

# JOURNEY TO DIGITAL



BHARAT FORGE



KALYANI

## FY 2018 Highlights

Revenue

**₹53,160 MN**

⬆️ **37.5%**

y-o-y growth

Profit After Tax (PAT)

**₹7,073 MN**

⬆️ **20.9%**

y-o-y growth

ROCE (Net of Cash)

**22.5%**

# Contents

**02** Bharat Forge at a Glance

**04** Board of Directors

**05** Corporate Information

**06** Chairman & Managing Director's Message

**10** Financial Highlights (Standalone)

**12** Journey to Digital

**16** Management Discussion and Analysis

**33** Board's Report

**65** Report on Corporate Governance

**81** Business Responsibility Report

**91** Standalone Financial Statements

**182** Consolidated Financial Statements

**295** Form AOC-I

### Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

The new digital age presents tremendous opportunities for innovative manufacturers like Bharat Forge Limited (BFL), and we are preparing to take advantage of this opportunity to create an ecosystem of a digital organization. The aim of digitizing is to create smart factories with integrated IT systems that lead to less down time, create an efficient supply chain, improve processing workflow, and predict preventive maintenance, resulting in increased production capacity, lower cost of production and efficiently meeting customer demand with optimal accuracy.

The focus of the Company is to apply this initiative across the entire value chain and create a cohesive manufacturing ecosystem. This initiative provides substantial potential in helping us further enhance our manufacturing capabilities, efficiency and productivity that will provide us a competitive edge in the global manufacturing environment.

**Please refer to Page 3 and Page 25.**

**Follow the instructions for an interactive Augmented Reality Experience.**



# Bharat Forge at a Glance

Bharat Forge Limited (BFL), the Pune-based Indian multinational is a technology driven global leader in metal forming, having a transcontinental presence serving several sectors, including automotive, power, oil and gas, construction & mining, rail, marine, aerospace and defence. It is a part of Kalyani Group - a US\$ 2.5 billion conglomerate.

We are backed by 50 years of experience in manufacturing a wide range of high-performance, critical and safety components. We are proud to have every global OEM in our customer base and their faith is reposed in our strong capabilities of metallurgical knowledge, design & engineering capability and manufacturing prowess. BFL has transformed itself from being a supplier of components to a preferred development partner through a concentrated focus on innovation, technology and value addition.

## Operational highlights

Strong growth across all geographies on the back of improved end markets and increased customer traction

New order wins of ₹700 crores in FY 2018

Increasing contribution from Passenger Vehicles by new customer additions and value-added products

Strategic investment in Electric Vehicle (EV) start-up Tork Motorcycles to gain technical expertise in EV powertrain development

Opened R&D facility in the UK, in MIRA Technology Park, to develop components and sub-systems focused on EVs

Forging Capacity

**6,25,000** MTPA

Employees

**6,110**

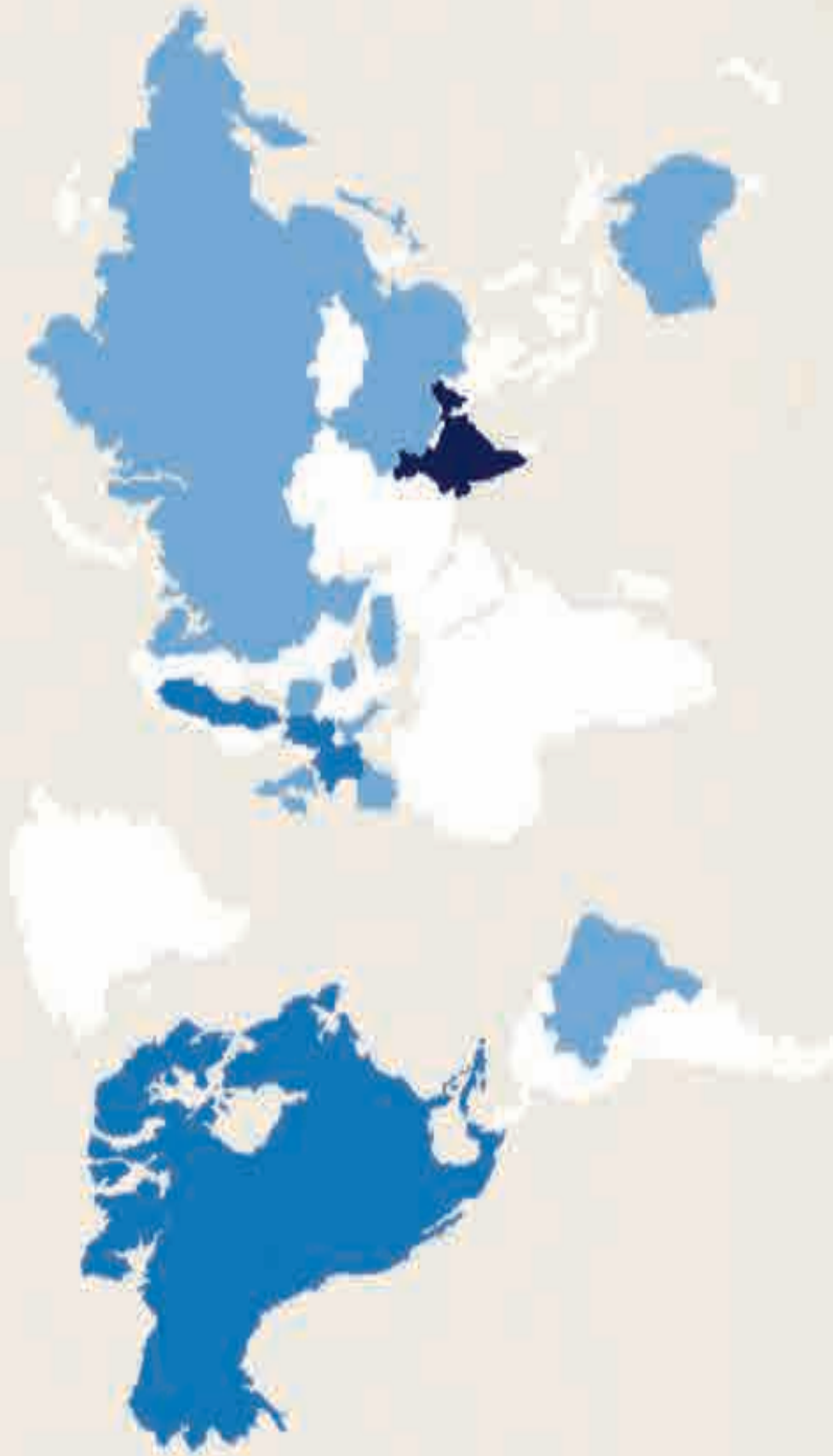
Manufacturing Locations

**10**

Geographical Presence

**5** countries

OUR FACILITIES ARE STRATEGICALLY LOCATED. ACROSS THE WORLD. CLOSE TO YOU.



CUSTOMERS MANUFACTURING & CUSTOMERS GLOBAL HEADQUARTERS



- 1 Download the free 'Bharat Forge Ltd. 2018 AR' augmented reality app from the App Store (iOS) or Google Play (Android).
- 2 Open the app and point your device at this page to launch an augmented reality experience.



# Board of Directors



Standing (left to right): Mr. B P Kalyani, Mr. G K Agarwal, Mr. Amit B Kalyani, Mr. S M Thakore, Mr. S E Tandale, Mr. P C Bhalerao, Mr. Kishore Saletore

Sitting (left to right): Mr. P H Ravikumar, Dr. T Mukherjee, Mrs. Lalita D Gupte, Mr. B N Kalyani, Mr. Pratap G Pawar, Mr. Naresh Narad, Mr. Vimal Bhandari

**Mr. B N Kalyani**  
Chairman & Managing Director

**Mr. G K Agarwal**  
Deputy Managing Director

**Mr. Pratap G Pawar**  
Independent Director

**Mr. S M Thakore**  
Independent Director

**Mrs. Lalita D Gupte**  
Independent Director

**Mr. P H Ravikumar**  
Independent Director

**Mr. Naresh Narad**  
Independent Director

**Dr. T Mukherjee**  
Independent Director

**Mr. Vimal Bhandari**  
Independent Director

**Mr. P C Bhalerao**  
Non-Executive Director

**Mr. Amit B Kalyani**  
Executive Director

**Mr. B P Kalyani**  
Executive Director

**Mr. S E Tandale**  
Executive Director

**Mr. Kishore Saletore**  
Executive Director

# Corporate Information

Industry 4.0 Lab @ Pune



## Bankers

Bank of India  
Bank of Baroda  
Bank of Maharashtra  
Canara Bank  
State Bank of India  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
Axis Bank Ltd.  
Citibank N.A.  
Standard Chartered Bank  
Credit Agricole CIB  
HSBC

## Auditors

S R B C & CO LLP  
Chartered Accountants

## Dy. Company Secretary

Ms. Tejaswini Chaudhari

## Registered Office

**CIN:** L25209PN1961PLC012046

Bharat Forge Limited  
Mundhwa, Pune Cantonment,  
Pune 411 036, Maharashtra, India.

**Phone:** +91 20 6704 2777 / 2476

**Fax:** +91 20 2682 2163

**Email:** [secretarial@bharatforge.com](mailto:secretarial@bharatforge.com)

**Web:** [www.bharatforge.com](http://www.bharatforge.com)

# Chairman & Managing Director's Message





Dear Shareholders,  
“The pursuit of excellence”  
is a corporate strategy  
that we have always  
followed diligently.

Our challenge has been  
to adapt to the changing  
landscape as swiftly as  
possible, while continuing  
to accelerate the growth  
engine. It is deeply  
encouraging for me to  
see every member of  
our global family rising  
to the challenge and  
making BFL stronger  
and more sustainable.  
Continuous learning and  
innovation has enabled us  
to think faster than the  
industry, evolve smarter  
solutions for discerning  
customers and seek newer  
growth markets across  
geographies.

## We continue our determined transformation

### Economy performance

If we look at the external landscape, we find global economies have returned to the path of recovery. However, an escalating cycle of trade restrictions and retaliations by major economies may adversely impact growth. Economic activity across the world expanded close to 3% in 2017, making it the best year since the post-crash rebound of 2010, with markets stimulated by low inflation and accommodative monetary policies. Global financial conditions are likely to remain positive, while strong sentiment will help meet the robust demand, especially in investment and consumption.

Emerging markets in Asia continue to be the primary growth driver globally. However, uncertainties surrounding the business environment preclude optimism, as monetary easing in some countries, protective policies in developed nations and sluggish growth of the Chinese economy require close monitoring.

Despite challenges, India has demonstrated a resolve to achieve fiscal consolidation, complemented by wide-ranging and aggressive policies. The economy grew by 6.7% in the current fiscal, according to official estimates, compared to 7.1% in 2016-17. The year 2017 was marked by several key structural initiatives to ensure sustainable growth.

### Setting a new benchmark

For BFL, the year gone by has been the best year on record, with the highest ever revenue and profitability. The consolidated income for 2017-18 stood at ₹8,358 crore, compared to ₹6,396 crore in 2016-17, a growth of 30.7%. PBT before exceptional item and exchange gain/(loss) stood at ₹1,347 crore vis-à-vis ₹839 crore in 2016-17, up 60.5%. On a standalone basis, total income surged from ₹3,865 crore in 2016-17 to ₹5,316 crore, a 37.5% increase. The performance has been driven by growth in all our segments across domestic and international markets.

On the balance sheet side, we have achieved the target of becoming a net debt free company. We have come a long way, from a relatively high-debt company to a cash-surplus company. As of March 31, 2018, our long-term debt/ equity (net of cash) stood at (0.06).

The performance of our overseas subsidiaries continues to improve, driven primarily by a shift towards light weighting, coupled with a focus on productivity and cost rationalization. I believe, our subsidiaries are on the right track; and will benefit from a global trend from steel to aluminium usage, driven by a need for light weighting.

### Consolidated Income

# ₹8,358 CR

## ⬆️ 30.7%

y-o-y growth

## Chairman & Managing Director's Message

We have been proactively investing in machines and in enhancing people skills to realize Industry 4.0 standards.

### Strategic initiatives

The automotive industry is changing rapidly, and we can take advantage of opportunities in emerging areas like light weighting, electrification and new mobility concepts. Instead of being disrupted, we choose to be a part of this transformation. As a carefully crafted strategy, during the year, we fostered new partnerships that enables us to be a part of the change.

- Set up center for Light Weighting Technology (LWT), a fully-automated manufacturing facility in Andhra Pradesh. It will design and manufacture components for automotive and industrial applications, with commercial production expected to start in CY 2019
- Made a strategic investment of 45% stake in an Electric Vehicle (EV) start-up, Tork Motorcycles
- Opened a new research and development facility at MIRA Technology Park, UK, a leading automotive technology park and enterprise zone. The center will focus on the development of components and sub-systems for EVs

As we embark upon another transformation, I would like to take this opportunity to look back at what we accomplished so far; and address the key changes we are envisaging over the coming years. The preceding business transformations focused on technology up gradation, foraying into new sectors, widening of customer base, and more importantly, it resulted in building a sound knowledge base about metallurgy and

metal forming. The transformations also created many 'first-time-India' milestones.

- 1990s: First Company to set up a 16,000T press in India
- Early 2000s: First Company to take the inorganic route in the manufacturing industry. The deal also provided us access to global oil and gas markets
- 2008: First Company to set up state-of-the-art capacity to address critical industrial sectors for forgings requirements across Oil & Gas, Construction & Mining, Railways, Aerospace and Defence
- 2012: First Company to address the global commodities/energy sector
- 2015: First Company to be part of aerospace global supply chain for critical components.

Over the next few years, I expect the Company's profile to undergo a steady change, driven by the following:

- **Expanding product portfolio:** Our new product pipeline, focused on transmission and driveline components, coupled with the investment in Nellore for setting up the Center for Light Weighting Technology, is expected to be a significant growth driver for the Company. More importantly, these initiatives will enable further diversification of the revenue stream, creating resilience during downturns
- **Opportunities in aerospace:** This sector continues to be of importance, despite its slower than

anticipated pace of progress. We are confident of growing this business through new product development and customer acquisitions. This business has a long gestation period and does take time before seeing any major momentum.

- **Defence components:** The business primarily focuses on supplying critical components to various defence agencies. With the Government's enhanced focus on indigenization, we expect this business to grow at a healthy pace, driven by new products and systems development. We are making steady progress in the business, and we are encouraged by the response of the defence establishment.
- **Defence equipment:** As you may be already aware, our ambition is to become a full supplier of indigenously developed system for defence sector, leveraging the metallurgical and metal forming skillsets. Your Company has identified areas, key being artillery and land systems, where we believe an opportunity exists for new players. The 155mm/52-calibre Advanced Towed Artillery Gun System (ATAGS), jointly designed and developed by Bharat Forge along with Defence Research and Development Organisation (DRDO), set a world record during firing at Pokhran. Over the past few years, we have developed a host of products with a significant level of indigenization, with the capability to scale up very fast as soon as a major maiden order comes our way.

### Advancing technology prowess

We continue our endeavour to diversify and manufacture high-quality products that drive change and sustainability. Our R&D team develops technologies to minimize the carbon footprint and

manufacture light-weight products that result in lower energy consumption. For us, innovation is an ongoing process, helping us explore new ideas and deliver transformative solutions.

Smart manufacturing or Industry 4.0 is a key enabler that can help India realise the goals of 'Make in India'. We have been proactively investing in machines and in enhancing people skills to realise Industry 4.0 standards.

We have adopted multiple measures (light-weighting of components, new product development focused on the entire powertrain, and emission solutions) to leverage emerging prospects arising from the technological upgradation required to meet the emission norm applicable from 2020.

## Investing in people

The collective capabilities of our people have taken us far, and we will continue to invest in developing our team to sharpen their capabilities and introduce industry-leading practices. We are also working to instill a corporate culture that enables teams to take initiatives and explore new opportunities. It is only through consistent innovation and empowerment of our people that we will be able to sustain our leadership in our focus areas.

Our people are passionate about thinking ahead of the curve and accelerating the pace of innovation in this period of dramatic change. We

value each other's individuality and system of beliefs and work together to enhance their own capabilities. It is this environment that enables us to incubate new ideas that can change the future.

We are re-training more than 2,500 employees on digital manufacturing, artificial intelligence, and machine learning etc. For this, we have set up 4 labs including PTC's ThingWorx Internet of Things (IoT) platform. Through such retraining initiatives, we are creating new capabilities in our people for the future.

## Progressing further

We will continue to build on our strong foundation and achievements, and take long and confident strides in our journey. We have strong growth models and a streamlined organization. We know where we are heading and, in great measure, how we are going to get there. We continue to enhance and implement our strategies to sequentially advance our operational framework for long-term shareholder value creation. As our initiatives bear fruit, allowing us to leverage new opportunities, we are convinced that we can deliver further profitable growth in 2019.

I take this opportunity to thank our shareholders for their continued trust and support. I would also like to thank all our stakeholders and bankers for supporting our vision and initiatives.

Regards,



**B. N. Kalyani**  
Chairman & Managing Director

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# 2,500

## Employees

Being re-trained on digital manufacturing, artificial intelligence, and machine learning etc.

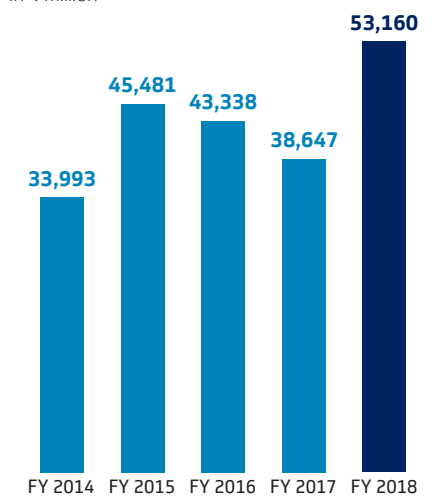
# Financial Highlights (Standalone)

## Profit and Loss Metrics

### Total Revenue

**₹53,160 MN**

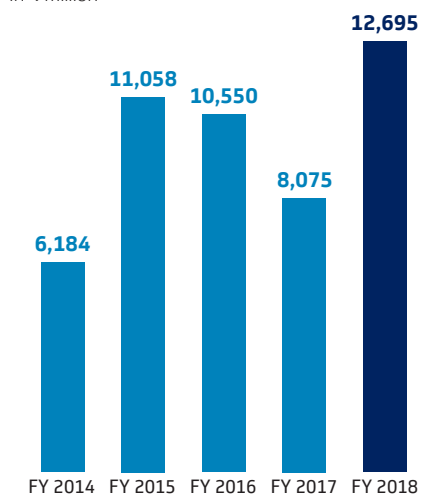
In ₹ million



### EBIT (Excluding other Income)

**₹12,695 MN**

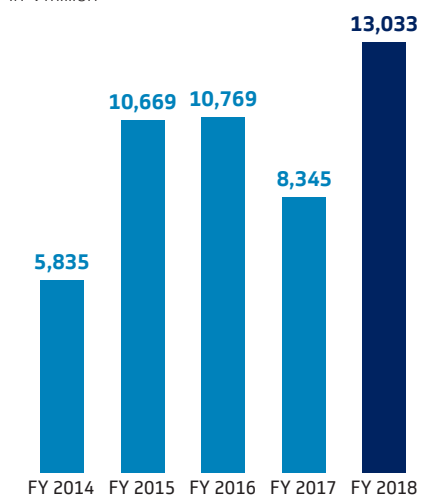
In ₹ million



### Profit Before Tax

**₹13,033 MN**

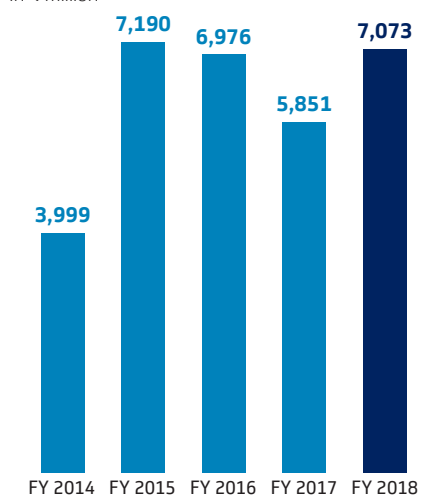
In ₹ million



### Profit After Tax

**₹7,073 MN**

In ₹ million

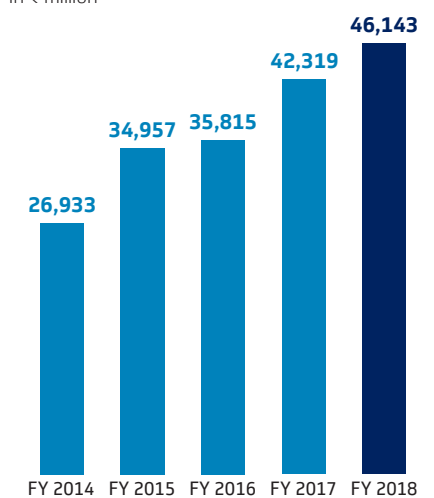


## Balance Sheet Metrics

Net Worth

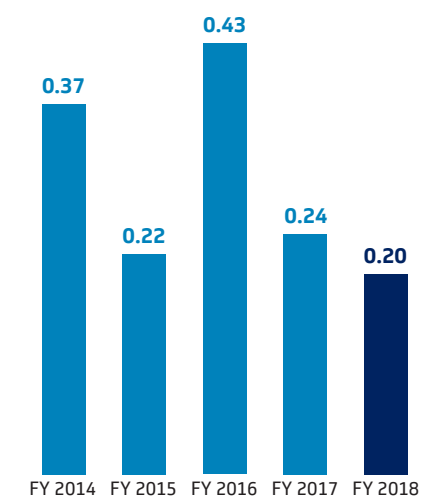
**₹46,143 MN**

In ₹ million



Debt Equity Ratio (Net of Cash)

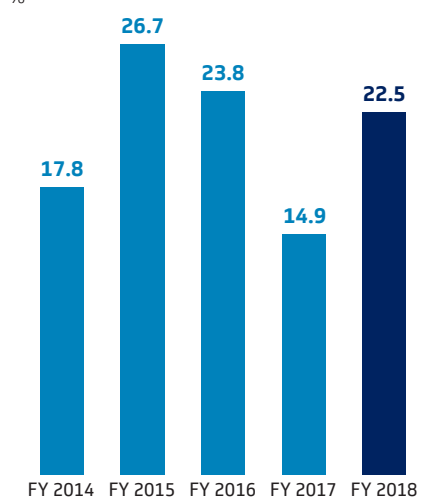
**0.20**



ROCE (Net of Cash)

**22.5%**

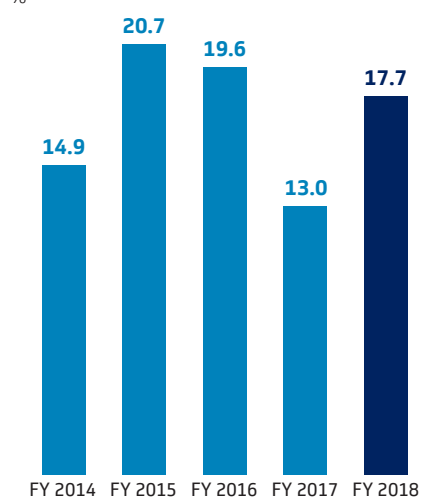
%



RONW

**17.7%**

%



# Journey to Digital

In a world of unprecedented and constant technological disruption, our direction for growth always revolved around transformation of processes, technology, innovation, and unlocking of new opportunities, to drive new growth and deliver new efficiencies.

As we embark upon another journey towards digital transformation, let's take a moment to dwell upon the progress achieved by the previous transformation undertaken.

The journey has not been a smooth one, but one with lots of turmoil like the 1997 domestic CV collapse, 2008 global financial crisis, 2013 global commodity collapse. It has been about pushing the boundaries. It has always been about "Last man standing, first man up" and about accomplishing something new and different.

In all the phases of growth, the support for the organization's strategic choices were supplemented by six key capabilities: mission, insights, integration, processes, technology and talent.



PHASE 1
1991 to 1994
16,000T Press installation

## Revenue

**₹2,297 MN**

**“You can't do today's job with yesterday's methods and be in business tomorrow.”**

– George W Bush

Installation of the state-of-the-art press in India enabled BFL to move from hammer technology to advanced press technology and transform from a predominantly India-focused Company to a global supplier with a significantly increased product portfolio and enhanced customer base.

Incurring significant capex of more than ₹1,200 million to shift from hammer technology to a more advanced press technology at a time when the Company had a turnover of ₹1,800 million was indeed a transformational decision that helped open the export markets to us in a big way.

Export Revenue	Total Revenue
<b>₹29,712 MN</b> <small>2018</small>	<b>₹53,160 MN</b> <small>2018</small>
<b>₹285 MN</b> <small>1991</small>	<b>₹2,297 MN</b> <small>1991</small>



BF Aluminiumtechnik (BFAT)



Bharat Forge Kilsta (BFK)



CDP Bharat Forge (CDP)

PHASE 2

2004 to 2005  
Acquisition of CDP, BFK, BFA

Revenue

₹6,358 MN

“Opportunities multiply as they are seized!”

– Sun Tzu

As a part of its strategy to increase its global footprint and to be an international player, BFL was aware it would have to proactively pursue international acquisition opportunities. Thus, in 2004, we acquired a German forging company called Carl Dan Peddinghaus GmbH & Co. KG. and CDP Aluminiumtechnik. In 2005, we acquired Federal Forge in Michigan, USA and Imatra Kilsta AB in Sweden as well as its subsidiary, Scottish Stampings Limited.

All the acquisitions had complementary production capacities, excellent market synergies, and were key suppliers to marquee global auto majors. These acquisitions gave us a strong customer visibility, geographical reach and a dual-shore supply capability that helped the Company become a global forging company in the real sense.

No. of export customers contributing more than ₹100 million in revenue

10  
2004

35  
2018



2006 to 2008  
**Baramati and HFD-II  
 facility setup**

PHASE  
 3

Revenue

**₹21,965 MN**

**“Every skill you acquire doubles your odds of success.”**

– Scott Adams

From a growth opportunity and as a de-risking strategy, BFL focused on building an entirely new components business, with focus on major industrial segments in India and globally.

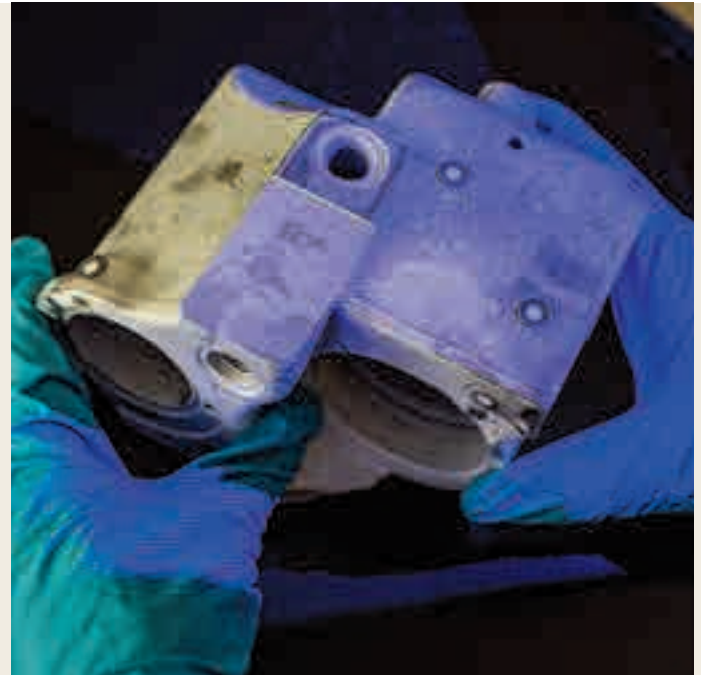
We set up a “Center for Advanced Manufacturing” at Baramati, Maharashtra, and also an open die forging unit at the existing facility in Mundhwa. This added around 100,000 MTPA to the Company’s forging capacity.

Embarking on setting up a one-of-its-kind facility dedicated to industrial sectors in India during the Global Financial Crisis (GFC) crisis helped us to create, deliver, and capture value in all these sectors when the eventual recovery took place.

Revenue from Industrials sector

**₹4,060 MN**  
 2007

**₹21,997 MN**  
 2018



2012 to 2015  
**KCTI setup and incubation of  
 Defence vertical**

PHASE  
 4

Revenue

**₹31,512 MN**

**“If I have the belief that I can do it, I shall surely acquire the capacity to do it even if I may not have it at the beginning.”**

– Mahatma Gandhi

BFL was always perplexed by India’s high dependence on defence equipment imports in spite of having strong indigenous capabilities. By leveraging its strong metallurgical expertise, advanced manufacturing facilities, and an innovative workforce, the Company developed a range of components and systems for import substitution.

KCTI – our resolute commitment to innovation and R&D – has been the key enterprise capability that helped us achieve competitive advantage. It has performed a critical role in enabling the organization to find new ways to differentiate and compete. It facilitated our knowledge on new exotic materials and enabled us in new product development across sectors, while at the same time helping us to improvise on our present manufacturing processes.

**No. of Patents filed: 47**





2018

PHASE  
5

## Moving towards technological changes/transformations

### Revenue

# ₹53,160 MN

**“Learning & innovation go hand in hand. The arrogance of success is to think that what you did yesterday will be sufficient for tomorrow.”**

– William Pollard

The aim of the Company is to create an effective business transformation from the traditional products to a wide range of newly developed technologically advanced components and sub-systems. We intend to integrate and align our future strategic businesses with the existing business to differentiate and stay ahead in the industry as we pursue new innovation-driven opportunities that emerge and as we respond to shifting market demands. We strive to separate ourselves from competitors and establish a platform for future growth.

BFL focuses on two major aspects. Firstly, fostering an adaptive organisation that embraces new ways of delivering value and strengthening its existing competencies and secondly, continuing to evolve as new technologies arise and future technological disruptions take place.

# Management Discussion and Analysis

## About Bharat Forge Limited

Bharat Forge Limited (BFL) is India's largest forging company with global manufacturing footprint spread across India, Germany, Sweden, US and France. The Company has strong metallurgical knowledge, design and engineering capability, and manufacturing prowess. It has transformed itself from being a supplier of components to a preferred development partner through concentrated focus on innovation, technology and value addition. BFL has de-risked its business by broadening the scope of product offerings to sectors that have a long business cycle. The Company has transitioned from an engine/chassis supplier to a powertrain solutions provider. It has presence in several sectors, including automotive, power, oil and gas, construction and mining, defence, railways, marine, and aerospace.

## Economic Review

### Global Economy

In 2017, the cyclical upswing since mid-2016 continued to strengthen, and the global economy witnessed pickup in growth. According to the International Monetary Fund (IMF), the year reported the broadest synchronized global growth upsurge since 2010. The US economy remained in robust shape, with growth in GDP, industrial production, and investment holding up well. The US growth forecast has been raised from 2.3% to 2.7% in 2018 and from 1.9% to 2.5% in 2019. In 2017, the eurozone turned in its fastest pace of growth over the last decade. Emerging markets contributed to the uptick last year, and many are on track to turn in an even better growth performance in 2018. China's growth remained robust and well-balanced across sectors and across categories of domestic demand.

### Outlook

The global economic growth should remain strong in 2018, as both advanced and emerging economies enjoy a harmonized upturn. According to the IMF, global growth will inch up from 3.8% in 2017 to 3.9% in 2018 and 2019. Corporate capital expenditure should become a more prominent growth driver, inflation is unlikely to rise much, and central banks will reduce liquidity and raise interest rates in response to better growth. Faster growth in the US, Japan, and China would largely drive global growth during 2019. An encouraging trade and investment environment, along with easing financial conditions, would also impact the global economic conditions.

**An encouraging trade and investment environment, along with easing financial conditions, would also impact the global economic conditions.**

## Indian Economy

India retained its position as the world's fastest growing major economy in the January-March quarter. India's GDP growth accelerated to 7.7% in the March quarter – the fastest pace of growth in seven quarters. Strong growth in the agriculture, manufacturing, and construction sectors contributed to the overall growth. For the full year (2017-18), GDP expanded at 6.7%. There was a strong rebound in the second half of the year on the back of a turnaround in investment demand. This was reinforced by an acceleration in manufacturing, rise in sales growth, a pickup in capacity utilization, strong activity in the services sector and a record agricultural yield.

The Goods and Services Tax (GST), which was implemented from July 2017, reformed the system of indirect taxes by streamlining payments and credit and improving the efficiency of movement of goods across the country. During the year, the Government of India took various initiatives to improve the confidence in the Indian economy and boost its growth.

### Outlook

The outlook for India remains largely positive, reinforced by robust private consumption and public investment, as well as the ongoing structural reforms. Global demand has been improving, which should encourage exports and fresh investments.

## Business Environment

### Automobile Business

#### Global Automobile Industry

According to the Euler Hermes Report, worldwide vehicle sales are forecast to reach 98.2 million in 2018 (+2.5%) owing to sales growth in the emerging markets and developing economies. The auto market is expected to reach a milestone in 2019, when 100 million units are expected to be delivered. But further growth rates of auto sales will depend on the demand environment in the advanced economies of the US and European Union (EU) regions, which, at present, are at high levels.

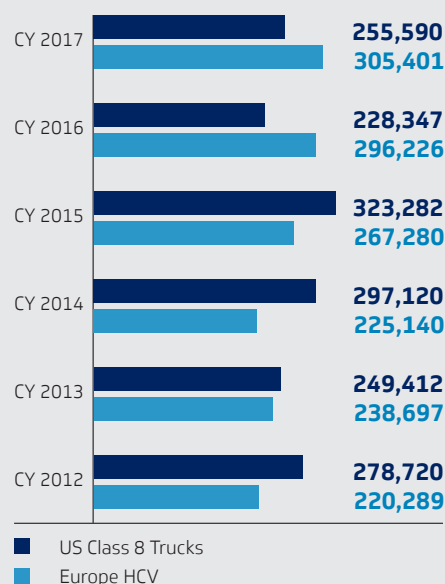
Technology-driven trends such as 3D printing, autonomous driving, connected vehicles, and Electric Vehicles (EVs) have been transforming the automotive landscape. Future growth of the automotive industry players clearly depends on how well they react to this changing landscape and build partnerships to address this change and, at the same time, improve on the existing technology.

**The Government of India took various initiatives to improve the confidence in the Indian economy and boost its growth.**

### Outlook

Positive forecasts in private consumption and corporate investment, fuelled by rising incomes and low interest rates, will support new registrations in passenger cars and commercial vehicles in most countries. A further acceleration in economic growth across all regions and strong financial conditions are expected to extend the vehicle sales cycle further. The confluence of various technologies and industries with the automotive space is creating numerous opportunities in the market.

### Heavy Commercial Vehicles Production Trend (nos)



Source: ACT Research, European Automobile Manufacturer's Association (ACEA)

## Management Discussion and Analysis

### Company Review of the Export Auto Segment

#### Commercial Vehicles

The key markets for the Company, US and Europe, witnessed good growth in 2017. With improving industry fundamentals, increased infrastructure activities, and strong freight demand, the US Class 8 market reported a growth of 12% in CY 2017 as compared to CY 2016. The truck market in Europe also remained strong in CY 2017 on account of high capacity utilization in truck fleets and good customer profitability.

Revenues from exports in the heavy commercial vehicle business in FY 2018, at ₹12,807 million, showed a growth of 29.6% as compared to FY 2017, outperforming the underlying markets. The increased market share with existing customers and increasing content per vehicle are the major reasons supporting growth.

CY 2018 has started on a firm footing for the US and Europe truck markets as witnessed from the strong orders for the first quarter. The market is expected to stay robust for the remaining part of the year as well, as fleets continue to add capacity in support of the dynamic freight growth.

#### Passenger Vehicles

The passenger vehicles demand continues to be robust globally. In the passenger vehicles market, the focus on increasing customer penetration and moving up the value chain is reaping good dividends for the Company. Revenues from the passenger car segment in exports for FY 2018 showed a good growth of 22.7% compared to FY 2017.

We are witnessing good traction in this segment and focusing on increasing the share of passenger cars to the total revenue.

### Indian Automobile Industry

2017-18 turned out to be a very good year for the Indian automotive industry as it almost registered a double-digit growth. India overtook Germany as the fourth largest global automotive market, right behind China, the US, and Japan. The growth was mainly driven by improvement in the rural economy and moderately due to demonetization-influenced low base in the second half of 2017.

#### Production

The industry produced over 29 million vehicles, including passenger vehicles, commercial vehicles, three-wheelers, and two-wheelers during April-March 2018. The industry registered a production growth of 14.78% compared to the 25.3 million vehicles manufactured during the period of April-March 2017.

#### Passenger Vehicles Sales

The passenger vehicles market saw a growth of 7.89%, with a sale of 3.28 million vehicles in April-March 2018, majorly led by utility vehicle sales, which itself saw a growth of 20.97%.

### Commercial Vehicles Sales

The total sales grew by 19.94% during April-March 2018, supported by pent-up demand post GST implementation, stringent execution of overloading norms in select states, as well as healthy demand for Medium & Heavy Commercial Vehicles (M&HCVs). The M&HCVs segment saw a growth of 12.48%, while the Light Commercial Vehicles (LCVs) segment grew by 25.42% during the same period.

#### India M&HCV Production Trend (nos)

FY 2018	344,096
FY 2017	342,789
FY 2016	341,287
FY 2015	266,971
FY 2014	221,699
FY 2013	280,677
FY 2012	384,801

Source: Society for Indian Automobile Manufactures (SIAM)

#### Outlook

Diversified segments and the presence of global automotive manufacturers strengthen the sector's ecosystem in India. This is important as the country seeks to be the third largest auto market by the end of 2020. The sector will benefit from the Government's plans to significantly increase allocation towards the rural economy and the infrastructure sector, especially development of roads and highways, including the Bharatmala project and the roads in rural areas.

**29 MN**

2017-18 vehicle production in India

Newly Installed Fully Automated Press

## Company Review of the India Auto Segment

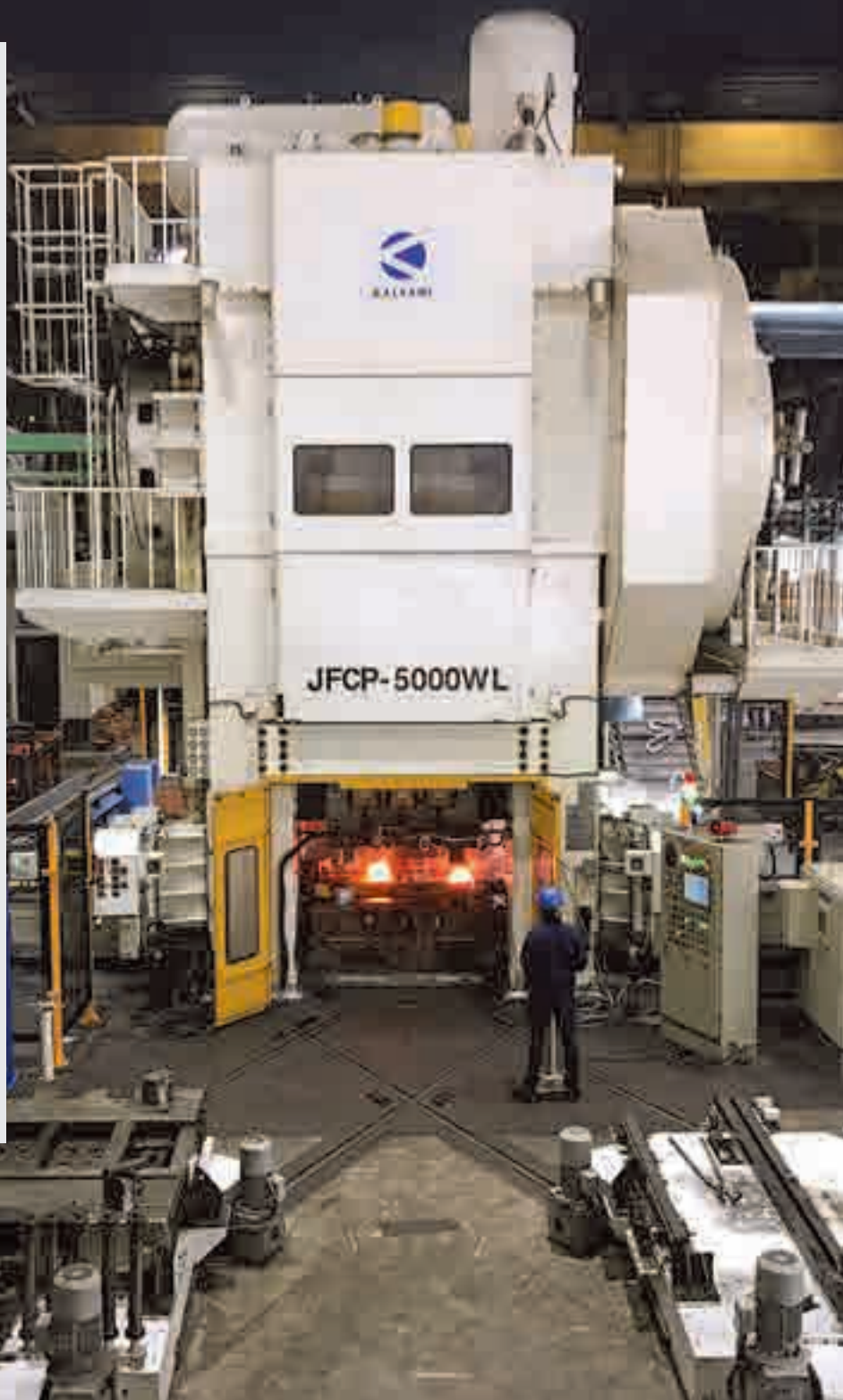
### Commercial Vehicles

BFL continued to outperform the industry due to a strong focus on new product development and by increasing content per vehicle. While the industry production volumes remained relatively flat, revenues for the Company in FY 2018 from the domestic commercial vehicles business grew by 29% as compared to FY 2017. Also, the Company recorded its highest ever revenues from this segment in a fiscal year.

The commercial vehicles industry is expected to see further momentum as India prepares to adopt the BS-6 emission norms before 2020. Moreover, an increased thrust on infrastructure, resumption of mining activities in selected states, strict implementation of the overloading ban, and the Government's proposed vehicle modernization program will further support the sector.

### Passenger Vehicles

The Company's new products are finding increased acceptance in the passenger vehicles market, leading to an increasing share with customers. Revenues from the domestic passenger car segment in FY 2018 have shown a strong growth of 38.5% as compared to FY 2017.



## Management Discussion and Analysis

### Industrial Business

#### Company Review of the Export Industrial Segment

In FY 2018, at ₹14,102 million, the Company achieved record sales from the export industrial segment, and the revenues have nearly doubled as compared to FY 2017. Growth was witnessed in all the segments of the business, but was supported largely by the underlying growth in the oil and gas and High Horse Power (HHP) engine segments.

We have been successful in winning new orders and adding new customers in the industrial sector as we continue

to expand our product offerings using our R&D and innovation to manufacture high-technology products. We expect to continue to grow this business on the back of firm end markets as we continue to increase share with existing customers.

#### Company Review of the Indian Industrial Segment

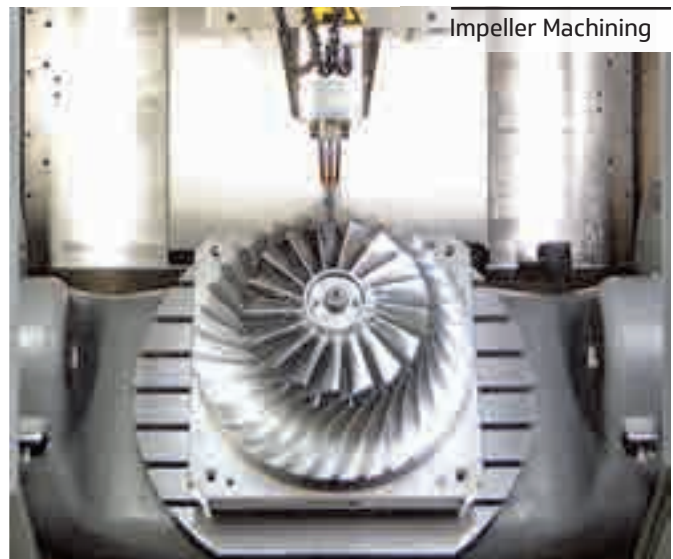
The Company, using its innovation and in-house R&D expertise, continues to focus on new product development to address import substitution under various 'Make in India' initiatives. This is visible from the record revenues reported by the Company from the Indian industrial sector in FY 2018.

In FY 2018, revenues grew by 10.5% as compared to FY 2017.

With favorable regulatory developments, importance to indigenization, and an increasing thrust towards infrastructure projects, the Company is well-placed to cater to various industrial segments. Demand for industrial engines is favorable as the demand for construction equipment continues to grow in most markets, and the mining segment is also witnessing stability in its ongoing recovery phase.



Aerospace Machining



Impeller Machining

## Financial Review

### Standalone

Particulars	2017-18	2016-17	In ₹ million
			% Change
Total Revenue	53,160	38,647	37.6
Raw Material	18,870	13,205	42.9
Manufacturing Expenses	8,709	6,467	34.7
Manpower Cost	4,359	3,759	16.0
Other Expenditure	5,459	4,188	30.4
Total Expenditure	37,397	27,619	35.4
EBITDA	15,763	11,028	42.9
<b>EBITDA %</b>	<b>29.7%</b>	<b>28.5%</b>	
Depreciation	3,067	2,949	4.0
Interest	848	728	16.5
Other Income	1,187	995	19.3
PBT	13,035	8,346	56.2
Exchange Gain/(Loss)	(395)	(301)	
PBT	12,640	8,045	57.1
Exceptional Item	(1,332)	380	
PBT	11,308	8,425	34.2
Taxation	4,234	2,575	
PAT	7,074	5,850	20.9

### Expenditure

Raw material as percentage of total expenditure remained steady in the 34-35% range in both FY 2018 and FY 2017.

Manufacturing cost remained at 16.4% of total income compared to 16.7% of the last year due to increased operational efficiencies and increased throughput.

Manpower cost was at 8.2% in FY 2018 against 9.7% in FY 2017.

Other expenses were at 10.3% in FY 2018 against 10.8% in FY 2017. Other expenses include cost for business development, R&D expenses, and expenses towards new product development.

EBITDA grew by 43% and margins expanded by 120 bps to 29.7% in FY 2018 as compared to FY 2017, in spite of inflationary costs of input materials.

PAT stood at ₹7,073 million in FY 2018.

Exceptional item of ₹1,332 million is towards the provision of certain non-core investments made in the past through a subsidiary. These comprise investments in oil exploration and Engineering, Procurement, and Construction (EPC) contracts in railways and are not related to regular business.

### Total Income

With total revenues of ₹53,160 million for FY 2018, the Company posted a strong y-o-y growth of 37.6%. This revenue growth was powered by strong growth across all business segments and geographies.

Strong underlying market demand and increase in market share in the heavy commercial vehicle and the industrials businesses helped export revenues to grow by 53% and domestic revenues by 22%.

### Revenue

# ₹53,160 MN

## ↑ 37.6%

y-o-y growth

Strong underlying market demand and increase in market share in the heavy commercial vehicle and the industrials businesses helped export and domestic revenues to grow.

## Management Discussion and Analysis

Particulars	In ₹ million	
	March 31, 2018	March 31, 2017
Long-term Debt	13,462	15,228
Working Capital Loan and Bill Discounting	11,666	9,076
Equity	46,143	42,319
Cash	16,008	14,184
D/E	0.54	0.57
D/E (Net)	0.20	0.24
Long-term D/E (Net)	(0.06)	0.02
ROCE (Net of Cash)	22.5%	14.9%
RONW	17.7%	12.9%

We have become debt-free (net of cash) ahead of our target year, and now, the focus is on strengthening the balance sheet with good free cash flow generation and improving the return ratios.

### Consolidated

Particulars	In ₹ million		
	2017-18	2016-17	% Change
Total Revenue (Net)	83,577	63,961	30.7
Raw Material	32,811	24,358	34.7
Manufacturing Expenses	13,555	10,692	26.8
Manpower Cost	10,892	9,309	17.0
Other Expenditure	8,532	6,864	24.3
Project Cost	-	21	
Total Expenditure	65,790	51,244	28.4
EBITDA	17,787	12,717	39.9
EBITDA %	21.3%	19.9%	
Depreciation	4,669	4,520	3.3
Interest	1,065	1,000	6.5
Other Income	1,420	1,193	19.0
PBT	13,473	8,390	60.6
Exchange Gain/(Loss)	(557)	(207)	
Exceptional Item	(954)	1,284	
Share of (loss)/profit of Associates & Joint Venture	(4)	-	
PBT	11,958	9,467	26.3
Taxation	4,418	2,492	
PAT	7,540	6,975	8.1
Profit/(Loss) from Discontinued Operations	-	132	
Net Profit	7,540	7,107	6.1

Particulars	In ₹ million	
	March 31, 2018	March 31, 2017
Debt	32,569	31,241
Equity	46,811	41,264
Cash	17,113	14,672
D/E	0.70	0.76
D/E (Net)	0.33	0.40

The overseas operations continue to witness improvement in financial performance driven by a strong end market demand, a favorable product mix, and a focus on increasing productivity and reducing costs.

We aim to improve upon the performance of the subsidiaries further, with a renewed focus on light-weighting components, aluminum-forged components, and components for the hybrid vehicles.





Machine Connected to IIoT Platform

## Information Technology

### Industry 4.0

We selected the ThingWorx Internet of Things (IIoT) platform for rapid application enablement, connectivity, machine learning capabilities, Augmented Reality (AR), and integration with leading device cloud offerings. Implementation of the ThingWorx platform will equip the Company with Industrial Internet of Things (IIoT) capabilities to improve its operational efficiency at manufacturing facilities. The ThingWorx platform will:

- Leverage Industry 4.0 technologies – artificial intelligence and machine learning technologies to reduce product failures
- Reduce downtime caused by unplanned events by sending breaking news alerts of the errors to the proper parties and predicting the amount of time until a system fails

- Improve the quality of products by providing a full digital reporting of the products produced
- Reduce delays in decision making by enabling team members with real-time detailed data and creating dynamic visualizations of the status of the production systems
- Identify trouble spots within the facility by observing real-time data on the factory floor with AR, providing a bird's eye view

### Digitization of Services

The target for the Company in the coming year is that each and every machine should be connected to the IIoT platform. At present, only 14 forging lines are connected, in addition to many machines from the machining lines. For example, around midnight, if there is a change in the operational pattern of the press. Implementation of the IIoT platform would immediately alert the line in charge. The line in charge stops the line, and then checks for any breakage. This is very simple to track. This will save the downtime for that press for at least 10 hours, and productivity will increase.

### Analytics Platform and Dashboard

We have built an analytics platform and dashboard that enables us to see the production data real time. The Programmable Logic Controller (PLC) on the machine is calculated every second.

### Focus Areas for FY 2019

- Leveraging of various smart manufacturing technologies such as machine learning, big data analytics, virtual reality, and digitization
- Using the Human Resource and CRM deployment tool
- Deploying various initiatives under the Industry 4.0 program pillars
- Deploying business analytics for core business processes

**The target in the coming year is that each and every machine should be connected to the IIoT platform.**

## Management Discussion and Analysis

### Innovation and Intellectual Property Rights (IPR)

BFL strongly considers that the next round of growth will be propelled by creating opportunities through innovation. Innovation is at the heart of what we do. Our in-house R&D team has been committed to work on various projects, including developing technologies to minimize carbon footprint and manufacturing lightweight products that result in lower energy consumption. Innovation is a continuing on-going process in the Company, which has helped us to explore new ideas and deliver solutions for transformation consistently. Innovation for new products is being carried out by the Company not only for products in the automotive space, but also in the non-automotive space.

#### Design Improvements

BFL is involved with its clients throughout the process – right from the initial stages of product development to the time of product delivery.

#### Light-Weighting Program

Reducing weight of the product without compromising on the functional performance is the key to reduce fuel consumption and improve emission levels. BFL continues to work with various customers to develop various innovative light-weighting design concepts. BFL's expertise in sophisticated design, simulation techniques, and 3D printing helps in such development efforts.

#### New Technology Development

BFL is focusing on the development of new technologies such as precision forging, near-net shape forging, cold forging, and development of new high-strength material for light-weighting application.

At KCTI, our expert engineers are tasked on challenging application oriented research programs.

#### Development of a Jet Engine

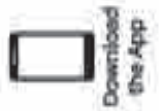
Designed, developed, manufactured by in-house team of Scientists/ Researchers/Engineers

- Leveraged Additive Manufacturing process to 3D print complex parts
- Use of Augmented Reality platform to showcase the functionality

**47**

Patents filed till date

# Augmented Reality Experience Jet Engine



- 1 Download the free 'Bharat Forge Ltd. Jet Engine' augmented reality app from the App Store (iOS) or Google Play (Android).
- 2 Open the app and point your device at this page to launch an augmented reality experience.



## Management Discussion and Analysis

### Human Resource Management

We continue to focus on our human resource philosophy wherein, engaging the resources for continuous increase in productivity is one of the drivers. The Employee Engagement Pillar of Bharat Forge Excellence model focuses on continuous capability building and employee engagement across the Company. Connecting with employees beyond the workplace and reaching out to the families of employees is another element of our engagement approach.

#### Digitized Workplace at BFL

The Company has set a vision of moving towards a digitized workplace. A digitized workplace provides higher levels of productivity and efficiency across all the operating processes. One of such major initiatives to move towards digitization is Industry 4.0.

The company has built state-of-the-art in-house infrastructure for building capability of workforce in Industry 4.0 technology. The company has put in place three in-house Industry 4.0 capability development centers for the workforce.

A long-term capability development program for acquiring and transferring these skills to business has been rolled out. At the three dedicated capability development centers, which are staffed with globally trained



**200**

No. of employees trained on Industry 4.0 technology

facilitators, ensure in-depth knowledge and skill transfer to all the participants.

A structured objective approach to understand the current level of capability and post program capability ensures assimilation of knowledge among participants. On the job live projects in built in the design of program ensures that application of knowledge to real life scenarios. In addition to these in-house capability development centers, the Company has signed MOUs with external institutes to support its digitization capability building initiatives.

During the year, around 200 employees who have been trained on Industry 4.0 technology. In the years to come company will be a transformed to fully digitized

workplace wherein all its critical operational processes are online and work with real-time decision making to drive the business.

We adopted a boot camp approach to build capability in the area of enhancing multidisciplinary skills among our engineers in product development teams. The engineers were trained on the job in use of multidisciplinary tools of new product development including the process and die design areas. The boot camp enhanced the abilities of our engineers to design and develop new products in the shortest possible time. These trained engineers are now a core team of our new product development efforts.

The Company continues to successfully implement its ongoing talent development and employee engagement programs year on year.

#### Industrial Relations

Overall industrial relations scenario across the plants continues to be cordial, harmonious and productive. The Company has engaged the members of the union and workmen in its drive of digitized workplace. As part of this, workmen across functions are trained on skills related to Industry 4.0 to enable them to contribute in smart factories of future. Unions have actively supported such initiatives of management in the implementation of reforms that impact safety, quality and productivity.

## Corporate Social Responsibility (CSR)

CSR is an integration of social and environmental objectives into business objectives. Sustainability and inclusive growth are the soul of CSR. BFL is a socially responsible corporate entity, and is involved in CSR over decades, with the simple objective of “Giving Back” to the society. The journey of CSR started in BFL in 1970 when community centers were established in different communities for the empowerment of women.

We have emphasized our CSR initiatives in specific areas of social development that includes village development; water harvesting;

primary, secondary, and tertiary education; skill development; vocational training; environmental and ecological protection; health and hygiene; and character building through sports. All these initiatives would continue to contribute to the overall welfare of the communities and make a difference in the quality of living of the underprivileged.

The vision of BFL will be to develop 100 villages in the coming year and to include the economically weaker sections of the society in the development process of our nation.

We would like to align our CSR goals with the United Nation’s (UN’s) 17 sustainable development goals, which talk about inclusiveness and environment protection.

**BFL is a socially responsible corporate entity, and is involved in CSR over decades, with the simple objective of “Giving Back” to the society.**

**707**

Health check-up camps organized



Smart Village, Kalewadi

## Management Discussion and Analysis

### Sector 1 – Village Development Project

BFL has adopted 12 villages from six talukas – Ambegaon taluka, Purandar taluka, Koregaon taluka, Baramati taluka, Shevgaon taluka, and Panhala taluka. The Company is working on five major indicators – water (for drinking and agriculture), livelihood, internal roads, health and hygiene, and education—in these talukas. The work started with the help of the cross-functional team and under the guidance of the Company’s Chairman. The impact of the work done is tangible and is generating trust among the villagers.

#### For health and nutrition (children and women) in villages

1. BFL organized general health check-up camps for 707 villagers and distributed free medicines; organized cataract detection, follow-up, and operations for 13 villages; set up a breast cancer detection camp for 91 villagers; and provided nutrition to 318 school children from the Thakarwadi village.
2. Cattle shed - In Thakarwadi, villagers used to keep their cattle in their small houses; hence, the animals used to face many health hazards. BFL constructed separate cattle sheds for the goats and domestic animals to maintain cleanliness and hygiene.

**In village Dhamner, Tal. Koregaon, Dist. Satara, BFL has started working to provide drinking water to 1,400 villagers.**

## 100

### Families benefited under the “Purandar Upsa Sinchan scheme”

#### Water harvesting project

BFL has carried out several water harvesting projects in the above villages for increasing water capacity and the availability of drinking water for the villagers. The projects have yielded good results so far. The farmers are assured of water even in summer, and this will boost the production of crops. This initiative is in alignment with Jalyukta Shivar Abhiyaan.

BFL has carried out the following activities in 12 drought-affected villages from six talukas, namely Ambegaon, Purandar, Koregaon, Baramati, Shevgaon, and Panhala:

1. Water at doorstep – Initially, in Kolwadi village, getting drinking water was a difficult task for the women. They used to climb a difficult and steep road for two hours every day, carrying water buckets (Ghagari). Their struggle ended when BFL brought water at their doorstep.
2. Water pipeline – For the availability of water for farming and to put 300 acres of land under irrigation, BFL laid a pipeline in village Kalewadi (Dive), Tal. Purandar, Dist. Pune under the “Purandar Upsa Sinchan scheme.” This initiative has benefited up to 100 families in the village.
3. BFL had completed the work of deepening and widening of Bundara (canal) under Jalyukta Shivar Abhiyan in Sirsuphal and Gadikhel. The population of Sirsuphal is 2,600 and that of

Gadikhel is 1,159. The storage capacity of the said Bundara is 164.290 TCM.

4. Village Bodhewadi is located at Tal. Koregaon, Dist. Satara. The village is a drought-hit area and is in dire need of facilities that provide drinking water and water harvesting. The total population of this village is 350, with 70+ families. BFL’s efforts in the restoration of drinking water and water for farming will help the villagers to increase their family income.
5. In village Dhamner, Tal. Koregaon, Dist. Satara, BFL has started working to provide drinking water to 1,400 villagers. The Company has also provided a tractor + trolley to collect garbage from the village.
6. At Balamtakali village, Tal. Shevgaon, Dist. A. Nagar (Near Marathwada (Beed) Border), BFL had done the deepening and widening work of the Kulkarni-Shinde, Holkar Bundara (canal). It is overflowed and on the surface about 3 crore liters of water is stored and beneath the surface, around 8 to 10 crores liters of water is percolated. This has helped 100 farmers and their family members.

### Sector 2 – Environment Sustainability

- Waste management – BFL installed 60 Vermi Composter Planters (Drums) in the nearby communities for decomposition of kitchen waste, helping to reduce 75 kg of waste kitchen garbage per day.
- Tree plantation drive – BFL planted 10,000 trees at various locations in the year 2017-18, out of which 98% are alive.

### Sector 3 – Promotion of Education

- The Kalyani School at Manjari – The Kalyani School (TKS) promoted by Akutai Kalyani Charitable Trust has been established with the objective of providing quality education to every child. They currently have classes from Jr. K. G. to Grade X. They provide a positive environment to the students to achieve their potential and help impart a holistic environment to achieve excellence. The school is progressing every year. Today, the strength of the school is 1,020.
- Pratham Pune Education Foundation – Through this initiative, BFL is providing non-formal education to 20,000 underprivileged children from 22 communities. Also, with the association of Jnana Prabodhini, the Company started the fast-track Pradnya Vikas Program for 120 bright, intelligent, and outstanding children of the deprived communities to provide them an educational platform as well as to develop scientific skills among them.
- Educational Sponsorship
  - For higher education, BFL is supporting 30 engineering girl students, and mentorship is provided to these students with the help of the Company's technical team.
  - The Company supports 108 girls from the weaker section of the society for their primary education through K. C. Mahindra Education Trust under the Nanhi Kali program.

### Sector 4 – Skill Development Initiatives

- Changing Gears (Finishing School initiative) – This initiative is in collaboration between BFL, Confederation of Indian Industry (CII), and College of Engineering Pune. The objective of this initiative is to bridge the gaps between academics and industry requirements and enhance the employability of engineering students. 90 graduates from College of Engineering Pune were imparted training in various soft skills such as communication skills, presentation skills, teamwork, motivation, mock interviews, etc. to prepare them for employability.
- Training Program on Technical Educator's Reinvention Course (TERC) for Industrial Training Institute (ITI) instructors from Pune district – BFL had designed and imparted a training program called "TERC," Technical Educator's Reinvention Course. This training was imparted to 241 ITI instructors from Pune District with the objective to equip them with important tools to enable them to perform their roles as accomplished instructors.
- BFL set up an entrepreneurship cell at ITI Khed.
- Infrastructure development at ITI Bhore – BFL ensured that the painting of the admin building and landscaping work is completed. The hostel facility started functioning for seven students due to BFL's efforts.

### Sector 5 – Promotion of Nationally Recognized Sports

BFL supports LAKSHYA, a non-profit organization, which, since its inception in 2010, works towards identifying and nurturing budding talent. BFL is helping six players to train overseas and take part in events within the country and overseas. The players are Siddhant Banthia and Prarthana Thombare-Tennis players, Subhankar Dey-Badminton player, GM Vidit Santosh Gujrathi-Chess player, Pooja Rani-Boxer, and Yash Aradhya-a Go-carting champion.

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## 20,000

Underprivileged children provided non-formal education

## Management Discussion and Analysis

### Risk Management

BFL’s risk management policies are formulated in such a way that the Company can respond swiftly to risks and implement the necessary mitigation activities. A prudent risk management framework has been developed such that a cautious approach is undertaken to identify and analyze internal and external risks and minimize its impact on operations.

Risk	Nature of Risk	Risk Mitigation Strategies
Industry risk	More than 50% of BFL’s consolidated revenues are derived from the US and European markets. Hence, any economic crisis that hits the developed economies is sure to have a significant impact on the Company’s bottom line. The emerging markets haven’t reached the size of developed markets.	BFL has a diverse portfolio of products across auto and non-auto sectors, which helps it shift focus to other industries, customers, and geographies.
Input price volatility risk	There is a major threat with regards to volatility in the price of raw material costs (steel, energy, and freight) in the past few years.	BFL has constantly striven to keep its production costs under control by enhancing its productivity. Various measures have been taken to reduce the final required input: <ul style="list-style-type: none"> <li>– A majority of the steel requirement of BFL is procured through two steel mills located in proximity to the BFL plant. These mills are part of the Kalyani Group. They help in the mitigation of inventory risks to an extent.</li> <li>– BFL has raw material pass-through clauses in all contracts to protect itself from commodity volatility.</li> </ul>
Currency risk	With significant exports and foreign currency liabilities, BFL is exposed to global currency fluctuations.	BFL has followed a consistent policy of taking simple forwards on a rolling basis to protect its export realization. At any time, BFL’s exports are higher than its foreign currency borrowings, thereby giving it a natural hedge.
Interest rate risk	The Company is always looking at expanding its presence in the overseas markets. It uses borrowings to fund its expansion and acquisition needs and hence, has an incremental exposure to interest rate risk.	<ul style="list-style-type: none"> <li>– BFL’s efficient financial planning, which includes increasing equity in line with growing debt levels, has ensured a healthy debt-equity ratio.</li> <li>– A judicious mix of loan portfolio and internal cash accruals is carried out to fund its expansion plans.</li> <li>– While BFL focuses on working capital management to reduce interest cost, it also keeps a check on loan repayments.</li> </ul>
People risk	Attrition of key personnel could impact business operations and growth.	BFL’s people-centric policies and initiatives facilitate in retaining knowledge capital. Its training calendar, performance management system, and people involvement and motivation initiatives help encourage and retain talent.

### Internal Systems and their Adequacy

BFL has a proper and adequate internal control system in place to safeguard assets and protect against loss from unauthorized use or disposition. The system authorizes, records, and reports transactions and ensures recorded data is reliable to prepare financial information and to maintain accountability of assets. The Company’s internal controls are supplemented by an extensive program of internal audits, review by the management, and documented policies, guidelines, and procedures.

### Cautionary Statement

Statements in this Management Discussion and Analysis describing the Company’s objectives, projections, estimates, and expectations may be “forward-looking statements” within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company’s operations include a downtrend in the forging industry – global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, labor relations, exchange rate fluctuations, interest, and other costs.



# CSR Case Study

BFL is working on village development project across four districts of Maharashtra. With focus on water harvesting, enhancing livelihood, health accessibility and education. In the year FY 2018, the company has initiated projects at district Pune, A. Nagar Kolhapur and Satara in Maharashtra, India.

## District – PUNE

### Kalewadi Village, Tal. Purandar, Dist. Pune

**“In April last year, the water pump ran only for 12 minutes when we needed water for household purposes, the kitchen garden, and the mango trees. We had to call an outside tanker to save the trees. But now, the pump works for 12 hours and we even store the water in an open well now. There is plenty of water for all our homes, plants and trees.”**

– Mr. Aabaso Kale



Before



After

### Thakarwadi Village, Tal. Ambegaon, Dist. Pune

The Mud Nala Bandhara work has been completed in Thakarwadi (Bedwadi/ Numberwadi). The construction of the bandhara made water available for agriculture in the area for an additional three months, bringing a huge difference to the incomes of the farmers. Now, the total water capacity is 6.94 TMC.



Before



After

## Management Discussion and Analysis

### District – A. Nagar

#### Aakhegaon Village, Tal. Shevgaon, Dist. A. Nagar

Aakhegaon village, of Shevgaon taluka, was one of the worst affected regions in the drought-struck A. Nagar district. Before we started work on this project, the village was often disrupted with internal disputes, and there was no unity in working towards any development project. After BFL commenced the water harvesting project, its residents realized that working together was the only way they could bring lifetime development to their locality. The people were 100% confident in the project and that made this kind of social integration possible.



#### Gadikhel and Shirsuphal Villages, Tal. Baramati, Dist. Pune

Earlier, Gadikhel and Shirsufal villages had to use 5-6 tankers per week during summer to meet their water requirements. Today, after the stream deepening and widening project, BFL has removed 1,64,000 Cubic meters of silt, paving way to a storage capacity of 164.3 TMC (16 crores 43 lakh liters). The villages does not require even a single tanker in the summer now.



# Board's Report

For the year ended March 31, 2018

To the Members,

Your Directors have pleasure in presenting the 57<sup>th</sup> (Fifty-seventh) Annual Report on the business and operations of the Company together with the audited financial statements for the Financial Year ended March 31, 2018.

## 1. FINANCIAL HIGHLIGHTS

The financial performance of the Company on standalone and consolidated basis for the Financial Year ended March 31, 2018 as compared to previous year is summarised in the following table:

Particulars	Standalone		Consolidated	
	FY 2018	FY 2017	FY 2018	FY 2017
	In ₹ Million			
Total Income	54,916.37	41,656.18	85,566.79	67,174.35
Revenue outside India	29,711.73	19,417.50	59,936.19	44,817.70
Net Profit				
Profit for the year before Taxation & Exceptional Item	12,638.75	8,044.68	12,915.87	8,183.39
Share of (loss)/ Profit of associates and Joint Venture	-	-	(3.78)	0.20
Add/(Less): Exceptional Item	(1,332.05)	380.24	(954.48)	1,284.29
<b>Provision for Taxation:</b>				
Current tax	4,161.42	2,600.04	4,318.49	2,704.79
Deferred tax	72.33	(25.89)	99.44	(213.12)
Profit for the year from continuing operations	7,072.95	5,850.77	7,539.68	6,976.01
Profit for the year from discontinued operations	-	-	-	131.17
Profit for the year	7,072.95	5,850.77	7,539.68	7,107.18
Less : Non-controlling interests	-	-	(84.76)	61.02
Profit for the year attributable to equity holders of the parent	7,072.95	5,850.77	7,624.44	7,046.16
Items of other comprehensive income (net of tax)	202.71	48.82	251.19	(14.93)
<b>Total</b>	<b>7,275.66</b>	<b>5,899.59</b>	<b>7,875.63</b>	<b>7,031.23</b>
Balance of Profit from previous year	29,429.22	23,405.20	28,493.30	21,337.64
Debenture Redemption Reserve written back	-	1,065.00	-	1,065.00
Profit available for appropriation	<b>36,704.88</b>	<b>30,369.79</b>	<b>36,368.93</b>	<b>29,433.87</b>
<b>APPROPRIATIONS:</b>				
Interim Dividend on Equity Shares	931.18	581.99	931.18	581.99
Tax on above dividend	189.56	118.48	189.56	118.48
Final Dividend on Equity Shares	1,163.97	116.40	1,163.97	116.40
Tax on above dividend	236.96	23.70	236.96	23.70
Transfer to General Reserve	100.00	100.00	100.00	100.00
Adjustment during the year	-	-	71.02	-
Surplus retained in Statement of Profit and Loss	34,083.21	29,429.22	33,676.24	28,493.30

## 2. DIVIDEND

The Board, in its meeting held on November 8, 2017 declared an interim dividend of ₹ 2/- per equity share (i.e.100%) of the face value of ₹ 2/- each aggregating to ₹ 931.18 Million plus applicable taxes thereon.

Based on the Company's performance, the Directors are pleased to recommend for approval of the members a final dividend of ₹ 2.50 per equity share (i.e. 125%) of the face value of ₹2/- each. The final dividend on equity shares, if approved by the members would involve a cash outflow of ₹ 1,163.97 Million plus a dividend tax of ₹ 239.26 Million.

The total dividend for the financial year ended March 31, 2018, including the proposed final dividend would aggregate to ₹ 2,523.97 Million inclusive of the dividend tax.

The dividend payout has been formulated in accordance with the Dividend Distribution Policy of the Company.

### 3. RESERVES

During the year under review, the Company proposes to transfer ₹ 100.00 Million to the General Reserve.

An amount of ₹ 34,083.21 Million is proposed to be retained as surplus in the Statement of Profit and Loss.

### 4. PERFORMANCE OF THE COMPANY

#### a) Total Income:

During the year under review, the total income of the Company on a standalone basis amounted to ₹ 54,916.37 Million as against ₹ 41,656.18 Million in the previous year, representing an increase of 31.83%.

#### b) Revenue from Exports:

During the year under review, the exports turnover of the Company on a standalone basis was ₹ 29,711.73 Million against ₹ 19,417.50 Million in the previous year, representing an increase of 53.02%. The increase in exports was primarily on account of strong market demand and increase in market share in the heavy commercial vehicle business. The Company has continued to de-risk its export business through new product development and new order wins across sectors and geographies.

### 5. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Particulars of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013, form part of notes to the financial statement provided in this Annual Report.

### 6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts or arrangements entered into by the Company with Related Parties are at arm's length and are in the ordinary course of business.

Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of transactions with related parties are provided in Form AOC-2 which is annexed as **Annexure "A"** to this report. Related Party disclosures as per Ind AS 24 have been provided in Note 39 to the financial statement.

The policy on Related Party Transactions as approved by the Board has been displayed on the Company's website at: <http://bharatforge.com/images/PDFs/policies/BFL.RPT%20Policy.pdf>

There has been no change to the policy on Related Party Transactions during the financial year ended March 31, 2018.

### 7. DEPOSITS

During the year under review, the Company has not accepted any deposit under Chapter V of the Companies Act, 2013.

### 8. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

### 9. RISK MANAGEMENT

The Company has a robust risk management framework comprising risk governance structure and defined risk management processes. The Board of Directors of the Company has formed a Finance and Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of risk management policy has been covered in the Management Discussion and Analysis (MDA), which forms part of this report.

### 10. MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no adverse material changes or commitments occurred after March 31, 2018 which may affect the financial position of the Company or may require disclosure.

### 11. SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

### 12. STATE OF COMPANY'S AFFAIRS

Discussion on state of affairs of the Company has been covered as part of the Management Discussion and Analysis (MDA). MDA for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, is presented in a separate section forming part of this Annual Report.

### 13. SHARE CAPITAL

The fully paid-up Equity Share Capital of the Company as on March 31, 2018 stood at ₹ 931.18 Million.

During the year, the Company has allotted Bonus equity shares in the ratio 1:1 (i.e. 1 equity share for every 1 fully paid-up equity share of the Company). The Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2018, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

#### 14. TRANSFER OF UNPAID AND UNCLAIMED AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND ('IEPF')

Pursuant to the provisions of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules), the declared dividends, which remained unpaid or unclaimed for a period of seven (7) years and shares thereof shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Accordingly, during the year, the Company has transferred the unpaid or unclaimed dividend for a period of seven (7) years from the date they became due for payment alongwith the shares thereof, to IEPF. The shareholders have option to claim their shares and / or amount of dividend transferred from IEPF. No claim shall be entertained against the Company for the amounts and shares so transferred.

The list of equity shareholders whose shares are transferred to IEPF can be accessed on the website of the Company at below mentioned link:

[http://bharatforge.com/images/PDFs/Unclaimed\\_Dividend/DETAILS%20OF%20SHARES%20TRANSFERED%20TO%20IEPF.PDF](http://bharatforge.com/images/PDFs/Unclaimed_Dividend/DETAILS%20OF%20SHARES%20TRANSFERED%20TO%20IEPF.PDF)

The Company has sent the notice to the respective shareholders who have not claimed dividend for seven (7) consecutive years and whose shares are liable to be transferred to IEPF during the financial year 2018-19. The newspaper advertisement stating the same has also been published in the newspapers. The list of equity shareholders whose shares are liable to be transferred to IEPF can be accessed on the website of the Company at below mentioned link:

[http://bharatforge.com/images/PDFs/Unclaimed\\_Dividend/List%20of%20Shareholders%20whose%20Shares%20are%20liable%20to%20transfer%20to%20IEPF%20-%202018.pdf](http://bharatforge.com/images/PDFs/Unclaimed_Dividend/List%20of%20Shareholders%20whose%20Shares%20are%20liable%20to%20transfer%20to%20IEPF%20-%202018.pdf)

#### 15. DIVIDEND DISTRIBUTION POLICY

The Securities and Exchange Board of India ('SEBI') vide notification bearing No. SEBI/LAD-NRO/GN/2016-17/008

dated July 8, 2016 has inserted Regulation 43A Dividend Distribution Policy to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. According to this regulation, it is mandatory for the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a Dividend Distribution Policy.

Accordingly, the Board of Directors of the Company has, on recommendation of the Audit Committee, adopted the Dividend Distribution Policy. The Dividend Distribution Policy of the Company is enclosed as **Annexure "B"** to this report and is also available on the Company's website, at : <http://bharatforge.com/images/PDFs/policies/Dividend%20Distribution%20Policy.pdf>.

#### 16. EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return of the Company in Form MGT-9 is appended as **Annexure "C"** to this Report.

#### 17. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, Directors confirm that:

- a. in preparation of the annual accounts for the financial year ended March 31, 2018, the applicable Accounting Standards have been followed and there were no material departures;
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2018 and of the profit of the Company for that period;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 18. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

In terms of provisions of the Companies Act, 2013 and the Articles of Association of the Company, **Mr. P. C. Bhalerao** (DIN: 00037754) and **Mr. S. E. Tandale**, (DIN: 00266833), Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

Brief profiles of Mr. P. C. Bhalerao and Mr. S. E. Tandale, Directors of the Company are given in the Notice convening the 57<sup>th</sup> Annual General Meeting of the Company for reference of the shareholders.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the Board of Directors of the Company re-appointed Mr. B. N. Kalyani (DIN: 00089380) as a Managing Director of the Company for a period of 5 (five) years, commencing from March 30, 2018 and Mr. G. K. Agarwal (DIN: 00037678) as a Deputy Managing Director of the Company for the period of 5 (five) years, commencing from April 1, 2018. Both the appointments are subject to approval of the shareholders. Accordingly, the resolution for re-appointment of Mr. B. N. Kalyani and Mr. G. K. Agarwal forms part of Notice convening the 57<sup>th</sup> Annual General Meeting.

## 19. NUMBER OF MEETINGS OF THE BOARD

The Board met 5 (five) times during the year. Also a separate meeting of Independent Directors was convened as prescribed under Schedule IV of Companies Act, 2013 was held during the year under review. The details of meetings of Board of Directors are provided in the Report on Corporate Governance that forms a part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days as prescribed under the Companies Act, 2013.

## 20. BOARD EVALUATION

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Companies Act, 2013 SEBI Listing Regulations and the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on May 24, 2017. The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on

the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc. In a separate meeting of independent directors, performance of non-independent directors, the Chairman of the Company and the board as a whole was evaluated, taking into account the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings etc.

In the board meeting that followed the meeting of the independent directors and meeting of Nomination and Remuneration Committee, the performance of the board, its committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

## 21. FAMILIARISATION PROGRAMME

The Company, on a regular basis, makes detailed presentations to the entire Board including Independent Directors on the Company's operations and business plans, strategy, global and domestic business environment and the business model of its respective businesses. Such presentations are made by the senior management/ leadership team/function heads so that the Independent Directors can have direct interaction with them. The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

During the year in October 2017, the Company organised a Plant Tour at Bharat Forge Aluminiumtechnik, Germany for Independent Directors along with Senior Management team to apprise the directors on the detailed operational aspects and the business of the Subsidiary Companies. Deep dives and immense sessions were conducted by senior executives on their respective business units. The Directors were apprised on key aspects including the industry/market and technology trends, the Company's performance, Strategic bets and their progress and future outlook.

The Independent Directors were also briefed regularly on the R&D and Innovation initiatives in the Company. Additionally, visit to KCTI – Research and Development Centre, Pune of the Company was organized for the Independent Directors.

The details of programmes for familiarisation for Independent Directors are posted on the website of the Company and can be accessed at:

<http://bharatforge.com/images/PDFs/BFL-Familiarisation%20Programme%20for%20Independent%20Directors-22%2005%2018.pdf>

## 22. BUSINESS RESPONSIBILITY REPORT

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulation”) mandates inclusion of the Business Responsibility Report (BRR) as a part of Annual Report of Top 500 Listed entities based on market capitalization. In compliance with the Regulation, we have provided the BRR as a part of this Annual Report.

## 23. INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No.	Information Required	Input
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Please refer <b>Annexure “D”</b>
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Please refer <b>Annexure “D”</b>
3	The percentage increase in the median remuneration of employees in the financial year	10.37%
4	The number of permanent employees on the rolls of company	4715
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Percentage increase in salaries of managerial personnel at 50 <sup>th</sup> Percentile is: 7.97%. Percentage increase in salaries of non-managerial personnel at 50 <sup>th</sup> Percentile is: 12.77%. The increase in remuneration is not solely based on company's performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.
6	Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration paid to the Directors is as per the Remuneration policy of the company.
7	Statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee, who-  (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees;  (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month;  (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself/herself or along with his/her spouse and dependent children, not less than two percent of the equity shares of the company.	Please refer <b>Annexure “E”</b>

## 24. NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for selection and appointment of Directors, Key Managerial Personnel and Senior Management Personnel and their remuneration. The Nomination and Remuneration Policy is available on the Company's website at :

[http://bharatforge.com/images/PDFs/policies/NOMINATION\\_AND\\_REMUNERATION\\_POLICY.PDF](http://bharatforge.com/images/PDFs/policies/NOMINATION_AND_REMUNERATION_POLICY.PDF)

There has been no change to the Nomination and Remuneration Policy during the financial year ended March 31, 2018.

## 25. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has implemented several best Corporate Governance practices as prevalent globally. The report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 forms an integral part of this Annual Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

## 26. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

During the year under review, the Board approved acquisition of 45% stake in TORQ Motors India Private Limited, Pune in three tranches. Accordingly, the Company has acquired first tranche of 30.37%. TORQ Motors is an electric drive train company mainly focused on electrical two wheeler and/or premium electric motor cycle.

During the year the Company also incorporated a wholly owned subsidiary in Israel viz. Indigenious IL Limited with an objective of exploring targets in technology, space and also explore tie-ups with universities/tehnology institutions in further upgrading research and development initiatives in various new technologies.

The Company has purchased remaining 40% shares of Analogic Control India Limited (ACIL), from its erstwhile promoters. With this acquisition, ACIL became a Wholly-Owned Subsidiary of the Company.

Further, during the year the Company has completed the sale of remaining balance equity of 26% in the power equipment Joint Venture, Alstom Bharat Forge Power Private Limited (ABFPPL). With this divestment, the Company has completed its total divestment in ABFPPL.

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared the consolidated financial statements, which forms part of this Annual Report. Further,

a statement containing the salient features of the financial statements of our subsidiaries in the prescribed Form AOC-1 is presented in a separate section forming part of the financial statements.

Pursuant to Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and separate audited accounts in respect of subsidiaries, are available on the website of the Company at: <http://bharatforge.com>.

The Policy for determining 'Material' subsidiaries has been displayed on the Company's website at the link: <http://bharatforge.com/images/PDFs/policies/Policy%20on%20Material%20Subsidiary-BFL.PDF>.

There has been no change to the Policy for determining 'Material' subsidiaries during the financial year ended March 31, 2018.

## 27. AUDIT COMMITTEE

The Audit Committee comprises of Mr. P. G. Pawar - Chairman of the Committee and Independent Director, Mr. S. M. Thakore - Independent Director, Mr. P. H. Ravikumar - Independent Director and Mr. P. C. Bhalerao - Non Executive Director.

All the recommendations made by the Audit Committee were deliberated and accepted by the Board during the financial year 2017-18.

## 28. AUDITORS

### A. Statutory Auditors

At the 56<sup>th</sup> Annual General Meeting (AGM) of the Company held on Thursday, August 10, 2017, M/s. S R B C & CO LLP, Chartered Accountants, Pune (Firm Registration No. 324982E/E300003) were appointed as Statutory Auditors to hold office upto the conclusion of the 61<sup>st</sup> Annual General Meeting of the Company to be held in the year 2022 subject to ratification of appointment at every Annual General Meeting. However, the Companies (Amendment) Act, 2017, published in the Gazette of India on January 3, 2018, omitted first proviso to Section 139(1) of Companies Act, 2013, which provided for ratification of appointment of Statutory Auditors by members at every AGM which has been effective from May 7, 2018.

In view of the above, the Board of Directors of the Company have proposed to ratify the appointment of Statutory Auditors and recommended to continue their appointment for the period of four years commencing from the conclusion of this AGM till the conclusion of AGM to be held in the year 2022, without seeking any further ratification of their appointment from members at the ensuing AGMs.



In this regard, the Company has received a certificate from the Auditors to the effect that if their appointment is made by the shareholder, will be in accordance with the provisions of Section 141 of the Companies Act, 2013.

#### B. Secretarial Auditor and the Audit

The Board has appointed M/s. SVD & Associates, Company Secretaries, Pune, to conduct Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 is appended as **Annexure "F"** to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Further, as required under Section 204 of the Companies Act, 2013 and Rules thereunder, the Board has appointed M/s. SVD & Associates, Company Secretaries, Pune, to conduct Secretarial Audit for the financial year 2018-19.

#### C. Cost Auditors

The Board of Directors, on the recommendation of Audit Committee, has appointed M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm Registration No. : 00030) as Cost Auditors to audit the cost accounts of the Company for the financial year 2018-19. As required under the Companies Act, 2013, a resolution seeking Member's approval for the remuneration payable to the Cost Auditors forms part of Notice convening the 57<sup>th</sup> Annual General Meeting.

The Cost Audit Report for the Financial Year 2016-17 has been filed with the Ministry of Corporate Affairs on September 27, 2017.

#### D. Reporting of fraud by Auditors

During the year under review, the Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013 to the Audit Committee.

## 29. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The Company has been carrying out various Corporate Social Responsibility (CSR) activities. These activities are carried out in terms of Section 135 read with Schedule VII of the Companies Act, 2013 as amended from time to time and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

During the year under review, the Company has spent ₹ 218.45 Million on various CSR activities.

The CSR Committee of the Company comprises of Mr. P. G. Pawar, Chairman of the Committee and Independent Director, Mr. B. N. Kalyani, Chairman and Managing Director and Mr. Amit B. Kalyani, Executive Director.

The Annual Report on CSR activities and the CSR initiatives taken during the year is appended as **Annexure "G"** to this report.

## 30. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal Act, 2013) and the Rules made thereunder for prevention and redressal of complaints of sexual harassment at workplace. All women associates (permanent, temporary, contractual and trainees) as well as any women visiting the Company's office premises or women service providers are covered under this Policy.

During the year under review, there was 1 (one) complaint received to the Committee constituted under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, which has been resolved.

## 31. VIGIL MECHANISM

The Company has formulated a Whistle Blower Policy, wherein the Employees / Directors / Stakeholders of the Company are free to report any unethical or improper activity, actual or suspected fraud or violation of the Company's Code of Conduct. The policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. This mechanism provides safeguards against victimisation of Employees, who report under the said mechanism. The Whistle Blower Policy complies with the requirements of Vigil Mechanism as stipulated under Section 177 of the Companies Act, 2013.

During the year under review, the Company has not received any complaints under the said mechanism. The Whistle Blower Policy of the Company has been displayed on the Company's website at the link:

<http://bharatforge.com/images/PDFs/policies/BFL%20Whistle%20Blower%20Policy-Signed.pdf>

## 32. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are appended as **Annexure "H"** to this report.

### **33. GREEN INITIATIVES**

The Company supports and pursues the “Green Initiative” of the Ministry of Corporate Affairs, Government of India. The Company has effected electronic delivery of Notice of Annual General Meeting and Annual Report to those Members whose e-mail IDs are registered with the Company / Depository Participants. The Companies Act, 2013 and the underlying rules as well as Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, permit the dissemination of financial statements and annual report in electronic mode to the Members.

For members who have not registered their email addresses, physical copies are sent in the permitted mode.

Your Directors are thankful to the Members for actively participating in the Green Initiative and seek your continued support for implementation of the green initiative.

### **34. COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

### **35. ACKNOWLEDGEMENT**

Your Directors would like to express their sincere appreciation of the positive co-operation received from the Central Government, the Government of Maharashtra, Financial Institutions and the Bankers. The Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers, workers and staff of the Company resulting in the successful performance of the Company during the year.

The Board also takes this opportunity to express its deep gratitude for the continued co-operation and support received from its valued shareholders.

The Directors express their special thanks to Mr. B. N. Kalyani, Chairman and Managing Director, for his untiring efforts for the progress of the Company.

**For and on behalf of the Board of Directors**

**B. N. KALYANI**

Chairman and Managing Director  
(DIN: 00089380)

Pune : May 22, 2018

## Annexure "A"

## Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013, including certain arm's length transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length basis**

There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2018, which are not at arm's length basis.

**2. Details of material contracts or arrangement or transactions at arm's length basis**

a.	Name(s) of the related party and nature of relationship	Bharat Forge International Limited (Wholly owned subsidiary)	Kalyani Steels Limited
b.	Nature of contracts / arrangements / transactions	Sale of Goods etc.	Purchase of Raw Material - Steel, Sale of Scrap etc.
c.	Duration of the contracts / arrangements / transactions	On ongoing basis	On ongoing basis
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	In tune with market parameters. Estimated annual value of ₹ 30,000 Million	In tune with market parameters. Estimated annual value of ₹ 20,000 Million
e.	Date(s) of approval by the Board, if any	May 27, 2014	May 27, 2014
f.	Amount paid as advances, if any	Nil	Nil

**For Bharat Forge Limited**

**B. N. KALYANI**  
Chairman and Managing Director  
(DIN: 00089380)

## DIVIDEND DISTRIBUTION POLICY

### 1. INTRODUCTION

The Securities and Exchange Board of India (‘SEBI’) vide notification dated July 8, 2016 has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI LODR’) whereby it has become mandatory for top five hundred listed companies (based on their market capitalization calculated as on 31st day of March every year) to formulate Dividend Distribution Policy and make appropriate disclosures in terms of SEBI LODR in their Annual Reports and on the Company’s website.

Accordingly, based on the parameters prescribed by SEBI, the Company has adopted this Policy titled “Dividend Distribution Policy of Bharat Forge Limited” (“The Policy”).

### 2. PURPOSE AND APPLICABILITY

This Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its distributable profits after retaining sufficient funds for its future growth initiatives and maintaining the financial soundness of the Company. The purpose of this Policy is also to lay down criteria to be considered by the Board of Directors of the Company (“The Board”) in taking decision for recommending dividend to its shareholders for any financial year.

This Policy shall deem to have come into force with effect from the date written herein below.

This Policy shall not apply to:

- a) determination and declaration of dividend on preference shares, if any, issued or to be issued by the Company, since dividend on preference shares will always be as per the terms of issue approved by the Shareholders;
- b) distribution of dividend in kind, i.e. by issuance of fully or partly paid-up bonus shares (whether equity or preference shares) or other securities;
- c) distribution of cash (i) as an alternative to payment of dividend, if any, permissible under the Companies Act, 2013 (“The Act”); (ii) by way of buy-back of equity shares; (iii) reduction in share capital of the Company; and (iv) on account of fraction entitlement due to sub-division, split of securities or any other similar such corporate action by the Company.

### 3. DIVIDEND

For the purpose of this Policy, the term “Dividend” means distributable profits of the Company, which are available for distribution in accordance with the provisions of Clause 4 below to the equity shareholders in proportion to the amount paid-up on equity shares held by them. The term “Dividend” also includes Interim Dividend.

### 4. STATUTORY/OTHER REQUIREMENTS

The Board is expected to adhere to the following while making recommendations to the Shareholders for their approval on dividend payout during any financial year:

- a) Companies Act, 2013 and applicable rules thereunder;
- b) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time-to-time;
- c) Any other applicable laws for the time being in force; and
- d) Financial covenants as may be stipulated by lenders of the Company.

### 5. THE INTERNAL AND EXTERNAL FACTORS THAT SHALL BE CONSIDERED FOR DECLARATION OF DIVIDEND

**5.1 The Board of the Company shall take a decision to declare dividend after taking into account the following internal and external factors:**

- A. Internal Factors :  
The Board shall, among others, consider the following indicative internal factors (which are illustrative and not exhaustive) while taking a decision for declaration of dividend:
  - a) The un-consolidated profits of the Company made during the year;
  - b) Obligations towards the creditors;
  - c) Business Plans;
  - d) Expansion plans;
  - e) Corporate Restructuring plans;
  - f) Scheme of arrangement, if any; or
  - g) Any other factors which can have possible material financial implications on the Company.
- B. External Factors :  
In addition to the above, the Board shall, among others, consider the following indicative external factors (which are illustrative and not exhaustive) while taking a decision for declaration of dividend:
  - a) Macro-economic environment;
  - b) Indian/Global Capital Markets;
  - c) Industry outlook (domestic as also global) for business in which Company operates;
  - d) Change in taxation laws and economic/trade policies/global trade agreements;
  - e) Geo-political reasons or
  - f) Any other external factors which can have a material financial implications on the Company.

## 5.2 Circumstances under which the Board of the Company may or may not recommend / declare dividend :

Subject to the criteria and other provisions of this Policy, the Board may in its absolute discretion decide not to recommend / declare any dividend for any financial year, including for the reason such as inadequate un-consolidated profits after tax or the growth initiatives of the Company, do not warrant distribution of profits.

## 5.3 Financial parameters that shall be considered while declaring dividend :

In cases where the Board considers it appropriate to declare Interim Dividend, then for the purposes of declaring Interim Dividend, the Board shall consider un-consolidated profit after tax (PAT) and overall financial projections for the unexpired portion of the financial year. In cases where the Board considers it appropriate to recommend final dividend for declaration, then for the purposes of declaration of final dividend, the Board shall consider un-consolidated profit after tax, Interim Dividend declared, if any, and earnings that the Board deems appropriate to be carried to reserves to maintain financial health and to fund growth initiatives of the Company. Considering these aspects including the other criteria laid down in this Policy, the Board shall endeavor to maintain an annual dividend payout range of 15% to 35% of the un-consolidated profit after tax of the Company.

## 6. MANNER OF DIVIDEND PAYOUT

### 6.1 Final Dividend :

- a) The Board shall recommend final dividend usually in the Board Meeting that considers and approves the annual financial statements of the Company.
- b) The final dividend, if any, that the Board may consider shall factor Interim Dividend, if any, that it might have declared during the applicable financial year.

### 6.2 Interim Dividend :

- a) The Board may declare Interim Dividend at its complete discretion in line with this Policy, based on distributable profits arrived at on a quarterly or half-yearly financial results of the Company.
- b) In case no Final Dividend is declared, Interim Dividend paid during the year, if any, will be regarded as Final Dividend for confirmation of shareholders in the Annual General Meeting.

## 7. MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may consider retained earnings considering weighted average cost of capital in application for growth initiatives, if any, and increase in stakeholder's value from long term perspective. The decision of utilization of the retained earnings of the Company will, among other, be based on the following factors:

- a) Strategic and long term plans of the Company;
- b) Organic and in-organic growth opportunities available to the Company;
- c) Non-fund based needs of the Company, its subsidiaries and Joint Ventures which may require the Company to have a healthy consolidated balance sheet;
- d) Decision for issue of bonus, buy-back etc.; and
- e) Any other criteria which the Board of the Company may consider appropriate.

## 8. PARAMETERS TO BE ADOPTED WITH REGARD TO VARIOUS CLASSES OF SHARES

Presently, the Company has only one class of shares i.e. equity shares. As and when it proposes to issue any other class of shares, this policy shall be accordingly modified, if necessary, to cover such other class of securities.

## 9. DISCLOSURES

The Company shall disclose the Policy on its website and a web link thereto shall be provided in the Annual Report.

## 10. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and SEBI LODR or the Act or any other statutory enactments, rules (collectively "Laws"), the provisions of Laws shall prevail over this Policy.

## 11. AMENDMENTS AND UPDATES

To the extent any change/amendment is required in terms of any applicable law or change in regulations, the regulations shall prevail over this Policy. In such a case, the provisions in this Policy would be modified in due course to make it consistent with such amended law and the amended policy shall be placed before the Board for noting and necessary ratification.

## 12. REVIEW OF POLICY

The Board of Directors will review the policy periodically and consider modifying, amending, deleting any of the provisions of this Policy. If the Board, at any time, proposes to declare dividend(s) on the basis of criteria other than those specified in this Policy, or proposes to modify any of the criteria, then it shall disclose such changes along with the rationale for the same to the Shareholders on the Company's website and in the Annual Report.

## 13. DISCLAIMER

This Policy does not purport to or solicit investment in the Company's securities nor this Policy purports to provide any kind of assurance to Shareholders of any guaranteed returns (in any form), for investments in the Company's equity shares.

**FORM NO. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on March 31, 2018  
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1)  
of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS**

i)	CIN	L25209PN1961PLC012046
ii)	Registration date	June 19, 1961
iii)	Name of the Company	Bharat Forge Limited
iv)	Category/Sub category of the Company	Public Company Limited by Shares Indian Non-Government Company
v)	Address of the Registered office and contact details	Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India. Tel. No. 020 6704 2777/2476 Fax No. 020 2682 2163
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	The Company is having in-house share transfer facility and therefore, the Company has not appointed Registrar and Transfer Agent.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company are as stated below:-

Sr. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the Company*
1	Steel Forgings	2591	39.69%
2	Finished Machined Crankshafts	2930	33.60%
3	Front Axles assembly and components	2930	16.06%

\* On the basis of Gross Turnover.

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Global Holding GmbH (erstwhile CDP Bharat Forge GmbH)	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
2	Bharat Forge CDP GmbH <sup>(1)</sup>	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
3	Bharat Forge Holding GmbH <sup>(1)</sup>	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
4	Mecanique Generale Langroise <sup>(1)</sup>	Rue du Stade, 52200 Saints-Geosmes, France	N.A.	Subsidiary	100%	2(87)(ii)
5	Bharat Forge Kilsta AB <sup>(1)</sup>	Box 428 691 27 Karlskoga, Sweden	N.A.	Subsidiary	100%	2(87)(ii)
6	Bharat Forge Hong Kong Limited <sup>(1)</sup>	14th Floor, Hutchion House, 10, Harcourt Road, Central Hong Kong SAR, Hong Kong	N.A.	Subsidiary	100%	2(87)(ii)
7	Bharat Forge America Inc.	100 W Big Beaver Road, Suite 200 Tray, MI, USA	N.A.	Subsidiary	100%	2(87)(ii)
8	Bharat Forge Tennessee Inc. <sup>(2)</sup>	100 W Big Beaver Road, Suite 200 Tray, MI, USA	N.A.	Subsidiary	100%	2(87)(ii)
9	Bharat Forge PMT Technologie LLC <sup>(2)</sup>	100 W Big Beaver Road, Suite 200 Tray, MI, USA	N.A.	Subsidiary	100%	2(87)(ii)

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
10	Bharat Forge Daun GmbH <sup>(3)</sup>	Junius – Saxler – StarB 4 D 54550 Daun, Germany	N.A.	Subsidiary	100%	2(87)(ii)
11	Bharat Forge CDP Trading <sup>(3)</sup>	000 Bharat Forge CDP Trading Building 1 Uliza Twerskaja 16 125009 Moscow Russia	N.A.	Subsidiary	100%	2(87)(ii)
12	Bharat Forge Aluminiumtechnik GmbH <sup>(4)</sup>	Berthelsodorfer StraBe 809618 Brand – Erbisdorf, Germany	N.A.	Subsidiary	100%	2(87)(ii)
13	Bharat Forge International Limited	Boston House Business Centre, 69-75 Boston Manor Road, Brentford TW8 9JJ, United Kingdom	N.A.	Subsidiary	100%	2(87)(ii)
14	Indigenous IL Limited	House No. 2A, Kremenetski St., Tel Aviv, Israel	N.A.	Subsidiary	100%	2(87)(ii)
15	Analogic Controls India Limited	Survey No. 23/2, P.O. Gundlapochampally, NH-7, via Hakimpet, Hyderabad -500 014	U28932TG1996PLC024629	Subsidiary	100%	2(87)(ii)
16	BF Infrastructure Limited	Mundhwa, Pune Cantonment, Pune-411 036	U45203PN2010PLC136755	Subsidiary	100%	2(87)(ii)
17	BF Elbit Advanced Systems Private Limited	Mundhwa, Pune Cantonment, Pune-411 036	U29270PN2012PTC144268	Subsidiary	51%	2(87)(ii)
18	BF-NTPC Energy Systems Limited	14th Floor, Antariksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi - 110 001	U40106DL2008PLC179793	Subsidiary	51%	2(87)(ii)
19	Kalyani Strategic Systems Limited	Mundhwa, Pune Cantonment, Pune-411 036	U31902PN2010PLC138025	Subsidiary	51%	2(87)(ii)
20	Kalyani Rafael Advanced Systems Private Limited <sup>(5)</sup>	Mundhwa, Pune Cantonment, Pune-411 036	U29270PN2015PTC156252	Subsidiary	50%	2(87)(ii)
21	Tork Motors Private Limited	Plot No. 4/25, Sector No.10, PCNTDA Pune, Pune MH 411026.	U34104PN2010PTC135855	Associate	30.33%	2(6)

(1) Wholly- owned subsidiary of Bharat Forge Global Holding GmbH (erstwhile CDP Bharat Forge GmbH).

(2) Subsidiary of Bharat Forge America Inc.

(3) Subsidiary of Bharat Forge CDP GmbH.

(4) Wholly- owned subsidiary of Bharat Forge Holding GmbH.

(5) Subsidiary of Kalyani Strategic Systems Limited having significant Control.

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Shareholding as on March 31, 2018

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of total share	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	808,065	50	808,115	0.35	1,616,130	100	1,616,230	0.35	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	100,005,315	5,677,490	105,682,805	45.40	200,010,630	11,354,980	211,365,610	45.40	-
e) Banks/Fl	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>100,813,380</b>	<b>5,677,540</b>	<b>106,490,920</b>	<b>45.74</b>	<b>201,626,760</b>	<b>11,355,080</b>	<b>212,981,840</b>	<b>45.74</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) = (A) (1)+(A)(2)</b>	<b>100,813,380</b>	<b>5,677,540</b>	<b>106,490,920</b>	<b>45.74</b>	<b>201,626,760</b>	<b>11,355,080</b>	<b>212,981,840</b>	<b>45.74</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	16,780,266	3,750	16,784,016	7.21	34,854,999	7,500	34,862,499	7.49	0.28
b) Banks/Fl	15,774,711	7,900	15,782,611	6.78	17,673,219	15,800	17,689,019	3.80	(2.98)
c) Central Govt.	-	-	-	-	437,654	-	437,654	0.09	0.09
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	2,719,951	-	2,719,951	1.17	5,958,414	-	5,958,414	1.28	0.11
g) FIs	10,729,359	570	10,729,929	4.61	641,910	140	642,050	0.14	(4.47)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
(i-i) Foreign bank	-	-	-	-	-	-	-	-	-
(i-ii) Foreign Portfolio Investor	35,333,222	-	35,333,222	15.18	99,422,984	-	99,422,984	21.35	6.17
<b>Sub-total (B)(1)</b>	<b>81,337,509</b>	<b>12,220</b>	<b>81,349,729</b>	<b>34.95</b>	<b>158,989,180</b>	<b>23,440</b>	<b>159,012,620</b>	<b>34.16</b>	<b>0.88</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	12,247,405	178,455	12,425,860	5.34	23,016,176	103,420	23,119,596	4.97	(0.37)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual Shareholders holding nominal share Capital up to ₹ 1 lakh	20,650,685	2,152,099	22,802,784	9.80	40,762,996	3,436,316	44,199,312	9.49	(0.31)
ii) Individual Shareholders holding nominal share Capital in excess of ₹ 1 lakh	4,587,809	109,300	4,697,109	2.02	13,686,486	483,690	14,170,176	3.04	1.02
c) Others (specify)	-	-	-	-	-	-	-	-	-
(c-i) Clearing Member	483,309	-	483,309	0.21	895,857	-	895,857	0.19	(0.02)
(c-ii) Trusts	1,141,623	-	1,141,623	0.49	3,088,726	-	3,088,726	0.66	0.17
(c-iii) Non-Resident Indian	970,610	10,805	981,415	0.42	2,532,642	22,610	2,555,252	0.55	0.13



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of total share	
(c-iv) HUF	2,411,861	-	2,411,861	1.04	5,545,168	-	5,545,168	1.19	0.15
(c-v) Foreign Nationals	506	-	506	-	1,685	-	1,685	-	-
<b>Sub-total (B)(2):-</b>	<b>42,493,808</b>	<b>2,450,659</b>	<b>44,944,467</b>	<b>19.31</b>	<b>89,529,736</b>	<b>4,046,036</b>	<b>93,575,772</b>	<b>20.10</b>	<b>0.79</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>123,831,317</b>	<b>2,462,879</b>	<b>126,294,196</b>	<b>54.26</b>	<b>248,518,916</b>	<b>4,069,476</b>	<b>252,588,392</b>	<b>54.26</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	9,200	-	9,200	-	18,400	-	18,400	-	-
<b>Grand Total (A+B+C)</b>	<b>224,653,897</b>	<b>8,140,419</b>	<b>232,794,316</b>	<b>100</b>	<b>450,164,076</b>	<b>15,424,556</b>	<b>465,588,632</b>	<b>100</b>	<b>-</b>

## ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2017)			Shareholding at the end of the year (As on March 31, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Mr. B.N. Kalyani	39,025	0.02	-	78,050	0.02	-	-
2	Mr. Amit B. Kalyani	350,200	0.15	-	700,400	0.15	-	-
3	Mr. Gaurishankar N. Kalyani	345,220	0.15	-	690,440	0.15	-	-
4	Mrs. Sulochana N. Kalyani jointly with Mr. B. N. Kalyani	50	0.00	-	100	0.00	-	-
5	Ms. Sheetal G. Kalyani	11,490	0.00	-	22,980	0.00	-	-
6	Mrs. Rohini G. Kalyani	50,730	0.02	-	101,460	0.02	-	-
7	Kum. Viraj G. Kalyani	11,400	0.00	-	22,800	0.00	-	-
8	KSL Holding Pvt. Ltd.	23,142,870	9.94	-	46,285,740	9.94	-	-
9	Ajinkya Investment & Trading Company	9,818,925	4.22	-	19,637,850	4.22	-	-
10	Sundaram Trading and Investment Pvt. Ltd.	27,580,087	11.85	-	55,160,174	11.85	-	-
11	Kalyani Investment Company Limited	31,656,095	13.60	-	63,312,190	13.60	-	-
12	BF Investment Limited	7,807,338	3.35	-	15,614,676	3.35	-	-
13	Rajgad Trading Co. Pvt. Ltd.	662,760	0.28	-	1,325,520	0.28	-	-
14	Tanmarg Investment & Trading Pvt. Ltd.	388,000	0.17	-	776,000	0.17	-	-
15	Yusmarg Investment & Trading Pvt. Ltd.	822,000	0.35	-	1,644,000	0.35	-	-
16	Kalyani Consultants Pvt. Ltd.	328,500	0.14	-	657,000	0.14	-	-
17	Jannhavi Investment Pvt. Ltd.	2,217,570	0.95	-	4,435,140	0.95	-	-
18	Dronacharya Investment & Trading Pvt. Ltd.	70,715	0.03	-	141,430	0.03	-	-
19	Cornflower Investment & Finance Pvt. Ltd	247,000	0.11	-	494,000	0.11	-	-
20	Dandakaranya Investment & Trading Pvt. Ltd	512,500	0.22	-	1,025,000	0.22	-	-
21	Campanula Investment & Finance Pvt. Ltd.	344,445	0.15	-	688,890	0.15	-	-
22	Hastinapur Investment & Trading Pvt. Ltd.	84,000	0.04	-	168,000	0.04	-	-
	<b>Total</b>	<b>106,490,920</b>	<b>45.75</b>	<b>-</b>	<b>212,981,840</b>	<b>45.75</b>	<b>-</b>	<b>-</b>

**iii) Change in Promoters' Shareholding:**

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year (As on April 1, 2017)	106,490,920	45.75	106,490,920	45.75
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease [e.g. allotment/transfer/bonus/sweat equity etc.]: Allotment of Bonus Shares on October 3, 2017	106,490,920	45.75	106,490,920	45.75
3	At the end of the year (As on March 31, 2018)	212,981,840	45.75	212,981,840	45.75

**iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)**

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year (01-04-2017)		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>1</b>	<b>Life Insurance Corporation of India Limited</b>				
	<b>As on 01.04.2017</b>			<b>15,319,084</b>	<b>6.58</b>
Less	07.04.2017 Market Sale	-429,477	-0.18	14,889,607	6.40
Less	14.04.2017 Market Sale	-105,811	-0.05	14,783,796	6.35
Less	23.06.2017 Market Sale	-74,667	-0.03	14,709,129	6.32
Less	30.06.2017 Market Sale	-20,000	-0.01	14,689,129	6.31
Less	07.07.2017 Market Sale	-126,125	-0.05	14,563,004	6.26
Less	14.07.2017 Market Sale	-141,012	-0.06	14,421,992	6.20
Less	21.07.2017 Market Sale	-713,552	-0.31	13,708,440	5.89
Less	28.07.2017 Market Sale	-1,234,673	-0.53	12,473,767	5.36
Less	04.08.2017 Market Sale	-1,188,551	-0.51	11,285,216	4.85
Less	11.08.2017 Market Sale	-496,464	-0.21	10,788,752	4.63
Less	18.08.2017 Market Sale	-175,386	-0.08	10,613,366	4.56
Less	25.08.2017 Market Sale	-243,793	-0.10	10,369,574	4.45
Less	01.09.2017 Market Sale	-481,494	-0.21	9,888,079	4.25
Less	08.09.2017 Market Sale	-711,150	-0.31	9,176,929	3.94
Less	15.09.2017 Market Sale	-410,982	-0.18	8,765,946	3.77
Less	22.09.2017 Market Sale	-10,000	0.00	8,755,946	3.76
Add	06.10.2017 Allotment of Bonus Shares	8,755,946	1.88	17,511,892	3.76
Less	23.03.2018 Market Sale	-501,633	-0.11	17,010,259	3.65
Less	31.03.2018 Market Sale	-199,230	-0.04	16,811,029	3.61
	<b>As on 31.03.2018</b>			<b>16,811,029</b>	<b>3.61</b>
<b>2</b>	<b>Reliance Capital Trustee Co Limited</b>				
	<b>As on 01.04.2017</b>			<b>5,526,784</b>	<b>2.37</b>
Add	26.05.2017 Market Purchase	335,000	0.14	5,861,784	2.52
Add	02.06.2017 Market Purchase	124,000	0.05	5,985,784	2.57
Less	09.06.2017 Market Sale	-260,181	-0.11	5,725,603	2.46
Less	16.06.2017 Market Sale	-154,345	-0.07	5,571,258	2.39
Less	23.06.2017 Market Sale	-191,055	-0.08	5,380,203	2.31
Less	30.06.2017 Market Sale	-50,000	-0.02	5,330,203	2.29
Less	07.07.2017 Market Sale	-31,760	-0.01	5,298,443	2.28
Less	14.07.2017 Market Sale	-38,240	-0.02	5,260,203	2.26
Add	04.08.2017 Market Purchase	783,000	0.34	6,043,203	2.60
Add	11.08.2017 Market Purchase	340,000	0.15	6,383,203	2.74
Add	18.07.2017 Market Purchase	520,000	0.22	6,903,203	2.97
Add	25.08.2017 Market Purchase	37,000	0.02	6,940,203	2.98

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year (01-04-2017)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Add	15.09.2017	Market Purchase	423,500	0.18	7,363,703	3.16
Less	30.09.2017	Market Sale	-5,500	0.00	7,358,203	3.16
Less	06.10.2017	Market Sale	-31,144	-0.01	7,327,059	1.57
Add	06.10.2017	Allotment of Bonus Shares	7,327,059	1.57	14,654,118	3.15
Less	13.10.2017	Market Sale	-767,557	-0.16	13,886,561	2.98
Less	20.10.2017	Market Sale	-250,000	-0.05	13,636,561	2.93
Less	27.10.2017	Market Sale	-16,778	0.00	13,619,783	2.93
Add	03.11.2017	Market Purchase	551,500	0.12	14,171,283	3.04
Add	10.11.2017	Market Purchase	8,952	0.00	14,180,235	3.05
Less	17.11.2017	Market Sale	-359,444	-0.08	13,820,791	2.97
Less	24.11.2017	Market Sale	-372,808	-0.08	13,447,983	2.89
Less	15.12.2017	Market Sale	-279,000	-0.06	13,168,983	2.83
Less	05.01.2018	Market Sale	-164,953	-0.04	13,004,030	2.79
Less	12.01.2018	Market Sale	-751,000	-0.16	12,253,030	2.63
Add	02.02.2018	Market Purchase	50,000	0.01	12,303,030	2.64
Add	09.02.2018	Market Purchase	100,000	0.02	12,403,030	2.66
Add	16.02.2018	Market Purchase	17,800	0.00	12,420,830	2.67
Less	23.02.2018	Market Sale	-38,887	-0.01	12,381,943	2.66
Less	02.03.2018	Market Sale	-260,800	-0.06	12,121,143	2.60
Add	09.03.2018	Market Purchase	36,907	0.01	12,158,050	2.61
Less	16.03.2018	Market Sale	-100,000	-0.02	12,058,050	2.59
	<b>As on 31.03.2018</b>				<b>12,058,050</b>	<b>2.59</b>
<b>3</b>	<b>Hermes Investment Funds PLC On Behalf of Hermes Global Emerging Markets Fund</b>					
	<b>As on 01.04.2017</b>				<b>1,533,206</b>	<b>0.66</b>
Add	12.05.2017	Market Purchase	124,432	0.05	1,657,638	0.71
Add	19.05.2017	Market Purchase	135,820	0.06	1,793,458	0.77
Add	26.05.2017	Market Purchase	141,636	0.06	1,935,094	0.83
Add	02.06.2017	Market Purchase	135,500	0.06	2,070,594	0.89
Add	16.06.2017	Market Purchase	138,654	0.06	2,209,248	0.95
Less	30.06.2017	Market Sale	-95,993	-0.04	2,113,255	0.91
Add	06.10.2017	Allotment of Bonus Shares	2,113,255	0.45	4,226,510	0.91
Add	13.10.2017	Market Purchase	288,351	0.06	4,514,861	0.97
Add	27.10.2017	Market Purchase	208,306	0.04	4,723,167	1.01
Add	03.11.2017	Market Purchase	2,177	0.00	4,725,344	1.01
Add	24.11.2017	Market Purchase	92,315	0.02	4,817,659	1.03
Add	15.12.2017	Market Purchase	147,463	0.03	4,965,122	1.07
Add	12.01.2018	Market Purchase	306,959	0.07	5,272,081	1.13
Add	19.01.2018	Market Purchase	52,093	0.01	5,324,174	1.14
Add	26.01.2018	Market Purchase	371,226	0.08	5,695,400	1.22
Add	02.02.2018	Market Purchase	425,959	0.09	6,121,359	1.31
Less	23.02.2018	Market Sale	-376,809	-0.08	5,744,550	1.23
	<b>As on 31.03.2018</b>				<b>5,744,550</b>	<b>1.23</b>
<b>4</b>	<b>Government Pension Fund Global</b>					
	<b>As on 01.04.2017</b>				<b>4,434,343</b>	<b>1.90</b>
Add	11.08.2017	Market Purchase	33,652	0.01	4,467,995	1.92
Add	15.09.2017	Market Purchase	109,147	0.05	4,577,142	1.97
Add	22.09.2017	Market Purchase	324,125	0.14	4,901,267	2.11
Less	30.09.2017	Market Sale	-114,021	-0.05	4,787,246	2.06
Less	6.10.2017	Market Sale	-115,971	-0.02	4,903,217	1.05
Add	06.10.2017	Allotment of Bonus Shares	4,903,217	1.05	9,690,463	2.08
Less	20.10.2017	Market Sale	-744,761	-0.16	8,945,702	1.92

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year (01-04-2017)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Less	27.10.2017	Market Sale	-317,681	-0.07	8,628,021	1.85
Less	10.11.2017	Market Sale	-124,471	-0.03	8,503,550	1.83
Less	17.11.2017	Market Sale	-505,902	-0.11	7,997,648	1.72
Less	01.12.2017	Market Sale	-298,719	-0.06	7,698,929	1.65
Less	08.12.2017	Market Sale	-67,377	-0.01	7,631,552	1.64
Less	15.12.2017	Market Sale	-527,958	-0.11	7,103,594	1.53
Less	22.12.2017	Market Sale	-378,462	-0.08	6,725,132	1.44
Less	09.03.2018	Market Sale	-296,708	-0.06	6,428,424	1.38
Less	16.03.2018	Market Sale	-300,000	-0.06	6,128,424	1.32
Less	23.03.2018	Market Sale	-273,000	-0.06	5,855,424	1.26
Less	31.03.2018	Market Sale	-200,374	-0.04	5,655,050	1.21
	<b>As on 31.03.2018</b>				<b>5,655,050</b>	<b>1.21</b>
<b>5</b>	<b>Amansa Holdings Private Limited</b>					
	<b>As on 01.04.2017</b>				<b>2,791,544</b>	<b>1.20</b>
Less	14.04.2017	Market Sale	-91,544	-0.04	2,700,000	1.16
Less	21.04.2017	Market Sale	-50,000	-0.02	2,650,000	1.14
Less	05.05.2017	Market Sale	-50,000	-0.02	2,600,000	1.12
Less	02.06.2017	Market Sale	-50,000	-0.02	2,550,000	1.10
Less	09.06.2017	Market Sale	-50,000	-0.02	2,500,000	1.07
Add	06.10.2017	Allotment of Bonus Shares	2,500,000	0.54	5,000,000	1.07
	<b>As on 31.03.2018</b>				<b>5,000,000</b>	<b>1.07</b>
<b>6</b>	<b>Franklin Templeton Investment Funds</b>					
	<b>As on 01.04.2017</b>				2,885,000	1.24
Less	02.06.2017	Market Sale	-35,000	-0.02	2,850,000	1.22
Add	06.10.2017	Allotment of Bonus Shares	2,850,000	0.61	5,700,000	1.22
Less	22.12.2017	Market Sale	-286,886	-0.06	5,413,114	1.16
Less	30.12.2017	Market Sale	-549,419	-0.12	4,863,695	1.04
Less	09.03.2018	Market Sale	-527,034	-0.11	4,336,661	0.93
Less	16.03.2018	Market Sale	-92,962	-0.02	4,243,699	0.91
Less	23.03.2018	Market Sale	-31,000	-0.01	4,212,699	0.90
	<b>As on 31.03.2018</b>				<b>4,212,699</b>	<b>0.90</b>
<b>7</b>	<b>Gagandeep Credit Capital Pvt. Ltd.</b>					
	<b>As on 01.04.2017</b>				<b>2,134,982</b>	<b>0.92</b>
Add	06.10.2017	Allotment of Bonus Shares	2,134,982	0.46	4,269,964	0.92
Less	12.01.2018	Market Sale	-200,000	-0.04	4,069,964	0.87
	<b>As on 31.03.2018</b>				<b>4,069,964</b>	<b>0.87</b>
<b>8</b>	<b>Nemish S. Shah</b>					
	<b>As on 01.04.2017</b>				<b>1,800,000</b>	<b>0.77</b>
Add	06.10.2017	Allotment of Bonus Shares	1,800,000	0.39	3,600,000	0.77
	<b>As on 31.03.2018</b>				<b>3,600,000</b>	<b>0.77</b>
<b>9</b>	<b>The New India Assurance Co. Ltd.</b>					
	<b>As on 01.04.2017</b>				<b>1,990,834</b>	<b>0.86</b>
Less	12.05.2017	Market Sale	-17,760	-0.01	1,973,074	0.85
Less	19.05.2017	Market Sale	-70,511	-0.03	1,902,563	0.82
Less	26.05.2017	Market Sale	-11,729	-0.01	1,890,834	0.81
Add	06.10.2017	Allotment of Bonus Shares	1,890,834	0.41	3,781,668	0.81
Less	05.01.2018	Market Sale	-46,380	-0.01	3,735,288	0.80
Less	12.01.2018	Market Sale	-120,697	-0.03	3,614,591	0.78
Less	19.01.2018	Market Sale	-32,923	-0.01	3,581,668	0.77
Less	09.03.2018	Market Sale	-86,043	-0.02	3,495,625	0.75
	<b>As on 31.03.2018</b>				<b>3,495,625</b>	<b>0.75</b>

Sr. No.	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year (01-04-2017)		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>10</b>	<b>Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds</b>					
	<b>As on 01.04.2017</b>				<b>1,670,150</b>	<b>0.72</b>
Add	07.04.2017	Market Purchase	19,838	0.01	1,689,988	0.73
Add	28.04.2017	Market Purchase	1,820	0.00	1,691,808	0.73
Add	05.05.2017	Market Purchase	14,560	0.01	1,706,368	0.73
Add	12.05.2017	Market Purchase	4,550	0.00	1,710,918	0.73
Add	19.05.2017	Market Purchase	9,828	0.00	1,720,746	0.74
Add	02.06.2017	Market Purchase	4,004	0.00	1,724,750	0.74
Add	07.07.2017	Market Purchase	6,370	0.00	1,731,120	0.74
Add	14.07.2017	Market Purchase	4,550	0.00	1,735,670	0.75
Add	11.08.2017	Market Purchase	9,282	0.00	1,744,952	0.75
Add	01.09.2017	Market Purchase	6,552	0.00	1,751,504	0.75
Add	08.09.2017	Market Purchase	9,282	0.00	1,760,786	0.76
Add	15.09.2017	Market Purchase	8,372	0.00	1,769,158	0.76
Add	06.10.2017	Market Purchase	10,920	0.00	1,780,078	0.38
Add	06.10.2017	Allotment of Bonus Shares	1,780,078	0.38	3,549,236	0.76
Add	13.10.2017	Market Purchase	11,284	0.00	3,560,520	0.76
Add	20.10.2017	Market Purchase	8,372	0.00	3,568,892	0.77
Add	27.10.2017	Market Purchase	2,644	0.00	3,576,536	0.77
Less	22.12.2017	Market Sale	-134,129	-0.03	3,442,407	0.74
Add	26.01.2018	Market Purchase	15,181	0.00	3,457,588	0.74
Add	02.02.2018	Market Purchase	13,566	0.00	3,471,154	0.75
Less	31.03.2018	Market Sale	-15,250	0.00	3,455,904	0.74
	<b>As on 31.03.2018</b>				<b>3,455,904</b>	<b>0.74</b>

**v) Shareholding of Directors and Key Managerial Personnel:**
**Shareholding of Directors:**

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. B. N. Kalyani				
	As on 01.04.2017	39,025	0.02	39,025	0.02
	<b>As on 31.03.2018</b>	<b>78,050</b>	<b>0.02</b>	<b>78,050</b>	<b>0.02</b>
2	Mr. Amit B. Kalyani				
	As on 01.04.2017	350,200	0.15	350,200	0.15
	<b>As on 31.03.2018</b>	<b>700,400</b>	<b>0.15</b>	<b>700,400</b>	<b>0.15</b>
3	Mr. P. H. Ravikumar				
	As on 01.04.2017	2,500	-	2,500	-
	<b>As on 31.03.2018</b>	<b>5,500</b>	<b>-</b>	<b>5,500</b>	<b>-</b>
4	Mr. S. M. Thakore				
	As on 01.04.2017	14,000	0.01	14,000	0.01
	<b>As on 31.03.2018</b>	<b>28,000</b>	<b>0.01</b>	<b>28,000</b>	<b>0.01</b>
5	Mr. G. K. Agarwal				
	As on 01.04.2017	2,455	-	2,455	-
	<b>As on 31.03.2018</b>	<b>4,950</b>	<b>-</b>	<b>4,950</b>	<b>-</b>
6	Mr. B. P. Kalyani				
	As on 01.04.2017	3,130	-	3,130	-
	<b>As on 31.03.2018</b>	<b>6,260</b>	<b>-</b>	<b>6,260</b>	<b>-</b>

Mr. K. M. Saletore, Executive Director & CFO and Ms. Tejaswini Chaudhari, Deputy Company Secretary do not hold any shares of the Company at the beginning of the year as well as at the end of the year. They have neither acquired any shares nor sold any shares during the year under review.

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	(In ₹ Million)			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness as at April 1, 2017</b>				
i) Principal Amount	4,886.67	19,338.09	0.04	24,224.80
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.31	62.83	-	65.14
<b>Total ( i+ii+iii)</b>	<b>4,888.98</b>	<b>19,400.92</b>	<b>0.04</b>	<b>24,289.94</b>
<b>Change in Indebtedness during the financial year*</b>				
i) Addition	(156.73)	8,615.74	-	8,459.01
ii) (Reduction)	(6.78)	(7,587.56)	-	(7,594.34)
<b>Net Change</b>	<b>(163.51)</b>	<b>1,028.18</b>	<b>-</b>	<b>864.67</b>
<b>Indebtedness as at March 31, 2018</b>				
i) Principal Amount	4,721.76	20,375.70	0.04	25,097.50
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.71	53.40	-	57.11
<b>Total (i+ii+iii)</b>	<b>4,725.47</b>	<b>20,429.10</b>	<b>0.04</b>	<b>25,154.61</b>

\*Includes exchange difference, repayment, prepaid expenses movement and interest movement.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Director and/or Manager

		Name of the Managing Director/Whole-time Director/Manager						(In ₹ Million)
Sr. No.	Particulars of Remuneration	Mr. B. N. Kalyani*	Mr. G. K. Agarwal	Mr. Amit B. Kalyani*	Mr. B. P. Kalyani	Mr. S. E. Tandale	Mr. K. M. Saletore	Total Amount
		Chairman and Managing Director	Deputy Managing Director	Executive Director	Executive Director	Executive Director	Executive Director	
1	Gross Salary							
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	68.80	30.59	30.49	16.10	18.02	14.45	178.45
	b. Value of perquisites under Section 17(2) of the Income-tax Act, 1961	7.33	3.02	3.02	1.27	1.36	0.74	16.74
	c. Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-	-
4	Commission:	109.80	21.00	21.00	22.50	23.00	17.70	215.00
	- As a % of Net Profit	1.55%	0.30%	0.30%	0.32%	0.32%	0.25%	3.04%
	- Others, specify	-	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-	-
	<b>Total A</b>	<b>185.93</b>	<b>54.61</b>	<b>54.51</b>	<b>39.87</b>	<b>42.38</b>	<b>32.89</b>	<b>410.19</b>
	<b>Ceiling as per the Act</b>							<b>1,137.21</b>

\* Mr. B. N. Kalyani and Mr. Amit Kalyani have received Directors Fees of GBP 100,000 each from Bharat Forge International Limited, U.K., for financial year 2017-18.

### B. Remuneration to other Director

		Name of Directors								(In ₹ Million)
Sr. No.	Particulars of Remuneration	Mr. S. M. Thakore	Mr. P. G. Pawar	Mrs. Lalita D. Gupte	Mr. P. H. Ravikumar	Mr. Naresh Narad	Dr. T. Mukherjee	Mr. Vimal Bhandari	Mr. P. C. Bhalerao*	Total Amount
		1	Independent Directors/ other non-executive Directors							
	- Fee for attending board/committee meetings	0.57	0.57	0.23	0.40	0.15	0.25	0.25	0.63	3.05
	- Commission	1.15	1.15	0.45	0.95	0.30	0.50	0.50	1.25	6.25
	- Others, please specify	-	-	-	-	-	-	-	-	-
	<b>Total B</b>	<b>1.72</b>	<b>1.72</b>	<b>0.68</b>	<b>1.35</b>	<b>0.45</b>	<b>0.75</b>	<b>0.75</b>	<b>1.88</b>	<b>9.30</b>
	<b>Total Managerial Remuneration (A) + (B)</b>									<b>419.49</b>
	<b>Overall ceiling as per the Act</b>									<b>1,250.93</b>

\* Non-Executive Director

**C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager**

(In ₹ Million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. K. M. Saletore*	Ms. Tejaswini Chaudhari	
1	Gross Salary			
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	2.46	2.46
	b. Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-	-	-
	c. Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission:	-	-	-
	- As a % of Net Profit	-	-	-
	- Others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>-</b>	<b>2.46</b>	<b>2.46</b>

\* For Salary details of Mr. Kishore Saletore, please refer to point No. VI(A) hereinabove.

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

Type	Section of the Companies Act	Brief Description	Details of Penalty/punishment/compounding fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. Directors</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. Other Officers in default</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil



## Annexure “D”

**RATIO OF REMUNERATION OF EACH DIRECTOR TO THE MEDIAN  
REMUNERATION OF THE EMPLOYEES OF THE COMPANY**

Sr. No.	Name of the Director	Designation	Ratio of remuneration of each director to the median remuneration of the employees of the Company	% Increase/(decrease) in the Remuneration
1	Mr. B. N. Kalyani	Chairman and Managing Director	277.01	7.97
2	Mr. S. M. Thakore	Independent Director	3.08	0
3	Mr. P. G. Pawar	Independent Director	3.53	(4.82)
4	Mr. P. C. Bhalerao	Non-Executive Director	3.53	(2.47)
5	Mrs. Lalita D. Gupte	Independent Director	1.21	0
6	Mr. P. H. Ravikumar	Independent Director	2.14	0
7	Mr. Naresh Narad	Independent Director	1.16	(13.33)
8	Dr. T. Mukherjee	Independent Director	1.16	8.33
9	Mr. G. K. Agarwal	Deputy Managing Director	83.24	12.83
10	Mr. Amit B. Kalyani	Director	83.06	13.54
11	Mr. B. P. Kalyani	Executive Director	61.38	11.07
12	Mr. S. E. Tandale	Executive Director	64.97	11.04
13	Mr. Vimal Bhandari	Independent Director	1.61	(7.69)
14	Mr. Kishore Saletore	Executive Director and CFO	46.76	11.63
15	Ms. Tejaswini Chaudhari	Deputy Company Secretary	4.40	* N.A.

\* Ms. Tejaswini Chaudhari was appointed as the Deputy Company Secretary with effect from July 16, 2016 and remuneration for the financial year 2016-17 is for part of the year and not comparable.

**Statement under Section 197 (12) of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2018**

Employed throughout the year and were in receipt of remuneration at the rate of not less than ₹ 1,02,00,000/- (Rupees One Crore Two Lakhs only) per annum (if employed for a part of the financial year, was in receipt of remuneration for any part of that year, then ₹ 8,50,000/- (Rupees Eight Lakhs Fifty Thousand only) per month)

Sr. No	Name of Employee	Designation	Remuneration received ₹	Nature of Employment	Qualification	Experience in years	Date of commencement of Employment	Age	Last Employment	Percentage of Equity Shares held
1	Mr. B. N. Kalyani	Chairman and Managing Director	155,124,858	Permanent Employee	B.E. (Mech) (Hons), MS (M.I.T)	46	01.04.1972	69	-	0.0168
2	Mr. Amit B. Kalyani	Executive Director	46,512,268	Permanent Employee	B.E. (M)	19	24.10.1999	43	Carpenter Technology	0.1504
3	Mr. G. K. Agarwal	Deputy Managing Director	46,614,763	Permanent Employee	B.E. (Mech.), M.B.A	45	01.11.1976	67	Guest Keen Williams Ltd. Howrah	0.0011
4	Mr. B. P. Kalyani	Executive Director	34,373,019	Permanent Employee	B.E. (P), MBA, MS	36	02.08.1982	56	-	0.0013
5	Mr. S. E. Tandale	Executive Director	36,380,680	Permanent Employee	B.E. (M)	27	01.08.1991	50	-	0.0000
6	Mr. K. M. Saleore	Executive Director and CFO	26,184,449	Permanent Employee	B.Com. C.A., PGDM	30	18.11.2011	52	Tata Realty & Infrastructure Ltd.	0.0000
7	Mr. D. R. Moorthy	President Corporate Affairs and infrastructure	16,722,622	Permanent Employee	B.Sc., L.L.B	42	29.04.1987	67	Buckau Wolf India Ltd., Pune	0.0004
8	Mr. M. U. Takale	Executive Vice President and Director Engineering	18,723,790	Permanent Employee	B.E. (Mech.), MBA, MS	36	02.11.1982	57	-	0.0011
9	Mr. R. S. Bhatia	President and CEO (I/C Defence Products)	20,007,890	Permanent Employee	B.E. (Civil), PGDBA (Symbiosis), MMS	44	03.05.2010	63	Larsen & Turbo Ltd., Powai, Mumbai	0.0000
10	Mr. Krishnakumar Shrinivas	President, Strategic Business	26,174,285	Permanent Employee	B.E. (Mech)/MBA	31	02.03.2017	52	Eaton Industrial Systems Pvt. Ltd., China	0.0000
11	Mr. S. B. Pustake	President, CAM - Baramati	15,888,768	Permanent Employee	B.E. (Met)	38	09.04.2009	61	Head Forging Unit, SEFORGE Ltd., Vadodara, Gujarat	0.0000

**Notes:**

1. Remuneration shown above includes Salary, Company's contribution towards Provident Fund and Superannuation Scheme, Allowances, Perquisites, commission but excludes Gratuity unless paid/payable.
2. The nature of employment in case of Chairman and Managing Director, Deputy Managing Director and Executive Directors is contractual and terms of remuneration are governed under the Board and Members' resolution.
3. None of the above Employee/Director is related to any of the Directors, except Mr. B. N. Kalyani who is a father of Mr. Amit B. Kalyani, Executive Director and Mr. Amit B. Kalyani who is son of Mr. B. N. Kalyani, Chairman and Managing Director of the Company.
4. Experience includes number of years of service elsewhere, wherever applicable.
5. Mr. B. N. Kalyani and Mr. Amit Kalyani have received Director Fees of GBP 100,000 each from Bharat Forge International Limited, U.K., for financial year 2017-18.

## FORM NO. MR-3

SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31st March, 2018

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Bharat Forge Limited  
Mundhwa, Pune Cantonment,  
Pune- 411036

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bharat Forge Limited** (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2018** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013, the Companies Amendment Act, 2017 (the Act) and the rules made thereunder (in so far as they are made applicable);
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**not applicable to the Company during the Audit Period**);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**not applicable to the Company during the Audit Period**);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 – The in-house Investor Services Centre of the Company, registered with SEBI as a Category II Share Transfer Agent, provides share registration and related services;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**not applicable to the Company during the Audit Period**); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**not applicable to the Company during the Audit Period**).
- (vi) No law is specifically applicable to the Company.

We have also examined compliance with the applicable clauses and regulations of the following:

- (i) Secretarial Standards issued by ‘The Institute of Company Secretaries of India’; and
- (ii) The Listing Agreement entered into by the Company with Stock Exchanges pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period,

1. The Company has obtained approval of the shareholders through postal ballot on 24th September, 2017 for:

- a. Increase in the Authorized Share Capital and altered the Capital Clause of the Memorandum of Association of the Company.
  - b. Issue of Bonus shares.
2. On October 3, 2017, the Company had issued bonus shares, in the proportion of 1:1 i.e. 1 (one) bonus equity share of ₹ 2/- each for every 1 (one) fully paid-up equity share. Accordingly the Company has allotted 232,794,316 Equity shares of ₹ 2/- each fully paid-up, to the shareholders of the Company.

Place: Pune  
Date: May 22, 2018

**For SVD & Associates**  
Company Secretaries

**S. V. Deulkar**  
Partner  
FCS No: 1321  
C P No: 965

**Note:** This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as **Annexure A** and forms an integral part of this report.

**ANNEXURE A TO FORM NO. MR-3 SECRETARIAL AUDIT REPORT**

To,  
Members,  
Bharat Forge Limited  
Mundhwa, Pune Cantonment,  
Pune- 411036

Our Secretarial Audit Report of even date is to be read along with this letter.

**Management’s Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditor’s Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

3. We believe that audit evidence and information obtained from the Company’s management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management’s representation about the compliance of laws, rules and regulations and happening of events, etc.

**Disclaimer**

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Pune  
Date: May 22, 2018

**For SVD & Associates**  
Company Secretaries

**S. V. Deulkar**  
Partner  
FCS No: 1321  
C P No: 965

## ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

The Board of Directors at its meeting held on May 27, 2014 have adopted the Corporate Social Responsibility (“CSR”) policy of the Company. Eligible funds for CSR activities in each financial year will be expended in the areas of Education, Skill Development, Vocational Training, Sustainability, Environment, Health, Ecological Protection, Sports and Rural Development through one or more implementing agencies/trusts. These CSR activities will be carried out through various programmes or projects as specified in the CSR Policy of the Company. The CSR policy of the Company has been displayed on the Company’s website at the link:

<http://bharatforge.com/images/PDFs/policies/BFL%20CSR%20Policy-Signed.pdf>

Details of expenditure on CSR activities are as follows:

	(In ₹ Million)
Adjusted average net profit of the Company for the last three financial years i.e. 2014–2015, 2015–2016 and 2016–2017	9,855.98
Prescribed CSR expenditure (2% of the average net profit computed above)	197.12
Total amount spent on CSR activities for the financial year 2017–18	218.45
Amount unspent, if any	NIL

Manner in which amount spent in the financial year 2017-18 is detailed below:

Sr. No.	CSR Projects/ Activities identified	Sector in which the Project is covered	CSR Annexure		Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs. 2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
			Projects or programs 1. Local area or others 2. Specify the state and district where projects was undertaken	Amount outlay (budget) project or programs wise			
1	(i) Kalyani School	Education	Pune, Maharashtra	150.00	150.00	403.45	Through implementing agency but we are also personally monitoring the project
	(ii) Pratham Education Foundation		Pune, Maharashtra	4.13	4.13	12.59	
	(iii) Pradnya Vikas Program – Jnana Prabodhini		Pune, Maharashtra	0.90	0.90	3.48	
	(iv) Various Educational Initiatives - Sponsorship to Vidyarthi Sahayak Samiti, Nanhi Kali, Katalyst		Pune, Maharashtra	1.14	1.14	5.35	
	(v) Construction of toilets under Mission Sanitation of School [working with total 20 schools in & around Pune] Infrastructural Development		Pune, Maharashtra	5.24	4.13	12.57	
2	Changing Gears Finishing School	Skill Development		0.10	0.06	0.06	Directly
	ITI, Khed, Bhore & Malegaon Training Program for ITI Instructors from Pune	Employment enhancing vocational skills development	Pune, Maharashtra	10.58	6.52	20.96	Directly

Sr. No.	CSR Projects/ Activities identified	Sector in which the Project is covered	Projects or programs 1. Local area or others  2. Specify the state and district where projects was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs. 2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
3	Community development center	Community Development & Women Empowerment	Pune, Maharashtra	0.70	0.50	2.49	Directly
	Khelghar	Community Development	Pune, Maharashtra	0.82	0.66	0.93	Directly
4	Health check-up camps, Awareness Camps for women, children & Sr. Citizens	Healthcare	Pune, Maharashtra	0.10	0.06	0.56	Directly
5	Village Development 1. Village -Thakarwadi, Kolwadi-Kotamdara & Phadalewadi-Ugalewadi, Tal. Ambegaon, Dist. Pune 2. Village -Dhamner, Tal. Koregaon, Dist. Satara 3. Village Bodhewadi, Tal. Koregaon, Dist. Satara	Village Development	Pune & Satara, Maharashtra	15.95	9.00	9.00	Directly
6	Jalyukta Shivar Abhiyaan i. At Kalewadi Village, Tal. Purandar, Dist. Pune ii. At Pawarwadi Village, Tal. Purandar, Dist. Pune iii. At Shirsuphal & Gadikhel Village, Tal. Baramati, Dist. Pune iv. Thakarwadi Village, Tal. Ambegaon, Dist. Pune v. Balamtakali Village, Tal. Shevgaon, Dist. Ahmadnagar vi. Devhale Village, Panhale, Dist. Kolhapur	Drought Free Maharashtra	District Ahmadnagar, Pune, Kolhapur, Maharashtra	11.75	11.66	16.20	Directly
7	Waste Management Project & Swachha Bharat Abhiyaan (Dept. CSR) Landscaping and Tree Plantation	Environmental sustainability	Pune, Maharashtra	0.28	0.28	0.88	Directly
			Pune, Maharashtra	1.22	1.00	1.43	Directly
8	Lakshya – Sports initiatives	Promotion of Sports	Pune, Maharashtra	4.35	3.82	8.73	Through implementing agency but we are monitoring the project
9	Queen Mary's Technical Institute (QMTI) for Disabled Soldiers	Benefit for armed forces	Pune, Maharashtra	0.24	0.18	0.89	Directly

Sr. No.	CSR Projects/ Activities identified	Sector in which the Project is covered	Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
			1. Local area or others		Sub-heads:		
			2. Specify the state and district where projects was undertaken	1) Direct expenditure on projects or programs.			
				2) Overheads			
10	Sponsorship of CSR Projects						Indirect
	1. SEARCH Health care at Gadchiroli	-	Gadchiroli, Maharashtra	0.70	0.70	0.70	Indirect
	2. Cyber Crime Awareness by Dy.Com. Of Police EOW & Cyber Pune	-	Pune, Maharashtra	1.00	1.00	1.00	
	3. Govt.College of Engg. Awsari, Tal. Ambegaon	-	Pune, Maharashtra	0.50	0.50	0.50	
	4. Provided Urology Instruments to Sasoon Hospital	-	Pune, Maharashtra	0.90	0.90	0.90	
	5. RIT Quantum, RIT ENGG Collage Sponsorship	-	-	0.20	0.20	0.20	
	6. Bluekraft Digital Foundation, Mumbai	-	Mumbai, Maharashtra	20.00	20.00	20.00	
	7. Pune City Connect		Pune, Maharashtra			2.10	
11	Other incidental expenditure (Overhead)	-	-	0.27	0.27	1.25	Directly
12	Staff cost	-	-	0.83	0.83	2.55	
<b>Total Amount</b>				<b>231.90</b>	<b>218.45</b>	<b>528.77</b>	

## The Responsibility Statement

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

**B. N. KALYANI**

Chairman and Managing Director

**P. G. PAWAR**

Chairman, CSR Committee

**Information as per Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014 forming part of the Directors' Report for the year ended March 31, 2018**

## A. CONSERVATION OF ENERGY

### I. Steps taken for Conservation of Energy:

- i. Replacement of metal halide and mercury vapor over-head lamps by LED lamps
- ii. Introducing variable Frequency Drive
- iii. Introduction of High Velocity burner systems
- iv. Introduction of new insulation material for Heating furnaces
- v. Installation Solar Power System
- vi. Use of wind power
- vii. On line Energy Management System
- viii. Pneumatic to Hydraulic system for Quench cradle

### II. Steps taken for utilizing alternate source of energy:

- i. Increased use of power generated through wind mills and solar systems

### III. The Capital investment on energy conservation equipment:

Your Company made capital investments amounting to ₹ 40 Million during the financial year 2017-18 on energy conservation equipment, which resulted in saving of ₹ 15.1 Million annually.

## B. TECHNOLOGY ABSORPTION:

### I. Efforts made towards technology absorption:

- Additive manufacturing for metals.
- Development of precision forging (Near net shape forging).
- Development of Aerospace forgings for structural parts.
- Technology development for cold and precision forging.
- Development of forging parts for hybrid vehicle.
- Development of parts for electric vehicles through economical manufacturing process.
- Development of near net shape components for differential gear box.
- Development of Aluminum forgings for MPVs.
- Development of gear box assembly for large vehicles.
- Development of Planet carrier assembly for HCVs.

### Technical Papers:

Following technical papers were published and presented at various International conferences:

1. Numerical model of liquid metal flow in steel making tundish with flow modifiers, 2017 (2nd International Conference on Mining, Material and Metallurgical Engineering (ICMFS\_Singapore)).
2. Investigation of Surface hardness, bearing ratio and roundness for microalloyed steel during Cylindrical Plunge Grinding, 2017 (International Journal of Latest Research in Engineering and Technology (IJLRET)).
3. Fatigue Life Prediction of Induction Hardened Case Depth Specimens Made From 38MnVS6 Micro Alloyed Steel, 2017 (WCX™ 17: SAE World Congress Experience).
4. Surface integrity investigation including grinding burns using barkhausen noise (BNA), 2017 (Journal of Manufacturing Processes).
5. Removal of alpha case on titanium alloy surfaces using chemical milling (Machining Science And Technology 2017, VOL. 21, NO. 2, 257-278).
6. Exploration and Analysis of Strain Softening Phenomena of L6 Steel, 2017 (International Journal of Material Science and Engineering (IJMSE)).
7. Influence of Object Positioning on Heat Transfer Coefficient in Quenching Process, 2017 (8th International Conference on Mechanical and Aerospace Engineering).
8. Influence of Heat Treatment on Mechanical Properties and Microstructure of EN AW 6082 Aluminum Alloy, 2017 (8th International Conference on Mechanical and Aerospace Engineering).
9. An Evaluation of Fracture Toughness and Fatigue Crack Growth behavior of die steels (ICONTESS 2017, Aug. 5-6).
10. Experimental characterization of electron beam welded SAE 5137H thick steel plate (2nd International Conference on Advanced Materials Research and Manufacturing Technologies (AMRMT 2017), Phuket, Thailand).
11. A review on functionally gradient materials (FGMs) and their applications (2nd International Conference on Advanced Materials Research and Manufacturing Technologies (AMRMT 2017), Phuket, Thailand).
12. Influence on the Microstructure, Hardness and Tribological properties of laser Transformation hardening of AISI H13



- tool steel (International conference on Materials and Intelligent Manufacturing (ICMIM2017).
13. Effect of deformation parameters on mechanical properties of al 6082 alloy, 2017 (Forging Technology, 5-7th October, 2017).
  14. Investigation of adiabatic heat rise and its effect on flow stresses and microstructural changes during high strain rate deformation of Ti6Al4V alloy, 2017 (Sustainable Industrial Processing Summit (SIPS), 22-26th, October, 2017).
  15. Effect of surface treatments on low cycle fatigue strength of die material AISI L6 (DIN 1.2714) Materials & Manufacturing technology (M & MT 2017), 9-10th November, 2017.
  16. An investigation of Fracture Toughness and low cycle flexure fatigue Behaviour of different die Steels (Materials & Manufacturing technology (M & MT 2017), 9-10th November, 2017).
  17. Effect of Sulfur content on Fatigue Strength of SAE 4140 Steel (NMD, 11-14th November, 2017).
  18. Digital image correlation (DIC) technique for fracture toughness calculation of microalloyed steel (38MnVS6) (ICFCM,15-17th, November, 2017).
  19. Long-term creep data prediction for 28crmoniv59 steel by using different models, 2017 (ADMAT, 14-16th December, 2017).
  20. Processing Map: Method of generation & effect of different generation parameters, 2017 (ADMAT, 14-16th December, 2017).
  21. Microstructure Evolution in Boronized Inconel 718 Super alloy, 2017 (Journal of Metallurgy and Materials Vol. 59,).
  22. Multipass-friction Stir Processing (MFSP) of Ti-6Al-4V Alloy and Investigation of Flow Properties, 2017 (No. 1, January-March 2017, pp. 11-21 Science,).
  23. Experimental Investigations On Electron Beam Welding of SAE 15b41 Steel, 2017 (Sustainable Industrial Processing Summit, 2017).
  24. Experimental study in drilling process of carbon fiber reinforced plastic composite materials, 2017 (Sustainable Industrial Processing Summit,2017).
  25. Effect of Cooling Rate on Microstructure and Mechanical Properties of Low C-Mo-Nb-B Containing High Strength Bainitic Steel, 2017 (NMD, 11-14th November,2017).
  26. Machining of Aerospace Materials – Challenges and Solutions, (NMD, 11-14th November,2017).
  27. Evaluation of the characteristics of the vibration-assisted tapping process using regression methodology and artificial neural network (ANN) on Titanium Alloy (ADMAT, 14-16th December, 2017).
  28. Effect of Artificial Aging on Intergranular Corrosion of AK-6 Aluminum Alloy, 2017 (NMD, 11-14th November, 2017).
  29. Role of friction time on microstructure and mechanical properties of continuous drive friction welded IN718 and EN24 alloy, 2017 (NMD, 11-14th November, 2017).
  30. Effect of laser shock peening (LSP) on tribological performance hot work tool steel, 2017 (SUSTAINABLE INDUSTRIAL PROCESSING SUMMIT, 2017).
  31. Effect of post weld heat treatments (PWHTs) on Electron beam welded SAE 5137 steel, 2017 (HEAT TRET 2017, OHIO, USA23-26 OCT. 2017.).
  32. Digital image correlation (DIC) technique for fatigue crack growth analysis using  $\Delta$ CTOD criteria, 2018 (Journal of Engineering and Applied Sciences (JEAS):ISSN1816949:2018).
  33. Study on sticky scale formation on steels containing Ni and Si (International Conference on Materials Engineering and Applications 2018 (ICMEA 2018).
  34. Structure property correlation in laser surface treatment AISI H13 tool steel for Improvement in properties, 2018 (International Conference on Materials Engineering and Applications 2018 (ICMEA 2018).
  35. Abrasive water jet drilling under water on carbon fiber material for delamination reduction, 2018 (The University of Sheffield, Advanced Manufacturing Research Centre : Quarterly Journal).
  36. Improve the performance of conventional tapping process, 2018 (The University of Sheffield, Advanced Manufacturing Research Centre : Quarterly Journal).
  37. Influence of Medium Used during Ferritic Nitro-Carburizing of AISI H-13 Hot Work Tool Steel, 2018 (Journal of Materials Science and Engineering).
  38. Effect of Austempering Temperature and Time on Mechanical properties of SAE 9260 steel, 2018 (International Conference on Nano and Materials Science 2018 (ICNMS 2018).
  39. Correlation of Heat Transfer Coefficient in Quenching Process using ABAQUS, 2018 (International Conference on Nano and Materials Science 2018 (ICNMS 2018).
  40. Thermally triggered transition of fluid atomized micro- and nanotextured multiscale rough surfaces, 2018 (Colloids and Surfaces A: Physicochem. Eng. Aspects).

**IP Generation:**

During the year 14 (Fourteen) patents were filed.

**II. The benefits derived like product improvement, cost reduction, product development, and import substitution:**

- Lightweight products with better strength to weight ratio.
- New processes developed.
- First time Quality with reduced development cycle time for new part development.
- Improved die life.

**III. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):**

Details of Technology Imported (product)	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place and the reasons thereof
Technology development on precision gears	2013	Completed	Production started for 2 parts. Forging trial completed for other 10 parts.
Additive manufacturing with metals	2014	Completed	Technology established.
Electron Beam welding	2015	In progress	Two parts under establishment
Metal Injection molding	2015	Completed	Technology established. Production started.
Design , machining & Assembly of Aluminum Impellers for turbocharger	2016	Completed	Technology established. Production started.

**IV. Expenditure on Research and Development:**

		In ₹ Million
Sr. No.	Particulars	Amount
i)	Capital	6.49
ii)	Recurring	367.77
iii)	Total R&D expenditure	374.26
iv)	Total Income	54,916.37
v)	Total R&D expenditure as a percentage of total income	0.68%

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- I. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:
  - i. Company's continuous focus on increasing content per vehicle and increasing share with existing customers for commercial vehicle segment has yielded good results.
  - ii. Company has expanded its presence in passenger car market by increasing product Port folio, offering value added products and targeting new customers.
  - iii. Expanding product offerings by using R&D and innovation to manufacture high technology products, increased share with existing customers and addition of new customers has resulted in higher exports to Industrial Sector.
- II. Total foreign exchange earnings and outgo for the financial year is as follows:
  - i. Total Foreign Exchange earning: ₹ 29,815.39 Million.
  - ii. Total Foreign Exchange outgo: ₹ 3,937.88 Million.

# Report on Corporate Governance

## I. CORPORATE GOVERNANCE PHILOSOPHY

**Bharat Forge Limited** has consistently aimed at developing a formalized system of Corporate Governance. We believe that it is imperative and non-negotiable for a world class company to adopt transparent accounting policies, appropriate disclosure norms, best in class board practices and consistent high standards of corporate conduct towards its stakeholders.

**Bharat Forge Limited** is considered as a good model for Corporate Governance as it implements best-in-class actions by adopting practices as mandated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 under Corporate Governance and by establishing procedures and systems to be fully compliant with it. Periodic review of the procedures and systems are done in order to ensure continued relevance, effectiveness and responsiveness to the needs of the Shareholders.

**Bharat Forge Limited** discloses information regarding its financial position, performance and other vital matters with transparency, fairness and accountability on a timely basis and the Company is in compliance with the requirements stipulated under Regulations 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to the Corporate Governance, applicable for the year 2017-18.

## II. BOARD OF DIRECTORS

### Composition of Board

The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors. As on March 31, 2018, Bharat Forge comprises of 14 (Fourteen) Directors. The Board consists of 6 (Six) Executive Directors (including

Chairman and Managing Director, who is a Promoter Director) and 8 (Eight) Non-Executive Directors, 7 (Seven) of whom are Independent Directors. The composition of Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of the composition of the Board of Directors are given in **Table 1**.

### Number of Board Meetings

In 2017-18, the Board of the Company met 5 (Five) times on May 24, 2017, August 10, 2017, November 8, 2017, February 8, 2018 and March 15, 2018. The maximum gap between two Board Meetings was 91 (Ninety-one) days and minimum time gap was of 34 (Thirty-four) days.

### Information Supplied to the Board

The Company provides the information as set out in Regulation 17 read with Part A of Schedule II of the Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective Meetings or by way of presentations and discussions during the Meetings. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management.

### Directors' Attendance Record and Directorships

The name and categories of the Directors on the Board, their attendance at the Board Meetings held during the year 2017-18, the last Annual General Meeting held on Thursday, August 10, 2017 and the number of Directorships and Committee Chairmanships/Memberships held by them in other Indian Public Limited Companies as on March 31, 2018, are given herein below:

**Table 1: Composition of the Board of Directors etc. for the year 2017-18**

Name of the Director	Category	Attendance Particulars			No. of Directorships and Committee Memberships/ Chairmanships in Indian Companies as on March 31, 2018*		
		Number of Board Meetings		Last AGM	Number of Directorship(s) held in Indian Companies including the Company	Committee Memberships held in Indian Public Ltd. Companies including the Company	Committee Chairmanships held in Indian Public Ltd. Companies including the Company
		Held	Attended				
Mr. B. N. Kalyani (Chairman and Managing Director)	Executive	5	4	Yes	11	3	-
Mr. S. M. Thakore	Independent	5	5	Yes	9	10	2
Mr. P. G. Pawar	Independent	5	4	Yes	16	5	3
Mr. P. C. Bhalerao	Non-Executive	5	5	Yes	1	2	1
Mrs. Lalita D. Gupte	Independent	5	4	Yes	6	8	2
Mr. P. H. Ravikumar	Independent	5	4	Yes	11	7	2
Mr. Naresh Narad	Independent	5	3	No	2	-	-

Name of the Director	Category	Attendance Particulars			No. of Directorships and Committee Memberships/ Chairmanships in Indian Companies as on March 31, 2018*		
		Number of Board Meetings		Last AGM	Number of Directorship(s) held in Indian Companies including the Company	Committee Memberships held in Indian Public Ltd. Companies including the Company	Committee Chairmanships held in Indian Public Ltd. Companies including the Company
		Held	Attended				
Dr. T. Mukherjee	Independent	5	5	Yes	4	1	-
Mr. Vimal Bhandari	Independent	5	4	Yes	8	4	1
Mr. G. K. Agarwal	Executive	5	4	Yes	1	-	-
Mr. Amit B. Kalyani	Executive	5	4	Yes	11	1	-
Mr. B. P. Kalyani	Executive	5	5	Yes	1	-	-
Mr. S. E. Tandale	Executive	5	4	No	1	-	-
Mr. K. M. Saletore	Executive	5	5	Yes	10	1	-

\* Other Directorships do not include Foreign Companies. In accordance with Regulation 26(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Memberships/Chairmanships of only the Audit Committee and Stakeholders' Relationship Committee in all Indian Public Limited Companies have been considered. The number of directorship(s), committee membership(s) of all Directors is within the respective limits prescribed under the Companies Act, 2013 and Listing Regulations.

### Independent Directors

The Non-Executive Independent Directors fulfil the conditions of independence specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company viz., [www.bharatforge.com](http://www.bharatforge.com).

During the year 2017-18, one meeting of Independent Directors was held on May 24, 2017. The Independent Directors, *inter-alia*, reviewed the performance of Non-independent Directors, and the Board as a whole.

The details of familiarization programme of the Independent Directors are available on the website of the Company and can be accessed at the link:

<http://bharatforge.com/images/PDFs/Familiarisation%20Programme-BFL.PDF>

### III. COMMITTEES OF THE BOARD

As on March 31, 2018 the Company has Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Finance and Risk Management Committee. The Board Committees are set-up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are applicable to Committee Meetings, as far as may be practicable. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee Meetings are placed before the Board Meeting for perusal and noting. The Deputy Company Secretary acts as the secretary of all the Committees.

### 1. AUDIT COMMITTEE

The composition of the Audit Committee is as under:

1. Mr. P. G. Pawar, Independent Director, Chairman
2. Mr. S. M. Thakore, Independent Director
3. Mr. P. H. Ravikumar, Independent Director
4. Mr. P. C. Bhalerao, Non-Executive Director

All the members of the Audit Committee possess accounting, economic, legal and financial management expertise. The composition of the Audit Committee meets with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Annual General Meeting (AGM) held on Thursday, August 10, 2017 was attended by the Chairman of the Committee, Mr. P. G. Pawar, to answer shareholders' queries.

The Audit Committee assists the Board in discharging of its responsibility to oversee the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting statements, the appointment, independence, performance and remuneration of the Statutory Auditors, including the Cost Auditors and the performance of Internal Auditors of the Company.

The Audit Committee met 5 (Five) times during the year 2017-18 on May 24, 2017, August 10, 2017, November 8, 2017, December 4, 2017 and February 8, 2018.

**Table 2: Attendance record of Audit Committee members for 2017-18**

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. G. Pawar	Independent	Chairman	5	5
Mr. S. M. Thakore	Independent	Member	5	5
Mr. P. H. Ravikumar	Independent	Member	5	4
Mr. P. C. Bhalerao	Non-Executive	Member	5	5

The meetings of the Audit Committee are also attended by the Chairman and Managing Director, Executive Directors, Chief Financial Officer, Statutory Auditors, Internal Auditors and other Management representatives as special invitees as and when required. The Deputy Company Secretary acts as the secretary to the Audit Committee.

**Powers of the Audit Committee:**

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**Role of the Audit Committee *inter alia* includes the following:**

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- c) Approval of payment of remuneration to Statutory Auditors for any other services rendered by the Statutory Auditors;
- d) Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the board for approval, with particular reference to:
  - (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134(3)(c) of the Companies Act, 2013.
  - (ii) Changes, if any, in accounting policies and practices and reasons for the same.
  - (iii) Major accounting entries involving estimates based on the exercise of judgment by management.
  - (iv) Significant adjustments made in the Financial Statement arising out of audit findings.
  - (v) Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other legal requirements relating to Financial Statements.
  - (vi) Disclosure of any related party transactions.

(vii) Qualifications in the draft Audit Report.

- e) Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval;
- f) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue, rights issue and preferential issue etc. before submitting the same to Stock Exchanges;
- g) Review and monitor the Auditor's independence and performance and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the Company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the Company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- n) Discussion with Internal Auditors of any significant findings and follow up thereon;
- o) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- p) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain the areas of concern, if any;
- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- r) To review the functioning of the Whistle Blower Mechanism;
- s) Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate; and

t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**Review of information by the Audit Committee:**

- a) Management discussion and analysis of financial condition and results of operations;
- b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- c) Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- d) Internal audit reports relating to internal control weaknesses, if any;
- e) The appointment, removal and terms of remuneration of the Internal Auditors is subject to review by the Audit Committee;
- f) The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- g) Details of material individual transactions with related parties, which are not in the normal course of business;
- h) Details of material individual transactions with related parties or others, which are not at arm's length basis, along with management's justification for the same;
- i) Review and monitor the Auditor's independence and performance and effectiveness of audit process;
- j) Approval or any subsequent modification of transactions of the Company with related parties;
- k) Scrutiny of inter-corporate loans and investments;
- l) Valuation of undertakings or assets of the Company, wherever it is necessary; and
- m) Evaluation of internal financial controls and risk management systems.

**2. NOMINATION AND REMUNERATION COMMITTEE**

The composition of the Nomination and Remuneration Committee is as under:

- 1 Mr. P. G. Pawar, Independent Director, Chairman
- 2 Mr. S. M. Thakore, Independent Director
- 3 Mr. Vimal Bhandari, Independent Director
- 4 Mr. P. C. Bhalerao, Non-Executive Director

**Terms of Reference:**

a) To identify qualified persons to become Directors and Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every Director's performance;

b) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;

c) To extend or continue the term of appointment of the Independent Director based on the performance report of Independent Director;

d) To act in terms of any consequent statutory modification(s)/ amendment(s)/revision(s) to any of the applicable provisions to the said Committee.

e) To formulate a criteria for evaluation of performance of the Independent Directors and Board of Directors; and

f) To devise a policy on diversity of Board of Directors.

The Nomination and Remuneration Committee met 3 (Three) times during the year 2017-18 on May 24, 2017, November 8, 2017 and on March 15, 2018.

**Table 3: Attendance record of Nomination and Remuneration Committee for 2017-18**

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. G. Pawar	Independent	Chairman	3	2
Mr. S. M. Thakore	Independent	Member	3	3
Mr. Vimal Bhandari	Independent	Member	3	2
Mr. P. C. Bhalerao	Non-Executive	Member	3	3

**Performance Evaluation Criteria for Directors:**

The Nomination and Remuneration Committee has devised criteria for evaluation of the performance of the Directors including Independens Directors. The said criteria provides certain parameters like attendance, acquaintance, with business, communicate *inter se* board members, effective Participation, Compliance with Code of Conduct etc; which is Compliance with applicable laws, regulations and guidelines.

**3. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

The composition of the Corporate Social Responsibility (CSR) Committee is as under:

- 1. Mr. P. G. Pawar, Independent Director, Chairman
- 2. Mr. B. N. Kalyani, Chairman and Managing Director
- 3. Mr. Amit B. Kalyani, Executive Director

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of CSR Policy. The CSR policy of the Company is disclosed on the Company's website at the link: [http://bharatforge.com/images/PDFs/policies/New%20CSR%20policy\\_10.08.2017.pdf](http://bharatforge.com/images/PDFs/policies/New%20CSR%20policy_10.08.2017.pdf)

**Terms of Reference:**

- To formulate and recommend to the Board, a CSR Policy in terms of Schedule VII of the Companies Act, 2013;
- To recommend the amount of expenditure to be incurred on the CSR activities;
- To monitor the CSR Policy of the Company from time to time; and
- To act in terms of any consequent statutory modification(s)/ amendment(s)/revision(s) to any of the applicable provisions to the said Committee.

The CSR Committee met twice during the year 2017-18 on May 24, 2017 and on August 10, 2017

**Table 4: Attendance record of Corporate Social Responsibility (CSR) Committee for 2017-18**

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. G. Pawar	Independent	Chairman	2	2
Mr. B. N. Kalyani	Executive	Member	2	2
Mr. Amit B. Kalyani	Executive	Member	2	2

#### 4. STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of the Stakeholders Relationship Committee is as under:

- Mr. P. C. Bhalerao, Non-Executive Director, Chairman
- Mr. B. N. Kalyani, Chairman and Managing Director
- Mrs. Lalita D. Gupte, Independent Director

**Terms of Reference:**

- To specifically look into the redressal of grievances of shareholders, debenture holders and other security holders;
- To consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.; and
- To act in terms of any consequent statutory modification(s)/ amendment(s)/revision(s) to any of the applicable provisions to the said Committee.

The Stakeholders Relationship Committee met during the year 2017-18 on May 24, 2017.

**Table 5: Attendance record of Stakeholders Relationship Committee for 2017-18**

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. C. Bhalerao	Non-Executive	Chairman	1	1
Mr. B. N. Kalyani	Executive	Member	1	1
Mrs. Lalita D. Gupte	Independent	Member	1	1

**Compliance Officer**

Ms. Tejaswini Chaudhari, Deputy Company Secretary is the Compliance Officer for complying with requirements of Securities Laws and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Table 6: Number and nature of complaints received and redressed during the year 2017-18**

Nature of complaint	No. of complaints received	No. of complaints redressed	No. of complaints pending as on March 31, 2018
Non-receipt of shares lodged for transfer/ transmission	Nil	Nil	Nil
Non-receipt of Bonus Shares	1	1	Nil
Non-receipt of Dividend	Nil	Nil	Nil
Non-receipt of Sub-divided Shares	Nil	Nil	Nil
Non-receipt of Annual Report	Nil	Nil	Nil
Change of address	Nil	Nil	Nil

**Designated Exclusive Email-ID**

The Company has also designated the email-id: secretarial@bharatforge.com exclusively for providing investor servicing.

#### 5. FINANCE AND RISK MANAGEMENT COMMITTEE

The composition of the Finance and Risk Management Committee is as under:

- Mr. B. N. Kalyani, Chairman and Managing Director, Chairman
- Mr. P. G. Pawar, Independent Director
- Mr. Amit B. Kalyani, Executive Director
- Mr. P. C. Bhalerao, Non-Executive Director

**Terms of Reference:**

- To monitor and review risk management plan of the Company from time-to-time;
- To formulate procedures and to inform Board members about the risk assessment and minimisation procedures of the Company;
- To borrow money from Bank/Financial Institution, etc. upto limits specified by the Board;
- To invest funds of the Company into shares, debentures, securities or any other instruments in subsidiary, associate and other group Companies upto limits specified by the Board;
- To grant loans, advance monies or give guarantee or provide security in respect of any loans to subsidiary, associate and other group Companies upto limits specified by the Board;

- f) To approve capital expenditure for purchase of plant & machinery, instruments, etc. upto limits specified by the Board;
- g) To approve capital expenditure to purchase or to acquire on lease, land or any other immovable property upto the limits specified by the Board;
- h) To sell land or building or other structures, etc. upto the limits specified by the Board; and
- i) To open and close bank accounts of the Company and to authorise employees for operating bank accounts of the Company.

The Finance and Risk Management Committee met during the year 2017-18 on May 24, 2017.

## REMUNERATION OF DIRECTORS

Information on remuneration of Directors for the year ended March 31, 2018 is given below in **Table 8**:

**Table 8: Remuneration paid or payable to Directors for the year ended March 31, 2018 and relationships of the Directors with each other**

Name of the Director	Relationship with other Directors*	Sitting Fees**	Salary and Perquisites	Provident Fund and Superannuation Fund	Commission***	(In ₹)
						Total
Mr. B. N. Kalyani (Chairman and Managing Director)	Father of Mr. Amit B. Kalyani	NA	68,795,258/-	7,329,600/-	109,800,000/-	185,924,858
Mr. S. M. Thakore	None	575,000	NA	NA	1,150,000	1,725,000
Mr. P. G. Pawar	None	575,000	NA	NA	1,150,000	1,725,000
Mr. P. C. Bhalerao	None	625,000	NA	NA	1,250,000	1,875,000
Mrs. Lalita D. Gupte	None	225,000	NA	NA	450,000	675,000
Mr. P. H. Ravikumar	None	400,000	NA	NA	950,000	1,350,000
Mr. Naresh Narad	None	150,000	NA	NA	300,000	450,000
Dr. T. Mukherjee	None	250,000	NA	NA	500,000	750,000
Mr. Vimal Bhandari	None	250,000	NA	NA	500,000	750,000
Mr. G. K. Agarwal	None	NA	30,597,963	3,016,800	21,000,000	54,614,763
Mr. Amit B. Kalyani	Son of Mr. B. N. Kalyani	NA	30,495,468	3,016,800	21,000,000	54,512,268
Mr. B. P. Kalyani	None	NA	16,106,539	1,266,480	22,500,000	39,873,019
Mr. S. E. Tandale	None	NA	18,017,000	1,363,680	23,000,000	42,380,680
Mr. K. M. Saletore	None	NA	14,452,569	731,880	17,700,000	32,884,449

### Notes:

\* Determined on the basis of criteria of Section 2(77) of the Companies Act, 2013.

\*\* Sitting fees include payment of fees for attending Board and Committee meetings.

\*\*\* Commission proposed and payable after approval of accounts by the shareholders in the ensuing Annual General Meeting (AGM).

Further, Company would make all travelling and other arrangements for Directors for their participation in the Board and other committee meetings or reimburse such expenses, if any.

The Remuneration payments in the Company are made with an aim of rewarding performance, based on review of achievements. The remuneration levels are in consonance with the existing industry practices.

Payments to Non-Executive Directors are decided, based on multiple criteria of seniority/experience, number of years on the Board, Board/Committee meetings attended, Director's position on the Company's Board/Committees, other relevant factors and performance of the Company. There are no pecuniary relationships or transactions of the Non-Executive Directors vis-a-vis the Company.

**Table 7: Attendance record of Finance and Risk Management Committee for 2017-18**

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. B. N. Kalyani	Executive	Chairman	1	1
Mr. P. G. Pawar	Independent	Member	1	1
Mr. Amit B. Kalyani	Executive	Member	1	1
Mr. P. C. Bhalerao	Non-Executive	Member	1	1

## FUNCTIONAL COMMITTEE

The Board is authorised to constitute one or more functional committees delegating thereto powers and duties with respect to specific purposes. Meetings of such Committees are held, as and when the need arises. Time schedule for holding the meetings of such Functional Committees are finalised in consultation with Committee Members.



Details of Equity Shares of the Company held by Directors as on March 31, 2018 are given below in **Table 9**:

**Table 9: Details of equity shares of the Company held by Directors as on March 31, 2018**

Name of the Director	Number of equity shares held of ₹ 2/- each
Mr. B. N. Kalyani	78,050
Mr. Amit B. Kalyani	700,400
Mr. S. M. Thakore	28,000
Mr. B. P. Kalyani	6,260
Mr. G. K. Agarwal	4,910
Mr. P. H. Ravikumar	5,844

Other Directors do not hold any equity share of the Company.

None of the Non-Executive Directors holds any Convertible Instruments as on March 31, 2018.

The tenure of office of the Managing Director and Whole-time Directors is for 5 (five) years. The Board has discretion to decide the notice period of the Managing Director and Whole-time Directors. There is no separate provision for Payment of severance fees.

#### IV. GENERAL BODY MEETINGS

##### Annual General Meeting

Date, time and venue for the last 3 (Three) Annual General Meetings are given in **Table 10** below:

**Table 10: Details of last three Annual General Meetings**

Financial year	Date	Time	Venue	Special Resolutions Passed
2016-17	August 10, 2017			None
2015-16	August 5, 2016	10:30 a.m.	Registered office of the Company	None
2014-15	August 3, 2015	(I.S.T.)		Adoption of new set of Articles of Association of the Company.

No Extraordinary General Meeting of the Members was held during the year 2017-18.

##### Postal Ballot

During the year under review, no special resolution has been passed through the exercise of postal ballot.

The approval of the shareholders has been sought vide Postal Ballot Notice dated September 26, 2017 for the following transactions by way of Ordinary Resolution:

- Increase in the Authorised Share Capital and consequent alteration to the Capital Clause of the Memorandum of Association.
- Issue of Bonus Shares in the proportion of 1:1.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a Special Resolution conducted through Postal Ballot.

#### V. OTHER DISCLOSURES

##### 1. Related Party Transactions

All transactions entered into with related parties during the financial year were in the ordinary course of business. These have been approved by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the link: <http://bharatforge.com/images/PDFs/policies/BFL.RPT%20Policy.pdf>

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the Members is drawn to the disclosure set out in notes to Financial Statement.

##### 2. Details of non-compliance

Bharat Forge Limited has complied with all the requirements of regulatory authorities. There has been no instance of non-compliance by the Company on any matter related to capital market during the last 3 (Three) financial years and hence, no penalties/strictures were imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to capital market during the last 3 (Three) financial years.

##### 3. Whistle Blower Policy

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has adopted a Whistle Blower Policy and has established the necessary Vigil Mechanism for employees and Directors to report concerns about unethical behavior. The Whistle Blower Policy complies with the requirements of Vigil Mechanism as stipulated under Section 177(9) of the Companies Act, 2013. The policy comprehensively provides an opportunity for an employee and Director to report the instances of unethical behavior, actual or suspected

fraud or any violation of the Code of Conduct and/or laws applicable to the Company and seek redressal. The Policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. The Policy is being communicated to the employees and also posted on Company's intranet. The details of establishment of Whistle Blower Policy/Vigil Mechanism have been disclosed on the Company's website at the link:

<http://bharatforge.com/images/PDFs/policies/BFL%20Whistle%20Blower%20Policy-Signed.pdf>

#### 4. Policy on Determining "Material" Subsidiaries

This Policy is framed in accordance with the requirements of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including statutory enactments/amendments thereof) and is intended to identify Material Subsidiaries and to establish a governance framework for such subsidiaries. The details of policy on determining "Material" subsidiaries have been disclosed on the Company's website at the link:

<http://bharatforge.com/images/PDFs/policies/Policy%20on%20Material%20Subsidiary-BFL.PDF>

#### 5. Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

#### 6. Risk Management

Business risk evaluation and Management is an ongoing process within the Company. The assessment is periodically examined by the Board.

#### 7. Commodity price risk and Commodity hedging

The Company is exposed to the risk of price fluctuation of raw materials as well as finished goods. The Company proactively manages its risk through forward booking inventory management.

#### 8. CEO/MD and CFO Certification

The Chairman and Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17 read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The said Certificate is annexed and forms part of the Annual Report. The Chairman and Managing Director and the Chief Financial Officer also give quarterly certification on financial results, while placing the financial results before the Board in terms of Regulation 33 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### 9. Code of Conduct

The Company has adopted a Code of Conduct ("the Code") for Directors and Senior Management of the Company. The Code has been circulated to all the members of the Board and Senior Management and the same is available on the Company's website at the link: <http://content.dionglobal.in/bharatforge/PDF/code%20of%conduct.pdf>

The Board members and Senior Management personnel have affirmed their compliance with the code. A declaration to this effect signed by the Chairman and Managing Director of the Company is contained in this Annual Report.

#### 10. Subsidiary Companies

The Audit Committee reviews the quarterly financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the Board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company. The Company does not have any material unlisted Indian subsidiary company. The Company has a policy for determining material subsidiaries which is disclosed on its website: <http://bharatforge.com/images/PDFs/Familiarisation%20Programme-BFL.PDF>.

#### 11. Disclosure by Management to the Board

Disclosures relating to financial and commercial transactions where senior management may have personal interest that might have been in potential conflict with the interest of the Company are provided to the Board.

## VI. COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS

The Company has complied with the applicable mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted following non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### 1. The Board

The Company has Executive Chairman and the office with required facilities is provided and maintained at the Company's expenses for use of the Chairman.

#### 2. Shareholders Rights

Half yearly financial results are forwarded to the Stock Exchanges and uploaded on the website of the Company like Quarterly results.

#### 3. Audit Qualification

The Company is in the regime of unqualified/unmodified financial statement.

## VII. MEANS OF COMMUNICATION

The Company puts-forth vital information about the Company and its performance, including quarterly results, official news releases and communication to investors and analysts on Company's website: [www.bharatforge.com](http://www.bharatforge.com), regularly for the benefit of the public at large.

During the year, the quarterly, half-yearly and annual results of the Company's performance have been published in leading newspapers, such as Business Standard - English (all editions) and Loksatta – Marathi (Pune). News releases, Official news and media releases are sent to the Stock Exchanges.

### 1. Website

The Company's website contains a separate dedicated section titled "Investors". The basic information about the Company, as called for in terms of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is provided on the Company's website: [www.bharatforge.com](http://www.bharatforge.com) and the same is updated from time-to-time.

### 2. Presentations to Institutional Investors/Analysts

Detailed presentations are made to Institutional Investors and Financial Analysts on the un-audited quarterly financial results as well as the annual audited financial results of the Company.

### 3. Filing with Stock Exchanges

Information to Stock Exchanges is now being filed online on NEAPS for NSE and BSE Listing Centre for BSE.

### 4. Annual Report

Annual Report containing, *inter alia*, Audited Financial Statements, Consolidated Financial Statements, Board's Report, Independent Auditor's Report and other important information, is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report and Business Responsibility Report (BRR) forms part of the Annual Report and is displayed on the Company's website: [www.bharatforge.com](http://www.bharatforge.com)

## VIII. GENERAL SHAREHOLDER INFORMATION

### 1. Company Registration Details

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is: L25209PN1961PLC012046.

### 2. Annual General Meeting

Day	Thursday
Date	August 9, 2018
Time	10:30 a.m. IST
Venue	Registered Office of the Company, Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India.

### 3. Financial Year

April 1, 2017 to March 31, 2018

### 4. Book Closure

From Monday, July 30, 2018 to Thursday, August 9, 2018 (both days inclusive) as annual closure for payment of final dividend.

### 5. Financial Reporting Calendar (Tentative) for FY 2018-19

Quarter ending June 30, 2018	on or before August 9, 2018
Quarter ending September 30, 2018	on or before November 14, 2018
Quarter ending December 31, 2018	on or before February 15, 2019
Audited results for the financial year 2018-19	on or before May 30, 2019

### 6. Dividend

Pursuant to approval of the Board of Directors of the Company on Wednesday, November 8, 2017, the Company paid an Interim Dividend at the rate of ₹ 2.00 per equity Share of ₹ 2/- each (100%) for the financial year ending on March 31, 2018 on Tuesday, February 28, 2018.

The Board has recommended a Final Dividend of ₹ 2.50 (Rupees Two and Paise Fifty only) per equity share of ₹ 2/- each (125%) for the year ended March 31, 2018, if approved, shall be paid on or before August 14, 2018.

### 7. Unclaimed Dividend/Shares

Section 124 of the Companies Act, 2013, read with Investor Education and Protection Fund (Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') mandate that companies should transfer dividend that has remained unclaimed for a period of seven consecutive years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Further, the rules mandate that the shares on which dividend has not been paid or claimed for seven consecutive years or more be transferred to the IEPF.

**Table 11: Details of unclaimed dividends and their corresponding shares that would become eligible to be transferred to the IEPF on the dates mentioned below:**

Financial Year	Type of Dividend	Dividend per share (₹)	Date of Declaration	Due date for transfer	Amount (₹)*
2010-11	Final	3.50	August 10, 2011	September 10, 2018	2,560,845
2011-12	Interim	1.50	March 3, 2012	April 3, 2019	1,161,657
2011-12	Final	2.50	August 10, 2012	September 10, 2019	1,833,363
2012-13	Interim	1.00	February 25, 2013	March 25, 2020	895,457
2012-13	Final	2.40	August 8, 2013	September 8, 2020	1,860,084
2013-14	Interim	2.00	February 4, 2014	March 4, 2021	1,583,140
2013-14	Final	2.50	September 4, 2014	October 4, 2021	2,210,125
2014-15	Interim	3.00	February 2, 2015	March 2, 2022	2,709,408
2014-15	Final	4.50	August 3, 2015	September 5, 2022	3,536,217
2014-15	Interim	3.00	February 9, 2016	March 9, 2023	2,488,959
2015-16	Interim	4.00	March 9, 2016	April 11, 2023	3,199,028
2015-16	Final	0.50	August 5, 2016	September 8, 2023	492,274
2016-17	Interim	2.50	February 8, 2017	March 28, 2024	2,285,548
2016-17	Final	5.00	August 10, 2017	September 10, 2024	4,122,655
2017-18	Interim	2.00	November 8, 2017	December 8, 2024	3,959,830

\* Amount unclaimed as on March 31, 2018.

The Company sends periodic intimation to the shareholders concerned, advising them to lodge their claims with respect to unclaimed dividends. Shareholders may note that both the unclaimed dividend and corresponding shares transferred to IEPF, including all benefits accruing on such shares, if any, can be claimed back from IEPF following the procedure prescribed in the Rules. No claim shall lie in respect thereof with the Company.

During the year, the Company has credited ₹ 7,01,185/- (Rupees Seven Lakhs One Thousand One Hundred and Eighty-five only) on September 11, 2017 lying in the unpaid/unclaimed dividend account, to the IEPF.

#### Shares transferred to IEPF

In terms of Section 124(6) of the Companies Act, 2013 read with the Rules, the Company has sent the notice to the respective shareholders who have not claimed dividend for seven consecutive years and whose shares are liable to be transferred to IEPF during the financial year 2018-19. The newspaper advertisement stating the same has also been published in the newspapers. The list of equity shareholders whose shares are liable to be transferred to IEPF can be accessed on the website of the Company at the link: <http://bharatforge.com/investors/unclaimed-dividend-html>.

During the year, the Company has transferred 3,49,437 shares on November 30, 2017 to demat account of IEPF Authority. The shares transferred were on account of unclaimed dividend for seven consecutive years.

#### Equity Shares in Suspense Account

In compliance with Regulation 39(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company reports the following details in respect of equity shares lying in the suspense account:

Particulars	No. of Shareholders	Number of Equity Shares of ₹ 2/- each
Aggregate number of Shareholders and the outstanding shares in the suspense account lying as on April 1, 2017	474	166,275
Shareholders who approached the Company for transfer of shares from suspense account during the year	20	47,590*
Shareholders to whom shares were transferred from the suspense account during the year	20	47,590*
Shares transferred to Demat Account of IEPF Authority during the year	366	201,400*
Aggregate number of Shareholders and the outstanding shares in the suspense account lying as on March 31, 2018	88	83,560*

\* Includes bonus shares allotted in the ratio of 1: 1 to the equity shareholders of the Company on October 3, 2017.

The voting rights on the said shares shall remain frozen till the rightful owners of such shares claim the shares.

### 8. Listing on Stock Exchanges

Equity Shares of Bharat Forge Limited are listed on the BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

BSE Scrip Code – 500493

NSE Trading Symbol – BHARATFORG

Equity ISIN: INE465A01025

All Annual listing fees due during the financial year have been paid.

### 9. Market Price Data

Table 11 below gives the monthly high and low prices and volumes at BSE & NSE during the year 2017-18.

**Table 12: High and Low Prices and Trading Volumes on the BSE and NSE**

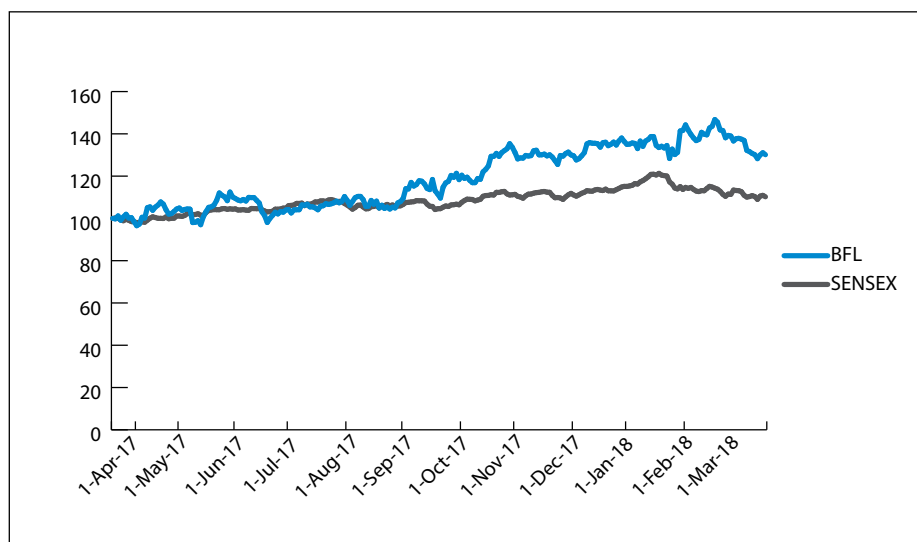
Month	BSE Ltd. (BSE)			National Stock Exchange of India Ltd. (NSE)		
	High (₹)*	Low (₹)*	Volume (Nos.)	High (₹)*	Low (₹)*	Volume (Nos.)
April 2017	1,157.05	1,029.75	964,403	1,157.95	1,028.00	13,193,659
May 2017	1,175.00	1,021.00	1,937,746	1,180.00	1,020.50	18,240,615
June 2017	1,220.45	1,053.00	1,359,475	1,221.00	1,052.90	13,474,793
July 2017	1,164.40	1,092.50	1,223,477	1,165.00	1,090.00	12,110,446
August 2017	1,201.40	1,110.30	1,482,940	1,201.90	1,109.05	16,141,530
September 2017	1,290.00	587.00	2,031,827	1,290.05	586.00	23,192,805
October 2017	704.00	600.00	2,136,543	710.10	600.00	27,747,415
November 2017	749.00	684.80	2,097,663	749.95	684.05	25,863,010
December 2017	738.45	671.75	1,202,046	738.95	672.00	19,643,941
January 2018	755.00	701.70	2,730,413	756.00	700.55	20,832,629
February 2018	798.00	671.00	1,848,547	798.00	672.00	25,253,431
March 2018	799.65	677.30	2,663,647	797.40	678.00	20,120,693

\*Price in ₹ per Equity Share.

### 10. Stock Performance

Chart 'A' plots the movement of Bharat Forge's equity shares adjusted closing prices compared to the BSE Sensex.

**Chart A: Bharat Forge's Share Performance vs. BSE Sensex**



Base 100 = April 1, 2017

### 11. Share Transfer Agents, Share Transfer and Demat System

Bharat Forge Limited has no share transfer agent. The Company itself is SEBI Registered Category-II Registrar to an Issue and Share Transfer Agent. All works relating to physical transfer, transmission, splitting of Share certificates, dematerialisation and rematerialisation processing, payment of dividend etc. is done in-house at the registered office of the Company. Bharat Forge's equity shares are traded on the Stock Exchanges compulsorily in Demat mode. The Board's Executive Committee meets as and when required for dealing with matters concerning securities of the Company.

In compliance with the SEBI circular dated December 27, 2002, requiring share registry in terms of both physical and electronic modes to be maintained at a single point, Bharat Forge has established direct connectivity with NSDL and CDSL, the two depositories. As such, the share registry work relating to both physical and electronic mode is being handled by the Secretarial Department of the Company.

### 12. Secretarial Audit for reconciliation of capital

In compliance with the requirements of SEBI, the Company has, at the end of every quarter, submitted a Certificate of Reconciliation of Share Capital reconciling the total shares held by both the depositories, NSDL and CDSL and in physical form, duly certified by a qualified Practising Company Secretary, to the stock exchanges where the Company's securities are listed within 30 (Thirty) days of the end of each quarter and the certificate is also placed periodically before the Board of Directors of the Company at its Board Meetings.

### 13. Code of Conduct for Prevention of Insider Trading Practices

The Company has adopted a Comprehensive Code of Conduct for Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information in the securities of the Company to its Directors, Promoters, Key Managerial Personnel and Designated Persons. This Code lays down guidelines for procedure to be followed and disclosures to be made by insiders while trading in securities of the Company. It also includes practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information.

### 14. Shareholding pattern of as on March 31, 2018

**Table 13: Pattern of shareholding by ownership as on March 31, 2018**

Category of Shareholder	No. of Shareholders	No. of shares held (₹ 2/- each)	Shareholding %
Promoters <sup>1</sup>	22	212,981,840	45.74
Financial Institutions	12	17,493,062	3.76
Mutual Funds (including Unit Trust of India)	23	34,862,499	7.49
Insurance Companies	5	5,958,414	1.28
Nationalised Banks	3	195,957	0.04
Foreign Institutional Investors	6	642,050	0.14
Foreign Portfolio Investors	447	99,422,984	21.35
Bodies Corporate	1,529	23,119,596	4.97
Non-Resident Indians	3,337	2,555,252	0.55
Foreign Nationals (including Foreign Banks and Foreign Corporate Bodies)	4	1,685	0.00
Public <sup>2</sup>	115,150	68,355,293	14.68
<b>Total</b>	<b>120,548</b>	<b>465,588,632</b>	<b>100%</b>

1 and 2: For definition of Promoter's shareholding and Public shareholding, refer to Regulation 38 of the SEBI (Obligations and Disclosure Requirements) Regulations, 2015.

**Table 14: Distribution Schedule as on March 31, 2018**

Category (Shares)	Number of shareholders	Number of shares held of ₹ 2/- each	Shareholding %
1 to 5000	118,208	29,722,614	6.38
5001 to 10000	1,096	7,823,933	1.68
10001 to 20000	547	7,712,740	1.66
20001 to 30000	185	4,648,349	1.00
30001 to 40000	91	3,134,416	0.67
40001 to 50000	57	2,582,395	0.55
50001 to 100000	118	8,305,558	1.78
100001 and above	246	401,658,627	86.28
<b>Total</b>	<b>120,548</b>	<b>465,588,632</b>	<b>100%</b>

**15. Dematerialisation**

The Company's Equity Shares are under compulsory demat trading. As on March 31, 2018, dematerialised shares accounted for 96.69% (96.50% upto March 31, 2017) of total Equity share capital. The details of dematerialisation are given in **Table 14** below.

**Table 15: Dematerialisation of Shares as on March 31, 2018**

Sr. No.	Mode of holding	%
1	NSDL	92.47
2	CDSL	4.22
3	Physical	3.31
	<b>Total</b>	<b>100%</b>

**16. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

Outstanding GDRs as on March 31, 2018 represent 18,400 equity shares of Company's paid-up Equity Share Capital. Therefore, there will be no further impact on the Equity Share Capital of the Company.

**Table 16: Details of public funding obtained in the last three years and its implication on paid up Equity Share Capital**

Financial Year	Amount Raised through Public Funding (₹)	Effect on Paid up Equity Share Capital (₹)
2017-18	NIL	NIL
2016-17	NIL	NIL
2015-16	NIL	NIL

**17. Plant Locations**

- Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India
- Gat No.635, Kuruli Village, Chakan, Tal.- Khed, District Pune – 410 501, Maharashtra, India
- Opposite Jarandeshwar Railway Station, Post - Vadhuth, District Satara – 415 011, Maharashtra, India
- Tandulwadi & Wanjarwadi, Tal. Baramati, Dist. Pune – 413 206, Maharashtra, India

**18. Investor Correspondence Address:**

Secretarial Department,  
Bharat Forge Limited.

Mundhwa, Pune Cantonment, Pune – 411 036  
Maharashtra, India

Phones: +91-20-6704 2777/ 6704 2476

Fax: +91-20-2682 2163

Email: [secretarial@bharatforge.com](mailto:secretarial@bharatforge.com)

**19. Compliance Certificate of the Statutory Auditors**

Certificate from the Statutory Auditors of the Company, M/s. S R B C & CO LLP, confirming compliance with the conditions of Corporate Governance, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is attached.

## DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, B. N. Kalyani, Chairman and Managing Director of Bharat Forge Limited hereby declare that all the Board members and senior managerial personnel have affirmed for the year ended March 31, 2018, compliance with the Code of Conduct of the Company laid down for them.

**B.N. KALYANI**

Chairman and Managing Director

Pune: May 22, 2018

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## TO THE BOARD OF DIRECTORS OF BHARAT FORGE LIMITED CERTIFICATION BY CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY

(Under Regulation 17 read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements), 2015)

We the undersigned, in our respective capacities as Chairman and Managing Director and Chief Financial Officer of Bharat Forge Limited, (“**the Company**”) to the best of our knowledge and belief certify that:

- a) We have reviewed financial statements and the cash flow statement for the year 2017-18 and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2017-18 which are fraudulent, illegal or violative of the Company’s Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statement; and
  - iii) instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company’s internal control system over financial reporting.

**K. M. SALETORÉ**

Chief Financial Officer

**B. N. KALYANI**

Chairman and Managing Director

Pune: May 22, 2018



## TO THE MEMBERS OF BHARAT FORGE LIMITED CERTIFICATE BY THE AUDITORS ON CORPORATE GOVERNANCE

### Independent Auditor's Report on compliance with the conditions of Corporate Governance as per the relevant provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,  
The Members of  
Bharat Forge Limited  
Mundwa, Pune Cantonment,  
Pune- 411 036

1. The Corporate Governance Report prepared by **Bharat Forge Limited** (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018 ("the reporting period"). This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

#### Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

#### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements, i.e. clause 17 to 27 and clause 46 (2)(b)(i) of the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:

- i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
- ii. Obtained and verified that the composition of the Board of Directors w.r.t. executive and non-executive directors has been met throughout the reporting period;
- iii. Obtained and read the Directors Register as on March 31, 2018 and verified that atleast one women director was on the Board during the reporting period;
- iv. Obtained and read the minutes of the following committee meetings held during the reporting period :
  - (a) Board of directors meeting;
  - (b) Audit committee;
  - (c) Annual General Meeting;
  - (d) Nomination and remuneration committee;
  - (e) Stakeholders relationship committee;
  - (f) Finance and risk management committee; and
  - (g) Independent Directors Meeting
- v. Obtained necessary representations and declarations from directors of the Company including the independent directors;
- vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

**Opinion**

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 4 above.

**Other matters and Restriction on Use**

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to Corporate Governance Report accompanied

with a report thereon from the Statutory Auditors and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

**For S R B C & CO LLP**

**Chartered Accountants**

**ICAI Firm Registration Number: 324982E/E300003**

**Per TRIDEVLAL KHANDELWAL**

Partner

Membership Number: 501160

Place: Pune

Date: May 22, 2018

# Business Responsibility Report

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L25209PN1961PLC012046						
2.	Name of the Company	Bharat Forge Limited						
3.	Registered address	Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India						
4.	Website	www.bharatforge.com						
5.	E-mail id	secretarial@bharatforge.com						
6.	Financial Year reported	2017-18						
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	<table border="1"> <thead> <tr> <th>NIC Code</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>2591</td> <td>Steel forging</td> </tr> <tr> <td>2930</td> <td>Front Axle assembly and components</td> </tr> </tbody> </table>	NIC Code	Description	2591	Steel forging	2930	Front Axle assembly and components
NIC Code	Description							
2591	Steel forging							
2930	Front Axle assembly and components							
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	i) Steel Forgings ii) Finished Machined Crankshafts iii) Front Axles assembly and components						
9.	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5)  (b) Number of National Locations	Germany, France, Sweden, United States and United Kingdom  <b>Registered Office:</b> Pune- Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India  <b>Manufacturing locations:</b> Pune, Satara, Baramati, Chakan  <b>Corporate Offices:</b> Delhi, Noida, Hyderabad, Bengaluru, Jamshedpur, Kolkata, Chennai and Mumbai						
10.	Markets served by the Company – Local/State/National/International	India, North America (US, Canada and Mexico), South America (Brazil), European and Asia Pacific						

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	₹ 931.18 million
2.	Total Turnover (INR)	₹ 54,916.37 million
3.	Total profit after taxes (INR)	₹ 7,072.95 million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	3.08% of average net profit of the Company made during the three immediately preceding financial year.
5.	List of activities in which expenditure in 4 above has been incurred:	(i) Village development (ii) Water Harvesting (iii) Environment sustainability (iv) Sanitation of Schools (v) Health, Hygiene & Nutrition (Children & Women) (vi) Community Development (Women Empowerment) (vii) Promotion of Education (viii) Skill development initiatives (ix) Promotion of nationally recognized sports

**SECTION C: OTHER DETAILS**

1.	Does the Company have any Subsidiary Company/ Companies?	Yes, the Company has 21 (Twenty One) direct and indirect subsidiary companies as on March 31, 2018.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Given the current size and scale of operations, subsidiary companies, as of now, are not engaged in BR initiatives process of the Company.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The other entities with which the Company does business with viz. suppliers, distributors, etc. are not directly included in the BR initiatives of the Company.

**SECTION D: BR INFORMATION**

<b>1. Details of Director/Directors responsible for BR:</b>	
(a) Details of the Director/Directors responsible for implementation of the BR policy/policies	
<b>No. Particulars</b>	<b>Details</b>
1. DIN Number	00037678
2. Name	Mr. G. K. Agarwal
3. Designation	Deputy Managing Director
(b) Details of the BR head	
<b>No. Particulars</b>	<b>Details</b>
1. DIN Number (if applicable)	00037678
2. Name	Mr. G. K. Agarwal
3. Designation	Deputy Managing Director
4. Telephone number	+91 20 6704 2448
5. e-mail id	gkagarwal@bharatforge.com

**2. Principle-wise (as per NVGs) BR Policy**

The Company’s policies are in line with the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) which provides for the following (09) nine areas of Business Responsibility to be adopted by the organizations:-

Principle 1	Ethics, Transparency and Accountability	Principle 5	Human Rights
Principle 2	Products Sustainability	Principle 6	Environment
Principle 3	Employees’ Well-being	Principle 7	Public Policy
Principle 4	Stakeholders Engagement	Principle 8	Inclusive Growth
		Principle 9	Customer Relations

**a) Details of Compliances:**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
						The policy is embedded in the Company's Code of Conduct, Ethics and HR policies				
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	NA	Y	Y	Y	Y

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
3.	Does the policy conform to any National / International standards? If yes, specify? (50 words)	Yes, the policies are in line with international standards such as ISO 9001:2015, IATF 16949:2016, ISO 14001:2015, ISO 27001, and meet National regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Also guidelines as per NVGs on social, environment and economic responsibility of business have been considered for formulation of some policies.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	NA	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	These policies are administered and supervised by the management of the Company through a robust internal governance structure.								
6.	Indicate the link for the policy to be viewed online?	Policies on HR, ISO, CSR, Insider Trading, Related Party etc. are available on links such as: <a href="http://bflapp.bharatforge.com/hronline/Pages/CodeofConduct.aspx">http://bflapp.bharatforge.com/hronline/Pages/CodeofConduct.aspx</a> <a href="http://portal.bharatforge.com/default.aspx">http://portal.bharatforge.com/default.aspx</a> <a href="http://www.bharatforge.com/investors/policies.html">http://www.bharatforge.com/investors/policies.html</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	NA	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	NA	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	NA	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	The Policies on Quality, Safety and Health and Environment are subject to internal and external audits as part of certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism.								

**(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

**GOVERNANCE RELATED TO BR**

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company has been publishing the BR Report as a part of its Annual Report from last two years which can be viewed at: <a href="http://bharatforge.com/investors/company-reports/annual-reports.html">http://bharatforge.com/investors/company-reports/annual-reports.html</a>

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability**

<p>(a) Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?</p>	<p>The “Code of Conduct” of BFL provides guidelines and policies on ethics, bribery and corruption.</p> <p>This Code is applicable to all BFL Employees including Executive Directors within all sectors, regions, areas and functions.</p> <p>The reference to ‘Employee’ shall mean and include:</p> <p>(a) Employees</p> <p>(b) Consultants/Advisors, Retainers, Agents, Representatives etc. to the extent applicable.</p>
<p>(b) How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.</p>	<p>During the year under review, the Company has not received any complaints in connection with ethics, bribery or corruption.</p>

**Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle**

<p>(a) List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.</p>	<p>Innovation has been the driving force behind our Company and is applied across every aspect of our business. Innovative application of latest technologies has helped the Company to develop critical and high value added products. We have been working as co-development partner with our customers supporting them to design and develop lightweight products for their current and future programs and contributing towards greener and fuel efficient vehicles.</p> <p><b>(i) Design re-engineering (co-development) for 2020 application (for 6 cylinder Crankshaft)</b></p> <p>As environmental norms are becoming more stringent (BS6 to be applicable since 2020), automotive OEMs are focusing on the development of light weight engines with improved power to weight ratio. Crankshaft is supposed to be the heart of engine and its weight is the major contributor in the performance of engine. We worked closely with OEMs as a co-development partner and carried out design re-engineering of crankshaft and achieved weight reduction in the range of 5% to 10% with increase in engine pressure by 15% to 20%. Also, this light weighting concept is horizontally deployed for domestic and overseas customers.</p> <p><b>(ii) Front axle beam light weighting</b></p> <p>Front axle beam is the safety and critical component of vehicle. This supports 1/3rd vehicle weight. To reduce the weight of this component, parametric sensitivity analysis was carried out using high end Multidisciplinary Design Optimization tool. In this study, the effect of different geometric parameters of front axle beam and its effect on weight and its other performance characteristics achieved weight reduction of about 7%.</p> <p>Similar methodology deployed on other front axle beam for domestic as well as international OEMs and achieved weight reduction of 10%.</p> <p><b>(iii) Re-engineering of planet carrier from two piece welded design to integral design using unique patented forging process</b></p> <p>Planet carrier is the critical component of transmission system. Currently, this design is two piece-designs with weld joint. This welding process is energy intensive process. It also affects the strength of component at localized region. Hence this, two piece design is re-engineered into one piece design. Such integrally</p>
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manufactured components have better strength than a conventionally produced planet carrier. Elimination of welding makes this an environment friendly process. Also in the new invented forging process, material wastage is less as compared to conventional manufacturing process.

**(iv) Use of Micro Alloyed steels where no need of heat treatment**

The Company is using micro alloyed steel for about 40% of its production which does not require heat treatment. Consequently, use of electricity, oil and emulsion used in heat treatment is reduced.

The Company has recently developed special high strength steels which enable components to be re-designed with higher power-to-weight ratio. This will be progressively deployed for new design of vehicle aggregates in consultation with customers.

**(v) Light weighting by design re-engineering from Iron Casting to Aluminum Forging for Suspension components.**

The Company has carried out design re-engineering of casting products into aluminum forging products. Reduction in vehicle weight helps in reducing fuel consumption. The Company is working with different vehicle manufacturers in order to reduce vehicle weight which in-turn will reduce fuel consumption and ultimately result in lower emission.

<p>(b) For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):</p>	
<p>(i) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?</p>	<p>For heat treatment operation, energy consumption is reduced by 35 to 40%.</p>
<p>(ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?</p>	<p>Weight reduction for components re-engineered have come down by 5 to 15%.</p>
<p>(c) Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.</p>	<p>The Company's Supplier selection, assessment and evaluation process includes elements of Sustainability. This includes initial supplier survey, continuous risk assessments and audits. Also, there is communication to suppliers on BFL sustainability requirements and some of key suppliers like Steel suppliers, BFL has taken sign off on the same.</p>
<p>(d) Has the company taken any steps to procure goods and services from local &amp; small producers, including communities surrounding their place of work?  If yes, what steps have been taken to improve their capacity and capability of local and small vendors?</p>	<p>Bharat Forge has a network of Medium Enterprises around its factory which complements our manufacturing capability. Quality of our final product depends on the capability of our inputs and therefore due steps are taken to ensure quality of inputs received from Vendors by deploying our standard quality systems in their plant as well.</p> <p>The steps taken to improve the capability and capacity of local vendors include:</p> <ul style="list-style-type: none"> <li>• Providing training &amp; new BFL requirements communications through supplier meet. This is done for critical suppliers.</li> <li>• Critical suppliers being evaluated periodically based on their criticality and subsequent actions are taken for improvements.</li> <li>• Hand-holding the vendors for developing Quality Management Systems for improving the product quality, reducing the wastages and sustainable development.</li> <li>• Providing technical help to vendors for up-gradation of their equipment which has helped in enhancing the capacity and capability.</li> </ul>

(e) Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.	<p>As part of its endeavor of contributing towards reducing carbon footprint and ensuring sustainability across all operations, the Company focuses on various initiatives like:</p> <ul style="list-style-type: none"> <li>• Company is sending 100% forging flash to steel mills for recycling.</li> <li>• 100% re-use of treated industrial effluent for processing.</li> <li>• 30 to 40% waste heat is recovered using regenerative burners resulting in reducing the fuel combustion.</li> <li>• 50% of recycled water from sewage treatment plant is used for maintenance of greenery in the Plant.</li> <li>• Implementation of rain water harvesting.</li> <li>• 100% of hazardous waste sent to authorized party.</li> <li>• Recycling of packing boxes.</li> <li>• Deployment of 3R strategy in operational area. Kaizens are taken by several departments to reduce waste.</li> <li>• Waste generated monitoring &amp; reduction started.</li> </ul>
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**Principle 3: Businesses should promote the wellbeing of all employees**

(a) Please indicate the Total number of employees	4,727 (Officers + Bargainable Employees)			
(b) Please indicate the Total number of employees hired on temporary/contractual/casual basis.	848 Trainees / 1,693 Contractors / 1,304 YIT/NEEM			
(c) Please indicate the Number of permanent women employees	51			
(d) Please indicate the Number of permanent employees with disabilities	3			
(e) Do you have an employee association that is recognized by management	Yes			
(f) What percentage of your permanent employees is members of this recognized employee association?	Approximately, 39.76% of permanent employees are members of the recognized employee association			
(g) Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
	i)	Child labour/forced labour/involuntary labour	NIL	NIL
	ii)	Sexual harassment	1	NIL
	iii)	Discriminatory employment	NIL	NIL
	iv)			
(h) What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?	i)	Permanent Employees –	85.61%	
	ii)	Permanent Women Employees –	60%	
	iii)	Casual/Temporary/Contractual Employees –	98.75%	
	iv)	Employees with Disabilities –	3 Nos.	

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

(a) Has the company mapped its internal and external stakeholders? Yes/No	<p>Yes, the principal stakeholders of the Company are its employees, shareholders, suppliers, customers, vendors, partners, government and regulatory authorities, trade union, associates, etc. These stakeholders are mapped in a structured manner through systematic communication platforms which helps us to understand the customer needs and the improvement opportunities for the Company in all prospects.</p>
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(b) Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders	<p>Yes, Company has identified marginalized and disadvantaged groups through need assessment in the nearby communities and the villages.</p> <p>We work with the children from urban slums &amp; from different rural villages in education area to prevent dropping of school children. For women empowerment we have special initiatives. We also provide vocational education for the employability of the rural youth.</p>
(c) Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.	<p>The Company has always made special efforts for the people and communities residing in the nearby vicinity of the plant locations to enable them improve their way of living. The Company is involved in diverse activities to create a positive social impact by helping the disadvantaged, vulnerable and marginalized communities. The Company's varied activity primarily focuses on health, education, sanitation and environment protection. The Company closely works with various NGOs, trusts, charitable societies, etc. to meet its aim of contributing towards the society at large for promotion and development of rural areas, deprived people and communities.</p>

**Principle 5: Businesses should respect and promote human rights**

(a) Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures /Suppliers/Contractors/NGOs/Others?	<p>The Company does not have a stand-alone policy for human rights, however, the Company's internal policies on Code of Conduct, Ethics and CSR recognizes all the key aspects of human rights which lays down the acceptable behavior of the employees and provides for stringent disciplinary actions in case of violation of these policies.</p>
(b) How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	<p>During the year under review, the Company has not received any complaints from any stakeholders.</p>

**Principle 6: Businesses should respect, protect and make efforts to restore the environment**

The Company makes efforts to safeguard the environment. Steps are taken for optimal utilization of our resources in-line with ISO 14001 Standard requirements.

(a) Does the policy related to Principle 6 cover only the company or extends to the Group /Joint ventures / Suppliers /Contractors /NGOs/others	<p>Yes, Company's environmental policy extends to its all interested parties which includes company employees, group companies, joint ventures, suppliers, Contractors, NGOs, and others.</p>
(b) Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.	<p>Yes, As part of its endeavor of contributing towards reducing carbon footprint and ensuring sustainability across all operations, the Company focuses on various initiatives like: using bio fuels, modern regenerative combustion technology, recycled water, use of LPG instead of oil implemented some of operational area etc. in its manufacturing operations. These initiatives can be viewed at <a href="http://www.bharatforge.com/company/sustainability">http://www.bharatforge.com/company/sustainability</a></p>
(c) Does the company identify and assess potential environmental risks? Y/N	<p>Yes, Environmental risks are covered in the Company's principles that are based on ISO-14001 standards. Every unit or plant implements the following:</p> <ul style="list-style-type: none"> <li>i) EHS risks and opportunities;</li> <li>ii) Identification and evaluation of EHS aspects and requirements;</li> <li>iii) Legal obligations and other requirements;</li> <li>iv) EHS emergency management; and</li> <li>v) Environmental Management programs are taken at high risk areas.</li> </ul> <p>Once risks are identified, steps are taken to measure and mitigate these risks through EHS management system approach.</p>
(d) Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	<p>Yes, The Company continues to work towards development and implementation of climate change mitigation project mainly through energy saving projects, water saving, waste reduction &amp; CO2 reduction under sustainability development. However, we don't have any registration for CDM projects.</p>

(e) Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes, Several initiatives on clean technology, renewable energy and sustainability development has been done like LEDs implementation in shop floor & office area, 70% area implemented by replacing existing lightings, wind mills are installed, Solar power activities are initiated, could be viewed on <a href="http://www.bharatforge.com/company/sustainability">http://www.bharatforge.com/company/sustainability</a> .
(f) Are the Emissions/Wastes generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	Yes, All Emissions/Waste generated are monitored daily/Monthly/Quarterly and ensured for within the permissible limit as per MPCB Consent norms.
(g) Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year	NIL

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

(a) Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	<p>The Company is member of:</p> <ul style="list-style-type: none"> <li>i) Confederation of Indian Industry (CII);</li> <li>ii) World Economic Forum (WEF);</li> <li>iii) Federation of Indian Chambers of Commerce and Industry (FICCI);</li> <li>iv) Mahratta Chamber of Commerce, Industry and Agriculture (MCCIA); and</li> <li>v) Automotive Component Manufacturers Association of India (ACMA)</li> </ul>
(b) Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	<p>From time to time, the Company has joined hands with these associations for the betterment and advancement of the society at large. The Company has contributed in the areas of:-</p> <ul style="list-style-type: none"> <li>i) economic reforms</li> <li>ii) corporate governance and transparency</li> <li>iii) education and skill development</li> <li>iv) women empowerment and child welfare</li> <li>v) sanitation and hygiene</li> <li>vi) Addressing issues pertaining to global warming, climate change, environment protection and pollution control.</li> </ul>

**Principle 8: Businesses should support inclusive growth and equitable development.**

(a) Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof	<p>The details of the Projects undertaken by the Company are as under:</p> <p><b>1. Village development Project</b></p> <ul style="list-style-type: none"> <li>i) The Company with the help of different NGOs and by forming cross functional team is closely involved in developing villages. Our vision is to develop 100 villages as most of the population from remote villages are far away from the growth process and Bharat Forge is making sincere efforts to include them in the growth process by working on 5 major indicators – Water (for Drinking &amp; Agriculture), Livelihood, Internal Roads, Health, Hygiene and Education. The impact of the work done is tangible and is generating trust in the villagers.</li> <li>ii) We built internal roads for easy accessibility wherever it was not possible for the local governance.</li> <li>iii) The Company has done several Water Harvesting projects to help the Government initiative of Jalyukta Shivar Abhiyan in terms of increasing water capacity and availability of drinking water for the villagers.</li> <li>iv) The Company provided nutritional supplement food to the children from remote villages and urban slums in order to fight malnutrition and also conducted health awareness camps and medical checkup for them.</li> <li>v) Initially villagers use to keep their cattle in their small houses leading to various health hazards. To tackle this, we made separate sheds for the domestic animals to maintain cleanliness and hygiene.</li> </ul>
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	<p><b>2. Promotion of education</b></p> <ul style="list-style-type: none"> <li>i) The Company through Prathama Pune Education Foundation (NGO) provides non formal education to 22,000 underprivileged children from the slum areas of Pune belonging to 22 communities between the age group of 6 to 14 years.</li> <li>ii) In association with Jnana Prabhodini, the Company provides special training and coaching to the underprivileged children under the Pradnya Vikas Programme.</li> <li>iii) The Company has started “Khelghars” at Mundhwa, and Hadapsar, Pune for the children from slum areas with an objective to develop their creativity and skills by introducing enhancement programs thereby helping in their holistic performance and development.</li> <li>iv) For higher education we are supporting 30 engineering girl students from Vidhyarthi Sahayak Samittee and mentorship is provided to these students with the help of our technical team.</li> <li>v) The Company supports 108 girls from the weaker section of society for their Primary education through K. C. Mahindra Education Trust under Nanhi Kali Programme.</li> </ul> <p><b>3. Skill development initiatives</b></p> <ul style="list-style-type: none"> <li>i) The Company runs an Industrial Training Institute (ITI) in Khed near Pune to promote employability of rural youth. The Company has also adopted ITIs at Bhore and Malegaon, Pune for its infrastructure development and skill upgradation.</li> <li>ii) The Company had also developed a module “Technical Educator’s Reinvention Course (TERC)” for the ITI Instructors and imparted the training to 241 Instructors from Pune District with an objective to develop their capabilities to perform well.</li> <li>iii) Environment Sustenance through Waste management – We have installed 60 Vermi Composter Planters [Drums] in the nearby communities for decomposition of kitchen waste, helping to reduce 75 kg of waste kitchen garbage per day.</li> <li>iv) Tree Plantation Drive - We have planted 4500 trees at various locations in Maharashtra in the year 2017.</li> <li>v) Women Empowerment- The Company runs three different community centers at Mundhwa, Hadapsar and Vadgaon Sheri for 900 women. 11 self-help groups have been formed and women are engaged in various income generating activities like providing stitched uniforms and hand gloves for BFL requirement.</li> <li>vi) Promotion of nationally recognized sports- The Company is sponsoring 7 players from Lakshya for different sports- Tennis, Badminton, Chess, Boxing, Go karting and Short gun shooter.</li> </ul>
<p>(b) Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?</p>	<p>The Company has separate in-house team for CSR activities to plan, implement, monitor and review various community development initiatives. The Company believes in a participatory approach towards implementing these initiatives and collaborates with NGOs, Government authorities/ agencies to deliver the Programmes/ Projects. Akutai Kalyani Trust, Pune, Pratham Education Foundation, Jnana Prabodhini, Pradnya Vikas Program, Vidyarathi Sahayak Samiti, Pune, Know How Foundation (INORA), Pune, Lakshya Sports Institute, Pune, etc. are few of the key NGOs that the Company closely works.</p>
<p>(c) Have you done any impact assessment of your initiative?</p>	<p>Yes, we have undertaken the impact assessment for most of our projects -</p> <ul style="list-style-type: none"> <li>i) Pratham Pune Educational Foundation Project has Pre, Mid and Post -test Evaluation of the children in order to measure the impact of our programmes. This is done with the help of our employees and the result is presented to the Company’s Board.</li> <li>ii) Technical Educator’s Reinvention Course (TERC) for the ITI Instructors has been appreciated by ITI Principals and Govt. Authorities.</li> <li>iii) The placement of ITI students from ITI Khed is 100%.</li> <li>iv) Our work of toilet construction under Sanitation of Schools is self-inspected by the Pune Municipal Commissioner and was appreciated by him and Education Cell from Pune Municipal Corporation and Zillah Parishad.</li> </ul>

		<p>v) Water storage capacities have been increased where we have done Water harvesting work.</p> <p>vi) The villagers could increase their family income due to this and now have assurance of water even in summers.</p>
(d)	What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken	During the year, the Company has spent ₹ 218.45 Million towards various CSR activities. The project wise details are provided in <b>Annexure - G</b> of Annual Report on CSR activities.
(e)	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	<p>i) BFL runs 3 Community Development Centers in three different areas namely Mundhwa, Hadapsar and Vadgaon Sheri, Pune. The beneficiaries are 900 women. Vocational Trainings and income generating activities for women like providing stitched uniforms and hand gloves for BFL requirement; Personality Development Programmes and various awareness sessions are conducted for the community women. BFL has formed 11 SHGs &amp; 3 Health clubs in community.</p> <p>ii) The Company is providing the non-formal education to 20,000 underprivileged children from 22 communities through Pratham Pune Education Foundation initiative with the objective that "Every child is in the school and every Child learns" and the dropout rate is considerably decreased.</p> <p>iii) The Company has started "Khelghars" for the children from slum areas. It aims to develop children from deprived section of society with the objective of developing basic skills, creativity &amp; awareness on Health &amp; personal grooming of these children. We have 3 Khelghars, 2 at Keshavnagar, Pune and 1 at Hadapsar, Pune for 120 children.</p> <p>iv) We have installed 60 Vermi Composter Planters [Drums] in the nearby communities for decomposition of kitchen waste, helping to reduce 75 kg of waste kitchen garbage per day.</p>

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

(a)	What percentage of customer complaints/ consumer cases are pending as on the end of financial year?	<p>As on 1st April 2018, in case of :-</p> <p><b>Forged parts:</b> 11 customer complaints received. For 07 Nos customer complaints actions are implemented and effectively closed. For 04 customer complaints actions are implemented and effectiveness is under monitoring.</p> <p><b>Machined Parts:</b> 44 complaints received. For 39 Nos. customer complaints actions are implemented and effectively closed. For 05 customer complaints actions are implemented and effectiveness is under monitoring.</p>
(b)	Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks(additional information)	<p>Since the Company's products are OEM specific and as per OEM requirements, the Company displays product requirement on packaging as per the requirements of OEM and consistent with applicable laws.</p> <p>The typical information displayed on product includes details of manufacturer, heat code, process no. dispatch no., part no. etc.</p>
(c)	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.	No.
(d)	Did your company carry out any consumer survey/consumer satisfaction trends?	<p>Customer response and customer satisfaction are one of the most important factors of any business. The Company engages with its customers at various platforms to understand their expectations.</p> <p>The Company obtains the customer feedback directly or referring to customer portal on monthly basis and compile the "Voice of Customer Report" to identify areas of concern reported. Accordingly, corrective measures have been planned and implemented. Customer Satisfaction trends are compiled, monitored and reviewed by top management at defined intervals for getting the directives for improvement.</p>

# Independent Auditor's Report

## To the Members of Bharat Forge Limited

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Bharat Forge Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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. 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, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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 we have obtained 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 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, 2018, its profit including other 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 the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

## Independent Auditor's Report (Contd.):

2. As required by section 143 (3) of the Act, we report 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 purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (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, 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 – Refer Note 38 to the 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 disclosure with respect to holding of and dealings in Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018 and accordingly has not been reported upon by us. Refer Note 13 of the standalone Ind AS Financial Statements.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**  
Partner  
Membership Number: 501160

Place of Signature: Pune  
Date: May 22, 2018

## Independent Auditor's Report (Contd.):

### Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date.

#### Re: Bharat Forge Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company except six number of immovable properties aggregating gross block of INR 18.43 million and net block of INR 17.15 million as at March 31, 2018 for which title deed were not available with the Company and hence we are unable to comment on the same.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2018 and no material discrepancies were noticed in respect of such confirmations.
- (iii) (a) The Company has granted loans to four companies covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the loans are not prejudicial to the Company's interest.
- (b) In respect of loans granted to companies covered in the register maintained under section 189 of the Act, repayment of the principal amount is as stipulated and payment of interest has been regular except for loans granted by the Company to two of its subsidiaries, where payment of interest has not been regular.
- (c) The Company has a sum of amounts (representing interest) aggregating to INR 24.04 million which are overdue for more than ninety days from two Companies covered in the register maintained under section 189 of the Act and in our opinion and according to the information and explanations given by the management, the Company has taken reasonable steps for recovery of these overdue interest.

Details of overdue cases mentioned below:

Name of Parties	Interest Overdue
BF Elbit Advanced Systems Private Limited*	20.57
Bharat Forge Global Holding GmbH#	3.47

\* Amount has been converted to loan as on March 31, 2018

# Amount has been recovered subsequently

- (iv) In our opinion and according to the information and explanations given to us, provisions of sections 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable. However, according to the information and explanations given to us, in respect of deposits accepted earlier under relevant provisions of the erstwhile Companies Act, 1956, and the rules framed thereunder, there are certain unclaimed deposit amounting to INR 0.04 million including interest thereon which are subject to litigation.

## Independent Auditor's Report (Contd.):

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of forged and other allies products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, local body tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delay in few cases.

(b) According to the information and explanations given to us, no undisputed dues in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable. The dues outstanding of Local Body Taxes on account of undisputed amounts outstanding as at year end, for a period of more than six months from the date they become payable are as follows:

Name of the statute	Nature of the dues	Amount (INR in million)	Period to which the amount relates	Due date	Date of payment	Remarks, if any
Maharashtra Municipal Corporation Act, 1949 and Bombay Provincial Municipal Corporation (Local Body Tax) Rules, 2010 (LBT rules)	Local Body Tax (LBT)	119.83	PY 2015-16, 2016-17 & 2017-18	Various dates	Not paid	-

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (INR in million)#	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Non deduction of withholding taxes u/s 195 (INR 54.92 million paid under protest)	-	AY 2014-15	ITAT
Property tax*	Demand received for various cases (INR 135.51 million paid under protest)	149.03	AY 2005-06 to 2016-2017	High Court of Bombay
Central Excise Act, 1944	Demand received for various cases (INR 8.92 million paid under protest)	54.15	AY 2004-05 to 2016-2017	Commissioner Appeals/ CESTAT/ High Court
Customs Act, 1962	Demand received for wrong availment of duty drawback (INR 157.40 million paid under protest)	-	AY 2012-13 to 2013-2014	Principal Commissioner (RA) and ex-officio Additional secretary to the Government of India

# Excludes interest and penalty and net of amounts paid under protests.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank or government. The Company did not have any outstanding dues in respect of financial institution and debenture holders.



## Independent Auditor's Report (Contd.):

- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company does not have any unutilised money out of initial public offer / further public offer.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**  
Partner  
Membership Number: 501160

Place of Signature: Pune  
Date: May 22, 2018

## Independent Auditor's Report (Contd.):

**Annexure 2 referred to in paragraph 2(f) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date.**

**Report on the Internal Financial Controls 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 Bharat Forge Limited ("the Company") as of March 31, 2018 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 the 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 Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements 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") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these standalone Ind AS financial statements 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 over financial reporting with reference to these standalone Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

### Meaning of Internal Financial Controls over Financial Reporting with reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements 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 with reference to these standalone Ind AS financial statements 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.

## Independent Auditor's Report (Contd.):

### Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone Ind AS financial statements, 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 with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone Ind AS financial statements 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, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2018, 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 **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**  
Partner  
Membership Number: 501160

Place of Signature: Pune  
Date: May 22, 2018

# Balance Sheet

as at March 31, 2018

	Notes	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	3	25,146.07	23,609.21
(b) Capital work-in-progress		3,024.01	3,742.62
(c) Investment property	4	2.89	2.89
(d) Intangible assets	5	130.14	123.98
(e) Investment in subsidiaries, joint venture and associate	6	5,761.91	5,799.50
(f) Financial assets			
(i) Investments	7	11,003.29	3,687.39
(ii) Loans	8	209.63	37.64
(iii) Trade receivables	12	233.77	5.49
(iv) Derivative instruments	9	476.63	1,564.89
(v) Other non-current financial assets	10	1,132.24	615.77
(g) Income tax assets (net)		77.83	260.53
(h) Other non-current assets	14	1,946.40	2,279.13
		<b>49,144.81</b>	<b>41,729.04</b>
<b>II. Current assets</b>			
(a) Inventories	11	5,380.54	4,264.92
(b) Financial assets			
(i) Investments	7	3,839.98	8,231.66
(ii) Loans	8	27.98	252.51
(iii) Trade receivables	12	17,908.03	13,799.41
(iv) Derivative instruments	9	1,245.80	1,961.97
(v) Cash and cash equivalent	13	1,341.84	2,407.87
(vi) Other bank balances	13	535.04	373.83
(vii) Other current financial assets	10	1,408.99	1,876.85
(c) Other current assets	14	2,826.50	1,787.95
(d) Asset held for sale	3	-	84.24
		<b>34,514.70</b>	<b>35,041.21</b>
<b>Total assets</b>		<b>83,659.51</b>	<b>76,770.25</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	15	931.27	465.68
(b) Other equity	16	45,211.53	41,853.64
<b>Total equity</b>		<b>46,142.80</b>	<b>42,319.32</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	9,098.02	7,903.47
(ii) Other financial liabilities	19	153.66	6.40
(b) Provisions	20	194.59	268.92
(c) Deferred tax liabilities (net)	21	2,544.64	3,032.92
(d) Other non-current liabilities	23	-	291.83
		<b>11,990.91</b>	<b>11,503.54</b>
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	11,665.98	9,076.80
(ii) Trade payables	22	6,888.66	4,639.51
(iii) Other current financial liabilities	19	4,967.76	7,871.79
(b) Provisions	20	578.09	338.20
(c) Other current liabilities	23	1,119.12	876.89
(d) Current tax liabilities (net)		306.19	144.20
		<b>25,525.80</b>	<b>22,947.39</b>
<b>Total liabilities</b>		<b>37,516.71</b>	<b>34,450.93</b>
<b>Total equity and liabilities</b>		<b>83,659.51</b>	<b>76,770.25</b>

The accompanying notes form an integral part of the financial statements.

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevjal Khandelwal**

Partner

Membership Number: 501160

For and on behalf of the Board of Directors of  
**Bharat Forge Limited****B. N. Kalyani**

Chairman and Managing Director

DIN : 00089380

**Kishore Saletore**

Executive Director &amp; CFO

DIN : 01705850

Place: Pune

Date: May 22, 2018

**G. K. Agarwal**

Deputy Managing Director

DIN : 00037678

**Tejaswini Chaudhari**

Deputy Company Secretary

Membership Number: 18907

Place: Pune

Date: May 22, 2018

# Statement of Profit and Loss

for the year ended March 31, 2018

	Notes	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Income</b>			
Revenue from operations	24	53,729.44	40,661.28
Other income	25	1,186.93	994.90
<b>Total income [i]</b>		<b>54,916.37</b>	<b>41,656.18</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	26	19,151.77	13,727.92
(Increase) in inventories of finished goods, work-in-progress, dies and scrap	27	(281.63)	(522.54)
Excise duty on sale of goods		569.80	2,014.65
Employee benefits expense	28	4,359.00	3,759.45
Depreciation and amortisation expense	29	3,067.49	2,948.51
Finance costs	30	848.38	727.70
Other expenses	31	14,562.81	10,955.81
<b>Total expenses [ii]</b>		<b>42,277.62</b>	<b>33,611.50</b>
<b>Profit before exceptional items and tax [i - ii]</b>		<b>12,638.75</b>	<b>8,044.68</b>
Exceptional items (loss)/gain	32	(1,332.05)	380.24
<b>Profit before tax</b>		<b>11,306.70</b>	<b>8,424.92</b>
<b>Tax expense</b>			
Current tax		4,161.42	2,600.04
Deferred tax		72.33	(25.89)
<b>Total tax expense</b>		<b>4,233.75</b>	<b>2,574.15</b>
<b>Profit for the year</b>		<b>7,072.95</b>	<b>5,850.77</b>
<b>Other comprehensive income</b>			
<b>Other Comprehensive Income to be reclassified to profit and loss in subsequent period (net of tax)</b>			
- Movement on cash flow hedges	33	(1,692.51)	1,683.66
- Foreign Currency Monetary Items Translation Difference Account	33	181.92	472.42
		<b>(1,510.59)</b>	<b>2,156.08</b>
Tax effect		580.08	(582.68)
	<b>[a]</b>	<b>(930.51)</b>	<b>1,573.40</b>
<b>Other Comprehensive Income not to be reclassified to profit and loss in subsequent period (net of tax)</b>			
- Re-measurement gains/(losses) of defined benefit plans	33	55.71	(63.18)
- Gain on FVTOCI equity securities	33	166.47	90.13
		<b>222.18</b>	<b>26.95</b>
Tax effect		(19.47)	21.87
	<b>[b]</b>	<b>202.71</b>	<b>48.82</b>
<b>Other comprehensive income for the year (net of tax)</b>	<b>[a+b]</b>	<b>(727.80)</b>	<b>1,622.22</b>
<b>Total comprehensive income for the year (net of tax)</b>		<b>6,345.15</b>	<b>7,472.99</b>
<b>Earning per equity share [nominal value per share ₹ 2/- (March 31, 2017: ₹ 2/- )]</b>	34		
Basic		15.19	12.56
Diluted		15.19	12.56

The accompanying notes form an integral part of the financial statements.

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 22, 2018

For and on behalf of the Board of Directors of

**Bharat Forge Limited**

**B. N. Kalyani**

Chairman and Managing Director

DIN : 00089380

**Kishore Saletore**

Executive Director & CFO

DIN : 01705850

Place: Pune

Date: May 22, 2018

**G. K. Agarwal**

Deputy Managing Director

DIN : 00037678

**Tejaswini Chaudhari**

Deputy Company Secretary

Membership Number: 18907

# Statement of changes in equity

for the year ended March 31, 2018

## A. Equity share capital:

Equity shares of ₹ 2/- each issued, subscribed and fully paid	No.	In ₹ Million
As at March 31, 2017	232,794,316	465.68
Add: Bonus shares issued during the year (Refer note 16(c)(iii))	232,794,316	465.59
<b>As at March 31, 2018</b>	<b>465,588,632</b>	<b>931.27</b>

## B. Other equity

	Reserves and Surplus					Items of OCI				Total
	Security premium	Debt redemption reserve	Capital reserves	Capital redemption reserve	General reserve	Retained earnings	Equity Instruments through Comprehensive Income	Cash flow hedge reserve	Monetary Translation Difference Account (FCMITDA)	
<b>Balance at the April 1, 2016</b>	<b>7,096.48</b>	<b>1,065.00</b>	<b>15.50</b>	<b>300.00</b>	<b>3,058.78</b>	<b>23,375.20</b>	<b>30.00</b>	<b>1,107.82</b>	<b>(699.26)</b>	<b>35,349.52</b>
- Profit for the year	-	-	-	-	-	5,850.77	-	-	-	5,850.77
- Other Comprehensive Income	-	-	-	-	-	(41.31)	90.13	1,100.98	472.42	1,622.22
Transfer from retained earnings	-	-	-	-	-	<b>5,809.46</b>	<b>90.13</b>	<b>1,100.98</b>	<b>472.42</b>	<b>7,472.99</b>
Adjustment for the year	-	-	-	-	100.00	-	-	-	-	100.00
Transfer to retained earnings	-	(1,065.00)	-	-	(128.30)	-	-	-	-	(128.30)
Transfer to general reserve	-	-	-	-	-	(100.00)	-	-	-	(100.00)
<b>Transaction with owners in their capacity as owners</b>										
- Equity dividend	-	-	-	-	-	(116.40)	-	-	-	(116.40)
- Tax on equity dividend	-	-	-	-	-	(23.70)	-	-	-	(23.70)
- Interim equity dividend	-	-	-	-	-	(581.99)	-	-	-	(581.99)
- Tax on interim equity dividend	-	-	-	-	-	(118.48)	-	-	-	(118.48)
<b>Balance as at March 31, 2017</b>	<b>7,096.48</b>	<b>-</b>	<b>15.50</b>	<b>300.00</b>	<b>3,030.48</b>	<b>29,309.09</b>	<b>120.13</b>	<b>2,208.80</b>	<b>(226.84)</b>	<b>41,853.64</b>

In ₹ Million

# Statement of changes in equity

for the year ended March 31, 2018 (Contd.):

## B. Other equity (Contd.):

	Reserves and Surplus					Items of OCI				Total
	Security premium	Debt redemption reserve	Capital reserves	Capital redemption reserve	General reserve	Retained earnings	Equity Instruments through Comprehensive Income	Cash flow hedge reserve	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	
<b>Balance at the April 1, 2017</b>	<b>7,096.48</b>	-	<b>15.50</b>	<b>300.00</b>	<b>3,030.48</b>	<b>29,309.09</b>	<b>120.13</b>	<b>2,208.80</b>	<b>(226.84)</b>	<b>41,853.64</b>
- Profit for the year	-	-	-	-	-	7,072.95	-	-	-	7,072.95
- Other Comprehensive Income	-	-	-	-	-	36.24	166.47	(1,112.43)	181.92	(727.80)
Transfer from retained earnings	-	-	-	-	100.00	7,109.19	166.47	(1,112.43)	181.92	6,345.15
Utilised for issue of bonus shares	(165.59)	-	-	(300.00)	-	-	-	-	-	100.00
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	(465.59)
Transfer to general reserve	-	-	-	-	-	(100.00)	-	-	-	-
<b>Transaction with owners in their capacity as owners</b>										
- Equity dividend	-	-	-	-	-	(1,163.97)	-	-	-	(1,163.97)
- Tax on equity dividend	-	-	-	-	-	(236.96)	-	-	-	(236.96)
- Interim equity dividend	-	-	-	-	-	(931.18)	-	-	-	(931.18)
- Tax on interim equity dividend	-	-	-	-	-	(189.56)	-	-	-	(189.56)
<b>Balance as at March 31, 2018</b>	<b>6,930.89</b>	-	<b>15.50</b>	-	<b>3,130.48</b>	<b>33,796.61</b>	<b>286.60</b>	<b>1,096.37</b>	<b>(44.92)</b>	<b>45,211.53</b>

The accompanying notes form an integral part of the financial statements.

As per our report of even date  
**For S R B C & CO LLP**  
Chartered Accountants  
**ICAI Firm Registration Number: 324982E/E300003**  
per **Tridevial Khandelwal**  
Partner  
Membership Number: 501160

Place: Pune  
Date: May 22, 2018

For and on behalf of the Board of Directors of  
**Bharat Forge Limited**

**B. N. Kalyani**  
Chairman and Managing Director  
DIN : 00089380  
**Kishore Saleore**  
Executive Director & CFO  
DIN : 01705850  
Place: Pune  
Date: May 22, 2018

**G. K. Agarwal**  
Deputy Managing Director  
DIN : 00037678  
**Tejaswini Chaudhari**  
Deputy Company Secretary  
Membership Number: 18907

# Cash Flow Statement

for the year ended March 31, 2018

Particulars	In ₹ Million	
	March 31, 2018	March 31, 2017
<b>Operating activities</b>		
<b>Profit before tax</b>	<b>11,306.70</b>	<b>8,424.92</b>
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	3,067.49	2,948.51
Unrealised foreign exchange loss/(gain)/ MTM etc. (net)	894.85	423.84
Interest income on fixed deposit and others	(149.41)	(158.64)
Interest income on loan to subsidiaries	(11.48)	(52.22)
Liabilities/ provision no longer required written back	(19.60)	(35.13)
Provision for doubtful debts and advances (net) including expected credit loss	50.00	19.72
Bad debts/ advances written off	50.61	6.11
Finance costs	671.87	727.70
(Gain)/ loss on sale of property, plant & equipment (net)	(34.17)	16.99
Dividend income from investments	(228.47)	(369.97)
Net (gain) on sale of financial investments	(52.57)	(19.87)
Net (gain) on fair valuation of financial instruments (FVTPL)	(461.23)	(50.37)
Gain on sale of investment in joint venture	-	(540.07)
Exceptional items	1,332.05	23.74
<b>Operating profit before working capital changes</b>	<b>16,416.64</b>	<b>11,365.26</b>
<b>Movements in working capital :</b>		
(Increase) in trade receivable	(3,824.05)	(13.43)
(Increase) in inventories	(1,115.62)	(601.46)
Decrease in loans	-	3.69
Decrease/ (Increase) in other financial assets	74.32	(1,709.01)
(Increase)/ decrease in other assets	(528.65)	2,329.12
(Decrease)/ increase in provisions	(13.09)	24.47
Increase in trade payables	2,272.91	355.44
(Decrease)/ increase in other financial liabilities	(3.18)	7.18
(Decrease) in other liabilities	(49.60)	(198.69)
<b>Cash generated from operations</b>	<b>13,229.68</b>	<b>11,562.57</b>
Direct taxes paid (net of refunds)	(3,816.73)	(2,638.75)
<b>Net cash flow from operating activities (A)</b>	<b>9,412.95</b>	<b>8,923.82</b>
<b>Investing activities</b>		
Purchase of property, plant & equipment and intangible assets (including capital work-in-progress and capital advances)	(3,935.87)	(4,399.63)
Proceeds from sale of property, plant & equipment and intangible assets	87.27	107.96
Investments in subsidiaries/joint ventures/associates	(855.11)	(1,206.42)
Proceeds from sale of investments in subsidiaries/joint ventures/associates	-	2,292.58
Loan/amount recoverable/advance given to subsidiaries	(336.04)	(304.88)
Proceeds from loan given to subsidiaries	-	305.78
Loan given to others	(66.68)	-
Proceeds from loan given to others	125.21	-
Investments in financial instruments	(50,977.37)	(38,002.61)
Proceeds from sale of financial instruments	48,584.82	34,778.80
Interest received	176.87	265.16
Dividends received	228.47	369.97
<b>Net cash (used) in investing activities (B)</b>	<b>(6,968.43)</b>	<b>(5,793.29)</b>



## Cash Flow Statement

for the year ended March 31, 2018 (Contd.):

Particulars	In ₹ Million	
	March 31, 2018	March 31, 2017
<b>Financing activities</b>		
Dividend paid on equity shares	(2,095.14)	(698.40)
Tax on equity dividend paid	(426.52)	(142.18)
Interest Paid	(655.55)	(811.94)
Proceeds from borrowings	46,404.99	38,161.89
Repayment of borrowings	(46,893.45)	(40,228.71)
<b>Net cash flow (used in) financing activities (C)</b>	<b>(3,665.67)</b>	<b>(3,719.34)</b>
<b>Net (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(1,221.15)</b>	<b>(588.81)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,246.78</b>	<b>2,835.59</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,025.63</b>	<b>2,246.78</b>
<b>Cash and Cash equivalents for the purpose of cash flow statement</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Balances with banks:		
In cash credit and current accounts	1,010.97	2,192.13
Deposits with original maturity of less than three months	330.00	215.00
Cash on hand	0.87	0.74
<b>Total</b>	<b>1,341.84</b>	<b>2,407.87</b>
Less : cash credit	316.21	161.09
	<b>1,025.63</b>	<b>2,246.78</b>

The accompanying notes form an integral part of the financial statements.

As per our report of even date  
For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**  
Partner  
Membership Number: 501160

Place: Pune  
Date: May 22, 2018

For and on behalf of the Board of Directors of  
Bharat Forge Limited

**B. N. Kalyani**  
Chairman and Managing  
Director  
DIN : 00089380

**Kishore Saletore**  
Executive Director & CFO  
DIN : 01705850

Place: Pune  
Date: May 22, 2018

**G. K. Agarwal**  
Deputy Managing Director  
DIN : 00037678

**Tejaswini Chaudhari**  
Deputy Company Secretary  
Membership Number: 18907

# Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018

## 1. Corporate information

Bharat Forge Limited (“the Company”) is a public Company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company’s shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing and selling of forged and machined components for auto and industrial sector. The Company caters to both domestic and international markets. The registered office of the Company is located at Mundhwa, Pune. The Company has manufacturing facilities at Mundhwa, Baramati, Chakan and Satara locations. The Company’s CIN is L25209PN1961PLC012046. The financial statements were authorized for issue in accordance with a resolution of the board of directors on May 22, 2018.

## 2. Significant accounting policies

### 2.1 Basis of preparation

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

### 2.2 Summary of significant accounting policies

#### a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

## 2.2 Summary of significant accounting policies (Contd.):

### a. Current versus non-current classification (Contd.):

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

### b. Foreign currencies

The Company's financial statements are presented in INR, which is also its functional currency.

#### Transactions and balance

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long-term Foreign Currency Monetary Items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

#### Exchange differences

The Company had availed the option available under Ind AS 101 para D13 AA and is continuing the policy adopted for accounting for exchange difference arising from translation of long-term foreign currency monetary items recognised in the financial statements for the year ending March 31, 2016, pertaining to long-term foreign currency translation difference account (FCMITDA). Hence, such exchange differences are accounted as below:

- a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a property, plant and equipment are capitalized and depreciated over the remaining useful life of the asset.
- b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the FCMITDA through Other Comprehensive Income (OCI). The amortization of the balance of FCMITDA is transferred to the statement of profit and loss over the remaining life of the respective monetary item.
- c) All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of (a) and (b) above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

Further, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

### c. Investment in subsidiaries, joint ventures and associates

The Company has accounted for its investment in subsidiaries, joint ventures and associates at cost less accumulated impairment.

## Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.):

#### d. Fair value measurement

The Company measures financial instruments at fair value on initial recognition.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 49)
- Quantitative disclosures of fair value measurement hierarchy (note 47)
- Investment in unquoted equity shares (note 6 and 7)
- Investment properties (note 4)
- Financial instruments (including those carried at amortised cost) (note 48)

## 2.2 Summary of significant accounting policies (Contd.):

### e. Revenue recognition

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, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Post Implementation of Goods and Service Tax (GST) w.e.f. July 1, 2017, "Revenue from operations" is required to be disclosed net of GST. Accordingly, the revenue from operations are inclusive of excise duty invoiced till June 30, 2017 and are not comparable with revenue for year ended March 31, 2017 to that extent.

The specific recognition criteria described below must also be met before revenue is recognised.

#### Sale of goods

- a) Revenue from the domestic sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.
- b) Revenue from export sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the basis of dates of bill of lading. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

#### Export incentives

Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

#### Die design and preparation charges

Revenues from die design and preparation charges are recognized as per the terms of the contract as and when the significant risks and rewards of ownership of dies are transferred to the buyers.

#### Sale of services

Revenue from sale of services is recognised by reference to the stage of completion, and is measured net of service tax. Stage of completion is measured by reference to proportion of cost incurred till date to the total estimated contract cost.

#### Sale of electricity – Windmill

Revenue from sales of electricity is recognized when all the significant risks and rewards of ownership have been passed to the buyer, usually on transmission of electricity based on the data provided by the electricity department.

#### Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

## Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.):

#### e. Revenue recognition (Contd.):

##### Dividends

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### f. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of profit and loss over the periods and in the proportionws in which depreciation on those assets is charged.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

#### g. Taxes

##### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

## 2.2 Summary of significant accounting policies (Contd.):

### g. Taxes (Contd.):

#### Deferred tax (Contd.):

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

#### Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded as met only when the assets or disposal Company is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group)
- An active programme to locate a buyer and complete the plan has been initiated (if applicable)
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal group are measured at the lower of their carrying amount and the fair value less costs to sell / distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

## Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.):

#### h. Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal group as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded as met only when the assets or disposal Company is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group)
- An active programme to locate a buyer and complete the plan has been initiated (if applicable)
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn

Non-current assets held for sale/for distribution to owners and disposal group are measured at the lower of their carrying amount and the fair value less costs to sell / distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

#### i. Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). Internally manufactured property, plant and equipment are capitalised at cost, including non-cenvatable excise duty, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.



## 2.2 Summary of significant accounting policies (Contd.):

### i. Property, plant and equipment (Contd.):

Depreciation for identified components is computed on straight line method based on useful lives, determined based on internal technical evaluation as follows:

Type of asset	Schedule II life (years)	Useful lives estimated by the management (years)
Building- Factory	30	30
Buildings- Others (including roads)	5 to 60	5 to 60
Plant and machinery (including dies)	15	3 to 21
Plant and machinery - Windmill	25	19
Plant and machinery - Computers	3	3
Office equipment	5	5
Railway sidings	15	10
Electrical installation	10	10
Factory equipments	10	10
Furniture and fixtures	10	10
Vehicles	8	8
Aircrafts	20	6 to 18

Expenditure on power line is amortised on a straight-line basis over a period of six years.

The Company, based on technical assessment made by a technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Freehold land is carried at cost. The Company has taken certain land on lease for a period of 99 years. Leasehold land is amortised on the straight line method over period of the lease.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### j. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though the Company measures investment property using cost based measurements, the fair value measurement of investment property is disclosed in note 4. Fair values are determined based on a periodic evaluation performed by an accredited external independent valuer applying valuation model recommended by recognised valuation standards.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit and loss in the period of derecognition.

### k. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method

## Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.):

#### k. intangible assets (Contd.):

for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset, as provided by another Ind AS.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the net carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The summary of amortization policy applied to the Company's intangible assets is as below:

Type of asset	Life (years)
Computer software	3
Technology Licenses	5

#### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

#### l. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs w.r.t. borrowings taken on or after April 1, 2016.

#### m. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

## 2.2 Summary of significant accounting policies (Contd.):

### m. Leases (Contd.):

#### Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the same is in line with inflation.

#### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease unless the same is in line with inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### n. Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Scrap is valued at net realizable value.

Dies are valued at cost or net realisable value. Cost includes direct material and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of dies are determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### o. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In

## Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.):

#### o. Impairment of non-financial assets (Contd.):

determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Intangible assets under development are tested for impairment annually.

Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

For the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

#### p. Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### q. Post-employment and other employee benefits

##### Provident fund

The Company operates two plans for its employees to provide employee benefits in the nature of provident fund.

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the "Bharat Forge Company Limited Staff Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

## 2.2 Summary of significant accounting policies (Contd.):

### q. Post-employment and other employee benefits (Contd.):

#### Provident fund (Contd.):

The cost of providing benefits under above-mentioned defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet as an asset / liability with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The employees which are not covered under the above scheme, their portion of provident fund is contributed to the government administered pension fund which is a defined contribution scheme.

The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, a reduction in future payment or a cash refund.

#### Gratuity

The Company operates two defined benefits plan for its employee's viz. gratuity and special gratuity scheme. Payment for present liability of future payment of gratuity is being made to approved gratuity funds. The special gratuity scheme is unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the project unit credit method.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet as asset / liability with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs
- Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
- Service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

#### Superannuation

Retirement benefit in the form of superannuation plan is a defined contribution plan. Defined contributions to insurance Company for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' basic salary. The Company recognizes expense toward the contribution paid/ payable to the defined contribution plan as and when an employee renders the relevant service. If the contribution already paid exceeds the contribution due for service before the balance sheet date, the Company recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund. If the contribution already paid is lower than the contribution due for service before the balance sheet date, the Company recognises that difference as a liability. The Company has no obligation, other than the contribution payable to the superannuation fund.

## Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.):

#### q. Post-employment and other employee benefits (Contd.):

##### Privilege leave benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

##### Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of these benefits; and (b) when the entity recognizes cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### r. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial assets

###### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

###### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments at amortised cost
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

###### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

## 2.2 Summary of significant accounting policies (Contd.):

### r. Financial instruments (Contd.):

#### Debt instruments at amortised cost (Contd.):

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

#### Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses, reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

#### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

#### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity instruments not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.):

#### r. Financial instruments (Contd.):

##### Derecognition (Contd.):

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

##### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Financial assets that are measured at FVTOCI.
- c) Lease receivables under Ind AS 17.
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms



## 2.2 Summary of significant accounting policies (Contd.):

### r. Financial instruments (Contd.):

#### Impairment of financial assets (Contd.):

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- Debt instruments measured at FVTOCI:

Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

#### Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 18.

## Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.):

#### r. Financial instruments (Contd.):

##### Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

##### Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit and loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit and loss, unless designated as effective hedging instruments.

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### s. Derivative financial instruments and hedge accounting

##### Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to statement of profit and loss when the hedge item affects statement of profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

## 2.2 Summary of significant accounting policies (Contd.):

### s. Derivative financial instruments and hedge accounting (Contd.):

#### Initial recognition and subsequent measurement (Contd.):

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

#### Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through the statement of profit and loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in statement of profit and loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in statement of profit and loss.

#### Cash flow hedges

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs. (Refer note 50).

Amounts recognised as OCI are transferred to statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

## Notes Forming Part of Standalone Financial Statements

for the year ended March 31, 2018 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.):

**t. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

**u. Dividend to equity holders of the Company**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**v. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

**w. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 3. Property, plant and equipment

	Freehold land	Leasehold land (note f)	Buildings (notes a, b)	Plant and machinery (note d)	Office equipments	Railway sidings	Electrical installations	Factory equipments	Furniture and fixtures	Vehicles and aircraft	Power line	Total
<b>Cost</b>												In ₹ Million
<b>at April 1, 2016</b>	173.39	147.57	3,613.44	38,662.14	82.54	0.45	531.63	876.27	304.56	4,020.14	97.77	<b>48,509.90</b>
Additions	-	16.92	1,288.65	2,495.77	27.48	-	4.12	74.94	48.51	3.32	-	<b>3,959.71</b>
Disposals	-	-	(3.79)	(293.20)	(48.87)	-	-	-	(23.60)	(18.33)	-	<b>(387.79)</b>
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-
- Transfer to held for sale	-	(89.53)	-	-	-	-	-	-	-	-	-	<b>(89.53)</b>
- Borrowing costs	-	-	8.45	28.87	-	-	-	0.39	-	-	-	<b>37.71</b>
- Exchange differences	-	-	(1.97)	(53.89)	-	-	-	(0.57)	-	(14.60)	-	<b>(71.03)</b>
<b>at March 31, 2017</b>	<b>173.39</b>	<b>74.96</b>	<b>4,904.78</b>	<b>40,839.69</b>	<b>61.15</b>	<b>0.45</b>	<b>535.75</b>	<b>951.03</b>	<b>329.47</b>	<b>3,990.53</b>	<b>97.77</b>	<b>51,958.97</b>
Additions	-	-	37.45	4,242.51	11.15	-	-	130.58	29.11	17.04	-	<b>4,467.84</b>
Disposals	-	-	-	(339.74)	-	-	-	-	(0.10)	(5.30)	-	<b>(345.14)</b>
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-
- Borrowing costs	-	-	0.47	28.29	-	-	-	-	-	-	-	<b>28.76</b>
- Exchange differences	-	-	5.48	74.28	-	-	-	0.65	-	13.28	-	<b>93.69</b>
<b>at March 31, 2018</b>	<b>173.39</b>	<b>74.96</b>	<b>4,948.18</b>	<b>44,845.03</b>	<b>72.30</b>	<b>0.45</b>	<b>535.75</b>	<b>1,082.26</b>	<b>358.48</b>	<b>4,015.55</b>	<b>97.77</b>	<b>56,204.12</b>
<b>Depreciation and impairment</b>												
<b>at April 1, 2016</b>	-	9.27	862.19	21,847.39	61.96	0.43	390.43	617.21	247.86	1,665.78	97.77	<b>25,800.29</b>
Charge for the year	-	1.75	119.88	2,527.10	4.85	-	30.66	33.72	11.04	188.60	-	<b>2,917.60</b>
Transfer to held for sale	-	(5.29)	-	-	-	-	-	-	-	-	-	<b>(5.29)</b>
Disposals	-	-	(0.52)	(277.87)	(46.44)	-	-	-	(22.36)	(15.65)	-	<b>(362.84)</b>
<b>at March 31, 2017</b>	-	5.73	981.55	24,096.62	20.37	0.43	421.09	650.93	236.54	1,838.73	97.77	<b>28,349.76</b>
Charge for the year	-	0.79	159.11	2,563.29	10.16	-	24.27	39.25	13.09	190.37	-	<b>3,000.33</b>
Disposals	-	-	-	(287.28)	-	-	-	-	(0.07)	(4.69)	-	<b>(292.04)</b>
<b>at March 31, 2018</b>	-	6.52	1,140.66	26,372.63	30.53	0.43	445.36	690.18	249.56	2,024.41	97.77	<b>31,058.05</b>
<b>Net block</b>												
<b>at March 31, 2017</b>	<b>173.39</b>	<b>69.23</b>	<b>3,923.23</b>	<b>16,743.07</b>	<b>40.78</b>	<b>0.02</b>	<b>114.66</b>	<b>300.10</b>	<b>92.93</b>	<b>2,151.80</b>	-	<b>23,609.21</b>
<b>at March 31, 2018</b>	<b>173.39</b>	<b>68.44</b>	<b>3,807.52</b>	<b>18,472.40</b>	<b>41.77</b>	<b>0.02</b>	<b>90.39</b>	<b>392.08</b>	<b>108.92</b>	<b>1,991.14</b>	-	<b>25,146.07</b>

(a) Buildings include cost of hangar jointly owned with other companies ₹ 0.12 million (March 31, 2017: ₹ 0.12 million)

(b) Documents for the ownership of premises at Mittal Towers, Mumbai; Bangalore branch office, Land at Bhima Koregaon, Hangar at Lohegaon, flat at Surajban apartments and flat at Lulanagar, Pune are not available with the Company.

(c) Capitalised borrowing costs :

The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year ended March 31, 2018 was ₹ Nil (March 31, 2017: ₹ 44.17 million). The Company capitalises these borrowing costs in the capital work-in-progress (CWIP).

(d) Assets include assets lying with third party.

(e) The Company had elected to continue with the carrying value of property, plant and equipment as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Company has disclosed the gross cost and accumulated depreciation above, for information purpose only. The total gross cost and corresponding total accumulated depreciation as at March 31, 2018 and March 31, 2017 as disclosed above should be adjusted (atleast) by an amount of ₹ 22,779.66 million representing accumulated depreciation as at April 01, 2015. Such adjustment will have no impact on the net block as at March 31, 2018 and March 31, 2017.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 3. Property, plant and equipment (Contd.):

#### (f) Assets classified as held for sale

In ₹ Million

	March 31, 2018	March 31, 2017
Leasehold Land at Jejuri	-	89.53
Less: Amortisation	-	(5.29)
<b>Total assets held for sale</b>	<b>-</b>	<b>84.24</b>

The Board of Directors of the Company decided to transfer and assign the lease hold rights in land which was originally acquired for a joint venture for railway projects. The Company had identified interested parties for the transfer, and had entered into a memorandum of understanding with them. The sale was completed during the current year.

#### Non-recurring fair value measurements

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. Since the carrying amount was less, there has been no impact in the statement of profit and loss. The fair value of the land was determined using the sales comparison approach. The key input used is current prices in an active market for similar properties. This is a level 2 measurement as per the fair value hierarchy.

### 4. Investment property

In ₹ Million

	Freehold land
<b>Cost</b>	
at April 1, 2016	2.89
Additions	-
Disposals	-
at March 31, 2017	2.89
Additions	-
Disposals	-
at March 31, 2018	2.89
<b>Depreciation and impairment</b>	
at April 1, 2016	-
Depreciation for the year	-
at March 31, 2017	-
Depreciation for the year	-
at March 31, 2018	-
<b>Net block</b>	
at March 31, 2017	2.89
at March 31, 2018	2.89

#### Information regarding income and expenditure of investment property

In ₹ Million

	March 31, 2018	March 31, 2017
Rental income derived from investment properties (included in Rent in note 25)	2.69	2.69
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in Rates and taxes in note 31)	1.40	1.40
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>1.29</b>	<b>1.29</b>
Less : Depreciation	-	-
<b>Profit arising from investment properties before indirect expenses</b>	<b>1.29</b>	<b>1.29</b>

The Company's investment properties consist of three parcels of land situated at Pune, Satara and Chakan.

As at March 31, 2018 and March 31, 2017, the fair values of the properties are ₹ 2,425.21 million, ₹ 2,425.21 million respectively. The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties, where such information is not available, the Company considers ready reckoner rates. The fair values of investment properties have been determined by an independent valuer. The main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

The Company has no restrictions (other than the land for which matter is being subjudice) on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

#### 4. Investment property (Contd.):

Freehold land includes 25 acres of land situated at Pune and 24.13 acres of land situated at Satara and 8.40 acres of land situated at Chakan, which have been given on lease. Due to certain matters being sub-judice, the Company has not executed lease deed with related party for one of the said land.

##### Reconciliation of fair value

	In ₹ Million
<b>Investment properties</b>	<b>Free hold land</b>
<b>at April 1, 2016</b>	<b>2,242.20</b>
Fair value difference	183.01
Purchases	-
<b>at March 31, 2017</b>	<b>2,425.21</b>
Fair value difference	-
Purchases	-
<b>at March 31, 2018</b>	<b>2,425.21</b>

#### 5. Intangible assets

	Computer software	Technology Licence	In ₹ Million Total
<b>Cost</b>			
<b>at April 1, 2016</b>	99.05	-	99.05
Purchase	95.22	-	95.22
Internal development	-	-	-
Other adjustments	-	-	-
Exchange differences	(0.05)	-	(0.05)
<b>at March 31, 2017</b>	<b>194.22</b>		<b>194.22</b>
Purchase	36.19	37.12	73.31
Internal development	-	-	-
Other adjustments	-	-	-
Exchange differences	0.01	-	0.01
<b>at March 31, 2018</b>	<b>230.42</b>	<b>37.12</b>	<b>267.54</b>
<b>Amortisation and impairment</b>			
<b>at April 1, 2016</b>	39.33	-	39.33
Amortisation	30.91	-	30.91
<b>at March 31, 2017</b>	<b>70.24</b>		<b>70.24</b>
Amortisation	65.33	1.83	67.16
<b>at March 31, 2018</b>	<b>135.57</b>	<b>1.83</b>	<b>137.40</b>
<b>Net block</b>			
<b>at March 31, 2017</b>	123.98	-	123.98
<b>at March 31, 2018</b>	<b>94.85</b>	<b>35.29</b>	<b>130.14</b>

The Company had elected to continue with the carrying value of intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Company has disclosed the gross cost and accumulated depreciation above, for information purpose only. The total gross cost and corresponding total accumulated depreciation as at March 31, 2018 and March 31, 2017 as disclosed above should be adjusted (atleast) by an amount of ₹ 20.50 million representing accumulated depreciation as at April 01, 2015. Such adjustment will have no impact on the net block as at March 31, 2018 and March 31, 2017.

##### Capitalization of expenditure

The Company has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/capital work in progress(CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	March 31, 2018	In ₹ Million March 31, 2017
Salaries, wages and bonus	21.86	30.70
Consumption of stores and spares	3.45	7.46
Others	2.82	5.80
	<b>28.13</b>	<b>43.96</b>

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 6. Investment in subsidiaries, Joint venture and associate

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>At Cost</b>		
<b>Unquoted equity instruments (fully paid)</b>		
<b>- Investment in wholly owned subsidiaries</b>		
Bharat Forge Global Holding GmbH		
Subscription to the equity share capital EUR 5,000,000 (March 31, 2017 : EUR 5,000,000)	287.98	287.98
Capital contribution credited in favour of Bharat Forge Limited [Refer note 6(a)] EUR 61,464,428 [March 31, 2017 : EUR 57,464,428]	3,978.98	3,675.98
	<b>4,266.96</b>	<b>3,963.96</b>
60 (March 31, 2017: 60) Common stock of 1 cent each fully paid up in Bharat Forge America Inc. USD 33,396,597 (March 31, 2017 : USD 33,396,597) [Refer note 6(b)]	831.91	831.91
64,000 (March 31, 2017 : 64,000) equity shares of ₹ 1/- each fully paid up in Bharat Forge International Limited [Refer note 6(c)]	304.78	304.78
124,983,334 (March 31, 2017 : 95,527,694) equity shares of ₹ 10/- each fully paid up in BF Infrastructure Limited [Refer note 6(d)(i)]	869.84	575.28
Less : Provision for impairment in value of investments [Refer note 32]	869.84	-
	-	<b>575.28</b>
18,489,670 (March 31, 2017: 1,655,202) equity shares of ₹ 10/- each fully paid up in Analogic Controls India Limited [Refer note 6(e)]	20.15	16.55
Less : Provision for impairment in value of investments [Refer note 32]	16.55	16.55
	<b>3.60</b>	-
<b>- Other subsidiaries where Company holds 51% or more of the equity share capital</b>		
1,010,000 (March 31, 2017: 10,000) equity shares of ₹ 10/- each fully paid up in BF Elbit Advanced Systems Private Limited [Refer note 6(f)]	10.10	0.10
18,417,678 (March 31, 2017 : 9,990,600) equity shares of ₹ 10/- each fully paid up in Kalyani Strategic Systems Limited [Refer note 6(g)]	184.17	99.90
<b>- Investments in joint venture</b>		
7,128,219 (March 31, 2017 : 6,839,100) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Limited [Refer note 6(h)]	33.64	30.76
Less : Provision for impairment in value of investments [Refer note 32]	33.64	7.19
	-	<b>23.57</b>
<b>- Investments in associate</b>		
4,736 (March 31, 2017: Nil) equity shares of ₹ 10/- each in Tork Motors Private Limited [Refer note 6(i)(i)]	100.41	-
<b>Unquoted Preference shares</b>		
<b>- Investment in wholly owned subsidiaries (fully paid)</b>		
21,814,050 (March 31, 2017: Nil) compulsorily convertible preference shares of ₹ 10/- each in BF Infrastructure Limited [Refer note 6(d)(ii)]	-	-
<b>- Investments in associates (fully paid)</b>		
2,841 (March 31, 2017: Nil) compulsorily convertible preference shares of ₹ 10/- each in Tork Motors Private Limited [Refer note 6(i)(ii)]	59.98	-
<b>Total</b>	<b>5,761.91</b>	<b>5,799.50</b>

#### (a) Bharat Forge Global Holding GmbH (BFGH)

Contributions to the capital reserves of BFGH as per the German Commercial Code (code), forms a part of the equity share capital and accordingly has been considered as an investment and is redeemable subject to provisions of the code.

During the current year, the Company has made further investment in contributions to the capital reserves of BFGH of ₹ 303.00 million.



## 6. Investment in subsidiaries, Joint venture and associate (Contd.):

### (b) Bharat Forge America Inc. (BFA)

During the previous year, the Company through BFA had completed acquisition of Walker Forge Tennessee LLC (renamed as "Bharat Forge PMT Technologie LLC") and PMT Holdings Inc. (renamed as "Bharat Forge Tennessee Inc.").

### (c) Bharat Forge International Limited

During the previous year, the Company had purchased 64,000 ordinary shares of Bharat Forge International Limited from Bharat Forge Global Holding GmbH.

### (d) BF Infrastructure Limited (BFIL)

(i) During the current year, the Company has made further investment in BFIL of ₹ 294.56 million by acquiring 29,455,640 equity shares of ₹ 10/- each.

Further in the current year, the Company has impaired ₹ 869.84 million in investment in equity instrument of BFIL. The impairment is recognised as an exceptional item in the statement of profit and loss.

(ii) During the current year, terms of the preference shares have been changed from redeemable to compulsorily convertible preference shares. The conversion in to equity shares will take place in the ratio of 1:1 as per the terms of conversion. This investment is carried at fair value of ₹ Nil, as at April 1, 2015.

### (e) Analogic Controls India Limited (ACIL)

During the previous year, the Company had identified impairment of ₹ 16.55 million in investment in equity instrument of ACIL. The impairment was recognised as an exceptional item in the statement of profit and loss.

During the current year, the Company has made further investment in ACIL of ₹ 100.00 for acquiring 1,103,468 equity shares of ₹ 10/- each.

Further 1,573,100 "0% Unsecured Compulsorily Convertible Debentures" of ₹ 100/- each was converted into 15,731,000 equity shares of ₹ 10/- each in accordance with the terms of issue, at fair value of ₹ 3.60 million as on conversion date. Subsequently ACIL became the wholly owned subsidiary of the Company.

### (f) BF Elbit Advanced Systems Private Limited

During the current year, the Company has made further investment in BF Elbit Advanced Systems Private Limited of ₹ 10.00 million by acquiring 1,000,000 equity shares of ₹ 10/- each.

### (g) Kalyani Strategic Systems Limited

During the current year, the Company has made further investment in Kalyani Strategic Systems Limited of ₹ 84.27 million (March 31, 2017: ₹ 85.47 million) by acquiring 8,427,078 equity shares of ₹ 10/- each.

### (h) BF NTPC Energy Systems Limited (BFNTPCESL)

During the current year, the Company has made further investment in BFNTPCESL of ₹ 2.89 million (March 31, 2017: ₹ 7.19 million) by acquiring 289,119 equity shares of ₹ 10/- each.

However at the year end, the Company has impaired ₹ 26.45 million (March 31, 2017: ₹ 7.19 million) in investment in equity instrument of BFNTPCESL. The impairment is recognised as an exceptional item in the statement of profit and loss.

### (i) Tork Motors Private Limited

(i) During the current year, the Company has made investment in Tork Motors Private Limited of ₹ 100.41 million by acquiring 4,736 equity shares of ₹ 10/- each.

(ii) Further in the current year, the Company has made investment in Tork Motors Private Limited of ₹ 59.98 million by acquiring 2,841 compulsorily convertible preference shares of ₹ 10/- each.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 7. Investments

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current investment</b>		
<b>(a) Investment designated at fair value through OCI (FVTOCI)</b>		
<b>Equity instruments (unquoted)</b>		
- <b>Investments in others (Company holds 5% or more of the share capital) (fully paid)</b>		
38,384,202 (March 31, 2017 : 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	637.94	524.71
<b>Equity instruments (quoted)</b>		
- <b>Investments in others (fully paid)</b>		
613,000 (March 31, 2017 : 613,000) equity shares of ₹ 2/- each fully paid up in KPIT Technologies Limited	132.73	79.50
<b>Total FVTOCI investments (a)</b>	<b>770.67</b>	<b>604.21</b>
<b>(b) Investments at fair value through profit or loss (FVTPL)</b>		
- <b>Debentures (unquoted)</b>		
<b>Other subsidiaries where Company holds 51% or more of the equity share capital (fully paid)</b>		
1,573,100 (March 31, 2017: 1,573,100) 0% compulsorily convertible debentures of ₹ 100/- each in Analogic Controls India Limited [Refer note 6(e)]	-	3.60
- <b>Equity instruments (unquoted)</b>		
<b>Investments in others (Company holds 5% or more of the share capital) (fully paid)</b>		
504,432 (March 31, 2017: 504,432) equity shares of ₹ 10/- each in Gupta Energy Private Limited [Refer note 7(a)]	-	-
- <b>Preference shares (unquoted)</b>		
<b>Investment in wholly owned subsidiaries (fully paid)</b>		
Nil (March 31, 2017: 21,814,050) redeemable preference shares of ₹ 10/- each in BF Infrastructure Limited [Refer note 6(d)(ii)]	-	-
- <b>Investments in private equity fund (unquoted funds)</b>		
635,009.59 (March 31, 2017 : 720,000) Units of ₹ 100/- each of Paragon Partners Growth Fund - I	115.57	72.79
<b>Sub Total</b>	<b>115.57</b>	<b>76.39</b>
- <b>Investments in mutual funds (quoted funds)</b>		
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OE (1153 days) - Direct Plan-Growth	21.47	20.11
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OG (1146 days) - Direct Plan-Growth	21.45	20.10
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OH (1120 days) - Direct Plan-Growth	21.54	20.17
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OI (1120 days) - Direct Plan-Growth	21.49	20.12
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OK (1135 days) - Direct Plan-Growth	21.42	20.06
3,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 days) - Direct Plan-Growth	30.47	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 days) - Direct Plan-Growth	20.34	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PB (1190 days) - Direct Plan-Growth	20.30	-
3,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PE (1159 days) - Direct Plan-Growth	30.34	-
3,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PG (1148 days) - Direct Plan-Growth	30.32	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PH (1143 days) - Direct Plan-Growth	20.18	-
20,000 (March 31, 2017: 20,000) Units of ₹ 1,000 each of DHFL Pramerica Fixed Duration Fund - Series AE - Direct Plan - Growth Option	21.49	20.11
<i>carried over</i>	280.81	120.67
<i>carried over</i>	115.57	76.39

## 7. Investments (Contd.):

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current investment (Contd.):</b>		
<b>(b) Investments at fair value through profit or loss (FVTPL) (Contd.):</b>		
<b>- Investments in mutual funds (quoted funds) (Contd.):</b>		
	<i>brought over</i>	115.57
	<i>brought over</i>	280.81
	20.78	76.39
20,000 (March 31, 2017: Nil) Units of ₹ 1,000 each of DHFL Pramerica Fixed Duration Fund - Series AH - Direct Plan - Growth Option	20.78	-
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of DSP BlackRock FMP - Series 204 - 37M - Direct Plan - Growth	21.46	20.14
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of DSP BlackRock FMP - Series 217 - 40M - Direct Plan - Growth	20.35	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of DSP BlackRock FMP - Series 219 - 40M - Direct Plan - Growth	20.30	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of DSP BlackRock FMP - Series 223 - 39M - Direct Plan - Growth	20.18	-
3,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of Franklin India Fixed Maturity Plan - Series 2 - Plan A - Direct Plan - Growth	30.47	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of Franklin India Fixed Maturity Plan - Series 2 - Plan B - Direct Plan - Growth	20.34	-
5,000,000 (March 31, 2017: 5,000,000) Units of ₹ 10 each of HDFC FMP 1107D March 2016 (1) Series 36 - Direct Option - Growth Option	58.84	54.97
5,000,000 (March 31, 2017: 5,000,000) Units of ₹ 10 each of HDFC FMP 1114D March 2016 (1) Series 35 - Direct Option - Growth Option	58.88	55.00
5,000,000 (March 31, 2017: 5,000,000) Units of ₹ 10 each of HDFC FMP 1169D February 2017 (1) Series 37 - Direct Option - Growth Option	53.78	50.22
5,000,000 (March 31, 2017: 5,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1115 Days Plan X Direct Plan Cumulative Option	58.76	54.80
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1130 Days Plan T Direct Plan Cumulative Option	23.51	21.93
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1135 Days Plan W Direct Plan Cumulative Option	23.48	21.92
3,000,000 (March 31, 2017: 3,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1187 Days Plan G - Direct Plan - Cumulative Option	32.18	30.10
3,000,000 (March 31, 2017: 3,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1194 Days Plan F - Direct Plan - Cumulative Option	32.27	30.18
3,000,000 (March 31, 2017: 3,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1253 Days Plan J - Direct Plan - Cumulative Option	32.29	30.24
5,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days Plan B - Direct Plan - Cumulative Option	50.91	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days Plan C - Direct Plan - Cumulative Option	20.33	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days Plan G - Direct Plan - Cumulative Option	20.29	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days Plan K - Direct Plan - Cumulative Option	20.26	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of IDFC Fixed Term Plan Series 140 (1145 Days)- Direct Plan - Growth	20.19	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of IDFC Fixed Term Plan Series 144 (1141 Days)- Direct Plan - Growth	20.08	-
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 191 - Direct-Growth	23.53	21.96
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 200-Direct-Growth	21.48	20.12
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of Kotak FMP Series 214-Direct - Growth	20.33	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of Kotak FMP Series 219-Direct - Growth	20.17	-
5,000,000 (March 31, 2017: 5,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXX-Series 13 -Direct Growth Plan	59.05	55.16
5,000,000 (March 31, 2017: 5,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXX-Series 17 -Direct Growth Plan	58.80	54.88
3,000,000 (March 31, 2017: 3,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXII-Series 8 - Direct Growth Plan	32.19	30.13
	<i>carried over</i>	1,196.29
	<i>carried over</i>	672.42
	115.57	76.39

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 7. Investments (Contd.):

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current investment (Contd.):</b>		
<b>(b) Investments at fair value through profit or loss (FVTPL) (Contd.):</b>		
<b>- Investments in mutual funds (quoted funds) (Contd.):</b>		
	<i>brought over</i>	115.57
	<i>brought over</i>	1,196.29
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXIII-Series 1 - Direct Growth Plan	21.52	20.15
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXIII-Series 3 - Direct Growth Plan	21.51	20.15
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXV- Series 12 - Direct Growth Plan	20.37	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXVI- Series 1 - Direct Growth Plan	20.25	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXVI- Series 7 - Direct Growth Plan	20.15	-
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXXIII-Series 4 - Direct Growth Plan	21.50	20.13
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series B - 35 (1131 Days) - Direct Growth	23.51	21.99
5,000,000 (March 31, 2017: 5,000,000) Units of ₹ 10 each of SBI Debt Fund Series B - 36 (1131 Days) - Direct Growth	58.43	54.65
3,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of SBI Debt Fund Series C - 7 (1190 Days) - Direct Growth	30.49	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of SBI Debt Fund Series C - 8 (1175 Days) - Direct Growth	20.30	-
4,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of SBI Debt Fund Series C - 9 (1150 Days) - Direct Growth	40.50	-
3,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of SBI Debt Fund Series C - 10 (1150 Days) - Direct Growth	30.36	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of SBI Debt Fund Series C - 12 (1122 Days) - Direct Growth	20.11	-
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXIV-VIII (1184 Days) Direct Growth Plan	23.60	22.07
2,000,000 (March 31, 2017: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVI-VI (1146 Days)- Direct Growth Plan	21.46	20.11
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVIII-VI (1190 Days)- Direct Growth Plan	20.30	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVIII-IX (1168 Days)- Direct Growth Plan	20.26	-
2,000,000 (March 31, 2017: Nil) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVIII-XII (1154 Days)- Direct Growth Plan	20.12	-
<b>Sub Total</b>	<b>1,651.03</b>	<b>851.67</b>
<b>- Investments in mutual funds (unquoted funds)</b>		
236,778.737 (March 31, 2017: Nil) Units of ₹ 1,000 each of Axis Liquid Fund - Growth	454.79	-
10,397.238 (March 31, 2017: Nil) Units of ₹ 1,000 each of Baroda Pioneer Liquid Fund- Plan A Growth	20.68	-
1,031,029.876 (March 31, 2017: 1,031,029.876) Units of ₹ 100 each of Aditya Birla Sun Life Cash Plus - Growth - Regular Plan	286.87	268.60
1,865,798.957 (March 31, 2017: 342,047.800) Units of ₹ 100 each of Aditya Birla Sun Life Savings Fund - Growth - Regular Plan	637.93	108.99
951,545.771 (March 31, 2017: Nil) Units of ₹ 100 each of DHFL Pramerica Insta Cash Plus Fund - Growth	214.09	-
11,406,860.077 (March 31, 2017: Nil) Units of ₹ 10 each of DSP BlackRock Low Duration Fund - Regular Plan - Growth	143.91	-
	<i>carried over</i>	1,758.27
	<i>carried over</i>	1,766.60
		377.59
		928.06

## 7. Investments (Contd.):

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current investment (Contd.):</b>		
<b>(b) Investments at fair value through profit or loss (FVTPL) (Contd.):</b>		
<b>- Investments in mutual funds (unquoted funds) (Contd.):</b>		
	<i>brought over</i>	928.06
	<i>brought over</i>	377.59
141,714.320 (March 31, 2017: Nil) Units of ₹ 1,000 each of DSP BlackRock Liquidity Fund - Regular Plan - Growth	350.60	-
134,219.074 (March 31, 2017: 100,614.884) Units of ₹ 1000 each of HDFC Liquid Fund - Regular Plan - Growth	457.76	321.93
26,053,398.004 (March 31, 2017: 3,847,145.226) Units of ₹ 10 each of HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Regular Plan - Growth	787.95	108.76
10,387,261.324 (March 31, 2017: Nil) Units of ₹ 10 each of ICICI Prudential Ultra Short Term - Growth	185.10	-
1,422,546.019 (March 31, 2017: 350,440.803) Units of ₹ 100 each of ICICI Prudential Flexible Income - Growth	474.16	109.11
1,821,685.402 (March 31, 2017: 1,341,618.683) Units of ₹ 100 each of ICICI Prudential Liquid Plan - Growth	467.06	322.20
91,128.217 (March 31, 2017: Nil) Units of ₹ 1,000 each of IDFC Cash Fund - Growth - (Regular Plan)	191.68	-
7,724,376.960 (March 31, 2017: Nil) Units of ₹ 10 each of IDFC Ultra Short Term Fund - Growth - (Regular Plan)	190.22	-
1,881,206.436 (March 31, 2017: Nil.) Units of ₹ 10 each of JM High Liquidity Fund-Growth	89.12	-
9,527,430.568 (March 31, 2017: Nil) Units of ₹ 10 each of Kotak Treasury Advantage Fund - Growth (Regular Plan)	264.80	-
118,258.886 (March 31, 2017: Nil) Units of ₹ 1,000 each of L&T Liquid Fund Regular - Growth	280.96	-
35,516.374 (March 31, 2017: Nil) Units of ₹ 1,000 each of LIC MF Liquid Fund-Regular Plan-Growth	111.37	-
14,224,483.194 (March 31, 2017: Nil) Units of ₹ 10 each of Reliance Floating Rate Fund - Short Term Plan - Growth Plan	389.82	-
109,856.125 (March 31, 2017: 109,856.125) Units of ₹ 1,000 each of Reliance Liquidity Fund - Growth Plan - Growth Option	286.23	268.29
24,236,087.005 (March 31, 2017: 9,291,003.521) Units of ₹ 10 each of Reliance Banking & PSU Debt Fund - Growth Plan	303.85	109.52
77,649.317 (March 31, 2017: Nil) Units of ₹ 1,000 each of Invesco India Liquid Fund - Growth	185.09	-
84,283.317 (March 31, 2017: 84,283.317) Units of ₹ 1,000 each of SBI Premier Liquid Fund - Regular Plan - Growth	228.88	214.56
150,819.939 (March 31, 2017: 25,677.546) Units of ₹ 1,000 each of SBI Ultra Short Term Debt Fund - Regular Plan - Growth	338.11	53.93
5,108,954.240 (March 31, 2017: Nil) Units of ₹ 10 each of Sundaram Money Fund - Regular Growth	186.43	-
42,289.555 (March 31, 2017: Nil) Units of ₹ 1,000 each of Tata Ultra Short Term Fund Regular Plan - Growth	111.39	-
54,955.591 (March 31, 2017: Nil) Units of ₹ 1,000 each of Tata Liquid Fund-Regular Plan - Growth	175.40	-
80,850.584 (March 31, 2017: 80,850.584) Units of ₹ 1,000 each of UTI Liquid Cash Plan Institutional - Growth	229.36	214.79
176,364.274 (March 31, 2017: 24,285.753) Units of ₹ 1,000 each of UTI Treasury Advantage Fund Institutional Plan - Growth	422.41	54.44
<b>Sub Total</b>	<b>8,466.02</b>	<b>2,155.12</b>
<b>Total FVTPL investments</b>	<b>(b) 10,232.62</b>	<b>3,083.18</b>
<b>Total</b>	<b>[(a) + (b)] 11,003.29</b>	<b>3,687.39</b>
<b>Current investments</b>		
<b>Investments at fair value through profit or loss (FVTPL)</b>		
<b>- Investments in mutual funds (unquoted funds)</b>		
Nil (March 31, 2017: 330,619.111) Units of ₹ 1,000 each of Axis Liquid Fund - Daily Dividend Reinvestment	-	330.91
Nil (March 31, 2017: 3,067,967.704) Units of ₹ 100 each of Aditya Birla Sun Life Cash Plus - Daily Dividend Reinvestment - Regular Plan	-	307.39
1,385,986.227 (March 31, 2017: Nil) Units of ₹ 100 each of Aditya Birla Sun Life Cash Plus - Growth - Regular Plan	385.63	-
	<i>carried over</i>	638.30

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 7. Investments (Contd.):

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Current investments (Contd.):</b>		
<b>Investments at fair value through profit or loss (FVTPL) (Contd.):</b>		
<b>- Investments in mutual funds (unquoted funds) (Contd.):</b>		
<i>brought over</i>	385.63	638.30
Nil (March 31, 2017: 4,886,828.808) Units of ₹ 100 each of Aditya Birla Sun Life Savings Fund - Daily Dividend Reinvestment - Regular Plan	-	490.83
Nil (March 31, 2017: 2,020,447.526) Units of ₹ 100 each of DHFL Pramerica Insta Cash Plus Fund - Daily Dividend Reinvestment	-	202.66
Nil (March 31, 2017: 13,508,353.272) Units of ₹ 10 each of DSP Black Rock Ultra Short Term Fund - Regular Plan - Daily Dividend Reinvestment	-	136.21
Nil (March 31, 2017: 232,200.324) Units of ₹ 1,000 each of DSP BlackRock Liquidity Fund - Institutional Plan - Daily Dividend Reinvestment	-	232.39
171,440.333 (March 31, 2017: Nil) Units of ₹ 1,000 each of Franklin India Treasury Management Account - Super Institutional Plan - Daily Dividend Reinvestment	444.17	-
Nil (March 31, 2017: 356,454.750) Units of ₹ 1,000 each of Franklin India Treasury Management Account - Super Institutional Plan - Daily Dividend Reinvestment	-	356.71
Nil (March 31, 2017: 332,918.327) Units of ₹ 10 each of HDFC Liquid Fund - Regular Plan - Daily Dividend Reinvestment	-	339.52
173,620.842 (March 31, 2017: Nil) Units of ₹ 10 each of HDFC Liquid Fund - Regular Plan - Growth	592.15	-
Nil (March 31, 2017: 62,921,809.490) Units of ₹ 10 each of HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Regular Plan - Daily Dividend Reinvestment	-	634.31
28,995.193 (March 31, 2017: Nil) Units of ₹ 1,000 each of HSBC Cash Fund- Growth	50.03	-
Nil (March 31, 2017: 4,868,216.384) Units of ₹ 100 each of ICICI Prudential Flexible Income - Daily Dividend Reinvestment	-	514.74
Nil (March 31, 2017: 4,897,405.293) Units of ₹ 100 each of ICICI Prudential Liquid Plan - Daily Dividend Reinvestment	-	490.22
2,481,867.160 (March 31, 2017: Nil) Units of ₹ 100 each of ICICI Prudential Liquid Plan - Growth	636.32	-
Nil (March 31, 2017: 229,840.699 ) Units of ₹ 1,000 each of IDFC Cash Fund - Daily Dividend Reinvestment - (Regular Plan)	-	230.09
Nil (March 31, 2017: 17,849,345.464) Units of ₹ 10 each of IDFC Ultra Short Term Fund - Daily Dividend Reinvestment - (Regular Plan)	-	179.76
Nil (March 31, 2017: 19,982.607) Units of ₹ 1,000 each of Indiabulls Liquid Fund - Existing Plan - Daily Dividend Reinvestment	-	20.00
Nil (March 31, 2017: 124,959.118) Units of ₹ 1,000 each of Invesco India Liquid Fund - Daily Dividend Reinvestment	-	125.16
Nil (March 31, 2017: 50,540.397) Units of ₹ 1,000 each of Invesco India Ultra Short Term Fund - Daily Dividend Reinvestment	-	50.63
Nil (March 31, 2017: 9,981,592.309) Units of ₹ 10 each of JM High Liquidity Fund - Daily Dividend Reinvestment	-	104.11
118,140.1068 (March 31, 2017: Nil) Units of ₹ 1,000 each of Kotak Liquid Reguar Plan Growth	415.01	-
Nil (March 31, 2017: 242,552.5075) Units of ₹ 1,000 each of Kotak Liquid Regular Plan - Daily Dividend Reinvestment	-	296.60
Nil (March 31, 2017: 24,889,841.582) Units of ₹ 10 each of Kotak Treasury Advantage Fund-Daily Dividend Reinvestment (Regular Plan)	-	250.88
Nil (March 31, 2017: 159,463.169) Units of ₹ 1,000 each of L&T Liquid Fund Regular - Daily Dividend Reinvestment	-	161.34
21,069.831 (March 31, 2017: Nil) Units of ₹ 1,000 each of L&T Liquid Fund Regular - Growth	50.06	-
Nil (March 31, 2017: 10,183,012.422) Units of ₹ 10 each of L&T Ultra Short Term Fund Regular - Daily Dividend Reinvestment	-	104.45
Nil (March 31, 2017: 96,049.529) Units of ₹ 1,000 each of LIC MF Liquid Fund - Daily Dividend Reinvestment	-	105.46
Nil (March 31, 2017: 17,583,190.396) Units of ₹ 10 each of Reliance Banking & PSU Debt Fund-Weekly Dividend Reinvestment Plan	-	178.18
Nil (March 31, 2017: 50,021.832) Units of ₹ 1,000 each of Reliance Money Manager Fund - Daily Dividend Reinvestment	-	50.40
<i>carried over</i>	2,573.37	5,892.95

## 7. Investments (Contd.):

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Current investments (Contd.):</b>		
<b>Investments at fair value through profit or loss (FVTPL) (Contd.):</b>		
<b>- Investments in mutual funds (unquoted funds) (Contd.):</b>		
<i>brought over</i>	2,573.37	5,892.95
Nil (March 31, 2017: 18,826,472.402) Units of ₹ 10 each of Reliance Medium Term Fund - Daily Dividend Reinvestment	-	321.86
Nil (March 31, 2017: 301,009.115) Units of ₹ 1,000 each of Reliance Liquidity Fund - Daily Dividend Reinvestment	-	301.16
174,483.674 (March 31, 2017: Nil) Units of ₹ 1,000 each of Reliance Liquidity Fund - Growth Plan - Growth Option	454.61	-
Nil (March 31, 2017: 395,887.551) Units of ₹ 1,000 each of SBI Premier Liquid Fund - Regular Plan - Daily Dividend Reinvestment	-	397.17
201,872.390 (March 31, 2017: Nil) Units of ₹ 1,000 each of SBI Premier Liquid Fund - Regular Plan - Growth	548.20	-
Nil (March 31, 2017: 263,643.626) Units of ₹ 1,000 each of SBI Ultra Short Term Debt Fund - Regular Plan - Daily Dividend Reinvestment	-	265.30
Nil (March 31, 2017: 17,486,424.448) Units of ₹ 10 each of Sundaram Money Fund -Regular Daily Dividend Reinvestment	-	176.53
Nil (March 31, 2017: 104,942.987) Units of ₹ 1,000 each of Tata Ultra Short Term Fund Regular Plan - Daily Dividend Reinvestment	-	105.31
Nil (March 31, 2017: 148,992.595) Units of ₹ 1,000 each of Tata Liquid Fund Regular Plan - Daily Dividend Reinvestment	-	166.06
Nil (March 31, 2017: 256,039.810) Units of ₹ 1,000 each of UTI Liquid Cash Plan Institutional - Daily Dividend Reinvestment	-	261.02
92,991.121 (March 31, 2017: Nil) Units of ₹ 1,000 each of UTI Liquid Cash Plan Institutional - Growth	263.80	-
Nil (March 31, 2017: 343,029.171) Units of ₹ 1,000 each of UTI Treasury Advantage Fund Institutional Plan - Daily Dividend Reinvestment	-	344.30
<b>Total</b>	<b>3,839.98</b>	<b>8,231.66</b>
<b>Aggregate book value of quoted investments</b>	<b>1,783.76</b>	<b>931.17</b>
<b>Aggregate market value of quoted investments</b>	<b>1,783.76</b>	<b>931.17</b>
<b>Aggregate value of unquoted investments</b>	<b>13,059.51</b>	<b>10,987.88</b>

### (a) Gupta Energy Private Limited

Shares of Gupta Energy Private Limited pledged against the facility obtained by Gupta Global Resources Private Limited. This investment is carried at fair value of ₹ Nil, as at April 1, 2015.

(b) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities and quoted debt securities. Refer note 48 for determination of their fair values.

(c) Investments at fair value through statement of profit and loss (fully paid) reflect investment in unquoted equity securities. Refer note 48 for determination of their fair values.

## 8. Loans

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current (Unsecured, considered good)</b>		
<b>Loans to related parties (Refer note 39)</b>		
Loans to subsidiaries	183.50	-
<b>Other loans</b>		
Loans to employees	26.13	37.64
<b>Total</b>	<b>209.63</b>	<b>37.64</b>
<b>Current (Unsecured, considered good)</b>		
<b>Loans to related parties (Refer note 39)</b>		
Loans to subsidiaries	-	177.51
Others	-	75.00
<b>Other loans</b>		
Loans to employees	27.98	-
<b>Total</b>	<b>27.98</b>	<b>252.51</b>

No loans and advances are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person.

Loans are non derivative financial assets which generate fixed interest income for the Company. The carrying value may be affected by changes in the credit risk of the counter party.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 9. Derivative instruments

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current</b>		
Cash flow hedges		
Foreign exchange forward contracts	476.63	1,564.89
<b>Total</b>	<b>476.63</b>	<b>1,564.89</b>
<b>Current</b>		
Cash flow hedges		
Foreign exchange forward contracts	1,245.80	1,961.97
<b>Total</b>	<b>1,245.80</b>	<b>1,961.97</b>

Derivative instruments at fair value through OCI reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in US dollars (USD) and Euro (EUR).

### 10. Other financial assets

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current</b>		
Government grants*	695.86	298.38
Security deposits	345.35	317.36
Receivable for sale of property, plant and equipment	91.00	-
Deposits with original maturity for more than twelve months #	0.03	0.03
<b>Total</b>	<b>1,132.24</b>	<b>615.77</b>
<b>Current</b>		
Government grants*	1,021.17	1,458.75
Energy credit receivable - windmills	6.69	6.09
Interest accrued on fixed deposits etc.	5.31	33.45
Interest accrued on loan given to subsidiaries	-	14.90
Receivable for sale of property, plant and equipment	100.00	191.00
Share application money paid	-	83.00
Recoverable from subsidiaries	275.82	89.66
<b>Total</b>	<b>1,408.99</b>	<b>1,876.85</b>

\* Includes receivable against various schemes of export incentives and Industrial Promotion Subsidy (IPS) under Package Scheme of Incentives (PSI) 2007. There are no unfulfilled conditions or other contingencies attached to the said Government grants.

The government grant balances have been reclassified from other assets to financial assets for current year and previous year.

# ₹ 0.03 million (March 31, 2017 : ₹ 0.03 million) in non-current portion pledged with the sales tax department.

### 11. Inventories

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Raw materials and components [includes items lying with third parties]	1,329.02	721.87
Work-in-progress [includes lying with third parties]	2,471.29	2,190.87
Finished goods [includes in transit]	524.97	535.65
Stores, spares and loose tools	907.14	680.30
Dies and dies under fabrication	114.08	117.90
Scrap	34.04	18.33
<b>Total</b>	<b>5,380.54</b>	<b>4,264.92</b>

During the year ended March 31, 2018: ₹ 28.76 million (March 31, 2017: ₹ 40.49 million) was recognised as an expense for inventories carried at net realisable value.



## 12. Trade receivables

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current</b>		
<b>Unsecured</b>		
Considered good	233.77	5.49
	<b>233.77</b>	<b>5.49</b>
<b>Current</b>		
<b>Secured</b>		
Considered good	157.98	95.45
	<b>157.98</b>	<b>95.45</b>
<b>Unsecured</b>		
Considered good (including related party receivables)	17,812.67	13,753.96
Considered Doubtful	108.25	70.87
	<b>17,920.92</b>	<b>13,824.83</b>
<b>Impairment allowance</b> (allowance for bad and doubtful debts including expected credit loss)	(170.87)	(120.87)
<b>Total</b>	<b>17,908.03</b>	<b>13,799.41</b>

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person.

For terms and conditions relating to related party receivables, Refer note 39.

Trade receivables are non-interest bearing and are generally on terms of 30 to 270 days.

For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer note 39.

The carrying amount of trade receivables includes receivables which are discounted with banks. The Company has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Company has retained the late payment and credit risk. Accordingly, the Company continues to recognise the transferred assets in entirety in its balance sheet.

The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Transferred receivables	10,592.08	7,972.94
Associated secured borrowing (bank loans - Refer note 18)	10,594.78	7,975.34

## 13. Cash and bank balances

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Cash and cash equivalent</b>		
Balances with banks:		
In cash credit and current accounts	1,010.97	2,192.13
Deposits with original maturity of less than three months	330.00	215.00
Cash on hand	0.87	0.74
<b>Total</b>	<b>1,341.84</b>	<b>2,407.87</b>
<b>Other bank balances</b>		
Earmarked balances (on unclaimed dividend accounts)	36.04	33.83
Deposits with original maturity of less than twelve months	499.00	340.00
<b>Total</b>	<b>535.04</b>	<b>373.83</b>

Bank deposits earns interest at fixed rates. Short-term deposits are generally made for varying periods between seven days to twelve months, depending on the cash requirements of the Company, and earn interest at the respective deposit rates.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 13. Cash and bank balances (Contd.):

#### Disclosure on Specified Bank Notes (SBNs)

During the previous year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 and the denomination wise SBNs and other notes as per the notification is given below:

Particulars	In ₹ Million		
	SBNs *	Other denomination notes **	Total
<b>Closing cash in hand as on November 8, 2016</b>	<b>1.34</b>	<b>0.20</b>	<b>1.54</b>
(+) Permitted receipts	-	4.01	4.01
(-) Permitted payments	0.18	3.10	3.28
(-) Amount deposited in Banks	1.16	-	1.16
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>1.11</b>	<b>1.11</b>

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

\*\* Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and payments as permitted by RBI from time to time pursuant to the introduction of the demonetisation scheme by the Government vide RBI circular - RBI/2016-17/112 dated November 8, 2016.

No disclosure is made for the financial year ended March 31, 2018 as it is not required.

### 14. Other assets

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Capital advances	1,381.61	1,216.81
Balances with government authorities	564.79	1,062.32
<b>Total</b>	<b>1,946.40</b>	<b>2,279.13</b>
<b>Current</b>		
Balances with government authorities	2,031.07	1,196.71
Advance to suppliers	436.64	326.32
Other advances ***	358.79	264.92
<b>Total</b>	<b>2,826.50</b>	<b>1,787.95</b>

\*\*\* Includes prepaid expenses, sundry debit balances etc.

There are no advances which are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person.

#### Break up of financial assets carried at amortised cost

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Loans (Refer note 8)	237.61	290.15
Other financial assets (Refer note 10)	2,541.23	2,492.62
Trade receivables (Refer note 12)	18,141.80	13,804.90
Cash and cash equivalents (Refer note 13)	1,341.84	2,407.87
Other bank balances (Refer note 13)	535.04	373.83
<b>Total</b>	<b>22,797.52</b>	<b>19,369.37</b>

#### Break up of financial assets carried at fair value through OCI

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Investments (Refer note 7)	770.67	604.21
Derivative instruments (Refer note 9)	1,722.43	3,526.86
<b>Total</b>	<b>2,493.10</b>	<b>4,131.07</b>

## 14. Other assets (Contd.):

### Break up of financial assets carried at fair value through profit and loss

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Investments (Refer note 7)	14,072.60	11,314.84
<b>Total</b>	<b>14,072.60</b>	<b>11,314.84</b>

## 15. Equity share capital

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Authorized shares (No.)</b>		
975,000,000 (March 31, 2017 : 300,000,000) equity shares of ₹ 2/- each	1,950.00	600.00
43,000,000 (March 31, 2017 : 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2017 : 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
<b>Issued (No.)</b>		
465,768,492 (March 31, 2017 : 232,970,666) equity shares of ₹ 2/- each	931.54	465.94
<b>Subscribed and fully paid-up (No.)</b>		
465,588,632 (March 31, 2017 : 232,794,316) equity shares of ₹ 2/- each	931.18	465.59
<b>Add:</b>		
172,840 (March 31, 2017 : 172,840) forfeited equity shares comprising of 15,010 equity shares (March 31, 2017: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares (March 31, 2017 : 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50 each) [Also Refer note 15(f)]	0.09	0.09
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>931.27</b>	<b>465.68</b>

### (a) Terms/rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### (b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Equity shares	As at March 31, 2018		As at March 31, 2017	
	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	232,794,316	465.59	232,794,316	465.59
Issued during the year (Refer note 16(c)(ii))	232,794,316	465.59	-	-
Outstanding at the end of the year	465,588,632	931.18	232,794,316	465.59

### (c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/associates.

### (d) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

	Year ended March 31, 2018 No.	Year ended March 31, 2017 No.
Equity shares allotted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium account	232,794,316	-

### (e) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder *	As at March 31, 2018		As at March 31, 2017	
	No.	% of Holding	No.	% of Holding
<b>Equity shares of ₹ 2/- each fully paid</b>				
Kalyani Investment Company Limited	63,312,190	13.60	31,656,095	13.60
Sundaram Trading and Investment Private Limited	55,160,174	11.85	27,580,087	11.85
KSL Holdings Private Limited	46,285,740	9.94	23,142,870	9.94
Life Insurance Corporation of India	16,813,657	3.61	14,714,074	6.32

\* The shareholding information has been extracted from the records of the Company including register of shareholders/members and is based on legal ownership of shares.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 15. Equity share capital (Contd.):

#### (f) Shares reserved for issue under option [Refer note 16(c)(ii)]

	As at March 31, 2018 No.	As at March 31, 2017 No.
4,680 (March 31, 2017 : 2,340) equity shares of ₹ 2/- each out of the bonus issue and previous issue of equity shares on a right basis together with 234 (March 31, 2017 : 234) detachable warrants entitled to subscription of 2,340 (March 31, 2017 : 1,170) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre right holding.	7,020	3,510

#### (g) Global depository receipts [Refer note 16(c)(ii)]

The Company had issued 3,636,500 equity shares of ₹ 10/- each (later sub-divided into 18,182,500 equity shares of ₹ 2/- each) in April 2005 represented by 3,636,500 Global Depository Receipts (GDR) (on sub division 18,182,500 GDRs) evidencing "Master GDR Certificates" at a price of USD 27.50 per GDR (including premium). GDRs outstanding as at yearend are 18,400 (including bonus) (March 31, 2017 : 9,200). The funds raised had been utilized towards the object of the issue.

Holders of GDRs will have no voting rights or other direct rights of a shareholder with respect to the shares underlying the GDRs.

### 16. Other equity

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Capital reserves</b>		
<b>Special capital incentive</b> [Refer note 16(a)]		
Balance as per the last financial statements	2.50	2.50
<b>Closing balance</b>	<b>2.50</b>	<b>2.50</b>
<b>Warrants subscription money</b> [Refer note 16(b)]		
Balance as per the last financial statements	13.00	13.00
<b>Closing balance</b>	<b>13.00</b>	<b>13.00</b>
<b>Closing balance</b>	<b>15.50</b>	<b>15.50</b>
<b>Capital redemption reserve</b> [Refer note 16(c)(i)]		
Balance as per the last financial statements	300.00	300.00
Less: Utilised for bonus share issue [Refer note 16(c)(ii)]	300.00	-
<b>Closing balance</b>	<b>-</b>	<b>300.00</b>
<b>Securities premium account</b> [Refer note 16(d)]		
Balance as per the last financial statements	7,096.48	7,096.48
Less: Utilised for bonus share issue [Refer note 16(c)(ii)]	165.59	-
<b>Closing balance</b>	<b>6,930.89</b>	<b>7,096.48</b>
<b>Debenture redemption reserve</b> [Refer note 16(e)]		
Balance as per the last financial statements	-	1,065.00
Add: Amount transferred from surplus in the statement of profit and loss	-	-
Less: Amount transferred to surplus in the statement of profit and loss	-	1,065.00
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Foreign Currency Monetary Item Translation Difference Account (FCMITDA)</b> [Refer note 2.2(b)]		
Balance as per the last financial statements	(226.84)	(699.26)
Add: Arising during the year (loss)/gain	(18.26)	141.07
Less: Adjusted during the year	(200.18)	(331.35)
<b>Closing balance</b>	<b>(44.92)</b>	<b>(226.84)</b>
<b>Hedge reserve</b> [Refer note 2.2(r)]		
Balance as per the last financial statements	2,208.80	1,107.82
Add: Arising during the year	282.15	1,973.68
Less: Adjusted during the year	1,394.58	872.70
<b>Closing balance</b>	<b>1,096.37</b>	<b>2,208.80</b>
<b>General reserve</b>		
Balance as per the last financial statements	3,030.48	3,058.78
Add: Amount transferred from surplus balance in the statement of profit and loss	100.00	100.00
Less: Adjusted during the year [Refer note 21(a)]	-	128.30
<b>Closing balance</b>	<b>3,130.48</b>	<b>3,030.48</b>
<i>carried over</i>	11,128.32	12,424.42

## 16. Other equity (Contd.):

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<i>brought over</i>	11,128.32	12,424.42
<b>Surplus in the statement of profit and loss</b>		
<b>Balance as per the last financial statements</b>	<b>29,429.22</b>	<b>23,405.20</b>
<b>Add:</b>		
- Net profit for the year	7,072.95	5,850.77
- Transfer from debenture redemption reserve	-	1,065.00
- Items of OCI :		
(1) Re-measurement of defined benefit obligations	36.24	(41.31)
(2) Equity Instruments through Other Comprehensive Income	166.47	90.13
	<b>7,275.66</b>	<b>6,964.59</b>
<b>Less:</b>		
- Final equity dividend of previous year	1,163.97	116.40
- Tax on final equity dividend of previous year	236.96	23.70
- Interim equity dividend	931.18	581.99
- Tax on interim equity dividend	189.56	118.48
- Transfer to general reserve	100.00	100.00
	<b>2,621.67</b>	<b>940.57</b>
<b>Closing balance</b>	<b>34,083.21</b>	<b>29,429.22</b>
<b>Total</b>	<b>45,211.53</b>	<b>41,853.64</b>

### (a) Special capital incentive:

Special capital incentive is created during the financial year 1999-2000, amounting to ₹ 2.50 million under the 1988 Package Scheme of Incentives.

### (b) Warrants subscription money:

The Company had issued and allotted to Qualified Institutional Buyers, 10,000,000 equity shares of ₹ 2/- each at a price of ₹ 272/- per share aggregating to ₹ 2,720 million on April 28, 2010, simultaneous with the issue of 1,760, 10.75% Non Convertible Debentures (NCD) of a face value of ₹ 1,000,000/- at par, together with 6,500,000 warrants at a price of ₹ 2/- each entitling the holder of each warrant to subscribe for 1 equity share of ₹ 2/- each at a price of ₹ 272/- at any time within 3 years from the date of allotment. Following completion of three years term, the subscription money received on issue of warrants was credited to capital reserve as the same is not refundable / adjustable. Further the warrants had lapsed and ceased to be valid from April 28, 2013.

### (c) Capital redemption reserve:

- (i) Capital redemption reserve was created by amount setting aside on redemption of preference shares.
- (ii) During the year, the Company issued bonus shares in the proportion of 1:1 i.e. 1 (one) bonus equity share of ₹ 2/- each for every 1 (one) fully paid-up equity share held (including GDR holders) which was approved by the shareholders of the Company on September 24, 2017 through Postal Ballot/e-voting. Consequently, on October 03, 2017, the Company allotted 232,794,316 Equity shares of ₹ 2/- each fully paid-up, to the shareholders of the Company as at the record date by transferring equivalent amount from "Capital redemption reserve" and "Securities premium account" to "Share capital".

### (d) Securities premium account:

Securities premium account is utilised for issue of bonus equity shares. The same is utilised in accordance with the provisions of the Companies Act, 2013.

### (e) Debenture redemption reserve (DRR):

Debenture redemption reserve has been created in accordance with circular No. 9/2002 dated April 18, 2002 issued by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs, Government of India and Section 117(C) of the Companies Act, 1956 at 25% of the maturity amount equally over the terms of the debentures privately placed. Pursuant to MCA circular no. 04/2013 dated February 11, 2013, the Company had created reserve as per the erstwhile Companies Act, 1956.

During the previous year, the Company had redeemed outstanding debentures and balance of DRR has been transferred to surplus in the statement of profit and loss.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 17. Distribution made and proposed to be made

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Cash dividends on equity shares declared and paid :</b>		
<b>Final dividend</b>		
For the year ended on March 31, 2017 : ₹ 5.00 per share (March 31, 2016 : ₹ 0.50 per share)	1,163.97	116.40
DDT on final dividend	236.96	23.70
<b>Interim dividend</b>		
For the year ended on March 31, 2018 : ₹ 2.00 per share (March 31, 2017 : ₹ 2.50 per share)	931.18	581.99
DDT on interim dividend	189.56	118.48
<b>Proposed dividend on equity shares :</b>		
<b>Final equity dividend</b>		
For the year ended on March 31, 2018 : ₹ 2.50 per share (March 31, 2017 : ₹ 5.00 per share)	1,163.97	1,163.97
DDT on proposed dividend	239.26	236.96

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at March 31.

### 18. Borrowings

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current borrowings</b>		
<b>- Term loans from banks</b>		
<b>Foreign currency term loans (unsecured)</b>		
On syndication basis (Refer note 18(a))	4,237.19	6,081.77
On bilateral basis (Refer note 18(a))	4,857.48	1,383.00
Buyers line of credit for import of goods (Refer note 18(b))	-	432.40
<b>- Other loans (secured)</b>		
IGSTC R&D project loan (Refer note 18(c)(i))	-	6.30
GITA R&D project loan (Refer note 18(c) (ii))	3.35	-
<b>Total</b>	<b>9,098.02</b>	<b>7,903.47</b>
<b>Current borrowings</b>		
<b>- Current maturity of term loans from banks</b>		
<b>Foreign currency term loans (unsecured)</b>		
On syndication basis (Refer note 18(a))	3,898.88	6,810.30
Buyers line of credit for import of goods (Refer note 18(b))	434.58	432.40
<b>- Current maturity of other loans</b>		
IGSTC R&D project loan (Refer note 18(c)(i)) (secured)	-	1.80
<b>- From banks</b>		
<b>Foreign currency loans</b>		
Preshipment packing credit (secured) (Refer note 18(d))	149.77	417.26
Preshipment packing credit (unsecured) (Refer note 18(d))	-	523.11
Bill discounting with banks (secured) (Refer note 18(e))	2,807.75	4,300.22
Bill discounting with banks (unsecured) (Refer note 18(e))	6,506.31	3,641.98
<b>Rupee loans</b>		
Cash credit (secured) (Refer note 18(f))	316.21	161.09
Preshipment packing credit (secured) (Refer note 18(d))	485.11	-
Preshipment packing credit (unsecured) (Refer note 18(d))	120.11	-
Bill discounting with banks (secured) (Refer note 18(e))	959.57	-
Bill discounting with banks (unsecured) (Refer note 18(e))	321.15	33.14
<b>Total</b>	<b>15,999.44</b>	<b>16,321.30</b>
<b>Less: Amount disclosed in other current financial liabilities (Refer note 19)</b>	<b>4,333.46</b>	<b>7,244.50</b>
<b>Total</b>	<b>11,665.98</b>	<b>9,076.80</b>
<b>Total secured loans</b>	<b>4,721.76</b>	<b>4,886.67</b>
<b>Total unsecured loans (including interest accrued but not due and reclassified current financial liabilities)</b>	<b>20,375.70</b>	<b>19,338.10</b>
<b>Total</b>	<b>25,097.46</b>	<b>24,224.77</b>

## 18. Borrowings (Contd.):

### Changes in liabilities arising from financing activities #

	Current borrowings	Non-current borrowings
<b>Balance as on April 1, 2017</b>	<b>16,321.30</b>	<b>7,903.47</b>
Net cash flows	(5,488.23)	5,154.90
Foreign exchange management	832.91	323.81
Regroup from non-current to current	4,345.83	(4,345.83)
Others	(12.37)	61.67
<b>Balance as on March 31, 2018</b>	<b>15,999.44</b>	<b>9,098.02</b>

# Previous year comparatives have not been disclosed in accordance with the exemption provided in amendment to Ind AS 101 which is applicable to the Company from April 01, 2017.

#### (a) Foreign currency term loans

##### Foreign currency term loans on syndicated and bilateral basis (Unsecured)

Repayable in half yearly/yearly instalments from date of start of repayment, along with interest ranging from LIBOR + 65 bps to LIBOR + 225 bps and EURIBOR + 95 bps.

Date of repayment	Balance outstanding			
	As at March 31, 2018		As at March 31, 2017	
	USD	In ₹ Million	USD	In ₹ Million
From				
- October 31, 2016 (3 half yearly)	-	-	60.00	3,891.60
- October 31, 2016 (3 half yearly)	-	-	30.00	1,945.80
- October 31, 2017 (3 half yearly)	45.00	2,933.44	60.00	3,891.60
- March 16, 2019 (3 yearly)	50.00	3,259.38	50.00	3,243.00
- August 11, 2021 (3 yearly)	30.00	1,955.63	-	-
- October 31, 2021 (3 yearly)	10.00	651.88	-	-
- October 31, 2021 (3 yearly)	40.00	2,607.50	-	-
	<b>EUR</b>	<b>In ₹ Million</b>	<b>EUR</b>	<b>In ₹ Million</b>
- August 30, 2020 (3 yearly)	10.00	808.18	10.00	691.50
- August 30, 2020 (3 yearly)	10.00	808.18	10.00	691.50

#### (b) Buyers line of credit for import of goods from banks (Unsecured)

**Balance outstanding USD 6.67 million (₹ 434.58 million) (March 31, 2017 : USD 13.34 million (₹ 864.80 million)).**

Repayable in 3 equal yearly instalments starting from May 2016, along with interest @ LIBOR + 115 bps.

#### (c) (i) IGSTC R&D project loan (Secured)

**Balance outstanding ₹ Nil (March 31, 2017 : ₹ 8.10 million)**

The loan is secured by bank guarantee executed by the Company in favour of IGSTC.

Repayable in 10 half yearly instalments from January 14, 2017, along with interest @ 3.00% per annum. This loan is fully repaid during current financial year.

#### (c) (ii) GITA R&D project loan (Secured)

**Balance outstanding ₹ 3.35 million (March 31, 2017 : ₹ Nil)**

The loan is secured by bank guarantee executed by the Company in favour of Global Innovation & Technology Alliance (GITA). Repayable in 5 yearly instalments from March 1, 2020, along with interest @ 12.00% per annum only on 67% and balance is interest free.

#### (d) Preshipment packing credit

The secured loan is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks (including shown in property, plant and equipments), work-in-progress, consumable stores and spares (also refer note 3 and note 11), book debts (also refer note 12) etc.

Preshipment packing credit - foreign currency (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ LIBOR + 10 bps to LIBOR 45 bps.

#### (e) Bill discounting with banks

The secured loan is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks (included in property, plant and equipments), work-in-progress, consumable stores and spares (also refer note 3 and note 11), book debts (also refer note 12) etc.

Bill discounting (secured and unsecured) with banks is repayable within 90 to 210 days and carries interest LIBOR + 10 bps to LIBOR 45 bps.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 18. Borrowings (Contd.):

#### (f) Cash credits (secured)

Cash credit from banks is secured against hypothecation of stocks of semi finished and finished goods, raw materials, finished dies and die blocks (included shown in property, plant and equipments), work-in-progress, consumable stores and spares (also refer note 3 and note 11), book debts (also refer note 12) etc.

Cash credit is repayable on demand and carries interest @ 9.00% to 11.50% per annum.

### 19. Other financial liabilities

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
<b>Other non-current financial liabilities</b>		
Voluntary retirement scheme compensation	1.98	6.40
Derivative liability *	151.68	-
<b>Total</b>	<b>153.66</b>	<b>6.40</b>
<b>Other current financial liabilities at amortised cost</b>		
Interest accrued but not due on borrowings	57.10	65.14
Payables for capital goods	444.91	433.32
Security deposits	84.98	82.62
Directors commission	6.25	6.70
Current maturities of long term loans (Refer note 18)	4,333.46	7,244.50
Investor Education and Protection Fund (as and when due) #		
- Unpaid dividend	35.70	33.48
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	5.32	5.99
<b>Total</b>	<b>4,967.76</b>	<b>7,871.79</b>

\* Derivative instruments as fair value through profit or loss reflect change in fair value of those instruments that are not designated in hedge relationships, but are, nevertheless intended to reduce the level of foreign currency risk expected on repayment.

# includes unpaid due to litigation

### 20. Provisions

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Provision for gratuity (Refer note 37(a))	143.57	190.03
Provision for special gratuity (Refer note 37(b))	51.02	46.78
Provision for employees' provident fund (Refer note 37(c))	-	32.11
<b>Total</b>	<b>194.59</b>	<b>268.92</b>
<b>Current</b>		
Provision for gratuity (Refer note 37(a))	94.00	80.00
Provision for special gratuity (Refer note 37(b))	10.62	13.62
Provision for leave benefits	263.47	244.58
Provision for expected losses (Refer note 32)	210.00	-
<b>Total</b>	<b>578.09</b>	<b>338.20</b>



## 21. Income and deferred taxes

The major components of income tax expense for the year ended March 31, 2018 and March 31, 2017 are :

### Statement of profit and loss :

	In ₹ Million	
	March 31, 2018	March 31, 2017
<b>Profit or loss section</b>		
<b>Current income tax :</b>		
Current income tax charge	4,161.42	2,600.04
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	72.33	(25.89)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>4,233.75</b>	<b>2,574.15</b>

	In ₹ Million	
	March 31, 2018	March 31, 2017
<b>OCI section</b>		
<b>Deferred tax related to items recognised in OCI:</b>		
Net loss/(gain) on revaluation of cash flow hedges	(580.08)	582.68
Net loss/(gain) on re-measurement of defined benefit plans	19.47	(21.87)
<b>Income tax charged to OCI</b>	<b>(560.61)</b>	<b>560.81</b>

### Reconciliation of tax expenses and the accounting profit multiplied by applicable tax rate for March 31, 2018 and March 31, 2017:

	In ₹ Million	
	March 31, 2018	March 31, 2017
Accounting profit before tax from operations	11,306.70	8,424.92
Applicable income tax rate of 34.608% (March 31, 2017: 34.608%)	3,913.02	2,915.70
Exempt income	(53.98)	(128.04)
Tax allowances	(82.36)	(194.10)
Exceptional items	460.93	(186.91)
Difference due to change in applicable statutory tax rate	19.04	-
Other disallowances	(22.90)	167.50
<b>At the effective income tax rate of 37.10% (March 31, 2017: 30.55%)</b>	<b>4,233.75</b>	<b>2,574.15</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>4,233.75</b>	<b>2,574.15</b>

### Major components of deferred tax as at March 31, 2018, March 31, 2017:

	In ₹ Million	
	Balance Sheet	
	March 31, 2018	March 31, 2017
<b>Deferred tax liability (net)</b>		
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation	2,556.30	2,340.16
Fair valuation of cash flow hedges	588.90	1,168.98
Other deductible temporary differences	(600.56)	(476.22)
<b>Net deferred tax liabilities</b>	<b>2,544.64</b>	<b>3,032.92</b>

### Major components of deferred tax for the year ended March 31, 2018 and March 31, 2017:

	In ₹ Million	
	Statement of Profit and Loss	
	March 31, 2018	March 31, 2017
<b>Deferred tax expense/(income)</b>		
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation for tax purposes	216.14	49.72
Other deductible temporary differences	(143.81)	(75.61)
<b>Deferred tax expense/(income)</b>	<b>72.33</b>	<b>(25.89)</b>

	In ₹ Million	
	March 31, 2018	March 31, 2017
<b>Reflected in the balance sheet as follows:</b>		
Deferred tax assets	(612.29)	(496.53)
Deferred tax liabilities	3,156.93	3,529.45
<b>Deferred tax liabilities (net)</b>	<b>2,544.64</b>	<b>3,032.92</b>

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 21. Income and deferred taxes (Contd.):

Reconciliation of deferred tax liabilities (net)	In ₹ Million	
	March 31, 2018	March 31, 2017
<b>Opening balance</b>	<b>3,032.92</b>	<b>2,369.70</b>
Tax income/(expense) during the period recognised in profit or loss	72.33	(25.89)
Tax income/(expense) during the period recognised in OCI	(560.61)	560.81
Adjustment to general reserve [Refer note 21(a)]	-	128.30
<b>Closing balance</b>	<b>2,544.64</b>	<b>3,032.92</b>

- (a) Adjustment to general reserve represents deferred tax adjustment relating to revision of depreciation as per Schedule II of Companies Act, 2013 in earlier period.
- (b) The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- (c) During the year ended March 31, 2018 and March 31, 2017, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.
- (d) The Company has tax losses which arose due to capital loss of ₹ 148.21 million (March 31, 2017: ₹ 132.90 million) that are available for offsetting for eight years against future taxable profits of the companies in which the losses arose. This loss will expire in eight years from the end of the respective year to which it pertains.
- (e) Deferred tax assets have not been recognised in respect of the above mentioned loss as they may not be used to offset taxable profits, they have arisen on account of loss on sale of investment and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Company were able to recognise all unrecognised deferred tax assets, the profit would increase by ₹ 51.79 million (March 31, 2016 : ₹ 45.99 million).

### 22. Trade payables

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
<b>Trade payables (including acceptances)</b>		
Dues to micro enterprises and small enterprises (Refer note 43)	44.92	-
Dues to other than micro enterprises and small enterprises (including related party payables)	6,843.74	4,639.51
<b>Total</b>	<b>6,888.66</b>	<b>4,639.51</b>

#### Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- Other payables (under note 19 and 23) are non-interest bearing and have an average term of 90 days other than special advance from customers which are interest bearing.
- For terms and conditions with related parties, Refer note 39.

The above amount of trade payables is net off certain advances given to suppliers amounting to ₹ 1,820.00 million (March 31, 2017 : ₹ 1,520.00 million)

## 23. Other liabilities

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Advance from customers	-	291.83
<b>Total</b>	-	<b>291.83</b>
<b>Current</b>		
Advance from customers	685.58	369.70
Employee contributions and recoveries payable	62.02	82.34
Statutory dues payable including tax deducted at source #	359.68	319.18
Others*	11.84	105.67
<b>Total</b>	<b>1,119.12</b>	<b>876.89</b>

\* Others includes rent received in advance, rent equalisation reserve and miscellaneous liabilities

# Includes balances with respect to VAT, LBT, Gram Panchayat Tax etc.

### Break up of the financial liabilities at FVTPL

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Other non-current financial liabilities (Refer note 19)	151.68	-

### Break up of the financial liabilities at amortized cost

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Borrowings (Non-current) (Refer note 18)	9,098.02	7,903.47
Borrowings (Current) (Refer note 18)	11,665.98	9,076.80
Other non-current financial liabilities (Refer note 19)	1.98	6.40
Other current financial liabilities (Refer note 19)	4,967.76	7,871.79
Trade payables (Refer note 22)	6,888.66	4,639.51
<b>Total financial liabilities carried at amortized cost</b>	<b>32,622.40</b>	<b>29,497.97</b>

For the Company's credit risk management processes, refer note 51

## 24. Revenue from operations

	In ₹ Million	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Sale of products (including excise duty)*</b>		
- Sale of goods #	50,198.15	37,768.31
- Die design and preparation charges #	105.54	140.34
<b>Total Sale of products</b>	<b>50,303.69</b>	<b>37,908.65</b>
<b>Sale of services</b>		
- Job work charges	327.22	268.22
<b>Other operating revenues</b>		
- Manufacturing scrap (including excise duty)* #	1,851.17	1,577.10
- Government grants - export incentives (Refer note 10)	1,176.63	828.74
- Sale of electricity/REC - Windmills	70.73	78.57
<b>Total</b>	<b>53,729.44</b>	<b>40,661.28</b>

Sale of products includes excise duty collected from customers of ₹ 569.80 million (March 31, 2017 : ₹ 2,014.65 million).

Sale of goods includes F.O.B. value of export of ₹ 29,321.31 million (March 31, 2017 : ₹ 19,213.14 million).

# Revenue from operations net of excise duty is ₹ 51,585.06 million (March 31, 2017: ₹ 37,471.10 million).

\* Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 01, 2017 onwards the excise duty and most indirect taxes in India have been replaced with Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations for the year ended March 31, 2018 is not comparable with March 31, 2017.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 25. Other income

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Dividend income from investments	228.47	369.97
Net gain on fair valuation of financial instruments (FVTPL)	461.23	186.46
Net gain on sale of financial instruments	52.57	19.87
Government grants *	62.56	56.01
Provision for doubtful debts and advances written back	-	5.28
Liabilities / provisions no longer required written back	19.60	35.13
Interest income on		
- Fixed deposits and others	149.41	158.64
- Loans to subsidiaries	11.48	52.22
Rent (Refer note 35(b))	4.61	4.82
Gain on sale/discard of property, plant and equipments (net)	34.17	-
Miscellaneous income **	162.83	106.50
<b>Total</b>	<b>1,186.93</b>	<b>994.90</b>

\* Includes Government grants received as part of the Packaged Scheme of Incentives for the purpose of capital investment in designated areas and also includes government grant on pre shipment credit where the Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings is accounted for on gross basis in note 30. There are no unfulfilled conditions or contingencies attached to these grants.

\*\* Miscellaneous income includes sundry sale, discount received, miscellaneous recovery etc.

### 26. Cost of raw materials and components consumed

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Inventory at the beginning of the year (Refer note 11)	721.87	696.79
Add: Purchases	19,758.92	13,753.00
Less: Inventory as at end of the year (Refer note 11)	1,329.02	721.87
<b>Cost of raw material and component consumed</b>	<b>19,151.77</b>	<b>13,727.92</b>

### 27. (Increase) in inventories of finished goods, work-in-progress, dies and scraps

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Inventories at the end of the year (Refer note 11)</b>		
Work-in-progress	2,471.29	2,190.87
Finished goods	524.97	535.65
Dies and dies under fabrication	114.08	117.90
Scrap	34.04	18.33
	<b>3,144.38</b>	<b>2,862.75</b>
<b>Inventories at the beginning of the year (Refer note 11)</b>		
Work-in-progress	2,190.87	1,945.55
Finished goods	535.65	301.92
Dies and dies under fabrication	117.90	55.26
Scrap	18.33	14.11
	<b>2,862.75</b>	<b>2,316.84</b>
	<b>(281.63)</b>	<b>(545.91)</b>
Excise duty variation on opening and closing stock	-	23.37
<b>Total</b>	<b>(281.63)</b>	<b>(522.54)</b>

## 28. Employee benefits expense

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Salaries, wages and bonus (including managing and whole time director's remuneration)	3,728.48	3,197.50
Contributions to provident and other funds / scheme	173.20	168.62
Gratuity expense (Refer note 37(a))	54.59	51.41
Special gratuity expense (Refer note 37(b))	6.33	3.59
Employee voluntary retirement scheme compensation	1.31	14.51
Staff welfare expenses	395.09	323.82
<b>Total</b>	<b>4,359.00</b>	<b>3,759.45</b>

## 29. Depreciation and amortisation expense

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Depreciation on tangible assets (Refer note 3)	3,000.33	2,917.60
Amortization on intangible assets (Refer note 5)	67.16	30.91
<b>Total</b>	<b>3,067.49</b>	<b>2,948.51</b>

## 30. Finance costs

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Interest on bank facilities	771.14	589.35
Others *	77.24	138.35
<b>Total</b>	<b>848.38</b>	<b>727.70</b>

\* Others includes interest on debentures, advance from customers, net interest expense on defined benefit plans etc.

## 31. Other expenses

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Consumption of stores, spares and tools	2,881.80	2,107.61
Machining charges	1,530.37	961.98
Power, fuel and water	3,819.93	3,104.91
Less: Credit for energy generated	44.25	88.16
	3,775.68	<b>3,016.75</b>
Repairs and maintenance		
- Building repairs and road maintenance	112.65	92.67
- Plant and machinery	520.94	381.09
Rent (Refer note 35)	46.60	35.03
Rates and taxes	29.69	30.67
Insurance	75.06	71.72
CSR expenditure (Refer note 45)	218.45	73.04
Legal and professional fees	628.49	496.45
Commission	44.51	27.02
Donations	12.58	11.04
Packing material	871.32	672.25
Freight forwarding charges	891.54	606.68
Directors' fees and travelling expenses	3.73	4.41
Commission to directors other than managing and whole time directors	6.25	6.70
Loss on sale of property, plant and equipments (net)	-	16.99
Provision for doubtful debts and advances (includes expected credit loss)	50.00	25.00
Bad debts/advances written off	50.61	6.11
Exchange difference (net)	243.05	300.75
Mark to market losses on derivative contracts	151.68	-
Payment to auditors (Refer note 31(a))	15.49	16.92
Miscellaneous expenses *	2,402.32	1,994.93
<b>Total</b>	<b>14,562.81</b>	<b>10,955.81</b>

\* Miscellaneous expenses includes labour charges, travelling expenses, printing, stationery, postage, telephone etc.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 31. Other expenses (Contd.):

#### (a) Payment to auditors

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>As auditor:</b>		
- Audit fee	10.75	10.20
- Limited review	3.30	3.20
- Others (including certification fees)	0.62	3.13
Reimbursement of expenses	0.82	0.39
<b>Total</b>	<b>15.49</b>	<b>16.92</b>

### 32. Exceptional items

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Provision for diminution in value of investment in subsidiary and joint venture (Refer note 32(a)&(b))	(896.29)	(23.74)
Provision for advance to subsidiary (Refer note 32(a))	(225.76)	-
Provision for expected losses (Refer note 32(a))	(210.00)	-
Loss on fair valuation of financial instruments (Refer note 32(b))	-	(136.09)
Gain on divestment in joint venture (Refer note 32(b))	-	540.07
<b>Total</b>	<b>(1,332.05)</b>	<b>380.24</b>

#### (a) Provision for expected losses, advances and diminution in value of investments in subsidiary and joint venture (JV)

##### (i) BF Infrastructure Limited (BFIL, India) - Subsidiary

BFIL had invested, as a minority partner, in two Oil Block exploration contracts awarded by the Government of India. Minimum work program (MWP) as well as testing of explored wells have been completed during the current financial year. Based on testing result of the wells and its techno-economic viability, BFIL has decided not to proceed beyond MWP stage and has provided all expenditure (including intangible under development) pertaining to MWP in the current financial year.

Accordingly, considering the financial position of the subsidiary, the Company has provided an amount of ₹ 869.84 million towards diminution in carrying cost of its investments and ₹ 225.76 million towards diminution in carrying cost of its advances given in the current year.

Further, the Company has provided for a loss of ₹ 210.00 million relating to additional and final MWP payment to be made for the said oil block exploration contracts by the subsidiary.

##### (ii) BF NTPC Energy Systems Limited (BFNTPCESL) - JV

Considering BFNTPCESL has proceeded with liquidation of business, the Company has provided an amount of ₹ 26.45 million towards diminution in carrying cost of its investments in current year.

#### (b) Exceptional items related to year ended March 31, 2017 includes:

##### (i) Provision for diminution in the value of investment in:

(1) BF NTPC Energy Systems Limited of ₹ 7.19 million.

(2) Analogic Controls India Limited of ₹ 16.55 million.

##### (ii) Provision of ₹ 136.09 million for loss on fair valuation of financial instruments on account of significant decline in fair value of "0% Compulsorily Convertible Debentures" of Analogic Controls India Limited.

##### (iii) Gain of ₹ 540.07 million on divestment in joint venture.

### 33. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below :

During the year ended March 31, 2018	Cash flow hedge reserve	FVTOCI reserve	Foreign currency monetary items translation difference account	Retained earnings	Income tax / Deferred tax effect	In ₹ Million
						Total
Foreign exchange revaluation differences	-	-	181.92	-	-	181.92
Currency forward contracts	440.13	-	-	-	(157.98)	282.15
Reclassified to statement of profit or loss	(2,132.64)	-	-	-	738.06	(1,394.58)
Gain / (Loss) on FVTOCI financial assets	-	166.47	-	-	-	166.47
Re-measurement gains / (losses) on defined benefit plans	-	-	-	55.71	(19.47)	36.24
<b>Total</b>	<b>(1,692.51)</b>	<b>166.47</b>	<b>181.92</b>	<b>55.71</b>	<b>560.61</b>	<b>(727.80)</b>

During the year ended March 31, 2017	Cash flow hedge reserve	FVTOCI reserve	Foreign currency monetary items translation difference account	Retained earnings	Income tax / Deferred tax effect	In ₹ Million
						Total
Foreign exchange revaluation differences	-	-	472.42	-	-	472.42
Currency forward contracts	3,018.23	-	-	-	(1,044.55)	1,973.68
Reclassified to statement of profit or loss	(1,334.57)	-	-	-	461.87	(872.70)
Gain / (Loss) on FVTOCI financial assets	-	90.13	-	-	-	90.13
Re-measurement gains (losses) on defined benefit plans	-	-	-	(63.18)	21.87	(41.31)
<b>Total</b>	<b>1,683.66</b>	<b>90.13</b>	<b>472.42</b>	<b>(63.18)</b>	<b>(560.81)</b>	<b>1,622.22</b>

### 34. Earnings per equity share \* [Refer note 16(c)(ii)]

		Year ended March 31, 2018	Year ended March 31, 2017
<b>Numerator for basic and diluted EPS</b>			
Net profit after tax attributable to shareholders (in ₹ million)	(A)	7,072.95	5,850.77
<b>Denominator for basic EPS</b>			
Weighted average number of equity shares for basic EPS	(B)	465,588,632	465,588,632
<b>Denominator for diluted EPS</b>			
Weighted average number of equity shares for diluted EPS	(C)	465,588,632	465,588,632
<b>Basic earnings per share of face value of ₹ 2/- each (in ₹)</b>	(A/B)	15.19	12.56
<b>Diluted earnings per share of face value of ₹ 2/- each (in ₹)</b>	(A/C)	15.19	12.56

\* EPS and weighted average number of equity shares of Previous year are adjusted post issue of bonus shares.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 35. Leases

#### (a) Operating leases : Company as lessee

The Company has entered into agreements in the nature of lease/leave and license agreement with different lessors/licensors for the purpose of establishment of office premises/residential accommodations etc. These are generally in the nature of operating lease/leave and license. There are no transactions in the nature of sublease. Period of agreements are generally up to three years and renewal at the options of the lessee. There are no restrictions placed upon the Company by entering into these leases.

The lease rentals charged during the period are as under :

Particulars	In ₹ Million	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Minimum lease payments recognised in the statement of profit and loss during the year</b>		
On cancellable leases	34.16	21.52
On non-cancellable leases	12.44	13.51
	<b>46.60</b>	<b>35.03</b>

The Company has entered into non-cancellable operating leases for building, with lease term of 4 years. The Company has an option to extend the lease by mutual consent. The lease includes escalation clause. Future minimum rentals payable under non-cancellable operating leases as at March 31 are, as follows:

Particulars	In ₹ Million	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Minimum lease payments to be recognised in the statement of profit and loss during the year</b>		
Within one year	13.21	4.17
After one year but not more than five years	30.51	1.24
More than five years	-	-

#### (b) Operating leases : Company as lessor

The Company has entered into agreements/arrangement in the nature of lease/sub-lease agreement with different lessees for the purpose of land. These are generally in the nature of operating lease. Period of agreements/arrangement are generally for three years to ten years and cancellable with a notice of thirty days to six months and renewal at the options of the lessee/lessor.

The lease rentals received during the period are as under:

Particulars	In ₹ Million	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Minimum lease rentals recognised in the statement of profit and loss during the year</b>		
On cancellable leases	4.61	4.82
On non-cancellable leases	-	-
	<b>4.61</b>	<b>4.82</b>

### 36. Segment information

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

### 37. Gratuity and other post-employment benefit plans

#### (a) Gratuity plan

##### Funded scheme

The Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. Employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. In case of certain category of employees who have completed 10 years of service, gratuity is calculated based on 30 days salary (last drawn) for each completed year of service and cap for gratuity is 20 years. The scheme is funded with insurance companies in the form of a qualifying insurance policy.

##### Risk exposure and asset-liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.



## 37. Gratuity and other post-employment benefit plans (Contd.):

### (a) Gratuity plan (Contd.):

#### 1) Liability risks

##### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

##### b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

##### c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

#### 2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz. LIC of India and other insurance companies. LIC and other insurance companies has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. A same account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plans.

#### The principal assumptions used in determining gratuity for the Company's plan is shown below:

Particulars	As at March 31, 2018	As at March 31, 2017
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	7.70%	7.20%
Expected rate of return on plan assets	7.20%	7.80%
Rate of increase in compensation levels	7.00%	6.00%
Expected average remaining working lives (in years)	7.44	7.48
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	12.00%	12.00%
Age 31 - 44 years	12.00%	12.00%
Age 45 - 50 years	8.00%	8.00%
Age above 50 years	8.00%	8.00%

#### Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

	As at March 31, 2018	As at March 31, 2017
Present value of obligation as at the beginning of the period	799.68	713.70
Interest expense	55.90	53.92
Current service cost	54.59	51.41
Benefits (paid)	(46.52)	(44.96)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(8.65)	25.61
<b>Closing defined benefit obligation</b>	<b>855.00</b>	<b>799.68</b>

#### Changes in the fair value of plan assets recognised in the balance sheet are as follows:

	As at March 31, 2018	As at March 31, 2017
Opening fair value of plan assets	529.65	456.14
Interest income	39.84	36.94
Contributions	94.00	79.77
Benefits paid	(46.52)	(44.96)
Remeasurements		
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	0.46	1.76
<b>Closing fair value of plan assets</b>	<b>617.43</b>	<b>529.65</b>
Actual return on plan assets	40.30	38.70

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 37. Gratuity and other post-employment benefit plans (Contd.):

#### (a) Gratuity plan (Contd.):

##### Net Interest (Income/Expense)

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Interest (Income) / Expense – Obligation	55.90	53.92
Interest (Income) / Expense – Plan assets	(39.84)	(36.94)
<b>Net Interest (Income) / Expense for the period</b>	<b>16.06</b>	<b>16.98</b>
<b>Remeasurement for the period [Actuarial (Gain)/loss]</b>		
	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Experience (Gain) / Loss on plan liabilities	(24.58)	0.95
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	15.92	24.66
Experience (Gain) / Loss on plan assets	(3.77)	(5.08)
Financial (Gain) / Loss on plan assets	3.32	3.32
<b>Amount recognised in statement of Other Comprehensive Income (OCI)</b>		
	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Remeasurement for the period-Obligation (Gain)/Loss	(8.65)	25.61
Remeasurement for the period-Plan assets (Gain)/Loss	(0.46)	(1.76)
<b>Total Remeasurement cost/(credit) for the period recognised in OCI</b>	<b>(9.11)</b>	<b>23.85</b>
<b>The amounts to be recognised in the Balance Sheet</b>		
	As at March 31, 2018	In ₹ Million As at March 31, 2017
Present value of obligation as at the end of the period	(855.00)	(799.68)
Fair value of plan assets as at the end of the period	617.43	529.65
<b>Net asset / (liability) to be recognised in balance sheet</b>	<b>(237.57)</b>	<b>(270.03)</b>
<b>Expense recognised in the statement of profit and loss</b>		
	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Current service cost	54.59	51.41
Net Interest (Income) / Expense (Refer note 30)	16.06	16.98
<b>Net periodic benefit cost recognised in the statement of profit and loss</b>	<b>70.65</b>	<b>68.39</b>
<b>Reconciliation of net asset/(liability) recognised:</b>		
	As at March 31, 2018	In ₹ Million As at March 31, 2017
Net asset / (liability) recognised at the beginning of the period	(270.03)	(257.56)
Company's contributions	94.00	79.77
Expense recognised for the year	(70.65)	(68.39)
Amount recognised in OCI	9.11	(23.85)
<b>Net asset / (liability) recognised at the end of the period</b>	<b>(237.57)</b>	<b>(270.03)</b>
<b>The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:</b>		
	As at March 31, 2018	In ₹ Million As at March 31, 2017
Funds managed by insurer	100.00%	100.00%

### 37. Gratuity and other post-employment benefit plans (Contd.):

#### (a) Gratuity plan (Contd.):

##### Sensitivity analysis :

##### A) Impact of change in discount rate when base assumption is decrease/increase in Present value of obligation

Discount rate	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Decrease by 1%	904.80	842.25
Increase by 1%	810.03	761.39

##### B) Impact of change in salary increase rate when base assumption is decrease/increase in Present value of obligation

Salary increment rate	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Decrease by 1%	816.77	766.61
Increase by 1%	896.49	835.79

##### C) Impact of change in withdrawal rate when base assumption is decrease/increase in Present value of obligation

Withdrawal rate	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Decrease by 1%	854.28	798.63
Increase by 1%	855.77	800.70

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected benefit payments to the defined benefit plan in future years :

Particulars	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Within one year	177.15	220.98
After one year but not more than five years	392.02	291.68
After five years but not more than ten years	461.88	339.17

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 6.88 years.

#### (b) Special gratuity

The Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service gets an additional gratuity on departure which will be salary of five months based on last drawn basic salary. The scheme is unfunded.

##### 1) Liability risks

###### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

###### b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

###### c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

##### 2) Unfunded plan risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in the Company's financials and also benefit risk through return on the funds made available for the plan.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 37. Gratuity and other post-employment benefit plans (Contd.):

#### (b) Special gratuity (Contd.):

The principal assumptions used in determining special gratuity for the Company's plan is shown below:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	7.70%	7.20%
Rate of increase in compensation levels	7.00%	6.00%
Expected average remaining working lives (in years)	7.17	6.86
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	12.00%	12.00%
Age 31 - 44 years	12.00%	12.00%
Age 45 - 50 years	8.00%	8.00%
Age above 50 years	8.00%	8.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

	As at March 31, 2018	As at March 31, 2017
Present value of obligation as at the beginning of the period	60.40	46.71
Interest expense	4.09	3.45
Current service cost	6.33	3.59
Benefits (paid)	(7.18)	(4.85)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(2.00)	11.50
<b>Closing Defined Benefit Obligation</b>	<b>61.64</b>	<b>60.40</b>

#### Net Interest (Income/Expense)

	Year ended March 31, 2018	Year ended March 31, 2017
Interest (Income) / Expense – Obligation	4.09	3.45
Interest (Income) / Expense – Plan assets	-	-
<b>Net Interest (Income) / Expense for the period</b>	<b>4.09</b>	<b>3.45</b>

#### Remeasurement for the period [Actuarial (Gain)/loss]

	Year ended March 31, 2018	Year ended March 31, 2017
Experience (Gain) / Loss on plan liabilities	(3.38)	9.48
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	1.38	2.02
Experience (Gain) / Loss on plan assets	-	-
Financial (Gain) / Loss on plan assets	-	-

#### Amount recognised in Statement of Other comprehensive Income (OCI)

	Year ended March 31, 2018	Year ended March 31, 2017
Remeasurement for the period-Obligation (Gain)/Loss	(2.00)	11.50
Remeasurement for the period-Plan assets (Gain)/Loss	-	-
<b>Total Remeasurement cost/(credit) for the period recognised in OCI</b>	<b>(2.00)</b>	<b>11.50</b>

#### The amounts to be recognised in the Balance Sheet

	As at March 31, 2018	As at March 31, 2017
Present value of obligation as at the end of the period	(61.64)	(60.40)
Fair value of plan assets as at the end of the period	-	-
<b>Net Asset / (liability) to be recognised in balance sheet</b>	<b>(61.64)</b>	<b>(60.40)</b>

### 37. Gratuity and other post-employment benefit plans (Contd.):

#### (b) Special gratuity (Contd.):

##### Expense recognised in the statement of profit and loss

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Current service cost (Refer note 28)	6.33	3.59
Net Interest (Income) / Expense (Refer note 30)	4.09	3.45
<b>Net periodic benefit cost recognised in the statement of profit and loss</b>	<b>10.42</b>	<b>7.04</b>

##### Reconciliation of Net Asset/(Liability) recognised:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Net asset / (liability) recognised at the beginning of the period	(60.40)	(46.71)
Company's contributions	-	-
Benefits directly paid by Company	7.18	4.85
Expense recognised for the year	(10.42)	(7.04)
Amount recognised in OCI	2.00	(11.50)
<b>Net asset / (liability) recognised at the end of the period</b>	<b>(61.64)</b>	<b>(60.40)</b>

##### The followings are the expected benefit payments to the defined benefit plan in future years:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Within one year	9.80	9.82
After one year but not more than five years	35.59	32.51
After five years but not more than ten years	64.35	54.35

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 9.49 years

##### Sensitivity analysis

#### A) Impact of change in discount rate when base assumption is decreased/increased - Present value of obligation

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Discount rate		
Decrease by 1%	65.74	64.10
Increase by 1%	57.99	57.10

#### B) Impact of change in salary increase rate when base assumption is decreased/increased - Present value of obligation

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Salary increment rate		
Decrease by 1%	58.46	57.54
Increase by 1%	65.14	63.55

#### C) Impact of change in withdrawal rate when base assumption is decreased/increased - Present value of obligation

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Withdrawal rate		
Decrease by 1%	61.47	57.11
Increase by 1%	61.80	63.57

#### (c) Provident fund

In accordance with the law, all employees of the Company are entitled to receive benefits under the provident fund. The Company operates two plans for its employees to provide employee benefits in the nature of provident fund, viz. defined contribution plan and defined benefit plan.

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Company has no obligation, other than the contribution payable to the provident fund.

Under the defined benefit plan, the Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 37. Gratuity and other post-employment benefit plans (Contd.):

#### (c) Provident fund (Contd.):

The details of the defined benefit plan based on actuarial valuation report are as follows:

##### 1) Liability risks:

##### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

##### b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

##### c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

The principal assumptions used in determining provident fund liability/shortfall for the Company's plan is shown below:

Particulars	Year ended	Year ended
	March 31, 2018	March 31, 2017
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	7.70%	7.20%
Interest rate declared by EPFO for the year	8.55%	8.65%
Yield spread	0.50%	0.50%
Expected average remaining working lives of employees (in years)	7.54*	7.50*
Withdrawal rate		
Age upto 30 years	12.00%	12.00%
Age 31 - 44 years	12.00%	12.00%
Age 45 - 50 years	8.00%	8.00%
Age above 50 years	8.00%	8.00%

\* It is actuarially calculated term of the plan using probabilities of death, withdrawal and retirement.

#### Table showing changes in present value of expected interest rate shortfall:

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Present value of expected Interest rate shortfall as at the beginning of the period	58.53	22.64
Interest cost	4.21	1.77
Current service cost	3.50	2.48
Actuarial (Gain) / Loss on obligations	(49.10)	31.64
<b>Present value of expected Interest rate shortfall as at the end of the period</b>	<b>17.14</b>	<b>58.53</b>

#### Table showing changes in fair value of plan assets (Surplus account)

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Fair value of plan assets as at the beginning of the period (Surplus Account)	26.42	20.97
Interest income	1.89	1.64
Amount transferred to cover shortfall	(0.26)	-
Actuarial Gain / (Loss) on plan assets	(4.50)	3.81
<b>Fair value of plan assets as at the end of the period (Surplus Account)</b>	<b>23.55</b>	<b>26.42</b>

### 37. Gratuity and other post-employment benefit plans (Contd.):

#### (c) Provident fund (Contd.):

##### Net Interest (Income/Expense)

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Interest (Income) / Expense – Obligation	4.21	1.77
Interest (Income) / Expense – Plan assets	(1.89)	(1.64)
<b>Net Interest (Income) / Expense for the period</b>	<b>2.32</b>	<b>0.13</b>

##### Actuarial gain / loss recognised

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Actuarial (Gain) / Loss for the period – Obligation	(49.10)	31.64
Actuarial (Gain) / Loss for the period – Plan assets	4.50	(3.81)
<b>Total (Gain) / Loss for the period</b>	<b>(44.60)</b>	<b>27.83</b>
Actuarial (Gain) / Loss recognised in the period	(44.60)	27.83

##### The amounts to be recognised in the balance sheet:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Present value of expected Interest rate shortfall as at the end of the period	17.14	58.53
Fair value of the plan assets as at the end of the period (Surplus Account)	23.55	26.42
Surplus / (Deficit)	<b>6.41</b>	<b>(32.11)</b>
Net asset / (liability) recognised in the balance sheet #	6.41	(32.11)

# The Company has not recognised the plan asset in the books based on the concept of prudence.

##### Amount recognised in Statement of Other comprehensive Income (OCI)

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Remeasurement for the period-Obligation (Gain)/Loss	(49.10)	31.64
Remeasurement for the period-Plan assets (Gain)/Loss	4.50	(3.81)
<b>Total Remeasurement cost/(credit) for the period recognised in OCI</b>	<b>(44.60)</b>	<b>27.83</b>

##### Expense recognised in the statement of profit and loss

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Current service cost (Refer note 28)	3.50	2.48
Net Interest (Income) / Expense (Refer note 30)	2.32	0.13
<b>Net periodic benefit cost recognised in the statement of profit and loss</b>	<b>5.82</b>	<b>2.61</b>

##### Sensitivity analysis

#### A) Impact of change in discount rate when base assumption is decreased/increased by 50 basis point

Discount rate	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Decrease by 0.50%	44.59	84.84
Increase by 0.50%	-	33.79

#### B) Impact of change in Expected future Interest rate on PF when base assumption is decreased/increased by 50 basis point

Salary increment rate	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Decrease by 0.50%	-	34.58
Increase by 0.50%	43.60	82.73

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 38. Contingent liabilities

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Guarantees given by the Company on behalf of other companies		
Balance outstanding	1,715.48	1,644.14
(Maximum amount)	(1,715.48)	(1,644.14)
Claims against the Company not acknowledged as Debts - to the extent ascertained * #	216.02	194.90
Excise/Service tax demands - matters under dispute #	253.78	243.08
Customs demands - matters under dispute #	50.97	50.97
Sales tax demands - matters under dispute #	27.62	27.47
Income tax demands - matters under dispute #	54.92	54.92

\* The claim against the Company comprise of dues in respect to personnel claims (amount unascertainable), local taxes etc.

# The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No provision has been recognised in the financial statements for the tax demand raised. The management based on its internal assessment and advise by its legal counsel believe that it is only possible, but not probable, that the action will succeed.

**Note:**

In cases where the amounts have been accrued, it has not been included above.

**Deferred payment liabilities**

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) under section 392 and 394 of the erstwhile Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Company to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ 277.82 million (March 31, 2017: ₹ 388.74 million).



### 39. Related party disclosures

#### (i) Names of the related parties and related party relationship

Related parties where control exists	
<b>Subsidiaries</b>	Bharat Forge Global Holding GmbH Bharat Forge America Inc. BF Infrastructure Limited Kalyani Strategic Systems Limited Bharat Forge International Limited (w.e.f. August 26, 2016) Kalyani Polytechnic Private Limited (up to December 16, 2016) BF Elbit Advanced Systems Private Limited Analogic Controls India Limited Indigenous IL Limited (w.e.f. January 18, 2018)
<b>Step down subsidiaries</b>	Bharat Forge CDP GmbH Bharat Forge CDP Trading Bharat Forge Holding GmbH Bharat Forge Tennessee Inc. (w.e.f. December 1, 2016) Bharat Forge PMT Technologie LLC (w.e.f. December 1, 2016) Bharat Forge Aluminiumtechnik GmbH Bharat Forge Kilsta AB Bharat Forge Hong Kong Limited Bharat Forge International Limited (up to August 25, 2016) Bharat Forge Daun GmbH Kalyani Rafael Advanced Systems Private Limited Mecanique Generale Langroise
Related parties with whom transactions have taken place during the period	
<b>Joint Ventures</b>	ALSTOM Bharat Forge Power Private Limited (up to March 24, 2017) BF NTPC Energy Systems Limited
<b>Joint venture of a subsidiary</b>	BF Premier Energy Systems Private Limited
<b>Associates</b>	Tork Motors Private Limited (w.e.f. February 27, 2018)
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>	Saarloha Advanced Materials Private Limited (up to August 4, 2016) [formerly known as Kalyani Carpenter Special Steels Private Limited] Kalyani Steels Limited BF Utilities Limited Khed Economic Infrastructure Private Limited Kalyani Maxon Wheels Private Limited Automotive Axles Limited Daimler India Commercial Vehicles Private Limited (from May 19, 2016 up to November 19, 2017)

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 39. Related party disclosures (Contd.):

#### (i) Names of the related parties and related party relationship (Contd.):

<b>Key management personnel</b>	Mr. B. N. Kalyani (Chairman and Managing Director)
	Mr. A. B. Kalyani (Executive Director)
	Mr. G. K. Agarwal (Deputy Managing Director)
	Mr. B. P. Kalyani (Executive Director)
	Mr. S. E. Tandale (Executive Director)
	Mr. K. M. Saletore (Executive Director & CFO)
	Mr. A. C. Daga (Company Secretary) (up to July 15, 2016)
	Ms. Tejaswini R. Chaudhari (Deputy Company Secretary) (w.e.f. July 16, 2016)
	Mr. P. G. Pawar (Independent Director)
	Mr. S. M. Thakore (Independent Director)
	Mrs. Lalita D. Gupte (Independent Director)
	Mr. P. H. Ravikumar (Independent Director)
	Mr. P. C. Bhalerao (Independent Director)
	Mr. Naresh Narad (Independent Director)
	Dr. T. Mukherjee (Independent Director)
Mr. Vimal Bhandari (Independent Director)	
<b>Relatives of key management personnel</b>	Smt. S. N. Kalyani
	Mr. G. N. Kalyani
	Mrs. A. G. Agarwal
	Mrs. S. S. Tandale
	Mr. P. S. Kalyani
<b>Post employment benefit trusts</b>	Mrs. V. B. Kalyani
	Bharat Forge Company Limited Staff Provident Fund
	Bharat Forge Company Limited Employees Group Gratuity Fund
	Bharat Forge Company Limited Officer's Group Gratuity Fund
	Bharat Forge Company Limited Officer's Superannuation Scheme

Transactions and balances less than 10% of the total transactions and balances are disclosed as "Others".

## 39. Related party disclosures (Contd.):

## (ii) Related party transactions

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	In ₹ Million	
			Year ended March 31, 2018	Year ended March 31, 2017
1	Purchase of raw materials, stores, spares	<b>Subsidiaries</b>		
		Analogic Controls India Limited	17.17	-
			<b>17.17</b>	-
		<b>Step down subsidiaries</b>		
		Bharat Forge Daun GmbH	0.17	-
			<b>0.17</b>	-
		<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
		Saarloha Advanced Materials Private Limited	-	2,576.89
		Kalyani Steels Limited	5,384.32	3,995.07
		Kalyani Maxion Wheels Private Limited	0.15	-
	<b>5,384.47</b>	<b>6,571.96</b>		
	<b>5,401.81</b>	<b>6,571.96</b>		
2	Other expenses			
		<b>- Power, fuel and water</b>		
		<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
		BF Utilities Limited	71.71	114.91
			<b>71.71</b>	<b>114.91</b>
	<b>- Rent</b>	<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
		Saarloha Advanced Materials Private Limited	-	0.04
		Automotive Axles Limited	0.16	0.16
			<b>0.16</b>	<b>0.20</b>
		<b>Relatives of key management personnel</b>		
		Mrs. S. S. Tandale	0.18	0.18
			<b>0.18</b>	<b>0.18</b>
	<b>- Legal and professional fees</b>	<b>Subsidiaries</b>		
		Bharat Forge Global Holding GmbH	48.74	60.60
		Bharat Forge America Inc.	102.51	89.88
		Bharat Forge International Limited	42.34	25.94
			<b>193.59</b>	<b>176.42</b>
		<b>Step down subsidiaries</b>		
		Bharat Forge Kilsta AB	6.32	9.90
			<b>6.32</b>	<b>9.90</b>
	<b>- Directors' fees and travelling expenses</b>	<b>Key management personnel</b>		
		Mr. P. G. Pawar	0.57	0.70
	Mr. S. M. Thakore	0.57	0.81	
	Mrs. Lalita D. Gupte	0.23	0.22	
	Mr. P. H. Ravikumar	0.40	0.63	
	Mr. P. C. Bhalerao	0.63	0.68	
	Mr. Naresh Narad	0.15	0.29	
	Dr. T. Mukherjee	0.25	0.49	
	Mr. Vimal Bhandari	0.25	0.59	
		<b>3.05</b>	<b>4.41</b>	
<b>- Commission to directors other than managing and whole time directors</b>	<b>Key management personnel</b>			
	Mr. P. G. Pawar	1.15	1.40	
	Mr. S. M. Thakore	1.15	1.15	
	Mrs. Lalita D. Gupte	0.45	0.45	
	Mr. P. H. Ravikumar	0.95	0.80	
	Mr. P. C. Bhalerao	1.25	1.35	
	Mr. Naresh Narad	0.30	0.50	
	Dr. T. Mukherjee	0.50	0.40	
	Mr. Vimal Bhandari	0.50	0.65	
		<b>6.25</b>	<b>6.70</b>	
<b>- Finance costs : Others</b>	<b>Subsidiaries</b>			
	Bharat Forge International Limited	10.24	15.25	
		<b>10.24</b>	<b>15.25</b>	
		<b>291.50</b>	<b>327.97</b>	

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 39. Related party disclosures (Contd.):

#### (ii) Related party transactions (Contd.):

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	In ₹ Million	
			Year ended March 31, 2018	Year ended March 31, 2017
3	Sale of goods and manufacturing scrap (net of returns, rebate etc.)	<b>Subsidiaries</b>		
		Bharat Forge International Limited	11,612.07	7,589.65
		Analogic Controls India Limited	8.95	-
			<b>11,621.02</b>	<b>7,589.65</b>
		<b>Step down subsidiaries</b>		
		Bharat Forge Kilsta AB	95.34	127.38
			<b>95.34</b>	<b>127.38</b>
		<b>Joint ventures</b>		
		ALSTOM Bharat Forge Power Private Limited	-	7.83
			-	<b>7.83</b>
		<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
		Daimler India Commercial Vehicles Private Limited	318.84	223.38
		Saarloha Advanced Materials Private Limited	-	450.02
		Automotive Axles Limited	418.41	268.22
Others	13.45	5.62		
	<b>750.70</b>	<b>947.24</b>		
	<b>12,467.06</b>	<b>8,672.10</b>		
4	Sale of Services	<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
		Automotive Axles Limited	210.44	167.77
		Saarloha Advanced Materials Private Limited	-	9.21
			<b>210.44</b>	<b>176.98</b>
5	Other income - Rent	<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
		Kalyani Maxion Wheels Private Limited	0.05	0.05
			<b>0.05</b>	<b>0.05</b>
		<b>Subsidiaries</b>		
		BF Elbit Advanced Systems Private Limited	0.48	0.48
			<b>0.48</b>	<b>0.48</b>
		<b>- Miscellaneous income</b>		
		<b>Subsidiaries</b>		
		Bharat Forge America Inc.	1.30	0.43
			<b>1.30</b>	<b>0.43</b>
	<b>Step down subsidiaries</b>			
Bharat Forge Kilsta AB	7.27	6.22		
	<b>7.27</b>	<b>6.22</b>		
<b>- Sale/discard of property, plant and equipments</b>				
<b>Subsidiaries</b>				
Kalyani Strategic Systems Limited	73.71	-		
	<b>73.71</b>	-		
	<b>82.81</b>	<b>7.18</b>		
6	Purchase of property, plant and equipments, intangible assets (including CWIP)	<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
		BF Utilities Limited	118.00	-
			<b>118.00</b>	-

### 39. Related Party disclosures (Contd.):

#### (ii) Related party transactions (Contd.):

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	In ₹ Million			
			Year ended March 31, 2018	Year ended March 31, 2017		
7	<b>Finance provided:</b> <b>- Investment in subsidiaries, joint ventures and associates</b>	<b>Subsidiaries</b>				
		Bharat Forge Global Holding GmbH	303.00	304.78		
		Bharat Forge America Inc.	-	808.98		
		BF Infrastructure Limited	294.56	279.58		
		Kalyani Strategic Systems Limited	84.27	85.48		
		Others	13.60	-		
			<b>695.43</b>	<b>1,478.82</b>		
		<b>Joint ventures</b>				
		BF NTPC Energy Systems Limited	2.89	7.19		
			<b>2.89</b>	<b>7.19</b>		
		<b>Associates</b>				
		Tork Motors Private Limited	160.39	-		
			<b>160.39</b>	<b>-</b>		
		<b>- Investments</b>	<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>			
			Khed Economic Infrastructure Private Limited	-	173.16	
		<b>-</b>	<b>173.16</b>			
<b>- Loans</b>	<b>Subsidiaries</b>					
	Bharat Forge Global Holding GmbH [includes exchange (loss)/gain]	11.67	(6.24)			
	BF Elbit Advanced Systems Private Limited	30.29	-			
	BF Infrastructure Limited	-	6.00			
		<b>41.96</b>	<b>(0.24)</b>			
		<b>900.67</b>	<b>1,658.93</b>			
8	<b>Advance given</b>	<b>Subsidiaries</b>				
		BF Infrastructure Limited	428.20	-		
			<b>428.20</b>	<b>-</b>		
9	<b>Advance given to supplier</b>	Analogic Controls India Limited	115.00	-		
			<b>115.00</b>	<b>-</b>		
10	<b>Loan received/adjusted</b>	<b>Subsidiaries</b>				
		Bharat Forge Global Holding GmbH [includes exchange (gain)/loss]	-	301.48		
		Analogic Controls India Limited	-	4.30		
			<b>-</b>	<b>305.78</b>		
		<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>				
		BF Utilities Limited	75.00	-		
			<b>75.00</b>	<b>-</b>		
			<b>75.00</b>	<b>305.78</b>		
		11	<b>Interest income</b>	<b>Subsidiaries</b>		
				Bharat Forge Global Holding GmbH	2.87	11.56
Analogic Controls India Limited	-			0.20		
BF Elbit Advanced Systems Private Limited	8.61			7.83		
BF Infrastructure Limited	-			2.63		
	<b>11.48</b>			<b>22.22</b>		
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>						
Kalyani Steels Limited	21.08			22.50		
BF Utilities Limited	5.65			7.50		
	<b>26.73</b>			<b>30.00</b>		
	<b>38.21</b>	<b>52.22</b>				
12	<b>Advance from customers</b>	<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>				
		Automotive Axles Limited	4.20	6.95		
			<b>4.20</b>	<b>6.95</b>		

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 39. Related party disclosures (Contd.):

#### (ii) Related party transactions (Contd.):

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	In ₹ Million	
			Year ended March 31, 2018	Year ended March 31, 2017
13	Managerial remuneration	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	185.93	150.92
		Mr. A. B. Kalyani	54.51	43.95
		Mr. G. K. Agarwal	54.61	44.30
		Mr. S. E. Tandale	42.38	34.10
		Mr. B. P. Kalyani	39.87	32.18
		Mr. K. M. Saletore	32.89	24.16
		Mr. A. C. Daga	-	1.32
		Ms. Tejaswini R. Chaudhari	2.46	1.50
			<b>412.65</b>	<b>332.43</b>
14	Dividend paid	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	0.35	0.12
		Mr. A. B. Kalyani	3.15	1.05
		Mr. G. K. Agarwal	-	0.01
		Mr. B. P. Kalyani	0.03	0.01
		Mr. S. M. Thakore	0.13	0.04
		Mr. P. H. Ravikumar	0.02	0.01
			<b>3.68</b>	<b>1.24</b>
		<b>Other directors and relatives</b>		
		Mr. G. N. Kalyani	3.11	1.04
Others	0.67	0.22		
	<b>3.78</b>	<b>1.26</b>		
	<b>7.46</b>	<b>2.50</b>		
15	Provision for diminution in value of investment	<b>Subsidiaries</b>		
		BF Infrastructure Limited	869.84	-
		Analogic Control India Limited	-	16.55
			<b>869.84</b>	<b>16.55</b>
		<b>Joint Ventures</b>		
		BF NTPC Energy Systems Limited	26.45	7.19
	<b>26.45</b>	<b>7.19</b>		
	<b>896.29</b>	<b>23.74</b>		
16	Provision for diminution in value of advance	<b>Subsidiaries</b>		
		BF Infrastructure Limited	225.76	-
	<b>225.76</b>	-		
17	Provision for expected losses	<b>Subsidiaries</b>		
		BF Infrastructure Limited	210.00	-
	<b>210.00</b>	-		
18	Contributions paid *	<b>Post employment benefit trusts</b>		
		<b>Provident fund</b>		
		Bharat Forge Company Limited Staff Provident Fund	190.60	174.38
			<b>190.60</b>	<b>174.38</b>
		<b>Gratuity fund</b>		
		Bharat Forge Company Limited Employees Group Gratuity fund	39.00	25.00
		Bharat Forge Company Limited Officer's Group Gratuity fund	55.00	55.00
			<b>94.00</b>	<b>80.00</b>
		<b>Superannuation fund</b>		
		Bharat Forge Company Limited Officer's Superannuation scheme	24.67	28.14
	<b>24.67</b>	<b>28.14</b>		
	<b>309.27</b>	<b>282.52</b>		

\* The above disclosure does not include on behalf payment done by any related party to each other. For closing balances of above employee benefits trusts, refer note no. 37.

## 39. Related Party disclosures (Contd.):

## (iii) Balance outstanding as at the year end

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	In ₹ Million			
			As at March 31, 2018	As at March 31, 2017		
1	Trade payables	<b>Subsidiaries</b>				
		Bharat Forge Global Holding GmbH	124.35	64.14		
		Bharat Forge International Limited	136.94	-		
		Others	30.31	-		
			<b>291.60</b>	<b>64.14</b>		
		<b>Step down subsidiaries</b>				
		Bharat Forge Daun GmbH	0.14	-		
		Bharat Forge Kilsta AB	13.30	-		
			<b>13.44</b>	<b>-</b>		
		<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>				
		Kalyani Steels Limited	1,027.08	292.78		
		BF Utilities Limited	14.45	103.30		
		Kalyani Maxion Wheels Private Limited	0.42	-		
			<b>1,041.95</b>	<b>396.08</b>		
			<b>1,346.99</b>	<b>460.22</b>		
		2	Trade receivable	<b>Subsidiaries</b>		
				Bharat Forge International Limited	5,798.08	4,120.91
	<b>5,798.08</b>			<b>4,120.91</b>		
<b>Step down subsidiaries</b>						
Bharat Forge Kilsta AB	59.41			58.50		
	<b>59.41</b>			<b>58.50</b>		
<b>Joint ventures</b>						
ALSTOM Bharat Forge Power Private Limited	-			1.11		
	-			<b>1.11</b>		
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>						
Automotive Axles Limited	171.11			175.81		
Daimler India Commercial Vehicles Private Limited	-			70.82		
Kalyani Steels Limited	0.75			1.51		
Kalyani Maxion Wheels Private Limited	-			0.29		
	<b>171.86</b>			<b>248.43</b>		
	<b>6,029.35</b>			<b>4,428.95</b>		
3	Payables for capital goods			<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
		BF Utilities Limited	34.24	-		
		<b>34.24</b>	<b>-</b>			
4	Interest accrued but not due on borrowings	<b>Subsidiaries</b>				
		Bharat Forge International Limited	1.25	-		
		<b>1.25</b>	<b>-</b>			
5	Non-current investments	<b>Subsidiaries</b>				
		Bharat Forge Global Holding GmbH	4,266.96	3,963.96		
		Bharat Forge America Inc.	831.90	831.90		
		BF Infrastructure Limited	869.84	575.28		
		Others	519.20	404.79		
			<b>6,487.90</b>	<b>5,775.93</b>		
		<b>Joint ventures</b>				
		BF NTPC Energy Systems Limited	33.64	30.76		
			<b>33.64</b>	<b>30.76</b>		
		<b>Associates</b>				
		Tork Motors Private Limited	160.39	-		
			<b>160.39</b>	<b>-</b>		
		<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>				
		Khed Economic Infrastructure Private Limited (including fair value)	637.94	524.71		
			<b>637.94</b>	<b>524.71</b>		
			<b>7,319.87</b>	<b>6,331.40</b>		

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 39. Related party disclosures (Contd.):

#### (iii) Balance outstanding as at the year end (Contd.):

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	In ₹ Million	
			As at March 31, 2018	As at March 31, 2017
6	Loans	<b>Subsidiaries</b>		
		Bharat Forge Global Holding GmbH	80.80	69.13
		BF Elbit Advanced Systems Private Limited	99.23	71.82
		BF Infrastructure Limited	-	36.56
			<b>180.03</b>	<b>177.51</b>
		<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
	BF Utilities Limited	-	75.00	
		-	<b>75.00</b>	
		<b>180.03</b>	<b>252.51</b>	
7	Share application money paid	<b>Subsidiaries</b>		
		BF Infrastructure Limited	-	83.00
		-	<b>83.00</b>	
8	Amount recoverable/ advance given	<b>Subsidiaries</b>		
		BF Infrastructure Limited	202.44	-
		BF Elbit Advanced Systems Private Limited	-	5.26
			<b>202.44</b>	<b>5.26</b>
		<b>Step down subsidiaries</b>		
		Bharat Forge Kilsta AB	73.06	83.97
Others	0.32	0.43		
		<b>73.38</b>	<b>84.40</b>	
		<b>275.82</b>	<b>89.66</b>	
9	Security Deposits	<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
		BF Utilities Limited	210.00	210.00
		<b>210.00</b>	<b>210.00</b>	
10	Advance to suppliers	<b>Subsidiaries</b>		
		Analogic Controls India Limited	115.00	-
			<b>115.00</b>	-
		<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
		BF Utilities Limited	-	30.00
			-	<b>30.00</b>
		<b>115.00</b>	<b>30.00</b>	
11	Interest accrued	<b>Subsidiaries</b>		
		Bharat Forge Global Holding GmbH	3.47	0.61
		BF Elbit Advanced Systems Private Limited	-	14.29
			<b>3.47</b>	<b>14.90</b>
		<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
		Kalyani Steels Limited	-	10.10
BF Utilities Limited	-	7.50		
	-	<b>17.60</b>		
	<b>3.47</b>	<b>32.50</b>		
12	Advance from customers	<b>Subsidiaries</b>		
		Bharat Forge International Limited	315.64	557.13
			<b>315.64</b>	<b>557.13</b>
		<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
Automotive Axles Limited	4.20	8.14		
	<b>4.20</b>	<b>8.14</b>		
	<b>319.84</b>	<b>565.27</b>		



**39. Related party disclosures (Contd.):****(iii) Balance outstanding as at the year end (Contd.):**

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	In ₹ Million	
			As at March 31, 2018	As at March 31, 2017
13	Managerial remuneration payable *	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	109.80	79.00
		Mr. A. B. Kalyani	21.00	13.00
		Mr. G. K. Agarwal	21.00	13.00
		Mr. S. E. Tandale	23.00	17.00
		Mr. B. P. Kalyani	22.50	17.00
		Mr. K. M. Saletore	17.70	11.00
		<b>215.00</b>	<b>150.00</b>	
14	Commission to directors other than managing and whole time directors	<b>Other Directors and Relatives</b>		
		Mr. P. G. Pawar	1.15	1.40
		Mr. S. M. Thakore	1.15	1.15
		Mrs. Lalita D. Gupte	0.45	0.45
		Mr. P. H. Ravikumar	0.95	0.80
		Mr. P. C. Bhalerao	1.25	1.35
		Mr. Naresh Narad	0.30	0.50
		Dr. T. Mukherjee	0.50	0.40
		Mr. Vimal Bhandari	0.50	0.65
		<b>6.25</b>	<b>6.70</b>	
15	Provision for diminution in value of investment	<b>Subsidiaries</b>		
		BF Infrastructure Limited	869.84	-
		Analogic Controls India Limited	16.55	16.55
			<b>886.39</b>	<b>16.55</b>
		<b>Joint Ventures</b>		
		BF NTPC Energy Systems Limited	33.64	7.19
			<b>33.64</b>	<b>7.19</b>
	<b>920.03</b>	<b>23.74</b>		
16	Provision for expected losses	<b>Subsidiaries</b>		
		BF Infrastructure Limited	210.00	-
		<b>210.00</b>	<b>-</b>	

\* Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.

Outstanding balances at the year end are unsecured with a short term duration and interest free except for loans and settlement occurs in cash. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2017 : Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

All transactions were made on normal commercial terms and conditions and are at market rates.

For details of guarantees given to related parties refer note 46.

The Company has various other welfare trusts to administer the long term benefits for its employees for which no contribution is made in the current or previous year.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 40. Capital and other commitments

	As at March 31, 2018	In ₹ Million As at March 31, 2017
(a) Guarantees given by Company's Bankers on behalf of the Company, against sanctioned guarantee limit of ₹ 4,250 million (March 31, 2017: ₹ 4,000 million) for contracts undertaken by the Company and other matters are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares etc., book debts, subject to prior charge in their favour.	2,385.15	1,901.99
(b) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	2,262.39	1,176.15
(c) Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	119.26	28.00
(d) For commitments relating to lease agreements, please refer note 35		

#### (e) Performance guarantee:

The Company along with its erstwhile joint venture partner has given an irrecoverable and unconditional joint undertakings to the customers of joint venture company - ALSTOM Bharat Forge Power Private Limited (ABFPPL), for transfer of technology, training, execution of steam turbines generator sets and auxiliary equipment and for successful performance of the projects awarded to ABFPPL. During the year the performance guarantee stands cancelled based on the letter received from the purchaser of JV share of the Company.

### 41. Deferral/Capitalisation of exchange differences

The Company has availed the option under Ind AS 101 para D13AA, continuing the policy adopted for accounting for exchange differences arising from translation of foreign currency monetary items recognised in financial statements on the date of transition.

Accordingly foreign exchange gain/(loss) is adjusted against:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Cost of the assets / capital work in progress	(15.04)	157.60
FCMITDA	(18.26)	141.07
Amortized in the current year	(200.18)	(331.35)

### 42. Loans and advances in the nature of loans given to subsidiaries and firms/companies in which directors are interested

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Bharat Forge Global Holding GmbH*</b>		
Balance outstanding	84.27	69.13
Maximum amount outstanding during the year	84.27	376.85
<b>BF Infrastructure Ventures Limited* \$</b>		
Balance outstanding	-	-
Maximum amount outstanding during the year	-	30.56
<b>BF Infrastructure Limited*</b>		
Balance outstanding	202.44	36.56
Maximum amount outstanding during the year	428.20	57.70
<b>BF Utilities Limited #</b>		
Balance outstanding	-	75.00
Maximum amount outstanding during the year	75.00	75.00
<b>BF Elbit Advanced Systems Private Limited *</b>		
Balance outstanding	99.23	71.82
Maximum amount outstanding during the year	99.23	71.82
<b>Analogic Controls India Limited</b>		
Balance outstanding	-	-
Maximum amount outstanding during the year	-	4.30

\* Receivable on demand

# Receivable in 3 years from the date of origination of loan

\$ Merged with BF Infrastructure Limited w.e.f. appointed date i.e. April 1, 2015

### 43. Details of dues to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED, Act 2006)

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Principal amount due to suppliers under MSMED Act, 2006 *	44.92	-
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	426.56	204.84
Interest paid to suppliers under MSMED Act, 2006 (other than section 16)	-	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	0.14	0.48
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	4.41	4.27

\* Amount includes due and unpaid of ₹ Nil (March 31, 2017: ₹ Nil)

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

### 44. Expenditure on research and development

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>A. On revenue account</b>		
Manufacturing expenses:		
Materials	5.81	2.47
Stores, spares and tools consumed	64.08	31.58
Repairs and maintenance		
- Machinery repairs	12.79	9.23
Payments to and provision for employees:		
- Salaries, wages, bonus, allowances, contribution to provident and other funds and schemes etc.	208.95	195.37
Other expenses:		
Legal and professional fees	5.64	6.78
Membership fees	2.87	2.60
EDP expenses	5.88	9.41
Other expenses	61.75	53.49
<b>Total</b>	<b>367.77</b>	<b>310.93</b>
<b>B. On capital account</b>	<b>6.49</b>	<b>22.44</b>
<b>Total research and development expenditure</b>	<b>374.26</b>	<b>333.37</b>

Above expenditure does not include research expenditure incurred by the Company which are not eligible as per DSIR guidelines and the ones which are incurred outside the approved R&D Centre.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 45. CSR expenditure

		In ₹ Million	
		Year ended March 31, 2018	Year ended March 31, 2017
<b>(a) Gross amount required to be spent by the Company during the year</b>		<b>197.12</b>	<b>180.52</b>
		In ₹ Million	
(b) Amount spent during the year ending on	Amount paid	Amount yet to be paid *	Total
<b>- March 31, 2018</b>			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	217.98	0.47	218.45
	<b>217.98</b>	<b>0.47</b>	<b>218.45</b>
<b>- March 31, 2017</b>			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	72.39	0.65	73.04
	<b>72.39</b>	<b>0.65</b>	<b>73.04</b>

\* Paid subsequently in the following month

### 46. Disclosures required under Sec 186(4) of the Companies Act, 2013

		In ₹ Million		
Name of the loanee	Purpose	Rate of Interest (p.a.)	Year ended March 31, 2018	Year ended March 31, 2017
Bharat Forge Global Holding GmbH	General corporate purpose *	3.50% #	84.27	69.13
BF Infrastructure Limited	General corporate purpose *	7.75%	-	36.56
BF Elbit Advanced Systems Private Limited	Working Capital *	10.00%	99.23	71.82
BF Utilities Limited	General corporate purpose **	10.00%	-	75.00

# For the loan given in FY 2010-11

\* Receivable on demand

\*\* Receivable in 3 years from the date of origination of loan

- All advances are unsecured

- Details of investments made are given in Note 6 and 7

- Guarantee given on behalf of

- Bharat Forge Kilsta AB, step down subsidiary company, of ₹ 1,454.73 million (March 31, 2017: ₹ 1,244.70 million) for working capital requirement.

- Bharat Forge America Inc., wholly owned subsidiary company, of ₹ 260.75 million (March 31, 2017: ₹ 259.40 million) for term loan or loans.

## 47. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2018:	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets at FVTOCI</b>			
<b>Unquoted equity instruments</b>			
Khed Economic Infrastructure Private Limited	-	-	637.94
Gupta Energy Private Limited (Refer note 48(a))	-	-	-
<b>Quoted equity instruments</b>			
KPIT Technologies Limited	132.73	-	-
<b>Derivative instruments at fair value through OCI</b>			
Cash flow hedges	-	1,722.43	-
<b>Financial assets at FVTPL</b>			
<b>Unquoted funds</b>			
Investments in private equity fund	-	115.57	-
Investments in mutual funds	-	12,306.00	-
<b>Quoted funds</b>			
Investments in mutual funds	1,651.03	-	-
<b>Financial liability at FVTPL</b>			
Derivative liability	-	151.68	-

In ₹ Million

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2017:	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets at FVTOCI</b>			
<b>Unquoted equity instruments</b>			
Khed Economic Infrastructure Private Limited	-	-	524.71
Gupta Energy Private Limited (Refer note 48(a))	-	-	-
<b>Quoted equity instruments</b>			
KPIT Technologies Limited	79.50	-	-
<b>Derivative instruments at fair value through OCI</b>			
Cash flow hedges	-	3,526.86	-
<b>Financial assets at FVTPL</b>			
<b>Debentures (unquoted)</b>			
0% Compulsorily Convertible Debentures of ₹ 100/- each in Analogic Controls India Limited	-	-	3.60
<b>Preference shares (unquoted)</b>			
BF Infrastructure Limited (Refer note 48(b))	-	-	-
<b>Other investments</b>			
<b>Unquoted funds</b>			
Investments in private equity fund	-	72.79	-
Investments in mutual funds	-	10,386.78	-
<b>Quoted funds</b>			
Investments in mutual funds	851.67	-	-

In ₹ Million

There have been no transfers between level 1 and Level 2 during the year ended March 31, 2018 and March 31, 2017.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 48. Financial instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of March 31, 2018; other than those with carrying amounts that are reasonable approximates of fair values:

	Carrying value		Fair value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Investments	11,003.29	3,687.39	11,003.29	3,687.39
Loans	209.63	37.64	209.63	37.64
Trade receivables	233.77	5.49	233.77	5.49
Derivative instruments	476.63	1,564.89	476.63	1,564.89
Other non-current financial assets	1,132.24	615.77	1,132.24	615.77
<b>Total financial assets</b>	<b>13,055.56</b>	<b>5,911.18</b>	<b>13,055.56</b>	<b>5,911.18</b>
Borrowings	9,098.02	7,903.47	9,098.02	7,903.47
Other non-current financial liabilities	153.66	-	153.66	-
<b>Total financial liabilities</b>	<b>9,251.68</b>	<b>7,903.47</b>	<b>9,251.68</b>	<b>7,903.47</b>

In ₹ Million

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Further the management assessed that the fair value of security deposits, trade receivables and other non-current receivables approximate their carrying amounts largely due to discounting at rates which are an approximation of current lending rates.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) Long-term fixed-rate and variable-rate receivables are evaluated by the Company based on parameters such as individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- (ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- (iii) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- (iv) The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Company's own non-performance risk. As at March 31, 2018 the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.
- (v) The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own nonperformance risk as at March 31, 2018 was assessed to be insignificant.

#### 48. Financial instruments by category (Contd.):

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2018 and March 31, 2017 are as shown below:

Particulars	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity shares in Khed Economic Infrastructure Private Limited	Cost method	Estimated realization rates for developed land and Land under development	March 31, 2018: ₹ 9.70 million to ₹ 12.60 million/acre (March 31, 2017: ₹ 9.30 million to ₹ 12.60 million/acre)	5% increase/(decrease) in realization rate would result in increase/(decrease) in fair value per share by ₹ 1.58 (March 31, 2017: ₹ 1.45)
		Estimated realization rates for undeveloped land	Not Applicable	
Unquoted debt instrument of Analogic Controls India Limited (Refer note (c) below)	Discounted Cash Flows	Weighted Average Cost of Capital	(March 31, 2017: 15.20%)	0.50% increase in weighted average cost of capital would result in decrease in fair value per share by ₹ (2.93) million for March 31, 2017. 0.50% decrease in weighted average cost of capital would result in increase in fair value per share by ₹ 3.26 Million for March 31, 2017
		Long-term growth rate	(March 31, 2017: 5.00%)	

##### (a) Gupta Energy Private Limited (GEPL)

The Company has an investment in equity instrument of GEPL. The same is classified as fair value through profit and loss. Over the years GEPL has been making consistent losses. The management of the Company has made attempts to obtain latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with MCA since FY 2014-15. In view of the above, the management believes that the fair value of the investment is Nil as at April 1, 2015 and thereafter.

##### (b) Bharat Forge Infrastructure Limited (BFIL)

During the year, Preference shares of BFIL have been converted in to compulsarily convertible preference shares in the ratio of 1:1. Accordingly the same has been classified as investment in the nature of equity and carried at fair value on the date of conversion which is subsequently considered as its cost. As at previous year end, the preference shares of BFIL were redeemable and hence classified at fair value through profit and loss.

##### (c) Analogic Controls India Limited (ACIL)

During the year, 1,573,100 "0% Unsecured Compulsorily Convertible Debentures" of ₹ 100/- each were converted into 15,731,000 equity shares of ₹ 10/- each in accordance with the terms of issue.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 48. Financial instruments by category (Contd.):

#### Reconciliation of fair value measurement of financial assets classified as FVTOCI & FVTPL:

				In ₹ Million
	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Gupta Energy Private Limited	Unquoted preference shares in Bharat Forge Infrastructure Limited *	Compulsorily convertible debentures in Analogic Controls India Limited
<b>As at March 31, 2016</b>	<b>250.29</b>	-	-	<b>139.69</b>
Remeasurement recognised in OCI	101.26	-	-	-
Remeasurement recognised in Statement of profit and loss	-	-	-	(136.09)
Purchases	173.16	-	-	-
Sales	-	-	-	-
<b>As at March 31, 2017</b>	<b>524.71</b>	-	-	<b>3.60</b>
Remeasurement recognised in OCI	113.23	-	-	-
Remeasurement recognised in Statement of profit and loss	-	-	-	-
Purchases	-	-	-	-
Sales	-	-	-	-
Converted in to equity shares	-	-	-	(3.60)
<b>As at March 31, 2018</b>	<b>637.94</b>	-	-	-

\* Refer note 48(b)

### 49. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

- 1) Significant judgements is required to apply lease accounting rules under appendix C to Ind AS 17 Determining whether an arrangement contains a lease. In assessing the applicability to arrangements entered into by the Company with its various sub-contractors regarding providing of certain services, the Company has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements, and other significant terms and conditions of the arrangement to conclude whether the arrangements meets the criteria under Appendix C to Ind AS 17. Based on the evaluation, the Company has concluded that the arrangements do not meet the definition of lease as specified under appendix C to Ind AS 17.
- 2) Embedded derivative – The Company has entered into certain hybrid contracts i.e. where an embedded derivative is a component of a non-derivative host contract, in the nature of financial liability. The Company has exercised judgement to evaluate if the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and risks of the host. Based on the evaluation, the Company has concluded, that these economic characteristics and risks of the embedded derivatives are closely related to the economic characteristics and risks of the host and thus not separated from the host contract and not accounted for separately.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



## 49. Significant accounting judgements, estimates and assumptions (Contd.):

In assessing the 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 risks specific to the asset. In determining the fair value less costs to disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

### Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment plans and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, expected returns on plan assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates for India.

Further details about defined benefit plans are given in Note 37.

### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 48 for further disclosures.

### Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

### Operating lease commitments – Company as lessor

The Company has given land on lease to certain entities. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of such land and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these lands and accounts for the contracts as operating leases.

### Income tax and deferred tax

Deferred tax assets are not recognised for unused tax losses as it is not probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has ₹ 148.21 million (March 31, 2017: ₹ 132.90 million) of capital tax losses carried forward. These losses relate to loss under the head capital gain, which will expire in 8 years and may not be available to offset taxable income under the same head. On this basis, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Company was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by ₹ 51.79 million (March 31, 2017: ₹ 45.99 million). Further details on taxes are disclosed in note 21.

### Provision for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

### Current / Non-current Classification

The Company evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realisation cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year. Accordingly, the Group has classified major portion of its investment in mutual funds as non-current.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 50. Hedging activities and derivatives

#### Derivatives not designated as hedging instruments

The Company has used foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.

#### Cash flow hedges

#### Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in US Dollar and Euro. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

Particulars	In ₹ Million			
	March 31, 2018		March 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts designated as hedging instruments	1,722.43	-	3,526.86	-

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit and loss. Amounts of outstanding forward contracts are as follows:

Nature of instrument	Currency	Purpose	March 31, 2018		March 31, 2017	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable sales	656.37	47,293.09	398.11	29,533.80
Forward Contracts	EUR	Hedging of highly probable sales	161.05	13,959.25	83.40	7,633.74

The cash flow hedges of the expected future sales during the year ended March 31, 2018 were assessed to be highly effective and a net unrealised gain of ₹ 1,685.27 million (March 31, 2017: ₹ 3,377.78 million), with a deferred tax liability of ₹ 588.90 million (March 31, 2017: ₹ 1,168.98 million) relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges of the expected future sales during the year ended March 31, 2017 were assessed to be highly effective and a net unrealised gain of ₹ 3,377.78 million with a deferred tax liability of ₹ 1,168.98 million was included in OCI in respect of these contracts.

The amount removed from OCI during the year and included in the carrying amount of the hedging items as a basis adjustment for the year ended March 31, 2018 is detailed in Note 33, totalling ₹ 1,387.41 million (net of deferred tax) (March 31, 2017: ₹ 872.70 million). The amounts retained in OCI at March 31, 2018 are expected to mature and affect the statement of profit and loss till year ended March 31, 2022.

Reclassifications to statement of profit and loss during the year included in OCI are shown in Note 33.

### 51. Financial risk management objectives and policies

The Company's principal financial liabilities other than derivatives comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI and FVTPL investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Finance and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the Company. The FRMC provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by experienced members from the senior management who have the relevant expertise, appropriate skills and supervision.

## 51. Financial risk management objectives and policies (Contd.):

It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investment in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2018 and comparatively as at March 31, 2017.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017 including the effect of hedge accounting

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company generally borrows in Foreign Currency, considering natural hedge it has against its export. Long-term and Short-term foreign currency debt obligations carry floating interest rates.

The Company avails short term debt in foreign currency up to tenor of 9 months, in the nature of export financing for its working capital requirements. LIBOR or EURIBOR for the said debt obligations is fixed for the entire tenor of the debt, at the time of availment.

The Company has an option to reset LIBOR or EURIBOR either for 6 Months or 3 months for its long term debt obligations. To manage its interest rate risk, the Company evaluates the expected benefit from either of the LIBOR resetting options and accordingly decides. The Company also has an option for its long term debt obligations to enter into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At March 31, 2018, the Company's entire long term borrowings are at a floating rate of interest (March 31, 2017: 100%).

### Interest rate sensitivity

The Company's total interest cost for the year ended March 31, 2018 was ₹ 848.38 million and for the year ended March 31, 2017 was ₹ 727.70 million. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate long term borrowings, as follows:

Particulars	Change in basis points	Effect on Profit before tax and equity (In ₹ Million)
<b>March 31, 2018</b>		
USD	50	32.87
EUR	+50	3.19
EUR	-50	-4.79
<b>March 31, 2017</b>		
USD	50	69.18
EUR	+50	4.11
EUR*	-50	-

\* During the previous financial year, EURIBOR was trading in negative zone and Euro borrowings were floored at zero, However in FY 2017-18 company has entered into USD-EUR swap for one of the long term floating rate borrowing to avail the benefit of negative EURIBOR.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 51. Financial risk management objectives and policies (Contd.):

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export revenue and long term foreign currency borrowings.

The Company manages its foreign currency risk by hedging its forecasted sales up to 4 years to the extent of 25%-65% on rolling basis and Company keep its long term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Company may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

#### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of un-hedged monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in FC/INR rate	Effect on profit and equity (In ₹ million)
March 31, 2018	USD 1	141.97
	EUR 1	11.90
March 31, 2017	USD 1	209.19
	EUR 1	13.75

#### Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of steel. Due to significant volatility of the price of the steel, the Company has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangement.

#### Commodity price sensitivity

As the Company has a back to back pass through arrangements for volatility in raw material prices there is no impact on the profit and loss and equity of the Company.

#### Equity price risk

The Company is exposed to price risk in equity investments and classified on the balance sheet as fair value through profit or loss and through other comprehensive income. To manage its price risk arising from investments in equity, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with the limits set by the Board.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 753.51 million (March 31, 2017: ₹ 597.50 million). Sensitivity analysis of major investments have been provided in Note 48.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 132.73 million (March 31, 2017: ₹ 79.50 million). A decrease of 10% on the NSE market index could have an impact of approximately ₹ 13.27 million (March 31, 2017: ₹ 7.95 million) on the OCI or equity attributable to the Company. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

#### Other price risk

The Company invests its surplus funds in mutual funds which are linked to debt markets. The Company is exposed to price risk for investments in mutual funds that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Company's investment policy approved by the Board of Directors. An increase/decrease in interest rates by 0.25% will have an impact of ₹ 34.89 million (March 31, 2017: ₹ 28.10 million).

## 51. Financial risk management objectives and policies (Contd.):

### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

### Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, Company's customers includes marquee OEMs and Tier I companies, having long standing relationship with the Company. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2018, receivable from Company's top 5 customers accounted for approximately 34% (March 31, 2017: 34%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped in to homogeneous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Company does not hold collateral as security except in case of few customers. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

### Other receivables, deposits with banks and loans given

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Company's approved investment policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018 and March 31, 2017 is the carrying amounts as illustrated in the respective notes except for financial guarantees and derivative financial instruments. The Company's maximum exposure relating to financial guarantees and financial derivative instruments is noted in Note 46.

### Liquidity risk

Cash flow forecasting is performed by Treasury function. Treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the compliance with internal cash management. The Company's treasury invests surplus cash in marketable securities as per the approved policy, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Company held mutual funds of ₹ 13,957.03 million (March 31, 2017: ₹ 11,238.45 million) and other liquid assets of ₹ 1,840.84 million (March 31, 2017: ₹ 2,747.87 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Company's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Company evaluates the option of refinancing entire or part of repayments for extended maturity. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Company is also maintaining surplus funds with short term liquidity for future repayment of loans.

The table below summarises the maturity profile of the Company's financial liabilities

(In ₹ Million)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>March 31, 2018</b>				
Borrowings	11,665.98	7,012.02	2,086.00	<b>20,764.00</b>
Trade and other payables	6,888.66	-	-	<b>6,888.66</b>
Other financial liabilities	4,967.76	153.66	-	<b>5,121.42</b>
	<b>23,522.60</b>	<b>7,165.68</b>	<b>2,086.00</b>	<b>32,774.08</b>
<b>March 31, 2017</b>				
Borrowings	9,076.80	7,903.47	-	<b>16,980.27</b>
Trade and other payables	4,639.51	-	-	<b>4,639.51</b>
Other financial liabilities	7,871.79	6.40	-	<b>7,878.19</b>
	<b>21,588.10</b>	<b>7,909.87</b>	-	<b>29,497.97</b>

## Notes Forming Part of Standalone Financial Statements

For the year ended March 31, 2018 (Contd.):

### 52. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a net debt equity ratio, which is net debt divided by equity. The Company's policy is to keep the net debt equity ratio below 1.00. The Company includes within its borrowings net debt and interest bearing loans less cash and cash equivalents.

Particulars	(in ₹ Million)	
	As at March 31, 2018	As at March 31, 2017
Borrowings	25,097.46	24,224.77
Less: Cash and other liquid assets	15,797.87	13,986.32
<b>Net debt</b>	<b>9,299.59</b>	<b>10,238.45</b>
<b>Equity</b>	<b>46,142.80</b>	<b>42,319.32</b>
<b>Net debt /equity Ratio</b>	<b>0.20</b>	<b>0.24</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call back loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period and in the year ended March 31, 2017.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

### 53. Standards issued but not yet effective

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

Ind AS 115 was notified on March 28, 2018 with guidance to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

While the management continues to believe that the impact of Ind AS 115 will not be material, a reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

#### Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

### 53. Standards issued but not yet effective (Contd.):

#### Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration (Contd.):

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018 and the Company has decided to apply the said amendment prospectively.

#### Other standards

Standard	Impact
Ind AS 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112.	These amendments are unlikely to affect the Company's financial statements.
Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses	These amendments are unlikely to affect the Company's financial statements.
Ind AS 40 - Transfers of Investment Property	Since Company's current practice is in line with the clarifications issued, the Company does not expect any effect on its financial statements.
Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice	These amendments are unlikely to affect the Company's financial statements.

As per our report of even date  
**For S R B C & CO LLP**  
 Chartered Accountants  
**ICAI Firm Registration Number: 324982E/E300003**

per **Tridevial Khandelwal**  
 Partner  
 Membership Number: 501160

Place: Pune  
 Date: May 22, 2018

For and on behalf of the Board of Directors of  
**Bharat Forge Limited**

**B. N. Kalyani**  
 Chairman and Managing Director  
 DIN : 00089380

**Kishore Saletore**  
 Executive Director & CFO  
 DIN : 01705850

Place: Pune  
 Date: May 22, 2018

**G. K. Agarwal**  
 Deputy Managing Director  
 DIN : 00037678

**Tejaswini Chaudhari**  
 Deputy Company Secretary  
 Membership Number: 18907

# Independent Auditor's Report

## To the Members of Bharat Forge Limited

### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Bharat Forge Limited** (hereinafter referred to as “the Holding Company”), its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) its associates and joint ventures, comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss including consolidated other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of 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 Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 (“the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance including consolidated other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Associates and Joint Ventures in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. 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 of the assets of the Group and of its associates and 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 consolidated Ind AS 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 Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the 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, issued by the Institute of Chartered Accountants of India, as 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 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 Holding Company'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 accounting policies used and the reasonableness of the accounting estimates made by the Holding Company'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 the audit evidence obtained by the 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 other auditors on separate Ind AS financial statements and on the other financial information of the subsidiaries, associates and joint ventures, 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, 2018, their consolidated profit including consolidated other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.



## Independent Auditor's Report (Contd.):

### Other Matter

- (a) We did not audit the Ind AS financial statements and other financial information, in respect of nineteen subsidiaries, whose Ind AS financial statements include total assets of ₹ 30,711.12 million and net assets of ₹ 6,390.61 million as at year ended December 31, 2017 and March 31, 2018, and total revenues of ₹ 42,042.11 million and net cash (inflows) of ₹ 475.71 million for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which, along with the respective Auditor's Reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss of ₹ 3.78 million for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements, in respect of two associates and two joint ventures, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. 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 associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of such other auditors.
- (b) The accompanying consolidated Ind AS financial statements include the Group's share of net loss of ₹ 0.40 million for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements, in respect of one associate, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates to amounts and disclosures included in respect of this associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, 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 and other financial information 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 on the consideration of report of the other auditors on separate Ind AS financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'Other Matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 consolidation of the Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Consolidated Statement of 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 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 Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group's companies, its associates and joint ventures incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

## Independent Auditor's Report (Contd.):

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (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, 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 report of the other auditors on separate Ind AS financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other Matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures – Refer Note 44 to the consolidated Ind AS financial statements;
  - 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 Holding Company, its subsidiaries, associates and joint ventures incorporated in India during the year ended March 31, 2018; and
  - iv. The disclosure with respect to holding of and dealings in Specified Bank Notes is not applicable to the Group for the year ended March 31, 2018 and accordingly has not been reported upon by us. Refer Note 13 of the consolidated Ind AS financial statements.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**  
Partner  
Membership Number: 501160

Place of Signature: Pune  
Date: May 22, 2018

## Independent Auditor's Report (Contd.):

**Annexure 1 referred to in paragraph (f) under the heading "Reporting on Other Legal and Regulatory Requirements" of our report of even date.**

### **Report on the Internal Financial Controls 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 Bharat Forge Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Bharat Forge Limited (hereinafter referred to as the "Holding Company") 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 Holding Company, 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 Holding 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 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 Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements 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") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, 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 with reference to these consolidated Ind AS financial statements 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 over financial reporting with reference to these consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, 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 consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors 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 over financial reporting with reference to these consolidated Ind AS financial statements.

### **Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements**

A Holding Company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements 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 Holding Company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements 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 Holding company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding Company are being made only in accordance with authorisations of

## Independent Auditor's Report (Contd.):

management and directors of the Holding Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Holding Company's assets that could have a material effect on the consolidated Ind AS financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting with Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements, 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 with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated Ind AS financial statements 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, the Holding Company, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding 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.

### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to four subsidiary companies, one associate company and one joint venture, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary, associate and joint venture incorporated in India.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

Place of Signature: Pune

Date: May 22, 2018

# Consolidated Balance Sheet

as at March 31, 2018

	Notes	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	3	34,393.36	32,208.87
(b) Capital work-in-progress		3,437.76	3,997.32
(c) Investment property	4	2.89	2.89
(d) Goodwill	5	429.14	424.18
(e) Other intangible assets	5	171.65	134.79
(f) Intangible assets under development		-	534.47
(g) Investment in associates and joint ventures	6	160.16	0.13
(h) Financial assets			
(i) Investments	7	11,011.21	3,683.79
(ii) Loans	8	26.13	37.64
(iii) Trade receivables	12	233.77	8.07
(iv) Derivative instruments	9	476.63	1,564.89
(v) Other non-current financial assets	10	1,144.04	658.32
(j) Deferred tax assets (net)	21	396.55	425.63
(k) Income tax assets (net)		114.69	317.79
(l) Other non-current assets	14	2,357.57	2,633.79
		<b>54,355.55</b>	<b>46,632.57</b>
<b>II. Current assets</b>			
(a) Inventories	11	13,598.89	10,752.03
(b) Financial assets			
(i) Investments	7	3,839.98	8,231.66
(ii) Loans	8	426.76	392.00
(iii) Trade receivables	12	19,371.41	13,410.69
(iv) Derivative instruments	9	1,245.80	1,961.97
(v) Cash and cash equivalents	13	2,346.03	2,884.15
(vi) Other bank balances	13	694.61	476.67
(vii) Other current financial assets	10	1,245.87	1,906.49
(c) Other current assets	14	3,039.31	2,168.12
(d) Asset held for sale		-	16.72
		<b>45,808.66</b>	<b>42,200.50</b>
<b>Total assets</b>		<b>100,164.21</b>	<b>88,833.07</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	15	931.27	465.68
(b) Other equity	16	45,585.84	40,697.99
<b>Equity attributable to equity holders of the parent</b>		<b>46,517.11</b>	<b>41,163.67</b>
Non-controlling interests		294.20	100.40
<b>Total equity</b>		<b>46,811.31</b>	<b>41,264.07</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	11,262.31	10,590.70
(ii) Other non-current liabilities	19	153.66	6.40
(b) Provisions	20	1,320.88	1,315.38
(c) Deferred tax liabilities (net)	21	2,543.70	3,031.82
(d) Other non-current liabilities	23	533.57	563.06
		<b>15,814.12</b>	<b>15,507.36</b>
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	15,848.17	12,621.79
(ii) Trade payables	22	13,267.85	8,463.34
(iii) Other current financial liabilities	19	6,127.37	8,972.66
(b) Provisions	20	632.05	537.97
(c) Other current liabilities	23	1,294.05	1,286.51
(d) Current tax liabilities (net)		369.29	179.37
		<b>37,538.78</b>	<b>32,061.64</b>
<b>Total liabilities</b>		<b>53,352.90</b>	<b>47,569.00</b>
<b>Total equity and liabilities</b>		<b>100,164.21</b>	<b>88,833.07</b>

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For S R B C &amp; CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Tridevjal Khandelwal

Partner

Membership Number: 501160

Place: Pune

Date: May 22, 2018

For and on behalf of the Board of Directors of  
Bharat Forge Limited

B. N. Kalyani

Chairman and Managing Director

DIN : 00089380

Kishore Saletore

Executive Director &amp; CFO

DIN : 01705850

Place: Pune

Date: May 22, 2018

G. K. Agarwal

Deputy Managing Director

DIN : 00037678

Tejaswini Chaudhari

Deputy Company Secretary

Membership Number: 18907

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

	Notes	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Continuing operations</b>			
<b>Income</b>			
Revenue from operations	24	84,146.72	65,981.56
Other income	25	1,420.07	1,192.79
<b>Total income [i]</b>		<b>85,566.79</b>	<b>67,174.35</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	26	31,776.34	23,255.27
Purchase of traded goods		2,299.35	1,588.31
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	27	(1,264.47)	(485.80)
Excise duty on sale of goods		569.80	2,020.12
Project cost		-	20.62
Employee benefits expense	28	10,891.99	9,309.23
Depreciation, amortisation and impairment expense	29	4,668.80	4,520.47
Finance costs	30	1,065.31	999.62
Other expenses	31	22,643.80	17,763.32
<b>Total expenses [ii]</b>		<b>72,650.92</b>	<b>58,991.16</b>
<b>Profit before share of profit/(loss) of associates, joint ventures, exceptional items and tax from continuing operations [i - ii]</b>		<b>12,915.87</b>	<b>8,183.19</b>
Share of (loss)/profit of associates and joint ventures		(4.10)	0.20
Tax expense		(0.32)	-
<b>Share of (loss)/profit of associates and joint ventures</b>		<b>(3.78)</b>	<b>0.20</b>
<b>Profit before exceptional items and tax from continuing operations</b>		<b>12,912.09</b>	<b>8,183.39</b>
Exceptional items (loss)/gain	32	(954.48)	1,284.29
<b>Profit before tax from continuing operations</b>		<b>11,957.61</b>	<b>9,467.68</b>
<b>Tax expense</b>			
Current tax		4,318.49	2,704.79
Deferred tax		99.44	(213.12)
<b>Total tax expense</b>		<b>4,417.93</b>	<b>2,491.67</b>
<b>Profit for the year from continuing operations</b>		<b>7,539.68</b>	<b>6,976.01</b>
<b>Discontinued operations</b>			
Share of profit/(loss) of joint venture (Gross)		-	505.43
Tax expense		-	374.26
<b>Profit from discontinued operations</b>		<b>-</b>	<b>131.17</b>
<b>Profit for the year</b>		<b>7,539.68</b>	<b>7,107.18</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income to be reclassified to profit and loss in subsequent periods</b>			
- Net movement on cash flow hedges	34	(1,692.51)	1,683.66
- Foreign Currency Monetary Items Translation Difference Account	34	181.92	472.42
- Foreign Currency Translation reserve	34	918.95	(522.25)
		<b>(591.64)</b>	<b>1,633.83</b>
Tax effect		580.08	(582.68)
	<b>(A)</b>	<b>(11.56)</b>	<b>1,051.15</b>
<b>Other comprehensive income not to be reclassified to profit and loss in subsequent periods</b>			
- Re-measurement gains / (losses) of defined benefit plans	34	126.39	(148.53)
- Net gain on FVTOCI equity securities	34	166.47	90.13
- Share of other comprehensive income in associates and joint ventures	34	0.09	0.02
- Share of other comprehensive income arising from discontinued operations	34	-	(9.47)
		<b>292.95</b>	<b>(67.85)</b>
Tax effect		(41.80)	52.92
	<b>(B)</b>	<b>251.15</b>	<b>(14.93)</b>
<b>Other comprehensive income for the year (net of tax)</b>	<b>[A+B]</b>	<b>239.59</b>	<b>1,036.22</b>
<b>Total comprehensive income for the year</b>		<b>7,779.27</b>	<b>8,143.40</b>
<b>Of the total comprehensive income above,</b>			
<b>Attributable to:</b>			
Owners of the parent		7,864.07	8,082.38
Non-controlling interests		(84.80)	61.02

## Consolidated Statement of Profit and Loss

for the year ended March 31, 2018 (Contd.):

	Notes	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Of the total comprehensive income above, Profit for the year</b>			
Attributable to:			
Equityholders of the parent		7,624.44	7,046.16
Non-controlling interests		(84.76)	61.02
<b>Of the total comprehensive income above, Other comprehensive income for the year</b>			
Attributable to:			
Equityholders of the parent		239.63	1,036.22
Non-controlling interests		(0.04)	-
Earnings per share for continuing operations [nominal value per share ₹ 2/- (March 31, 2017: ₹ 2/- )]	35		
Basic		16.38	14.85
Diluted		16.38	14.85
Earnings per share for discontinued operations [nominal value per share ₹ 2/- (March 31, 2017: ₹ 2/- )]	35		
Basic		-	0.28
Diluted		-	0.28
Earning per equity share for continuing and discontinued operations [nominal value per share ₹ 2/- (March 31, 2017: ₹ 2/- )]	35		
Basic		16.38	15.13
Diluted		16.38	15.13

The accompanying notes form an integral part of the financial statements.

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

Place: Pune

Date: May 22, 2018

For and on behalf of the Board of Directors of

**Bharat Forge Limited**

**B. N. Kalyani**

Chairman and Managing Director

DIN : 00089380

**Kishore Saletore**

Executive Director & CFO

DIN : 01705850

Place: Pune

Date: May 22, 2018

**G. K. Agarwal**

Deputy Managing Director

DIN : 00037678

**Tejaswini Chaudhari**

Deputy Company Secretary

Membership Number: 18907

# Statement of changes in equity

for the year ended March 31, 2018

## A. Equity share capital:

Equity shares of ₹ 2/- each issued, subscribed and fully paid	No.	In ₹ Million
As at March 31, 2017	232,794,316	465.68
Add: Bonus shares issued during the year (Refer note 16(c)(iii))	232,794,316	465.59
<b>As at March 31, 2018</b>	<b>465,588,632</b>	<b>931.27</b>

## B. Other equity

	Reserves and Surplus					Items of OCI				Total		
	Security premium account	Debt redemption reserve	Capital reserves	Capital redemption Reserve	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Cash flow hedge reserve		Monetary Item Translation Difference Account (FCMITDA)	Non Controlling interests
<b>Balance at the April 1, 2016</b>	<b>7,096.48</b>	<b>1,065.00</b>	<b>15.50</b>	<b>300.00</b>	<b>3,058.78</b>	<b>21,307.64</b>	<b>384.58</b>	<b>30.00</b>	<b>1,107.82</b>	<b>(699.26)</b>	<b>(42.63)</b>	<b>33,623.91</b>
- Profit for the year	-	-	-	-	-	7,046.16	-	-	-	-	61.02	7,107.18
- Other Comprehensive Income	-	-	-	-	-	(105.06)	(522.25)	90.13	1,100.98	472.42	-	1,036.22
Transfer from retained earnings	-	-	-	-	100.00	-	-	-	-	-	-	100.00
Adjustment for the year	-	-	-	-	(210.36)	-	-	-	-	-	(0.11)	(210.47)
Acquisition of additional shares	-	-	-	-	-	-	(522.25)	90.13	1,100.98	472.42	82.12	82.12
Transfer to general reserve	-	-	-	-	(100.00)	-	-	-	-	-	-	(100.00)
Transfer to retained earnings	-	(1,065.00)	-	-	1,065.00	-	-	-	-	-	-	-
<b>Transaction with owners in their capacity as owners</b>												
- Equity dividend	-	-	-	-	-	(116.40)	-	-	-	-	-	(116.40)
- Tax on equity dividend	-	-	-	-	-	(23.70)	-	-	-	-	-	(23.70)
- Interim equity dividend	-	-	-	-	-	(581.99)	-	-	-	-	-	(581.99)
- Tax on interim equity dividend	-	-	-	-	-	(118.48)	-	-	-	-	-	(118.48)
<b>Balance as at March 31, 2017</b>	<b>7,096.48</b>	<b>-</b>	<b>15.50</b>	<b>300.00</b>	<b>2,948.42</b>	<b>28,373.17</b>	<b>(137.67)</b>	<b>120.13</b>	<b>2,208.80</b>	<b>(226.84)</b>	<b>100.40</b>	<b>40,798.39</b>



# Statement of changes in equity

for the year ended March 31, 2018 (Contd.):

## B. Other equity (Contd.):

	Reserves and Surplus					Items of OCI				Total		
	Security premium account	Debt redemption reserve	Capital reserves	Capital redemption Reserve	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Cash flow hedge reserve		Monetary Translation Difference Account (FCMITDA)	Non Controlling interests
<b>Balance at the April 1, 2017</b>	<b>7,096.48</b>	-	<b>15.50</b>	<b>300.00</b>	<b>2,948.42</b>	<b>28,373.17</b>	<b>(137.67)</b>	<b>120.13</b>	<b>2,208.80</b>	<b>(226.84)</b>	<b>100.40</b>	<b>40,798.39</b>
- Profit for the year	-	-	-	-	-	7,624.44	-	-	-	-	(84.76)	7,539.68
- Other Comprehensive Income	-	-	-	-	-	84.72	918.95	166.47	(1,112.43)	181.92	(0.04)	239.59
<b>Balance as at March 31, 2018</b>	<b>6,930.89</b>	-	<b>15.50</b>	-	<b>3,130.48</b>	<b>33,389.64</b>	<b>781.28</b>	<b>286.60</b>	<b>1,096.37</b>	<b>(44.92)</b>	<b>294.20</b>	<b>45,880.04</b>
Transfer from retained earnings	-	-	-	-	100.00	-	-	-	-	-	-	100.00
Adjustment for the year	-	-	-	-	82.06	(71.02)	-	-	-	-	(11.04)	-
Utilised for bonus shares	(165.59)	-	-	(300.00)	-	-	-	-	-	-	-	(465.59)
Acquisition of additional shares	-	-	-	-	-	-	-	-	-	-	289.64	289.64
Transfer to general reserve	-	-	-	-	-	(100.00)	-	-	-	-	-	(100.00)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transaction with owners in their capacity as owners</b>	-	-	-	-	-	-	-	-	-	-	-	-
- Equity dividend	-	-	-	-	-	(1,163.97)	-	-	-	-	-	(1,163.97)
- Tax on equity dividend	-	-	-	-	-	(236.96)	-	-	-	-	-	(236.96)
- Interim equity dividend	-	-	-	-	-	(931.18)	-	-	-	-	-	(931.18)
- Tax on interim equity dividend	-	-	-	-	-	(189.56)	-	-	-	-	-	(189.56)

The accompanying notes form an integral part of the financial statements.

As per our report of even date  
**For S R B C & CO LLP**  
 Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**  
 Partner  
 Membership Number: 501160

Place: Pune  
 Date: May 22, 2018

For and on behalf of the Board of Directors of  
**Bharat Forge Limited**

**B. N. Kalyani**  
 Chairman and Managing Director  
 DIN : 00089380

**Kishore Salefore**  
 Executive Director & CFO  
 DIN : 01705850

Place: Pune  
 Date: May 22, 2018

**G. K. Agarwal**  
 Deputy Managing Director  
 DIN : 00037678

**Tejaswini Chaudhari**  
 Deputy Company Secretary  
 Membership Number: 18907

# Consolidated Cash Flow Statement

for the year ended March 31, 2018

Particulars	In ₹ Million	
	March 31, 2018	March 31, 2017
<b>Operating activities</b>		
<b>Profit before tax</b>	<b>11,957.61</b>	<b>9,467.68</b>
<b>Add/(Less): Share of (loss)/profit of associates and joint ventures (net of tax)</b>	<b>(3.78)</b>	<b>0.20</b>
	<b>11,961.39</b>	<b>9,467.88</b>
Adjustment to reconcile profit before tax to net cash flows		
Depreciation, amortisation and impairment expense	4,668.80	4,520.47
Unrealised foreign exchange loss/(gain)/MTM etc. (net)	906.52	448.20
Interest income on fixed deposit and others	(168.05)	(201.21)
Liabilities/provision no longer required written back	(71.14)	(76.04)
Provision for doubtful debts and advances (net) including expected credit loss	64.85	61.37
Bad debts/advances written off	50.60	3.38
Finance costs	888.80	999.62
(Profit)/loss on sale of property, plant and equipment (net)	(33.24)	20.64
Dividend income from investments	(228.47)	(369.97)
Net (gain) on sale of investment	(52.57)	(19.87)
Net (gain) on fair valuation of financial instruments (FVTPL)	(461.23)	(186.46)
Gain on sale of investment in joint venture	-	(1,291.48)
Exceptional items	954.48	7.19
Effects of consolidation	(902.92)	75.99
<b>Operating profit before working capital changes</b>	<b>17,577.82</b>	<b>13,459.71</b>
<b>Movements in working capital :</b>		
(Increase)/Decrease in trade receivable	(5,688.41)	149.67
(Increase) in inventories	(2,846.86)	(784.21)
(Increase) in loans	-	(35.01)
Decrease/(Increase) in other financial assets	136.81	(1,966.48)
(Increase)/Decrease in other assets	(470.12)	2,266.82
Increase in provisions	201.61	116.92
Increase in trade payables	4,879.82	165.15
(Decrease)/Increase in other financial liabilities	(169.63)	280.21
(Decrease) in other liabilities	(21.95)	(407.33)
<b>Cash generated from operations</b>	<b>13,599.09</b>	<b>13,245.45</b>
Direct taxes paid (net of refunds)	(3,925.47)	(2,728.71)
<b>Net cash flow from operating activities (A)</b>	<b>9,673.62</b>	<b>10,516.74</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(5,849.71)	(6,553.70)
Proceeds from sale of property, plant and equipment and intangible assets	165.94	115.11
Investments in associates/joint ventures	(160.03)	(7.23)
Proceeds from sale of investments in associates/joint ventures	-	2,292.58
Loan given to associates/others	(280.89)	-
Proceeds from loan given to associates/others	125.21	-
Investments in financial instruments	(51,144.86)	(38,002.61)
Proceeds from sale of financial instruments	48,584.83	34,780.60
Interest received	189.47	161.45
Dividends received	228.47	369.97
<b>Net cash (used) in investing activities (B)</b>	<b>(8,141.57)</b>	<b>(6,843.83)</b>

## Consolidated Cash Flow Statement

for the year ended March 31, 2018 (Contd.):

Particulars	In ₹ Million	
	March 31, 2018	March 31, 2017
<b>Financing activities</b>		
Dividend paid on equity shares	(2,095.14)	(698.40)
Tax on equity dividend paid	(426.52)	(142.18)
Interest Paid	(874.67)	(1,047.66)
Proceeds from borrowings	46,855.90	38,666.37
Repayment of borrowings	(46,893.45)	(40,784.74)
Equity infused by minority shareholders	289.64	-
<b>Net cash (used) in financing activities (C)</b>	<b>(3,144.24)</b>	<b>(4,006.61)</b>
<b>Net (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(1,612.19)</b>	<b>(333.70)</b>
Net foreign exchange difference	-	-
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,723.06</b>	<b>3,579.01</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,110.87</b>	<b>3,245.31</b>
<b>Foreign currency translation reserve movement</b>	<b>918.95</b>	<b>(522.25)</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,029.82</b>	<b>2,723.06</b>
<b>Cash and Cash equivalents for the purpose of cash flow statement</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Balances with banks:		
In cash credit and current accounts	1,942.70	2,667.60
Deposits with original maturity of less than three months	401.22	215.00
Cash on hand	2.11	1.55
<b>Total</b>	<b>2,346.03</b>	<b>2,884.15</b>
Less : cash credit	316.21	161.09
	<b>2,029.82</b>	<b>2,723.06</b>

The accompanying notes form an integral part of the financial statements.

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**  
Partner  
Membership Number: 501160

Place: Pune  
Date: May 22, 2018

For and on behalf of the Board of Directors of  
**Bharat Forge Limited**

**B. N. Kalyani**  
Chairman and Managing Director  
DIN : 00089380

**Kishore Saletore**  
Executive Director & CFO  
DIN : 01705850

Place: Pune  
Date: May 22, 2018

**G. K. Agarwal**  
Deputy Managing Director  
DIN : 00037678

**Tejaswini Chaudhari**  
Deputy Company Secretary  
Membership Number: 18907

# Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2018

## 1. Corporate information

The consolidated financial statements comprise financial statements of Bharat Forge Limited (“the Company”) and its subsidiaries (collectively, the Group) for the year ended March 31, 2018. Bharat Forge Limited (“the Company”) is a public Company domiciled in India. Its shares are listed on two stock exchanges in India. The Group is engaged in the manufacturing and selling of forged components and other project related business. The Group caters to both domestic and international markets. The registered office of the Company is located at Mundhwa, Pune. The Company’s CIN is L25209PN1961PLC012046. The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of directors on May 22, 2018.

## 2. Significant accounting policies

### 2.1 Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2018 and March 31, 2017 respectively. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights
- The size of the Group’s holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

## 2. Significant accounting policies (Contd.):

### 2.2 Basis of consolidation (Contd.):

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The consolidated financial statements in respect of overseas subsidiaries (other than Bharat Forge International Limited) are drawn for the year ended December 31, 2017 and December 31, 2016, whereas the financial statements of the Company are drawn for the year ended March 31, 2018 and March 31, 2017. As per the statutory requirements of the Country of incorporation the overseas components with non-coterminous periods, the year end has been considered as of December 31, 2017 and December 31, 2016. The effect of significant transactions and other events that occur between January 1, 2018 and March 31, 2018 and January 01, 2017 to March 31, 2017 are considered in the consolidated financial statements if it is material in nature. The financial statements of Bharat Forge International Limited have been prepared for the year ended March 31, 2018 and March 31, 2017. The financial statements of Indian subsidiaries/associates/joint controlled entities have been drawn for the year ended March 31, 2018 and March 31, 2017.

#### Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 2. Significant accounting policies (Contd.):

#### 2.2 Basis of consolidation (Contd.):

- Recognises any surplus or deficit in the statement of profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to the statement of profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

#### 2.3 Summary of significant accounting policies

##### a) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in the statement of profit and loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in the statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

## 2. Significant accounting policies (Contd.):

### 2.3 Summary of significant accounting policies (Contd.):

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

#### b) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit/(loss) of an associate and a joint venture' in the statement of profit and loss.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 2. Significant accounting policies (Contd.):

#### 2.3 Summary of significant accounting policies (Contd.):

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit and loss.

#### c) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The Group classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

#### d) Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the indirect method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to the statement of profit and loss reflects the amount that arises from using this method.

#### Transactions and Balance

Transactions in foreign currencies are initially recorded by the Group in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently/recognised in the financial statements upto the period ended March 31, 2016.



## 2. Significant accounting policies (Contd.):

### 2.3 Summary of significant accounting policies (Contd.):

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or the statement of profit and loss are also recognised in OCI or the statement of profit and loss, respectively).

#### Exchange Differences

The Group had availed the option available under Ind AS 101 para D13 AA and is continuing the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the year ending March 31, 2016. Hence, such exchange differences are accounted as below:

- a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of property, plant and equipment are capitalized and depreciated over the remaining useful life of the asset.
- b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the FCMITDA through Other Comprehensive Income (OCI). The amortisation of the balance of FCMITDA is transferred to the statement of profit and loss over the remaining life of the respective monetary item.

For the purpose of (a) and (b) above, the Group treats a foreign monetary item as “long-term foreign currency monetary item”, if it has a term of 12 months or more at the date of its origination.

Further, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

#### Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after April 1, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (April 1, 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., April 1, 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

#### e) Fair value measurement

The Group measures financial instruments at fair value on initial recognition.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 2. Significant accounting policies (Contd.):

#### 2.3 Summary of significant accounting policies (Contd.):

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 36)
- Quantitative disclosures of fair value measurement hierarchy (note 55)
- Investment in unquoted equity shares (note 6 & 7)
- Investment properties (note 4)
- Financial instruments (including those carried at amortised cost) (note 56)

#### f) Revenue recognition

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 at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and

## 2. Significant accounting policies (Contd.):

### 2.3 Summary of significant accounting policies (Contd.):

excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) is not received by the group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Post implementation of Goods and Service Tax (GST) w.e.f. July 1, 2017, "Revenue from operations is required to be disclosed net of GST. Accordingly, the revenue from operation are inclusive of excise duty involved till June 30, 2017 and are not comparable with revenue for the year ended March 31, 2017 to that extent.

The specific recognition criteria described below must also be met before revenue is recognised.

#### Sale of goods

- a) Revenue from the domestic sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates, etc.
- b) Revenue from export sales are recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the basis of dates of bill of lading. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates, etc.

#### Export incentives

Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim is fulfilled.

#### Die design and preparation charges

Revenue from die design and preparation charges is recognized as per the terms of the contract as and when the significant risks and rewards of ownership of dies is transferred to the buyers.

#### Sale of services

Revenue from sale of services is recognised by reference to the stage of completion, and is measured net of service tax. Stage of completion is measured by reference to proportion of cost incurred till date to the total estimated contract cost.

#### Sale of electricity - Windmill

Revenue from sales of electricity is recognized when all the significant risks and rewards of ownership have been passed to the buyer, usually on transmission of electricity based on the data provided by the electricity department.

#### Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 2. Significant accounting policies (Contd.):

#### 2.3 Summary of significant accounting policies (Contd.):

##### Dividends

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

##### Project Revenue

Contract prices are either fixed or subject to price escalation clauses. Revenues are recognised on a percentage completion method measured by segmented portions of the contract, i.e. "Contract Milestones" achieved. Contract Milestones, in respect of certain contracts, are considered on the basis of physical dispatch which is generally representative of the significant portion of the work done as per the terms and conditions of the contract. The relevant cost is recognised in the financial statements in the year of recognition of revenues. Recognition of profit is adjusted to ensure that it does not exceed the estimated overall contract margin. Contract revenue earned in excess of billing has been included under "Other Current Assets" and billing in excess of contract revenue has been included under "Other Current Liabilities" in the Balance Sheet. If it is expected that a contract will make a loss, the estimated loss would be provided for in the books of account. Such losses are based on technical assessments.

If it is expected that a contract will make a loss, the estimated loss is provided for in the books of account. Such losses are based on technical assessments and on management's analysis of the risks and expenses on a case to case basis.

Amounts due in respect of price escalation claims including those linked to published indices and/or variation in contract work are recognised as revenue only if the contract allows for such claims or variations and /or there is evidence that the customer has accepted it and it is probable that these will result in revenue and are capable of being reliably measured.

Liquidated damages/penalties are provided for, based on management's assessment of the estimated liability, as per contractual terms, technical evaluation, past experience and/or acceptance.

#### g) Oil acquisition, exploration and development

The Group is following Full Cost Method (FCM) for valuing oil acquisition, exploration and development cost.

Under FCM all the costs pertaining to acquisition, exploration and development is treated as project work in progress or Intangible asset under development.

#### h) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged. Investment grants and subsidies received or claimable are entered as liabilities in a special reserve for investment grants and written back according to the depreciation of the subsidised assets.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

#### i) Taxes

##### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

## 2. Significant accounting policies (Contd.):

### 2.3 Summary of significant accounting policies (Contd.):

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain that sufficient future

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 2. Significant accounting policies (Contd.):

#### 2.3 Summary of significant accounting policies (Contd.):

taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

#### Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded as met only when the assets or disposal Company is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group)
- An active programme to locate a buyer and complete the plan has been initiated (if applicable)
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn

Non-current assets held for sale/for distribution to owners and disposal group are measured at the lower of their carrying amount and the fair value less costs to sell / distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

#### j) Non-current assets held for sale/ distribution to owners and discontinued operations

The Group classifies non-current assets and disposal Group's as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded as met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group's), its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset or disposal group to be highly probable when:

## 2. Significant accounting policies (Contd.):

### 2.3 Summary of significant accounting policies (Contd.):

- The appropriate level of management is committed to a plan to sell the asset (or disposal group);
- An active programme to locate a buyer and complete the plan has been initiated (if applicable);
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification ; and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal group's are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale to owners are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
  - Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
- Or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Additional disclosures are provided in Note 33. All other notes to the consolidated financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

#### k) Property, plant and equipment

Property, plant and equipment, are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). Internally manufactured plant and equipment are capitalised at cost, including non-creditable indirect taxes, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment/ investment property are capitalised. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for decommissioning are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 2. Significant accounting policies (Contd.):

#### 2.3 Summary of significant accounting policies (Contd.):

Depreciation for identified components is computed on Straight line method based on useful lives, determined based on internal technical evaluation as follows:

Type of assets	Useful life estimated by management (years)
Building - Factory	8 – 50
Buildings - Others	5 – 60
Plant and machinery (including dies)	3 – 21
Plant and machinery – Windmill	19
Plant and machinery – continuous processing plant	18
Plant and Machinery – Computer	3
Office equipment	3 – 11
Railway sidings	10
Electrical installation	10
Factory equipments	2 – 10
Furniture and fixtures	10
Vehicles	3 – 8
Aircraft	6 – 18

Expenditure on power line is amortised on a straight-line basis over a period of six years.

The Company and its Indian subsidiaries, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Freehold land is carried at cost. The Group has taken certain land on lease for a period of 99 years. Leasehold land is amortised on the straight line method over period of the lease.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### J) Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though the Group measures investment property using cost based measurements, the fair value measurement of investment property is disclosed in note 4. Fair values are determined based on a periodic evaluation performed by an accredited external independent valuer applying valuation model recommended by recognised valuation standards.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.



## 2. Significant accounting policies (Contd.):

### 2.3 Summary of significant accounting policies (Contd.):

#### m) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset, as provided by another Ind AS.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the net carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Group amortises intangible assets on straight line basis over the useful life of the asset(s) mentioned below:

Type of Asset	Useful life estimated by management (years)
Software	3 – 5
Development costs	10
Patents	10
Technology License	5

#### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

#### n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs w.r.t. borrowing taken on or after April 1, 2016.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 2. Significant accounting policies (Contd.):

#### 2.3 Summary of significant accounting policies (Contd.):

##### o) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

##### Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the same is in line with inflation.

##### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

##### p) Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Traded goods are valued at lower of cost are determined on a weighted average basis and net realisable value.

Dies are valued at cost or net realisable value. Cost includes direct material and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of dies are determined on weighted average basis.

Scrap is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

## 2. Significant accounting policies (Contd.):

### 2.3 Summary of significant accounting policies (Contd.):

#### q) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Intangible assets under development is tested for impairment annually.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Goodwill is tested for impairment annually as at March 31 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

#### r) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation arising out of past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 2. Significant accounting policies (Contd.):

#### 2.3 Summary of significant accounting policies (Contd.):

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### s) Post-employment and other employee benefits

##### Provident fund

The Group and some of its Indian subsidiaries operate two plans for its employees to provide employee benefit in the nature of provident fund.

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Group contributes a part of the contributions to the "Bharat Forge Company Limited Staff Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the government. The Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The cost of providing benefits under above mentioned defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The employees of the Company and some of its Indian subsidiaries which are not covered under the above scheme, their portion of provident fund is contributed to the government administered pension fund which is a defined contribution scheme.

The Company and its Indian subsidiaries have no obligation, other than the contribution payable to the provident fund. The Company and its Indian subsidiaries recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

##### Gratuity

The Company and some of its Indian subsidiaries operate two defined benefits plan for its employees viz. gratuity and special gratuity scheme. Payment for present liability of future payment of gratuity is being made to approved gratuity funds. The special gratuity scheme is unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the project unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

## 2. Significant accounting policies (Contd.):

### 2.3 Summary of significant accounting policies (Contd.):

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

#### Superannuation

Retirement benefit in the form of superannuation plan is a defined contribution plan. Defined contributions to Life Insurance Corporation for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' basic salary. The Group recognizes expense toward the contribution paid/ payable to the defined contribution plan as and when an employee renders the relevant service. If the contribution already paid exceeds the contribution due for service before the balance sheet date, the Group recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund. If the contribution already paid is lower than the contribution due for service before the balance sheet date, the Group recognises that difference excess as a liability. The Group has no obligation, other than the contribution payable to the superannuation fund.

#### Privilege leave benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

#### Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of these benefits; and (b) when the entity recognizes cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### Other long-term employee benefits

In case of certain overseas subsidiaries, there are long term employee benefits in the nature of pension plans, jubilee scheme and early retirement scheme. Long-term employee benefits are defined benefit obligations and are provided for on the basis of an actuarial valuation. Separate actuarial valuation is carried out for each plan using the project unit credit method.

Actuarial gains and losses for all defined benefit plans are recognized in full in the period in which they occur in the consolidated statement of profit and loss.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 2. Significant accounting policies (Contd.):

#### 2.3 Summary of significant accounting policies (Contd.):

##### t) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### Financial assets

##### *Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments at amortised cost
- Debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL)
- Equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

##### *Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

##### *Debt instrument at FVTOCI*

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

##### *Debt instrument at FVTPL*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL.

## 2. Significant accounting policies (Contd.):

### 2.3 Summary of significant accounting policies (Contd.):

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

#### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity instruments not held for trading, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Lease receivables under Ind AS 17
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- d) Financial assets that are measured at FVTOCI

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 2. Significant accounting policies (Contd.):

#### 2.3 Summary of significant accounting policies (Contd.):

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

- Debt instruments measured at FVTOCI:  
Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.



## 2. Significant accounting policies (Contd.):

### 2.3 Summary of significant accounting policies (Contd.):

#### Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an ineffective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

#### Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities designated upon initial recognition as at fair value through profit and loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

#### *Loans and borrowings*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 18.

#### *Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

#### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### *Embedded derivatives*

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit and loss.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 2. Significant accounting policies (Contd.):

#### 2.3 Summary of significant accounting policies (Contd.):

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit and loss, unless designated as effective hedging instruments.

#### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### u) Derivative financial instruments and hedge accounting

##### *Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks, interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the statement of profit and loss when the hedge item affects the statement of profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

#### *Fair value hedges*

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through the statement of profit and loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

## 2. Significant accounting policies (Contd.):

### 2.3 Summary of significant accounting policies (Contd.):

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit and loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit and loss.

#### Cash flow hedges

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in the statement of profit and loss. Refer to note 54 for more details.

Amounts recognised as OCI are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

#### v) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

#### w) Dividend to equity holders of the Group

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

#### x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

#### y) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 3. Property, plant and equipment

In ₹ Million

Cost	Freehold land	Leasehold land (Note g)	Buildings (Notes a, b)	Plant and machinery (Notes d)	Plant and machinery on Finance Lease	Railway sidings	Office equipments	Sub Total (A)
<b>At April 1, 2016</b>	<b>397.89</b>	<b>147.57</b>	<b>6,623.42</b>	<b>50,807.15</b>	<b>489.15</b>	<b>0.45</b>	<b>114.41</b>	<b>58,580.04</b>
Foreign Currency Translation Reserve	(4.65)	-	(39.56)	(298.84)	(9.82)	-	(0.72)	(353.59)
Additions	1.64	16.92	1,442.27	3,562.17	9.20	-	36.12	5,068.32
Additions on acquisition of subsidiary	39.41	3.75	68.55	403.40	-	-	16.18	531.29
Disposals	-	-	(7.53)	(1,420.40)	(54.88)	-	(48.87)	(1,551.68)
Other adjustments	-	-	-	-	-	-	-	-
- Borrowing cost	-	-	8.45	28.87	-	-	-	37.32
- Exchange differences	-	-	(1.97)	(53.89)	-	-	-	(55.86)
- Transferred to assets held for sale	-	(16.92)	-	-	-	-	-	(16.92)
- Others (Refer note e)	(0.41)	-	-	-	-	-	-	(0.41)
<b>As at March 31, 2017</b>	<b>433.88</b>	<b>151.32</b>	<b>8,093.63</b>	<b>53,028.46</b>	<b>433.65</b>	<b>0.45</b>	<b>117.12</b>	<b>62,258.51</b>
Foreign Currency Translation Reserve	24.50	(0.23)	320.95	1,460.21	51.93	-	7.42	1,864.78
Additions	2.17	-	193.38	5,293.35	-	-	12.55	5,501.45
Disposals	(0.40)	-	(38.92)	(417.77)	-	-	-	(457.09)
Other adjustments	-	-	-	-	-	-	-	-
- Borrowing cost	-	-	0.47	28.29	-	-	-	28.76
- Exchange differences	-	-	5.48	74.28	-	-	-	79.76
- Others (Refer note e)	-	-	-	22.20	-	-	(22.20)	-
<b>As at March 31, 2018</b>	<b>460.15</b>	<b>151.09</b>	<b>8,574.99</b>	<b>59,489.02</b>	<b>485.58</b>	<b>0.45</b>	<b>114.89</b>	<b>69,276.17</b>
<b>Depreciation</b>								
<b>At April 1, 2016</b>	-	<b>9.27</b>	<b>1,664.05</b>	<b>29,400.02</b>	<b>256.52</b>	<b>0.43</b>	<b>65.51</b>	<b>31,395.80</b>
Foreign Currency Translation Reserve	-	-	(23.28)	(231.22)	(8.95)	-	(0.14)	(263.59)
Charge for the year	-	1.76	276.49	3,569.88	53.23	-	8.09	3,909.45
Disposals	-	-	(4.26)	(1,396.00)	(54.88)	-	(46.44)	(1,501.58)
Other adjustments	-	-	-	-	-	-	-	-
- Transferred to assets held for sale	-	(0.20)	-	-	-	-	-	(0.20)
- Others (Refer note e)	-	-	-	-	-	-	0.15	0.15
<b>At March 31, 2017</b>	-	<b>10.83</b>	<b>1,913.00</b>	<b>31,342.68</b>	<b>245.92</b>	<b>0.43</b>	<b>27.17</b>	<b>33,540.03</b>
Foreign Currency Translation Reserve	-	-	119.62	937.23	32.56	-	6.09	1,095.50
Charge for the year	-	0.91	326.02	3,607.81	46.04	-	13.68	3,994.46
Impairment (Refer note f)	-	-	-	17.73	-	-	-	17.73
Disposals	-	-	(11.70)	(364.84)	-	-	-	(376.54)
Other adjustments	-	-	-	-	-	-	-	-
- Others (Refer note e)	-	-	-	-	-	-	-	-
<b>At March 31, 2018</b>	-	<b>11.74</b>	<b>2,346.94</b>	<b>35,540.61</b>	<b>324.52</b>	<b>0.43</b>	<b>46.94</b>	<b>38,271.18</b>
<b>Net block (Refer note g)</b>								
<b>As at March 31, 2017</b>	<b>433.88</b>	<b>140.49</b>	<b>6,180.63</b>	<b>21,685.78</b>	<b>187.73</b>	<b>0.02</b>	<b>89.95</b>	<b>28,718.48</b>
<b>As at March 31, 2018</b>	<b>460.15</b>	<b>139.35</b>	<b>6,228.05</b>	<b>23,948.41</b>	<b>161.06</b>	<b>0.02</b>	<b>67.95</b>	<b>31,004.99</b>

**3. Property, plant and equipment (Contd.):**

In ₹ Million

	Electrical installations	Factory equipments	Furniture and fixtures	Vehicles and aircraft	Power line	Sub Total (B)	Grand Total (A+B)
<b>Cost</b>							
<b>At April 1, 2016</b>	<b>531.63</b>	<b>3,316.62</b>	<b>309.74</b>	<b>4,069.64</b>	<b>97.77</b>	<b>8,325.40</b>	<b>66,905.44</b>
Foreign Currency Translation Reserve	-	(38.31)	-	(1.99)	-	(40.30)	(393.89)
Additions	4.12	379.11	48.51	3.32	-	435.06	5,503.38
Additions on acquisition of subsidiary	-	-	-	0.34	-	0.34	531.63
Disposals	-	(79.10)	(23.60)	(18.33)	-	(121.03)	(1,652.71)
Other adjustments	-	-	-	-	-	-	-
- Borrowing cost	-	0.39	-	-	-	0.39	37.71
- Exchange differences	-	(0.57)	-	(14.60)	-	(15.17)	(71.03)
- Transferred to assets held for sale	-	-	-	-	-	-	(16.92)
- Others (Refer note e)	-	-	-	-	-	-	(0.41)
<b>At March 31, 2017</b>	<b>535.75</b>	<b>3,578.14</b>	<b>334.65</b>	<b>4,038.38</b>	<b>97.77</b>	<b>8,584.69</b>	<b>70,843.20</b>
Foreign Currency Translation Reserve	-	319.03	-	(4.05)	-	314.98	2,179.76
Additions	-	293.44	35.01	17.73	-	346.18	5,847.63
Disposals	-	(33.82)	(0.12)	(5.79)	-	(39.73)	(496.82)
Other adjustments	-	-	-	-	-	-	-
- Borrowing cost	-	-	-	-	-	-	28.76
- Exchange differences	-	0.65	-	13.28	-	13.93	93.69
- Others (Refer note e)	-	-	-	2.84	-	2.84	2.84
<b>As at March 31, 2018</b>	<b>535.75</b>	<b>4,157.44</b>	<b>369.54</b>	<b>4,062.39</b>	<b>97.77</b>	<b>9,222.89</b>	<b>78,499.06</b>
<b>Depreciation</b>							
<b>At April 1, 2016</b>	<b>390.43</b>	<b>2,281.50</b>	<b>249.62</b>	<b>1,712.78</b>	<b>97.77</b>	<b>4,732.10</b>	<b>36,127.90</b>
Foreign Currency Translation Reserve	-	(51.07)	-	(2.03)	-	(53.10)	(316.69)
Charge for the year	30.66	295.17	11.52	190.92	-	528.27	4,437.72
Disposals	-	(74.80)	(22.36)	(15.65)	-	(112.81)	(1,614.39)
Other adjustments	-	-	-	-	-	-	-
- Transferred to assets held for sale	-	-	-	-	-	-	(0.20)
- Others (Refer note e)	-	-	(0.16)	-	-	(0.16)	(0.01)
<b>At March 31, 2017</b>	<b>421.09</b>	<b>2,450.80</b>	<b>238.62</b>	<b>1,886.02</b>	<b>97.77</b>	<b>5,094.30</b>	<b>38,634.33</b>
Foreign Currency Translation Reserve	-	243.50	-	(5.22)	-	238.28	1,333.78
Charge for the year	24.27	304.85	13.91	191.40	-	534.43	4,528.89
Impairment (Refer note f)	-	-	-	-	-	-	17.73
Disposals	-	(30.88)	(0.07)	(4.69)	-	(35.64)	(412.18)
Other adjustments	-	-	-	-	-	-	-
- Others (Refer note e)	-	-	0.31	2.84	-	3.15	3.15
<b>At March 31, 2018</b>	<b>445.36</b>	<b>2,968.27</b>	<b>252.77</b>	<b>2,070.35</b>	<b>97.77</b>	<b>5,834.52</b>	<b>44,105.70</b>
<b>Net block (Refer note g)</b>							
<b>As at March 31, 2017</b>	<b>114.66</b>	<b>1,127.34</b>	<b>96.03</b>	<b>2,152.36</b>	<b>-</b>	<b>3,490.39</b>	<b>32,208.87</b>
<b>As at March 31, 2018</b>	<b>90.39</b>	<b>1,189.17</b>	<b>116.77</b>	<b>1,992.04</b>	<b>-</b>	<b>3,388.37</b>	<b>34,393.36</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 3. Property, plant and equipment (Contd.)

- (a) Buildings include cost of hangar jointly owned with other companies ₹ 0.12 million (March 31, 2017: ₹ 0.12 million)
- (b) Documents for the ownership of premises at Mittal Towers, Mumbai; Bangalore branch office, Land at Bhima Koregaon, Hangar at Lohegaon, flat at Surajban apartments and flat at Lullanagar, Pune are not available with the Group.
- (c) Capitalised borrowing costs :  
The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year ended March 31, 2018 was ₹ Nil (March 31, 2017: ₹ 44.17 million). The Group capitalised these borrowing costs in the capital work-in-progress(CWIP).
- (d) Assets include assets lying with third party.
- (e) Other adjustments are related to reclassification within block of assets
- (f) During the current year, certain items of property, plant and equipment have been retired from active use due to non-usability on account of obsolescence. Accordingly, the Group has provided for impairment on such assets.
- (g) The Group had elected to continue with the carrying value of property, plant and equipment as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Group has disclosed the gross cost and accumulated depreciation above, for information purpose only. The total gross cost and corresponding total accumulated depreciation as at March 31, 2018 and March 31, 2017 as disclosed above should be adjusted (atleast) by an amount of ₹ 31,285.73 representing accumulated depreciation as at April 01, 2015. Such adjustment will have no impact on the net block as at March 31, 2018 and March 31, 2017.
- h) Assets classified as held for sale

	In ₹ Million	
	March 31, 2018	March 31, 2017
Lease hold Land	-	16.92
Less: Amortisation	-	0.20
<b>Total assets held for sale</b>	<b>-</b>	<b>16.92</b>

The Board of Directors of the Company decided to transfer and assign the lease hold rights in land which was originally acquired for a joint venture for railway projects. The Company had identified interested parties for the transfer, and had entered into a memorandum of understanding with them. The sale was completed during the current year.

#### Non-recurring fair value measurements

Land classified as held for sale during the reporting period was measured at the lower of its carrying amount and fair value less costs to sell at the time of the reclassification. Since the carrying amount was less, there has been no impact in the statement of profit and loss. The fair value of the land was determined using the sales comparison approach. The key input used is current prices in an active market for similar properties. This is a level 2 measurement as per the fair value hierarchy.

### 4. Investment property

	In ₹ Million	
	<b>Total</b>	
<b>Cost</b>		
<b>at April 1, 2016</b>		2.89
Additions		-
Disposals		-
<b>at March 31, 2017</b>		<b>2.89</b>
Additions		-
Disposals		-
<b>At March 31, 2018</b>		<b>2.89</b>
<b>Depreciation and impairment</b>		
<b>at April 1, 2016</b>		-
Depreciation for the year		-
<b>at March 31, 2017</b>		-
Depreciation for the year		-
<b>at March 31, 2018</b>		-
<b>Net block</b>		
<b>at March 31, 2017</b>		<b>2.89</b>
<b>at March 31, 2018</b>		<b>2.89</b>

#### 4. Investment property (Contd.):

##### Information regarding income and expenditure of investment property

	In ₹ Million	
	March 31, 2018	March 31, 2017
Rental income derived from investment properties (included in Rent in note 25)	2.69	2.69
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in Rates and taxes in note 31)	1.40	1.40
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>1.29</b>	<b>1.29</b>
Less : Depreciation	-	-
<b>Profit arising from investment properties before indirect expenses</b>	<b>1.29</b>	<b>1.29</b>

The Group's investment properties consist of three parcels of land situated at Pune, Satara and Chakan.

As at March 31, 2018 and March 31, 2017, the fair values of the properties are ₹ 2,425.21 million, ₹ 2,425.21 million respectively. The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties, where such information is not available, the Company considers ready reckoner rates. The fair values of investment properties have been determined by an independent valuer. The main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

The Group has no restrictions (other than the land for which matter is being subjudice) on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Freehold land includes 25 acres of land situated at Pune and 24.13 acres of land situated at Satara and 8.40 acres of land situated at Chakan, which have been given on lease. Due to certain matters being sub- judice, the Company has not executed lease deed with related party for one of the said land.

Reconciliation of fair value	In ₹ Million	
	Investment properties Free hold land	
<b>Opening balance as at April 1, 2016</b>	<b>2,242.20</b>	
Fair value difference	183.01	
Purchases	-	
<b>Opening balance as at March 31, 2017</b>	<b>2,425.21</b>	
Fair value difference	-	
Purchases	-	
<b>Closing balance as at March 31, 2018</b>	<b>2,425.21</b>	

##### Capitalization of expenditure

The Group has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/capital work in progress(CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

	In ₹ Million	
	March 31, 2018	March 31, 2017
Salaries, wages and bonus	21.86	30.70
Consumption of stores and spares	3.45	7.46
Others	2.82	5.80
	<b>28.13</b>	<b>43.96</b>
Less: Interest income earned	(0.97)	-
	<b>27.16</b>	<b>43.96</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 5 Intangible assets

	In ₹ Million					
	Goodwill	Software	Development cost	Patents	Technology License	Total
<b>Cost</b>						
<b>at April 1, 2016</b>	443.72	280.55	371.47	324.02	-	1,419.76
Foreign Currency Translation Reserve	(19.54)	(2.15)	(4.55)	(3.95)	-	(30.19)
Additions	-	97.91	-	-	-	97.91
Disposals	-	(2.57)	-	-	-	(2.57)
Other adjustments						
- Exchange differences	-	(0.05)	-	-	-	(0.05)
<b>at March 31, 2017</b>	<b>424.18</b>	<b>373.69</b>	<b>366.92</b>	<b>320.07</b>	<b>-</b>	<b>1,484.86</b>
Foreign Currency Translation Reserve	53.33	29.55	46.13	40.25	-	169.26
Additions	-	70.14	-	-	37.12	107.26
Disposals	-	(0.66)	-	-	-	(0.66)
Other adjustments						
- Exchange differences	-	0.01	-	-	-	0.01
<b>at March 31, 2018</b>	<b>477.51</b>	<b>472.73</b>	<b>413.05</b>	<b>360.32</b>	<b>37.12</b>	<b>1,760.73</b>
<b>Depreciation/ Amortisation</b>						
<b>at April 1, 2016</b>	-	202.45	331.75	323.37	-	857.57
Foreign Currency Translation Reserve	-	(2.32)	(5.55)	(3.99)	-	(11.86)
Charge for the year	-	41.34	40.72	0.69	-	82.75
Disposals	-	(2.57)	-	-	-	(2.57)
<b>at March 31, 2017</b>	<b>-</b>	<b>238.90</b>	<b>366.92</b>	<b>320.07</b>	<b>-</b>	<b>925.89</b>
Foreign Currency Translation Reserve	4.24	21.70	46.13	40.25	-	112.32
Charge for the year	-	76.22	-	-	1.83	78.05
Impairment	44.13	-	-	-	-	44.13
Disposals	-	(0.45)	-	-	-	(0.45)
<b>at March 31, 2018</b>	<b>48.37</b>	<b>336.37</b>	<b>413.05</b>	<b>360.32</b>	<b>1.83</b>	<b>1,159.94</b>
<b>Net Block (Refer note 5(a))</b>						
<b>at March 31, 2017</b>	<b>424.18</b>	<b>134.79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>558.97</b>
<b>at March 31, 2018</b>	<b>429.14</b>	<b>136.36</b>	<b>-</b>	<b>-</b>	<b>35.29</b>	<b>600.79</b>

(a) The Group had elected to continue with the carrying value of intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed cost on the date of transition (i.e. April 1, 2015). The Group has disclosed the gross block and accumulated depreciation above, for information purpose only. The total gross block and corresponding total accumulated depreciation as at March 31, 2018 and March 31, 2017 as disclosed above should be adjusted (atleast) by an amount of ₹ 685.43 representing accumulated depreciation as at April 01, 2015. Such adjustment will have no impact on the net block as at March 31, 2018 and March 31, 2017.

#### Impairment of Goodwill:

The Group has identified the Company Mécanique Générale Langroise (MGL) as the CGU. The goodwill acquired through business combination has been entirely allocated to CGU 'MGL'. The carrying amount of goodwill as at March 31, 2018 is ₹ 429.18 million (March 31, 2017 : ₹ 424.18 million).

The Group performed its annual impairment test for year ended 31 March 2018 and 31 March 2017 on February 2018 and 31 October 2016, respectively. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. As at February 2018, due to market conditions, indicating a potential impairment of goodwill by ₹ 44.13 million for the year ended March 31, 2018.

Goodwill is tested for impairment annually and impairment charge amounting to ₹ 44.13 million was identified for the year ended March 31, 2018 (March 31, 2017: nil).

#### Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (Discount rate) : 11.1% (March 31, 2017 : 10.5%)

Terminal growth rate : 1.7% (March 31, 2017 : 1.5%)

The discount rate is calculated as follows : WACC = Cost of equity x (1- gearing) + Cost of debt x (1- tax rate) x gearing. The terminal growth rate used is the growth rate of the peer group and is in line with long term inflation rate.

We have performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.



## 6. Investment in associates and joint ventures

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
<b>At cost</b>		
<b>Unquoted equity instruments (fully paid)</b>		
<b>- Investment in associates</b>		
Talbahn GmbH ( note 6 (a))	0.30	0.30
Less: Provision for diminution	(0.30)	(0.30)
	-	-
49,000 (March 31, 2017: 49,000) equity shares of ₹ 10/- each fully paid up in Ferrovia Transrail Solutions Private Limited (Refer note 42)	0.07	0.08
3,500 (March 31, 2017: 3,500) equity shares of ₹ 10/- each fully paid up in Hospet Bellary Highways Private Limited (Refer note 42)	0.05	0.05
4,736 (March 31, 2017: Nil) equity shares of ₹ 10/- each fully paid up in Tork Motors Private Limited (Refer note 6 (b)(i))	100.01	-
<b>- Investments in jointly owned entities</b>	-	-
7,128,219 (March 31, 2017: 6,839,100) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Ltd. (BFNTPCESL) (Refer note 6(c) and note 41)	-	-
100,000 (March 31, 2017: 50,000) equity shares of ₹ 10/- each fully paid up in BF Premier Energy Systems Pvt. Ltd. (BFPE SPL) (Refer note 41)	0.05	-
<b>Unquoted Preference shares</b>		
<b>- Investments in associates (fully paid)</b>		
2,841 (March 31, 2017: Nil) compulsorily convertible preference shares of ₹ 10/- each in Tork Motors Private Limited [Refer note 6(b)(ii)]	59.98	-
<b>Total</b>	<b>160.16</b>	<b>0.13</b>

- a. Not included in the consolidation based on materiality
- b. (i) During the current year, the Group has made investment in Tork Motors Private Limited of ₹ 100.41 million by acquiring 4,736 equity shares of ₹ 10/- each.
- (ii) During the current year, the Group has made investment in Tork Motors Private Limited of ₹ 59.98 million by acquiring 2,841 compulsorily convertible preference shares of ₹ 10/- each.
- c. During the current year, the Group has made further investment in BFNTPCESL of ₹ 2.89 million by acquiring 289,119 equity shares of ₹ 10/- each.
- d. During the current year, the Group has made further investment in BFPE SPL of ₹ 0.50 million by acquiring 50,000 equity shares of ₹ 10/- each.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 7. Investments

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current investment</b>		
<b>(a) Investments designated at fair value through OCI (FVTOCI)</b>		
- Equity instruments (unquoted)		
- Investments in others (Company holds 5% or more of the share capital) fully paid		
38,384,202 (March 31, 2017: 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	637.94	524.71
- Equity instruments (quoted)		
613,000 (March 31, 2017: 613,000) equity shares of ₹ 2/- each fully paid up in KPIT Technologies Limited	132.73	79.50
<b>Total FVTOCI Investments (a)</b>	<b>770.67</b>	<b>604.21</b>
<b>(b) Investments at fair value through profit or loss (FVTPL)</b>		
<b>Equity instruments (unquoted)</b>		
<b>Investments in others</b>		
504,432 (March 31, 2017: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited (Refer note 7(a))	-	-
7,500 (March 31, 2017: Nil) equity shares fully paid up in Tevva Motors (Jersey) Limited	7.92	-
<b>Investments in private equity fund (unquoted funds)</b>		
635,009.59 (March 31, 2017 : 720,000) Units of ₹ 100/- each of Paragon Partners Growth Fund - I	115.57	72.79
<b>Investments in mutual funds (quoted funds) (Refer standalone financial statements note 7 for details)</b>	1,651.03	851.67
<b>Investments in mutual funds (unquoted funds) (Refer standalone financial statements note 7 for details)</b>	8,466.02	2,155.12
<b>Total FVTPL Investments (b)</b>	<b>10,240.54</b>	<b>3,079.58</b>
<b>Total (a) + (b)</b>	<b>11,011.21</b>	<b>3,683.79</b>
<b>Current investments</b>		
<b>Investments at fair value through profit or loss (fully paid)</b>		
- Unquoted funds		
Investments in mutual funds (Refer standalone financial statements note 7 for details)	3,839.98	8,231.66
<b>Total</b>	<b>3,839.98</b>	<b>8,231.66</b>
<b>Aggregate book value of quoted investments</b>	<b>1,783.76</b>	<b>931.17</b>
<b>Aggregate market value of quoted investments</b>	<b>1,783.76</b>	<b>931.17</b>
<b>Aggregate value of unquoted investments</b>	<b>13,067.43</b>	<b>10,984.28</b>

#### (a) Gupta Energy Private Limited

Shares of Gupta Energy Private Limited pledged against the facility obtained by Gupta Global Resources Private Limited. This investment is carried at fair value of ₹ Nil, as at April 1, 2015.

(b) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. Refer note 55 for determination of their fair values.

(c) Investments at fair value through statement of profit and loss (fully paid) reflect investment in unquoted equity securities. Refer note 55 for determination of their fair values.

## 8. Loans

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current (Unsecured, considered good)</b>		
<b>Other loans</b>		
Loan to employees	26.13	37.64
<b>Total</b>	<b>26.13</b>	<b>37.64</b>
<b>Current (Unsecured, considered good)</b>		
Loan to related parties (Refer note 48, 50)	357.51	75.00
Less: Provision for diminution in value of loan (Refer note 32)	(132.42)	-
	<b>225.09</b>	<b>75.00</b>
<b>Loan to Others</b>		
Loan to employees	27.97	-
Other loans	173.70	317.00
<b>Total</b>	<b>426.76</b>	<b>392.00</b>

No loans and advances are due from directors or other officers of the Group, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person.

Loans are non derivative financial assets which generate fixed interest income for the Group. The carrying value may be affected by changes in the credit risk of the counter party.

## 9. Derivative instruments

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current</b>		
Cash flow hedges		
Foreign exchange forward contracts	476.63	1,564.89
<b>Total</b>	<b>476.63</b>	<b>1,564.89</b>
<b>Current</b>		
Cash flow hedges		
Foreign exchange forward contracts	1,245.80	1,961.97
<b>Total</b>	<b>1,245.80</b>	<b>1,961.97</b>

Derivative instruments at fair value through OCI reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in US dollars (USD) and Euro (EUR).

## 10. Other financial assets

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non current</b>		
Government grants*	695.86	298.38
Security deposits	357.12	327.25
Receivable for sale of property, plant and equipment	91.00	-
Deposits with original maturity for more than twelve months**	0.03	32.16
Other receivables***	0.03	0.53
<b>Total</b>	<b>1,144.04</b>	<b>658.32</b>
<b>Current</b>		
Government grants*	1,072.49	1,458.75
Energy credit receivable - windmills	6.69	6.09
Interest accrued on fixed deposits etc.	6.04	32.61
Receivable for sale of property, plant and equipment	115.32	254.17
Security deposits	16.26	15.75
Other receivables***	29.07	139.12
<b>Total</b>	<b>1,245.87</b>	<b>1,906.49</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 10. Other financial assets (Contd.):

\* Includes receivable against various schemes of export incentives and Industrial Promotion Subsidy (IPS) under Package Scheme of Incentives (PSI) 2007 and Energy Tax refund with respect to some of the subsidiaries. There are no unfulfilled conditions or other contingencies attached to the said Government grants.

The government grant balances have been reclassified from other assets to financial assets for current year and previous year.

\*\* ₹ 0.03 million (March 31, 2017: ₹ 0.03 million) in non-current portion pledged with the sales tax department.

\*\*\* Other receivables includes income accrued but not billed

### 11. Inventories

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Raw materials and components [includes items lying with third parties]	2,527.03	1,538.59
Work-in-progress [includes lying with third parties]	4,808.04	4,113.57
Finished goods [includes in transit]	3,866.54	3,449.90
Stock in trade [includes in transit and lying with third parties]	631.58	488.95
Stores, spares and loose tools	1,617.58	1,023.63
Dies and dies under fabrication	114.08	119.06
Scrap	34.04	18.33
<b>Total</b>	<b>13,598.89</b>	<b>10,752.03</b>

During the year ended March 31, 2018 ₹ 66.45 million (March 31, 2017: ₹ 40.49 million) was recognised as an expense for inventories carried at net realisable value.

### 12. Trade receivables

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current</b>		
<b>Unsecured</b>		
Considered good	233.77	8.07
<b>Total</b>	<b>233.77</b>	<b>8.07</b>
<b>Current</b>		
<b>Secured</b>		
Considered good	120.87	95.45
	<b>120.87</b>	<b>95.45</b>
<b>Unsecured</b>		
Considered good (including related parties receivable)	19,323.02	13,372.56
Considered doubtful	149.99	103.10
	<b>19,473.01</b>	<b>13,475.66</b>
<b>Impairment allowance</b> (allowance for bad and doubtful debts including expected credit loss)	(222.47)	(160.42)
<b>Total</b>	<b>19,371.41</b>	<b>13,410.69</b>

No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person.

For terms and conditions relating to related party receivables, refer note 52.

Trade receivables are non-interest bearing and are generally on terms of 30 to 270 days.

For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer note 52.

The carrying amount of trade receivables includes receivables which are discounted with banks. The Group has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Group has retained the late payment and credit risk. Accordingly, the Group continues to recognise the transferred assets in entirety in its balance sheet.

The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Transferred receivables	4,120.28	7,972.94
Associated borrowing (bank loans - Refer note 18)	4,122.98	7,975.34

### 13. Cash and bank balances

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
<b>Cash and cash equivalent</b>		
Balances with banks:		
In cash credit and current accounts	1,942.70	2,667.60
Deposits with original maturity of less than three months	401.22	215.00
Cash on hand	2.11	1.55
<b>Total</b>	<b>2,346.03</b>	<b>2,884.15</b>
<b>Other bank balances</b>		
Earmarked balances (on unclaimed dividend accounts)	36.04	33.83
Deposits with original maturity of less than twelve months	658.57	342.81
Others*	-	100.03
<b>Total</b>	<b>694.61</b>	<b>476.67</b>

\* Others include amount received by one of the subsidiaries towards share application money

Bank deposits earn interest at fixed rates. Short-term deposits are generally made for varying periods of between seven days and twelve months, depending on the cash requirements of the Group, and earn interest at the respective deposit rates.

#### Disclosure on Specified Bank Notes (SBNs)

During the previous year, the Group had Specified Bank Notes (SBN) or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016 and the denomination wise SBNs and other notes as per the notification is given below:

	In ₹ Million		
	SBNs**	Other denomination notes**	Total
<b>Closing cash in hand as on November 8, 2016</b>	<b>1.76</b>	<b>0.43</b>	<b>2.19</b>
(+) Permitted receipts	-	4.82	4.82
(-) Permitted payments	0.20	3.89	4.09
(-) Amount deposited in Banks	1.56	-	1.56
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>1.36</b>	<b>1.36</b>

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

\*\* Permitted receipts and payments of other denomination notes disclosed above should not be construed as permitted receipts and payments as permitted by RBI from time to time pursuant to the introduction of the demonetisation scheme by the Government vide RBI circular - RBI/2016-17/112 dated November 8, 2016.

# Includes the details for the Company and its Indian subsidiaries only.

No disclosure is made for the financial year ended March 31, 2018 as it is not required.

### 14. Other assets

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
Capital advances	1,410.52	1,298.04
Balances with government authorities	616.61	1,115.14
Advances to suppliers	330.42	220.45
Others*	0.02	0.16
<b>Total</b>	<b>2,357.57</b>	<b>2,633.79</b>
<b>Current</b>		
Balances with government authorities	2,199.54	1,314.84
Advance to suppliers	287.86	518.85
Others *	551.91	334.43
<b>Total</b>	<b>3,039.31</b>	<b>2,168.12</b>

\* Includes prepaid expenses, sundry debit balances etc.

There are no advances which are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 14. Other assets (Contd.):

#### Break up of financial assets carried at amortised cost

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Loans [Refer note 8]	452.89	429.64
Other financial assets [Refer note 10]	2,389.91	2,564.81
Trade receivables [Refer note 12]	19,605.18	13,418.76
Cash and cash equivalents [Refer note 13]	2,346.03	2,884.15
Other bank balances [Refer note 13]	694.61	476.67
<b>Total</b>	<b>25,488.62</b>	<b>19,774.03</b>

#### Break up of financial assets carried at fair value through OCI

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Investments [Refer note 7]	770.67	604.21
Derivative hedge instruments [Refer note 9]	1,722.43	3,526.86
<b>Total</b>	<b>2,493.10</b>	<b>4,131.07</b>

#### Break up of financial assets carried at fair value through profit and loss

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Investments [Refer note 7]	14,080.52	11,311.24
<b>Total</b>	<b>14,080.52</b>	<b>11,311.24</b>

### 15. Equity share capital

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Authorised shares (No.)</b>		
975,000,000 (March 31, 2017: 300,000,000) equity shares of ₹ 2/- each	1,950.00	600.00
43,000,000 (March 31, 2017: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2017: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
<b>Issued (No.)</b>		
465,768,492 (March 31, 2017: 232,970,666) equity shares of ₹ 2/- each	931.54	465.94
<b>Subscribed and fully paid-up (No.)</b>		
465,588,632 (March 31, 2017: 232,794,316) equity shares of ₹ 2/- each	931.18	465.59
<b>Add:</b>		
172,840 (March 31, 2017: 172,840) forfeited equity shares comprising of 15,010 equity shares (March 31, 2017: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares (March 31, 2017: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50/- each) [Also Refer note 15(f)]	0.09	0.09
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>931.27</b>	<b>465.68</b>

#### (a) Terms/rights attached to equity shares

The Holding Company has only one class of issued equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## 15. Equity share capital (Contd.):

### (b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at March 31, 2018		As at March 31, 2017	
	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	232,794,316	465.59	232,794,316	465.59
Issued during the year (Refer note 16(c)(ii))	232,794,316	465.59	-	-
Outstanding at the end of the year	465,588,632	931.18	232,794,316	465.59

### (c) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/associates.

### (d) Aggregate number of bonus shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

	Year ended March 31, 2018 No.	Year ended March 31, 2017 No.
Equity shares allotted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium account	232,794,316	-

### (e) Details of shareholders holding more than 5% shares in the Company

Name of shareholder*	As at March 31, 2018		As at March 31, 2017	
	No.	% of Holding	No.	% of Holding
<b>Equity Shares of ₹ 2/- each fully paid</b>				
Kalyani Investment Company Limited	63,312,190	13.60	31,656,095	13.60
Sundaram Trading and Investment Private Limited	55,160,174	11.85	27,580,087	11.85
KSL Holding Private Limited	46,285,740	9.94	23,142,870	9.94
Life Insurance Corporation of India	16,813,657	3.61	14,714,074	6.32

\* The shareholding information has been extracted from the records of the Company including register of shareholders/ members and is based on legal ownership of shares.

### (f) Shares reserved for issue under option [Refer note 16(c)(ii)]

	As at March 31, 2018 No.	As at March 31, 2017 No.
4,680 (March 31, 2017: 2340) equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 (March 31, 2017: 234) detachable warrants entitled to subscription of 2,340 (March 31, 2017: 1,170) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre-right holding.	7,020	3,510

### (g) Global depository receipts

The Company had issued 3,636,500 equity shares of ₹ 10/- each (later sub-divided into 18,182,500 equity shares of ₹ 2/- each) in April 2005 represented by 3,636,500 Global Depository Receipts (GDR) (on sub division 18,182,500 GDRs) evidencing "Master GDR Certificates" at a price of USD 27.50 per GDR (including premium). GDRs outstanding as at year end are 18,400 (March 31, 2017: 9,200). The funds raised had been utilized towards the object of the issue.

Holders of GDRs will have no voting rights or other direct rights of a shareholder with respect to the shares underlying the GDRs.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 16. Other equity

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Capital reserves</b>		
<b>Special capital incentive [refer note 16 (a)]</b>		
Balance as per the last financial statements	2.50	2.50
<b>Closing balance</b>	<b>2.50</b>	<b>2.50</b>
<b>Warrants subscription money [Refer note 16(b)]</b>		
Balance as per the last financial statements	13.00	13.00
<b>Closing balance</b>	<b>13.00</b>	<b>13.00</b>
<b>Closing balance</b>	<b>15.50</b>	<b>15.50</b>
<b>Capital redemption reserve [Refer note 16(c)(i)]</b>		
Balance as per the last financial statements	300.00	300.00
Less: Utilised for bonus share issue [Refer note 16(c)(ii)]	(300.00)	-
<b>Closing balance</b>	<b>-</b>	<b>300.00</b>
<b>Securities premium account [Refer note 16(d)]</b>		
Balance as per the last financial statements	7,096.48	7,096.48
Less: Utilised for bonus share issue [Refer note 16(c)(ii)]	(165.59)	-
<b>Closing balance</b>	<b>6,930.89</b>	<b>7,096.48</b>
<b>Debenture redemption reserve [Refer note 16(e)]</b>		
Balance as per the last financial statements	-	1,065.00
Add: Amount transferred from surplus in the statement of profit and loss	-	-
Less: Amount transferred to surplus in the statement of profit and loss	-	(1,065.00)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 2.3 (d)]</b>		
Balance as per the last financial statements	(226.84)	(699.26)
Add: Arising during the year (loss)/gain	(18.26)	141.07
Less: Adjusted during the year	(200.18)	(331.35)
<b>Closing balance</b>	<b>(44.92)</b>	<b>(226.84)</b>
<b>Hedge reserve [Refer note 2.3 (t)]</b>		
Balance as per the last financial statements	2,208.80	1,107.82
Add: Arising during the year	282.15	1,973.68
Less: Adjusted during the year	1,394.58	872.70
<b>Closing balance</b>	<b>1,096.37</b>	<b>2,208.80</b>
<b>General reserve</b>		
Balance as per the last financial statements	2,948.42	3,058.78
Add: Amount transferred from surplus balance in the statement of profit and loss	100.00	100.00
Less: Adjusted during the year [Refer note 21(a)]	(82.06)	210.36
<b>Closing balance</b>	<b>3,130.48</b>	<b>2,948.42</b>
<b>Foreign currency translation reserve (FCTR)</b>		
Balance as per the last financial statements	(137.67)	384.58
Movement during the year	918.95	(522.25)
<b>Closing balance</b>	<b>781.28</b>	<b>(137.67)</b>
<b>Surplus in the statement of profit and loss</b>		
<b>Balance as per the last financial statements</b>	<b>28,493.30</b>	<b>21,337.64</b>
<b>Add:</b>		
- Net profit for the year	7,624.44	7,046.16
- Transfer from debenture redemption reserve	-	1,065.00
- Items of other comprehensive income :		
(1) Re-measurement of defined benefit obligations	84.72	(105.06)
(2) Equity Instruments through other comprehensive income	166.47	90.13
	<b>7,875.63</b>	<b>8,096.23</b>
	<b>36,368.93</b>	<b>29,433.87</b>
<i>carried over</i>	<b>11,909.60</b>	<b>12,204.69</b>



## 16. Other equity (Contd.)

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<i>brought over</i>	<b>11,909.60</b>	<b>12,204.69</b>
<i>brought over</i>	<b>36,368.93</b>	<b>29,433.87</b>
<b>Less:</b>		
- Final equity dividend of previous year	1,163.97	116.40
- Tax on final equity dividend of previous year	236.96	23.70
- Interim equity dividend	931.18	581.99
- Tax on interim equity dividend	189.56	118.48
- Transfer to general reserve	100.00	100.00
- Other adjustments	71.02	-
	<b>2,692.69</b>	<b>940.57</b>
<b>Closing balance</b>	<b>33,676.24</b>	<b>28,493.30</b>
<b>Total</b>	<b>45,585.84</b>	<b>40,697.99</b>

### (a) Special capital incentive:

Special capital incentive is created during the financial year 1999-2000, amounting to ₹ 2.50 million under the 1988 Package Scheme of Incentives.

### (b) Warrants subscription money:

The Company had issued and allotted to Qualified Institutional Buyers, 10,000,000 equity shares of ₹ 2/- each at a price of ₹ 272/- per share aggregating to ₹ 2,720 million on April 28, 2010, simultaneous with the issue of 1,760, 10.75% Non Convertible Debentures (NCD) of a face value of ₹ 1,000,000/- at par, together with 6,500,000 warrants at a price of ₹ 2/- each entitling the holder of each warrant to subscribe for 1 equity share of ₹ 2/- each at a price of ₹ 272/- at any time within 3 years from the date of allotment. Following completion of three years term, the subscription money received on issue of warrants was credited to capital reserve as the same is not refundable / adjustable. Further the warrants had lapsed and ceased to be valid from April 28, 2013.

### (c) Capital redemption reserve:

(i) Capital redemption reserve was created by amount set aside on redemption of preference shares.

(ii) During the year, the Company issued the bonus issue in the proportion of 1:1 i.e. 1 (one) bonus equity share of ₹ 2/- each for every 1 (one) fully paid-up equity share held (including GDR holders) which was approved by the shareholders of the Company on September 24, 2017 through Postal Ballot/e-voting. Consequently, on October 03, 2017, the Company allotted 232,794,316 Equity shares of ₹ 2/- each fully paid-up, to the shareholders of the Company as at the record date by transferring equivalent amount from "Capital redemption reserve" and "Securities premium account" to "Share capital".

### (d) Securities premium account:

Securities premium account is utilised for issue of bonus equity shares. The same is utilised in accordance with the provisions of the Companies Act, 2013.

### (e) Debenture redemption reserve:

Debenture redemption reserve has been created in accordance with circular No. 9/2002 dated April 18, 2002 issued by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs, Government of India and Section 117(C) of the Companies Act, 1956 at 25% of the maturity amount equally over the terms of the debentures privately placed. Pursuant to MCA circular no. 04/2013 dated February 11, 2013, the Company had created reserve as per the erstwhile Companies Act, 1956.

During the previous year, the Company had redeemed outstanding debentures and balance of DRR has been transferred to surplus in the statement of profit and loss.

## 17. Distribution made and proposed to be made

	As at March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Cash dividends on equity shares declared and paid :</b>		
<b>Final dividend</b>		
For the year ended on March 31, 2017 : ₹ 5.00 per share (March 31, 2016 : ₹ 0.50 per share)	1,163.97	116.40
DDT on final dividend	236.96	23.70
<b>Interim dividend</b>		
For the year ended on March 31, 2018: ₹ 2.00 per share (March 31, 2017: ₹ 2.50 per share)	931.17	581.99
DDT on interim dividend	189.56	118.48
<b>Proposed dividend on equity shares :</b>		
<b>Final cash dividend</b>		
For the year ended on March 31, 2018: ₹ 2.50 per share (March 31, 2017 : ₹ 5.00 per share)	1,163.97	1,163.97
DDT on proposed dividend	239.26	236.96

Proposed dividends on equity shares (including DDT thereon) are subject to approval at the annual general meeting and are not recognised as a liability as at March 31.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 18. Borrowings

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current borrowings</b>		
<b>- Term loans from banks</b>		
<b>Foreign currency term loans (secured)</b>		
From Standard Chartered Bank, UK [Refer note 18 a(i)]	410.29	424.28
From Hypo Vereins Bank, Germany [Refer note 18 a(ii)]	-	6.71
From Standard Chartered Bank, UK [Refer note 18 a(iii)]	142.42	254.64
From Unicredit Bank and Sachsenbank, Germany [Refer note 18 a(iv)]	-	11.58
From Sachsenbank, Germany [Refer note 18 a(v)]	136.44	143.24
From Standard Chartered Bank, UK [Refer note 18 a(vi)]	35.61	63.66
From Unicredit Leasing Finance, Germany [Refer note 18 a(vii)]	70.79	87.51
From Unicredit Leasing Finance, Germany [Refer note 18 a(viii)]	43.37	49.91
From Deutsche Leasing Finance, Germany [Refer note 18 a(ix)]	-	98.44
From Societe Generale, France [Refer note 18 a(x)]	-	2.61
From Credit Mutuel, France [Refer note 18 a(xii)]	9.59	10.36
From BNP Paribas, France [Refer note 18 a(xiii)]	8.42	9.65
From Societe Generale, France [Refer note 18 a(xiv)]	1.69	2.73
From Barclays Bank, UK [Refer note 18 a(xv)]	-	268.24
From Standard Chartered Bank, UK [Refer note 18 a(xvi)]	552.84	572.94
From Barclays Bank, UK [Refer note 18 a(xvii)]	65.04	220.45
From Unicredit Leasing Finance, Germany [Refer note 18 a(xviii)]	37.78	26.17
From Barclays Bank, UK [Refer note 18 a(xix)]	265.38	-
<b>Foreign currency term loans (unsecured)</b>		
On syndication basis [Refer note 18 b(i)]	4,237.19	6,081.77
On bilateral basis [Refer note 18 b(i)]	4,857.48	1,383.00
From Credit Mutuel, France [Refer note 18 b(ii)]	1.40	1.68
Buyers line of credit for import of goods [Refer note 18 b(iii)]	-	432.40
From Citibank, USA [Refer note 18 b(iv)]	255.71	271.82
<b>- Other loans (secured)</b>		
IGSTC R&D project loan [Refer note 18 c(i)]	-	6.30
GITA R&D project loan [Refer note 18 c(ii)]	3.35	-
Finance lease obligations [Refer note 18(c) (iii)] [Refer note 46 (c )]	127.52	160.61
<b>Total</b>	<b>11,262.31</b>	<b>10,590.70</b>
<b>Current borrowings</b>		
<b>- Current maturity of term loans from banks</b>		
<b>Foreign currency term loans (secured)</b>		
From Standard Chartered Bank, UK [Refer note 18 a(i)]	69.10	-
From Hypo Vereins Bank, Germany [Refer note 18 a(ii)]	14.07	35.81
From Standard Chartered Bank, UK [Refer note 18 a(iii)]	142.00	127.32
From Sachsenbank, Germany [Refer note 18 a(v)]	24.81	22.04
From Standard Chartered Bank, UK [Refer note 18 a(vi)]	35.50	31.83
From Unicredit Leasing Finance, Germany [Refer note 18 a(vii)]	27.74	24.64
From Unicredit Leasing Finance, Germany [Refer note 18 a(viii)]	12.81	11.38
From Deutsche Leasing Finance, Germany [Refer note 18 a(ix)]	108.90	21.20
From Societe Generale, France [Refer note 18 a(x)]	3.58	4.84
From Kolb Bank, France [Refer note 18 a(xi)]	-	2.17
From Credit Mutuel, France [Refer note 18 a(xii)]	5.91	9.32
From BNP Paribas, France [Refer note 18 a(xiii)]	2.88	2.70
From Societe Generale, France [Refer note 18 a(xiv)]	1.44	1.29
From Barclays Bank, UK [Refer note 18 a(xv)]	301.18	243.85
From Standard Chartered Bank, UK [Refer note 18 a(xvi)]	92.14	-
From Barclays Bank, UK [Refer note 18 a(xvii)]	156.10	155.61
From Unicredit Leasing Finance, Germany [Refer note 18 a(xviii)]	11.08	26.80
From Barclays Bank, UK [Refer note 18 a(xix)]	59.84	-
<i>carried over</i>	1,069.08	720.80

## 18. Borrowings (Contd.):

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<i>brought over</i>	1,069.08	720.80
<b>Foreign currency term loans (unsecured)</b>		
On syndication basis [Refer note 18 b(i)]	3,898.88	6,810.30
From Credit Mutuel, France [Refer note 18 b(ii)]	0.58	0.55
Buyers line of credit for import of goods [Refer note 18 b(iii)]	434.58	432.40
<b>- Current maturity of other loans (secured)</b>		
IGSTC R&D project loan [Refer note 18 c(i)]	-	1.80
Finance lease obligations [Refer note 30] [Refer note 18 c(iii)]	56.04	62.29
<b>- From banks</b>		
<b>- Foreign currency loans</b>		
Preshipment packing credit (secured) [Refer note 18 d(i)]	149.77	417.26
Preshipment packing credit (unsecured) [Refer note 18 d(i)]	-	523.11
Bill discounting with banks (secured) [Refer note 18 d(ii)]	2,807.75	4,300.22
Bill discounting with banks (unsecured) [Refer note 18 d(ii)]	6,506.31	3,641.98
Cash credit (secured) [Refer note 18 d(iii)]	3,786.83	-
<b>- Rupee loans</b>		
Cash credit (secured) [Refer note 18 d(iv)]	694.87	3,688.28
Preshipment packing credit (secured) [Refer note 18 d(i)]	485.11	-
Preshipment packing credit (unsecured) [Refer note 18 d(i)]	120.11	-
Bill discounting with banks (secured) [Refer note 18 d(ii)]	959.57	-
Bill discounting with banks (unsecured) [Refer note 18 d(ii)]	321.15	33.14
Letter of credit discounting facility with bank [Refer note 18 d(v)]	2.97	6.79
Loans from companies (unsecured) [Refer note 18 d(vi)]	13.73	11.01
<b>Total current borrowings</b>	<b>21,307.33</b>	<b>20,649.93</b>
<b>Less: Amount clubbed in other current financial liabilities (Refer note 19)</b>	<b>5,459.16</b>	<b>8,028.14</b>
<b>Net current borrowings</b>	<b>15,848.17</b>	<b>12,621.79</b>

## Changes in liabilities arising from financing activities#

Particulars	In ₹ Million			
	Current borrowings	Non-current borrowings	Finance lease obligation - current	Finance lease obligation - non current
<b>Balance as on April 1, 2017</b>	<b>20,587.64</b>	<b>10,430.09</b>	<b>62.29</b>	<b>160.61</b>
Net cash flows	(5,886.01)	5,495.15	(67.35)	-
Foreign exchange management	1,146.52	563.39	7.82	20.19
Regroup from non-current to current	5,415.51	(5,415.51)	53.28	(53.28)
Others	(12.37)	61.67	-	-
<b>Balance as on March 31, 2018</b>	<b>21,251.29</b>	<b>11,134.79</b>	<b>56.04</b>	<b>127.52</b>

# Previous year comparatives has not been disclosed in accordance with the exemption provided in amendment to Ind AS 101.

## (a) Foreign currency term loans

## (i) From Standard Chartered Bank, UK (Secured)

**Balance outstanding Euro 6.00 million (March 31, 2017: Euro 6.00 million)**

Secured by charge over fixed assets of one of the subsidiaries located at Ennepetal, Germany repayable in 4 equal annual instalments starting from December 2018, along with interest at 6 month Euribor +2.5% per annum.

## (ii) From Hypo Vereins Bank, Germany (Secured)

**Balance outstanding Euro 0.17 million (March 31, 2017: Euro 0.59 million)**

Secured by charge over specific machineries of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 24 equal quarterly instalments starting from June 2012, along with interest at 3 month Euribor + 3.15% per annum

## (iii) From Standard Chartered Bank, UK (Secured)

**Balance outstanding Euro 3.53 million (March 31, 2017: Euro 5.33 million)**

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 18 equal quarterly instalments starting from September 2015, along with interest at 3 month Euribor + 2.50% per annum

## (iv) From Unicredit Bank and Sachsenbank, Germany (Secured)

**Balance outstanding: Euro nil (March 31, 2017: Euro 0.16 million)**

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 23 equal quarterly instalments starting from March 2013, along with interest at 3 month Euribor + 3.15% per annum. This loan is fully repaid during the current year.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 18. Borrowings (Contd.):

#### (v) From Sachsenbank, Germany (Secured)

**Balance outstanding Euro 2.00 million (March 31, 2017: Euro 2.31 million)**

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 28 equal quarterly instalments starting from December 2014, along with interest at 3 month Euribor + 3.55% per annum

#### (vi) From Standard Chartered Bank, UK (Secured)

**Balance outstanding Euro 0.88 million (March 31, 2017: Euro 1.33 million)**

Secured by charge over specific fixed of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 28 equal quarterly instalments starting from December 2014, along with interest at 3 month Euribor + 2.50% per annum

#### (vii) From Unicredit Leasing Finance, Germany (Secured)

**Balance outstanding Euro 1.22 million (March 31, 2017: Euro 1.57 million)**

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from September 2014, along with interest at 1.65% per annum

#### (viii) From Unicredit Leasing Finance, Germany (Secured)

**Balance outstanding Euro 0.70 million (March 31, 2017: Euro 0.85 million)**

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from February 2016, along with interest at 1.42% per annum

#### (ix) From Deutsche Leasing Finance, Germany (Secured)

**Balance outstanding Euro 1.35 million (March 31, 2017: Euro 1.67 million)**

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 equal monthly instalments starting from April 2014, along with interest at 1.55% per annum

#### (x) From Societe Generale, France (Secured)

**Balance outstanding Euro 0.04 million (March 31, 2016: Euro 0.10 million)**

Secured by mortgage of specific fixed assets of one of the subsidiaries located at Saint Geosme, France repayable in 72 equal monthly instalments starting from December 2012, along with interest at 3.60% per annum

#### (xi) From Kolb Bank, France (Secured)

**Balance outstanding: Euro nil (March 31, 2017: Euro 0.03 million)**

Secured by pledge of business of one of the subsidiaries located at Saint Geosme, France repayable in 60 equal monthly instalments starting from October 2012, along with interest at 2.40% per annum. This loan is fully repaid during the current financial year.

#### (xii) From Credit Mutuel, France (Secured)

**Balance outstanding Euro 0.19 million (March 31, 2017: Euro 0.27 million)**

Secured by pledge of business and pledge of specific fixed assets of one of the subsidiaries located at Saint Geosme, France repayable in 84 equal monthly instalments starting from August 2013, along with interest at 1.90% per annum

#### (xiii) From BNP Paribas, France (Secured)

**Balance outstanding Euro 0.14 million (March 31, 2017: Euro 0.17 million)**

Secured by pledge of business of one of the subsidiaries located at Saint Geosme, France repayable in 84 equal monthly instalments starting from July 2014, along with interest at 1.54% per annum

#### (xiv) From Societe Generale, France (Secured)

**Balance outstanding Euro 0.04 million (March 31, 2017: Euro 0.06 million)**

Secured by mortgage of specific fixed assets of one of the subsidiaries located at Saint Geosme, France repayable in 50 equal monthly instalments starting from September 2015, along with interest at 0.55% per annum

#### (xv) From Barclays Bank, UK (Secured)

**Balance outstanding GBP 3.30 million (March 31, 2017: GBP 6.30 million)**

Secured by charge over inventory and receivables of one of the subsidiaries located at London, UK repayable in 28 monthly instalments starting from December 2016, along with interest at 3 month LIBOR + 2.00% per annum

#### (xvi) From Standard Chartered Bank, UK (Secured)

**Balance outstanding Euro 8.00 million (March 31, 2017: Euro 8 million)**

Secured by charge over fixed assets of one of the subsidiaries located at Ennepetal, Germany repayable in 3 annual instalments starting from December 2018, along with interest at 3 month Euribor +2.4% per annum

## 18. Borrowings (Contd.):

### (xvii) From Barclays Bank, UK (Secured)

**Balance outstanding USD 3.40 million (March 31, 2017: USD 5.80 million)**

Secured by charge over inventory and receivables of one of the subsidiaries located at London, UK repayable in 20 monthly instalments starting from March 2017, along with interest at 3 month LIBOR + 2.15% per annum

### (xviii) From Unicredit Leasing Finance, Germany (Secured)

**Balance outstanding Euro 0.61 million (March 31, 2017: Euro 0.74 million)**

Secured by charge over specific fixed assets of one of the subsidiaries located at Brand Erbisdorf, Germany repayable in 60 unequal monthly instalments starting from March 2017, along with interest at 3.25% per annum

### (xix) From Barclays Bank, UK (Secured)

**Balance outstanding USD 5.00 million (March 31, 2017: USD nil)**

Secured by charge over inventory and receivables of one of the subsidiaries located at London, UK repayable in 20 monthly instalments starting from June 2018, along with interest at 3 month LIBOR + 2.15% per annum

### (b) Foreign currency term loans

#### (i) Foreign currency term loans on syndicated and bilateral basis (Unsecured)

Repayable in half yearly / yearly installments from date of start of repayment, along with interest ranging from LIBOR + 65 bps to LIBOR + 225 bps and and EURIBOR + 95 bps.

Date of repayment	Balance outstanding			
	As at March 31, 2018		As at March 31, 2017	
	USD	In ₹ Million	USD	In ₹ Million
<b>From</b>				
- October 31, 2016 (3 half yearly)	-	-	60.00	3,891.60
- October 31, 2016 (3 half yearly)	-	-	30.00	1,945.80
- October 31, 2017 (3 half yearly)	45.00	2,933.44	60.00	3,891.60
- March 16, 2019 (3 yearly)	50.00	3,259.38	50.00	3,243.00
- August 11, 2021 (3 yearly)	30.00	1,955.63	-	-
- October 31, 2021 (3 yearly)	10.00	651.88	-	-
- October 31, 2021 (3 yearly)	40.00	2,607.50	-	-
	<b>EUR</b>	<b>In ₹ Million</b>	<b>EUR</b>	<b>In ₹ Million</b>
- August 30, 2020 (3 yearly)	10.00	808.18	10.00	691.50
- August 30, 2020 (3 yearly)	10.00	808.18	10.00	691.50

#### (ii) From Credit Mutuel, France (Unsecured)

**Balance outstanding Euro 0.02 million (March 31, 2017: Euro 0.03 million)**

Repayable in 84 equal quarterly instalments starting from May, 2014, along with interest at 1.90% per annum

#### (iii) Buyers line of credit for import of goods from banks (Unsecured)

**Balance outstanding USD 6.67 Million (₹ 434.58 million) (March 31, 2017 : USD 13.34 Million (₹ 864.80 million))**

Repayable in 3 equal yearly instalments starting from May, 2016, along with interest at LIBOR + 115 bps

#### (iv) From Citibank, USA (Unsecured)

**Balance outstanding USD 4.00 million (March 31, 2017: USD 4 million)**

Repayable in 3 annual instalments starting from December 2018, along with interest at 3 month Euribor +2.4% per annum

### (c) Other loans

#### (i) IGSTC R&D project loan (Secured)

**Balance outstanding: nil (March 31, 2017 : ₹ 8.10 Million)**

The loan is secured by bank guarantee executed by the Company in favour of IGSTC. Repayable in 10 half yearly instalments from January 14, 2017, along with interest @ 3.00% per annum. This loan is fully repaid during current financial year.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 18. Borrowings (Contd.):

#### (ii) GITA R&D project loan (Secured)

**Balance outstanding: ₹ 3.35 Million (March 31, 2017 : nil)**

The loan is secured by bank guarantee executed by the Company in favour of Global Innovation & Technology Alliance (GITA). Repayable in 5 yearly instalments from March 1, 2020, along with interest @ 12.00% per annum only on 67% and balance is interest free.

#### (iii) Finance lease obligations (Secured)

Finance lease is secured by hypothecation of said asset. The finance lease is due for repayment over a period of 6 years.

#### (d) Working capital loans

##### (i) Preshipment packing credit

The loan is secured against hypothecation of stocks of semi-finished and finished goods, raw materials, finished dies and die blocks (included in property, plant and equipment), work-in-progress, consumable stores and spares (also refer note 3 and note 11), book debts (also refer note 12) etc.

Preshipment packing credit - foreign currency (secured and unsecured) is repayable within 30 to 180 days and carries interest @ LIBOR + 10 bps to LIBOR + 45 bps

##### (ii) Bill discounting with banks

The loan is secured against hypothecation of stocks of semi-finished and finished goods, raw materials, finished dies and die blocks (included in property, plant and equipment), work-in-progress, consumable stores and spares (also refer note 3 and note 11), book debts (also refer note 12) etc.

Bill discounting (secured and unsecured) with banks is repayable within 90 to 210 days and carries interest LIBOR + 10 bps to LIBOR + 45 bps

##### (iii) Cash credits (Foreign currency) (secured)

Cash credit from banks is secured against hypothecation of stocks of semi-finished and finished goods, raw materials, finished dies and die blocks (included in property, plant and equipment), work-in-progress, consumable stores and spares (also refer note 3 and note 11), book debts (also refer note 12) etc.

Cash credit is repayable on demand and carries interest at Euribor + 2 to 3% per annum.

##### (iv) Cash credits (Rupee) (secured)

Cash credit from banks is secured against hypothecation of stocks of semi-finished and finished goods, raw materials, finished dies and die blocks (included in property, plant and equipment), work-in-progress, consumable stores and spares (also refer note 3 and note 11), book debts (also refer note 12) etc.

Cash credit is repayable on demand and carries interest @ 9.00% to 11.30% per annum.

##### (v) Letter of credit discounting (secured)

Letter of credit discounting facility from ICICI Bank covers discounting of inland bills drawn by suppliers of raw material, consumable stores and spares and backed by letters of credit issued by ICICI bank or other first class banks. The facility carries interest as informed by ICICI Bank from time to time.

##### (vi) Loans from companies (unsecured)

Loans from companies are repayable on demand carrying interest in the range of 13% to 18% per annum.

## 19. Other financial liabilities

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Other non-current financial liabilities</b>		
Voluntary retirement scheme compensation	1.98	6.40
Derivative liability*	151.68	-
	<b>153.66</b>	<b>6.40</b>
<b>Other current financial liabilities at amortised cost</b>		
Interest accrued but not due on borrowings	77.42	87.65
Payables for capital goods	458.39	461.46
Security deposits	84.98	82.62
Directors commission	6.25	6.70
Current maturities of long term loans (Refer note 18)	5,403.12	7,965.85
Current maturities of finance lease obligations (Refer note 18)	56.04	62.29
Investor Education and Protection Fund (as and when due) **		
- Unpaid dividend	35.70	33.48
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	5.32	5.99
Share application money pending allotment	-	100.02
Others ***	0.11	166.56
	<b>6,127.37</b>	<b>8,972.66</b>

\* Derivative instruments as fair value through profit or loss reflect change in fair value of those instruments that are not designated in hedge relationships, but are, nevertheless intended to reduce the level of foreign currency risk expected on repayment.

\*\* Includes unpaid due to litigation

\*\*\* Other include commission payable and other liabilities.

## 20. Provisions

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Provision for employees benefits</b>		
<b>Non-current</b>		
Provision for gratuity (Refer note 43)	144.73	191.91
Provision for special gratuity (Refer note 43)	51.02	46.78
Provision for pension and similar obligation (Refer note 43)	1,015.24	925.52
Provision for jubilee scheme	60.65	49.95
Provision for early retirement	49.24	69.11
Provision for employee's provident fund (Refer note 43)	-	32.11
	<b>1,320.88</b>	<b>1,315.38</b>
<b>Current</b>		
Provision for gratuity (Refer note 43)	94.05	80.04
Provision for special gratuity (Refer note 43)	10.62	13.62
Provision for leave benefits	527.38	444.31
	<b>632.05</b>	<b>537.97</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 21. Income and deferred taxes

The major components of income tax expense for the year ended March 31, 2018 and March 31, 2017 are :

#### Statement of profit and loss:

Profit or loss section	In ₹ Million	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Current income tax :</b>		
Current income tax charge (including taxes for earlier years)	4,318.49	2,704.79
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	99.44	(213.12)
<b>Tax expense reported in the statement of profit and loss</b>	<b>4,417.93</b>	<b>2,491.67</b>

OCI section	In ₹ Million	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Deferred tax related to items recognised in OCI:</b>		
Net loss/(gain) on revaluation of cash flow hedges	(580.08)	582.68
Net loss/(gain) on re-measurement of defined benefit plans	41.77	(50.37)
Net loss/(gain) on re-measurement of defined benefit plans (share in joint venture and associates)	0.03	-
Net loss/(gain) on re-measurement of defined benefit plans (discontinued operations)	-	(2.55)
<b>Tax charged to OCI</b>	<b>(538.28)</b>	<b>529.76</b>

#### Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017

Particulars	In ₹ Million	
	Year ended March 31, 2018	Year March 31, 2017
Accounting profit before tax from operations	11,957.61	9,467.68
<b>Accounting profit before income tax</b>		
At India's statutory income tax rate of 34.608% (March 31, 2017: 34.608%)	4,138.29	3,276.57
Exempt income	(53.98)	(211.62)
Tax allowances	(82.36)	(194.10)
Exceptional items	385.71	(444.47)
Effect of lower tax rates	(25.40)	(53.53)
Difference due to change in applicable statutory tax rate	19.04	-
Other disallowances	36.63	118.82
<b>At the effective income tax rate of 36.95% (March 31, 2017: 26.31 %)</b>	<b>4,417.93</b>	<b>2,491.67</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>4,417.93</b>	<b>2,491.67</b>

#### Major components of deferred tax as at March 31, 2018 and March 31, 2017:

Deferred tax liability (net)	In ₹ Million	
	Balance Sheet March 31, 2018	March 31, 2017
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation for tax purposes	2,556.30	2,340.16
Fair valuation of cash flow hedges	588.90	1,168.98
Other deductible temporary differences	(601.50)	(477.32)
<b>Net deferred tax liability</b>	<b>2,543.70</b>	<b>3,031.82</b>

Deferred tax asset (net)	In ₹ Million	
	Balance Sheet March 31, 2018	March 31, 2017
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation for tax purposes	62.64	26.92
Other deductible temporary differences	(196.02)	(166.61)
Unrealised profit on inventory	(263.17)	(285.94)
<b>Net deferred tax asset</b>	<b>(396.55)</b>	<b>(425.63)</b>



## 21. Income and deferred taxes (Contd.):

### Major components of deferred tax for the year ended March 31, 2018 and March 31, 2017:

	In ₹ Million	
	Statement of Profit and Loss	
	March 31, 2018	March 31, 2017
<b>Deferred tax expense/(income)</b>		
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation for tax purposes	251.86	(126.08)
Unrealised profit on inventory	22.77	(28.00)
Other deductible temporary differences	(175.19)	(59.04)
<b>Deferred tax expense/(income)</b>	<b>99.44</b>	<b>(213.12)</b>
		In ₹ Million
	March 31, 2018	March 31, 2017
<b>Reflected in the balance sheet as follows</b>		
Deferred tax assets	(601.50)	(477.32)
Deferred tax liabilities	3,145.2	3,509.14
<b>Deferred tax liabilities (net)</b>	<b>2,543.70</b>	<b>3,031.82</b>
Deferred tax assets	(459.19)	(452.55)
Deferred tax liabilities	62.64	26.92
<b>Deferred tax assets (net)*</b>	<b>(396.55)</b>	<b>(425.63)</b>
		In ₹ Million
	March 31, 2018	March 31, 2017
<b>Reconciliation of deferred tax liabilities (net)</b>		
<b>Opening balance</b>	3,031.82	2,368.60
Tax income/(expense) during the period recognised in profit or loss	71.96	(25.89)
Tax income/(expense) during the period recognised in OCI	(560.08)	560.81
Adjustment to general reserve [Refer note 21(a)]	-	128.30
<b>Closing balance</b>	<b>2,543.70</b>	<b>3,031.82</b>
<b>Reconciliation of deferred tax assets (net)</b>		
<b>Opening balance</b>	(425.63)	(404.50)
Tax income/(expense) during the period recognised in profit or loss	27.48	(187.23)
Tax income/(expense) during the period recognised in OCI	(21.77)	(28.50)
Other adjustments (including foreign currency translation reserve etc.)	23.37	194.60
<b>Closing balance</b>	<b>(396.55)</b>	<b>(425.63)</b>

\* Relates to temporary differences arising in different tax jurisdiction

- (a) Adjustment to general reserve includes deferred tax impact relating to revision of depreciation as per Schedule II of Companies Act, 2013 in earlier period.
- (b) The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- (c) During the year ended March 31, 2018 and March 31, 2017, the Group has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.
- (d) The Group has tax losses which arose due to capital loss and carried forward business losses in India of ₹ 148.21 million and ₹ 1,490.98 million (March 31, 2017: ₹ 132.90 million and ₹ 442.92 million) that are available for offsetting for four to eight years against future taxable profits of the Company under the head capital gains and income from business. This loss will expire in four to eight years from the end of the respective year to which it pertains.
- (e) The Group has tax losses which arose due to carried forward business losses in the USA of ₹ 1,930.54 million (March 31, 2017: ₹ 1,753.98) that are available for offsetting for twenty years against future taxable profits under relevant heads of income of the companies in which the losses arose. These losses will expire in various years between tax years 2026 and 2037. The tax cut and jobs act reduces the corporate tax rate to 21% effective January 1, 2018.
- (f) The Group has tax losses which arose due to carried forward business losses in Sweden of ₹ 1,382.44 million (March 31, 2017: ₹ 1,045.36 million,) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the companies in which the losses arose.
- (g) Deferred tax assets have not been recognised in respect of the above mentioned loss as they may not be used to offset taxable profits, they have arisen on account of loss on sale of investment and carried forward business losses and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group was able to recognise all unrecognised deferred tax assets, the profit would increase by ₹ 1,125.43 million (March 31, 2017: ₹ 1,019.71 million).
- (h) Certain subsidiaries of the group have undistributed earnings of ₹ 799.71 million (March 31, 2017: ₹ 1,330.89 million) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timing of distributions from this subsidiary and is not expected to distribute these profits in the foreseeable future.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 22. Trade payables

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Trade payables (including acceptances and related parties payables)	13,267.85	8,463.34
	<b>13,267.85</b>	<b>8,463.34</b>

#### Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- Other payables (under note 19 and 23) are non-interest bearing and have an average term of 90 days.
- For terms and conditions with related parties, refer note 52.

The above amount of trade payables is net off certain advances given to suppliers amounting to ₹ 1,820.00 million (March 31, 2017: ₹ 1,520.00 million).

### 23. Other liabilities

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Non-current</b>		
Advance from customers	-	23.57
Government grant*	529.41	536.09
Others**	4.16	3.40
	<b>533.57</b>	<b>563.06</b>
<b>Current</b>		
Advance from customers	376.94	90.19
Employee contributions and recoveries payable	259.20	245.83
Statutory dues payable including tax deducted at source #	404.72	363.14
Government grant*	81.71	84.11
Others **	171.48	503.24
	<b>1,294.05</b>	<b>1,286.51</b>

\* Government grants include grants and subsidies for investments in fixed assets. There are no unfulfilled conditions or contingencies attached to these grants.

\*\* Other includes rent received in advance, rent equalisation reserve and miscellaneous liabilities.

# Includes balances with respect to various taxes and duties

#### Government grant - investment subsidies and grants

	As at March 31, 2018	As at March 31, 2017
Opening balance	620.20	707.84
Add: Received during the year	-	-
Less: Released to the statement of profit and loss	(79.42)	(82.02)
Less: Foreign currency transaction reserve	70.34	(5.62)
<b>Closing balance</b>	<b>611.12</b>	<b>620.20</b>

#### Break up of the financial liabilities at FVTPL

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Other non-current financial liabilities (Refer note 19)	151.68	-

#### Break up of the financial liabilities at amortised cost

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Borrowings [Refer note 18]	27,110.48	23,212.49
Other financial liabilities [Refer note 19]	6,129.35	8,979.06
Trade payables [Refer note 22]	13,267.85	8,463.34
<b>Total financial liabilities carried at amortised cost</b>	<b>46,507.68</b>	<b>40,654.89</b>

For Group's credit risk management processes, refer Note 57.

## 24. Revenue from operations

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Sale of products (including excise duty)*</b>		
- Sale of goods#	79,622.43	62,335.31
- Die design and preparation charges#	244.60	249.54
<b>Total sale of products</b>	<b>79,867.03</b>	<b>62,584.85</b>
<b>Sale of services</b>		
- Job work charges	356.40	284.82
<b>Project revenue</b>		
- Project revenue (Refer note 51)	-	41.02
<b>Other operating revenues</b>		
- Manufacturing scrap (including excise duty)*#	2,675.93	2,163.56
- Government grants (Refer note 10)	1,176.63	828.74
- Sale of electricity / REC - Windmills	70.73	78.57
<b>Total</b>	<b>84,146.72</b>	<b>65,981.56</b>

Sale of goods includes excise duty collected from customers of ₹ 569.80 million (March 31, 2017: ₹ 2,020.12 million).

# Sale of goods net of excise duty is ₹ 81,809.07 million (March 31, 2017: ₹ 62,728.29 million).

\* Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 01, 2017 onwards the excise duty and most indirect taxes in India have been replaced with Goods and Service Tax (GST). The group collects GST on behalf of the Government. Hence, GST is not included in revenue from operations. In view of the aforesaid change in indirect taxes, revenue from operations year ended March 31, 2018 is not comparable with March 31, 2017

## 25. Other income

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Dividend income from investments	228.47	369.97
Net gain on fair valuation of financial instruments (FVTPL)	461.23	186.46
Net gain on sale of financial investments	52.57	19.87
Government grants*	141.99	138.03
Provision for doubtful debts and advances written back	1.23	-
Liabilities/provisions no longer required written back	71.14	76.04
Interest income on		
- Fixed deposits and others	168.05	201.21
Rent (Refer note 46(b))	4.12	4.82
Gain on sale/discard of property, plant and equipments (net)	33.93	-
Miscellaneous income **	257.34	196.39
<b>Total</b>	<b>1,420.07</b>	<b>1,192.79</b>

\* Includes Government grants received as part of the Packaged Scheme of Incentives for the purpose of capital investment in designated areas, investment grants and subsidies released to the statement of profit and loss with respect to investments in fixed assets for one of the subsidiaries and also includes government grant on pre shipment credit where the Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings is accounted for on gross basis in note 30. There are no unfulfilled conditions or contingencies attached to these grants.

\*\* Miscellaneous income includes sundry scrap sale, discount received, miscellaneous recoveries etc.

## 26. Cost of raw materials and components consumed

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Inventory at the beginning of the year (Refer note 11)	1,538.59	1,138.16
Add: Purchases	32,764.78	23,655.70
Less: Inventory as at end of the year (Refer note 11)	2,527.03	1,538.59
<b>Cost of raw material and component consumed</b>	<b>31,776.34</b>	<b>23,255.27</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 27. (Increase) in inventories of finished goods, work-in-progress, stock in trade, dies and scrap

	Year ended March 31, 2018	Year ended March 31, 2017
In ₹ Million		
<b>Inventories at the end of the year (Refer note 11)</b>		
Work-in-progress	4,808.04	4,113.57
Finished goods	3,866.54	3,449.90
Stock in trade [includes in transit]	631.58	488.95
Dies and dies under fabrication	114.08	119.06
Scrap	34.04	18.33
	<b>9,454.28</b>	<b>8,189.81</b>
<b>Inventories at the beginning of the year (Refer note 11)</b>		
Work-in-progress	4,113.57	3,748.65
Finished goods	3,449.90	3,344.05
Stock in trade [includes in transit]	488.95	341.88
Dies and dies under fabrication	119.06	55.25
Scrap	18.33	14.11
	<b>8,189.81</b>	<b>7,503.94</b>
Add: Inventory related to acquisition (Refer note 38)	-	176.70
	<b>(1,264.47)</b>	<b>(509.17)</b>
Excise duty variation on opening and closing stock	-	23.37
<b>Total</b>	<b>(1,264.47)</b>	<b>(485.80)</b>

### 28. Employee benefits expense

	Year ended March 31, 2018	Year ended March 31, 2017
In ₹ Million		
Salaries, wages and bonus (including managing and whole time director's remuneration)	8,968.73	7,554.71
Contributions to provident and other funds / scheme#	724.86	728.06
Gratuity expense (Refer note 43 (a,f))	54.77	51.56
Special gratuity expense (Refer note 43 (b))	6.33	3.59
Employee voluntary retirement scheme compensation	1.31	14.51
Staff welfare expenses	1,135.99	956.80
<b>Total</b>	<b>10,891.99</b>	<b>9,309.23</b>

# Others funds/scheme includes contribution towards jubilee scheme, early retirement scheme and ESIC scheme.

### 29. Depreciation, amortisation and impairment expense

	Year ended March 31, 2018	Year ended March 31, 2017
In ₹ Million		
Depreciation on tangible assets (Refer note 3)	4,528.89	4,437.72
Amortisation on intangible assets (Refer note 5)	78.05	82.75
Impairment of tangible assets (Refer note 3)	17.73	-
Impairment of intangible assets (Refer note 5)	44.13	-
<b>Total</b>	<b>4,668.80</b>	<b>4,520.47</b>

### 30. Finance costs

	Year ended March 31, 2018	Year ended March 31, 2017
In ₹ Million		
Interest on bank facilities	941.84	854.91
Others*	123.47	144.71
<b>Total</b>	<b>1,065.31</b>	<b>999.62</b>

\* Others includes interest on debentures, net interest expense on defined benefit plans, etc.

### 31. Other expenses

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Consumption of stores, spares and tools	3,832.97	2,930.30
Machining charges	3,335.40	2,493.96
Power, fuel and water*	4,959.77	4,138.18
Less: Credit for energy generated	44.25	88.16
	4,915.52	4,050.02
Repairs and maintenance		
- Building repairs and road maintenance	223.27	168.47
- Plant and machinery	1,471.33	1,217.36
Rent (Refer note 46 (a))	280.23	259.41
Rates and taxes	79.72	31.60
Insurance	156.09	140.64
CSR Expenditure	218.45	73.04
Legal and professional fees	671.85	615.26
Commission	139.27	94.01
Donations	12.60	11.04
Packing material	878.04	673.73
Freight and forwarding charges	1,954.08	1,518.21
Directors' fees and travelling expenses	3.73	4.41
Commission to directors other than managing and whole time directors	6.25	6.70
Loss on sale/discard of property, plant and equipment (Net)	0.69	20.64
Provision for doubtful debts and advances (includes expected credit loss)	66.08	61.37
Bad debts / advances written off	50.60	3.38
Exchange difference (net)	405.18	207.46
Mark to market losses on derivative contracts	151.68	-
Payment to Auditors**	53.73	45.09
Miscellaneous expenses ***	3,737.04	3,137.22
<b>Total</b>	<b>22,643.80</b>	<b>17,763.32</b>

\* Net of government grant in the nature of energy tax refund with respect to some of the subsidiaries amounting to ₹ 152.37 million (March 31, 2017: ₹ 158.07 million)

\*\* Includes ₹ 38.24 million (March 31, 2017: ₹ 28.17 million) paid to subsidiary auditors

\*\*\* Miscellaneous expenses includes travelling expenses, printing, stationary, postage, telephone, royalties etc.

### 32. Exceptional items

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Provision for diminution in value of investment in oil block project (Refer note 32(a))	(822.06)	-
Provision for diminution in value of loan to associate (Refer note 32(b))	(132.42)	-
Profit on disposal of joint venture (Refer note 32(c))	-	1,291.48
Provision for diminution in the value of investment in joint venture (Refer note 32(d))	-	(7.19)
<b>Total</b>	<b>(954.48)</b>	<b>1,284.29</b>

#### (a) Provision for diminution in value of investment in Oil block project and onerous contracts for Minimum Work Program

The Group had invested, as a minority partner, in two Oil Block exploration contracts awarded by the Government of India. Minimum work program as well as testing of explored wells have been completed during the current financial year. Based on testing results of the wells and its techno-economic viability, the Group has decided not to proceed beyond MWP stage and has made provision for impairment of intangible assets under development and onerous contracts pertaining to MWP in the current financial year.

#### (b) Provision for diminution in value of loan to associate

The Group had undertaken EPC activities of laying railway tracks in a associate company Ferrovia Transrail Solutions Private Limited (Ferrovia). Considering the closure of significant part of operations and losses incurred by Ferrovia, the Group has provided for diminution in carrying cost of loan given to Ferrovia.

The above items are non-core, one time activities and do not impact the regular operation of the company in any manner whatsoever.

#### (c) Profit on sale of investment in joint venture

During the previous year the Group has divested its 49% stake in ALSTOM Bharat Forge Power Limited, which was formed as a JV, resulting in to net gain of ₹ 1,291.48 million.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 32. Exceptional items (Contd.):

#### (d) Provision for diminution in value of investment in joint venture

##### BF-NTPC Energy Systems Limited (BFNTPCESL)

Considering the consistent losses from the business activities carried out by BFNTPCESL, the Group has provided an amount of ₹ 7.19 million towards diminution in carrying cost of its investments in previous year.

### 33. Discontinued operations

#### ALSTOM Bharat Forge Power Private Limited

##### (a) Description

During the previous year ended March 31, 2017, the Group divested its stake in its joint venture operation - ALSTOM Bharat Forge Power Private Limited to its Joint Venture partner GE Pacific Private Limited. The Group had sold its stake of 49% on March 24, 2017. The joint venture under consideration is a component of the Group that represents a separate major line of business. The business of ALSTOM Bharat Forge Power Private Limited represented the Group's Project operating segment until March 24, 2017. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

##### (b) Financial performance and cash flow information

The financial performance and cash flow information presented below.

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Profit &amp; Loss</b>		
Total revenue	-	6,572.63
Total expenses	-	5,541.15
<b>Profit before tax</b>	-	<b>1,031.48</b>
Income tax expense	-	763.79
Profit after income tax	-	267.69
Other comprehensive income	-	(13.91)
Share in profit of joint venture included in statement of profit and loss	-	131.18
Share in other comprehensive income	-	(6.82)

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Cashflow</b>		
Operating activities	-	2,642.33
Investing activities	-	(520.24)
Financing activities	-	(723.98)
<b>Net cash inflows/(outflows)</b>	-	<b>1,398.11</b>

##### (c) Details of sale of the joint venture

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Consideration received:</b>		
Cash	-	2,265.00
Carrying amount of investment sold	-	973.52
Gain on sale before income tax	-	1,291.48
Income tax expense	-	-
Gain on sale after income tax (refer note 32)	-	<b>1,291.48</b>

The carrying amounts of the total assets and liabilities as at the date of sale were as follows:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Total assets	-	27,799.03
Total liabilities	-	26,035.30
<b>Net assets</b>	-	<b>1,763.73</b>

The Group had sold its stake of 49% on March 24, 2017. However as the transaction had concluded near to March 31, 2017, the Group had based on materiality, considered March 31, 2017 amounts for the purpose of recording the disposal.

### 34. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below :

During the year ended March 31, 2018	In ₹ Million						Total
	Cash flow hedge reserve	FVTOCI Reserve	Foreign currency monetary items translation difference account	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	
Foreign exchange translation differences	-	-	181.92	-	-	-	181.92
Currency forward contracts	440.13	-	-	-	-	(157.98)	282.15
Reclassified to statement of profit and loss	(2,132.64)	-	-	-	-	738.06	(1,394.58)
Gain / (Loss) on FVTOCI financial assets	-	166.47	-	-	-	-	166.47
Re-measurement gains (losses) on defined benefit plans (including share of associate, joint ventures)	-	-	-	126.48	-	(41.80)	84.68
Foreign exchange translation difference	-	-	-	-	918.95	-	918.95
	<b>(1,692.51)</b>	<b>166.47</b>	<b>181.92</b>	<b>126.48</b>	<b>918.95</b>	<b>538.28</b>	<b>239.59</b>

During the year ended March 31, 2017	In ₹ Million						Total
	Cash flow hedge reserve	FVTOCI Reserve	Foreign currency monetary items translation difference account	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	
Foreign exchange translation differences	-	-	472.42	-	-	-	472.42
Currency forward contracts	3,018.23	-	-	-	-	(1,044.55)	1,973.68
Reclassified to statement of profit and loss	(1,334.57)	-	-	-	-	461.87	(872.70)
Gain / (Loss) on FVTOCI financial assets	-	90.13	-	-	-	-	90.13
Re-measurement gains (losses) on defined benefit plans (including share of associate, joint ventures and discontinued operations)	-	-	-	(157.98)	-	52.92	(105.06)
Foreign exchange translation difference	-	-	-	-	(522.25)	-	(522.25)
	<b>1,683.66</b>	<b>90.13</b>	<b>472.42</b>	<b>(157.98)</b>	<b>(522.25)</b>	<b>(529.76)</b>	<b>1,036.22</b>

### 35. Earnings per share

	In ₹ Million	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Numerator for basic and diluted EPS for continuing operations</b>		
Net profit after tax from continuing operations attributable to shareholders (in ₹)	(A) 7,624.44	6,914.99
Net profit after tax attributable to shareholders from discontinued operations (in ₹)	(B) -	131.17
<b>Denominator for basic EPS [Refer note 16(c)(ii)]</b>		
Weighted average number of equity shares for basic EPS	(C) 465,588,632	465,588,632
<b>Denominator for diluted EPS [Refer note 16(c)(ii)]</b>		
Weighted average number of equity shares for diluted EPS	(D) 465,588,632	465,588,632
<b>Basic earnings per share of face value of ₹ 2 each (in ₹)</b>		
- Computed on the basis of profit from continuing operations (₹)	(A/C) 16.38	14.85
- Computed on the basis of profit from discontinued operations (₹)	(B/C) -	0.28
- Computed on the basis of profit from continuing and discontinued operations (₹)	[(A+B)/C] 16.38	15.13
<b>Diluted earnings per share of face value of ₹ 2 each (in ₹)</b>		
- Computed on the basis of profit from continuing operations (₹)	(A/D) 16.38	14.85
- Computed on the basis of profit from discontinued operations (₹)	(B/D) -	0.28
- Computed on the basis of profit from continuing and discontinued operations (₹)	[(A+B)/D] 16.38	15.13

\* EPS and weighted average number of equity shares of Previous year are adjusted post issue of bonus shares.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 36. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

- 1) Significant judgement is required to apply lease accounting rules under appendix C to Ind AS 17 Determining whether an arrangement contains a lease. In assessing the applicability to arrangements entered into by the Group with its various sub-contractors regarding providing of certain services, the Group has exercised judgment to evaluate the right to use the underlying assets, substance of the transaction including legally enforced arrangements, and other significant terms and conditions of the arrangement to conclude whether the arrangements meets the criteria under Appendix C to Ind AS 17. Based on the evaluation, the Group has concluded that the arrangements do not meet the definition of lease as specified under appendix C to Ind AS 17.
- 2) Embedded derivative – The Group has entered into certain hybrid contracts i.e. where an embedded derivative is a component of a non-derivative host contract, in the nature of financial liability. The Group has exercised judgement to evaluate if the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and risks of the host. Based on the evaluation, the Group has concluded, that these economic characteristics and risks of the embedded derivatives are closely related to the economic characteristics and risks of the host and thus not separated from the host contract and not accounted for separately.
- 3) Discontinued operations – The Group had sold its stake in joint venture i.e. ALSTOM Bharat Forge Power Private Limited in previous year. The Group has exercised judgement and assessed that this joint venture of the Group represents a separate major line of business. Accordingly, the same has been presented as discontinued operation since the criteria as per Ind AS 105 is satisfied.
- 4) Control assessment for Joint ventures / partly owned subsidiaries- In assessing the power over investee for control evaluation, the Group has exercised judgement in considering certain rights given to the co-venturer in a joint venture arrangement / shareholders' agreement as either substantive rights or protective rights. The Group has evaluated if the rights are designed to protect the interests of their holder without giving that party power over the investee to which those rights relate in which case, it is considered as protective right not considered in the control assessment for joint ventures. Also, in case of all the joint arrangements, the Group has interest in the net assets of the joint arrangements and accordingly the same is considered as joint ventures. Further, with respect to certain subsidiaries in regulated segments, the Group has evaluated and believes that it exercises control over such components in accordance with the terms of the Foreign Direct investment & Foreign Investment Promotion Board Policies.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



### 36. Significant accounting judgements, estimates and assumptions (Contd.)

In assessing the 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 risks specific to the asset. In determining the fair value less costs to disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

#### Defined benefit plans

The cost of the defined benefit gratuity plans and other post-employment plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, expected return on planned assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables based on the country where the entity operates. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates of the respective country.

Further details about defined benefit plans are given in Note 43.

#### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 55 for further disclosures.

#### Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Group also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

#### Operating lease commitments – Group as lessor

The Group has given land on lease to certain entities. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of such land and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these lands and accounts for the contracts as operating leases.

#### Income tax and deferred tax

Refer note 21

#### Provision for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items.

#### Current / Non-Current Classification

The group evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realisation cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year. Accordingly, the Group has classified major portion of its investment in mutual funds as non-current.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 37. Group information

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2018	March 31, 2017	
Bharat Forge Global Holding GmbH (BFGH) and its wholly owned subsidiaries	Holding	Germany	100%	100%	December 31
i. Bharat Forge Holding GmbH and its wholly owned subsidiaries	Holding	Germany	100%*	100%*	December 31
a) Bharat Forge Aluminiumtechnik GmbH (BFAT)	Forging	Germany	100%*	100%*	December 31
ii. Bharat Forge Kilsta AB	Forging	Sweden	100%*	100%*	December 31
iii. Bharat Forge CDP GmbH and its wholly owned subsidiary		Germany	100%*	100%*	December 31
a) Bharat Forge Daun GmbH	Die Manufacturing	Germany	100%*	100%*	December 31
b) Bharat Forge CDP Trading	Others	Russia	100%*	100%*	December 31
iv. Mecanique Generale Langroise	Others	France	100%*	100%*	December 31
v. Bharat Forge Hong Kong Limited	Others	Hong Kong	100%*	100%*	December 31
Bharat Forge International Limited (formerly a subsidiary of BF GH)	Forging	U.K.	100%	100%*	March 31
Bharat Forge America Inc. and its wholly owned subsidiaries	Holding	U.S.A	100%	100%	December 31
i. Bharat Forge PMT Technologie LLC	Others	U.S.A	100%*	100%*	December 31
ii. Bharat Forge Tennessee Inc.	Forging	U.S.A	100%*	100%*	December 31
BF Infrastructure Limited its subsidiary (Refer note 40)	Others	India	100%	100%	March 31
i. BFIL-CEC JV	Projects	India	100%*	100%*	March 31
Kalyani Strategic Systems Limited and its subsidiary	Others	India	51%	51%	March 31
i. Kalyani Rafael Advanced Systems Private Limited **	Others	India	50%*	100%*	March 31
Analogic Controls India Limited	Others	India	100%	60%	March 31
BF Elbit Advance Systems Private Limited	Others	India	51%*	51%*	March 31
Indigenous IL Limited ***	Others	Israel	100%	NA	December 31

\* held through subsidiaries

\*\* based on control assessment as per Ind AS 110

\*\*\* not consolidated as the company was incorporated in January 2018

#### List of associates which are not included in the consolidation based on materiality

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2018	March 31, 2017	
Talbahn GmbH	Others	Germany	35%*	35%*	December 31

\* held through subsidiaries

#### Details of the Group's ownership interest in associate, which have been included in the consolidation, are as follows:

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2018	March 31, 2017	
Ferrovial Transrail Solutions Private Limited	Projects	India	49%*	49%*	March 31
Hospet Bellary Highways Private Limited	Projects	India	35%*	35%*	March 31
Tork Motors Private Limited (from February 28, 2018)	Others	India	30.37%	NA	March 31

\* held through subsidiaries

### 37. Group information (Contd.)

#### Joint arrangement in which the Group is a joint venturer

Name	Principal activities	Principal place of business	% equity interest		
			March 31, 2018	March 31, 2017	Financial year ended on
ALSTOM Bharat Forge Power Private Limited	Projects	India	NA**	NA**	March 31
BF Premier Energy Systems Private Limited	Others	India	50%*	50%*	March 31
BF NTPC Energy Systems Limited	Projects	India	51%	51%	March 31

\* held through subsidiaries

\*\* Refer note 33

### 38. Business combinations and acquisition of non-controlling interests

#### Acquisition of Bharat Forge PMT Technologie LLC and Bharat Forge Tennessee Inc., USA (during the year ended March 31, 2017)

On December 1, 2016, pursuant to a block deal the Group acquired 100 % stake of 2 entities of Walker Forge Group Inc. ("seller"). 100% of the voting shares in Bharat Forge Tennessee Inc. (BFT) (formerly known as "PMT Holdings LLC") and 100% of the voting shares of Bharat Forge PMT Technologie LLC (BF PMT) (formerly known as "Walker Forge Tennessee LLC") including shares held through BFT. Both the aquirees are non-listed LLCs based in the USA and specialising in manufacture and sale of steel forgings to customers in the automotive, construction, and truck industries. The acquisition of Walker Forge Tennessee LLC fits well with the Group's strategy to build an asset platform that offers value to its customers, partners, and collaborators. The acquisition of Walker Forge Tennessee creates a strategic manufacturing footprint of the Group in North America to leverage the existing customer relationships while simultaneously enabling the Group to address new end market segments and broaden the product portfolio.

#### Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of BF PMT and BFT as at the date of acquisition were:

	In ₹ Million
	Fair value recognised on acquisition
<b>Assets</b>	
Property, plant and equipment	507.92
Cash and cash equivalents	0.13
Trade receivables	191.92
Inventories	258.21
Prepaid expenses	0.26
<b>Liabilities</b>	
Trade payables	78.29
<b>Total identifiable net assets at fair value</b>	<b>880.15</b>
Goodwill arising on acquisition	-
<b>Purchase consideration transferred</b>	<b>880.15</b>

The gross amount and fair value of the trade receivables is ₹ 191.92 million. None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on:

- 1) An assumed discount rate of 14%
- 2) A terminal value, calculated based on long-term sustainable growth rates for the industry ranging from 2% to 4%, which has been used to determine income for the future years
- 3) A reinvestment ratio of 60% of earnings

From the date of acquisition, BF PMT has contributed ₹ 132 million of revenue and ₹ (10) million to the loss before tax from continuing operations of the Group for the previous year. If the combination had taken place at the beginning of the previous year, revenue from continuing operations would have been more by ₹ 1,882 million and the profit before tax from continuing operations for the Group would have been lower by ₹ (336) million.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 38. Business combinations and acquisition of non-controlling interests (Contd.):

	In ₹ Million
<b>Purchase consideration</b>	
Shares issued, at fair value	6.32
	<b>6.32</b>
<b>Analysis of cash flows on acquisition</b>	
Transaction costs of the acquisition (included in cash flows from operating activities)	18.23
Net cash acquired with the subsidiaries (included in cash flows from investing activities)	(0.13)
Transaction costs attributable to issuance of shares (included in cash flows from financing activities, net of tax)	-
<b>Net cash flow on acquisition</b>	<b>18.10</b>

### 39. Merger of BF Infrastructure Ventures Limited ('BFIVL') and BF Infrastructure Limited ('BFIL')

Pursuant to the Honourable High court order dated at July 8, 2016, BFIL acquired BFIVL for synergies of operations and cost savings. The Group had opted to follow accounting treatment as stated in the Honourable High court order. However, as per Ind AS the same will not be construed as a business combination since the acquired components do not meet the definition of business. Accordingly, with effect from the appointed date i.e. April 1, 2015, BFIL had accounted for this merger using pooling of interest method under Accounting Standard 14 for "Accounting for Amalgamations". As per this method, the assets and liabilities are recorded by BFIL at the carrying values (as appearing in the books of BFIVL). The identity of the reserves will be preserved in the financial statements of BFIL.

Thus, the consolidated financial statements had been restated from April 1, 2015 to give effect to the above transaction. There was no impact on the consolidated financial statements due to merger since it is a common control transaction.

### 40. Material partly owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

#### Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation	% equity interest	
		March 31, 2018	March 31, 2017
Kalyani Strategic Systems Limited	India	49%	49%
Kalyani Rafael Advanced Systems Private Limited	India	50%	-
BF Elbit Advance Systems Private Limited	India	49%	49%
Analogic Controls India Limited	India	-	40%

#### Information regarding non-controlling interest

	(In ₹ Million)	
	March 31, 2018	March 31, 2017
<b>Accumulated balances of material non-controlling interest:</b>		
Kalyani Strategic Systems Limited	158.93	89.33
Analogic Controls India Limited	-	11.03
BF Elbit Advance Systems Private Limited	(37.22)	0.04
Kalyani Rafael Advanced Systems Private Limited	172.50	-
<b>Profit/(loss) allocated to material non-controlling interest:</b>		
Kalyani Strategic Systems Limited	(11.32)	(1.53)
Analogic Controls India Limited	-	62.55
BF Elbit Advance Systems Private Limited	(46.92)	-
Kalyani Rafael Advanced Systems Private Limited	(26.52)	-

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

#### 40. Material partly owned subsidiaries (Contd.):

##### Summarised statement of profit and loss for the year ended March 31, 2018:

	(In ₹ Million)			
	Analogic Controls India Limited*	Kalyani Strategic Systems Limited**	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advance Systems Private Limited
<b>Revenue</b>	57.32	6.84	10.09	0.54
Cost of raw materials and components consumed	13.42	5.05	6.69	-
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	1.75	-	-	-
Employee benefits expense	5.71	-	5.77	-
Depreciation and amortisation expense	0.93	0.01	18.64	0.07
Finance costs	20.44	0.02	0.22	9.60
Other expenses	11.91	3.31	25.93	4.46
<b>Profit before tax</b>	<b>3.16</b>	<b>(1.55)</b>	<b>(47.16)</b>	<b>(13.59)</b>
Income tax	(1.44)	(0.48)	-	-
<b>Profit for the year from continuing operations</b>	<b>1.72</b>	<b>(2.03)</b>	<b>(47.16)</b>	<b>(13.59)</b>
<b>Other Comprehensive Income:</b>				
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)</b>				
Re-measurement gain/(losses) on defined benefit plans	0.49	-	(0.05)	-
<b>Other comprehensive income for the year, net of tax</b>	<b>0.49</b>	<b>-</b>	<b>(0.05)</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>2.21</b>	<b>(2.03)</b>	<b>(47.21)</b>	<b>(13.59)</b>
<b>Share in profit and loss of associate/joint venture</b>	<b>-</b>	<b>(0.44)</b>	<b>-</b>	<b>-</b>
Attributable to non-controlling interests**	-	(11.32)	(26.52)	(46.92)
Dividends paid to non-controlling interests	-	-	-	-

\* Analogic Controls India Limited financial information is upto September 2017, as it has become a wholly owned subsidiary of the Group with effect from September 2017 and the same is based on unaudited management accounts.

\*\* Non-controlling interest is calculated at Kalyani Strategic System Limited level, however balance sheet numbers are disclosed at Kalyani Strategic System Limited standalone level.

##### Summarised statement of profit and loss for the year ended March 31, 2017:

	(In ₹ Million)		
	Kalyani Strategic Systems Limited	Analogic Controls India Limited	BF Elbit Advance Systems Private Limited
Revenue	1.14	77.21	-
Cost of raw material and components consumed	5.05	24.71	-
(Increase )/decrease in inventories of finished goods, work-in-progress, dies and scrap	(5.05)	11.32	-
Employee benefits expense	-	12.62	-
Depreciation and amortisation expense	-	3.25	0.26
Finance costs	-	35.35	8.74
Other expenses	3.94	39.21	1.29
<b>Profit before tax</b>	<b>(0.33)</b>	<b>(1.11)</b>	<b>-</b>
Income tax	<b>(3.13)</b>	<b>(50.36)</b>	<b>(10.29)</b>
<b>Profit for the year from continuing operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(3.13)</b>	<b>(50.36)</b>	<b>(10.29)</b>
Attributable to non-controlling interests	(1.53)	-	-
Dividends paid to non-controlling interests	-	-	-

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 40. Material partly owned subsidiaries (Contd.):

Summarised balance sheet as at March 31, 2018:

	(In ₹ Million)		
	Kalyani Strategic Systems Limited*	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advance Systems Private Limited
Inventories and cash and bank balances (current)	20.69	177.41	14.44
Property, plant and equipment and other non-current financial assets (non-current)	332.95	176.21	20.26
Trade and other payables (current)	(1.81)	(8.35)	(110.66)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(0.01)	(0.28)	-
<b>Total equity</b>	<b>351.82</b>	<b>344.99</b>	<b>(75.96)</b>
<b>Attributable to:</b>			
Equity holders of parent	192.88	172.50	(38.74)
<b>Non-controlling interest*</b>	<b>158.93</b>	<b>172.50</b>	<b>(37.22)</b>

\* Non-controlling interest is calculated at Kalyani Strategic System Limited level, however balance sheet numbers are disclosed at Kalyani Strategic System Limited standalone level.

Summarised balance sheet as at March 31, 2017:

	(In ₹ Million)		
	Kalyani Strategic Systems Limited	Analogic Controls India Limited	BF Elbit Advance Systems Private Limited
Inventories and cash and bank balances (current)	151.10	115.10	18.26
Property, plant and equipment and other non-current financial assets (non-current)	149.44	42.32	1.81
Trade and other payables (current)	(118.09)	(206.73)	(102.05)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(0.17)	(129.53)	-
<b>Total equity</b>	<b>182.28</b>	<b>(178.84)</b>	<b>(81.98)</b>
<b>Attributable to:</b>			
Equity holders of parent	92.95	(178.84)	(81.98)
Non-controlling interest	89.33	-	0.04

Summarised cash flow information for the year ended March 31, 2018:

	(In ₹ Million)		
	Kalyani Strategic Systems Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advance Systems Private Limited
Operating	49.55	(4.93)	1.01
Investing	(222.83)	(281.23)	(0.02)
Financing	164.35	288.34	13.43
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(8.93)</b>	<b>2.18</b>	<b>14.42</b>

Summarised cash flow information for the year ended March 31, 2017:

	(In ₹ Million)		
	Kalyani Strategic Systems Limited	Analogic Controls India Limited	BF Elbit Advance Systems Private Limited
Operating	(86.31)	(0.91)	1.31
Investing	(155.51)	50.68	-
Financing	267.62	(50.11)	(1.84)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>25.80</b>	<b>(0.34)</b>	<b>(0.53)</b>

### 41. Interest in Joint Ventures

#### ALSTOM Bharat Forge Power Private Limited

The Group had 49% interest in ALSTOM Bharat Forge Power Private Limited (ABFPPL), a joint venture incorporated in India and involved in manufacturing of the supercritical turbines and generators. The Group's interest in ABFPPL is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements:

#### 41. Interest in Joint Ventures (Contd.):

During the year ended March 31, 2017, the Group, divested its stake in its joint venture operation - ALSTOM Bharat Forge Power Private Limited to its Joint Venture partner GE Pacific Private Limited. The Group has sold its stake of 49% on March 24, 2017. However, as the transaction has concluded near to March 31, 2017, the Group has based on materiality considered March 31, 2017 for the purpose of recording the disposal.

##### Summarised balance sheet

	(In ₹ Million)
	March 31, 2018
	March 31, 2017
Current assets	-
Non-current assets	-
Current liabilities	-
Non-current liabilities	-
<b>Equity</b>	<b>1,763.73</b>
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-
Proportion of the Group's ownership	-
Carrying amount of the investment	-

##### Summarised statement of profit and loss for the year ended:

	(In ₹ Million)
	March 31, 2018
	March 31, 2017
<b>Income</b>	
Revenue from operations	6,128.26
Other income	444.37
	<b>6,572.63</b>
<b>Expenses</b>	
Material cost and erection services	2,545.07
(Increase) / decrease in inventories of work-in-progress	(1,509.13)
Employee benefits expense	1,009.19
Finance costs	1,222.92
Depreciation and amortisation expense	619.75
Other expenses	1,653.35
	<b>5,541.15</b>
<b>Profit before tax</b>	<b>1,031.48</b>
Tax expenses	763.79
<b>Profit for the year (discontinuing operations)</b>	<b>267.69</b>
<b>Other comprehensive income for the year</b>	<b>(13.91)</b>
<b>Total comprehensive income for the year</b>	<b>253.78</b>
<b>Group's share of profit for the year</b>	<b>131.17</b>
<b>Group's share of other comprehensive income</b>	<b>(6.82)</b>

##### BF NTPC Energy Systems Limited

The Group has 51% interest in BF-NTPC Energy Systems Limited, a joint venture incorporated in India and had a plan of manufacturing of castings, forgings, fittings and high Pressure piping, required for Power and other industries, Balance of Plant (BOP) equipment for the power sector etc. The Group's interest in BF-NTPC Energy Systems Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements:

##### Summarised balance sheet

	(In ₹ Million)
	March 31, 2018
	March 31, 2017
Current assets	50.53
Non-current assets	-
Current liabilities	(0.95)
Non-current liabilities	-
<b>Equity</b>	<b>49.58</b>
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-
Proportion of the Group's ownership	51%
Carrying amount of the investment*	-

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 41. Interest in Joint Ventures (Contd.):

Summarised statement of profit and loss for the year ended:

	March 31, 2018	(In ₹ Million) March 31, 2017
<b>Income</b>		
Other income	-	0.01
	-	0.01
<b>Expenses</b>		
Employee benefits expense	1.15	1.09
Depreciation	-	-
Other expenses	12.69	1.38
	13.84	2.47
<b>Loss before tax</b>	<b>(13.84)</b>	<b>(2.46)</b>
Tax expenses	-	-
<b>Loss for the year</b>	<b>(13.84)</b>	<b>(2.46)</b>
<b>Other comprehensive income for the year</b>	-	-
<b>Total comprehensive income for the year</b>	<b>(13.84)</b>	<b>(2.46)</b>
<b>Group's share of loss for the year*</b>	<b>(2.89)</b>	-
<b>Group's share of other comprehensive income for the year</b>	-	-

\* Since the losses during the current year exceed the carrying value of investment the share of loss in the joint venture has been restricted to the extent of the carrying value. The financials of this joint venture are not prepared on going concern basis.

#### BF Premier Energy Systems Private Limited

The Group has 50% interest in BF Premier Energy Systems Private Limited, a joint venture incorporated in India and involved in manufacturing defence products such as Bi-modular cartridges systems, ammunition of selected types, ready to use defence products such as rockets, missiles, mines, bombs, torpedoes and ammunition, etc. The Group's interest in BF Premier Energy Systems Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements:

#### Summarised balance sheet

	March 31, 2018	(In ₹ Million) March 31, 2017
Current assets	0.17	0.03
Non-current assets	0.01	0.02
Current liabilities	(0.10)	(0.90)
Non-current liabilities	-	-
<b>Equity</b>	<b>0.08</b>	<b>(0.85)</b>
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	0.05	-

Summarised statement of profit and loss for the year ended:

	March 31, 2018	(In ₹ Million) March 31, 2017
<b>Income</b>		
Other income	-	0.07
	-	0.07
<b>Expenses</b>		
Employee benefits expense	-	0.54
Depreciation	0.01	0.01
Other expenses	0.06	0.33
	0.07	0.88
<b>Loss before tax</b>	<b>(0.07)</b>	<b>(0.81)</b>
Tax expenses	-	-
<b>Loss for the year</b>	<b>(0.07)</b>	<b>(0.81)</b>
<b>Other comprehensive income for the year</b>	-	-
<b>Total comprehensive income for the year</b>	<b>(0.07)</b>	<b>(0.81)</b>
<b>Group's share of loss for the year</b>	<b>(0.03)</b>	-
<b>Group's share of other comprehensive income for the year</b>	-	-



## 42. Investment in an associate

### Ferrovial Transrail Solutions Private Limited

The Group has 49% interest in Ferrovial Transrail Solutions Private Limited (FTSPL), investment through wholly owned subsidiary. FTSPL is involved in carrying out the project of design, procurement, construction of railway track and railway track related work. The Group's interest in FTSPL is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Group's investment in Ferrovial Transrail Solutions Private Limited based on its IND AS financial statements:

#### Summarised Balance sheet

	(In ₹ Million)	
	March 31, 2018	March 31, 2017
Current assets	109.87	213.15
Non-current assets	151.25	142.02
Current liabilities	(260.68)	(353.99)
Non-current liabilities	(0.26)	(1.02)
<b>Equity</b>	<b>0.18</b>	<b>0.16</b>
Share of the Group in the capital commitment, contingent liabilities of associates*	<b>169.11</b>	<b>169.11</b>
Proportion of the Group's ownership	<b>49%</b>	<b>49%</b>
<b>Carrying amount of the investment</b>	<b>0.07</b>	<b>0.08</b>

#### Summarised statement of profit and loss for the year ended:

	(In ₹ Million)	
	March 31, 2018	March 31, 2017
<b>Income</b>		
Revenue from operations	-	131.91
Other income	1.46	1.25
	1.46	133.16
<b>Expenses</b>		
Project expenses	15.73	67.50
Employee benefits expense	1.46	1.68
Finance costs	44.31	40.88
Depreciation	1.34	1.74
Other expenses	71.79	20.43
	134.63	132.23
<b>Profit before exceptional items and tax</b>	<b>(133.17)</b>	<b>0.93</b>
Exceptional Items-(Loss)/Gain	132.41	
<b>Profit before tax</b>	<b>(0.76)</b>	<b>0.93</b>
Tax expenses	0.65	(0.50)
<b>Profit for the year</b>	<b>(0.11)</b>	<b>0.43</b>
<b>Other comprehensive income</b>	<b>0.12</b>	<b>0.02</b>
<b>Total comprehensive income for the year</b>	<b>0.01</b>	<b>0.45</b>
<b>Group's share of profit for the year</b>	<b>(0.05)</b>	<b>0.22</b>

### Hospet Bellary Highways Private Limited

The Group has 35% interest in Hospet Bellary Highways Private Limited through wholly owned subsidiary. Hospet Bellary Highways Private Limited is involved in road construction activities. The Group's interest in Hospet Bellary Highways Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Group's investment in Hospet Bellary Highways Private Limited based on its IND AS financial statements:

#### Summarised Balance sheet

	(In ₹ Million)	
	March 31, 2018	March 31, 2017
Current assets	0.08	0.08
Non-current assets	-	-
Current liabilities	(129.48)	(129.45)
Non-current liabilities	-	-
<b>Equity</b>	<b>(129.40)</b>	<b>(129.37)</b>
Share of the Group in the capital commitment, contingent liabilities of associates	-	
Proportion of the Group's ownership	<b>35%</b>	<b>35%</b>
<b>Carrying amount of the investment</b>	<b>0.05</b>	<b>0.05</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 42. Investment in an associate (Contd.):

#### Summarised statement of profit and loss for the year ended:

	(In ₹ Million)	
	March 31, 2018	March 31, 2017
<b>Income</b>		
Revenue from operations	-	-
Other income	-	-
	-	-
<b>Expenses</b>		
Other expenses	0.03	0.03
<b>Loss before tax</b>	<b>(0.03)</b>	<b>(0.03)</b>
Tax expenses	-	-
<b>Loss for the year (continuing operations)</b>	<b>(0.03)</b>	<b>(0.03)</b>
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year (continuing operations)</b>	-	<b>(0.03)</b>
<b>Group's share of loss for the year</b>	-	<b>(0.01)</b>

The associate had no contingent liabilities or capital commitments as at March 31, 2018 and March 31, 2017.

#### Tork Motors Private Limited

The Group has acquired 30.37% interest in Tork Motors Private Limited in March 2018. Tork Motors Private Limited is involved in research and development and manufacturing of electric two wheelers. The Group's interest in Tork Motors Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Group's investment in Tork Motors Private Limited based on unaudited management certified accounts.

#### Summarised Balance sheet

	(In ₹ Million)	
	March 31, 2018	March 31, 2017
Current assets	83.51	-
Non-current assets	35.59	-
Current liabilities	(4.39)	-
Non-current liabilities	-	-
<b>Equity</b>	<b>114.71</b>	-
Share of the Group in the capital commitment, contingent liabilities of associates	-	-
Proportion of the Group's ownership	<b>30.37%</b>	<b>0%</b>
<b>Carrying amount of the investment</b>	<b>159.99</b>	-

The Group has invested an amount of ₹100.41 million in equity shares and ₹59.98 million in compulsory convertible preference shares. Group's share of equity is ₹ 34.84 million. Carrying amount of investment includes goodwill on acquisition in interest on associate amounting to ₹ 125.15 million.

#### Summarised statement of profit and loss for the year ended\*:

	(In ₹ Million)	
	March 31, 2018	March 31, 2017
<b>Income</b>		
Revenue from operations	-	-
Other income	0.19	-
	0.19	-
<b>Expenses</b>		
Employee benefit expenses	5.75	-
Finance cost	0.02	-
Depreciation and amortization	1.07	-
Other expenses	8.91	-
<b>Loss before tax</b>	<b>(15.56)</b>	-
Tax expenses	-	-
Current tax	-	-
Deferred tax	-	-
<b>Loss for the year (continuing operations)</b>	<b>(15.56)</b>	-
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive income for the year (continuing operations)</b>	<b>(15.56)</b>	-
<b>Group's share of loss for the period*</b>	<b>(0.39)</b>	-
<b>Group's share of other comprehensive income for the period</b>	-	-

\* The figures with respect to the year ended March 31, 2018 have been considered on the basis of the unaudited management certified accounts of the associates. Management believes that the share in losses of associates is immaterial. The Group has acquired 30.37% stake in the associate with effect from February 27, 2018 accordingly share of group in losses of the associated for the pro rata period is ₹ 0.39 million.

### 43. Gratuity and other post-employment benefit plans

#### Holding company

##### (a) Gratuity plans

###### Funded scheme

The Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. Employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. In case of certain category of employees who have completed 10 years of service, gratuity is calculated based on 30 days salary (last drawn) for each completed year of service and cap for gratuity is 20 years. The scheme is funded with insurance companies in the form of a qualifying insurance policy.

###### Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

##### 1) Liability risks

###### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

###### b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

###### c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

##### 2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India and other insurance companies. LIC and other insurance companies has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. Same account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plans.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	7.70%	7.20%
Expected rate of return on plan assets	7.20%	7.80%
Rate of increase in compensation levels	7.00%	6.00%
Expected average remaining working lives (in years)	7.44	7.48
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	12.00%	12.00%
Age 31 - 44 years	12.00%	12.00%
Age 45 - 50 years	8.00%	8.00%
Age above 50 years	8.00%	8.00%

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 43. Gratuity and other post-employment benefit plans (Contd.):

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Present value of obligation as at the beginning of the period	799.68	713.70
Interest expense	55.90	53.92
Current service cost	54.59	51.41
Benefits (paid)	(46.52)	(44.96)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(8.65)	25.61
<b>Closing defined benefit obligation</b>	<b>855.00</b>	<b>799.68</b>

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Opening fair value of plan assets	529.65	456.14
Interest income	39.84	36.94
Contributions	94.00	79.77
Benefits paid	(46.52)	(44.96)
Remeasurements		
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	0.46	1.76
Closing fair value of plan assets	<b>617.43</b>	<b>529.65</b>
Actual return on plan assets	40.30	38.70

#### Net Interest (Income/Expense)

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Interest (Income) / Expense – Obligation	55.90	53.92
Interest (Income) / Expense – Plan assets	(39.84)	(36.94)
<b>Net Interest (Income) / Expense for the period</b>	<b>16.06</b>	<b>16.98</b>

#### Remeasurement for the period [Actuarial (Gain)/loss]

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Experience (Gain) / Loss on plan liabilities	(24.58)	0.95
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	15.92	24.66
Experience (Gain) / Loss on plan assets	(3.77)	(5.08)
Financial (Gain) / Loss on plan assets	3.32	3.32

#### Amount recognised in statement of Other comprehensive Income (OCI)

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Remeasurement for the period-Obligation (Gain)/Loss	(8.65)	25.61
Remeasurement for the period-Plan assets (Gain)/Loss	(0.46)	(1.76)
<b>Total Remeasurement cost/(credit) for the period recognised in OCI</b>	<b>(9.11)</b>	<b>23.85</b>

#### The amounts to be recognised in the Balance Sheet

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Present value of obligation as at the end of the period	(855.00)	(799.68)
Fair value of plan assets as at the end of the period	617.43	529.65
<b>Net asset / (liability) to be recognised in balance sheet</b>	<b>(237.57)</b>	<b>(270.03)</b>

### 43. Gratuity and other post-employment benefit plans (Contd.):

#### Expense recognised in the statement of profit and loss

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Current service cost	54.59	51.41
Net Interest (Income) / Expense (Refer note 30)	16.06	16.98
<b>Net periodic benefit cost recognised in the statement of profit and loss</b>	<b>70.65</b>	<b>68.39</b>

#### Reconciliation of net asset/(liability) recognised:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Net asset / (liability) recognised at the beginning of the period	(270.03)	(257.56)
Company's contributions	94.00	79.77
Expense recognised for the year	(70.65)	(68.39)
Amount recognised in OCI	9.11	(23.85)
<b>Net asset / (liability) recognised at the end of the period</b>	<b>(237.57)</b>	<b>(270.03)</b>

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2018	As at March 31, 2017
Funds managed by insurer	100.00%	100.00%

#### Sensitivity analysis:-

##### A) Impact of change in discount rate when base assumption is decreased/increased of present value of obligation

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Discount rate</b>		
Decrease by 1%	904.80	842.25
Increase by 1%	810.03	761.39

##### B) Impact of change in salary increase rate when base assumption is decreased/increased of present value of obligation

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Salary increment rate</b>		
Decrease by 1%	816.77	766.61
Increase by 1%	896.49	835.79

##### C) Impact of change in withdrawal rate when base assumption is decreased/increased in present value of obligation

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>Withdrawal rate</b>		
Decrease by 1%	854.28	798.63
Increase by 1%	855.77	800.70

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

#### The followings are the expected benefit payments to the defined benefit plan in future years :

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Particulars		
Within one year	177.15	220.98
After one year but not more than five years	392.02	291.68
After five years but not more than ten years	461.88	339.17

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 43. Gratuity and other post-employment benefit plans (Contd.):

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 6.88 years.

#### (b) Special gratuity

The Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service gets an additional gratuity on departure which will be salary of five months based on last drawn basic salary. The scheme is unfunded.

##### 1) Liability risks

###### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

###### b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

###### c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

##### 2) Unfunded plan risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in the Company's financials and also benefit risk through return on the funds made available for the plan.

The principal assumptions used in determining special gratuity for the Company's plan is shown below:

Particulars	Year ended	Year ended
	March 31, 2018	March 31, 2017
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	7.70%	7.20%
Rate of increase in compensation levels	7.00%	6.00%
Expected average remaining working lives (in years)	7.17	6.86
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	12.00%	12.00%
Age 31 - 44 years	12.00%	12.00%
Age 45 - 50 years	8.00%	8.00%
Age above 50 years	8.00%	8.00%

Changes in the present value of the defined benefit obligation recognised in balance sheet are as follows:

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Present value of obligation as at the beginning of the period	60.40	46.71
Interest expense	4.09	3.45
Current service cost	6.33	3.59
Benefits (paid)	(7.18)	(4.85)
Remeasurements on obligation [Actuarial (Gain)/Loss]	(2.00)	11.50
<b>Closing Defined Benefit Obligation</b>	<b>61.64</b>	<b>60.40</b>

#### Net Interest (Income/Expense)

	In ₹ Million	
	Year ended March 31, 2018	Year ended March 31, 2017
Interest (Income)/Expense – Obligation	4.09	3.45
Interest (Income)/Expense – Plan assets	-	-
<b>Net Interest (Income) / Expense for the period</b>	<b>4.09</b>	<b>3.45</b>

### 43. Gratuity and other post-employment benefit plans (Contd.):

#### Remeasurement for the period [Actuarial (Gain)/Loss]

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Experience (Gain) / Loss on plan liabilities	(3.38)	9.48
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	1.38	2.02
Experience (Gain) / Loss on plan assets	-	-
Financial (Gain) / Loss on plan assets	-	-

#### Amount recognised in Statement of Other comprehensive Income (OCI)

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Remeasurement for the period-Obligation (Gain)/Loss	(2.00)	11.50
Remeasurement for the period-Plan assets (Gain)/Loss	-	-
<b>Total Remeasurement cost/(credit) for the period recognised in OCI</b>	<b>(2.00)</b>	<b>11.50</b>

#### The amounts to be recognised in the Balance Sheet

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Present value of obligation as at the end of the period	(61.64)	(60.40)
Fair value of plan assets as at the end of the period	-	-
<b>Net Asset / (liability) to be recognised in balance sheet</b>	<b>(61.64)</b>	<b>(60.40)</b>

#### Expense recognised in the statement of profit and loss

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Current service cost	6.33	3.59
Net Interest (Income) / Expense (Refer note 30)	4.09	3.45
<b>Net periodic benefit cost recognised in the statement of profit and loss</b>	<b>10.42</b>	<b>7.04</b>

#### Reconciliation of Net Asset/(Liability) recognised:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Net asset / (liability) recognised at the beginning of the period	(60.40)	(46.71)
Company's contributions	-	-
Benefits directly paid by Company	7.18	4.85
Expense recognised for the year	(10.42)	(7.04)
Amount recognised in OCI	2.00	(11.50)
<b>Net asset / (liability) recognised at the end of the period</b>	<b>(61.64)</b>	<b>(60.40)</b>

The followings are the expected benefit payments to the defined benefit plan in future years :

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Within one year	9.80	9.82
After one year but not more than five years	35.59	32.51
After five years but not more than ten years	64.35	54.35

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 9.49 years

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 43. Gratuity and other post-employment benefit plans (Contd.):

#### Sensitivity analysis

##### A) Impact of change in discount rate when base assumption is decrease/increase in present value of obligation

Discount rate	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Decrease by 1%	65.74	64.10
Increase by 1%	57.99	57.10

##### B) Impact of change in salary increase rate when base assumption is decrease/increase in present value of obligation

Salary increment rate	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Decrease by 1%	58.46	57.54
Increase by 1%	65.14	63.55

##### C) Impact of change in withdrawal rate when base assumption is decrease/increase in present value of obligation

Withdrawal rate	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
Decrease by 1%	61.47	57.11
Increase by 1%	61.80	63.57

#### (C) Provident fund

In accordance with the law, all employees of the Company are entitled to receive benefits under the provident fund. The Company operates two plans for its employees to provide employee benefits in the nature of provident fund, viz. defined contribution plan and defined benefit plan.

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Company has no obligation, other than the contribution payable to the provident fund.

Under the defined benefit plan, the Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

#### The details of the defined benefit plan based on actuarial valuation report are as follows:

##### 1) Liability risks:

##### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

##### b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

##### c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

#### The principal assumptions used in determining special gratuity for the Company's plan is shown below:

	Year ended March 31, 2018	Year ended March 31, 2017
Mortality table	IALM(2006-08) ult	IALM(2006-08) ult
Discount rate	7.70%	7.20%
Interest rate declared by EPFO for the year	8.55%	8.65%
Yield spread	0.50%	0.50%
Expected average remaining working lives of employees (in years)	7.54*	7.50*
Withdrawal rate		
Age upto 30 years	12.00%	12.00%
Age 31 - 44 years	12.00%	12.00%
Age 45 - 50 years	8.00%	8.00%
Age above 50 years	8.00%	8.00%

\* It is an actuarially calculated term of the plan using probabilities of death, withdrawal and retirement.



### 43. Gratuity and other post-employment benefit plans (Contd.):

#### (C) Provident fund (Contd.)

Table showing changes in present value of expected interest rate shortfall:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Present value of expected Interest rate shortfall as at the beginning of the period	58.53	22.64
Interest cost	4.21	1.77
Current service cost	3.50	2.48
Actuarial (Gain) / Loss on obligations	(49.10)	31.64
<b>Present value of expected Interest rate shortfall as at the end of the period</b>	<b>17.14</b>	<b>58.53</b>

Table showing changes in fair value of plan assets (Surplus account)

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Fair value of plan assets as at the beginning of the period (Surplus Account)	26.42	20.97
Interest Income	1.89	1.64
Amount transferred to cover shortfall	(0.26)	-
Actuarial Gain / (Loss) on plan assets	(4.50)	3.81
<b>Fair value of plan assets as at the end of the period (Surplus Account)</b>	<b>23.55</b>	<b>26.42</b>

Net Interest (Income/Expense)

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Interest (Income) / Expense – Obligation	4.21	1.77
Interest (Income) / Expense – Plan assets	(1.89)	(1.64)
<b>Net Interest (Income) / Expense for the period</b>	<b>2.32</b>	<b>0.13</b>

Actuarial gain / loss recognised

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Actuarial (Gain) / Loss for the period – Obligation	(49.10)	31.64
Actuarial (Gain) / Loss for the period – Plan assets	4.50	(3.81)
<b>Total (Gain) / Loss for the period</b>	<b>(44.60)</b>	<b>27.83</b>
<b>Actuarial (Gain) / Loss recognised in the period</b>	<b>(44.60)</b>	<b>27.83</b>

The amounts to be recognised in the balance sheet:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Present value of expected Interest rate shortfall as at the end of the period	17.14	58.53
Fair value of the plan assets as at the end of the period (Surplus Account)	23.55	26.42
<b>Surplus / (Deficit)</b>	<b>6.41</b>	<b>(32.11)</b>
Net asset / (liability) recognised in the balance sheet #	6.41	(32.11)

# The Company has not recognised the plan asset in the books based on the concept of prudence.

Amount recognised in Statement of Other comprehensive Income (OCI)

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Remeasurement for the period-Obligation (Gain)/Loss	(49.10)	31.64
Remeasurement for the period-Plan assets (Gain)/Loss	4.50	(3.81)
<b>Total Remeasurement cost/(credit) for the period recognised in OCI</b>	<b>(44.60)</b>	<b>27.83</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 43. Gratuity and other post-employment benefit plans (Contd.):

#### (C) Provident fund (Contd.)

##### Expense recognised in the statement of profit and loss

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Current service cost	3.50	2.48
Net Interest (Income) / Expense (Refer note 30)	2.32	0.13
<b>Net periodic benefit cost recognised in the statement of profit and loss</b>	<b>5.82</b>	<b>2.61</b>

##### Sensitivity analysis

#### A) Impact of change in discount rate when base assumption is decreased/increased by 50 basis point

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Discount rate</b>		
Decrease by 0.50%	44.59	84.84
Increase by 0.50%	-	33.79

#### B) Impact of change in Expected future Interest rate on PF when base assumption is decreased/increased by 50 basis point

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Salary increment rate</b>		
Decrease by 0.50%	-	34.58
Increase by 0.50%	43.60	82.73

#### Overseas Subsidiaries

##### (d) Pension plan

The overseas subsidiaries have a defined pension plan.

The following table summarises the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the pension plan.

	As at March 31, 2018	As at March 31, 2017
Mortality table	Heubeck 2005 G	Heubeck 2005 G
Discount rate	1.30% to 2.24%	1.72% to 2.42%
Expected rate of return on plan assets		
Rate of increase in compensation levels	1.00% to 2.00%	2.00%
Expected average remaining working lives (in years)	0.00%	8.82 to 11.41
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	0.00%	2.30%
Age 31 - 44 years	0.00%	1.10%
Age 45 - 49 years	0.00%	0.70%
Age above 50 years	0.00%	0.30%

#### Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Opening defined benefit obligation	885.82	765.32
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	175.36	-
Interest expense	19.21	20.36
Current service cost	19.64	24.09
Benefits paid	(19.69)	(16.45)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(43.96)	92.50
<b>Closing defined benefit obligation</b>	<b>1,036.39</b>	<b>885.82</b>

### 43. Gratuity and other post-employment benefit plans (Contd.):

#### (d) Pension plan (Contd.):

Changes in the fair value of plan assets recognised in the consolidated balance sheet are as follows:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Opening fair value of plan assets	19.45	-
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	1.56	-
Interest income	0.33	0.57
Contributions	0.61	0.39
Benefits paid	(1.03)	-
Remeasurements-Actuarial gains / (losses)	0.22	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	-	18.49
<b>Closing fair value of plan assets</b>	<b>21.15</b>	<b>19.45</b>
Actual return on plan assets	0.56	0.57
<b>Net Interest (Income/Expense)</b>		
	Year ended March 31, 2018	Year ended March 31, 2017
Interest (Income) / Expense – Obligation	19.21	20.36
Interest (Income) / Expense – Plan assets	(0.33)	(0.57)
Net Interest (Income) / Expense for the period	<b>18.88</b>	<b>19.79</b>
<b>Remeasurement for the period [Acturial (Gain)/loss]</b>		
	Year ended March 31, 2018	Year ended March 31, 2017
Financial (Gain) / Loss on plan liabilities	(40.10)	92.50
<b>Amount recognised in Statement of Other comprehensive Income (OCI)</b>		
	Year ended March 31, 2018	Year ended March 31, 2017
Remeasurement for the period-Obligation (Gain)/Loss	(40.10)	92.50
Total Remeasurement cost/(credit) for the period recognised in OCI	(40.30)	92.50
<b>The amounts to be recognised in the Balance Sheet</b>		
	As at March 31, 2018	In ₹ Million As at March 31, 2017
Present value of defined benefit obligations	(1,036.39)	(885.82)
Fair value of plan assets	21.15	19.45
<b>Net Asset / (liability) to be recognised in balance sheet</b>	<b>(1,015.24)</b>	<b>(866.37)</b>
During the previous year, in addition to above, in case of certain subsidiaries actuarial liability was determined based on estimates amounting to ₹ 59.15 million.		
<b>Expense recognised in the statement of profit and loss</b>		
	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Current service cost	17.92	24.09
Net Interest (Income) / Expense	17.22	19.79
<b>Net periodic benefit cost recognised in the statement of profit &amp; loss</b>	<b>35.14</b>	<b>43.88</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 43. Gratuity and other post-employment benefit plans (Contd.):

#### (d) Pension plan (Contd.):

##### Reconciliation of Net Asset/(Liability) recognised:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Net asset / (liability) recognised at the beginning of the period	(866.37)	(765.32)
Foreign Currency Translation Reserve (FCTR) Impact on Opening Balance	(173.80)	-
Company's contributions	0.61	0.39
Benefits directly paid by Company	18.66	16.45
Expense recognised for the year	(38.52)	(43.88)
Amount recognised in OCI	44.18	(92.50)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	-	18.49
<b>Net asset / (liability) recognised at the end of the period</b>	<b>(1,015.24)</b>	<b>(866.37)</b>

##### The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2018	As at March 31, 2017
Funds managed by insurer	100%	100%

#### Sensitivity analysis

##### Impact of change in discount rate when base assumption is present value of obligation decrease/increase in present value of obligation

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Discount rate		
Decrease by 0.50%	97.57	90.84
Increase by 0.50%	(86.76)	79.34

The pension scheme pertains to employees who have already left the organisation. Hence the impact of change in salary increase rate and withdrawal rate is nil and hence not disclosed.

The followings are the expected contributions to the defined benefit plan in future years:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Within the next 12 months	26.63	5.72
next annual reporting period	-	33.68
Between 2 and 5 years	121.03	101.38
Beyond 5 and 10 years	192.38	167.17
Beyond 10 years	1,405.31	1,234.80
<b>Total expected payments</b>	<b>1,745.35</b>	<b>1,542.75</b>

#### (e) Other long term benefits

Other long term benefits includes early retirement scheme as governed by the local laws amounting to ₹ 49.24 million (March 31, 2017: ₹ 69.11 million) and jubilee scheme as governed by the local laws amounting to ₹ 60.65 million (March 31, 2017: ₹ 49.95 million).

#### Indian subsidiaries

#### (f) Gratuity plans

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.

The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. Majority of the schemes are funded with insurance companies in the form of qualifying insurance policy.

#### Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long-term obligations to make future benefit payments.

### 43. Gratuity and other post-employment benefit plans (Contd.):

#### Indian subsidiaries (Contd.):

##### 1) Liability risks

###### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

###### b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

###### c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

##### 2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India and other insurance companies. LIC and other insurance companies has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. Same account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

#### The principal assumptions used in determining gratuity for the Indian subsidiary's plan is shown below:

	As at March 31, 2018	As at March 31, 2017
Mortality table	IALM 2006-08 Ult	IALM 2006-08 Ult
Discount rate	7.60% - 8.10%	7.46%
Expected rate of return on plan assets	7.71% - 8.25%	8.25%
Rate of increase in compensation levels	4% - 6%	6%
Expected average remaining working lives (in years)	17.32	19.79
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	3.00%	3.00%
Age 31 - 44 years	3.00%	3.00%
Age 45 - 50 years	3.00%	3.00%
Age above 50 years	3.00%	3.00%

#### Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

	As at March 31, 2018	As at March 31, 2017
Opening defined benefit obligation	3.00	3.03
Adjustment to defined benefit obligation	0.84	-
Interest expense	0.16	0.65
Current service cost	0.18	0.15
Benefits paid	(0.26)	(0.58)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(0.85)	(0.25)
<b>Closing defined benefit obligation</b>	<b>3.07</b>	<b>3.00</b>

#### Changes in the fair value of plan assets recognised in the consolidated balance sheet are as follows:

	As at March 31, 2018	As at March 31, 2017
Opening fair value of plan assets	1.80	0.50
Adjustment to fair value of plan asset	-	1.61
Interest Income	0.14	0.15
Contributions	0.18	0.12
Benefits paid	(0.26)	(0.58)
Remeasurements-Actuarial gains / (losses)	-	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	-	-
<b>Closing fair value of plan assets</b>	<b>1.86</b>	<b>1.80</b>
Actual return on plan assets	<b>0.14</b>	<b>0.15</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 43. Gratuity and other post-employment benefit plans (Contd.):

#### Net Interest (Income/Expense)

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Interest (Income) / Expense – Obligation	0.16	0.65
Interest (Income) / Expense – Plan assets	(0.14)	(0.15)
Net Interest (Income) / Expense for the period	0.02	0.50

#### Remeasurement for the period [Actuarial (Gain)/loss]

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Experience (Gain) / Loss on plan liabilities	(0.77)	-
Demographic (Gain) / Loss on plan liabilities	(0.10)	-
Financial (Gain) / Loss on plan liabilities	(0.07)	(0.25)
Experience (Gain) / Loss on plan assets	(0.01)	-
Financial (Gain) / Loss on plan assets	-	-

#### Amount recognised in Statement of Other comprehensive Income (OCI)

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Opening amount recognised in OCI outside profit and loss account	-	-
Remeasurement for the period-Obligation (Gain)/Loss	(0.85)	(0.25)
Remeasurement for the period-Plan assets (Gain)/Loss	-	-
Total Remeasurement cost/(credit) for the period recognised in OCI	(0.85)	(0.25)
<b>Closing amount recognised in OCI outside profit and loss account</b>	<b>(0.85)</b>	<b>(0.25)</b>

#### The amounts to be recognised in the Balance Sheet

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Present value of defined benefit obligations	(3.07)	(3.00)
Fair value of plan assets	1.86	1.80
<b>Net Asset / (liability) to be recognised in balance sheet</b>	<b>(1.21)</b>	<b>(1.20)</b>

In case of certain Indian subsidiaries, actuarial liability is determined based on estimates amounting to ₹ 0.72 million (March 31, 2017: ₹ 0.70 million)

#### Expense recognised in the statement of profit and loss

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Current service cost	0.18	0.15
Net Interest (Income) / Expense	0.02	0.50
<b>Net periodic benefit cost recognised in the statement of profit &amp; loss</b>	<b>0.20</b>	<b>0.65</b>

#### Reconciliation of Net Asset/(Liability) recognised:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Net asset / (liability) recognised at the beginning of the period	(1.20)	(2.53)
Adjustment to opening balance	(0.84)	1.61
Contributions	0.18	0.12
Expense recognised for the year	(0.20)	(0.65)
Amount recognised in OCI	0.85	0.25
Net asset / (liability) recognised at the end of the period	(1.21)	(1.20)

### 43. Gratuity and other post-employment benefit plans (Contd.):

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2018	As at March 31, 2017
Funds managed by insurer	100.00%	100.00%

#### Sensitivity analysis

##### A) Impact of change in discount rate when base assumption is decrease/increase in Present value of obligation

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
<b>Discount rate</b>		
Increase by 1%	1.35	1.64
Decrease by 1%	1.64	2.07

##### B) Impact of change in salary increase rate when base assumption is decrease/increase in Present value of obligation

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
<b>Salary increment rate</b>		
Increase by 1%	1.56	2.09
Decrease by 1%	1.43	1.63

##### C) Impact of change in withdrawal rate when base assumption is decrease/increase in Present value of obligation

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
<b>Withdrawal rate</b>		
Increase by 1%	1.46	1.63
Decrease by 1%	1.51	2.09

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments to the defined benefit plan in future years :

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
<b>Year ending March 31</b>		
Within one year	0.37	0.09
After one year but not more than five years	-	0.45
After five years but not more than ten years	-	2.80
<b>Total expected payments</b>	<b>0.37</b>	<b>3.34</b>

### 44. Contingent liabilities

	In ₹ Million	
	As at March 31, 2018	As at March 31, 2017
<b>Guarantees given by the Group on behalf of other companies</b>		
Balance outstanding	-	348.47
(Maximum amount)	-	(348.47)
<b>Claims against the Group not acknowledged as Debts - to the extent ascertained * # \$</b>	<b>220.10</b>	<b>210.78</b>
Excise/Service tax demands - matters under dispute #	255.13	244.43
Customs demands - matters under dispute #	50.97	50.97
Sales tax demands - matters under dispute #	28.17	42.31
Income tax demands - matters under dispute #	54.92	55.58
Others**	4.86	230.96

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 44. Contingent liabilities (Contd.):

- \* The Claim against the Group comprise of dues in respect to personnel claims (amount unascertainable), local taxes etc.
- \*\* Includes:
- contingent liability to employees as per agreed terms
  - The Group has availed exemption from stamp duty and accordingly was required to start the activities within a period of three years from the date of instrument. The Group will be liable to pay the whole of the stamp duty and applicable penalty in the event it is unable to fulfill this condition. The management believes that the Group will be able to fulfill this condition comfortably and hence cash outflow on that account is highly unlikely.
- # The Group is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No provision has been recognised in the financial statements for the tax demand raised. The management based on its internal assessment and advise by its legal counsel believe that it is only possible, but not probable, that the action will succeed.
- \$ The Group has disputed certain amounts claimed by its suppliers/customers which the Group believes to be not payable as per the underlying contracts. The Group has not provided for the amount, as it believes that there shall not be any probable outflow of resources.

#### Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) under section 392 and 394 of the erstwhile Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Group to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ 277.82 million (March 31, 2017: ₹ 388.74 million).

Note : In cases where the amounts have been accrued, it has not been included above.

Refer notes 41 and 42 for contingent liabilities with respect to group's share in joint venture and associates.

### 45. Capital and other commitments

	As at March 31, 2018	In ₹ Million As at March 31, 2017
(a) Guarantees given by Group's Bankers on behalf of the Group, against sanctioned guarantee limit of ₹ 4,000 million (March 31, 2017: ₹ 4,000 million) for contracts undertaken by the Group and other matters are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares etc., book debts, subject to prior charge in their favour.	2,386.03	2,232.14
(b) Guarantees given by the Company on behalf of Group Companies	1,715.48	
(c) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	2,271.50	1,176.15
(d) Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	119.26	28.00
(e) For commitments relating to lease agreements, please refer note 46	-	
(f) Bank Guarantees extended for Project / Oil Business	208.43	

#### Performance guarantee:

The Group along with its erstwhile joint venture partner has given an irrecoverable and unconditional joint undertakings to the customers of joint venture company - ALSTOM Bharat Forge Power Private Limited (ABFPPL), for transfer of technology, training, execution of steam turbines generator sets and auxiliary equipment and for successful performance of the projects awarded to ABFPPL. During the year the performance guarantee stands cancelled based on the letter received from the purchaser of JV share of the Company.

### 46. Leases

#### (a) Operating leases : Group as lessee

The Group has entered into agreements in the nature of lease/leave and license agreement with different lessors/licensors for the purpose of establishment of office premises/residential accommodations, company cars, forklifts, etc. These are generally in the nature of operating lease/leave and license. There are no transactions in the nature of sub-lease. Period of agreements are generally upto three years and renewal at the options of the lessee. There are no escalation clauses or restrictions placed upon the Group by entering into these leases.



## 46. Leases (Contd.):

The lease rentals charged during the period are as under:-

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Minimum lease payments recognised in the statement of profit and loss during the year</b>		
On cancellable leases	248.23	245.90
On non-cancellable leases	32.00	13.51
	<b>280.23</b>	<b>259.41</b>

The Group has entered into non-cancellable operating leases for building, with lease term of 4 years. The Group has an option to extend the lease by mutual consent. The lease includes escalation clause. Future minimum rentals payable under non-cancellable operating leases as at March 31, 2018 are, as follows:

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Minimum lease payments to be recognised in the statement of profit and loss</b>		
Within one year	22.30	4.17
After one year but not more than five years	31.35	1.24
More than five years	-	-

### (b) Operating leases : Group as lessor

The Group has entered into agreements/arrangement in the nature of lease/sub-lease agreement with different lessees for the purpose of land. These are generally in the nature of operating lease. Period of agreements are generally for three years to ten years and cancellable with a notice of thirty days to six months and renewal at the options of the lessee/lessor.

The lease rentals received during the period is as under

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>Lease rentals received during the year</b>		
On cancellable leases	4.12	4.82
On non-cancellable leases	-	-
	<b>4.12</b>	<b>4.82</b>

### (c) Finance leases : Group as lessee

The Group has finance leases for various items of plant and machinery. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

	March 31, 2018		March 31, 2017	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	59.01	56.05	66.05	62.29
After one year but not more than five years	131.61	127.52	147.08	140.99
More than five years	-	-	19.79	19.62
<b>Total</b>	<b>190.62</b>	<b>183.57</b>	<b>232.92</b>	<b>222.90</b>
Less: Finance charges	7.05	-	10.02	-
<b>Present value of Minimum Lease Payments</b>	<b>183.57</b>	<b>183.57</b>	<b>222.90</b>	<b>222.90</b>

## 47. Deferral/Capitalisation of exchange differences

The Group has availed the option under Ind AS 101 para D13AA, continuing the policy adopted for accounting for exchange differences arising from translation of foreign currency monetary items recognised in financial statements on the date of transition. Accordingly foreign exchange gain/(loss) adjusted against:

	As at March 31, 2018	In ₹ Million As at March 31, 2017
Cost of the assets/capital work in progress	(15.04)	157.60
FCMITDA	(18.26)	141.07
Amortised in the current year	(200.18)	(331.35)

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 48. Loans and advances in the nature of loans given to associates and firms/companies in which directors are interested

	As at March 31, 2018	In ₹ Million As at March 31, 2017
<b>BF Utilities Limited #</b>		
Balance outstanding as at March 31	-	75.00
Maximum amount outstanding during the year	75.00	75.00

# Receivable in 3 years from the date of origination of loan

### 49. Expenditure on research and development

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
<b>A. On revenue account</b>		
Manufacturing expenses:		
Materials	5.81	2.47
Stores, spares and tools consumed	64.08	31.58
Repairs and maintenance		
- Machinery repairs	12.79	9.23
Payments to and provision for employees:		
- Salaries, wages, bonus, allowances, Contribution to provident and other funds and schemes etc.	208.95	195.37
Other expenses:		
Legal and professional charges	5.64	6.78
Membership fees	2.87	2.60
EDP expenses	5.88	9.41
Other expenses	61.75	53.49
<b>Total</b>	<b>367.77</b>	<b>310.93</b>
<b>B. On capital account</b>	6.49	22.44
<b>Total research and development expenditure *</b>	<b>374.26</b>	<b>333.37</b>

Above expenses do not include research expenses incurred by the Group which are not eligible as per DSIR guidelines and for not approved R&D centres/locations.

### 50. Disclosures required under Section 186(4) of the Companies Act, 2013

Name of the loanee	Purpose	Rate of Interest (p.a.)	As at March 31, 2018	In ₹ Million As at March 31, 2017
BF Utilities Limited	General corporate purpose *	10.00%	-	75.00

\* Unsecured and receivable in 3 years from the date of origination of loan

The Group has given guarantees on behalf of the following group companies:

- Bharat Forge Kilsta AB, step down subsidiary company, of ₹ 1,454.73 million (March 31, 2017: ₹ 1,244.70 million) for working capital requirements.
- Bharat Forge America Inc, wholly owned subsidiary company, of ₹ 260.75 million (March 31, 2017: ₹ 259.40 million) for term loan or loans.

### 51. Disclosure pursuant to Indian Accounting Standard (Ind AS) 11 "Construction contracts"

	Year ended March 31, 2018	In ₹ Million Year ended March 31, 2017
Contract revenue recognised during the period	-	41.02
<b>In respect of contracts in progress as at March 31:</b>		
Aggregate amount of contract cost incurred and recognised profits (less recognised losses) for all contracts in progress up to the reporting date	-	20.62
	<b>March 31, 2018</b>	March 31, 2017
Amount of customer advances outstanding for contracts in progress up to the reporting date	-	-
<b>Retention amount due from customers for contracts in progress up to the reporting date</b>	<b>12.07</b>	<b>12.01</b>
<b>Due from customers #</b>	-	-
<b>Due to customers *</b>	<b>1.56</b>	<b>1.37</b>

# Included in trade receivables

\* Included in advance from customers

## 52. Related party disclosures

### (i) Names of the related parties and related party relationship

Related parties with whom transactions have taken place during the period.	
<b>Associates</b>	Ferrovial Transrail Solutions Private Limited (Investment through wholly owned subsidiary), India Hospet Bellary Highways Private Limited (Investment through wholly owned subsidiary), India Tork Motors Private Limited (from February 27, 2018) Talbahh GmbH, Germany
<b>Joint Ventures</b>	ALSTOM Bharat Forge Power Private Limited, India (up to March 24, 2017) BF NTPC Energy Systems Limited, India BF Premier Energy Systems Private Limited, India
<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/associates/joint ventures</b>	Saarloha Advanced Materials Private Limited (up to August 4, 2016) [formerly known as Kalyani Carpenter Special Steels Private Limited] Kalyani Steels Limited, India BF Utilities Limited, India Automotive Axles Limited, India Khed Economic Infrastructure Private Limited, India Kalyani Maxion Wheels Private Limited, India Rafael Advanced Defence Systems Limited, Israel Daimler India Commercial Vehicles Private Limited, India (w.e.f. May 19, 2016 and up to Nov 19, 2017) ALSTOM Holdings, France (up to March 24, 2017) GE Power India Limited (formaly known as ALSTOM India Limited), India (up to March 24, 2017) GE India Industrial Private Limited, India (up to March 24, 2017) ALSTOM POWER INC., USA (up to March 24, 2017) GE India Industrial Pvt Ltd., India (up to March 24, 2017) General Electric Energy UK Limited, UK (up to March 24, 2017) General Electric Switz, Switzerland (up to March 24, 2017) General Electric Technology GmbH (formerly known as ALSTOM Technology Limited), Germany (up to March 24, 2017) General Electric (Switzerland) GmbH (formerly known as ALSTOM Switzerland Limited), Switzerland (up to March 24, 2017) GE Power AG (formerly known as ALSTOM Power GmbH), Germany (up to March 24, 2017) GE Power SP Z.O.O. (formerly known as ALSTOM Power SP Z00), Poland (up to March 24, 2017) ALSTOM Service Sdn Bhd, Malaysia (up to March 24, 2017) ALSTOM Asia Pacific Sdn Bhd, Malaysia (up to March 24, 2017) ALSTOM Beizhong Power (Beijing) Co, China (up to March 24, 2017) ALSTOM Power Italia S.P.A., Italy (up to March 24, 2017) ALSTOM T&D India Limited, India (up to March 24, 2017) Thermodyn S.A.S., France (up to March 24, 2017) ALSTOM Grid SAS, France (up to March 24, 2017) Alstom Middle East Fze, Dubai (UAE) (up to March 24, 2017) ALSTOM Technologie AG, Germany (up to March 24, 2017) ALSTOM Power Systems SA, France (up to March 24, 2017) ALSTOM Power Systems, France (up to March 24, 2017) ALSTOM Support, France (up to March 24, 2017) ALSTOM China Investment Co. Ltd, China (up to March 24, 2017) ALSTOM S&E Africa (PTY), South Africa (up to March 24, 2017) Premier Explosives Limited

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 52. Related party disclosures (Contd.):

#### (i) Names of the related parties and related party relationship (Contd.):

<b>Minority holders</b>	Elbit Systems Land and C4I Limited, Israel
<b>Joint venture partners</b>	NTPC Limited
	Premier Explosives Limited
<b>Enterprises having common Key Management Personnel</b>	Integrated Clean Room Technologies Limited, India
<b>Key management personnel (including subsidiaries/associates/joint ventures)</b>	Mr. B. N. Kalyani
	Mr. A. B. Kalyani
	Mr. G. K. Agarwal
	Mr. B. P. Kalyani
	Mr. S. E. Tandale
	Mr. K. M. Saletore
	Mr. A. C. Daga (up to July 15, 2016)
	Ms. Tejaswini R. Chaudhari (w.e.f. July 16, 2016)
	Mr. P. G. Pawar
	Mr. S. M. Thakore
	Mrs. Lalita D. Gupte
	Mr. P. H. Ravikumar
	Mr. P. C. Bhalerao
	Mr. Naresh Narad
	Mr. Nirjhar Sarkar
	Mr. Rajesh Mahapatra
	Mr. Alain Spohr
	Mr. K. Padmanabham
	Mr. Yogendra Thakar
	Mr. Shodhan Ligam
	Mr. Ashwani Singh (up to September 21, 2017)
	Mr. Pravin Kumar Choudhary
	Mr. Vijaykumar Neginal
	Ms. Preeti Verma
	Mr. Tanay Mishra
<b>Relatives of directors and other directors</b>	Smt. S. N. Kalyani
	Mr. G. N. Kalyani
	Mrs. A. G. Agarwal
	Mrs. S. S. Tandale
	Mr. P. S. Kalyani
	Mrs. V. B. Kalyani
<b>Post employment benefit trust</b>	Bharat Forge Company Limited Staff Provident Fund
	Bharat Forge Company Limited Employees Group Gratuity Fund
	Bharat Forge Company Limited Officers Group Gratuity Fund
	Bharat Forge Company Limited Officers Superannuation Scheme

Transactions and balances less than 10% of the total transactions and balances disclosed as "Others".

## 52. Related party disclosures (Contd.):

### (ii) Related party transactions

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	(In ₹ Million)	
			Year ended March 31, 2018	Year ended March 31, 2017
1.	Purchase of raw materials / stores, spares	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		Saarloha Advanced Materials Private Limited	-	2,576.89
		Kalyani Steels Limited, India	5,384.32	3,995.07
		Kalyani Maxion Wheels Private Limited, India	0.15	
		GE Power AG	-	14.92
	Others	-	558.09	
		<b>5,384.47</b>	<b>7,144.97</b>	
2.	Other expenses			
		- Power, fuel and water		
		<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		BF Utilities Limited, India	71.71	114.91
			<b>71.71</b>	<b>114.91</b>
	- Rent	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		Saarloha Advanced Materials Private Limited	-	0.04
		Automotive Axles Limited, India	0.16	0.16
		GE Power India Limited, India	-	47.48
			<b>0.16</b>	<b>47.68</b>
		<b>Relatives of directors and other directors</b>		
		Mrs. S. S. Tandale	0.18	0.18
			<b>0.18</b>	<b>0.18</b>
	-Directors' fees and travelling expenses	<b>Relatives of directors and other directors</b>		
		Mr. P. G. Pawar	0.57	0.70
		Mr. S. M. Thakore	0.57	0.81
		Mrs. Lalita D. Gupte	0.23	0.22
		Mr. P. H. Ravikumar	0.40	0.63
		Mr. P. C. Bhalerao	0.63	0.68
		Mr. Vimal Bhandari	0.25	0.59
		Mr. Naresh Narad	0.15	0.29
		Dr. T. Mukherjee	0.25	0.49
			<b>3.05</b>	<b>4.41</b>
	- Commission to directors other than managing and whole time directors	<b>Relatives of directors and other directors</b>		
		Mr. P. G. Pawar	1.15	1.40
		Mr. S. M. Thakore	1.15	1.15
		Mrs. Lalita D. Gupte	0.45	0.45
		Mr. P. H. Ravikumar	0.95	0.80
		Mr. P. C. Bhalerao	1.25	1.35
		Mr. Naresh Narad	0.30	0.50
		Dr. T. Mukherjee	0.50	0.40
		Mr. Vimal Bhandari	0.50	0.65
			<b>6.25</b>	<b>6.70</b>
		<i>carried over</i>	<b>81.35</b>	<b>173.88</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 52. Related party disclosures (Contd.):

#### (ii) Related party transactions (Contd.):

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	(In ₹ Million)	
			Year ended March 31, 2018	Year ended March 31, 2017
		<i>brought over</i>	81.35	173.88
	<b>- Project cost</b>	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		General Electric (Switzerland) GmbH	-	12.86
		Others	-	1.87
			-	<b>14.73</b>
	<b>- IT/software/hardware cost</b>	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		General Electric (Switzerland) GmbH	-	19.95
		GE Power India Limited, India	-	11.01
			-	<b>30.96</b>
	<b>- Purchase of engineering services</b>	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		GE Power India Limited, India	-	122.26
		General Electric (Switzerland) GmbH	-	5.49
		GE Power SP Z.O.O.	-	7.89
		ALSTOM Power Systems SA	-	7.46
		GE Power AG	-	0.90
		PNC Infratech Limited	0.32	-
		Others	-	2.84
			<b>0.32</b>	<b>146.84</b>
	<b>- Royalty fees</b>	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		General Electric Technology GmbH	-	34.67
			-	<b>34.67</b>
	<b>- Interest on loan taken</b>	<b>Enterprises having common Key Management Personnel</b>		
		Integrated Clean Room Technologies Limited, India	-	0.30
			-	<b>0.30</b>
		<b>Key managerial personnel</b>		
		Mr. T.V. Prasad	-	0.69
			-	<b>0.69</b>
	<b>- Expenses incurred by other party on behalf of the company</b>	<b>Key managerial personnel</b>		
		Mr. Shodhan Ligam	0.64	-
		Mr. Yogendra Thakar	0.00	-
			<b>0.64</b>	-
	<b>- Support services for transportation</b>	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		General Electric (Switzerland) GmbH	-	9.80
			-	<b>9.80</b>
			<b>82.31</b>	<b>411.87</b>

## 52. Related party disclosures (Contd.):

### (ii) Related party transactions (Contd.):

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	(In ₹ Million)	
			Year ended March 31, 2018	Year ended March 31, 2017
3.	Sale of goods / manufacturing scrap (net of returns, rebates etc.)	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		Saarloha Advanced Materials Private Limited	-	450.02
		Daimler India Commercial Vehicles Private Limited	318.84	223.38
		BF Utilities Limited, India	1.57	
		Kalyani Maxion Wheels Private Limited, India	0.26	
		Automotive Axles Limited, India	418.41	268.22
		Kalyani Steels Limited, India	11.62	5.62
		Rafael Advanced Defence Systems Limited	6.75	-
			<b>757.45</b>	<b>947.24</b>
		<b>Joint Venture</b>		
		ALSTOM Bharat Forge Power Private Limited	-	7.83
			-	<b>7.83</b>
			<b>757.45</b>	<b>955.07</b>
4.	Sale of services	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		Automotive Axles Limited, India	210.44	167.77
		Saarloha Advanced Materials Private Limited (up to August 4, 2016) [formerly known as Kalyani Carpenter Special Steels Private Limited]	-	9.21
			<b>210.44</b>	<b>176.98</b>
		<b>Joint Venture</b>		
		BF NTPC Energy Systems Limited	-	0.60
			-	<b>0.60</b>
	<b>210.44</b>	<b>177.58</b>		
5.	Project revenue	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		GE Power India Limited, India	-	513.38
		ALSTOM Service Sdn Bhd	-	2.80
		ALSTOM Power System SA, France	-	1.72
		ALSTOM S&E Africa (PTY)	-	2.43
		Others	-	2.01
			-	<b>522.34</b>
6.	Other income			
		<b>- Rent</b>		
		<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		Kalyani Maxion Wheels Pvt. Limited	0.05	0.05
	<b>0.05</b>	<b>0.05</b>		
	<b>- Management Consultancy Services</b>	<b>Associates</b>		
		Ferrovia Transrail Solutions Private Limited, India	3.20	-
			<b>3.20</b>	-
			<b>3.25</b>	<b>0.05</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 52. Related party disclosures (Contd.):

#### (ii) Related party transactions (Contd.):

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	(In ₹ Million)	
			Year ended March 31, 2018	Year ended March 31, 2017
7.	<b>Purchase of tangible and intangible assets (including CWIP)</b>	<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>		
		BF Utilities Limited	118.00	-
			<b>118.00</b>	<b>-</b>
8.	<b>Finance provided:</b>			
	<b>- Investments by Group</b>	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		Khed Economic Infrastructure Private Limited	-	173.16
			-	<b>173.16</b>
		<b>Associates</b>		
		Tork Motors Private Limited	160.39	-
			<b>160.39</b>	<b>-</b>
		<b>Joint ventures</b>		
		BF NTPC Energy Systems Limited	2.89	7.19
		BF Premier Energy Systems Private Limited	0.50	-
			<b>3.39</b>	<b>7.19</b>
	<b>- Investments by Joint Venture partner and minority holders</b>	<b>Minority holders</b>		
		Rafael Advanced Defence Systems Limited	95.02	-
		Elbit Systems Land and C4I Limited	9.61	-
			<b>104.63</b>	<b>-</b>
		<b>Joint ventures</b>		
		NTPC Limited	2.78	-
		Premier Explosives Limited	0.50	-
			<b>3.28</b>	<b>-</b>
	<b>- Loan given</b>	<b>Associates</b>		
		Ferrovia Transrail Solutions Private Limited, India	40.51	344.80
			<b>40.51</b>	<b>344.80</b>
			<b>312.20</b>	<b>525.15</b>
9.	<b>Interest income</b>	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		Kalyani Steels Limited, India	21.08	20.22
		BF Utilities Limited, India	5.65	7.50
			<b>26.73</b>	<b>27.72</b>
		<b>Associates</b>		
		Ferrovia Transrail Solutions Private Limited, India	41.05	-
			<b>41.05</b>	<b>-</b>
			<b>67.78</b>	<b>27.72</b>
10.	<b>Advance from customers</b>	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		GE Power India Limited, India	-	296.41
		Automotive Axles Limited	4.20	6.95
			<b>4.20</b>	<b>303.36</b>
11.	<b>Advance given to vendors</b>	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		ALSTOM Beizhong Power (Beijing) Co.	-	1.15
		GE Power India Limited, India	-	109.41
		ALSTOM T&D India Limited	-	49.57
			<b>-</b>	<b>160.13</b>



## 52. Related party disclosures (Contd.):

### (ii) Related party transactions (Contd.):

		(In ₹ Million)		
Sr. no.	Nature of transaction	Name of the related party and nature of relationship	Year ended March 31, 2018	Year ended March 31, 2017
		<b>Joint ventures</b>		
		BF NTPC Energy Systems Limited	-	0.74
			-	<b>0.74</b>
		<b>Associates</b>		
		Ferrovial Transrail Solutions Private Limited, India	-	311.99
			-	<b>311.99</b>
12.	Managerial remuneration	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	185.93	150.92
		Mr. A. B. Kalyani	54.51	43.95
		Mr. G. K. Agarwal	54.61	44.30
		Mr. S. E. Tandale	42.38	34.10
		Mr. B. P. Kalyani	39.87	32.18
		Mr. K. M. Saletore	32.89	24.16
		Mr. A. C. Daga	-	1.32
		Ms. Tejaswini R. Chaudhari	2.46	1.50
		Mr. Alain Spohr	-	7.19
		Mr. Nirjhar Sarkar	-	4.12
		Mr. Rajesh Mahapatra	-	1.93
		Mr. K. Padmanabham	-	1.25
		Mr. Ashwani Singh	0.19	-
		Mr. Pravin Kumar Choudhary	0.30	-
		Mr. Vijaykumar Neginal	0.44	-
		Ms. Preeti Verma	0.17	-
		Mr. Tanay Mishra	0.01	-
			<b>413.76</b>	<b>346.92</b>
13.	Dividend paid	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	0.35	0.12
		Mr. A. B. Kalyani	3.15	1.05
		Mr. G. K. Agarwal	-	0.01
		Mr. B. P. Kalyani	0.03	0.01
		Mr. S. M. Thakore	0.13	0.04
		Mr. P. H. Ravikumar	0.02	0.01
			<b>3.68</b>	<b>1.24</b>
		<b>Relatives of directors and other directors</b>		
		Mr. G. N. Kalyani	3.11	1.04
		Others	0.67	0.22
			<b>3.78</b>	<b>1.26</b>
			<b>7.46</b>	<b>2.50</b>
14.	Loans received / adjusted	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		BF Utilities Limited, India	75.00	-
			<b>75.00</b>	-
15.	Contributions paid	<b>Post Employment Benefit Trusts</b>		
		<b>Provident fund</b>		
		Bharat Forge Company Limited Staff Provident Fund	190.60	174.38
			<b>190.60</b>	<b>174.38</b>
		<b>Gratuity fund</b>		
		Bharat Forge Company Limited Employees Group Gratuity fund	39.00	25.00
		Bharat Forge Company Limited Officer's Group Gratuity fund	55.00	55.00
			<b>94.00</b>	<b>80.00</b>
		<i>carried over</i>	<b>284.60</b>	<b>254.38</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 52. Related party disclosures (Contd.):

#### (ii) Related party transactions (Contd.):

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	(In ₹ Million)	
			Year ended March 31, 2018	Year ended March 31, 2017
		<i>brought over</i>	<b>284.60</b>	<b>254.38</b>
		<b>Superannuation fund</b>		
		Bharat Forge Company Limited Officer's Superannuation scheme	24.67	28.14
			<b>24.67</b>	<b>28.14</b>
			<b>309.27</b>	<b>282.52</b>
<b>16</b>	<b>Provision for diminution in value of loan to associate</b>	<b>Associates</b>		
		Ferrovia Transrail Solutions Private Limited, India	132.42	-
			<b>132.42</b>	<b>-</b>

The above disclosure does not include on behalf payments done by any related party to each other.

#### (iii) Balance outstanding as at the year end

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	(In ₹ Million)	
			As at March 31, 2018	As at March 31, 2018
<b>1</b>	<b>Trade payables</b>	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		Kalyani Steels Limited, India	1,027.08	292.78
		BF Utilities Limited	-	103.30
			<b>1,027.08</b>	<b>396.08</b>
		<b>Enterprises having common Key Management Personnel</b>		
		Integrated Clean Room Technologies Limited, India	-	0.11
		PNC Infratech Limited	0.29	-
			<b>0.29</b>	<b>0.11</b>
			<b>1,027.37</b>	<b>396.19</b>
<b>2</b>	<b>Trade receivable</b>	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		Automotive Axles Limited, India	238.83	175.81
		Daimler India Commercial Vehicles Private Limited	-	70.82
		Kalyani Steels Ltd.	0.74	1.51
		Kalyani Maxion Wheels Private Limited	0.61	0.29
		Others	-	1.51
			<b>240.18</b>	<b>249.94</b>
		<b>Joint ventures</b>		
		ALSTOM Bharat Forge Power Private Limited	-	1.11
			<b>-</b>	<b>1.11</b>
<b>3</b>	<b>Payables for capital goods</b>	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		BF Utilities Limited	34.24	-
			<b>34.24</b>	<b>-</b>
<b>4</b>	<b>Non-current investments</b>	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		Khed Economic Infrastructure Private Limited (including fair value)	637.94	524.71
			<b>637.94</b>	<b>524.71</b>
		<b>Joint ventures</b>		
		BF NTPC Energy Systems Limited	-	-
		BF Premier Energy Systems Pvt. Ltd.	0.05	-
			<b>0.05</b>	<b>-</b>

## 52. Related party disclosures (Contd.):

### (iii) Balance outstanding as at the year end (Contd.):

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	(In ₹ Million)	
			As at March 31, 2018	As at March 31, 2018
		<b>Associates</b>		
		Tork Motors Private Limited	160.39	-
		Ferrovia Transrail Solutions Private Limited	0.07	0.08
		Hospet Bellary Highways Private Limited	0.05	0.05
		Talbahn GmbH	-	-
			<b>160.51</b>	<b>0.13</b>
5	Loans	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		BF Utilities Limited, India	-	75.00
			-	<b>75.00</b>
		<b>Associates</b>		
		Ferrovia Transrail Solutions Private Limited	225.09	317.00
			<b>225.09</b>	<b>317.00</b>
6	Security deposits	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		BF Utilities Limited, India	210.00	210.00
			<b>210.00</b>	<b>210.00</b>
7	Advance to suppliers	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		BF Utilities Limited, India	-	30.00
		Elbit Systems Land and C4I Limited, India	17.67	
			<b>17.67</b>	<b>30.00</b>
8	Interest accrued	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		Kalyani Steels Limited, India	-	10.10
		BF Utilities Limited, India	-	7.50
			-	<b>17.60</b>
		<b>Enterprises having common Key Management Personnel</b>		
		Integrated Clean Room Technologies Limited, India	-	1.22
			-	<b>1.22</b>
9	Loan taken	<b>Enterprises having common Key Management Personnel</b>		
		Integrated Clean Room Technologies Limited, India	-	2.00
			-	<b>2.00</b>
		<b>Key management personnel (including subsidiaries/ joint ventures)</b>		
		Mr. T. V. Prasad	-	4.62
			-	<b>4.62</b>
10	Advance from customers	<b>Enterprises owned or significantly influenced by key management personnel or through their subsidiaries/ associates/joint ventures</b>		
		Automotive Axles Limited, India	4.20	8.14
			<b>4.20</b>	<b>8.14</b>
11	Managerial remuneration payable*	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	109.80	79.00
		Mr. A. B. Kalyani	21.00	13.00
		Mr. G. K. Agarwal	21.00	13.00
		Mr. S. E. Tandale	23.00	17.00
		Mr. B. P. Kalyani	22.50	17.00
		Mr. K. M. Saletore	17.70	11.00
		Mr. K. Padmanabham	-	0.84
		Mr. Pravin Kumar Choudhary	0.02	-
		Mr. Vijaykumar Neginal	0.04	-
		Ms. Preeti Verma	0.03	-
		Mr. Tanay Mishra	0.01	-
			<b>215.10</b>	<b>150.84</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 53. Segment Information (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

			(In ₹ Million)	
Sr. no.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2018	As at March 31, 2018
12	<b>Commission to directors other than managing and whole time directors</b>	<b>Relatives of directors and other directors</b>		
		Mr. P. G. Pawar	1.15	1.40
		Mr. S. M. Thakore	1.15	1.15
		Mrs. Lalita D. Gupte	0.45	0.45
		Mr. P. H. Ravikumar	0.95	0.80
		Mr. P. C. Bhalerao	1.25	1.35
		Mr. Naresh Narad	0.30	0.50
		Dr. T. Mukherjee	0.50	0.40
		Mr. Vimal Bhandari	0.50	0.65
			<b>6.25</b>	<b>6.70</b>
13	<b>Provision for diminution in value of loan to associate</b>	<b>Ferrovia Transrail Solutions Private Limited</b>	(132.42)	-
			<b>(132.42)</b>	-

#### Notes

\* Does not include gratuity and leave encashment since the same is considered for all employees of the Group as a whole.

Outstanding balances at the year end are unsecured with a short term duration and interest free except for loans and settlement occurs in cash. For the year ended March 31, 2018 the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2017 : Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

All transactions were made on normal commercial terms and conditions and at market rates.

The Group has various other welfare trusts to administer the long term benefits for its employees for which no contribution is made in the current or previous year.

### 53. Segment Information

In accordance with paragraph 22 of notified Indian Accounting Standard 108 Operating Segments (Ind AS 108), the Group has disclosed segment information only on the basis of the consolidated financial statements which are presented together with the unconsolidated financial statements. The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group has identified its reporting segments as "Forgings" and "Others" which represents the Group businesses not covered in Forgings. The Chairman is the chief operation decision maker. The Chief operating decision maker monitors the operating results of the business units separately based on the above segments for the purpose of making decisions about resource allocation and performance assessment. Each segment's performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Transfer prices between operating segments, if any, are on an arm's length basis in a manner similar to transactions with third parties.

The "Forgings" segment produces and sells steel forging products comprising of forgings, finished machined crankshafts, front axle assembly and components and ring rolling etc. "Others" primarily include infrastructure projects and other activities.

No operating segments have been aggregated to form the above reportable operating segments.

## 53. Segment Information (Contd.):

Sr. No.		In ₹ Million	
		March 31, 2018	March 31, 2017
<b>1</b>	<b>Segment revenue</b>		
	Revenue from external customers		
a	Forgings	83,993.47	65,788.55
b	Others	153.97	257.68
c	Discontinued operations	-	3,002.86
	<b>Total</b>	<b>84,147.44</b>	<b>69,049.09</b>
	Adjustments and eliminations*	(0.72)	(3,067.53)
	<b>Revenue from operations</b>	<b>84,146.72</b>	<b>65,981.56</b>
<b>2</b>	<b>Segment results</b>		
a	Forgings	14,578.89	9,561.31
b	Others	(128.34)	(73.32)
c	Discontinued operations	-	1,104.66
	<b>Total segment profits (before interest and tax from each reportable segment)</b>	<b>14,450.55</b>	<b>10,592.65</b>
	Less: Finance cost from continuing operations	1,065.31	999.60
	Less: Finance cost from discontinued operations	-	599.23
	Less: Other unallocable expenditure net off unallocable income	473.15	285.07
	<b>Total profits before tax and exceptional items</b>	<b>12,912.09</b>	<b>8,708.75</b>
	Add: Exceptional items (loss)/ gain	(954.48)	1,284.34
	<b>Profits before tax and adjustments</b>	<b>11,957.61</b>	<b>9,993.09</b>
	Adjustments and eliminations*	-	(525.21)
	<b>Profit before tax</b>	<b>11,957.61</b>	<b>9,467.88</b>
<b>3</b>	<b>Segment income/(expense)</b>		
<b>3.1</b>	<b>Segment Depreciation, amortisation and impairment expense</b>		
a	Forgings	4,573.19	4,442.02
b	Others	96.31	79.31
c	Discontinued operations	-	303.68
	<b>Total</b>	<b>4,669.50</b>	<b>4,825.01</b>
	Adjustments and eliminations*	(0.69)	(304.54)
	<b>Depreciation, amortisation and impairment expense</b>	<b>4,668.81</b>	<b>4,520.47</b>
<b>3.2</b>	<b>Segment Income tax expense</b>		
a	Forgings	4,414.41	2,491.46
b	Others	3.21	(0.03)
c	Discontinued operations	-	374.26
	<b>Total</b>	<b>4,417.62</b>	<b>2,865.69</b>
	Adjustments and eliminations	0.32	(374.02)
	<b>Income tax expense</b>	<b>4,417.94</b>	<b>2,491.67</b>
<b>3.3</b>	<b>Share of (loss)/profit of associates and joint ventures (including discontinued operations)</b>		
a	Forgings	-	-
b	Others	(3.78)	0.20
c	Discontinued operations	-	131.17
	<b>Total share of (loss)/profit of associates and joint ventures</b>	<b>(3.78)</b>	<b>131.37</b>
<b>4</b>	<b>Segment assets</b>		
a	Forgings	78,907.96	69,805.97
b	Others	1,785.70	1,926.90
c	Unallocable assets including unutilised fund	19,660.52	17,130.79
	<b>Total</b>	<b>100,354.18</b>	<b>88,863.66</b>
	Adjustments and eliminations*	(190.00)	(30.62)
	<b>Total assets</b>	<b>100,164.18</b>	<b>88,833.04</b>
<b>5</b>	<b>Segment liabilities</b>		
a	Forgings	17,192.70	11,806.80
b	Others	383.80	662.09
c	Unallocable	3,119.84	3,943.40
	<b>Total</b>	<b>20,696.34</b>	<b>16,412.29</b>
	Adjustments and eliminations*	(64.80)	(46.90)
	<b>Total liabilities</b>	<b>20,631.54</b>	<b>16,365.39</b>
	<b>Capital employed</b>	<b>79,532.64</b>	<b>72,467.65</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 53. Segment Information (Contd.):

Sr. No.		In ₹ Million	
		March 31, 2018	March 31, 2017
<b>6</b>	<b>Other disclosures</b>		
<b>6.1</b>	<b>Investments in associates and joint ventures</b>		
a	Forgings	-	-
b	Others	160.14	0.13
	<b>Total</b>	<b>160.14</b>	<b>0.13</b>
	Adjustments and eliminations*	-	-
	<b>Investments in associates and joint ventures</b>	<b>160.14</b>	<b>0.13</b>
<b>6.2</b>	<b>Capital expenditure for the year</b>		
a	Forgings	5,507.69	6,098.98
b	Others	144.67	0.57
c	Discontinued operations	-	765.67
	<b>Total</b>	<b>5,652.36</b>	<b>6,865.22</b>
	Adjustments and eliminations*	(0.02)	(765.67)
	<b>Capital expenditure for the year</b>	<b>5,652.34</b>	<b>6,099.55</b>
<b>7</b>	<b>Information in respect of geographical areas</b>		
<b>7.1</b>	<b>Segment revenue from external customers</b>		
a	Within India	22,916.04	20,525.57
b	Outside India	61,230.68	45,455.99
	Europe	31,531.02	29,277.95
	USA	27,952.23	14,789.29
	Others	1,747.43	1,388.75
	<b>Sub total</b>	<b>61,230.68</b>	<b>45,455.99</b>
	<b>Total</b>	<b>84,146.72</b>	<b>65,981.56</b>

The revenue information above is based on location of the customers.

Sr. No.		In ₹ Million	
		March 31, 2018	March 31, 2017
<b>7.2</b>	<b>Segment non-current assets</b>		
a	Within India	42,676.65	34,491.42
b	Outside India	10,376.58	9,726.45
	<b>Total</b>	<b>53,053.23</b>	<b>44,217.87</b>

#### Reconciliations to amounts reflected in the financial statements

Inter-segment revenues are eliminated upon consolidation. All adjustments and eliminations are part of detailed reconciliations presented further below.

	In ₹ Million	
	March 31, 2018	March 31, 2017
<b>Reconciliation of revenues</b>		
<b>Segment revenue</b>	84,147.45	69,049.09
Less: Revenue from discontinued operations	-	3,002.86
Less: Revenue from joint ventures and associates	0.72	64.67
<b>Total revenue</b>	<b>84,146.72</b>	<b>65,981.56</b>
<b>Reconciliation of results</b>		
<b>Segment results</b>	11,957.61	9,993.09
Less: Results from discontinued operations	-	505.32
Less: Results from joint ventures and associates	-	19.89
<b>Total results</b>	<b>11,957.61</b>	<b>9,467.88</b>
<b>Reconciliation of depreciation, amortisation and impairment expense</b>		
<b>Depreciation, amortisation and impairment expense</b>	4,669.50	4,825.01
Less: Depreciation and amortisation from discontinued operations	-	303.68
Less: Depreciation and amortisation from joint ventures and associates	0.69	0.86
<b>Total Depreciation, amortisation and impairment expense</b>	<b>4,668.81</b>	<b>4,520.47</b>
<b>Reconciliation of income tax expense/income</b>		
<b>Income tax expense</b>	4,417.62	2,865.69
Less: Income tax expense from discontinued operations	-	374.26
Less: Income tax expense from joint ventures and associates	(0.32)	(0.24)
<b>Total income tax expense</b>	<b>4,417.94</b>	<b>2,491.67</b>

### 53. Segment Information (Contd.):

	In ₹ Million	
	March 31, 2018	March 31, 2017
<b>Reconciliation of assets</b>		
<b>Segment assets</b>	<b>100,354.18</b>	<b>88,863.66</b>
Less: Assets pertaining to joint ventures and associates	190.00	30.62
<b>Total assets</b>	<b>100,164.18</b>	<b>88,833.04</b>
<b>Reconciliation of liabilities</b>		
<b>Segment liabilities</b>	<b>20,696.34</b>	<b>16,412.29</b>
Less: Liabilities pertaining to joint ventures and associates	64.80	46.90
<b>Total liabilities</b>	<b>20,631.54</b>	<b>16,365.39</b>
<b>Reconciliation of capital expenditure</b>		
<b>Segment capital expenditure</b>	<b>5,652.36</b>	<b>6,865.22</b>
Less: Capital expenditure pertaining to discontinued operations	-	765.67
Less: Capital expenditure pertaining to joint ventures and associates	0.02	-
<b>Total capital expenditure</b>	<b>5,652.34</b>	<b>6,099.55</b>

\* Adjustment and eliminations include elimination on assets and liabilities of joint ventures and associates companies which has been accounted under equity method.

### 54. Hedging activities and derivatives

#### Derivatives not designated as hedging instruments

The Group has used foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.

#### Cash flow hedges

##### Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in US Dollar and Euro. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

	March 31, 2018		March 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts designated as hedging instruments	1,722.43	-	3,526.86	-

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through statement of profit and loss. Notional amounts of outstanding forward contracts are as follows:

Nature of instrument	Currency	Purpose	March 31, 2018		March 31, 2017	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable sales	656.37	1,958.05	398.11	2,933.80
Forward Contracts	EUR	Hedging of highly probable sales	161.05	(235.62)	83.40	7,633.74

The cash flow hedges of the expected future sales during the year ended March 31, 2018 were assessed to be highly effective and a net unrealised gain of ₹ 1,096.37 million, with a deferred tax liability of ₹ 588.90 million relating to the hedging instruments, is included in OCI. Comparatively, the cash flow hedges of the expected future sales during the year ended March 31, 2017 were assessed to be highly effective and an unrealised gain of ₹ 3,377.78 million with a deferred tax liability of ₹ 1,168.98 million was included in OCI in respect of these contracts.

The amount removed from OCI during the year and included in the carrying amount of the hedging items as a basis adjustment for the year ended March 31, 2018 is detailed in Note 34, totalling ₹ 1,387.41 million (net of deferred tax) (March 31, 2017: ₹ 872.70 million). The amounts retained in OCI at March 31, 2018 are expected to mature and affect the statement of profit and loss till year ended March 31, 2022.

Reclassifications to statement of profit and loss during the year included in OCI are shown in Note 34.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 55. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2018 which is also the date of valuation unless otherwise stated.

#### Financial Instruments by category

	(In ₹ Million)		
	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets at FVTOCI</b>			
<b>Unquoted equity instruments</b>			
Khed Economic Infrastructure Private Limited	-	-	637.94
Gupta Energy Private Limited (Refer note 55 (a))	-	-	-
<b>Quoted equity instruments</b>			
KPIT Technologies Limited	132.73	-	-
<b>Derivative instruments at fair value through OCI</b>			
Cash flow hedges	-	1,722.43	-
<b>Financial assets at FVTPL</b>			
<b>Equity shares (unquoted)</b>			
Tevva Motors (Jersey) Limited (Refer note 55 (b))	-	-	7.92
<b>Unquoted funds</b>			
Investments in private equity fund	-	115.57	-
Investments in mutual funds	-	12,306.00	-
<b>Quoted funds</b>			
Investments in mutual funds	1,651.03	-	-
<b>Financial liabilities at FVTPL</b>			
Derivative liability	-	151.68	-

#### Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2017:

	(In ₹ Million)		
	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets at FVTOCI</b>			
<b>Unquoted equity instruments</b>			
Khed Economic Infrastructure Private Limited	-	-	524.71
Gupta Energy Private Limited (Refer note 55 (a))	-	-	-
<b>Quoted equity instruments</b>			
KPIT Technologies Limited	79.50	-	-
<b>Derivative instruments at fair value through OCI</b>			
Cash flow hedges	-	3,526.86	-
<b>Financial assets at FVTPL</b>			
<b>Unquoted funds</b>			
Investments in private equity fund	-	72.79	-
Investments in mutual funds	-	10,386.78	-
<b>Quoted funds</b>			
Investments in mutual funds	851.67	-	-

There have been no transfers between level 1 and level 2 during the year ended March 31, 2018 and March 31, 2017.

#### Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2018 and March 31, 2017 are as shown below:



## 55. Fair value hierarchy (Contd.):

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity shares in Khed Economic Infrastructure Private Limited	Cost method	Estimated realization rates for developed land and Land under development	<b>March 31, 2018:</b> ₹ 9.70 million to ₹ 12.60 million/ acre <b>March 31, 2017:</b> ₹ 9.30 million to ₹ 12.60 million/ acre	5% increase/ (decrease) in realization rate would result in increase/ (decrease) in fair value per share by ₹ 1.58 (March 31, 2017: ₹ 1.45).
		Estimated realization rates for undeveloped Land	Not Applicable	

- a) The Company has an investment in equity instrument of GEPL. The same is classified as fair value through profit and loss. Over the years GEPL has been making consistent losses. The management of the Company has made attempts to obtain latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with MCA since FY 2014-15. In view of the above, the management believes that the fair value of the investment is Nil as at April 1, 2015 and thereafter.
- b) The investment in preference shares of Tevva Motors (Jersey) Limited has been made in January 2018 based on fair valuation. Management does not expect substantial change in the significant unobservable inputs considered for valuation. Further the investment amount is insignificant. Hence, the sensitivity analysis is not disclosed.

### Reconciliation of fair value measurement of financial assets classified as FVTOCI and FVTPL:

	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Gupta Energy Private Limited	Unquoted equity shares in Tevva Motors (Jersey) Limited
<b>As at March 31, 2016</b>	<b>250.29</b>	-	-
Remeasurement recognised in OCI	101.26	-	-
Purchases	173.16	-	-
Sales	-	-	-
<b>As at March 31, 2017</b>	<b>524.71</b>	-	-
Remeasurement recognised in OCI	113.23	-	-
Purchases	-	-	7.92
Sales	-	-	-
<b>As at March 31, 2018</b>	<b>637.94</b>	-	<b>7.92</b>

## 56. Financial Instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of March 31, 2018 and March 31, 2017, other than those with carrying amounts that are reasonable approximates of fair values:

(In ₹ Million)

	Carrying value		Fair value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
(i) Investments	11,011.21	3,683.79	11,011.21	3,683.79
(ii) Loans	26.13	37.64	26.13	37.64
(iii) Trade receivables	233.77	8.07	233.77	8.07
(iv) Derivative instruments	476.63	1,564.89	476.63	1,564.89
(v) Other non-current financial assets	1,144.04	658.32	1,144.04	658.32
<b>Total financial assets</b>	<b>12,891.78</b>	<b>5,952.71</b>	<b>12,891.78</b>	<b>5,952.71</b>
(i) Borrowings	11,262.31	10,590.70	11,262.31	10,590.70
(ii) Other non-current financial liabilities	151.66	6.40	151.66	6.40
<b>Total financial liabilities</b>	<b>11,413.97</b>	<b>10,597.10</b>	<b>11,413.97</b>	<b>10,597.10</b>

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Further the management assessed that the fair value of security deposits and other non current receivables approximate their carrying amounts largely due to discounting at rates which are an approximation of current lending rates.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 56. Financial Instruments by category (Contd.):

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- (ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- (iii) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- (iv) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own non-performance risk. As at March 31, 2018, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.
- (v) The fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2018 and March 31, 2017 was assessed to be insignificant.

### 57. Financial risk management objectives and policies

The Group's principal financial liabilities other than derivatives, comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds FVTOCI and FVTPL investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Finance and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the Group. The FRMC provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by experienced members from the senior management who have the relevant expertise, appropriate skills and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investment in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2018.

## 57. Financial risk management objectives and policies (Contd.):

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017 including the effect of hedge accounting

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group generally borrows in foreign currency, considering natural hedge it has against its export. Long-term and Short-term foreign currency debt obligations carry floating interest rates and in certain cases with fixed interest rates.

The Group avails short term debt in foreign currency up to tenor of 9 months, in the nature of export financing for its working capital requirements. LIBOR or EURIBOR for the said debt obligations is fixed for the entire tenor of the debt, at the time of availment.

The Group has an option to reset LIBOR or EURIBOR either for 6 Months or 3 months for its long term debt obligations. To manage its interest rate risk, the Group evaluates the expected benefit from either of the LIBOR resetting options and accordingly decides. The Group also has an option for its long term debt obligations to enter into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At March 31, 2018, the Group's entire long term borrowings are at a floating rate of interest.

### Interest rate sensitivity

The Group's total interest cost the year ended March 31, 2018 was ₹ 1,065.31 million and for year ended March 31, 2017 was ₹ 999.62 million. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Group's profit before tax is affected through the impact on floating rate long term borrowings, as follows:

Particulars	Change in basis points	Effect on Profit before tax and equity (₹ million)
<b>March 31, 2018</b>		
USD	+50	53.44
EUR	+50	21.98
EUR*	-50	7.21
GBP	+50	1.52
<b>March 31, 2017</b>		
USD	50	72.47
EUR	+50	18.67
EUR*	-50	-
GBP	+50	2.76

\* During the previous financial year, EURIBOR was trading in negative zone and Euro borrowings were floored at zero, However in FY 2017-18 Group has entered into USD-EUR swap for one of the long term floating rate borrowing to avail the benefit of negative EURIBOR.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's export revenue and long term foreign currency borrowings.

The Group manages its foreign currency risk by hedging its forecasted sales up to 4 years to the extent of 25%-65% on rolling basis and the Group keep its long term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Group may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 57. Financial risk management objectives and policies (Contd.):

#### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of un-hedged monetary assets and liabilities. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in FC/INR rate	Effect on Profit before tax and equity (₹ million)	Effect on other Comprehensive Income (₹ million)
March 31, 2018			
	USD 1	107.68	23.94
	EUR 1	20.94	64.10
March 31, 2017			
	USD 1	175.79	20.00
	EUR 1	19.55	61.08

#### Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of steel. Due to significant volatility of the price of the steel, the Group has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangement.

#### Commodity price sensitivity

As the Group has a back to back pass through arrangements for volatility in raw material prices there is no impact on the profit and loss and equity of the Group.

#### Equity price risk

The Group is exposed to price risk in equity investments and classified on the balance sheet as fair value through profit or loss and through Other comprehensive income. To manage its price risk arising from investments in equity, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with the limits set by the Board of Directors of the Group.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 761.43 million. Sensitivity analysis of major investments has been provided in Note 56.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 132.73 million. A decrease of 10% on the NSE market index could have an impact of approximately ₹ 13.27 million on the OCI or equity attributable to the Group. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

#### Other price risk

The Group invests its surplus funds in mutual funds which are linked to debt markets. The Group is exposed to price risk for investments in mutual funds that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Company's investment policy approved by the Board of Directors. An increase/decrease in interest rates by 0.25% will have an impact of ₹ 34.89 million (March 31, 2017: ₹ 28.10 million)

#### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

#### Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Further, the Group's customers includes marquee OEMs and Tier I companies, having long standing relationship with the Group. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2017, receivable from the Group's top 5 customers accounted for approximately 35% (March 31, 2017: 32%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped in to homogeneous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Group does not hold collateral as security except in case of few customers. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

## 57. Financial risk management objectives and policies (Contd.):

### Other receivables, deposits with banks and loans given

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Group's approved investment policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018 and March 31, 2017 is the carrying amounts as illustrated in the respective notes except for financial guarantees and derivative financial instruments. The Group's maximum exposure relating to financial guarantees and financial derivative instruments is noted in Note 44 and the liquidity table below.

### Liquidity risk

Cash flow forecasting is performed by Treasury function. Treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the compliance with internal cash management. The Group's treasury invests surplus cash in marketable securities as per the approved policy, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held mutual funds of ₹ 13,957.03 million (March 31, 2017: ₹ 11,238.45 million) and other liquid assets of ₹ 3,040.64 million (March 31, 2017: ₹ 3,360.82 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Group's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Group evaluates the option of refinancing entire or part of repayments for extended maturity. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Group is also maintaining surplus funds with short term liquidity for future repayment of loan.

The table below summarises the maturity profile of the Group's financial liabilities

Particulars				(in ₹ million)
	Less than 1 year	1 to 5 years	> 5 years	Total
<b>March 31, 2018</b>				
Borrowings	15,848.17	11,249.90	12.41	27,110.48
Trade and other payables	13,267.86	-	-	13,267.86
Other financial liabilities	6,127.37	153.66	-	6,281.03
	<b>35,243.40</b>	<b>11,403.56</b>	<b>12.41</b>	<b>46,659.37</b>
<b>March 31, 2017</b>				
Borrowings	12,621.79	10,533.73	56.97	23,212.49
Trade and other payables	8,463.34	-	-	8,463.34
Other financial liabilities	8,972.66	6.40	-	8,979.66
	<b>30,057.79</b>	<b>10,540.13</b>	<b>56.97</b>	<b>40,654.89</b>

## 58. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a net debt equity ratio, which is net debt divided by equity. The Group's policy is to keep the net debt equity ratio below 1.00. The Group includes within its borrowings net debt and interest bearing loans less cash and cash equivalents.

Particulars		
	As at March 31, 2018	As at March 31, 2017
Borrowings	32,569.66	31,240.63
Less: Cash and other liquid assets	16,961.63	14,465.41
<b>Net debt</b>	<b>15,608.03</b>	<b>16,775.22</b>
<b>Equity</b>	<b>46,811.30</b>	<b>41,264.07</b>
<b>Net debt / equity Ratio</b>	<b>0.33</b>	<b>0.40</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 58. Capital management (Contd.):

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017.

### 59. Statutory Group Information

Name of the entity in the group	In ₹ Million							
	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
<b>Parent</b>								
<b>Bharat Forge Limited</b>								
Balance as at 31 March, 2018	99.20	46,142.80	93.81	7,072.95	(303.77)	(727.80)	81.56	6,345.15
Balance as at 31 March, 2017	102.81	42,319.32	82.32	5,850.77	156.55	1,622.22	91.77	7,472.99
<b>Subsidiaries</b>								
<b>Indian</b>								
<b>1) B F Infrastructure Limited</b>								
Balance as at 31 March, 2018	(1.19)	(552.65)	(13.90)	(1,047.98)	0.01	0.02	(13.47)	(1,047.96)
Balance as at 31 March, 2017	0.49	200.76	(0.47)	(33.10)	(0.01)	(0.13)	(0.41)	(33.23)
<b>2) Kalyani Strategic Systems Limited</b>								
Balance as at 31 March, 2018	0.76	351.81	(0.03)	(2.04)	-	-	(0.03)	(2.04)
Balance as at 31 March, 2017	0.46	188.61	0.01	0.44	-	-	0.01	0.44
<b>3) Kalyani Rafael Advanced Systems Private Limited</b>								
Balance as at 31 March, 2018	0.74	344.98	(0.57)	(43.03)	(0.02)	(0.05)	(0.55)	(43.08)
Balance as at 31 March, 2017	0.48	198.28	(0.05)	(3.58)	-	-	(0.04)	(3.58)
<b>4) BF Elbit Advanced Systems Private Limited</b>								
Balance as at 31 March, 2018	(0.16)	(75.96)	(0.18)	(13.59)	-	-	(0.17)	(13.59)
Balance as at 31 March, 2017	(0.20)	(81.98)	(0.14)	(10.29)	-	-	(0.13)	(10.29)
<b>5) Analogic Controls India Limited</b>								
Balance as at 31 March, 2018	(0.04)	(17.10)	0.05	3.45	0.41	0.98	0.06	4.43
Balance as at 31 March, 2017	(0.43)	(178.83)	(0.71)	(50.35)	0.03	0.32	(0.61)	(50.03)
<b>6) BFIL - CEC JV</b>								
Balance as at 31 March, 2018	0.00	0.09	0.00	0.01	-	-	0.00	0.01
Balance as at 31 March, 2017	0.00	0.08	0.00	0.03	-	-	0.00	0.03
<b>Foreign</b>								
<b>1) Bharat Forge Global Holding GmbH</b>								
Balance as at 31 December, 2017	17.99	8,370.59	3.33	251.30	(7.88)	(18.89)	2.99	232.41
Balance as at 31 December, 2016	16.82	6,922.91	7.72	548.50	1.91	19.76	6.98	568.26
<b>2) Bharat Forge CDP GmbH</b>								
Balance as at 31 December, 2017	6.95	3,230.71	(0.15)	(11.41)	26.25	62.89	0.66	51.48
Balance as at 31 December, 2016	6.85	2,819.74	(1.04)	(73.72)	(7.43)	(76.96)	(1.85)	(150.68)
<b>3) Bharat Forge Holding GmbH</b>								
Balance as at 31 December, 2017	1.01	471.66	-	-	-	-	-	-
Balance as at 31 December, 2016	1.02	418.98	-	-	-	-	-	-
<b>4) Bharat Forge Aluminiumtechnik GmbH</b>								
Balance as at 31 December, 2017	3.04	1,415.78	(0.04)	(2.67)	0.07	0.17	(0.03)	(2.50)
Balance as at 31 December, 2016	3.06	1,260.08	0.14	10.14	(0.04)	(0.45)	0.12	9.69
<b>5) Bharat Forge Kilsta AB</b>								
Balance as at 31 December, 2017	(0.23)	(105.36)	(2.22)	(167.09)	7.51	17.99	(1.92)	(149.10)
Balance as at 31 December, 2016	0.38	157.06	(1.35)	(95.90)	0.56	5.78	(1.11)	(90.12)
<b>6) Bharat Forge Hong Kong Limited</b>								
Balance as at 31 December, 2017	0.01	4.47	(0.03)	(2.27)	-	-	(0.03)	(2.27)
Balance as at 31 December, 2016	(0.02)	(10.22)	(0.04)	(3.18)	-	-	(0.04)	(3.18)

## 59. Statutory Group Information (Contd.):

Name of the entity in the group	In ₹ Million							
	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
<b>7) Bharat Forge Daun GmbH</b>								
Balance as at 31 December, 2017	0.58	271.70	0.02	1.85	1.58	3.79	0.07	5.64
Balance as at 31 December, 2016	0.57	235.86	(0.03)	(2.45)	(0.58)	(6.04)	(0.10)	(8.49)
<b>8) Mécanique Générale Langroise</b>								
Balance as at 31 December, 2017	0.52	242.66	(1.35)	(101.74)	(0.10)	(0.25)	(1.31)	(101.99)
Balance as at 31 December, 2016	0.79	323.53	(0.82)	(58.51)	0.07	0.78	(0.71)	(57.73)
<b>10) Bharat Forge CDP Trading</b>								
Balance as at 31 December, 2017	0.01	3.04	(0.06)	(4.85)	-	-	(0.06)	(4.85)
Balance as at 31 December, 2016	-	-	-	-	-	-	-	-
<b>11) Bharat Forge International Limited</b>								
Balance as at 31 March, 2018	1.73	806.52	1.49	112.10	-	-	1.44	112.10
Balance as at 31 March, 2017	1.11	455.50	3.43	243.88	-	-	2.99	243.88
<b>12) Bharat Forge America Inc.</b>								
Balance as at 31 December, 2017	1.59	738.33	1.55	116.93	-	-	1.50	116.93
Balance as at 31 December, 2016	1.61	662.82	(0.57)	(40.19)	-	-	(0.49)	(40.19)
<b>13) Bharat Forge PMT Technologie LLC</b>								
Balance as at 31 December, 2017	2.73	1,270.34	0.79	59.54	-	-	0.77	59.54
Balance as at 31 December, 2016	3.13	1,288.24	(0.14)	(10.04)	-	-	(0.12)	(10.04)
<b>14) Bharat Forge Tennessee Inc.</b>								
Balance as at 31 December, 2017	0.96	448.88	0.33	24.70	-	-	0.32	24.70
Balance as at 31 December, 2016	1.10	451.38	(0.01)	(0.45)	-	-	(0.01)	(0.45)
<b>Non-controlling interests in all subsidiaries</b>								
Balance as at 31 March, 2018	0.63	294.20	(1.12)	(84.76)	(0.02)	(0.04)	(1.09)	(84.80)
Balance as at 31 March, 2017	0.24	100.40	0.86	61.02	-	-	0.75	61.02
<b>Associates</b>								
(accounting as per the equity method)								
<b>1) Ferrovia Transrail Solutions Private Limited*</b>								
Balance as at 31 March, 2018		0.18	(0.00)	(0.05)	0.02	0.06	0.00	0.01
Balance as at 31 March, 2017		0.16	0.00	0.01	0.00	0.03	0.00	0.04
<b>2) Hospet Bellary Highways Private Limited*</b>								
Balance as at 31 March, 2018		(129.40)	-	-	-	-	-	-
Balance as at 31 March, 2017		(129.37)	-	-	-	-	-	-
<b>3) Tork Motors Private Limited*</b>								
Balance as at 31 March, 2018		114.71	(0.01)	(0.39)	-	-	(0.01)	(0.39)
Balance as at 31 March, 2017		-	-	-	-	-	-	-
<b>Joint Ventures</b>								
(accounting as per the equity method)								
<b>1) ALSTOM Bharat Forge Power Private Limited*</b>								
Balance as at 31 March, 2018		-	-	-	-	-	-	-
Balance as at 31 March, 2017		1,762.25	1.85	131.17	(0.66)	(6.82)	1.53	124.35
<b>2) BF NTPC Energy Systems Limited*</b>								
Balance as at 31 March, 2018		49.58	(0.04)	(2.89)	-	-	(0.04)	(2.89)
Balance as at 31 March, 2017		57.75	(0.02)	(1.26)	-	-	(0.02)	(1.26)
<b>3) BF Premier Energy Systems Pvt. Limited*</b>								
Balance as at 31 March, 2018		0.08	(0.01)	(0.45)	-	-	(0.01)	(0.45)
Balance as at 31 March, 2017		(0.85)	0.01	0.40	-	-	0.00	0.40
<b>Adjustments arising out of consolidation</b>								
March 31, 2018	(36.85)	(17,140.38)	18.33	1,382.06	375.94	900.72	29.34	2,282.78
March 31, 2017	(40.25)	(16,568.85)	9.06	643.84	(50.40)	(522.27)	1.49	121.57
<b>Total after elimination on account of consolidation-2018</b>	<b>100.00</b>	<b>46,517.11</b>	<b>100.00</b>	<b>7,539.68</b>	<b>100.00</b>	<b>239.59</b>	<b>100.00</b>	<b>7,779.27</b>
<b>Total after elimination on account of consolidation-2017</b>	<b>100.00</b>	<b>41,163.67</b>	<b>100.00</b>	<b>7,107.18</b>	<b>100.00</b>	<b>1,036.22</b>	<b>100.00</b>	<b>8,143.40</b>

## Notes Forming Part of Consolidated Financial Statements

For the year ended March 31, 2018 (Contd.):

### 60. Standards issued but not yet effective

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

Ind AS 115 was notified on March 28, 2018 with guidance to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Group expects to be entitled in exchange for those goods or services. Ind AS 115 is effective for the Group in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Group continues to evaluate the available transition methods and its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. The Group's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The Group has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary.

While the management continues to believe that the impact of Ind AS 115 will not be material, a reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

#### Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after April 1, 2018 and the Group has decided to apply the said amendment prospectively.

#### Other standards

Standard	Impact
Ind AS 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112.	These amendments are unlikely to affect the Group's financial statements.
Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses	These amendments are unlikely to affect the Group's financial statements.
Ind AS 40 - Transfers of Investment Property	Since Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its financial statements.
Ind AS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice	These amendments are unlikely to affect the Group's financial statements.

As per our report of even date

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

For and on behalf of the Board of Directors of  
**Bharat Forge Limited**

**B. N. Kalyani**

Chairman and Managing Director

DIN : 00089380

**Kishore Saletore**

Executive Director & CFO

DIN : 01705850

Place: Pune

Date: May 22, 2018

**G. K. Agarwal**

Deputy Managing Director

DIN : 00037678

**Tejaswini Chaudhari**

Deputy Company Secretary

Membership Number: 18907

Place: Pune

Date: May 22, 2018



## Form AOC-I

**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**  
**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

Part "A": Subsidiaries

Sr. No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit Before Taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of Holding
1	Bharat Forge Global Holding GmbH	Jan 17 to Dec 17	EUR	80.62	403.11	6,731.53	9,408.60	2,273.96	7,342.81	374.12	402.18	124.27	277.91	-	100%
2	Bharat Forge CDP GmbH	Jan 17 to Dec 17	EUR	80.62	40.31	3,359.40	8,295.24	4,895.53	136.18	13,796.80	232.36	-	232.36	-	100%
3	Bharat Forge Holding GmbH	Jan 17 to Dec 17	EUR	80.62	2.02	469.65	1,517.93	1,046.26	810.36	-	(3.41)	-	(3.41)	-	100%
4	Bharat Forge Aluminiumtechnik GmbH	Jan 17 to Dec 17	EUR	80.62	669.16	749.02	4,600.26	3,182.08	-	4,834.56	287.77	-	287.77	-	100%
5	Bharat Forge Kilsta AB	Jan 17 to Dec 17	SEK	7.46	149.20	(66.68)	3,802.15	3,719.63	-	6,303.98	(179.52)	(5.26)	(174.27)	-	100%
6	Bharat Forge Hong Kong Ltd	Jan 17 to Dec 17	USD	63.93	1,131.67	(1,127.42)	5.29	1.04	-	-	(2.18)	0.06	(2.23)	-	100%
7	Bharat Forge Daun GmbH	Jan 17 to Dec 17	EUR	80.62	4.03	285.18	789.35	500.14	-	1,086.20	22.82	-	22.82	-	100%
8	Mecanique Generale Langroise	Jan 17 to Dec 17	EUR	80.62	48.37	154.34	324.52	121.81	-	385.56	(83.20)	(0.09)	(83.12)	-	100%
9	Bharat Forge America Inc.	Jan 17 to Dec 17	USD	63.93	-	738.33	1,256.06	517.73	988.01	-	114.84	0.05	114.79	-	100%
10	Bharat Forge PMT Technologie LLC	Jan 17 to Dec 17	USD	63.93	6.23	1,264.11	1,767.33	496.99	-	2,618.23	58.45	-	58.45	-	100%
11	Bharat Forge Tennessee Inc.	Jan 17 to Dec 17	USD	63.93	0.00	448.88	509.99	61.11	238.94	-	19.99	(4.26)	24.25	-	100%
12	Bharat Forge International Limited	Apr 17 to Mar 18	USD	65.04	6.81	799.71	10,040.21	9,233.69	7.92	15,386.25	148.40	35.26	113.14	-	100%
13	BF Infrastructure Limited	Apr 17 to Mar 18	INR	1.00	1,249.83	(1,802.48)	691.28	1,243.93	0.08	-	1,047.82	(0.16)	1,047.98	-	100%
14	Kalyani Strategic Systems Limited	Apr 17 to Mar 18	INR	1.00	361.13	(9.33)	353.63	1.83	200.01	5.22	(1.56)	0.48	(2.04)	-	51%
15	Kalyani Rafeal Advanced Systems Private Limited	Apr 17 to Mar 18	INR	1.00	398.03	(53.05)	353.62	8.64	-	6.75	(43.03)	-	(43.03)	-	50%
16	BF Elbit Advanced Systems Private Limited	Apr 17 to Mar 18	INR	1.00	19.80	(95.76)	34.70	110.66	-	-	(13.59)	-	(13.59)	-	51%
17	Analogic Controls India Limited	Apr 17 to Mar 18	INR	1.00	184.90	(201.99)	165.90	182.99	-	87.72	6.33	2.88	3.45	-	100%
18	BFIL-CEC JV *	Apr 17 to Mar 18	INR	1.00	-	0.09	27.75	27.66	-	-	0.01	-	0.01	-	100%

\*Unregistered Association of Persons of BF Infrastructure Limited.

**Part “B”: Associates and Joint Ventures**  
**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

S.N.	Name of Associates/Joint Ventures	Ferrovia Transrail Solutions Private Limited	BF Premier Energy Systems Private Limited	BF NTPC Energy Systems Ltd.	Hospet Bellary Highways Pvt. Ltd.	Tork Motors Private Limited	In ₹ Million
1	<b>Latest audited Balance Sheet Date</b>	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018*	
2	<b>Shares of Associate/Joint Ventures held by the company on the year end</b>						
	i Nos.	4,900	100,000	7,128,219	3,500	3,500	3,500
	ii Amount of Investment in Associates/Joint Venture	0.05	1.00	71.28	0.04	0.04	0.04
	ii Extend of Holding %	49%	50%	51%	35%	30.37%	30.37%
3	<b>Description of how there is significant influence</b>	Note-A	Note-A	Note-A	Note-B	Note-C	Note-C
4	<b>Reason why the associate/joint venture is not consolidated</b>	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method
5	<b>Networth attributable to Shareholding as per latest audited Balance Sheet</b>	0.09	0.04	25.29	(45.29)	34.84	34.84
6	<b>Profit / Loss for the year</b>						
	i Considered in Consolidation	(0.05)	(0.04)	(7.06)	-	(0.39)	(0.39)
	ii Not Considered in Consolidation	(0.05)	(0.04)	(6.78)	(0.03)	(0.89)	(0.89)

**Note:**

- A. There is significant influence due to percentage (%) of Share Capital.  
 B. Based on materiality or where control is intended to be temporary.  
 C. The Group has acquired 30.37% interest in Tork Motors Private Limited in March 2018. The figures with respect to the year ended March 31, 2018 have been considered on the basis of the unaudited management certified accounts of the associates for proportionate period.

\* Unaudited financials

For and on behalf of the Board of Directors of  
**Bharat Forge Limited**

**B. N. Kalyani**  
 Chairman and Managing Director  
 DIN : 00089380

**G. K. Agarwal**  
 Deputy Managing Director  
 DIN : 00037678

**Kishore Saleore**  
 Executive Director & CFO  
 DIN : 01705850  
 Place: Pune

**Tejaswini Chaudhari**  
 Deputy Company Secretary  
 Membership Number: 18907

Date: May 22, 2018



**BHARAT FORGE LIMITED**

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**BHARAT FORGE**



**KALYANI**