a) Fair value changes of cash flow hedges			(1.22)	1.80
		(8)	Income tax on Items that will be reclassified subsequently to the statement of profit and loss			0.42	(0.62)
			r comprehensive income (doss)		0	675.79	(3,407,13)
XI			prehensive income/(loss) for the year (IX+X)	2 00 1	20000	4,120.34	(2,451.48)
XII.			per share	34	222	-	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
XIII			Oluted (₹)	1.43	1000000	33.67	8.05
AHI	PROCE	15 TO (1	ning part of the financial statements	1-41		-	

In learns of our report attached For and on behalf of the Board of Directors

For DELOTITE HASKINS & SELLS LLP Charlered Accountants	M. Chardrasekaran Chairman (20k-00121863)	bhad Hussin Director (DRE-00027891)	ad/- Andrew Robb Director gots: 019110228	edf- O. P. Bhatt Director (DN: 00548091)	Malika Sriniyasan Director (DR: 00037022)	Peter Blauwhoff Director (DIN: 07728872)
sd/- N. Venkatram Partner	ad/- Amon Mehts Director (DIN: 00000054)	sci/- Deepak Kapoor Director (DIN: 00162957)	xd/- D. K. Mehrotra Director (DIN: 00142711)	105- Koushik Chatterjee Group Darcutive Director (Finance, Corporate & Europe) (104: 0000466)	ndi- T.V. Narvendran Managing Director (DIN: 03060605)	schi- Perveithemen K. Company Secretary (ACS: 15621)

Mumbal, May 16, 2017

TATA STEEL STANDALONE

#### STATEMENT OF CASH FLOWS for the years ended March 31, 2017 and 2016

		Year ended March 31, 2017	Ма	Year ended rch 31, 2016
_	CASH FLOWS FROM OPERATING ACTIVITIES:			2000
. 1	Profit before taxes	5,356.93		1,543.34
	Adjustments for:			
	Depredation 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	- 8	6,078.53
- 1	Operating profit before working capital changes	11,560.68	- 77	7,621.87
	Adjustments for:	The state of the s	037879155×15	589095119
	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
53	Cash generated from operations	12,672.13	32	8,615.90
	Direct taxes paid	(1,540.87)		(1,244.10)
- 1	Net cash from/(used in) operating activities	11,131.26		7,371.80
31 (	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 quarantee 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)	744.7	(4,351.72)

#### 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 Mumbal, 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, tubos 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.

#### 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

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 Hom 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 sonacrte Items.

## AS: 6 Depreciation Accounting

- Depreciation refers to wearing out, consumption or other loss of value of a depreciable assets arising due to its use.
- Deals with Depreciation Accounting and applies to all depreciable assets.
- Applicable on the hitorical cost of the asset or amount after considerable revaluation.
- It helps in determining and presenting the financial position and results of the operations of an organisation.
- Depreciation depends on cost of the asset, expected useful life of the asset and even estimated scrap value of the asset.
- The method of depreciation should be consistent from period to period.

**Eg.** An aircraft costing Rs. 2,00,000 is expected to fly for 10 years. The engine to be used to make the aircraft fly which has a separate identity costs Rs. 40,000 and is expected to work for 8 years. Compute annual depreciation.

Soln:	Original Cost of the aircraft	2,00,000	
	Depreciation p.a. (2,00,000 / 10 yrs)		20,000
	Original Cost of Engine	40,000	
	Depreciation p.a. (40,000 / 8 yrs)		<u>5,000</u>
	Total Depreciation p.a.		25,000

## AS: 9 Revenue Recognition

- Deals with booking of income in the profit and loss a/c of a concern.
- Basically, identifying the timing of recognition of revenue i.e. when the income should be booked.
- An income can be by way of supply of goods and services, receipt of interest, royalty, dividends, commission, etc.
- It does not deal with revenue arising from construction contracts, hire purchase, lease agreements, government grants, subsidies and insurance contracts.

- Revenue from Sale of goods is recognised when the seller transfers the ownership of goods to the buyer for a price.
- Revenue from Supply of services is recognised based on performance of the services, either proportionate completion method or complete service contract method.
- Interest is recognised considering the principal outstanding amount.
- Royalties is recognised on accrual basis as per the agreement.
- **Dividends** should be recognised when the right to receive dividend is established.

## AS: 10 Accounting for Fixed Assets

- Covers land, buildings, plant and machinery, vehicles, furniture and fittings, goodwill, patents, trademarks and designs.
- Doesnt cover fixed assets under inflation accounting, forests, plantations, naturally growing resources, wasting assets like minerals, oil, natural gas, real estate development, livestock, depreciation, government grants, assets under leasing rights, etc.
- Cost of a fixed asset includes purchase price, import duties, taxes incidental expenses of bringing asset into working condition like site preparation, delivery and handling costs, installation costs, professional fees for architects and engineers but excludes trade discounts and rebates.
- Assets acquired under hire purchase method is not covered under AS:10

#### LIST OF INDIAN ACCOUNTING STANDARDS

AS No.	Title
AS-1	Disclosure of Accounting Policies
AS-2	Valuation of Inventories
AS-3	Cash Flow Statement
AS-4	Contingencies and Events Occurring After the Balance Date
AS-5	Net Profit or Loss for the Period, Prior Period and extraordinary Items and Changes in Accounting Policies
AS-6	Depreciation Accounting
AS-7	Construction Contracts
AS-8	Accounting for Research and Development
AS-9	Revenue Recognition
AS-10	Accounting for Fixed Assets
AS-11	Accounting for the Effects of Changes in Foreign Exchange Rates
AS-12	Accounting for Government Grants
AS-13	Accounting for Investments
AS-14	Accounting for Amalgamations
AS-15	Accounting for Retirement Benefits in the Financial Statements of Employers
AS-16	Borrowing Costs
AS-17	Segmental Reporting
AS-18	Related Party Disclosures
AS-19	Leases
AS-20	Earnings Per Share
AS-21	Consolidated Financial Statements
AS-22	Accounting for Taxes on Income
AS-23	Accounting for Investment in Associates in Consolidated Financial Statements
AS-24	Discontinuing Operations
AS-25	Interim Financial Reporting
AS-26	Intangible Assets
AS-27	Financial Reporting of Interest in Joint Ventures
AS-28	Impairment of Assets
AS-29	Provisions, Contingent Liabilities and Contingent Assets

