

Independent Auditor's Report

To the Members of Bharat Forge Limited Report on the Audit of the Consolidated Ind AS Financial Statements

Opinion

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 venture comprising of the consolidated Balance sheet as at March 31, 2019, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information hereinafter referred to as "the consolidated Ind AS financial statements".

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 venture, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 venture as at March 31, 2019, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

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Key audit matters	How our audit addressed the key audit matter
<p>Completeness of revenue in relation to determination of point of time when revenue should be recognized (refer note 2.3.F (accounting policy) and note 24 (financial disclosures) to the consolidated Ind AS financial statements)</p> <p>The Group has revenue from sale of products which includes finished goods and tooling income and sale of services in the form of job work charges. The Group manufactures highly specialized forged and machined finished goods as per specification provided by the customers and based on the production schedules from the customers.</p> <p>The Group recognizes revenue from sale of finished goods at a point of time based on the terms of the contract with customers which varies for each customer. Determination of point in time includes assessment of timing of transfer of significant risk and rewards of ownership, establishing the present right to receive payment for the products, delivery specifications including inco terms, timing of transfer of legal title of the asset and determination of the point of acceptance of goods by customer. Further, the pricing of the products is dependent on metal indices and foreign exchange movements making the price volatile including variable considerations.</p> <p>Due to judgments relating to determination of point of time in satisfaction of performance obligations with respect to sale of products, this matter has been considered as key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • We and other auditors focused on our understanding of the Group's sales process, including design and implementation of controls and tested the operating effectiveness of these controls. • We and other auditors read and understood the Group's accounting policy for revenue recognition. • We and other auditors obtained and read the terms of customer contracts on sample basis to assess various performance obligations in the contract, the point of time of transfer of control and pricing terms. • We and other auditors tested on a sample basis sales invoices for identification of point of time for transfer of control and terms of contract with customers. Further, we have performed procedures on sales by testing on a sample basis to assess whether the control was passed for the sales made at or around the year end based on various supporting documents • We and other auditors also performed various analytical procedures to identify any unusual sales trends for further testing.
<p>Significant estimate and judgement in Hedge accounting including valuations thereof (refer note 2.3.T (accounting policy) and note 9 and 35 (financial disclosures) to the consolidated Ind AS financial statements)</p> <p>The Holding Company enters into derivative financial instruments which are mainly plain vanilla forward contracts to manage its exposure of foreign currency risk of highly probable forecasted transactions which arise during the normal course of its business. These contracts are measured at fair values leading to derivative financial assets of INR 1,982.94 million as at March 31, 2019. The net movement of cashflow hedge reserve for the year is INR 33.29 million net of taxes which is recorded in other comprehensive income. The gain / loss on maturity of such derivative instruments is recorded in the statement of profit and loss along with the relevant hedged item.</p> <p>Due to the changes in risks and estimates during the lifecycle of the customer contracts, in order to apply hedge accounting, management is required to demonstrate that the underlying contract is considered to be a highly probable transaction, that the hedges are highly effective and maintain hedge documentation. A degree of subjectivity is also required to determine when hedge accounting is to be considered as ineffective. Fair value movements of the forward contracts are driven by movements in financial markets. These transactions may have a significant financial effect and have extensive accounting and reporting obligations and accordingly, this is considered as a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • We obtained understanding of the Holding Company's overall hedge accounting strategy, forward contract valuation and hedge accounting process from initiation to settlement of derivative financial instruments including assessment of the design and implementation of controls and tested the operating effectiveness of these controls. • We assessed the Holding Company's accounting policy for hedge accounting in accordance with Ind AS. • We tested the existence of hedging contracts by tracing to the confirmations obtained from respective banks. • We tested management's hedge documentation and contracts, on a sample basis. • We tested on a sample basis the fair values of derivative financial instruments recorded by the Holding Company with the independent balance confirmations obtained from banks. • We involved our valuation specialists to assist in re-performing the year-end fair valuations of derivative financial instruments on a sample basis and compared these valuations with those recorded by the Holding Company including assessing the valuation methodology and key assumptions used therein. • We assessed the disclosure of hedge transactions in the financial statements.

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Key audit matters	How our audit addressed the key audit matter
Significant judgement relating to impairment of investments in associates (refer note 2.3.P (accounting policy) and note 6 (financial disclosures) to the consolidated Ind AS financial statements)	
<p>The Holding Company has investments in associates as at March 31, 2019. The management assesses at least annually the existence of impairment indicators of each shareholdings in such subsidiaries, associates and joint ventures.</p> <p>The processes and methodologies for assessing and determining the recoverable amount of each investments are based on complex assumptions, that by their nature imply the use of the management’s judgment, in particular with reference to identification of impairment indicators, forecast of future cash flows relating to the period covered by the Holding Company’s strategic business plan, normalized cash flows assumed as a basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows.</p> <p>Considering the judgment required for estimating the cash flows and the complexity of the assumptions used, this is considered as a key audit matter.</p>	<p>Our audit procedures included</p> <ul style="list-style-type: none"> • We obtained understanding of the Holding Company’s policy on assessment of impairment of investment in associates and assumptions used by the management including design and implementation of controls. We have tested the operating effectiveness of these controls. • We assessed the methodology used by management to estimate the recoverable value of each investment and consistency with accounting standards. • We compared the carrying values of the Company’s investment in these associates with their respective net asset values as per audited financial statements. • With respect to cases where indicators of impairment were identified by management, we obtained and read the projections / future cashflows along with sensitivity analysis thereof with respect to the relevant investments. • We evaluated management’s methodology, assumptions and estimates used in the calculations. • We evaluated the accounting and disclosure of investment in the financial statements.

Other Information

The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor’s report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Ind AS Financial Statements

The Holding Company’s Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint venture in accordance with the 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. The respective Board of Directors of the companies included in the Group and of its associates and joint venture 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 venture and for preventing and detecting frauds and other irregularities; selection and application

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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.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for assessing the ability of the Group and of its associates and joint venture to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associates and joint venture.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint venture to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint venture of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the Ind AS financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

- We did not audit the Ind AS financial statements and other Ind AS financial information, in respect of nineteen subsidiaries, whose Ind AS financial statements include total assets of INR 39,436.73 million as at December 31, 2018 and March 31, 2019, and total revenues of INR 59,114.77 million and net cash outflows of INR 380.72 million for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which Ind AS financial statements, other financial information and 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 (before other comprehensive income) of INR 12.29 million for the year ended March 31, 2019, as considered in the consolidated Ind AS financial statements, in respect of two associates (including one subsidiary of an associate) 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.
- The accompanying consolidated Ind AS financial statements also include the Group's share of net loss (before other comprehensive income) of INR 101.46 million for the year ended December 31, 2018, as considered in the consolidated Ind AS financial statements, in respect of one associate (including its subsidiary), whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial

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information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of this associate (including its subsidiary), 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 (including its subsidiary), 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 unaudited financial statements and other unaudited 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 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 report 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 purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid 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, the Consolidated Statement of Profit and Loss including the 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 Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 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, none of the directors of the Group's companies, its associates and joint ventures incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- (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) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Holding Company to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us 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 in its consolidated Ind AS financial statements – Refer Note 41 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 - Refer Note 20 to the Consolidated Ind AS Financial Statements.
 - 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, 2019.

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 20, 2019

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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, 2019, 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 and its associate company, 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 and its associate company 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 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 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 consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A

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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 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 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 consolidated Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting With Reference to these In 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 and its associate company, 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, 2019, 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 Ind AS financial statements of the Holding Company, insofar as it relates to its five subsidiary companies and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and associate 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 20, 2019

Consolidated Balance Sheet

As at March 31, 2019

In ₹ Million

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	35,609.04	34,393.36
(b) Capital work-in-progress		8,306.79	3,437.76
(c) Investment property	4	2.89	2.89
(d) Goodwill	5	348.87	429.14
(e) Other intangible assets	5	285.21	171.65
(f) Investment in associates and joint ventures	6	1,056.31	160.16
(g) Financial assets			
(i) Investments	7	8,777.30	11,011.21
(ii) Loans	8	180.00	26.13
(iii) Trade receivables	12	-	233.77
(iv) Derivative instruments	9	1,175.97	476.63
(v) Other financial assets	10	1,364.36	1,144.04
(h) Deferred tax assets (net)	21	639.58	396.55
(i) Income tax assets (net)		92.81	114.69
(j) Other assets	14	3,194.20	2,357.57
		61,033.33	54,355.55
II. Current assets			
(a) Inventories	11	18,446.66	13,598.89
(b) Financial assets			
(i) Investments	7	5,403.02	3,839.98
(ii) Loans	8	27.72	426.76
(iii) Trade receivables	12	21,478.40	19,371.41
(iv) Derivative instruments	9	806.97	1,245.80
(v) Cash and cash equivalents	13	2,862.17	2,346.03
(vi) Other bank balances	13	1,892.44	694.61
(vii) Other financial assets	10	1,174.87	1,245.87
(c) Other assets	14	3,296.76	3,039.31
		55,389.01	45,808.66
Total assets		116,422.34	100,164.21
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	931.27	931.27
(b) Other equity	16	52,829.29	45,585.84
Equity attributable to equity holders of the parent		53,760.56	46,517.11
Non-controlling interests		298.36	294.20
Total equity		54,058.92	46,811.31
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	16,785.16	11,262.31
(ii) Other financial liabilities	19	1.10	153.66
(b) Provisions	20	1,342.94	1,320.88
(c) Deferred tax liabilities (net)	21	2,702.05	2,543.70
(d) Other liabilities	23	444.02	533.57
		21,275.27	15,814.12
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	20,943.31	15,848.17
(ii) Trade payables	22		
Dues to micro enterprises and small enterprises		124.31	46.87
Dues to other than micro enterprises and small enterprises		13,540.06	13,220.98
(iii) Other financial liabilities	19	3,687.92	6,127.37
(b) Provisions	20	725.62	632.05
(c) Other liabilities	23	1,479.31	1,294.05
(d) Current tax liabilities (net)		587.62	369.29
		41,088.15	37,538.78
Total liabilities		62,363.42	53,352.90
Total equity and liabilities		116,422.34	100,164.21

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

For and on behalf of the Board of Directors of
Bharat Forge LimitedB. N. Kalyani
Chairman and Managing Director
DIN : 00089380Kishore Saletore
Executive Director & CFO
DIN : 01705850Place: Pune
Date: May 20, 2019G. K. Agarwal
Deputy Managing Director
DIN : 00037678Tejaswini Chaudhari
Company Secretary
Membership Number: 18907Place: Pune
Date: May 20, 2019

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
In ₹ Million			
Income			
Revenue from operations	24	101,457.33	84,146.72
Other income	25	2,027.93	1,420.07
Total income [i]		103,485.26	85,566.79
Expenses			
Cost of raw materials and components consumed	26	42,386.06	31,776.34
Purchase of traded goods		3,511.01	2,299.35
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	27	(3,753.70)	(1,264.47)
Excise duty on sale of goods		-	569.80
Employee benefits expense	28	12,462.98	10,891.99
Depreciation, amortisation and impairment expense	29	5,207.94	4,668.80
Finance costs	30	1,272.15	1,065.31
Other expenses	31	26,295.26	22,643.80
Total expenses [ii]		87,381.70	72,650.92
Profit before share of (loss) of associates, joint ventures, exceptional items and tax [i - ii]		16,103.56	12,915.87
Share of (loss) of associates and joint ventures		(120.33)	(4.10)
Income tax expense		(6.58)	(0.32)
Share of (loss) of associates and joint ventures		(113.75)	(3.78)
Profit before exceptional items and tax		15,989.81	12,912.09
Exceptional items (loss)	32	-	(954.48)
Profit before tax		15,989.81	11,957.61
Income tax expense			
Current tax		5,742.68	4,318.49
Deferred tax		(78.83)	99.44
Income tax expense		5,663.85	4,417.93
Profit for the year		10,325.96	7,539.68
Other comprehensive income			
Other comprehensive income to be reclassified to profit and loss in subsequent periods (net of tax)			
- Net movement on cash flow hedges	33	51.17	(1,692.51)
- Foreign Currency Monetary Items Translation Difference Account	33	21.02	181.92
- Foreign Currency Translation reserve	33	(207.98)	918.95
		(135.79)	(591.64)
Income tax effect		(17.88)	580.08
	(A)	(153.67)	(11.56)
Other comprehensive income not to be reclassified to profit and loss in subsequent periods (net of tax)			
- Re-measurement (losses)/gains of defined benefit plans	33	(74.38)	126.39
- Net (loss)/gain on FVTOCI equity securities	33	(69.56)	166.47
- Share of other comprehensive income in associates and joint ventures	33	(0.22)	0.09
		(144.16)	292.95
Income tax effect		25.94	(41.80)
	(B)	(118.22)	251.15
Other comprehensive income for the year (net of tax) [A+B]		(271.89)	239.59
Total comprehensive income for the year (net of tax)		10,054.07	7,779.27

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019 (contd.)

In ₹ Million

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Of the total comprehensive income above,			
Attributable to:			
Owners of the parent		10,049.91	7,864.07
Non-controlling interests		4.16	(84.80)
Of the total comprehensive income above,			
Profit for the year			
Attributable to:			
Equityholders of the parent		10,321.73	7,624.44
Non-controlling interests		4.23	(84.76)
Of the total comprehensive income above,			
Other comprehensive income for the year			
Attributable to:			
Equityholders of the parent		(271.82)	239.63
Non-controlling interests		(0.07)	(0.04)
Earnings per share [nominal value per share ₹ 2/- (March 31, 2018: ₹ 2/-)]	34		
Basic		22.17	16.38
Diluted		22.17	16.38

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 20, 2019

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 20, 2019

G. K. Agarwal

Deputy Managing Director

DIN : 00037678

Tejaswini Chaudhari

Company Secretary

Membership Number: 18907

Consolidated statement of changes in equity

for the year ended March 31, 2019

A. Equity share capital:

Equity shares of ₹ 2/- each issued, subscribed and fully paid

Particulars	No. of shares	In ₹ Million
As at March 31, 2017	232,794,316	465.68
Add: Bonus shares issued during the period [Refer note 16(c)(ii)]	232,794,316	465.59
As at March 31, 2018	465,588,632	931.27
As at March 31, 2019	465,588,632	931.27

B. Other equity

Particulars	In ₹ Million										
	Security premium account	Capital reserves	Capital redemption Reserve	Reserves and Surplus	Retained Earnings	Foreign currency translation reserve (FCTR)	Items of OCI	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	Controlling interests	Non Controlling interests	Total
Balance at the April 1, 2017	7,096.48	15.50	300.00	2,948.42	28,373.17	(137.67)	120.13	2,208.80	(226.84)	100.40	40,798.39
- 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
Transfer from retained earnings	-	-	-	-	7,709.16	918.95	166.47	(1,112.43)	181.92	(84.80)	7,779.27
Adjustment for the year	-	-	-	100.00	-	-	-	-	-	-	100.00
Utilised for issue of bonus shares	(165.59)	-	(300.00)	82.06	(71.02)	-	-	-	-	(11.04)	(465.59)
Acquisition of additional shares	-	-	-	-	-	-	-	-	-	289.64	289.64
Transfer to general reserve	-	-	-	-	(100.00)	-	-	-	-	-	(100.00)
Transaction with owners in their capacity as owners											
- 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)
Balance as at March 31, 2018	6,930.89	15.50	-	3,130.48	33,389.64	781.28	286.60	1,096.37	(44.92)	294.20	45,880.04

Consolidated statement of changes in equity

for the year ended March 31, 2019 (contd.)

B. Other equity (contd.)

In ₹ Million

Particulars	Reserves and Surplus			Items of OCI			Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	Non Controlling interests	Total		
	Security premium account	Capital reserves	Capital redemption Reserve	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)				Equity instruments through other comprehensive income	Cash flow hedge reserve
Balance at the April 1, 2018	6,930.89	15.50	-	3,130.48	33,389.64	781.28	286.60	1,096.37	(44.92)	294.20	45,880.04
- Profit for the year	-	-	-	-	10,321.73	-	-	-	-	4.23	10,325.96
- Other Comprehensive Income	-	-	-	(48.59)	(207.98)	(207.98)	(69.56)	33.29	21.02	(0.07)	(271.89)
Transfer from retained earnings	-	-	-	-	10,273.14	(207.98)	(69.56)	33.29	21.02	4.16	10,054.07
Transfer to general reserve	-	-	-	100.00	-	-	-	-	-	-	100.00
Transaction with owners in their capacity as owners					(100.00)						(100.00)
- Equity dividend	-	-	-	-	(1,163.97)	-	-	-	-	-	(1,163.97)
- Tax on equity dividend	-	-	-	-	(239.26)	-	-	-	-	-	(239.26)
- Interim equity dividend	-	-	-	-	(1,163.97)	-	-	-	-	-	(1,163.97)
- Tax on interim equity dividend	-	-	-	-	(239.26)	-	-	-	-	-	(239.26)
Balance as at March 31, 2019	6,930.89	15.50	-	3,230.48	40,756.32	573.30	217.04	1,129.66	(23.90)	298.36	53,127.65

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E3000003

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 Saleatore

Executive Director & CFO

DIN : 01705850

Place: Pune

Date: May 20, 2019

G. K. Agarwal

Deputy Managing Director

DIN : 00037678

Tejaswini Chaudhari

Company Secretary

Membership Number: 18907

Cash Flow Statement

for the year ended March 31, 2019

Particulars	In ₹ Million	
	March 31, 2019	March 31, 2018
Operating activities		
Profit before tax	15,989.81	11,957.61
Add/(Less): Share of (loss)/profit of associates and joint ventures (net of tax)	(113.75)	(3.78)
	16,103.56	11,961.39
Adjustment to reconcile profit before tax to net cash flows		
Depreciation, amortisation and impairment expense	5,207.94	4,668.80
Unrealised foreign exchange loss/(gain)/MTM etc. (net)	(142.17)	730.01
Interest income on fixed deposit and others	(217.98)	(168.05)
Liabilities/provision no longer required written back	(131.98)	(71.14)
Provision for doubtful debts and advances (net) including expected credit loss	45.46	64.85
Bad debts/advances written off	106.27	50.60
Finance costs	1,272.15	1,065.31
(Profit) on sale of property, plant and equipment (net)	(103.15)	(33.24)
Dividend income from investments	(1.47)	(228.47)
Net (gain) on sale of investment	(125.64)	(52.57)
Net (gain) on fair valuation of financial instruments (FVTPL)	(714.75)	(461.23)
Exceptional items	-	954.48
Effects of consolidation	65.56	(902.92)
Operating profit before working capital changes	21,363.80	17,577.82
Movements in working capital :		
(Increase) in trade receivable	(2,032.52)	(5,688.41)
(Increase) in inventories	(4,847.77)	(2,846.86)
(Increase)/Decrease in other financial assets	(292.00)	136.81
(Increase) in other assets	(251.91)	(470.12)
Increase in provisions	22.20	201.61
Increase in trade payables	564.57	4,879.82
(Decrease) in other financial liabilities	(4.93)	(169.63)
Increase/(Decrease) in other liabilities	95.71	(21.95)
Cash generated from operations	14,617.15	13,599.09
Direct taxes paid (net of refunds)	(5,502.47)	(3,925.47)
Net cash flow from operating activities (A)	9,114.68	9,673.62
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(11,770.96)	(5,849.71)
Proceeds from sale of property, plant and equipment and intangible assets	453.45	165.94
Investments in associates/joint ventures	(1,001.98)	(160.03)
Loan given to associates/others	(48.58)	(280.89)
Proceeds from loan given to associates/others	243.75	125.21
Investments in financial instruments	(38,098.74)	(51,144.86)
Proceeds from sale of financial instruments	38,322.49	48,584.83
Interest received	148.24	189.47
Dividends received	1.47	228.47
Net cash (used) in investing activities (B)	(11,750.86)	(8,141.57)

Cash Flow Statement (Contd.)

for the year ended March 31, 2019

In ₹ Million

Particulars	March 31, 2019	March 31, 2018
Financing activities		
Dividend paid on equity shares	(2,327.94)	(2,095.14)
Tax on equity dividend paid	(478.52)	(426.52)
Interest paid	(1,037.83)	(874.67)
Proceeds from borrowings	57,718.45	46,855.90
Repayment of borrowings	(50,197.70)	(46,893.45)
Equity infused by minority shareholders	-	289.64
Net cash from / (used) in financing activities (C)	3,676.46	(3,144.24)
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	1,040.28	(1,612.19)
Cash and cash equivalents at the beginning of the year*	2,029.82	2,723.06
Foreign currency translation reserve movement	(207.99)	918.95
Cash and cash equivalents at the end of the year*	2,862.11	2,029.82
Balances with banks:		
In cash credit and current accounts	2,296.35	1,942.70
Deposits with original maturity of less than three months	564.41	401.22
Cash on hand	1.41	2.11
Total	2,862.17	2,346.03
Less : Cash credit	0.06	316.21
	2,862.11	2,029.82

* Excluding earmarked balances (on unclaimed dividend accounts)

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 20, 2019

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 20, 2019

G. K. Agarwal

Deputy Managing Director

DIN : 00037678

Tejaswini Chaudhari

Company Secretary

Membership Number: 18907

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019

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, 2019. 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 products comprising of forging, finished machined crankshafts, front axle assembly and ring rolling. 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 20, 2019.

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, 2019 and March 31, 2018 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

Notes Forming Part of Consolidated Financial Statements for the year ended March 31, 2019 (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 and associate including its subsidiaries (other than Bharat Forge International Limited) are drawn for the year ended December 31, 2018 and December 31, 2017, whereas the financial statements of the Company are drawn for the year ended March 31, 2019 and March 31, 2018. 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, 2018 and December 31, 2017. The effect of significant transactions and other events that occur between January 1, 2019 and March 31, 2019 and January 01, 2018 to March 31, 2018 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, 2019 and March 31, 2018. The financial statements of Indian subsidiaries/associates/joint controlled entities have been drawn for the year ended March 31, 2019 and March 31, 2018.

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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.

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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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.

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group 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 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 Group'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.

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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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.

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 at each balance sheet date.

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 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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 35)
- Quantitative disclosures of fair value measurement hierarchy (note 51)
- Investment in unquoted equity shares (note 7)
- Investment properties (note 4)
- Financial instruments (including those carried at amortised cost) (note 52)

F. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The policy of recognizing the revenue is determined by the five stage model proposed by Ind AS 115 "Revenue from contract with customers".

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, 2018 to that extent.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 35.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for domestic sales. The normal credit term is 30 to 240 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration and consideration payable to the customer, if any.

Export incentives

Income 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.

Tooling income

Revenue from tooling income is recognised at the point in time when the control of the die is transferred, which is on receipt of customer's approval as per the terms of the contract. The credit period is generally between 30 to 210 days.

Sale of services

Revenue from sale of services is in nature of job work on customer product which normally takes 1 – 4 days maximum and hence revenue is recognized when products are sent to customer on which job work is completed. The normal credit period is 60 days.

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.

Dividends

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

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.2-5 Financial instruments – initial recognition and subsequent measurement.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration in form of advance from customer (or an amount of consideration is due). If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs the obligation as per the contract.

G. 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.

H. 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.

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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

- 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 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:

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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.

I. 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:

- 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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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.

J. 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 capitalized 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.

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)	1 – 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
Power Line	6
Electrical installation	10
Factory equipments	2 – 10
Furniture and fixtures	10
Vehicles	3 – 9
Aircraft	6 – 18

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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.

K. 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 committee.

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.

L. 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.

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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

Group amortizes intangible assets on Straight line basis over the useful life of the asset as 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.

M. 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.

N. 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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.

O. 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 Costs are determined on 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 a 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.

P. 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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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 are 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 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.

Q. 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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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.

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.

R. Post-employment and other employee benefits

Provident fund

The Company operates a defined benefit plan for the eligible employees to provide employee benefit in the nature of provident fund. For the employees of the Group which are not covered under the above plan, a separate plan is operated which is a defined contribution plan.

The eligible employees of the Company 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 Group 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.

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.

With respect of the employees of the Group who are not covered under the above scheme, 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

Gratuity

The Company and some of its Indian subsidiaries operate two defined benefits plan for its employees viz. gratuity and special gratuity scheme, whereas, the overseas subsidiaries operate only one defined benefit plan for gratuity payable to its employees. 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.

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment
- 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 towards 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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.

5. 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)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

- 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.

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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

- d) Financial assets that are measured at FVTOCI

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade 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:

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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.

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 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 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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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.

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 realize the assets and settle the liabilities simultaneously.

T. 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 and interest rate risks respectively. 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (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 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 a charge.

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 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 50 for more details.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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.

U. 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.

V. 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.

W. 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.

X. 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, 2019 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

2.4 Changes in accounting policies and disclosures

I. Revenue from contract with customer

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be 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.

Ind AS 115 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at April 1, 2018.

There is no impact of transition to Ind AS 115 on retained earnings as on April 1, 2018. Therefore, the comparative information was not restated and continues to be reported under Ind AS 11 and Ind AS 18.

II. Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Considerations

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 date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any significant impact on the Group's financial statements.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

3. Property, plant and equipment

	Freehold land	Leasehold land	Buildings (Notes a, b)	Plant and machinery (Notes d)	Plant and machinery on Finance Lease	Railway sidings	Office equipments	Sub Total (A)
In ₹ Million								
Cost								
At April 1, 2017 (Refer note g)	433.88	147.18	6,763.36	29,036.18	343.54	0.02	103.96	36,828.12
Foreign Currency Translation Reserve	24.50	(0.23)	248.35	825.35	40.60	-	7.42	1,145.99
Additions	2.17	-	193.38	5,293.35	-	-	12.55	5,501.45
Disposals	(0.40)	-	(33.98)	(133.97)	-	-	-	(168.35)
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)	-
As at March 31, 2018	460.15	146.95	7,177.06	35,145.68	384.14	0.02	101.73	43,415.73
Foreign Currency Translation Reserve	(2.04)	0.32	5.41	(126.43)	(4.04)	-	2.02	(124.76)
Additions	319.93	3.13	512.84	4,905.66	2.74	-	30.81	5,775.11
Disposals	(10.46)	-	(39.17)	(265.65)	-	-	(4.17)	(319.45)
Other adjustments	-	-	-	-	-	-	-	-
- Borrowing cost	-	-	-	2.36	-	-	-	2.36
- Exchange differences	-	-	19.85	132.51	-	-	-	152.36
As at March 31, 2019	767.58	150.40	7,675.99	39,794.13	382.84	0.02	130.39	48,901.35
Depreciation								
At April 1, 2017 (Refer note g)	-	6.69	582.73	7,349.73	155.81	-	14.01	8,108.97
Foreign Currency Translation Reserve	-	-	47.02	302.37	21.23	-	6.09	376.71
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	-	-	(6.76)	(80.37)	-	-	-	(87.13)
Other adjustments	-	-	-	-	-	-	-	-
- Others (Refer note e)	-	-	-	-	-	-	-	-
At March 31, 2018	-	7.60	949.01	11,197.27	223.08	-	33.78	12,410.74
Foreign Currency Translation Reserve	-	0.02	(4.80)	(66.35)	(2.86)	-	0.47	(73.52)
Charge for the year	-	1.74	340.81	4,063.54	48.23	-	16.85	4,471.17
Disposals	-	-	(6.96)	(178.49)	-	-	(3.63)	(189.08)
Other adjustments	-	-	-	-	-	-	-	-
- Others (Refer note e)	-	(5.09)	-	-	-	-	-	(5.09)
At March 31, 2019	-	4.27	1,278.06	15,015.97	268.45	-	47.47	16,614.22
Net block								
As at March 31, 2018	460.15	139.35	6,228.05	23,948.41	161.06	0.02	67.95	31,004.99
As at March 31, 2019	767.58	146.13	6,397.93	24,778.16	114.39	0.02	82.92	32,287.13

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

3. Property, plant and equipment (contd.)

	Electrical installations	Factory equipments	Furniture and fixtures	Vehicles and aircraft	Power line	Sub Total (B)	Grand Total (A+B)
							In ₹ Million
Cost							
At April 1, 2017 (Refer note g)	178.81	1,692.37	128.56	2,536.29	6.17	4,542.20	41,370.32
Foreign Currency Translation Reserve	-	151.97	-	(8.09)	-	143.88	1,289.87
Additions	-	293.44	35.01	17.73	-	346.18	5,847.63
Disposals	-	(33.82)	(0.07)	(1.69)	-	(35.58)	(203.93)
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
At March 31, 2018	178.81	2,104.61	163.50	2,560.36	6.17	5,013.45	48,429.18
Foreign Currency Translation Reserve	-	(21.66)	-	(0.20)	-	(21.86)	(1,46.62)
Additions	1.70	431.20	39.56	29.70	-	502.16	6,277.27
Disposals	-	(43.85)	(13.59)	(6.33)	-	(63.77)	(383.22)
Other adjustments	-	-	-	-	-	-	-
- Borrowing cost	-	0.03	-	-	-	0.03	2.39
- Exchange differences	-	2.18	-	9.87	-	12.05	164.41
- Others (Refer note e)	-	-	-	4.32	-	4.32	4.32
As at March 31, 2019	180.51	2,472.51	189.47	2,597.72	6.17	5,446.38	54,347.73
Depreciation							
At April 1, 2017 (Refer note g)	64.15	565.03	32.53	383.94	6.17	1,051.82	9,160.79
Foreign Currency Translation Reserve	-	76.44	-	(9.26)	-	67.18	443.89
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)	(0.02)	(0.60)	-	(31.50)	(1,18.63)
Other adjustments	-	-	-	-	-	-	-
- Others (Refer note e)	-	-	0.31	2.84	-	3.15	3.15
At March 31, 2018	88.42	915.44	46.73	568.32	6.17	1,625.08	14,035.82
Foreign Currency Translation Reserve	-	(12.00)	-	-	-	(12.00)	(85.52)
Charge for the year	21.83	325.88	17.33	192.19	-	557.23	5,028.40
Disposals	-	(39.88)	(8.14)	(2.14)	-	(50.16)	(2,39.24)
Other adjustments	-	-	-	-	-	-	-
- Others (Refer note e)	-	-	-	4.32	-	4.32	(0.77)
At March 31, 2019	110.25	1,189.44	55.92	762.69	6.17	2,124.47	18,738.69
Net block							
As at March 31, 2018	90.39	1,189.17	116.77	1,992.04	-	3,388.37	34,393.36
As at March 31, 2019	70.26	1,283.07	133.55	1,835.03	-	3,321.91	35,609.04

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

3. Property, plant and equipment (contd.)

- (a) Buildings include cost of hangar jointly owned with other companies ₹ 0.12 million (March 31, 2018: ₹ 0.12 million)
- (b) Documents for the ownership of Hangar at Lohegaon; Pune and flat at Lullanagar, Pune are not available with the Company.
- (c) Capitalised borrowing costs :
The Company capitalises these borrowing costs in the capital work-in-progress (CWIP) first. 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, 2019 was ₹ Nil (March 31, 2018: ₹ Nil).
- (d) Assets include assets lying with third party amounting to ₹ 162.29 (March 31, 2018: ₹ 170.03).
- (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) As at transition date (i.e. April 1, 2015), the Group has elected to continue with the carrying value (for both gross block and accumulated amortization) of Property, Plant and Equipment and intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed costs. However, for disclosure purpose the group had continued to disclose carrying amount of cost and accumulated depreciation as per previous GAAP. In the current year, the Group has disclosed the carrying value of Property, Plant and Equipment on net basis (i.e. net block as at March 31, 2015 is shown as gross block of April 1, 2015). Accordingly, the cost and accumulated depreciation balances as on April 01, 2017 have been adjusted. This change has no impact on the carrying value of property, plant and equipments or depreciation as disclosed in financial statements.

4. Investment property

	In ₹ Million	
	Total	
Cost		
at April 1, 2017		2.89
Additions		-
Disposals		-
at March 31, 2018		2.89
Additions		-
Disposals		-
at March 31, 2019		2.89
Depreciation and impairment		
at April 1, 2017		-
Depreciation for the year		-
at March 31, 2018		-
Depreciation for the year		-
at March 31, 2019		-
Net block		
at March 31, 2018		2.89
at March 31, 2019		2.89
Information regarding income and expenditure of investment property		
	In ₹ Million	
	March 31, 2019	March 31, 2018
Rental income derived from investment properties (included in Rent in note 25)	2.80	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)	0.20	1.40
Profit arising from investment properties before depreciation and indirect expenses	2.60	1.29
Less : Depreciation	-	-
Profit arising from investment properties before indirect expenses	2.60	1.29

As at March 31, 2019 and March 31, 2018, the fair values of the properties are ₹ 2,445.00 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 main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

4. Investment property (contd.)

The Company has no restrictions (other than the land for which matter is being sub-judice and for which no income has been considered) on the realisability of its investment properties and has no contractual obligations to either construct or develop investment properties or for repairs, maintenance and enhancements. The Group's investment properties consist of three parcels of land situated at Pune, Satara and Chakan. Freehold land parcel 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
Opening balance as at April 1, 2017	2,425.21
Fair value difference	-
Purchases	-
Opening balance as at March 31, 2018	2,425.21
Fair value difference	19.79
Purchases	-
Closing balance as at March 31, 2019	2,445.00

5. Intangibles Assets

In ₹ Million

	Goodwill	Computer Software	Development cost	Patents	Technology License	Total
Cost						
at April 1, 2017 [Refer note 5(a)]	424.18	219.77	126.52	2.05	-	772.52
Foreign Currency Translation Reserve	53.33	13.03	15.90	-	-	82.26
Additions	-	70.14	-	-	37.12	107.26
Disposals	-	(0.66)	-	-	-	(0.66)
Other adjustments	-	-	-	-	-	-
- Exchange differences	-	0.01	-	-	-	0.01
at March 31, 2018	477.51	302.29	142.42	2.05	37.12	961.39
Foreign Currency Translation Reserve	(4.98)	(1.21)	(1.48)	-	-	(7.67)
Additions	-	96.14	-	0.59	120.41	217.14
Disposals	-	(0.94)	-	-	-	(0.94)
Other adjustments	-	-	-	-	-	-
- Exchange differences	-	0.13	-	-	-	0.13
at March 31, 2019	472.53	396.41	140.94	2.64	157.53	1,170.05
Depreciation/ Amortisation						
at April 1, 2017 [Refer note 5(a)]	-	84.98	126.52	2.05	-	213.55
Foreign Currency Translation Reserve	4.24	5.18	15.90	-	-	25.32
Charge for the year	-	76.22	-	-	1.83	78.05
Impairment	44.13	-	-	-	-	44.13
Disposals	-	(0.45)	-	-	-	(0.45)
at March 31, 2018	48.37	165.93	142.42	2.05	1.83	360.60
Foreign Currency Translation Reserve	(1.03)	(0.72)	(1.48)	-	-	(3.23)
Charge for the year	-	83.37	-	0.09	19.76	103.22
Impairment	76.32	-	-	-	-	76.32
Disposals	-	(0.94)	-	-	-	(0.94)
at March 31, 2019	123.66	247.64	140.94	2.14	21.59	535.97
Net Block (Refer note 5(a))						
at March 31, 2018	429.14	136.36	-	-	35.29	600.79
at March 31, 2019	348.87	148.77	-	0.50	135.94	634.08

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

5. Intangibles (contd.)

(a) As at transition date (i.e. April 1, 2015), the Group has elected to continue with the carrying value (for both gross block and accumulated amortization) of Intangible assets as recognised in the financial statements as per previous GAAP and had regarded those values as the deemed costs. In the current year, the Group has shown the carrying value of Intangible Assets on net basis (i.e. net block as at March 31, 2015 is shown as gross block of April 1, 2015). Accordingly, balances as on April 01, 2017 have been adjusted.

Impairment of Goodwill:

The Group has identified the Company Mécanique Générale Langroise (MGL) as the CGU to which goodwill has been allocated. MGL is involved in machining of Oil & Gas and other industrial sector components. The goodwill generated through business combination has been entirely allocated to CGU 'MGL'. The carrying amount of goodwill as at March 31, 2019 is ₹ 348.87 million (March 31, 2018 : ₹ 429.18 million) net of impairment. The Group performed its annual impairment test for year ended December 31, 2018 and December 31, 2017 in February 2019 and February 2018, respectively. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. As at February 2019, due to market conditions, indicating a potential impairment of goodwill, the management has provided for additional impairment of ₹ 76.32 million for the year ended March 31, 2019 (March 31, 2018: ₹ 44.13 million).

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (Discount rate) : 10.9% (March 31, 2018 : 11.1%)

Terminal growth rate : 1.9% (March 31, 2018 : 1.7%)

The discount rate is calculated as follows : $WACC = \text{Cost of equity} \times (1 - \text{gearing}) + \text{Cost of debt} \times (1 - \text{tax rate}) \times \text{gearing}$. The terminal growth rate used is in line with long term inflation rate.

The Group has 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

6. Investment in associates and joint ventures*

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
At cost		
Unquoted equity instruments (fully paid)		
- Investment in associates		
Talbahh GmbH (note 6 (a))	0.30	0.30
Less: Provision for diminution	(0.30)	(0.30)
	-	-
49,000 (March 31, 2018: 49,000) equity shares of ₹ 10/- each fully paid up in Ferrovia Transrail Solutions Private Limited (Refer note 39)	-	0.07
3,500 (March 31, 2018: 3,500) equity shares of ₹ 10/- each fully paid up in Hospet Bellary Highways Private Limited (Refer note 39)	0.05	0.05
12,313 (March 31, 2018: 4,736) equity shares of ₹ 10/- each fully paid up in Tork Motors Private Limited Refer note 6 (b)(i), 6 (b)(ii) and note 39)	247.57	100.01
794,217 (March 31, 2018 : Nil) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Limited [GBP 10,094,948 (March 31, 2018 : Nil)] (Refer note 6 (c)) and note 39)	808.67	-
- Investments in jointly owned entities		
7,128,219 (March 31, 2018: 7,128,219) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Ltd. (BFNTPCESL) (Refer note 6(d) and note 38)	-	-
100,000 (March 31, 2018: 100,000) equity shares of ₹ 10/- each fully paid up in BF Premier Energy Systems Pvt. Ltd. (BFPE SPL) (Refer 6(e) and note 38)	0.02	0.05
Unquoted Preference shares		
- Investments in associates (fully paid)-		
Nil (March 31, 2018: 2,841) compulsorily convertible preference shares of ₹ 10/- each in Tork Motors Private Limited [Refer note 6(b)(ii)]	59.98	59.98
Less : Converted into equity shares	59.98	-
	-	59.98
Total	1,056.31	160.16

* Disclosed at carrying value (Investment less Share of losses)

- Not included in the consolidation based on materiality
- During the current year, the Group has made further investment in Tork Motors Private Limited of ₹ 99.99 million (March 31, 2018: ₹ 100.41 million) by acquiring 4,736 (March 31, 2018: 4,736) equity shares of ₹ 10/- each.
 - During the previous year, the Group had made investment in Tork Motors Private Limited of ₹ 59.98 million by acquiring 2,841 compulsorily convertible preference shares of ₹ 10/- each. In the current year said 2,841 "compulsorily convertible preference shares" of ₹ 10/- each was converted into 2,841 equity shares of ₹ 10/- each in accordance with the terms of issue, at fair value of ₹ 59.98 million as on conversion date.
- During the current year, the Group has made investment in Tevva Motors (Jersey) Limited ₹ 902.21 million by acquiring 786,717 ordinary shares of £ 0.00001 each.
- During the previous year, the Group had made further investment in BFNTPCESL of ₹ 2.89 million by acquiring 289,119 equity shares of ₹ 10/- each.
During the current year the shareholders of BF-NTPC Energy Systems Limited at their EGM held on October 9, 2018 decided to voluntarily liquidate the Company and engaged liquidator to liquidate the Company under the provisions of Section 59 of Insolvency and Bankruptcy Code 2016. Accordingly, the Group has decided not to consolidate the said JV from the date of aforementioned application.
- During the previous year, the Group had 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, 2019 (Contd.):

7. Investments

	In ₹ Million	
	As at March 31, 2019	As at March 31, 2018
Non-current investment		
(a) Investments designated at fair value through OCI (FVTOCI) (Refer note 7 (a))		
- Equity instruments (unquoted)		
- Investments in others (Company holds 5% or more of the share capital) fully paid		
38,384,202 (March 31, 2018: 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	583.06	637.94
613,000 (March 31, 2018: Nil) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited (erstwhile KPIT Engineering Limited) (Refer note 7(b))	57.58	-
- Equity instruments (quoted)		
613,000 (March 31, 2018: 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited (erstwhile KPIT Technologies Limited) (Refer note 7(b))	60.47	132.73
Total FVTOCI Investments	(a) 701.11	770.67
(b) Investments at fair value through profit or loss (FVTPL)		
Equity instruments (unquoted)		
Investments in others		
504,432 (March 31, 2018: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited (Refer note 7(c))	-	-
Nil (March 31, 2018: 7,500) equity shares fully paid up in Tevva Motors (Jersey) Limited	-	7.92
Bonds (quoted)		
250 (March 31, 2018 : Nil) Secured redeemable non-convertible debentures of ₹ 1,000,000/- each in Series 237 (Option I) issued by Bajaj Finance Limited	268.67	-
Investments in private equity fund (unquoted funds)		
1,179,546.87 (March 31, 2018 : 635,009.59) Units of ₹ 100/- each of Paragon Partners Growth Fund - I	171.60	115.57
Investments in mutual funds (quoted funds) (Refer standalone financial statements note 7 for details)	1,453.99	1,651.03
Investments in mutual funds (unquoted funds) (Refer standalone financial statements note 7 for details)	6,181.93	8,466.02
Total FVTPL Investments	(b) 8,076.19	10,240.54
Total	(a) + (b) 8,777.30	11,011.21
Current investments		
Investments at fair value through profit or loss (fully paid)		
Investments in mutual funds (quoted funds) (Refer standalone financial statements note 7 for details)	505.34	-
Investments in mutual funds (unquoted funds) (Refer standalone financial statements note 7 for details)	4,897.68	3,839.98
Total	5,403.02	3,839.98
Aggregate book value of quoted investments	2,031.07	1,640.24
Aggregate market value of quoted investments	2,288.47	1,783.76
Aggregate value of unquoted investments	11,891.85	13,067.43

(a) These equity shares are designated as FVTOCI as they are not held for trading purpose and are not in similar line of business as the Group. Thus disclosing their fair value fluctuation in profit and loss will not reflect the purpose of holding.

(b) Birlasoft Limited and KPIT Technologies Limited

The Group had invested in 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited, however, the Hon'ble National Company Law Tribunal, Mumbai Bench, has by its order approved the composit scheme of arrangement (Scheme), amongst Birlasoft (India) Limited, KPIT Technologies Limited, KPIT Engineering Limited and their respective shareholders. Pursuant to the Scheme, the engineering business of KPIT Technologies Limited has been transferred to KPIT Engineering Limited.

Pursuant to the order, Birlasoft (India) Limited has merged with KPIT Technologies Limited and KPIT Technologies has been renamed as "Birlasoft Limited" and KPIT Engineering Limited has been renamed as "KPIT Technologies Limited"

Pursuant to the Scheme, the Company has received 1 equity share of KPIT Technologies Limited of ₹ 10/- each for 1 equity share of Birlasoft Limited of ₹ 2/- each. The ratio of cost of acquisition per share of Birlasoft Limited and KPIT Technologies Limited is 56.64% to 43.36%.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

7. Investments (contd.)

(c) Gupta Energy Private Limited

Shares of Gupta Energy Private Limited have been 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.

(d) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. Refer note 51 for determination of their fair values.

(e) Investments at fair value through statement of profit and loss (fully paid) reflect investment in quoted and unquoted equity securities. Refer note 51 for determination of their fair values.

8. Loans

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current (Unsecured, considered good)		
Other loans		
Loan to employees	35.01	26.13
Loan to related parties (Refer note 45, 47)	327.41	-
Less: Provision for diminution in value of loan	(182.42)	-
	144.99	-
Total	180.00	26.13
Current (Unsecured, considered good)		
Loan to related parties (Refer note 45, 47)	-	357.51
Less: Provision for diminution in value of loan (Refer note 32)	-	(132.42)
	-	225.09
Loan to Others		
Loan to employees	27.72	27.97
Other loans	-	173.70
Total	27.72	426.76

No loans 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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current		
Cash flow hedges (FVTOCI)		
Foreign exchange forward contracts	1,097.84	476.63
Fair value hedges (FVTPL)		
Cross currency swap	78.13	-
Total	1,175.97	476.63
Current		
Cash flow hedges (FVTOCI)		
Foreign exchange forward contracts	650.59	1,245.80
Fair value hedges (FVTPL)		
Foreign exchange forward contracts	156.38	-
Total	806.97	1,245.80

Derivative instruments at fair value through profit and loss and 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).

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

10. Other financial assets

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current		
Government grants*	966.91	695.86
Security deposits	397.42	357.12
Receivable for sale of property, plant and equipment	-	91.00
Deposits with original maturity for more than twelve months**	0.03	0.03
Other receivables***	-	0.03
Total	1,364.36	1,144.04
Current		
Government grants*	1,033.20	1,072.49
Energy credit receivable - windmills	6.33	6.69
Interest accrued on fixed deposits etc.	92.62	6.04
Receivable for sale of property, plant and equipment	-	115.32
Security deposits	1.43	16.26
Other receivables***	41.29	29.07
Total	1,174.87	1,245.87

* 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.

** ₹ 0.03 million (March 31, 2018: ₹ 0.03 million) in non-current portion pledged with the sales tax department.

***Other receivables includes sundry balances receivable

11. Inventories

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Raw materials and components [includes items lying with third parties]	3,418.46	2,527.03
Work-in-progress [includes items lying with third parties]	6,045.36	4,808.04
Finished goods [includes items in transit]	6,112.91	3,866.54
Stock of traded goods [includes items in transit]	817.41	631.58
Stores, spares and loose tools	1,820.22	1,617.58
Dies and dies under fabrication	153.09	114.08
Scrap	79.21	34.04
Total	18,446.66	13,598.89

During the year ended March 31, 2019 ₹ 78.45 million (March 31, 2018: 66.45 million) was recognised as an expense for inventories carried at net realisable value.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

12. Trade receivables

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current		
Unsecured		
Considered good	-	233.77
Total	-	233.77
Current		
Secured		
Considered good	68.49	120.87
	68.49	120.87
Unsecured		
Considered good (including related party receivables)	21,519.68	19,364.76
Credit impaired	96.37	108.25
	21,616.05	19,473.01
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	(96.37)	(108.25)
Unsecured (Considered good)	(109.77)	(114.22)
	(206.14)	(222.47)
Total	21,478.40	19,371.41

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 48.

Trade receivables are non-interest bearing and are generally on terms of 15 to 240 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 48.

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:

In ₹ Million

Particulars	As at March 31, 2019	As at March 31, 2018
Transferred receivables	2,455.98	4,120.28
Associated borrowing [bank loans - refer note 18]	2,469.58	4,122.98

13. Cash and bank balances

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	2,296.35	1,942.70
Deposits with original maturity of less than three months	564.41	401.22
Cash on hand	1.41	2.11
Total	2,862.17	2,346.03
Other bank balances		
Earmarked balances (on unclaimed dividend accounts)	37.83	36.04
Deposits with original maturity of less than twelve months	1,854.61	658.57
Total	1,892.44	694.61

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

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.

14. Other assets

	In ₹ Million	
	As at March 31, 2019	As at March 31, 2018
Non-current		
Capital advances	2,275.51	1,410.52
Balances with government authorities	483.09	616.61
Advances to suppliers	393.52	330.42
Others*	42.08	0.02
Total	3,194.20	2,357.57
Current		
Balances with government authorities	1,894.26	2,199.54
Advance to suppliers	781.51	287.86
Others*	620.99	551.91
Total	3,296.76	3,039.31

* 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, 2019	As at March 31, 2018
Loans [Refer note 8]	207.72	452.89
Other financial assets [Refer note 10]	2,539.23	2,389.91
Trade receivables [Refer note 12]	21,478.40	19,605.18
Cash and cash equivalents [Refer note 13]	2,862.17	2,346.03
Other bank balances [Refer note 13]	1,892.44	694.61
Total	28,979.96	25,488.62

Break up of financial assets carried at fair value through OCI

	In ₹ Million	
	As at March 31, 2019	As at March 31, 2018
Investments [Refer note 7]	701.11	770.67
Derivative instruments [Refer note 9]	1,748.43	1,722.43
Total	2,449.54	2,493.10

Break up of financial assets carried at fair value through profit and loss

	In ₹ Million	
	As at March 31, 2019	As at March 31, 2018
Investments [Refer note 7]	13,479.21	14,080.52
Derivative instruments [Refer note 9]	234.51	-
Total	13,713.72	14,080.52

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

15. Equity share capital

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Authorized shares (No.)		
975,000,000 (March 31, 2018 : 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2018 : 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2018 : 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
465,768,492 (March 31, 2018 : 465,768,492) equity shares of ₹ 2/- each	931.54	931.54
Subscribed and fully paid-up (No.)		
465,588,632 (March 31, 2018 : 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add:		
172,840 (March 31, 2018 : 172,840) forfeited equity shares comprising of 15,010 equity shares (March 31, 2018: 15,010) of ₹ 2/- each (amount partly paid In ₹ 1/- each) and 157,830 equity shares (March 31, 2018 : 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50 each)[Also Refer note 15(f)]	0.09	0.09
Total issued, subscribed and fully paid-up share capital	931.27	931.27

(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.

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Equity shares	As at March 31, 2019		As at March 31, 2018	
	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	465,588,632	931.18	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	465,588,632	931.18

(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, 2019	Year ended March 31, 2018
	No.	No.
Equity shares allotted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium account during the year ended March 31, 2018	232,794,316	232,794,316

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

15. Equity share capital (contd.)

(e) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2019		As at March 31, 2018	
	No.	% of Holding	No.	% of Holding
Equity shares of ₹ 2/- each fully paid				
Kalyani Investment Company Limited	63,312,190	13.60	63,312,190	13.60
Sundaram Trading and Investment Private Limited	55,240,174	11.87	55,160,174	11.85
KSL Holdings Private Limited	46,285,740	9.94	46,285,740	9.94

* 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)]

	In ₹ Million	
	As at March 31, 2019 No.	As at March 31, 2018 No.
4,680 (March 31, 2018 : 4,680) equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 (March 31, 2018 : 234) detachable warrants entitled to subscription of 2,340 (March 31, 2018 : 2,340) 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	7,020

(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, 2018 : 18,400). 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.

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Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

16. Other equity

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Capital reserves		
Special capital incentive [refer note 16 (a)]		
Balance as per the last financial statements	2.50	2.50
Closing balance	2.50	2.50
Warrants subscription money [Refer note 16(b)]		
Balance as per the last financial statements	13.00	13.00
Closing balance	13.00	13.00
Closing balance	15.50	15.50
Capital redemption reserve [Refer note 16(c)(i)]		
Balance as per the last financial statements	-	300.00
Less: Utilised for bonus share issue [Refer note 16(c)(ii)]	-	(300.00)
Closing balance	-	-
Securities premium account [Refer note 16(d)]		
Balance as per the last financial statements	6,930.89	7,096.48
Less: Utilised for bonus share issue [Refer note 16(c)(ii)]	-	(165.59)
Closing balance	6,930.89	6,930.89
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 2.3 (d)]		
Balance as per the last financial statements	(44.92)	(226.84)
Add: Arising during the year (loss)	(197.19)	(18.26)
Less: Adjusted during the year	(218.21)	(200.18)
Closing balance	(23.90)	(44.92)
Hedge reserve [Refer note 2.3 (t)]		
Balance as per the last financial statements	1,096.37	2,208.80
Add: Arising during the year	827.37	282.15
Less: Adjusted during the year	794.08	1,394.58
Closing balance	1,129.66	1,096.37
General reserve		
Balance as per the last financial statements	3,130.48	2,948.42
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)
Closing balance	3,230.48	3,130.48
Foreign currency translation reserve (FCTR)		
Balance as per the last financial statements	781.28	(137.67)
Movement during the year	(207.98)	918.95
Closing balance	573.30	781.28
carried over	11,855.93	11,909.60

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

16. Other equity (Contd.)

	In ₹ Million	
	As at March 31, 2019	As at March 31, 2018
brought over	11,855.93	11,909.60
Surplus in the statement of profit and loss		
Balance as per the last financial statements	33,676.24	28,493.30
Add:		
- Net profit for the year	10,321.73	7,624.44
- Items of other comprehensive income :		
(1) Re-measurement of defined benefit obligations	(48.59)	84.72
(2) Equity Instruments through other comprehensive income	(69.56)	166.47
	10,203.58	7,875.63
Less:		
- Final equity dividend of previous year	1,163.97	1,163.97
- Tax on final equity dividend of previous year	239.26	236.96
- Interim equity dividend	1,163.97	931.18
- Tax on interim equity dividend	239.26	189.56
- Transfer to general reserve	100.00	100.00
- Other adjustments	-	71.02
	2,906.46	2,692.69
Closing balance	40,973.36	33,676.24
Total	52,829.29	45,585.84

(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 previous year, the Company issued the 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 had 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 was utilised for issue of bonus equity shares. The same was utilised in accordance with the provisions of the Companies Act, 2013.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

17. Distribution made and proposed to be made

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Cash dividends on equity shares declared and paid :		
Final dividend		
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 final dividend	239.26	236.96
Interim dividend		
For the year ended on March 31, 2019: ₹ 2.50 per share (March 31, 2018: ₹ 2.00 per share)	1,163.97	931.17
DDT on interim dividend	239.26	189.56
Proposed dividend on equity shares :		
Final cash dividend		
For the year ended on March 31, 2019: ₹ 2.50 per share (March 31, 2018 : ₹ 2.50 per share)	1,163.97	1,163.97
DDT on proposed dividend	239.26	239.26

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.

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Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

18. Borrowings

	In ₹ Million	
	As at March 31, 2019	As at March 31, 2018
Non-current borrowings		
- Term loans from banks		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis [Refer note 18 a]	2,312.60	1,779.66
Foreign currency term loans (other than Rupee loans) (unsecured)		
On syndication basis [Refer note 18 a]	9,648.15	4,237.19
On bilateral basis [Refer note 18 a]	4,717.81	5,114.59
- Other loans (secured)		
GITA R&D project loan (Refer note 18 b)	2.68	3.35
Finance lease obligations [Refer note 18(c)] [Refer note 43 (c)]	103.92	127.52
Total	16,785.16	11,262.31
Current borrowings		
- Current maturity of term loans from banks		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis [Refer note 18 a]	913.53	1,069.08
Foreign currency term loans (other than Rupee loans) (unsecured)		
On syndication basis [Refer note 18 a]	1,023.04	3,898.88
On bilateral basis [Refer note 18 a]	558.04	0.58
Buyers line of credit for import of goods [Refer note 18 d]	-	434.58
- Current maturity of other loans (secured)		
GITA R&D project loan (Refer note 18 b)	0.67	-
Finance lease obligations [Refer note 18(c)] [Refer note 43 (c)]	69.31	56.04
- From banks		
- Foreign currency loans		
Preshipment packing credit (secured) [Refer note 18 e(i)]	361.68	149.77
Preshipment packing credit (unsecured) [Refer note 18 e(i)]	97.51	-
Bill discounting with banks (secured) [Refer note 18 e(ii)]	3,269.85	2,807.75
Bill discounting with banks (unsecured) [Refer note 18 e(ii)]	4,598.68	6,506.31
Overdraft facility (secured) [Refer note 18 e(iii)]	4,691.11	3,786.83
- Rupee loans		
Cash credit (secured) [Refer note 18 e(iv)]	20.21	694.87
Preshipment packing credit (secured) [Refer note 18 e(i)]	1,475.40	485.11
Preshipment packing credit (unsecured) [Refer note 18 e(i)]	450.00	120.11
Bill discounting with banks (secured) [Refer note 18 e(ii)]	1,657.81	959.57
Bill discounting with banks (unsecured) [Refer note 18 e(ii)]	4,308.86	321.15
Letter of credit discounting facility with bank [Refer note 18 e(v)]	9.73	2.97
Loans from companies (unsecured) [Refer note 18 e(vi)]	2.47	13.73
Total current borrowings	23,507.90	21,307.33
Less: Amount clubbed in other current financial liabilities (Refer note 19)	2,564.59	5,459.16
Net current borrowings	20,943.31	15,848.17

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

18. Borrowings (contd.)

Particulars	In ₹ Million			
	Current borrowings	Non-current borrowings	Finance lease obligation - current	Finance lease obligation - non current
Changes in liabilities arising from financing activities				
Balance as on April 1, 2017	20,587.64	10,430.09	62.29	160.61
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	-	-
Balance as on March 31, 2018	21,251.29	11,134.79	56.04	127.52
Net cash flows	(620.64)	7,842.96	(55.46)	47.03
Foreign exchange management	300.26	231.24	(0.58)	(1.32)
Regroup from non-current to current	2,509.64	(2,509.64)	69.31	(69.31)
Others	(1.96)	(18.11)	-	-
Balance as on March 31, 2019	23,438.59	16,681.24	69.31	103.92

(a) Term loans

(i) Foreign currency term loans on bilateral basis (Secured & unsecured)

Repayable in monthly/quarterly/half yearly / yearly installments from date of start of repayment, along with interest ranging from LIBOR + 65 bps to LIBOR + 225 bps and from EURIBOR + 95 bps to EURIBOR + 355 bps.

From	Repayment schedule			
	As at March 31, 2019		As at March 31, 2018	
	USD in Million	In ₹ Million	USD in Million	In ₹ Million
- October, 2017 (3 half yearly)	-	-	45.00	2,933.44
- March, 2019 (3 yearly)	35.00	2,420.60	50.00	3,259.38
- August, 2021 (3 yearly)	30.00	2,074.80	30.00	1,955.63
- October, 2021 (3 yearly)	50.00	3,458.00	50.00	3,259.38
- March, 2017 (29 monthly)	0.57	39.27	3.40	221.15
- November, 2018 (32 monthly)	4.45	307.81	5.00	325.22
- August, 2019 (8 quarterly)	5.00	345.86	-	-
- November, 2019 (3 yearly)	4.00	279.17	4.00	255.71
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
- August, 2020 (3 yearly)	20.00	1,553.04	20.00	1,616.36
- May, 2022 (3 yearly)	40.00	3,106.08	-	-
- February, 2020 (5 yearly)	40.00	3,106.08	-	-
- December 2019 (10 half yearly)	6.00	478.68	-	-
- December 2019 (10 half yearly)	10.00	797.81	-	-
- December 2018 (4 yearly)	-	-	6.00	483.73
- December 2018 (3 yearly)	-	-	8.00	644.98
- December 2014 (28 quarterly)	1.69	135.02	2.00	161.25
- September 2014 (60 monthly)	0.87	69.14	1.22	98.51
- April 2014 (60 monthly)	1.04	82.72	1.35	108.90
- February 2016 (60 monthly)	0.53	42.56	0.70	56.19
- September 2019 (19 quarterly)	9.20	733.82	-	-
- September 2018 (6 quarterly)	2.19	174.71	-	-
- September 2015 (18 quarterly)	-	-	3.53	284.60
- December 2014 (28 quarterly)	-	-	0.88	70.93
- June 2012 (24 quarterly)	-	-	0.17	14.07
- March 2017 (60 monthly)	-	-	0.61	48.87
- December 2012 (72 monthly)	0.02	1.24	0.04	3.58
- August 2013 (84 monthly)	0.12	9.49	0.19	15.50
- July 2014 (84 monthly)	0.10	8.33	0.14	11.31
- September 2015 (50 monthly)	0.02	1.67	0.04	3.13
- May 2014 (84 monthly)	0.02	1.39	0.02	1.99
	GBP in Million	In ₹ Million	GBP in Million	In ₹ Million
- December, 2016 (28 monthly)	-	-	3.30	301.18

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

18. Borrowings (contd.):

(a) (ii) Term loans are secured against general fixed assets and specific fixed assets of the Group

(b) GITA R&D project loan (Secured)

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 2020, along with interest @ 12.00% p.a. only on 67% of the principal amount and balance amount is interest free.

(c) Finance lease obligations (Secured)

Finance lease is secured by hypothecation of relevant assets. The finance lease is due for repayment over a period of 6 years.

(d) Buyers line of credit for import of goods from banks (Unsecured)

Balance outstanding USD Nil (March 31, 2018 : USD 6.67 Million (₹ 434.58 million))

Repaid fully with interest @ LIBOR + 115 bps

(e) Working capital loans

(i) Preshipment packing credit

The loan is secured against hypothecation of inventories and trade receivables.

Preshipment packing credit - Rupee (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ 7.50% p.a.

Preshipment packing credit - foreign currency (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ LIBOR + 10 bps to LIBOR 90 bps p.a.

(ii) Bill discounting with banks

The loan is secured against hypothecation of inventories and trade receivables.

Bill discounting (secured and unsecured) with banks is repayable within 30 days to 210 days

Rupee and foreign bill discounting (secured and unsecured) with banks carries interest rate @ 7.50% p.a. to 8.35% p.a. and LIBOR + 10 bps to LIBOR + 125 bps p.a. and EURIBOR + 10 bps to EURIBOR + 60 bps p.a. respectively

(iii) Overdraft facility (Foreign currency) (secured)

The loan is secured against hypothecation of inventories and trade receivables.

Overdraft is repayable on demand and carries interest at Euribor/LIBOR + 2 to 3% per annum.

(iv) Cash credits (Rupee) (secured)

The loan is secured against hypothecation of inventories and trade receivables.

Cash credit is repayable on demand and carries interest @ 8.35% to 14.00% 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

19. Other financial liabilities

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Other non-current financial liabilities		
Voluntary retirement scheme compensation	1.10	1.98
Derivative liability*	-	151.68
	1.10	153.66
Other current financial liabilities at amortised cost		
Interest accrued but not due on borrowings	68.36	77.42
Payables for capital goods	924.83	458.39
Security deposits	85.29	84.98
Directors commission	6.45	6.25
Current maturities of long term loans (Refer note 18)	2,495.28	5,403.12
Current maturities of finance lease obligations (Refer note 18)	69.31	56.04
Investor Education and Protection Fund (as and when due) **		
- Unpaid dividend	37.48	35.70
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	0.88	5.32
Others ***	-	0.11
	3,687.92	6,127.37

* 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

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Provision for employees benefits		
Non-current		
Provision for gratuity (Refer note 40)	116.62	144.73
Provision for special gratuity (Refer note 40)	104.03	51.02
Provision for pension and similar obligation (Refer note 40)	984.90	1,015.24
Provision for jubilee scheme	71.97	60.65
Provision for early retirement	33.56	49.24
Provision for employee's provident fund (Refer note 40)	31.86	-
	1,342.94	1,320.88
Current		
Provision for gratuity (Refer note 40)	99.55	94.05
Provision for special gratuity (Refer note 40)	9.42	10.62
Provision for leave benefits	564.53	527.38
Provision for pension and similar obligation (Refer note 40)	26.68	-
Provision for early retirement	25.44	-
	725.62	632.05

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

21. Income and deferred taxes

The major components of income tax expense for the year ended March 31, 2019 and March 31, 2018 are :

Statement of profit and loss :

	In ₹ Million	
Profit or loss section	Year ended March 31, 2019	Year ended March 31, 2018
Current income tax :		
Current income tax charge (including taxes for earlier years)	5,742.68	4,318.49
Deferred tax		
Relating to origination and reversal of temporary differences	(78.83)	99.44
Tax expense reported in the statement of profit and loss	5,663.85	4,417.93

	In ₹ Million	
OCI section	Year ended March 31, 2019	Year ended March 31, 2018
Deferred tax related to items recognised in OCI:		
Net loss/(gain) on revaluation of cash flow hedges	17.88	(580.08)
Net (gain)/loss on re-measurement of defined benefit plans	(25.94)	41.77
Net loss on re-measurement of defined benefit plans (share in joint venture and associates)	-	0.03
Tax charged to OCI	(8.06)	(538.28)

Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2019 and March 31, 2018

	In ₹ Million	
Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Accounting profit before tax from operations	15,989.81	11,957.61
Accounting profit before income tax		
At India's statutory income tax rate of 34.944% (March 31, 2018: 34.608%)	5,587.48	4,138.29
Exempt income	-	(53.98)
Tax allowances	(122.90)	(82.36)
Exceptional items	-	385.71
Effect of lower tax rates	(40.88)	(25.40)
Difference due to change in applicable statutory tax rate	-	19.04
Other disallowances (including consolidation adjustments)	240.15	36.63
At the effective income tax rate of 35.29% (March 31, 2018: 36.95%)	5,663.85	4,417.93
Income tax expense reported in the statement of profit and loss	5,663.85	4,417.93

Major components of deferred tax as at March 31, 2019 and March 31, 2018:

	In ₹ Million	
Deferred tax liability (net)	Balance Sheet	
	March 31, 2019	March 31, 2018
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	2,702.80	2,556.30
Fair valuation of cash flow hedges	606.78	588.90
Other deductible temporary differences	(607.53)	(601.50)
Net deferred tax liabilities	2,702.05	2,543.70

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

21. Income and deferred taxes (contd)

In ₹ Million

Deferred tax asset (net)	Balance Sheet	
	March 31, 2019	March 31, 2018
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	5.98	62.64
Other deductible temporary differences	(211.17)	(196.02)
Unrealised profit on inventory	(434.39)	(263.17)
Net deferred tax asset	(639.58)	(396.55)

Major components of deferred tax for the year ended March 31, 2019 and March 31, 2018:

In ₹ Million

Deferred tax expense/(income)	Statement of Profit and Loss	
	March 31, 2019	March 31, 2018
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	89.84	251.86
Unrealised profit on inventory	(171.22)	22.77
Other deductible temporary differences	2.55	(175.19)
Deferred tax expense/(income)	(78.83)	99.44

In ₹ Million

Reflected in the balance sheet as follows	March 31, 2019	March 31, 2018
	Deferred tax assets	(607.53)
Deferred tax liabilities	3,309.58	3,145.20
Deferred tax liabilities (net)	2,702.05	2,543.70
Deferred tax assets	(645.56)	(459.19)
Deferred tax liabilities	5.98	62.64
Deferred tax assets (net)*	(639.58)	(396.55)

*Relates to temporary differences arising in different tax jurisdiction

In ₹ Million

Reconciliation of deferred tax liabilities (net)	March 31, 2019	March 31, 2018
Opening balance	2,543.70	3,031.82
Tax (expense) during the period recognised in profit or loss	168.23	71.96
Tax income during the period recognised in OCI	(9.88)	(560.08)
Closing balance	2,702.05	2,543.70
Reconciliation of deferred tax assets (net)		
Opening balance	(396.55)	(425.63)
Tax income/(expense) during the period recognised in profit or loss	(247.06)	27.48
Tax (expense)/income during the period recognised in OCI	1.82	(21.77)
Other adjustments	2.21	23.37
Closing balance	(639.58)	(396.55)

- (a) 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.
- (b) During the year ended March 31, 2019 and March 31, 2018, 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

21. Income and deferred taxes (contd):

- (c) The Group has tax losses which arose due to capital loss and carried forward business losses in India of ₹ 199.60 million and ₹ 1,507.17 million (March 31, 2018: ₹ 148.21 million and ₹ 1,490.98 million) that are available for offsetting for eight years against future taxable profits of the Company under the head capital gains and income from business. This loss will expire in eight years from the end of the respective year to which it pertains.
- (d) The Group has tax losses which arose due to carried forward business losses in the USA of ₹ 1,989.76 million (March 31, 2018: ₹ 1,930.54) that are available for offsetting for twenty years and ₹ 81.52 million that are available for offsetting indefinitely 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.
- (e) The Group has tax losses which arose due to carried forward business losses in Sweden of ₹ 1,648.35 million (March 31, 2018: ₹ 1,382.44 million,) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiary in which the losses arose.
- (f) 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 ₹ 1,244.13 million (March 31, 2018: ₹ 1,125.43 million)
- (g) Certain subsidiaries of the group have undistributed earnings of ₹ 1,083.19 million (March 31, 2018: ₹ 799.71 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.

22. Trade payables

	In ₹ Million	
	As at March 31, 2019	As at March 31, 2018
Dues to micro enterprises and small enterprises	124.31	46.87
Dues to other than micro enterprises and small enterprises	13,540.06	13,220.98
Total	13,664.37	13,267.85

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 48

The above amount of trade payables is net off certain advances given to suppliers amounting to ₹ 1,820.00 million (March 31, 2018 : ₹ 1,820 million) for which the Company currently has a legally enforceable right to set off the advance against the respective payables. The Company intends to settle these amounts on a net basis.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

23. Other liabilities

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Non-current		
Government grant*	442.54	529.41
Others**	1.48	4.16
	444.02	533.57
Current		
Contract liabilities (Advance from customers)***	381.58	376.94
Employee contributions and recoveries payable	203.78	259.20
Statutory dues payable including tax deducted at source ****	401.81	404.72
Government grant*	80.02	81.71
Others **	412.12	171.48
	1,479.31	1,294.05

* Government grants include grants and subsidies for investments in fixed assets. There are no unfulfilled conditions or contingencies attached to these grants.

** Others include rent received in advance, rent equalisation reserve and miscellaneous liabilities.

*** The contract liabilities primarily relate to the advance consideration received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognized when the control of goods is passed on to the customers.

**** Includes balances with respect to various taxes and duties

Government grant - investment subsidies and grants

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Opening balance	611.12	620.20
Add: Received during the year	-	-
Less: Released to the statement of profit and loss	(83.36)	(79.42)
Less: Foreign currency transaction reserve	(5.20)	70.34
Closing balance	522.56	611.12

Break up of the financial liabilities at fair value through profit and loss

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Other non-current financial liabilities [Refer note 19]	-	151.68

Break up of the financial liabilities at amortised cost

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Borrowings [Refer note 18]	37,728.47	27,110.48
Other financial liabilities [Refer note 19]	3,689.02	6,129.35
Trade payables [Refer note 22]	13,664.37	13,267.85
Total financial liabilities carried at amortized cost	55,081.86	46,507.68

For the Group's credit risk management processes, refer note 53.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

24. Revenue from operations

	In ₹ Million	
	Year ended March 31, 2019	Year ended March 31, 2018
Sale of products (including excise duty)*		
- Sale of goods #	94,791.99	79,622.43
- Tooling income #	474.57	244.60
Total sale of products	95,266.56	79,867.03
Sale of services		
- Job work charges	836.63	356.40
Other operating revenues		
- Manufacturing scrap (including excise duty)*#	3,631.68	2,675.93
- Government grants (Refer note 10)	1,673.77	1,176.63
- Sale of electricity / REC - Windmills	48.69	70.73
	5,354.14	3,923.29
Total	101,457.33	84,146.72

Sale of goods includes excise duty collected from customers of ₹ Nil (March 31, 2018: ₹ 569.80 million).

#Revenue from operations net of excise duty for previous year was ₹ 81,809.07 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, 2019 is not comparable with March 31, 2018

	In ₹ Million
Particulars	Year ended March 31, 2019
Amounts included in contract liabilities at the beginning of the year	303.11
Performance obligations satisfied in previous year	-

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

	In ₹ Million
Particulars	Year ended March 31, 2019
Revenue from operations	101,457.33
Less: Adjustments	
- Government grants - export incentives	(1,673.77)
	99,783.56
Add: Adjustments	
- Sale of property, plant and equipments	153.93
	153.93
Revenue from contract with customers	99,937.49
Less: Adjustments (debit notes, credit notes, foreign exchange etc.)	390.96
Revenue as per contracted price	99,546.53

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

25. Other income

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Dividend income from investments	1.47	228.47
Net gain on fair valuation of financial instruments (FVTPL)	714.75	461.23
Net gain on sale of financial investments	125.64	52.57
Government grant *	180.87	141.99
Provision for doubtful debts and advances written back	12.97	1.23
Liabilities / provisions no longer required written back	131.98	71.14
Interest income on		
- Fixed deposits and others**	217.98	168.05
Rent (Refer note 43(b))	8.16	4.12
Gain on sale/discard of property, plant and equipments (net)	137.50	33.93
Miscellaneous income ***	496.61	257.34
Total	2,027.93	1,420.07

* 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 and bill discounting 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.

**Includes interest on account of unwinding of security deposits

*** Miscellaneous income includes sundry scrap sale, discount received, miscellaneous recoveries etc.

26. Cost of raw materials and components consumed

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Inventory at the beginning of the year [Refer note 11]	2,527.03	1,538.59
Add: Purchases	43,277.49	32,764.78
Less: Inventory as at end of the year [Refer note 11]	3,418.46	2,527.03
Cost of raw materials and components consumed	42,386.06	31,776.34

27. (Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Inventories at the end of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	6,045.36	4,808.04
Finished goods [includes items in transit]	6,112.91	3,866.54
Stock of traded goods [includes items in transit]	817.41	631.58
Dies and dies under fabrication	153.09	114.08
Scrap	79.21	34.04
	13,207.98	9,454.28
Inventories at the beginning of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	4,808.04	4,113.57
Finished goods [includes items in transit]	3,866.54	3,449.90
Stock of traded goods [includes items in transit]	631.58	488.95
Dies and dies under fabrication	114.08	119.06
Scrap	34.04	18.33
	9,454.28	8,189.81
Total	(3,753.70)	(1,264.47)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

28. Employee benefits expense

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus (including managing and whole time director's remuneration)	10,336.57	8,968.73
Contributions to provident and other funds / scheme#	758.51	724.86
Gratuity expense [Refer note 40(a,f)]	65.74	54.77
Special gratuity expense [Refer note 40(b)]	4.85	6.33
Employee voluntary retirement scheme compensation	-	1.31
Staff welfare expenses	1,297.31	1,135.99
Total	12,462.98	10,891.99

#Other funds/scheme includes contribution towards jubilee scheme, early retirement scheme and ESIC scheme

29. Depreciation, amortization and impairment expense

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on tangible assets (Refer note 3)	5,028.40	4,528.89
Amortisation on intangible assets (Refer note 5)	103.22	78.05
Impairment of tangible assets (Refer note 3)	-	17.73
Impairment of intangible assets (Refer note 5)	76.32	44.13
Total	5,207.94	4,668.80

30. Finance costs

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest on bank facilities *	973.68	765.33
Exchange differences regarded as an adjustment to borrowing costs **	224.31	176.51
Others ***	74.16	123.47
Total	1,272.15	1,065.31

* Includes unwinding impact of transactions cost on borrowings

** Represents foreign exchange differences arising from foreign currency borrowings to the extent that these are regarded as an adjustment to interest cost

*** Others includes net interest expense on defined benefit plans [Refer note 40]

31. Other expenses

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of stores, spares and tools	4,529.51	3,832.97
Machining/subcontracting charges	3,975.62	3,335.40
Power, fuel and water*	6,001.26	4,959.77
Less: Credit for energy generated	(82.38)	(44.25)
	5,918.88	4,915.52
Repairs and maintenance		
- Building repairs and road maintenance	249.18	223.27
- Plant and machinery	1,497.97	1,471.33
Rent (Refer note 43 (a))	346.85	280.23
Rates and taxes	99.11	79.72
Insurance	174.68	156.09
CSR Expenditure	107.63	218.45
Legal and professional fees	840.59	671.85
carried over	17,740.02	15,184.83

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

31. Other expenses (contd.):

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
brought over	17,740.02	15,184.83
Commission	154.29	139.27
Donations	166.77	12.60
Packing material	1,047.36	878.04
Freight and forwarding charges	2,905.09	1,954.08
Directors' fees and travelling expenses	3.50	3.73
Commission to directors other than managing and whole time directors	6.45	6.25
Loss on sale/discard of property, plant and equipment (Net)	34.35	0.69
Provision for doubtful debts and advances (includes expected credit loss)	58.43	66.08
Bad debts / advances written off	106.27	50.60
Exchange difference (net)**\$	(272.05)	556.86
Payment to Auditors***	69.14	53.73
Miscellaneous expenses ****	4,275.64	3,737.04
Total	26,295.26	22,643.80

*Net of government grant in the nature of energy tax refund with respect to some of the subsidiaries amounting to ₹ 160.10 million (March 31, 2018: ₹ 152.37 million)

**Includes MTM (gain)/loss of ₹ (405.06) million (March 31, 2018: ₹ 151.68 million)

\$ Includes Foreign Exchange (gain) / loss amounting to ₹ 148.18 million (March 31, 2018 : ₹ 303.33 million) on amount of differential restatement of foreign exchange loan.

***Includes ₹ 51.37 million (March 31, 2018: ₹ 38.24 million) paid to subsidiary auditors

**** Miscellaneous expenses includes labour charges, travelling expenses, printing, stationary, postage, telephone, royalties etc.

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, 2019	March 31, 2018
Salaries, wages and bonus	115.98	21.86
Material consumed	207.06	
Consumption of stores and spares	4.61	3.45
Others	4.69	2.82
	332.34	28.13
Less: Interest income earned	-	(0.97)
	332.34	27.16

32. Exceptional items

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
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)
Total	-	(954.48)

(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 had been completed during the previous financial year. Based on testing results of the wells and its techno-economic viability, the Group 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 previous 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, during the previous year, the Group had 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 Group in any manner whatsoever

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

33. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below :

In ₹ Million

During the year ended March 31, 2019	Cash flow hedge reserve	FVTOCI Reserve	Foreign currency monetary items translation difference account	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	Total
Foreign exchange revaluation differences	-	-	21.02	-	-	-	21.02
Currency forward contracts	1,271.78	-	-	-	-	(444.41)	827.37
Reclassified to statement of profit and loss	(1,220.61)	-	-	-	-	426.53	(794.08)
(Loss) on FVTOCI financial assets	-	(69.56)	-	-	-	-	(69.56)
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures)	-	-	-	(74.60)	-	25.94	(48.66)
Foreign exchange translation difference	-	-	-	-	(207.98)	-	(207.98)
	51.17	(69.56)	21.02	(74.60)	(207.98)	8.06	(271.89)

In ₹ Million

During the year ended March 31, 2018	Cash flow hedge reserve	FVTOCI Reserve	Foreign currency monetary items translation difference account	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	Total
Foreign exchange revaluation 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 on FVTOCI financial assets	-	166.47	-	-	-	-	166.47
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures and discontinued operations)	-	-	-	126.48	-	(41.80)	84.68
Foreign exchange translation difference	-	-	-	-	918.95	-	918.95
	(1,692.51)	166.47	181.92	126.48	918.95	538.28	239.59

34. Earnings per equity share

		Year ended March 31, 2019	Year ended March 31, 2018
Numerator for basic and diluted EPS			
Net profit after tax attributable to shareholders (in ₹ million)	(A)	10,321.73	7,624.44
Denominator for basic EPS [Refer note 16(c)(ii)]			
Weighted average number of equity shares for basic EPS	(B)	465,588,632	465,588,632
Denominator for diluted EPS [Refer note 16(c)(ii)]			
Weighted average number of equity shares for diluted EPS	(C)	465,588,632	465,588,632
Basic earnings per share of face value of ₹ 2/- each (in ₹)	(A/B)	22.17	16.38
Diluted earnings per share of face value of ₹ 2/- each (in ₹)	(A/C)	22.17	16.38

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

35. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated 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) Operating lease commitments – The Group has entered into land leases on its investment property portfolio. The Group has determined, based on evaluation of the terms and conditions of the arrangements such as the lease term not continuing a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risk and rewards of ownership of these properties and account for the contract/arrangements as operating leases.
- 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.

Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

I. Identifying contract with customers

The Group enters into Master service agreement ('MSA') with its customers which define the key terms of the contract with customers. However, the rates for quantity to be supplied is separately agreed through purchase orders. Management has exercised judgment to determine that contract with customers for the purpose of Ind AS 115 is MSA and customer purchase orders for purpose of identification of performance obligations and other associated terms.

II. Identifying performance obligation

The Group enters into contract with customers for tooling income and goods. The Group determined that both the tooling income and the goods are capable of being distinct. The fact that the Group regularly sell these goods on a stand-alone basis indicate

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

35. Significant accounting judgements, estimates and assumptions (contd.):

that the customer can benefit from it on an individual basis. The Group also determined that the promises to transfer these goods are distinct within the context of the contract. These goods are not input to a combined item in the contract. Hence, the tooling income and the sale of goods are separate performance obligations.

III. Determination of timing of satisfaction of performance obligation for sale of products

The Group concluded that tooling income and goods is to be recognised at a point in time because it does not meet the criteria for recognising revenue over a period of time. The Group has applied judgment in determining the point in time when the control of the tooling income and goods are transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices which are as follows:

1. Sale of goods

The goods manufactured are "Build to print" as per design specified by the customer for which the tools/dies are approved before commercial production commences. Further, the dispatch of goods is made on the basis of the purchase orders obtained from the customer taking into account the just in time production model with customer. Further some orders have variable considerations (including LME adjustments) for the review of prices under negotiation which are estimated based on the expected probability method and, where appropriate, they would be limited to the amount that is highly unlikely to be reversed in the future.

2. Tooling income

Tools are manufactured as per the design specified by the customer which is approved on the basis of the customer acceptance of prototypes or sample production. Management has used judgment in identification of the point in time where the tools are deemed to have been accepted by the customer.

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.

1. Impairment of non-financial assets including tangible assets and goodwill

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.

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.

2. Defined benefit plans

The cost of the defined benefit gratuity plans, other defined benefit 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,

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

35. Significant accounting judgements, estimates and assumptions (contd.):

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 40.

3. 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. 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 51 for further disclosures.

4. 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.

5. 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/estimate 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.

Further details on taxes are disclosed in note 21.

6. 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, slow-moving and items where net realisable value is below cost. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

7. 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.

8. Litigations

The Group has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. Management regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expense to resolve such matters. In making the decision regarding the need for loss provision, management considers the degree of probability of an unfavourable

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

35. Significant accounting judgements, estimates and assumptions (contd.):

outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a law suit or formal assertion of a claim against the group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

9. Intangibles under development

The Group capitalises intangible asset under development in accordance with the accounting policy. Initial capitalisation of cost is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amount to be capitalised, management makes assumptions regarding the expected future cash generation of the project, determination of attributable cost and the expected period of benefits. The innovative nature of the product gives rise to some uncertainty as to performance parameters stated in the project model would be satisfied.

36. 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, 2019	March 31, 2018	
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	Forging	Germany	100%*	100%*	December 31
a) Bharat Forge Daun GmbH	Die	Germany	100%*	100%*	December 31
b) Bharat Forge CDP Trading	Manufacturing				
iv. Mecanique Generale Langroise	Others	Russia	100%*	100%*	December 31
v. Bharat Forge Hong Kong Limited	Machining	France	100%*	100%*	December 31
Bharat Forge International Limited	Others	Hong Kong	100%*	100%*	December 31
Bharat Forge America Inc. and its wholly owned subsidiaries	Forging	U.K.	100%	100%*	March 31
i. Bharat Forge PMT Technologie LLC	Holding	U.S.A	100%	100%	December 31
ii. Bharat Forge Tennessee Inc.	Forging	U.S.A	100%*	100%*	December 31
BF Infrastructure Limited and its subsidiary	Others	U.S.A	100%*	100%*	December 31
i. BFIL-CEC JV	Others	India	100%	100%	March 31
Kalyani Strategic Systems Limited and its subsidiary	Projects	India	100%*	100%*	March 31
i. Kalyani Rafael Advanced Systems Private Limited **	Others	India	51%	51%	March 31
Analogic Controls India Limited	Others	India	50%*	50%*	March 31
BF Elbit Advanced Systems Private Limited**	Others	India	100%	100%	March 31
Indigenous IL Limited ***	Others	India	51%	51%	March 31
	Others	Israel	NA	NA	December 31

* held through subsidiaries

** based on control assessment as per Ind AS 110

*** not consolidated as the Company has not yet invested in Indigenous IL Limited and operations are not yet commenced

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

36. Group information (contd.):

Details of the Group's ownership interest in associates are as follows:

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2019	March 31, 2018	
Talbahn GmbH**	Others	Germany	35%*	35%*	December 31
Ferrovia 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	45.30%	30.37%	March 31
i) Lycan Electric Private Limited	Others	India	100.00%	NA	March 31
ii) Tork Motors (UK) Limited***	Others	UK	100.00%	NA	March 31
Tevva Motors (Jersey) Limited (from June 11, 2018)	Others	Jersey	35.26%	NA	December 31
i) Tevva Motors Limited	Others	UK	100.00%	100.00%	December 31

* held through subsidiaries

** Not included in consolidation based on materiality

*** not consolidated as the Company has not yet invested in Tork Motors (UK) Limited and operations are not yet commenced

Joint arrangement in which the Group is a joint venturer

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2019	March 31, 2018	
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 38

37. 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, 2019	March 31, 2018
Kalyani Strategic Systems Limited	India	49%	49%
Kalyani Rafael Advanced Systems Private Limited	India	50%	50%
BF Elbit Advanced Systems Limited	India	49%	49%

Information regarding non-controlling interest

(In ₹ Million)

	March 31, 2019	March 31, 2018
Accumulated balances of material non-controlling interest:		
Kalyani Strategic Systems Limited	163.21	158.92
BF Elbit Advanced Systems Limited	(41.57)	(37.22)
Kalyani Rafael Advanced Systems Private Limited	176.72	172.50
Profit/(loss) allocated to material non-controlling interest:		
Kalyani Strategic Systems Limited	4.28	(11.32)
BF Elbit Advanced Systems Limited	(4.35)	(46.92)
Kalyani Rafael Advanced Systems Private Limited	4.23	(26.52)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

37. Material partly owned subsidiaries (contd.):

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit and loss for the year ended March 31, 2019:

(In ₹ Million)

	Kalyani Strategic Systems Limited**	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited
Revenue	3.99	1,024.43	64.74
Other income	3.05	16.57	-
Cost of raw materials and components consumed	-	628.99	76.28
Purchase of stock in trade	5.25	262.58	-
(Increase)/decrease in inventories of finished goods, work-in-progress, traded goods, dies & scrap	(3.81)	(0.14)	(15.44)
Employee benefits expense	-	20.94	-
Depreciation and amortisation expense	1.81	36.00	-
Finance costs	0.05	0.50	11.33
Other expenses	1.57	83.59	1.44
Profit before tax	2.17	8.54	(8.87)
Income tax	(0.67)	-	-
Profit for the year	1.50	8.54	(8.87)
Other Comprehensive Income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)			
Re-measurement gain/(losses) on defined benefit plans	-	(0.10)	-
Other comprehensive income for the year, net of tax	-	(0.10)	-
Total comprehensive income	1.50	8.44	(8.87)
Share in profit and loss of associate/joint venture	(0.03)	-	-
Attributable to non-controlling interests**	4.28	4.23	(4.35)
Dividends paid to non-controlling interests	-	-	-

**Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however balance sheet numbers are disclosed at Kalyani Strategic System Limited 'standalone level.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

37. 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 Advanced Systems Limited
Revenue	57.32	6.84	10.09	0.54
Cost of raw material 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
Profit before tax	3.16	(1.55)	(47.16)	(13.59)
Income tax	(1.44)	(0.48)	-	-
Profit for the year	1.72	(2.03)	(47.16)	(13.59)
Other Comprehensive Income:				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)				
Re-measurement gain/(losses) on defined benefit plans	0.49	-	(0.05)	-
Other comprehensive income for the year, net of tax	0.49	-	(0.05)	-
Total comprehensive income	2.21	(2.03)	(47.21)	(13.59)
Share in profit and loss of associate/joint venture	-	(0.44)	-	-
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.

Summarised balance sheet as at March 31, 2019:

(In ₹ Million)

	Kalyani Strategic Systems Limited*	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited
Trade receivables, inventories and cash and bank balances (current)	28.54	463.37	102.24
Property, plant and equipment and other non-current financial and non-financial assets	330.46	245.88	17.69
Trade and other payables (current)	(5.68)	(355.82)	(204.76)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	-	-	-
Total equity	353.32	353.43	(84.83)
Attributable to:			
Equity holders of parent	190.11	176.71	(43.26)
Non-controlling interest*	163.21	176.72	(41.57)

*Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however balance sheet numbers are disclosed at Kalyani Strategic System Limited 'standalone level'.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

37. 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 Advanced Systems Limited
Trade receivables, inventories and cash and bank balances (current)	20.69	177.41	14.44
Property, plant and equipment and other non-current financial and non-financial assets	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)	-
Total equity	351.82	344.99	(75.96)
Attributable to:			
Equity holders of parent	192.88	172.50	(38.74)
Non-controlling interest	158.92	172.50	(37.22)

Summarised cash flow information for the year ended March 31, 2019:

(In ₹ Million)

	Kalyani Strategic Systems Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited
Operating	(0.91)	58.19	5.90
Investing	(1.83)	6.11	-
Financing	(1.01)	(0.50)	(0.48)
Net increase/(decrease) in cash and cash equivalents	(3.75)	63.80	5.42

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 Advanced Systems Limited
Operating	49.55	(4.93)	1.01
Investing	(222.83)	(281.23)	(0.02)
Financing	164.35	288.34	13.43
Net increase/(decrease) in cash and cash equivalents	(8.93)	2.18	14.42

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

38. Interest in Joint Ventures

1. 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. During the current year the shareholders of BF-NTPC Energy Systems Limited decided to voluntarily liquidate the said joint venture. Accordingly, with effect from October 9, 2018, the Group ceases to exercise joint control and hence the Group's interest in BF-NTPC Energy Systems Limited is accounted for using the equity method upto abovementioned date 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, 2019	March 31, 2018
Current assets	-	50.53
Non-current assets	-	-
Current liabilities	-	(0.95)
Non-current liabilities	-	-
Equity	-	49.58
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*	-	-

Summarised statement of profit and loss for the period/year ended:

(In ₹ Million)

	October 9, 2018	March 31, 2018
Income		
Other income	0.02	-
	0.02	-
Expenses		
Employee benefits expense	0.57	1.15
Depreciation	-	-
Other expenses	0.48	12.69
	1.05	13.84
Loss before tax	(1.03)	(13.84)
Tax expenses	-	-
Loss for the year	(1.03)	(13.84)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(1.03)	(13.84)
Group's share of loss for the year*	-	(2.89)
Group's share of other comprehensive income for the year	-	-

* Since the losses during the current year exceed the carrying value of investment, the share of loss of associate has been restricted to the extent of the carrying value of investment.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

38. Interest in Joint Ventures (contd.)

2. 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

	(In ₹ Million)	
	March 31, 2019	March 31, 2018
Current assets	0.15	0.17
Non-current assets	-	0.01
Current liabilities	(0.12)	(0.10)
Non-current liabilities	-	-
Equity	0.03	0.08
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	0.02	0.05

Summarised statement of profit and loss for the year ended:

	(In ₹ Million)	
	March 31, 2019	March 31, 2018
Income		
Other income	-	-
	-	-
Expenses		
Employee benefits expense	-	-
Depreciation	0.01	0.01
Other expenses	0.04	0.06
	0.05	0.07
Loss before tax	(0.05)	(0.07)
Tax expenses	-	-
Loss for the year	(0.05)	(0.07)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(0.05)	(0.07)
Group's share of loss for the year	(0.03)	(0.03)
Group's share of other comprehensive income for the year	-	-

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Investment in an associate

1. 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, 2019	March 31, 2018
Current assets	68.06	109.87
Non-current assets	137.15	151.25
Current liabilities	(214.87)	(260.68)
Non-current liabilities	(0.18)	(0.26)
Equity	(9.84)	0.18
Share of the Group in the capital commitment, contingent liabilities of associates*	169.11	169.11
Proportion of the Group's ownership	49%	49%
Carrying amount of the investment	-	0.07

Summarised statement of profit and loss for the year ended:

(In ₹ Million)

	March 31, 2019	March 31, 2018
Income		
Revenue from operations	38.32	-
Other income	2.95	1.46
	41.27	1.46
Expenses		
Project expenses	6.26	15.73
Employee benefits expense	1.22	1.46
Finance costs	3.35	44.31
Depreciation	0.69	1.34
Other expenses	39.86	71.79
	51.38	134.63
Profit before exceptional items and tax	(10.11)	(133.17)
Exceptional Items - Gain	-	132.41
Profit before tax	(10.11)	(0.76)
Tax expenses	0.04	0.65
Profit for the year	(10.07)	(0.11)
Other comprehensive income	0.05	0.12
Total comprehensive income for the year	(10.02)	0.01
Group's share of profit for the year *	(0.07)	(0.05)

* Since the losses during the current year exceed the carrying value of investment, the share of loss in the associate has been restricted to the extent of the carrying value.

2. 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. The group has decided not to consolidate the associate for the current year on materiality.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Investment in an associate (contd.)

3. Tork Motors Private Limited

The Group holds 45.30% interest in Tork Motors Private Limited (TMPL) as at March 2019. TMPL has two wholly owned subsidiaries viz. Lycan Electric Private Limited and Tork Motors (UK) Limited. TMPL is involved in research and development and manufacturing of electric two and three wheelers. The Group's interest in TMPL is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Group's investment in TMPL based on its consolidated Ind AS financial statements:

Summarised Balance sheet

(In ₹ Million)

	March 31, 2019	March 31, 2018
Current assets	55.38	83.51
Non-current assets	140.82	35.59
Current liabilities	(15.09)	(4.39)
Non-current liabilities	(1.51)	-
Equity	179.60	114.71
Share of the Group in the capital commitment, contingent liabilities of associates	-	-
Proportion of the Group's ownership	45.30%	30.37%
Carrying amount of the investment	247.57	159.99

The Group has invested an amount of ₹ 260.38 million (March 31, 2018: ₹ 100.41 million) in equity shares and ₹ Nil (March 31, 2018: ₹ 59.98 million) in compulsory convertible preference shares. Group's share of equity is ₹ 81.36 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 166.21 million.

Summarised statement of profit and loss for the year ended:

(In ₹ Million)

	March 31, 2019	March 31, 2018
Income		
Revenue from operations	-	-
Other income	2.52	0.19
	2.52	0.19
Expenses		
Employee benefit expenses	12.84	5.75
Finance cost	0.12	0.02
Depreciation and amortization	3.21	1.07
Other expenses	20.21	8.91
Loss before tax	(33.86)	(15.56)
Income tax expense		
Current tax	-	-
Deferred tax	-	-
Loss for the year	(33.86)	(15.56)
Other comprehensive income	(0.48)	-
Total comprehensive income for the year	(34.34)	(15.56)
Group's share of loss for the period	(12.05)	(0.39)
Group's share of other comprehensive income for the period	(0.22)	-

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

39. Investment in an associate (contd.)

4. Tevva Motors (Jersey) Limited

The Group has acquired 35.26% interest in Tevva Motors (Jersey) Limited (TMJL) in June 2018. TMJL has a wholly owned subsidiary viz. Tevva Motors Limited which is involved in research and development and manufacturing of electric range extended mid-sized trucks. The Group's interest in TMJL is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Group's investment in TMJL based on its consolidated Ind AS financial statements:

Summarised Balance sheet

	(In ₹ Million)
	December 31, 2018
Current assets	511.96
Non-current assets	170.02
Current liabilities	(85.39)
Non-current liabilities	-
Equity	596.59
Share of the Group in the capital commitment, contingent liabilities of associates	-
Proportion of the Group's ownership	35.30%
Carrying amount of the investment	808.67

The Group has invested an amount of ₹ 892.93 million in equity shares. Group's share of equity is ₹ 210.60 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 598.07 million*.

Summarised statement of profit and loss for the period ended*:

	(In ₹ Million)
	December 31, 2018
Income	
Revenue from operations	-
Other income	41.46
	41.46
Expenses	
Employee benefit expenses	122.19
Finance cost	0.20
Depreciation and amortization	7.96
Other expenses	304.68
Loss before tax	(393.57)
Income tax expense	
Current tax	18.54
Deferred tax	-
Loss for the year	(375.03)
Other comprehensive income	-
Total comprehensive income for the year	(375.03)
Group's share of loss for the period*	(101.57)
Group's share of other comprehensive income for the period	-

* The goodwill and share of loss has been calculated based on unaudited management accounts of the associate as of May 31, 2018. The summarised statement of profit and loss has been prepared based on unaudited management accounts as adjusted for the financials as of May 31, 2018.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans

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 policies.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as Company takes 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 have a sovereign guarantee and have 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

The principal assumptions used in determining gratuity for the Company's plan is shown below:

Particulars	As at March 31, 2019	As at March 31, 2018
Mortality table	IALM(2012-14) ult	IALM(2006-08) ult
Discount rate	7.70%	7.20%
Expected rate of return on plan assets	7.70%	7.80%
Rate of increase in compensation levels	7.00%	6.00%
Expected average remaining working lives (in years)	12.22	7.48
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	12.00%
Age 31 - 44 years	5.00%	12.00%
Age 45 - 50 years	5.00%	8.00%
Age above 50 years	5.00%	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, 2019	As at March 31, 2018
Present value of obligation as at the beginning of the period	855.00	799.68
Interest expense	64.84	55.90
Current service cost	65.46	54.59
Benefits (paid)	(25.76)	(46.52)
Remeasurements on obligation [Actuarial Loss/(Gain)]	1.46	(8.65)
Closing defined benefit obligation	961.00	855.00

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Opening fair value of plan assets	617.43	529.65
Interest income	50.38	39.84
Contributions	99.50	94.00
Benefits paid	(25.76)	(46.52)
Remeasurements		
Return on plan assets, excluding amount recognized in Interest Income - Gain	4.86	0.46
Closing fair value of plan assets	746.41	617.43
Actual return on plan assets	55.25	40.30

Net Interest (Income)/Expense

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest (Income) / Expense – Obligation	64.84	55.90
Interest (Income) / Expense – Plan assets	(50.38)	(39.84)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Net Interest (Income) / Expense for the period	14.46	16.06
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Remeasurement for the period [Actuarial (Gain)/loss]

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Experience (Gain) / Loss on plan liabilities	17.01	(24.58)
Demographic (Gain) / Loss on plan liabilities	(15.55)	-
Financial (Gain) / Loss on plan liabilities	-	15.92
Experience (Gain) / Loss on plan assets	(1.59)	(3.77)
Financial (Gain) / Loss on plan assets	(3.27)	3.32

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement for the period-Obligation (Gain)/Loss	1.46	(8.65)
Remeasurement for the period-Plan assets (Gain)/Loss	(4.86)	(0.46)
Total Remeasurement cost/(credit) for the period recognised in OCI	(3.40)	(9.11)

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of obligation as at the end of the period	(961.00)	(855.00)
Fair value of plan assets as at the end of the period	746.41	617.43
Net Asset / (liability) to be recognised in balance sheet	(214.59)	(237.57)

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost (Refer note 28)	65.46	54.59
Net Interest (Income) / Expense (Refer note 30)	14.46	16.06
Net periodic benefit cost recognised in the statement of profit and loss	79.92	70.65

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Net asset / (liability) recognised at the beginning of the period	(237.57)	(270.03)
Company's contributions	99.50	94.00
Expense recognised for the year	(79.92)	(70.65)
Amount recognised in OCI	3.40	9.11
Net asset / (liability) recognised at the end of the period	(214.59)	(237.57)

The Company expects to contribute ₹ 99.50 million to gratuity fund in the next year (March 31, 2018: ₹ 99.00 million)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. 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, 2019	As at March 31, 2018
Funds managed by insurer	100.00%	100.00%

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased - Present value of obligation

In ₹ Million

Discount rate	Year ended March 31, 2019	Year ended March 31, 2018
Decrease by 1%	1,042.46	904.80
Increase by 1%	889.87	810.03

B) Impact of change in salary increase rate when base assumption is decreased/increased - Present value of obligation

In ₹ Million

Salary increment rate	Year ended March 31, 2019	Year ended March 31, 2018
Decrease by 1%	896.49	816.77
Increase by 1%	1,033.26	896.49

C) Impact of change in withdrawal rate when base assumption is decreased/increased - Present value of obligation

In ₹ Million

Withdrawal rate	Year ended March 31, 2019	Year ended March 31, 2018
Decrease by 1%	962.95	854.28
Increase by 1%	959.49	855.77

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 :

In ₹ Million

Particulars	As at March 31, 2019	As at March 31, 2018
Within one year	136.01	177.15
After one year but not more than five years	313.75	392.02
After five years but not more than ten years	507.58	461.88

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 / one 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

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:

Salary increment rate	Year ended March 31, 2019	Year ended March 31, 2018
Mortality table	IALM(2012-14) ult	IALM(2006-08) ult
Discount rate	7.70%	7.70%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	12.43	7.17
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	12.00%
Age 31 - 44 years	5.00%	12.00%
Age 45 - 50 years	5.00%	8.00%
Age above 50 years	5.00%	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, 2019	As at March 31, 2018
Present value of obligation as at the beginning of the period	61.64	60.40
Interest expense	4.61	4.09
Current service cost	4.85	6.33
Benefits (paid)	(3.57)	(7.18)
Remeasurements on obligation [Actuarial (Gain) / Loss]	45.92	(2.00)
Closing Defined Benefit Obligation	113.45	61.64

Net Interest (Income)/Expense

	In ₹ Million	
	Year ended March 31, 2019	Year ended March 31, 2018
Interest (Income) / Expense – Obligation	4.61	4.09
Net Interest (Income) / Expense for the period	4.61	4.09

Remeasurement for the period [Actuarial (Gain)/loss]

In ₹ Million

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

	Year ended March 31, 2019	Year ended March 31, 2018
Experience (Gain) / Loss on plan liabilities	43.93	(3.38)
Demographic (Gain) / Loss on plan liabilities	1.99	-
Financial (Gain) / Loss on plan liabilities	-	1.38

Amount recognised in statement of Other Comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement for the period-Obligation (Gain)/Loss	45.92	(2.00)
Total Remeasurement cost/(credit) for the period recognised in OCI	45.92	(2.00)

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of obligation as at the end of the period	(113.45)	(61.64)
Net asset / (liability) to be recognised in balance sheet	(113.45)	(61.64)

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost (Refer note 28)	4.85	6.33
Net Interest (Income) / Expense (Refer note 30)	4.61	4.09
Net periodic benefit cost recognised in the statement of profit and loss	9.46	10.42

Reconciliation of net asset/(liability) recognised:

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Net asset / (liability) recognised at the beginning of the period	(61.64)	(60.40)
Company's contributions	-	-
Benefits directly paid by Company	3.57	7.18
Expense recognised for the year	(9.46)	(10.42)
Amount recognised in OCI	(45.92)	2.00
Net asset / (liability) recognised at the end of the period	(113.45)	(61.64)

The followings are the expected benefit payments to the defined benefit plan in future years :

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Within one year	9.42	9.80
After one year but not more than five years	23.87	35.59
After five years but not more than ten years	50.63	64.35

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.73 years

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased in present value of obligation

Discount rate	Year ended March 31, 2019	Year ended March 31, 2018
Decrease by 1%	126.43	65.74
Increase by 1%	102.46	57.99

B) Impact of change in salary increase rate when base assumption is decreased/increased in present value of obligation

In ₹ Million

Salary increment rate	Year ended March 31, 2019	Year ended March 31, 2018
Decrease by 1%	103.25	58.46
Increase by 1%	125.24	65.14

C) Impact of change in withdrawal rate when base assumption is decreased/increased in present value of obligation

In ₹ Million

Withdrawal rate	Year ended March 31, 2019	Year ended March 31, 2018
Decrease by 1%	113.49	61.47
Increase by 1%	113.41	61.80

(c) Provident fund

In accordance with the law, all employees of the Group are entitled to receive benefits under the provident fund. The Group 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 Group 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

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:

	Year ended March 31, 2019	Year ended March 31, 2018
Mortality table	IALM(2012-14) ult	IALM(2006-08) ult
Discount rate	7.70%	7.70%
Interest rate declared by EPFO for the year	8.65%	8.55%
Yield spread	0.50%	0.50%
Expected average remaining working lives of employees (in years)	12.85*	7.54*
Withdrawal rate		
Age upto 30 years	5.00%	12.00%
Age 31 - 44 years	5.00%	12.00%
Age 45 - 50 years	5.00%	8.00%
Age above 50 years	5.00%	8.00%

* It is an 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, 2019	As at March 31, 2018
Present value of expected Interest rate shortfall as at the beginning of the period	17.14	58.53
Interest cost	1.32	4.21
Current service cost	1.84	3.50
Actuarial Loss / (Gain) on obligations	32.54	(49.10)
Present value of expected Interest rate shortfall as at the end of the period	52.84	17.14

Table showing changes in fair value of plan assets (Surplus account)

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Fair value of plan assets as at the beginning of the period (Surplus Account)	23.55	26.42
Interest Income	1.82	1.89
Amount transferred to cover shortfall	-	(0.26)
Actuarial Gain / (Loss) on plan assets	(4.39)	(4.50)
Fair value of plan assets as at the end of the period (Surplus Account)	20.98	23.55

Net Interest (Income)/Expense

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest (Income) / Expense – Obligation	1.32	4.21
Interest (Income) / Expense – Plan assets	(1.82)	(1.89)
Net Interest (Income) / Expense for the period	(0.50)	2.32

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Actuarial gain / loss recognised

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Actuarial (Gain) / Loss for the period – Obligation	32.54	(49.10)
Actuarial (Gain) / Loss for the period – Plan assets	4.39	4.50
Total (Gain) / Loss for the period	36.93	(44.60)
Actuarial (Gain) / Loss recognised in the period	36.93	(44.60)

The amounts to be recognised in the balance sheet:

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of expected Interest rate shortfall as at the end of the period	52.84	17.14
Fair value of the plan assets as at the end of the period (Surplus Account)	20.98	23.55
Surplus / (Deficit)	(31.86)	6.41
Net asset / (liability) recognised in the balance sheet#	(31.86)	6.41

The Company has not recognised the plan asset in the books based on the concept of prudence in previous year.

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement for the period-Obligation (Gain)/Loss	32.54	(49.10)
Remeasurement for the period-Plan assets (Gain)/Loss	4.39	4.50
Total Remeasurement cost/(credit) for the period recognised in OCI	36.93	(44.60)

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost (Refer note 28)	1.84	3.50
Net Interest (Income) / Expense (Refer note 30)	(0.50)	2.32
Net periodic benefit cost recognised in the statement of profit and loss	1.34	5.82

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased by 50 basis point

In ₹ Million

Discount rate	Year ended March 31, 2019	Year ended March 31, 2018
Decrease by 0.50%	99.10	44.59
Increase by 0.50%	9.26	-

B) Impact of change in expected future interest rate on PF when base assumption is decreased/increased by 50 basis point

In ₹ Million

PF interest rate	Year ended March 31, 2019	Year ended March 31, 2018
Decrease by 0.50%	8.91	-
Increase by 0.50%	96.76	43.60

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Overseas subsidiaries

(d) Pension plan

The overseas subsidiaries operate a pension scheme which is a defined benefit plan. The scheme pertains to employees to have left the organisation. 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. An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year

The following table summarises the components of net benefit expense recognised in the Statement of profit and loss and amounts recognised in the balance sheet for the pension plan.

The principal assumptions used in determining pension plan for the Group's overseas subsidiaries is shown below:

	As at March 31, 2019	As at March 31, 2018
Mortality table	Heubeck 2018 G	Heubeck 2005 G
Discount rate	1.60% to 2.31%	1.30% to 2.24%
Expected rate of return on plan assets		
Rate of increase in compensation levels	1.00% to 2.00%	1.00% to 2.00%
Expected average remaining working lives (in years)	0.00%	0.00%

Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

	As at March 31, 2019	As at March 31, 2018
Opening defined benefit obligation	1,036.39	885.82
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	(11.04)	175.36
Interest expense	20.33	19.21
Current service cost	15.24	19.64
Benefits paid	(21.16)	(19.69)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(7.13)	(43.96)
Closing defined benefit obligation	1,032.63	1,036.39

In ₹ Million

Changes in the fair value of plan assets recognised in the consolidated balance sheet are as follows:

	As at March 31, 2019	As at March 31, 2018
Opening fair value of plan assets	21.15	19.45
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	(0.23)	1.56
Interest income	0.35	0.33
Contributions	-	0.61
Benefits paid	(0.42)	(1.03)
Remeasurements-Actuarial gains / (losses)	0.20	0.22
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	-	-
Closing fair value of plan assets	21.05	21.15
Actual return on plan assets	0.55	0.56

In ₹ Million

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Net Interest (Income/Expense)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Interest (Income) / Expense – Obligation	20.33	19.21
Interest (Income) / Expense – Plan assets	(0.35)	(0.33)
Net Interest (Income) / Expense for the period	19.98	18.88

Remeasurement for the period [Actuarial (Gain)/loss]

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Financial (Gain) / Loss on plan liabilities	(7.21)	(40.10)

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Remeasurement for the period-Obligation (Gain)/Loss	(7.13)	(40.10)
Remeasurement for the period-Plan assets (Gain)/Loss	(0.20)	-
Total Remeasurement cost/(credit) for the period recognised in OCI	(7.33)	(40.30)

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Present value of defined benefit obligations	(1,032.63)	(1,036.39)
Fair value of plan assets	21.05	21.15
Net Asset / (liability) to be recognised in balance sheet	(1,011.58)	(1,015.24)

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost	15.24	19.64
Net Interest (Income) / Expense	19.98	19.21
Net periodic benefit cost recognised in the statement of profit & loss	35.22	38.85

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Net asset / (liability) recognised at the beginning of the period	(1,015.24)	(866.37)
Foreign Currency Translation Reserve (FCTR) Impact on Opening Balance	10.81	(173.80)
Company's contributions	-	0.61
Benefits directly paid by the Group	20.74	18.66
Expense recognised for the year	(35.22)	(38.52)
Amount recognised in OCI	7.33	44.18
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	-	-
Net asset / (liability) recognised at the end of the period	(1,011.58)	(1,015.24)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2019	As at March 31, 2018
Funds managed by insurer	100%	100%

Sensitivity analysis

Impact of change in discount rate when base assumption is present value of obligation decreased/increased in present value of obligation

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Discount rate		
Decrease by 0.50%	95.72	97.57
Increase by 0.50%	(84.17)	(86.76)

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 :

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Within the next 12 months (next annual reporting period)	26.68	26.63
Between 2 and 5 years	-	-
Beyond 2 and 5 years	125.61	121.03
Beyond 5 and 10 years	198.64	192.38
Beyond 10 years	1,435.36	1,405.31
Total expected payments	1,786.29	1,745.35

(e) Other long term benefits

Other long term benefits includes early retirement scheme as governed by the local laws amounting to ₹ 59.00 million (March 31, 2018: ₹ 49.24 million) and jubilee scheme as governed by the local laws amounting to ₹ 71.97 million (March 31, 2018: ₹ 60.65 million).

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

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.

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, 2019	As at March 31, 2018
Mortality table	IALM(2012-14) ult	IALM 2006-08 Ult
Discount rate	7.00% - 8.00%	7.60% - 8.10%
Expected rate of return on plan assets	7.43% - 7.60%	7.71% - 8.25%
Rate of increase in compensation levels	4.00% - 6.00%	4.00% - 6.00%
Expected average remaining working lives (in years)	16.50	17.32
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	1% to 20%	3.00%
Age 31 - 44 years	1% to 20%	3.00%
Age 45 - 50 years	1% to 20%	3.00%
Age above 50 years	1% to 20%	3.00%

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

	In ₹ Million	
	As at March 31, 2019	As at March 31, 2018
Opening defined benefit obligation	3.07	3.00
Adjustment to defined benefit obligation	-	0.84
Interest expense	0.08	0.16
Current service cost	0.28	0.18
Benefits paid	(0.62)	(0.26)
Remeasurements on obligation [Actuarial (Gain) / Loss]	0.60	(0.85)
Acquisition (credit)/cost	0.15	-
Closing defined benefit obligation	3.56	3.07

Changes in the fair value of plan assets recognised in the consolidated balance sheet are as follows:

	In ₹ Million	
	As at March 31, 2019	As at March 31, 2018
Opening fair value of plan assets	1.86	1.80
Adjustment to fair value of plan asset	-	-
Interest Income	0.02	0.14
Contributions	0.45	0.18
Benefits paid	(0.35)	(0.26)
Remeasurements-Actuarial gains / (losses)	-	-
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	-	-
Closing fair value of plan assets	1.98	1.86
Actual return on plan assets	0.49	0.14

Net Interest (Income/Expense)

	In ₹ Million	
	Year ended March 31, 2019	Year ended March 31, 2018
Interest (Income) / Expense – Obligation	0.08	0.16
Interest (Income) / Expense – Plan assets	(0.02)	(0.14)
Net Interest (Income) / Expense for the period	0.06	0.02

Remeasurement for the period [Actuarial (Gain)/loss]

	In ₹ Million	
	Year ended March 31, 2019	Year ended March 31, 2018
Experience (Gain) / Loss on plan liabilities	0.15	(0.77)
Demographic (Gain) / Loss on plan liabilities	-	(0.10)
Financial (Gain) / Loss on plan liabilities	0.45	(0.07)
Experience (Gain) / Loss on plan assets	-	(0.01)
Financial (Gain) / Loss on plan assets	-	-

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Opening amount recognised in OCI outside profit and loss account	-	-
Remeasurement for the period-Obligation (Gain)/Loss	0.60	(0.85)
Remeasurement for the period-Plan assets (Gain)/Loss	-	-
Total Remeasurement cost/(credit) for the period recognised in OCI	0.60	(0.85)
Closing amount recognised in OCI outside profit and loss account	0.60	(0.85)

The amounts to be recognised in the Balance Sheet

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Present value of defined benefit obligations	(3.56)	(3.07)
Fair value of plan assets	1.98	1.86
Net Asset / (liability) to be recognised in balance sheet	(1.58)	(1.21)

In case of certain Indian subsidiaries, actuarial liability is determined based on estimates amounting to ₹ 0.72 million for previous year.

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Current service cost	0.28	0.18
Net Interest (Income) / Expense	0.06	0.02
Net periodic benefit cost recognised in the statement of profit & loss	0.34	0.20

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
Net asset / (liability) recognised at the beginning of the period	(1.21)	(1.20)
Adjustment to opening balance	-	(0.84)
Contributions	0.45	0.18
Benefits paid by the Group	0.27	-
Expense recognised for the year	(0.34)	(0.20)
Amount recognised in OCI	(0.06)	0.85
Acquisition (credit)/cost	(0.15)	-
Net asset / (liability) recognised at the end of the period	(1.04)	(1.21)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2019	As at March 31, 2018
Funds managed by insurer	100.00%	100.00%

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

40. Gratuity and other post-employment benefit plans (contd.)

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Discount rate	As at March 31, 2019	As at March 31, 2018
Increase by 1%	1.75	1.35
Decrease by 1%	1.93	1.64

B) Impact of change in salary increase rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Salary increment rate	As at March 31, 2019	As at March 31, 2018
Increase by 1%	1.93	1.56
Decrease by 1%	1.75	1.43

C) Impact of change in withdrawal rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Withdrawal rate	As at March 31, 2019	As at March 31, 2018
Increase by 1%	1.79	1.46
Decrease by 1%	1.84	1.51

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

Year ending March 31	As at March 31, 2019	As at March 31, 2018
Within one year	0.58	0.37
After one year but not more than five years	-	-
After five years but not more than ten years	-	-
Total expected payments	0.58	0.37

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

41. Contingent liabilities

	In ₹ Million	
	As at March 31, 2019	As at March 31, 2018
Claims against the Group not acknowledged as Debts - to the extent ascertained (Refer note a, c, d and f)	1,007.14	220.10
Excise/Service tax demands - matters under dispute (Refer note f)	277.03	255.13
Customs demands - matters under dispute (Refer note g)	73.93	50.97
Sales tax demands - matters under dispute (Refer note h)	180.77	28.17
Income tax demands - matters under dispute (Refer note i)	54.92	54.92
Others (Refer note b and e)	3.32	4.86

(a) The Claim against the Group comprise of dues in respect to personnel claims (amount unascertainable), local taxes etc.

(b) Includes:

- contingent liability to employees as per agreed terms

- One of the subsidiaries has availed exemption from stamp duty and accordingly was required to start the activities within a period of three years from the date of agreement. The Group will be liable to pay the whole of the stamp duty amounting to ₹ 3.32 Million 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.

(c) 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.

(d) The amount of claim is arbitral award passed by arbitrator against one of the subsidiary on May 10, 2019 in the matter of arbitration proceedings concerning termination of Share purchase agreement dated December 18, 2010 by the subsidiary, directing the subsidiary to pay ₹ 770.00 million to the claimant. In the opinion of the Group and the legal advisor, said award is biased and perverse. The subsidiary is in the process of filing an appeal against said award before the Delhi High Court.

(e) One of the subsidiaries is in the process of setting manufacturing facility at additional Jejuri area, MIDC Jejuri District Pune. The subsidiary has applied to MIDC for extension of timeline for completion of construction up to March 31, 2020. The application made by the subsidiary is under active consideration by MIDC. The Management is confident of getting the requisite permission from MIDC, soon. The Management does not expect any outgo of resources for obtaining the requisite permission.

(f) Includes amount pertaining to incentive received under Government scheme, etc.

(g) Includes amount pertaining to classification differences of products etc.

(h) Includes amount pertaining to duty demand by authorities on non-taxable services and for non-receipt of various statutory forms, etc

(i) Includes amount pertaining to matter relating to applicability of TDS.

Provident Fund

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order.

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 ₹ 174.97 million (March 31, 2018: ₹ 277.82 million).

Note : In cases where the amounts have been accrued, it has not been included above.

Refer notes 38 and 39 for contingent liabilities with respect to group's share in joint venture and associates.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

42. Capital and other commitments

In ₹ Million

	As at March 31, 2019	As at March 31, 2018
(a) Guarantees given by Group's Bankers on behalf of the Group, against sanctioned guarantee limit of ₹ 4,250 million (March 31, 2018: ₹ 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.	2,149.12	2,386.03
(b) Guarantees given by the Company on behalf of Group Companies	2,638.24	1,715.48
(c) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	4,576.33	2,271.50
(d) Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	64.78	119.26
(e) Bank Guarantees extended for Project / Oil Business	159.65	208.43
(f) For commitments relating to lease agreements, please refer note 43	-	-

43. 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 between 1 to 10 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.

The lease rentals charged during the period are as under:

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Minimum lease payments recognised in the statement of profit and loss during the year		
On cancellable leases	269.48	248.23
On non-cancellable leases	77.36	32.00
	346.85	280.23

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, 2019 are, as follows:

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
Minimum lease payments to be recognised in the statement of profit and loss		
Within one year	33.75	22.30
After one year but not more than five years	29.42	31.35
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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

43. Leases (contd.)

The lease rentals received during the period is as under

	In ₹ Million	
	Year ended March 31, 2019	Year ended March 31, 2018
Lease rentals received during the year		
On cancellable leases	8.16	4.12
	8.16	4.12

(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, 2019		March 31, 2018	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Within one year	72.60	69.31	59.01	56.04
After one year but not more than five years	107.23	103.92	131.60	127.52
Total	179.83	173.23	190.61	183.56
Less: Finance charges	6.60	-	7.05	-
Present value of Minimum Lease Payments	173.23	173.23	183.56	183.56

44. Deferral/Capitalisation of exchange differences

On the date of transition to Ind AS, the Group has availed the option under Ind AS 101 para D13AA for borrowings availed before April 1, 2016, continuing the policy adopted for accounting for exchange differences arising from translation of foreign currency monetary items recognised in financial statements.

	In ₹ Million	
	As at March 31, 2019	As at March 31, 2018
Cost of the assets / capital work in progress	(162.30)	(15.04)
FCMITDA	(197.19)	(18.26)
Amortised in the current year	(218.21)	(200.18)

45. Loans and advances in the nature of loans given to associates and firms/companies in which directors are interested

	In ₹ Million	
	As at March 31, 2019	As at March 31, 2018
BF Utilities Limited #		
Balance outstanding as at March 31	-	-
Maximum amount outstanding during the year	-	75.00
Ferrovía Transrail Solutions Pvt Ltd*		
Balance outstanding as at March 31	144.99	225.09
Maximum amount outstanding during the year	225.09	317.00

Receivable in 3 years from the date of origination of loan.

* Net of provision for diminuation in the value of loan.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

46. Expenditure on research and development

In ₹ Million

	Year ended March 31, 2019	Year ended March 31, 2018
On revenue account	482.00	367.77
On capital account	65.51	6.49
Total research and development expenditure *	547.51	374.26

*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.

47. Disclosures required under Sec 186(4) of the Companies Act, 2013

The Company has given guarantees to banks on behalf of the following group companies:

-Bharat Forge Kilsta AB, step down subsidiary company, of ₹ 1,397.74 million (March 31, 2018: ₹ 1,454.73 million) for working capital requirements which was renewed during the current year.

-Bharat Forge America Inc, wholly owned subsidiary company, of ₹ 276.64 million (March 31, 2018: ₹ 260.75 million) for term loan which was used for acquisition of stepdown subsidiaries.

48. Related party disclosures

(i) Names of the related parties and related party relationship

Related parties with whom transactions have taken place during the period.	
Associates	Ferrovia 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, India (w.e.f. February 28, 2018) Talbahh GmbH (Investment through wholly owned subsidiary), Germany Tevva Motors (Jersey) Limited, Jersey (w.e.f. June 11, 2018)
Joint Ventures	BF NTPC Energy Systems Limited, India BF Premier Energy Systems Private Limited, India
Subsidiaries of associates	Lycan Electric Private Limited, India Tork Motors (UK) Limited, UK Tevva Motors Limited, UK
Other related parties	Kalyani Steels Limited, India BF Utilities Limited, India Automotive Axles Limited, India Khed Economic Infrastructure Private Limited, India Kalyani Maxion Wheels Private Limited, India Institute for Prostate Cancer, India United Metachem Private Limited, India Harmony Electoral Trust, India Daimler India Commercial Vehicles Private Limited, India (w.e.f. May 19, 2016 and up to November 19, 2017) Tirupati Engineers, India M J Risbud & Co., India (w.e.f. February 28, 2018) H M Risbud & Co., India (w.e.f. February 28, 2018) Irbaris LLP, UK (w.e.f. June 11, 2018)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

48. Related party disclosures (contd.)

(i) Names of the related parties and related party relationship (contd.)

Minority holders	Elbit Systems Land and C4I Limited, India Rafael Advanced Defence Systems Limited, Israel
Joint venture partners	NTPC Limited Premier Explosives Limited
Key management personnel (including subsidiaries/associates/joint ventures)	Mr. B. N. Kalyani (Chairman & 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) Ms. T. R. Chaudhari (Company Secretary) Mr. P. G. Pawar (Independent Director) Mr. S. M. Thakore (Independent Director) Mrs. L. D. Gupte (Independent Director) Mr. P. H. Ravikumar (Independent Director) Mr. P. C. Bhalerao (Independent Director) Mr. N. K. Narad (Independent Director) (up to March 31, 2019) Mr. T. Mukherjee (Independent Director) (up to March 31, 2019) Mr. V. R. Bhandari (Independent Director) Mr. R. Jadeja Mr. P. Kanugo (w.e.f. May 15, 2018) Mr. R. B. Reddy (w.e.f. December 14, 2018) Mr. T. Mishra (w.e.f. December 14, 2018) Mr. S. Kapoor Mr. R. Gogia Ms. S. Modi Mr. M. Kapoor (w.e.f. February 15, 2019) Mr. Vineet (up to September 07, 2018) Mr. P. Puranik Mr. S. Ligam Mr. Y. Thakar Ms. J. Chhabada (w.e.f. February 13, 2018) Mr. K. Shelke (w.e.f. February 27, 2018) Mr. P. Risbud (w.e.f. February 27, 2018)
Key management personnel (including subsidiaries/associates/joint ventures)	Mr. P. Choudhary Mr. V. Neginal Ms. P. Verma Mr. R. Nirgudkar Mr. S. Shivakumar (Up to February 28 , 2018) Mr. A. Singh (Up to September 21 , 2017)
Relatives of directors and other directors	Smt. S. N. Kalyani Mr. G. N. Kalyani Mrs. A. G. Agarwal Mrs. S. S. Tandale Mr. P. S. Kalyani Mrs. V. B. Kalyani Mr. C. Shelke (w.e.f. February 27, 2018)
Post employment benefit trust	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"

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

48. Related party disclosures (contd.)

(ii) Related party transactions

(In ₹ Million)

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended	
			March 31, 2019	March 31, 2018
1	Purchase of raw materials / stores, spares \$	Other related party		
		Kalyani Steels Limited	6,812.96	5,384.32
		Others	0.66	0.15
			6,813.62	5,384.47
2	Staff welfare expenses	Other related party		
		Institute for Prostate Cancer	1.09	-
			1.09	-
3	Other expenses			
	- Power, fuel and water	Other related party		
		BF Utilities Limited	148.99	71.71
			148.99	71.71
	- Rent	Other related party		
		Automotive Axles Limited	-	0.16
		United Metachem Private Limited	3.97	-
			3.97	0.16
		Associates		
		Tirupati Engineers	2.03	-
			2.03	-
		Relatives of directors and other directors		
		Mrs. S. S. Tandale	0.18	0.18
			0.18	0.18
	- Donations	Other related party		
		Harmony Electoral Trust	150.50	-
			150.50	-
	-Directors' fees and travelling expenses	Relatives of directors and other directors		
		Mr. P. G. Pawar	0.63	0.57
		Mr. S. M. Thakore	0.59	0.57
		Mrs. Lalita D. Gupte	0.23	0.23
		Mr. P. H. Ravikumar	0.50	0.40
		Mr. P. C. Bhalerao	0.63	0.63
		Mr. Vimal Bhandari	0.34	0.25
		Mr. Naresh Narad	0.15	0.15
		Dr. T. Mukherjee	0.43	0.25
			3.50	3.05
	-Commission to directors other than managing and whole time directors	Relatives of directors and other directors		
		Mr. P. G. Pawar	1.30	1.15
		Mr. S. M. Thakore	1.10	1.15
		Mrs. Lalita D. Gupte	0.45	0.45
		Mr. P. H. Ravikumar	1.00	0.95
		Mr. P. C. Bhalerao	1.30	1.25
		Mr. Naresh Narad	0.30	0.30
		Dr. T. Mukherjee	0.40	0.50
		Mr. Vimal Bhandari	0.60	0.50
			6.45	6.25

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

48. 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, 2019	March 31, 2018
	- Legal and professional fees	Other related party		
		Rafael Advanced Defence Systems Limited	49.27	-
		PNC Infratech Limited	-	0.32
		Tirupati Engineers	3.93	0.12
		M J Risbud & Co.	-	0.13
		H M Risbud & Co.	0.03	0.10
		Irbaris LLP	39.88	-
			93.11	0.67
			408.73	82.02
4	Sale of goods / manufacturing scrap (net of returns, rebates etc.)	Other related party		
		Daimler India Commercial Vehicles Private Limited	-	318.84
		Automotive Axles Limited	420.07	418.41
		Rafael Advanced Defence Systems Limited	1,024.43	6.75
		Others	22.23	13.45
			1,466.73	757.45
5	Sale of services	Other related party		
		Automotive Axles Limited	210.98	210.44
			210.98	210.44
6	Other income			
	-Rent	Other related party		
		Kalyani Maxion Wheels Limited	0.10	0.05
			0.10	0.05
	-Management Consultancy Services	Associates		
		Ferrovia Transrail Solutions Private Limited	3.20	3.20
			3.20	3.20
	- Sale/discard of property, plant and equipments	Other related party		
		Automotive Axles Limited	4.29	-
			4.29	-
			7.59	3.25
7	Purchase of tangible and intangible assets (including CWIP)	Other related party		
		BF Utilities Limited	-	118.00
		Rafael Advanced Defence Systems Limited	49.16	-
		Others	1.55	-
			50.71	118.00
8	Finance provided:			
	- Investments by Group	Other related party		
		Kheda Economic Infrastructure Private Limited (includes fair value impact)	(54.88)	-
			(54.88)	-
		Associates		
		Tork Motors Private Limited	99.99	160.39
		Tevva Motors (Jersey) Limited	892.93	-
			992.92	160.39

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

48. 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, 2019	March 31, 2018
		Joint ventures		
		BF NTPC Energy Systems Limited	-	2.89
		BF Premier Energy Systems Private Limited	-	0.50
			-	3.39
	- Investments by joint venture partner and minority holders			
		Minority holders		
		Rafael Advanced Defence Systems Limited	-	95.02
		Others	-	9.61
			-	104.63
		Joint ventures		
		NTPC Limited	-	2.78
		Premier Explosives Limited	-	0.50
			-	3.28
	- Loan given	Associates		
		Ferrovia Transrail Solutions Private Limited	-	40.51
			-	40.51
			938.04	312.20
9	Interest income	Other related party		
		Kalyani Steels Limited	-	21.08
		BF Utilities Limited	-	5.65
			-	26.73
		Associates		
		Ferrovia Transrail Solutions Private Limited	2.29	41.05
			2.29	67.78
10	Advance from customers	Other related party		
		Automotive Axles Limited	-	4.20
			-	4.20
11	Advance given to vendors	Associates		
		Ferrovia Transrail Solutions Private Limited	191.76	221.86
			191.76	221.86
12	Managerial remuneration	Key management personnel		
		Mr. B. N. Kalyani	194.77	185.93
		Mr. A. B. Kalyani	59.94	54.51
		Mr. G. K. Agarwal	59.09	54.61
		Mr. S. E. Tandale	50.32	42.38
		Mr. B. P. Kalyani	47.84	39.87
		Mr. K. M. Saletore	37.97	32.89
		Others	12.67	4.91
			462.60	415.10
13	Dividend paid	Key management personnel		
		Mr. B. N. Kalyani	0.39	0.35
		Mr. A. B. Kalyani	3.50	3.15
		Mr. G. K. Agarwal	0.02	-
		Mr. B. P. Kalyani	0.02	0.03
		Mr. S. M. Thakore	0.14	0.13

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

48. 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, 2019	March 31, 2018
		Mr. P. H. Ravikumar	0.03	0.02
			4.10	3.68
		Relatives of directors and other directors		
		Mr. G. N. Kalyani	3.45	3.11
		Others	0.75	0.67
			4.20	3.78
			8.30	7.46
14	Loans received / adjusted	Other related party		
		BF Utilities Limited	-	75.00
			-	75.00
15	Repayment of loan	Associate		
		Ferrovia Transrail Solutions Private Limited	30.10	-
			30.10	-
16	Contributions paid*	Post employment benefit trusts		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	214.27	190.60
			214.27	190.60
		Gratuity fund		
		Bharat Forge Company Limited Employees Group Gratuity fund	37.50	39.00
		Bharat Forge Company Limited Officer's Group Gratuity fund	62.00	55.00
			99.50	94.00
		Superannuation fund		
		Bharat Forge Company Limited Officer's Superannuation scheme	24.33	24.67
			24.33	24.67
			338.10	309.27
17	Provision for diminution in value of loan to associate	Associates		
		Ferrovia Transrail Solutions Private Limited	50.00	132.42
			50.00	132.42

*The Above disclosure does not include on behalf payments done by any related party to each other. For closing balances of above employee benefit trusts refer note 40.

\$ including goods and service tax.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end

(In ₹ Million)

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended	
			March 31, 2019	March 31, 2018
1	Trade payables	Other related party		
		Kalyani Steels Limited (net of advance ₹ 470.00 million (March 31, 2018 : ₹ 470.00 million)	965.60	1,027.08
		BF Utilities Limited	18.29	14.45
		Kalyani Maxion Wheels Private Limited	0.42	0.42
		Rafael Advanced Defence Systems Limited	93.50	-
		Tirupati Engineers	4.03	0.51
		H M Risbud & Co.	0.01	-
		M J Risbud & Co.	-	0.13
			1,081.85	1,042.59
		Enterprises having common Key Management Personnel		
		PNC Infratech Limited	-	0.29
			-	0.29
			1,081.85	1,042.88
		2	Trade receivable	Other related party
Automotive Axles Limited	114.43			238.83
Kalyani Steels Ltd.	2.89			0.74
Kalyani Maxion Wheels Private Limited	1.13			0.61
Rafael Advanced Defence Systems Limited	192.77			-
Others	0.07			-
	311.29	240.18		
3	Payables for capital goods	Other related party		
		BF Utilities Limited	-	34.24
		-	34.24	
4	Non-current investments	Other related party		
		Khed Economic Infrastructure Private Limited (including fair value)	583.06	637.94
			583.06	637.94
		Joint ventures		
		BF NTPC Energy Systems Limited	-	33.64
		BF Premier Energy Systems Pvt. Ltd.	0.02	0.05
			0.02	33.69
		Associates		
		Tork Motors Private Limited	247.70	160.39
		Tevva Motors (Jersey) Limited	808.67	-
		Ferrovial Transrail Solutions Private Limited	-	0.07
		Hospet Bellary Highways Private Limited	0.05	0.05
		Talbahn GmbH	-	-
	1,056.42	160.51		
5	Loans	Associates		
		Ferrovial Transrail Solutions Private Limited	194.99	225.09
		194.99	225.09	
6	Security deposits	Other related party		
		BF Utilities Limited	210.00	210.00
		Others	0.94	0.95
		210.94	210.95	

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

48. Related party disclosures (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	Year ended	
			March 31, 2019	March 31, 2018
		Relatives of key management personnel		
		Mrs. S. S. Tandale	0.15	0.15
			0.15	0.15
			211.09	211.10
7	Advance to suppliers	Other related party		
		Elbit Systems Land and C4I Limited	17.67	18.21
			17.67	18.21
8	Advance from customers	Other related party		
		Automotive Axles Limited	3.48	4.20
			3.48	4.20
9	Managerial remuneration payable*	Key management personnel		
		Mr. B. N. Kalyani	110.00	109.80
		Mr. A. B. Kalyani	24.00	21.00
		Mr. G. K. Agarwal	23.00	21.00
		Mr. S. E. Tandale	28.75	23.00
		Mr. B. P. Kalyani	28.25	22.50
		Mr. K. M. Saletore	21.00	17.70
		Others	-	0.10
			235.00	215.10
10	Commission to directors other than managing and whole time directors	Relatives of directors and other directors		
		Mr. P. G. Pawar	1.30	1.15
		Mr. S. M. Thakore	1.10	1.15
		Mrs. Lalita D. Gupte	0.45	0.45
		Mr. P. H. Ravikumar	1.00	0.95
		Mr. P. C. Bhalerao	1.30	1.25
		Mr. Naresh Narad	0.30	0.30
		Dr. T. Mukherjee	0.40	0.50
		Mr. Vimal Bhandari	0.60	0.50
			6.45	6.25
11	Provision for diminution in value of loan to associate	Ferrovia Transrail Solutions Private Limited	(182.42)	(132.42)
			(182.42)	(132.42)

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 unless otherwise stated and interest free except for loans and settlement occurs in cash. For the year ended March 31, 2019 the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2018 : 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.

For Details of guarantees to related parties refer note 47

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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

49. 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 standalone 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's business is divided into two reporting segments which comprises of "Forgings" and "Others" which represents the Group's businesses not covered in Forgings segment. The Chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment based on an analysis of various performance indicators.

The Forgings segment produces and sells forged products comprising of forgings and machined components for automotive and industrial sector. Others primarily includes various new initiatives which the Group is carrying out other than forging related activities.

No operating segments have been aggregated to form the above reportable operating segments.

In ₹ Million

Sr. No.		March 31, 2019	March 31, 2018
1	Segment revenue		
	Revenue from external customers		
a	Forgings	98,428.76	83,993.47
b	Others	3,123.44	153.97
	Total	101,552.20	84,147.44
	Less - Intersegment revenue	(76.09)	
	Total	101,476.11	84,147.44
	Adjustments and eliminations *	(18.78)	(0.72)
	Revenue from operations	101,457.33	84,146.72
2	Segment results		
a	Forgings	16,779.11	14,578.89
b	Others	420.46	(128.34)
	Total segment profit (before interest and tax from each reportable segment)	17,199.57	14,450.55
	Less: Finance cost	1,272.15	1,065.31
	Less: Other unallocable expenditure net off unallocable income	51.36	473.15
	Total profit before tax and exceptional items	15,876.06	12,912.09
	Add: Exceptional items (loss)		(954.48)
	Profits before tax and adjustments	15,876.06	11,957.61
	Adjustments and eliminations *	113.75	-
	Profit before tax	15,989.81	11,957.61
3	Segment income/(expense)		
3.1	Segment Depreciation, amortisation and impairment expense		
a	Forgings	5,093.13	4,573.18
b	Others	118.99	96.31
	Total	5,212.12	4,669.49
	Adjustments and eliminations *	(4.18)	(0.69)
	Depreciation, amortisation and impairment expense	5,207.94	4,668.80
3.2	Segment Income tax expense		
a	Forgings	5,644.78	4,414.40
b	Others	12.47	3.21
	Total	5,657.25	4,417.61
	Adjustments and eliminations *	6.60	0.32
	Income tax expense	5,663.85	4,417.93
3.3	Share of (loss) of associates and joint ventures		
a	Forgings		-
b	Others	(113.75)	(3.78)
	Total share of (loss) of associates and joint ventures	(113.75)	(3.78)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

49. Segment information (contd.):

In ₹ Million

Sr. No.		March 31, 2019	March 31, 2018
4	Segment assets		
a	Forgings	90,792.53	78,907.99
b	Others	4,580.66	1,785.70
c	Unallocable assets including unutilised fund	21,479.13	19,660.52
	Total	116,852.32	100,354.21
	Adjustments and eliminations *	(429.98)	(190.00)
	Total assets	116,422.34	100,164.21
5	Segment liabilities		
a	Forgings	18,204.36	17,192.70
b	Others	507.60	383.80
c	Unallocable	3,337.56	3,119.84
	Total	22,049.52	20,696.34
	Adjustments and eliminations *	(47.53)	(64.80)
	Total liabilities	22,001.99	20,631.54
	Capital employed	94,420.35	79,532.67
6	Other disclosures		
6.1	Investments in associates and joint ventures		
a	Forgings	-	-
b	Others	1,056.31	160.16
	Total	1,056.31	160.16
	Adjustments and eliminations *	-	-
	Investments in associates and joint ventures	1,056.31	160.16
6.2	Increase in non-current and non-financial asset for the year		
a	Forgings	11,376.45	5,507.69
b	Others	1,182.18	144.67
	Total	12,558.63	5,652.36
	Adjustments and eliminations *	(53.79)	(0.02)
	Increase in non-current non-financial asset for the year	12,504.84	5,652.34
7	Information in respect of geographical areas		
7.1	Segment revenue from external customers		
a	Within India	27,917.49	22,916.04
b	Outside India	73,539.84	61,230.68
	Europe	35,401.15	31,531.02
	USA	34,994.15	27,952.23
	Others	3,144.54	1,747.43
	Subtotal	73,539.84	61,230.68
	Total	101,457.33	84,146.72
	The revenue information above is based on location of the customers		
7.2	Segment non-current assets		
a	Within India	36,814.90	42,676.65
b	Outside India	11,639.24	10,376.58
	Total	48,454.14	53,053.23

Ind AS 108 requires disclosure of reconciliations between segment information and respective line item in Consolidated Financial Statements. Adjustments and eliminations include elimination of assets and liabilities of joint ventures and associates which have been accounted under equity method. Further, inter-segment transactions are eliminated upon consolidation. There are no other reconciling items, hence, no separate reconciliation has been presented.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

50. Hedging activities and derivatives

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.

In ₹ Million

Particulars	March 31, 2019		March 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	1,748.25	-	1,722.43	-

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:

In ₹ Million

Nature of instrument	Currency	Purpose	March 31, 2019		March 31, 2018	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable sales	612.37	45,396.79	656.37	47,293.09
Forward Contracts	EUR	Hedging of highly probable sales	142.20	13,014.68	161.05	13,959.25

The cash flow hedges of the expected future sales during the year ended March 31, 2019 were assessed to be highly effective and a net unrealised gain of ₹ 1,736.44 million (March 31, 2018: ₹ 1,685.27 million), with a deferred tax liability of ₹ 606.78 million (March 31, 2018: ₹ 588.90 million) relating to the hedging instruments, is included in OCI.

The amount removed from OCI during the year and included in the carrying amount of the hedged item, revenue from operations (highly probable forecast sales) as an adjustment for the year ended March 31, 2019 as detailed in Note 33, totalling ₹ 1,220.61 (gross of deferred tax) (March 31, 2018: ₹ 2,132.64 million). The amounts retained in OCI at March 31, 2019 are expected to mature and affect the statement of profit and loss till year ended March 31, 2022.

Fair value hedge

At March 31, 2019, the Group had an cross currency swap agreement in place. The same contract was also outstanding as on March 31, 2018. Through this arrangement, the Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR. Under the original agreement the interest rate was fixed at LIBOR + 67 basis points, but due to the cross currency swap arrangement the revised interest rate has been fixed at EURIBOR+ 87 basis points, decreasing the corresponding interest cost on the term loan.

Also as at March 31, 2019, the Company had certain forward contracts outstanding, which are being used to hedge the exposure to changes in fair value of its underlying trade receivables. No such contracts existed as at March 31, 2018.

The impact of the derivative instrument on the balance sheet as at March 31, 2019 is as follows:

Fair value Hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2019
Cross currency swap	EURO 25.52	78.13	Derivative instruments	Nil
Forward Contracts	USD 49.09	128.86	Derivative instruments	Nil
Forward Contracts	EURO 9.69	27.52	Derivative instruments	Nil

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

50. Hedging activities and derivatives (contd.)

The impact of the derivative instrument on the balance sheet as at March 31, 2018 is as follows:

Fair value Hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2018
Cross currency swap	EURO 25.52	(151.68)	Derivative instruments	Nil
Forward Contracts	-	-	-	-
Forward Contracts	-	-	-	-

The impact of the hedged item on the balance sheet as at 31 March 2019 is, as follows:

Fair value Hedge	Nominal amount (In Million)	Change in fair value for calculating hedge ineffectiveness for March 2019
Non-current borrowings	USD 30.00	Nil
Trade receivables	USD 49.09	Nil
Trade receivables	EUR 9.69	Nil

The impact of the hedged item on the balance sheet as at 31 March 2018 is, as follows:

Fair value Hedge	Nominal amount (In Million)	Change in fair value for calculating hedge ineffectiveness for March 2018
Non-current borrowings	USD 30.00	Nil
Trade receivables	USD 49.09	Nil
Trade receivables	EUR 9.69	Nil

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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

51. 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, 2019.

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)
Financial assets at FVTOCI			
Unquoted equity instruments			
Kheda Economic Infrastructure Private Limited	-	-	583.06
KPIT Technologies Limited (Refer note 51 (b))	57.58	-	-
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	60.47	-	-
Derivative instruments			
Cash flow hedges	-	1,748.43	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited (Refer note 51 (a))	-	-	-
Derivative instruments			
Fair value hedges	-	234.51	-
Unquoted funds			
Investments in private equity fund	-	171.60	-
Investments in mutual funds	-	11,079.61	-
Quoted funds/bonds			
Investments in mutual funds	1,959.33	-	-
Secured redeemable non-convertible debentures in Series 237 (Option I) issued by Bajaj Finance Limited	268.67	-	-

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

51. Fair value hierarchy (contd.)

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2018:

(In ₹ Million)

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	637.94
Gupta Energy Private Limited (Refer note 55 (a))	-	-	-
Quoted equity instruments			
KPIT Technologies Limited	132.73	-	-
Derivative instruments			
Cash flow hedges	-	1,722.43	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited (Refer note 55 (a))	-	-	-
Unquoted funds			
Investments in private equity fund	-	115.57	-
Investments in mutual funds	-	12,306.00	-
Quoted funds			
Investments in mutual funds	1,651.03	-	-
Financial liabilities at FVTPL			
Derivative liability	-	151.68	-

There have been no transfers between level 1 and level 2 during the year ended March 31, 2019 and March 31, 2018.

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, 2019 and March 31, 2018 are as shown below:

	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, 2019: ₹ 9.90 million to ₹ 12.60 million / acre March 31, 2018: ₹ 9.70 million to ₹ 12.60 million / acre	5% increase/ (decrease) in realization rate would result in increase/ (decrease) in fair value per share by ₹ 1.49 (March 31, 2018: ₹ 1.58).
		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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

51. Fair value hierarchy (contd.)

(b) KPIT Technologies Limited

The Company had invested into 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited. The Hon'ble National Company Law Tribunal, Mumbai Bench, has by its order approved the composite scheme of arrangement (Scheme), amongst Birlasoft (India) Limited, KPIT Technologies Limited, KPIT Engineering Limited and their respective shareholders. Pursuant to the Scheme, the engineering business of KPIT Technologies Limited has been transferred to KPIT Engineering Limited.

Pursuant to the order, Birlasoft (India) Limited has merged with KPIT Technologies Limited and KPIT Technologies has been renamed as "Birlasoft Limited". KPIT Engineering Limited has been renamed as "KPIT Technologies Limited".

Pursuant to the Scheme, the Company has received 1 equity share of KPIT Technologies Ltd. of ₹ 10/- each for 1 equity share of Birlasoft Ltd. of ₹ 2/- each. The ratio of cost of acquisition per share of Birlasoft Ltd. and KPIT Technologies Ltd. is 56.64% to 43.36%.

Further on January 24, 2019; the resultant entity shares were delisted at ₹ 98.65/-. Subsequent the said shares were listed on April 22, 2019 with slightly higher price than on January 24, 2019. Accordingly, the investment in shares has been classified under level 1 of the fair value hierarchy.

Investment in unquoted shares of KPIT Technologies Limited are valued at fair value through OCI as at the reporting date and falls under level 3 of the fair value hierarchy. Subsequently the said shares were listed on April 22, 2019 and management has considered such valuation on the date of listing to measure the instrument as on March 31, 2019 as it has an insignificant change in the value since the reporting date. Accordingly, the investment in shares has been classified under level 1 of the fair value hierarchy.

- c) The investment in equity 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:

In ₹ Million

	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
As at March 31, 2017	524.71	-	-
Remeasurement recognised in OCI	113.23	-	-
Purchases	-	-	7.92
As at March 31, 2018	637.94	-	7.92
Remeasurement recognised in OCI	(54.88)	-	-
Other adjustments [Refer note 6 (c)]			(7.92)
As at March 31, 2019	583.06	-	-

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

52. 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, 2019 and March 31, 2018, other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
(i) Investments	8,777.30	11,011.21	8,777.30	11,011.21
(ii) Loans	180.00	26.13	180.00	26.13
(iii) Trade receivables	-	233.77	-	233.77
(iv) Derivative instruments	1,175.97	476.63	1,175.97	476.63
(v) Other non-current financial assets	1,364.36	1,144.04	1,364.36	1,144.04
Total financial assets	11,497.63	12,891.78	11,497.63	12,891.78
(i) Borrowings	16,785.16	11,262.31	16,785.16	11,262.31
(ii) Other non-current financial liabilities	1.10	153.66	1.10	153.66
Total financial liabilities	16,786.26	11,415.97	16,786.26	11,415.97

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 expected credit loss/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 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 above. 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, 2019, 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 Group's borrowings and loans are appearing in the books at fair value since the same are interest bearing hence discounting of the same is not required. The own nonperformance risk as at March 31, 2019 and March 31, 2018 was assessed to be insignificant.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

53. 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. Further, all the 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, 2019 and March 31, 2018.

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, 2019.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The below 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, 2019 and March 31, 2018 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

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

53. Financial risk management objectives and policies (contd.)

reference to an agreed-upon notional principal amount. As at March 31, 2019, the Group's majority long term borrowings are at a floating rate of interest.

Interest rate sensitivity

The Group's total interest cost the year ended March 31, 2019 was ₹ 1,272.15 million and for year ended March 31, 2018 was ₹ 1,065.31 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)
March 31 2019		
USD	+/-50	34.25
EUR	+50	57.83
EUR*	-50	(27.29)
March 31 2018		
USD	+/-50	53.44
EUR	+50	21.98
EUR*	-50	7.21
GBP	+50	1.52

*During the current and previous financial year, EURIBOR was trading in negative zone and some of the Euro borrowings were floored at zero EURIBOR while others were trading at floating EURIBOR. Further Euro borrowings includes USD borrowings swapped in to EURO borrowings through cross currency swap.

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, long term foreign currency borrowings and Group's net investment in foreign subsidiaries and associates.

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.

The Group avails bills discounting facility in INR for some of its export receivables to avail interest subvention benefit. The Group manages foreign currency risk by hedging the receivables against the said liability.

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, 2019 (Contd.):

53. Financial risk management objectives and policies (contd.)

Particulars	Change in rate	Effect on OCI (In ₹ million)	Effect on profit (In ₹ million)
March 31, 2019	USD/INR – 1	601.58	59.87
	EUR/INR – 1	139.58	12.32
	EUR/USD – 0.01	17.65	
March 31, 2018	USD/INR – 1	656.37	
	EUR/INR – 1	161.05	
	EUR/USD – 0.01		17.65

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 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, 2019	USD 1	19.97	28.31
	EUR 1	129.09	72.97
March 31, 2018	USD 1	107.68	23.94
	EUR 1	20.94	64.10

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.

The Group has a back to back pass through arrangements for volatility in raw material prices for most of the customers. However in few cases there may be lag effect in case of such pass through arrangements and might have some effect on the Group's profit and equity.

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 ₹ 812.24 (March 31, 2018: ₹ 761.43 million). Sensitivity analysis of major investments has been provided in Note 51.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 60.46 million (March 31, 2018: ₹ 132.73 million). Change of 10% on the NSE market index could have an impact of approximately ₹ 6.05 million (March 31, 2018: ₹ 13.27 million) on the OCI or equity attributable to the Group. These changes would not have an effect on profit or loss.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

53. Financial risk management objectives and policies (contd.)

Other price risk

The Group invests its surplus funds in mutual funds and zero coupon bonds which are linked to debt markets. The Group is exposed to price risk for investments in such instruments that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds and zero coupon bonds, 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 ₹ 32.60 million (March 31, 2018: ₹ 34.89 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 2019, receivable from the Group's top 5 customers accounted for approximately 43% (March 31, 2018: 35%) 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 and subsequent expectation of receipts. 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.

Other receivables, deposits with banks, mutual funds 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, 2019 and March 31, 2018 is the carrying amounts as illustrated in the respective notes except for financial guarantees. With respective to financial derivative instruments refer note 50.

Liquidity risk

Cash flow forecasting is performed by Treasury function. The Group's liquidity requirements are monitored at the Company and individual component level by respective treasury functions to ensure availability of funds 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 ₹ 13,038.94 million (March 31, 2018: ₹ 13,957.03 million) and other liquid assets of ₹ 4,754.61 million (March 31, 2018: ₹ 3,040.64 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.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

53. Financial risk management objectives and policies (contd.)

The table below summarises the maturity profile of the Group's financial liabilities

(in ₹ million)

Particulars	Less than 1 year	1 to 5 years	> 5 years	Total
March 31, 2019				
Borrowings	20,943.31	15,408.61	1,376.55	37,728.47
Trade and other payables	13,664.37	-	-	13,664.37
Other financial liabilities	3,687.92	1.10	-	3,689.02
	38,295.60	15,409.71	1,376.55	55,081.86
March 31, 2018				
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
	35,243.40	11,403.56	12.41	46,659.37

The management believes that the probability of any outflow on account of financial guarantees issued by the Group being called on is remote. Hence the same has not been included in the above table.

54. 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

(in ₹ million)

Particulars	As at March 31, 2019	As at March 31, 2018
Borrowings	40,293.07	32,569.66
Less: Cash and other liquid assets	17,755.72	16,961.63
Net debt	22,537.35	15,608.03
Equity	54,058.92	46,811.30
Net debt / equity Ratio	0.42	0.33

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, 2019 and March 31, 2018.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

55. Statutory Group Information

In ₹ Million

Name of the entity in the group	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
Parent								
Bharat Forge Limited								
Balance as at 31 March, 2019	100.41	53,982.21	103.75	10,712.81	24.62	(66.94)	105.89	10,645.87
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
Subsidiaries								
Indian								
1) B F Infrastructure Limited								
Balance as at 31 March, 2019	(1.04)	(559.77)	(0.07)	(7.39)	(0.10)	0.26	(0.07)	(7.13)
Balance as at 31 March, 2018	(1.19)	(552.65)	(13.90)	(1,047.98)	0.01	0.02	(13.47)	(1,047.96)
2) Kalyani Strategic Systems Limited								
Balance as at 31 March, 2019	0.66	353.31	0.01	1.50	-	-	0.01	1.50
Balance as at 31 March, 2018	0.76	351.81	(0.03)	(2.04)	-	-	(0.03)	(2.04)
3) Kalyani Rafael Advanced Systems Private Limited								
Balance as at 31 March, 2019	0.66	353.43	0.08	8.55	0.04	(0.10)	0.08	8.45
Balance as at 31 March, 2018	0.74	344.98	(0.57)	(43.03)	(0.02)	(0.05)	(0.55)	(43.08)
4) BF Elbit Advanced Systems Private Limited								
Balance as at 31 March, 2019	(0.16)	(84.83)	(0.09)	(8.87)	-	-	(0.09)	(8.87)
Balance as at 31 March, 2018	(0.16)	(75.96)	(0.18)	(13.59)	-	-	(0.17)	(13.59)
5) Analogic Controls India Limited								
Balance as at 31 March, 2019	0.10	51.93	0.67	69.44	0.15	(0.41)	0.69	69.03
Balance as at 31 March, 2018	(0.04)	(17.10)	0.05	3.45	0.41	0.98	0.06	4.43
6) BFIL - CEC JV								
Balance as at 31 March, 2019	(0.01)	(3.12)	(0.03)	(3.21)	-	-	(0.03)	(3.21)
Balance as at 31 March, 2018	0.00	0.09	0.00	0.01	-	-	0.00	0.01
Foreign								
1) Bharat Forge Global Holding GmbH								
Balance as at 31 December, 2018	16.10	8,655.57	(1.81)	(186.53)	0.60	(1.62)	(1.87)	(188.15)
Balance as at 31 December, 2017	17.99	8,370.59	3.33	251.30	(7.88)	(18.89)	2.99	232.41
2) Bharat Forge CDP GmbH								
Balance as at 31 December, 2018	5.97	3,211.39	0.12	12.14	(0.93)	2.53	0.15	14.67
Balance as at 31 December, 2017	6.95	3,230.71	(0.15)	(11.41)	26.25	62.89	0.66	51.48
3) Bharat Forge Holding GmbH								
Balance as at 31 December, 2018	1.91	1,025.20	-	-	-	-	-	0.00
Balance as at 31 December, 2017	1.01	471.66	-	-	-	-	-	0.00

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

55. Statutory Group Information (contd.)

In ₹ Million

Name of the entity in the group	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
4) Bharat Forge Aluminiumtechnik GmbH								
Balance as at 31 December, 2018	3.71	1,995.25	0.35	36.22	0.01	(0.04)	0.36	36.18
Balance as at 31 December, 2017	3.04	1,415.78	(0.04)	(2.67)	0.07	0.17	(0.03)	(2.50)
5) Bharat Forge Kilsta AB								
Balance as at 31 December, 2018	(0.02)	(11.85)	(3.04)	(313.55)	0.11	(0.29)	(3.12)	(313.84)
Balance as at 31 December, 2017	(0.23)	(105.36)	(2.22)	(167.09)	7.51	17.99	(1.92)	(149.10)
6) Bharat Forge Hong Kong Limited								
Balance as at 31 December, 2018	0.00	0.13	(0.05)	(4.72)	-	-	(0.05)	(4.72)
Balance as at 31 December, 2017	0.01	4.47	(0.03)	(2.27)	-	-	(0.03)	(2.27)
7) Bharat Forge Daun GmbH								
Balance as at 31 December, 2018	0.51	275.46	0.05	5.08	(0.58)	1.59	0.07	6.67
Balance as at 31 December, 2017	0.58	271.70	0.02	1.85	1.58	3.79	0.07	5.64
8) Mécanique Générale Langroise								
Balance as at 31 December, 2018	0.41	221.81	(0.19)	(19.93)	(0.52)	1.41	(0.18)	(18.52)
Balance as at 31 December, 2017	0.52	242.66	(1.35)	(101.74)	(0.10)	(0.25)	(1.31)	(101.99)
10) Bharat Forge CDP Trading								
Balance as at 31 December, 2018	(0.00)	(0.85)	(0.05)	(5.15)	-	-	(0.05)	(5.15)
Balance as at 31 December, 2017	0.01	3.04	(0.06)	(4.85)	-	-	(0.06)	(4.85)
11) Bharat Forge International Limited								
Balance as at 31 March, 2019	2.03	1,090.44	3.06	315.66	-	-	3.14	315.66
Balance as at 31 March, 2018	1.73	806.52	1.49	112.10	-	-	1.44	112.10
12) Bharat Forge America Inc.								
Balance as at 31 December, 2018	1.63	878.76	0.69	71.20	-	-	0.71	71.20
Balance as at 31 December, 2017	1.59	738.33	1.55	116.93	-	-	1.50	116.93
13) Bharat Forge PMT Technologie LLC								
Balance as at 31 December, 2018	2.56	1,378.17	(0.08)	(8.50)	-	-	(0.08)	(8.50)
Balance as at 31 December, 2017	2.73	1,270.34	0.79	59.54	-	-	0.77	59.54
14) Bharat Forge Tennessee Inc.								
Balance as at 31 December, 2018	0.93	499.81	0.09	9.55	-	-	0.09	9.55
Balance as at 31 December, 2017	0.96	448.88	0.33	24.70	-	-	0.32	24.70
Non-controlling interests in all subsidiaries								
Balance as at 31 March, 2019	0.55	298.36	0.04	4.23	0.03	(0.07)	0.04	4.16
Balance as at 31 March, 2018	0.63	294.20	(1.12)	(84.76)	(0.02)	(0.04)	(1.09)	(84.80)

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

55. Statutory Group Information (contd.)

In ₹ Million

Name of the entity in the group	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
Associates (accounting as per the equity method)								
1) Ferrovia Transrail Solutions Private Limited								
Balance as at 31 March, 2019		(9.84)	(0.00)	(0.07)	0.00	(0.01)	(0.00)	(0.08)
Balance as at 31 March, 2018		0.18	(0.00)	(0.05)	0.02	0.06	0.00	0.01
2) Hospet Bellary Highways Private Limited								
Balance as at 31 March, 2019		-	-	-	-	-	-	-
Balance as at 31 March, 2018		(129.40)	-	-	-	-	-	-
3) Tork Motors Private Limited (including subsidiaries)								
Balance as at 31 March, 2019		179.60	(0.12)	(12.05)	0.08	(0.22)	(0.12)	(12.27)
Balance as at 31 March, 2018		114.71	(0.01)	(0.39)	-	-	(0.01)	(0.39)
4) Tevva Motors Jersey (including subsidiaries)								
Balance as at 31 December, 2018		596.60	(0.98)	(101.57)	-	-	(1.01)	(101.57)
Balance as at 31 December, 2017		-	-	-	-	-	-	-
Joint Ventures (accounting as per the equity method)								
1) BF NTPC Energy Systems Limited*								
Balance as at 31 March, 2019		-	-	-	-	-	-	-
Balance as at 31 March, 2018		49.58	(0.04)	(2.89)	-	-	(0.04)	(2.89)
2) BF Premier Energy Systems Pvt. Limited*								
Balance as at 31 March, 2019		0.03	(0.00)	(0.05)	-	-	(0.00)	(0.05)
Balance as at 31 March, 2018		0.08	(0.01)	(0.45)	-	-	(0.01)	(0.45)
Adjustments arising out of consolidation								
March 31, 2019	(36.92)	(19,850.25)	(3.39)	(350.40)	76.49	(207.98)	(5.55)	(558.38)
March 31, 2018	(36.85)	(17,140.38)	18.33	1,382.06	375.94	900.72	29.34	2,282.78
Total after elimination on account of consolidation-2019	100.00	53,760.56	100.00	10,325.96	100.00	(271.89)	100.00	10,054.07
Total after elimination on account of consolidation-2018	100.00	46,517.11	100.00	7,539.68	100.00	239.59	100.00	7,779.27

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

56. Standards issued but not yet effective

Ind AS 116 Leases

Ind AS 116 Leases was notified by MCA on March 30, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers etc.) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group continues to evaluate the available transition methods and its lease contractual arrangements. The ultimate impact resulting from the application of Ind AS 116 will be subject to assessments that are dependent on terms of lease contractual arrangements.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 and does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In determining the approach that better predicts the resolution of the uncertainty, an entity might consider, for example, (a) how it prepares its income tax filings and supports tax treatments; or (b) how the entity expects the taxation authority to make its examination and resolve issues that might arise from that examination.

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

56. Standards issued but not yet effective (contd.)

Other Standards

Standard	Impact
Ind AS 109 : Prepayment Features with Negative Compensation	These amendments are unlikely to affect the Group's financial statements
Ind AS 28 : Long-term interests in associates and joint ventures	These amendments are unlikely to affect the Group's financial statements

Annual Improvements

Standard	Impact
Amendments to Ind AS 12: Income Taxes	The Group's current practice is in line with these amendments, the Group does not expect any effect on its financial statements.
Amendments to Ind AS 23: Borrowing Costs	The Group's current practice is in line with these amendments, the Group does not expect any effect on its 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 20, 2019

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 20, 2019

G. K. Agarwal

Deputy Managing Director

DIN : 00037678

Tejaswini Chaudhari

Company Secretary

Membership Number: 18907

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

Annex - 1

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. of the Subsidiary	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 18 to Dec 18	EUR	79.78	398.90	6,990.31	9,522.60	2,133.39	7,318.30	328.52	59.44	288.84	(229.40)	-	100%
2	Bharat Forge CDP GmbH	Jan 18 to Dec 18	EUR	79.78	39.89	3,324.33	8,435.70	5,071.47	123.66	15,334.05	540.69	-	540.69	-	100%
3	Bharat Forge Holding GmbH	Jan 18 to Dec 18	EUR	79.78	1.99	1,023.21	2,282.82	1,257.61	1,360.36	-	(5.98)	-	(5.98)	-	100%
4	Bharat Forge Aluminiumtechnik GmbH	Jan 18 to Dec 18	EUR	79.78	662.18	1,299.66	5,978.67	4,016.83	-	5,033.75	266.07	-	266.07	-	100%
5	Bharat Forge Kilsta AB	Jan 18 to Dec 18	SEK	7.85	157.00	(52.86)	4,109.33	4,005.19	-	7,473.36	(350.34)	34.38	(384.72)	-	100%
6	Bharat Forge Hong Kong Ltd	Jan 18 to Dec 18	USD	69.79	1,235.50	(1,235.37)	0.80	0.67	-	0.00	(4.81)	-	(4.81)	-	100%
7	Bharat Forge Daun GmbH	Jan 18 to Dec 18	EUR	79.78	3.99	282.20	1,085.90	799.70	-	1,429.12	131.54	-	131.54	-	100%
8	Mecanique Generale Langroise	Jan 18 to Dec 18	EUR	79.78	47.87	161.10	334.40	125.44	-	430.02	11.76	-	11.76	-	100%
9	Bharat Forge America Inc.	Jan 18 to Dec 18	USD	69.79	-	878.76	1,548.74	669.98	1,140.68	-	72.69	(0.00)	72.69	-	100%
10	Bharat Forge PMT Technologie LLC	Jan 18 to Dec 18	USD	69.79	6.80	1,371.37	1,963.68	585.51	-	3,461.60	(8.72)	-	(8.72)	-	100%
11	Bharat Forge Tennessee Inc.	Jan 18 to Dec 18	USD	69.79	0.00	499.81	580.68	80.87	270.93	-	8.24	(1.51)	9.75	-	100%
12	Bharat Forge International Limited	Apr 18 to Mar 19	USD	69.17	7.25	1,083.19	16,881.27	15,790.83	12.80	25,213.59	386.35	73.92	312.42	-	100%
13	BF Infrastructure Limited	Apr 18 to Mar 19	INR	1.00	1,249.83	(1,809.61)	313.73	873.51	0.08	-	(7.38)	(0.26)	(7.12)	-	100%
14	Kalyani Strategic Systems Limited	Apr 18 to Mar 19	INR	1.00	361.13	(7.82)	359.00	5.69	200.01	3.99	2.17	0.67	1.50	-	51%
15	Kalyani Rafeal Advanced Systems Private Limited	Apr 18 to Mar 19	INR	1.00	398.03	(44.60)	709.25	355.82	-	1,024.43	8.55	-	8.55	-	50%
16	BF Elbit Advanced Systems Private Limited	Apr 18 to Mar 19	INR	1.00	19.80	(104.64)	119.93	204.77	-	64.74	(8.87)	-	(8.87)	-	51%
17	Analogic Controls India Limited	Apr 18 to Mar 19	INR	1.00	184.90	(132.96)	132.21	80.27	-	227.58	87.57	18.13	69.44	-	100%
18	BFIL-CEC JV	Apr 18 to Mar 19	INR	1.00	-	(3.12)	11.22	14.34	-	-	(3.21)	-	(3.21)	-	100%

Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2019 (Contd.):

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	In ₹ Million				
		Ferro via Transrail Solutions Private Limited	BF Premier Energy Systems Private Limited	BF NTPC Energy Systems Limited #	Tevva Motors (Jersey) Limited	Tork Motors Private Limited
1	Latest audited Balance Sheet Date	March 31, 2019	March 31, 2019	October 09, 2018	Note B	March 31, 2019
2	Shares of Associate/Joint Ventures held by the company on the year end	4,900	100,000	7,128,219	794,217	12,313
i	Nos.	0.05	1.00	71.28	892.93	260.38
ii	Amount of Investment in Associates/Joint Venture	49%	50%	51%	35.26%	45.30%
iii	Extend of Holding %	Note-A	Note-A	Note-A	Note-A	Note-A
3	Description of how there is significant influence	Consolidated by equity method	Consolidated by equity method	Loss exceeds carrying value of investment	Consolidated by equity method	Consolidated by equity method
4	Reason why the associate/joint venture is not consolidated					
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	(4.82)	0.01	24.77	210.36	81.36
6	Profit / Loss for the year	(0.07)	(0.03)	-	(101.46)	(12.06)
i	Considered in Consolidation	(10.00)	(0.03)	(1.03)	(186.28)	(21.80)
ii	Not Considered in Consolidation					

Note:

- A. There is significant influence due to percentage(%) of Share Capital.
- B. The Group has acquired 35.26% interest in Tevva Motors (Jersey) Limited in June 2018. The figures with respect to the year ended March 31, 2019 have been considered on the basis of the unaudited management certified accounts of the associates for proportionate period.
- # During the current year the shareholders of BF-NTPC Energy Systems Limited decided to voluntarily liquidate the said joint venture. Accordingly, with effect from October 9, 2018, the Group ceases to exercise joint control and hence the Group's interest in BF-NTPC Energy Systems Limited is accounted for using the equity method upto above mentioned date in the consolidated financial statements.

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 Saletore
Executive Director & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 20, 2019

Place: Pune
Date: May 20, 2019