NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

1. General Information

Hero MotoCorp Limited (the Company) is a public company domiciled & incorporated under the provisions of the Companies Act, 1956 on January 19, 1984. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The shares of the Company are listed on two stock exchanges in India i.e. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The Company is engaged in the manufacturing and selling of motorised two-wheelers, spare parts and related services. The Company is a leading two wheeler manufacturer and has a dominant presence in domestic market.

The financial statements for the year ended March 31, 2018 were approved by the Board of Directors and authorised for issue on May 02, 2018.

2. Basis of preparation and presentation

2.1 Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments, net defined benefit asset/liability and liabilities for equity settled share based payment arrangements that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

These financial statements are presented in Indian Rupee (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest crores, unless otherwise stated.

2.3 Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3. Significant Accounting Policies

3.1 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are dispatched and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and

Dividend and interest income

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on, time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.2 Leasing

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

Rental expense from operating leases is generally recognised on a straight line basis over the term of relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.3 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of profit or loss in the period in which they arise.

3.4 Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.5 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs, if any, for which the grants are intended to compensate.

3.6 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses or curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefit expense.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plans.

Short-term employee benefits

Liabilities recognised in respect of wages and salaries and other short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service and are expensed as the related services are provided.

Other long-term employee benefits

Liabilities recognised in respect of other long-term employee benefits such as long term service awards and compensated absences are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date based on the actuarial valuation using the projected unit credit method carried out at the year-end. Remeasurement gain or losses are recognised in the statement of profit and loss in the period in which they arise.

3.7 Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 40.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a

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corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the Equity Share Option's Outstanding account.

3.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they related to income taxes levied by the same tax authority.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3.9 Property, plant and equipment

Property, plant and equipment (including furniture, fixtures, vehicles, etc.) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses. Freehold land is not depreciated.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes items directly attributable to the construction or acquisition of the item of property, plant and equipment and capitalised borrowing cost. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as-other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised on the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged on a pro-rata basis at the straight line method as per the useful lives prescribed in Schedule II to the Companies Act, 2013 other than assets covered under employee benefits schemes which are depreciated over a period of 5 years and moulds and dies which are depreciated over a period of 3-8 years grouped under property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of profit or loss.

3.10 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

Useful lives of intangible assets

Intangible assets, comprising of software, expenditure on model fee, etc. incurred are amortised on a straight line method over a period of 5 years.

3.11 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs of disposal and value in use.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For impairment testing, assets that don't generate independent cash flows are grouped together into cash generating units (CGU's). Each CGU represents the smallest group of assets that generate cash inflows that are largely independent of the cash inflows of other assets or CGU's.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash- generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset

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

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Costs of inventories are determined on a moving weighted average. Finished goods and work-in-progress include appropriate proportion of overheads. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Warranties

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise- being typically two to five years.

3.14 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.15 Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI") (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments.

All other financial assets are subsequently measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Investments in subsidiaries and associates

Investment in subsidiaries and associates are carried at cost in the financial statements.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intents either to settle them on net basis or to realise the assets and settle the liabilities simultaneously.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

3.16 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included under 'Finance costs'.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

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Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

3.17 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts, option contracts, etc.

Foreign currency derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

3.18 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.19 Earnings per share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year/period.

Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

3.20 Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs

3.21 Recent accounting pronouncements (standards notified but not yet effective) :-

Ind AS 115, Revenue from Contract with Customers:-

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised.

It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions. Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly.

The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The Company has completed its preliminary evaluation of the possible impact of Ind AS 115. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The Company does not expect the impact of the adoption of the new standard to be material.

Ind AS 21:- The effect of changes in foreign exchange rates:-

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS

21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The appendix explains that the date of transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability.

The amendment will come into force from April 1, 2018. The Company has preliminary evaluated the effect of this on the financial statements and the impact is not material.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:-

Recoverability of intangible asset

Capitalisation of cost in intangible assets under development is based on management's judgement that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. Based on evaluations carried out, the Company's management has determined that there are no factors which indicates that these assets have suffered any impairment loss.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Contingent loss that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Contingent gain are not recognized until the contingency has been resolved and amounts are received or receivable.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2018 management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

Impairment of investment in equity instruments of subsidiary and associate companies

During the year, the Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. Some of these companies are start-ups or are at early stage of their operations and are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

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5. Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Data Processing equipment	Total
Cost								
At April 1, 2016	79.85	1,420.12	3,791.54	28.57	34.69	36.14	145.75	5,536.66
Additions	-	510.44	728.79	9.88	16.81	8.40	25.47	1,299.79
Disposals	-	1.07	47.95	0.73	7.15	1.74	4.68	63.32
At 31 March 2017	**79.85**	**1,929.49**	**4,472.38**	**37.72**	**44.35**	**42.80**	**166.54**	**6,773.13**
Additions	6.45	212.10	426.58	3.74	10.15	15.03	26.51	700.56
Disposals	-	0.30	57.97	0.30	5.40	1.00	3.58	68.55
At 31 March 2018	**86.30**	**2,141.29**	**4,840.99**	**41.16**	**49.10**	**56.83**	**189.47**	**7,405.14**
Accumulated depreciation								
At April 1, 2016	-	194.69	1,739.69	11.90	17.06	19.82	88.04	2,071.20
Depreciation expense	-	47.54	362.78	2.97	4.40	5.06	21.53	444.28
Adjustments	-	1.02	39.91	0.52	5.78	1.46	4.39	53.08
At 31 March 2017	**-**	**241.21**	**2,062.56**	**14.35**	**15.68**	**23.42**	**105.18**	**2,462.40**
Depreciation expense	-	60.32	416.54	3.55	4.92	6.79	22.09	514.21
Adjustments	-	0.17	49.71	0.28	2.98	0.95	3.27	57.36
At 31 March 2018	**-**	**301.36**	**2,429.39**	**17.62**	**17.62**	**29.26**	**124.00**	**2,919.25**
Net block								
At 31 March 2017	79.85	1,688.28	2,409.82	23.37	28.67	19.38	61.36	4,310.73
At 31 March 2018	**86.30**	**1,839.93**	**2,411.60**	**23.54**	**31.48**	**27.57**	**65.47**	**4,485.89**

6. Capital work-in-progress

	As at March 31, 2018	As at March 31, 2017
Capital work-in-progress	203.78	270.72
	203.78	270.72

(Amount in crores of INR)

7. Intangible assets

	Model fee/ Product designs and development	Computer softwares	Technical know-how/export licenses	Total
Cost				
At April 1, 2016	596.83	97.17	2,895.67	3,589.67
Additions	-	14.42	-	14.42
At 31 March 2017	596.83	111.59	2,895.67	3,604.09
Additions	114.43	10.76	-	125.19
Disposals	-	0.01	-	0.01
At 31 March 2018	**711.26**	**122.34**	**2,895.67**	**3,729.27**
Accumulated amortisation				
At April 1, 2016	521.49	53.62	2,895.67	3,470.78
Amortisation expense	35.68	12.77	-	48.45
At 31 March 2017	557.17	66.39	2,895.67	3,519.23
Amortisation expense	27.20	14.19	-	41.39
At 31 March 2018	**584.37**	**80.58**	**2,895.67**	**3,560.62**
Net block				
At 31 March 2017	39.66	45.20	-	84.86
At 31 March 2018	**126.89**	**41.76**	**-**	**168.65**

8. Intangible assets under development

	As at March 31, 2018	As at March 31, 2017
Intangible assets under development	114.61	194.33
Total	**114.61**	**194.33**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

9 Investments

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018 Current	As at March 31, 2018 Non Current	As at March 31, 2017 Current	As at March 31, 2017 Non Current
Category-wise investments						
Investment in equity instruments			-	1,020.90	-	865.79
Investment in preference shares			-	-	-	10.00
Investment in debentures / bonds			-	267.41	121.05	260.88
Investment in mutual funds			5,591.12	645.77	4,419.80	212.33
			5,591.12	**1,934.08**	**4,540.85**	**1,349.00**
Investment in equity instruments carried at cost						
Unquoted Investments						
Investment in subsidiaries						
HMCL Netherlands B.V (Face Value of USD 1 each)	37,091,550	26,290,250	-	238.39	-	167.95
HMCL Americas INC (Face Value of USD 1000 each)	3,500	3,500	-	22.22	-	22.22
HMC MM Auto Limited (Face Value of ₹ 10 each)	26,069,993	23,069,993	-	26.07	-	23.07
HMCL (N.A.),Inc (No par Value)	2,466	2,466	-	155.38	-	155.38
			-	442.06	-	368.62
Less: Provision for dimunition/ impairment			-	(155.04)	-	(155.04)
			-	**287.02**	-	**213.58**
Investment in Associates						
Ather Energy Private Limited						
Equity Shares of Face Value of ₹ 1 each	100	100	-	0.20	-	0.20
Preference shares of Face Vaue of ₹ 10 each (Convertible into equity instruments)	99,186	89,258	-	200.38	-	180.32
			-	200.58	-	180.52
Hero FinCorp Limited						
Equity shares of Face Value of ₹ 10 each	40,388,576	38,343,025	-	527.99	-	421.56
Investment in Warrant of Face Value of ₹ 10 each	-	2,045,551	-	-	-	36.40
			-	527.99	-	457.96
			-	**728.57**	-	**638.48**
Quoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
Investment in equity instruments						
of Other Entities						
Face Value of ₹ 2 each						
Bombay Stock Exchange Limited	70,200	140,400	-	5.31	-	13.73
			-	**5.31**	-	**13.73**
Investment in equity instruments			-	**1,020.90**	-	**865.79**

(Amount in crores of INR)

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Investment in preference shares						
Unquoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
of other entities						
Face Value of ₹ 1000 each						
Tata Capital Limited	-	100,000	-	-	-	10.00
			-	-	**-**	**10.00**
Investment in preference shares			-	-	**-**	**10.00**
Investment in debentures / bonds						
Quoted Investments						
Investments carried at amortised cost						
7.34% HUDCO -Maturity-16.02.2023	250,000	250,000	-	25.22	-	25.22
7.18% IRFC -Maturity-19.02.2023	250,000	250,000	-	25.83	-	25.83
8.18% NHPC Tax Free Bonds-Maturity-02.11.2023	161,050	161,050	-	17.41	-	17.42
8.51% HUDCO Tax Free Bonds-Maturity-13.01.2024	250,000	250,000	-	25.44	-	25.45
8.18% PFC Tax Free Bonds-Maturity-16.11.2023	323,890	323,890	-	33.38	-	33.38
Face Value of ₹ 1,00,000 each						
6.70% IRFC Bonds -Maturity-08.03.2020	1,500	1,500	-	15.51	-	15.53
Face Value of ₹ 5,00,000 each						
10.70% Tata Motors Finance Limited-Maturity-28.04.2020	138	138	-	7.64	-	7.67
10.70% Tata Motors Finance Limited-Maturity-10.04.2020	400	400	-	22.25	-	22.34
Face Value of ₹ 10,00,000 each						
13% Religare Finvest Limited-Maturity-30.05.2017	-	100	-	-	10.43	-
14% Religare Enterprise Limited-Maturity-30.06.2017	-	125	-	-	13.65	-
9.20% Bank of Baroda RR Perpetual BD 09.10.2019	50	50	-	5.19	-	5.32
Zero Coupon Bonds						
Rural Electrification Corporation Ltd NCD @ 13,578 maturity ₹ 30,000 per bond-Maturity-15.12.2020	37,000	37,000	-	89.54	-	82.72
National Bank For Agriculture and Rural Development						
Bhavishya Nirman Bonds @ ₹ 8182 each-Maturity on 01.08.2017(38,000 units) and 01.10.2017 (12,200 units)						
10 Year Zero Coupon Bond of NABARD- Maturity ₹ 20000 per bond	-	50,200	-	-	96.97	-
			-	**267.41**	**121.05**	**260.88**
Investment in debentures / bonds			-	**267.41**	**121.05**	**260.88**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Investment in mutual funds						
(include funds which are listed but not quoted)						
Unquoted Investments						
Investments carried at fair value through profit or loss (FVTPL)						
Debt fund						
Units of the face value of ₹ 10 each						
ICICI Prudential Mutual Fund						
FMP -Series 82-1199 Days Plan L Direct Plan Cumulative	70,000,000	-	-	70.85	-	-
FMP -Series 82-1135 Days Plan U Direct Plan Cumulative	50,000,000	-	-	50.17	-	-
Blended Plan B-Direct Plan-Growth Option (Merged with Banking and PSU Debt Fund Direct Plan Growth)	24,817,467	24,817,467	65.90	-	61.70	-
Income Opportunities Fund-Direct Plan-Growth Option	-	19,387,735	-	-	45.22	-
Aditya Birla Sunlife Mutual Fund						
Fixed Term Plan-Series JY (1099 days)-Gr.-Direct	-	15,000,000	-	-	19.46	-
Fixed Term Plan-Series PB (1190 days)-Direct Growth	90,000,000	-	-	91.34	-	-
Dynamic Bond Fund- Retail- Growth	76,684,191	76,684,191	229.92	-	222.64	-
IDFC Mutual Fund						
Corporate Bond Fund Direct Plan-Growth	-	49,986,503	-	-	56.07	-
Reliance Mutual Fund						
Annual Interval Fund -Series I-Direct Growth Plan Growth Option	-	10,651,352	-	-	17.56	-
Interval Fund II-Series 4-Direct Plan Growth Plan	-	12,500,000	-	-	16.36	-
Fixed Horizon Fund -XXV-Series 15-Direct Plan Growth Plan	40,000,000	40,000,000	59.55	-	-	55.04
Fixed Horizon Fund -XXV-Series 20-Direct Plan Growth Plan	20,000,000	20,000,000	29.67	-	-	27.43
Fixed Horizon Fund -XXVII-Series 11-Direct Plan Growth Plan	-	20,000,000	-	-	24.52	-
Fixed Horizon Fund -XXX-Series 4-Direct Growth Plan	30,000,000	30,000,000	-	35.81	-	33.43
Fixed Horizon Fund -XXXI-Series 5-Direct Growth Plan	5,000,000	5,000,000	-	5.70	-	5.33
Floating Rate-Short Term Plan -Direct Growth Plan	46,942,186	46,942,186	131.94	-	123.42	-
Corporate Bond Fund-Direct Growth Plan	53,163,841	53,163,841	76.98	-	71.61	-
Regular Savings Fund -Debt Plan -Direct Growth Plan Growth Option	-	82,899,424	-	-	194.75	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018

(Amount in crores of INR)

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
Fixed Maturity Plan Series XIV-Plan F (1098 Days)-Direct Plan	-	13,500,000	-	-	16.65	-
FMP-Sr.26-Plan A (1098 Days)-Direct Sub Plan Growth	15,000,000	15,000,000	18.83	-	-	17.55
FMP-Sr.26-Plan C (1098 Days)-Direct Sub Plan Growth	10,000,000	10,000,000	12.44	-	-	11.61
FMP-Sr.27-Plan A (1100 Days)-Direct Sub Plan Growth	10,000,000	10,000,000	11.99	-	-	11.21
FMP-Sr.29-Plan B (1150 Days)-Direct Sub Plan Growth	6,000,000	6,000,000	-	6.43	-	6.02
L&T Mutual Fund						
Income Opportunities Fund Direct Plan-Growth	43,776,843	43,776,843	89.23	-	83.17	-
Banking and PSU Debt Fund Direct Plan-Growth	-	21,141,351	-	-	31.12	-
BNP Paribas Mutual Fund						
Medium Term Income Fund Direct Plan Growth	25,000,000	25,000,000	35.84	-	33.55	-
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Fixed Maturity Plan Series 57-Direct Plan-Growth	-	4,547,935	-	-	5.86	-
Short Maturity Fund Direct Plan-Annual Bonus	-	4,614,440	-	-	9.50	-
Ultra Short Term Fund-Direct Plan-Annual Bonus	-	8,868,007	-	-	11.73	-
Low Duration Fund Direct Plan-Annual Bonus (Formerly Cash Opportunities Fund-Direct Plan-Annual Bonus)	-	10,389,886	-	-	13.96	-
Low Duration Fund-Direct Plan-Growth	-	47,411,340	-	-	107.70	-
Banking PSU&Debt Fund Direct Plan-Growth	-	40,436,362	-	-	58.22	-
Premier Bond Fund-Direct Plan-Growth	-	37,688,298	-	-	102.23	-
SBI Mutual Fund						
Debt Fund Series B-20(1100 Days) Direct Plan-Growth	10,000,000	10,000,000	12.52	-	-	11.69
Dual Advantage Fund -Series VII- Direct-Growth	-	15,000,000	-	-	17.15	-
Dual Advantage Fund -Series VIII- Direct-Growth	25,000,000	25,000,000	30.30	-	28.05	-
Dual Advantage Fund -Series XII- Direct-Growth	15,000,000	15,000,000	18.27	-	16.94	-
IDFC Mutual Fund						
Fixed Term Plan Series 140 Direct Plan -Growth (1145 Days)	50,000,000	-	-	50.46	-	-
Fixed Term Plan Series 144 Direct Plan -Growth (1141Days)	50,000,000	-	-	50.19	-	-
Kotak Mutual Fund						
FMP Series 219 Direct-Growth	75,000,000	-	-	75.63	-	-
FMP Series 221 Direct-Growth	48,000,000	-	-	48.17	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
HDFC Mutual Fund						
FMP 1167 D January 2016(1) -Direct-Growth-Series-35	15,000,000	15,000,000	-	17.90	-	16.73
FMP 1143 D March 2018(1) -Direct-Growth-Series-39	75,000,000	-	-	75.52	-	-
FMP 1147 D March 2018(1) -Direct-Growth-Series-39	50,000,000	-	-	50.17	-	-
Cash Management Fund - Treasury Advantage Plan - Direct Plan - Growth	93,610,205	-	355.46	-	-	-
Units of the face value of ₹ 100 each						
ICICI Prudential Mutual Fund						
Flexible Income Plan-Direct Plan-Growth Option	4,897,295	-	164.10	-	-	-
Savings Fund-Direct Plan-Growth Option	8,409,451	-	227.35	-	-	-
Aditya Birla Sunlife Mutual Fund						
Savings Fund-Growth-Direct Plan	10,802,841	-	371.54	-	-	-
Floating Rate Fund -Long Term-Growth-Direct Plan	15,013,571	-	323.28	-	-	-
Units of the face value of ₹ 1000 each						
Reliance Mutual Fund						
Money Manager Fund-Direct Growth option	1,890,316	1,890,316	460.99	-	430.33	-
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
Credit Opportunities Fund Direct Plan-Growth	-	493,789	-	-	92.65	-
Short Term Fund-Direct Plan Growth	1,299,935	1,299,935	309.61	-	291.22	-
Medium Term Bond Fund-Direct Plan Growth	1,398,253	1,398,253	254.40	-	236.86	-
Bank Debt Fund-Direct Plan Growth	-	387,669	-	-	54.43	-
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Fixed Duration Fund -Series AE-Direct Plan-Growth	62,500	62,500	-	6.72	-	6.28
Fixed Duration Fund -Series AG-Direct Plan-Growth	100,000	100,000	-	10.71	-	10.01
Principal Mutual Fund						
Credit Opportunities Fund-Direct Plan Growth	-	61,626	-	-	15.88	-
Equity fund						
Units of the face value of ₹ 10 each						
DHFL Pramerica Mutual Fund(Formerly Deutsche Mutual Fund)						
Arbitrage Fund Direct Plan-Monthly Dividend-Payout	-	127,826,937	-	-	136.17	-
Invesco Mutual Fund (Formerly Religare Invesco Mutual Fund)						
Arbitrage Fund -Direct Plan -Dividend	-	115,340,768	-	-	153.26	-
Principal Mutual Fund						
Arbitrage Fund Dividend -Direct Plan -Payout	-	10,000,000	-	-	10.30	-

(Amount in crores of INR)

	Units As at March 31, 2018	Units As at March 31, 2017	As at March 31, 2018		As at March 31, 2017	
			Current	Non Current	Current	Non Current
Reliance Mutual Fund						
Arbitrage Advantage Fund-Direct Plan Dividend Payout	163,714,610	163,714,610	177.78	-	176.70	-
UTI Mutual Fund						
Spread Fund Direct Plan-Dividend Payout	-	47,871,850	-	-	79.10	-
IndiaBulls Mutual Fund						
Arbitrage Fund-Direct Plan- Dividend-Payout	-	94,670,074	-	-	100.13	-
IDFC Mutual Fund						
Arbitrage Plus Fund -Direct Plan-Monthly Dividend	83,850,668	40,645,780	109.21	-	50.20	-
Kotak Mutual Fund						
Equity Arbitrage Fund-Direct Plan -Monthly Dividend	281,442,341	281,442,341	309.34	-	308.23	-
Equity Arbitrage Fund-Direct Plan -Fortnight Dividend	42,072,844	-	99.12	-	-	-
ICICI Prudential Mutual Fund						
Equity Arbitrage Fund-Direct Plan-Dividend Payout	200,901,478	-	290.18	-	-	-
Birla Sunlife Mutual Fund						
Enhanced Arbitrage Fund - Direct Plan - Dividend	95,931,942	-	105.92	-	-	-
HDFC Mutual Fund						
Arbitrage Fund-Wholesale Plan-Monthly Dividend Direct Plan- Payout	233,040,385	-	245.25	-	-	-
Axis Mutual Fund						
Enhanced Arbitrage Fund Direct Dividend Payout	93,310,036	-	101.99	-	-	-
Liquid fund						
Units of the face value of ₹ 100 each						
ICICI Prudential Mutual Fund						
Liquid Direct plan-Growth	5,843,394	19,623,823	150.26	-	472.38	-
Birla Sunlife Mutual Fund						
Cash Plus-Growth-Direct Plan	-	10,055,662	-	-	262.76	-
Units of the face value of ₹ 1000 each						
Reliance Mutual Fund						
Liquidity Fund- Direct Growth Plan Growth Option	687,290	-	179.91	-	-	-
IDFC Mutual Fund						
Cash Fund -Growth-(Direct Plan)	1,498,579	-	316.23	-	-	-
Axis Mutual Fund						
Liquid Fund-Direct Plan-Growth	1,119,693	-	215.82	-	-	-
Kotak Mutual Fund						
Liquid Scheme Plan A-Direct Plan-Growth	-	151,674	-	-	50.02	-
HDFC Mutual Fund						
Liquid Fund Direct Plan Growth	-	187,036	-	-	60.02	-
DSP BlackRock Mutual Fund						
Liquidity Fund Direct Plan Growth	-	215,037	-	-	50.02	-
Investment in mutual funds			**5,591.12**	**645.77**	**4,419.80**	**212.33**
Total Investments			**5,591.12**	**1,934.08**	**4,540.85**	**1,349.00**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non Current
Aggregate book value of quoted investments	-	272.72	121.05	274.61
Aggregate market value of quoted investments	-	279.02	123.08	288.11
Aggregate carrying value of unquoted investments	5,591.12	1,816.40	4,419.80	1,229.43
Aggregate amount of impairment in value of investments	-	(155.04)	-	(155.04)

Category-wise investment as per Ind AS 109 classification

	As at March 31, 2018		As at March 31, 2017	
	Current	Non Current	Current	Non Current
Financial assets carried at fair value through profit or loss (FVTPL)				
Unquoted				
Investment in preference shares	-	-	-	10.00
Investment in mutual funds	5,591.12	645.77	4,419.80	212.33
Quoted				
Investment in equity instruments	-	5.31	-	13.73
Financial assets carried at amortised cost				
Quoted				
Investment in debentures / bonds	-	267.41	121.05	260.88

Note: The above does not include investments in subsidiaries and associates amounting to ₹ 1,015.59 crores (₹ 852.06 crores as at March 31, 2017) carried at cost.

10. Loans (financial assets)

Particulars	As at March 31, 2018	As at March 31, 2017
Non - current		
Unsecured, considered good		
Loans to employees	22.30	23.13
Security deposits	23.38	25.23
Total	**45.68**	**48.36**
Current		
Unsecured, considered good		
Loans to employees	21.36	21.73
Security deposits	6.20	2.45
Total	**27.56**	**24.18**

Note:- These financial assets are carried at amortised cost unless otherwise stated

(Amount in crores of INR)

11. Others (financial assets)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, considered good		
Derivatives instruments carried at fair value	-	4.42
Interest accrued on deposits	0.23	0.22
Accrual of incentives from State Governments	518.65	123.05
Other recoverables	20.49	17.26
Total	**539.37**	**144.95**

Note:- These financial assets are carried at amortised cost unless otherwise stated.

12. Income tax assets (net)

Particulars	As at March 31, 2018	As at March 31, 2017
Tax assets		
Advance income tax	1,826.21	1,414.02
Less : Provision for taxation	1,446.95	1,082.08
Total	**379.26**	**331.94**

13. Other assets

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Unsecured, considered good		
Capital advances	192.59	215.79
Prepayment land leases*	244.17	246.89
Prepaid expenses	2.74	1.49
Balance with government authorities		
- Excise duty	47.09	43.81
- VAT/ sales tax	72.08	143.16
Total	**558.67**	**651.14**
Current		
Unsecured, considered good		
Prepayment land leases*	2.83	2.94
Prepaid expenses	42.52	44.34
Advance to suppliers	30.84	87.62
Other advances	4.05	2.14
Balance with Government authorities		
- Excise duty	17.96	111.55
- VAT/ sales tax	81.56	121.40
- GST/ Excise duty-current account	5.41	0.64
- Export incentive receivable	19.86	17.66
Total	**205.03**	**388.29**

* Prepayment of land leases include net value of leasehold land as under:

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

Particulars	As at March 31, 2018		
	Gross value	Accumulated Amortisation	Net value
Halol (Gujarat)	83.71	3.80	79.91
Haridwar (Uttarakhand)	95.86	12.42	83.44
Neemrana (Rajasthan)	13.10	1.66	11.44
Kukas-Jaipur (Rajasthan)	78.36	6.15	72.21
Total	**271.03**	**24.03**	**247.00**

14. Inventories

(lower of cost and net realisable value)

Particulars	As at March 31, 2018	As at March 31, 2017
Raw materials and components	444.21	395.02
Goods in transit of raw materials and components	111.50	27.43
Work in progress (Two wheelers)	37.14	31.89
Finished goods		
Two wheelers	79.47	55.85
Spare parts	37.19	42.91
Stores and spares	90.02	82.32
Loose tools	24.05	20.89
Total	**823.58**	**656.31**

- The mode of valuation of inventories has been stated in note no. 3.12

15. Trade receivables

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Secured, considered good	29.62	32.10
Unsecured - considered good	1,490.56	1,529.77
- considered doubtful	28.68	23.61
	1,548.86	**1,585.48**
Less: Impairment of trade receivables	28.68	23.61
Total	**1,520.18**	**1,561.87**

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated

Age of receivables	As at March 31, 2018	As at March 31, 2017
Within the credit period	1,132.94	1113.92
upto 6 months past due	374.72	442.18
More than 6 months past due	12.52	5.77
Total	**1,520.18**	**1,561.87**

16. Cash and cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
Cash on hand	0.05	0.08
Balances with banks		
In current accounts	33.17	14.21
In deposit accounts	1.16	1.11
Cash and cash equivalents	**34.38**	**15.40**

17. Bank balances other than Cash and cash equivalents above

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks		
In dividend current accounts (earmarked accounts)	73.86	89.97
In deposit accounts*	33.10	31.36
Total	**106.96**	**121.33**

* The Company had placed fixed deposits aggregating ₹ 25.00 crores with Dena Bank on February 18, 2014. Subsequent thereto, it was brought to the notice of the Company that money had been fraudulently withdrawn by pledging fictitious copies of such fixed deposit receipts with concerned bank by some individuals. The Company has filed a recovery suit which is pending in the honourable Delhi High Court against the bank. In the interim, the Bank has renewed the deposits for a period (along with interest earned thereon).

18. a) Equity Share capital

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised		
250,000,000 (250,000,000) Equity shares of ₹ 2 each	50.00	50.00
Total	**50.00**	**50.00**
Issued, subscribed and fully paid up		
199,711,455 (as at March 31, 2017: 199,696,838) Equity shares of ₹ 2 each	39.94	39.94
Total	**39.94**	**39.94**

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	₹ in crores	Nos.	₹ in crores
Opening Balance	199,696,838	39.94	199,690,088	39.94
Issued during the year ₹# Current year ₹ 29,234 (previous year ₹ 13,500)- ESOP (refer note 40)	14,617	#	6,750	#
Closing Balance	**199,711,455**	**39.94**	**199,696,838**	**39.94**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

(ii) Details of shareholders holding more than 5% equity shares in the Company:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	% holding in the class	Nos.	% holding in the class
Ms Renu Munjal *	9,309,019	4.66%	9,309,019	4.66%
Mr Suman Munjal *	9,309,019	4.66%	9,309,019	4.66%
Mr Pawan Munjal *	9,309,020	4.66%	9,309,020	4.66%
M/S Bahadur Chand Investments (P) Ltd	39,943,238	20.00%	39,943,238	20.00%

* Hold shares on behalf of Brijmohan Lall Om Prakash (partnership firm)

(iii) Shares options/ Restricted stock units granted under the Company's employee stock option plan

Plan	Share Options Outstanding (In Nos.)		
	As at March 31, 2018	As at March 31, 2017	Expiry Date
ESOP 2014	4,146	11,490	21st Oct 2021
ESOP 2016	33,778	41,290	21st Aug 2023
RSU 2016	7,083	11,194	21st Aug 2023
ESOP 2017	29,800	-	31st Oct 2024
RSU 2017	14,330	-	31st Oct 2024

Also refer details of the employee stock option plan are provided in Note 40.

b) Preference share capital

Particulars	As at March 31, 2018	As at March 31, 2017
Authorised Preference share capital		
4,00,000 (4,00,000) Cumulative convertible preference shares of ₹ 100 each	4.00	4.00
4,00,000 (4,00,000) Cumulative redeemable preference shares of ₹ 100 each	4.00	4.00
Total	**8.00**	**8.00**

Note:- The Company has not issued preference share capital.

19. Other equity

Particulars	As at March 31, 2018	As at March 31, 2017
Capital reserves	#	#
Securities premium	8.30	3.13
General reserve	2,645.79	2,645.79
Share options outstanding account	6.74	3.90
Retained earnings	9,068.11	7,418.53
Total	**11,728.94**	**10,071.35**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Capital Reserves		
On shares forfeited (#₹ 4,250)	#	#
Share premium account on forfeited	##	##
shares reissued(##₹ 25,500)		
B. Securities premium		
Opening balance	3.13	0.87
Add : Premuim on equity shares issued @	5.17	2.26
Closing balance	**8.30**	**3.13**

@ Addition in share premium account represents premium on equity shares under various schemes amounting to ₹ 2.66 crores (previous year ₹ 1.45 crore) and ₹ 2.51 crore (Previous year ₹ 0.81 crore) transferred from share option outstanding account on 14,617 equity shares (Previous year 6,750 equity shares) issued and alloted during the year under ESOP schemes. Also refer note 40.

C. General Reserve

General reserve at the beginning and end of the year	**2,645.79**	**2,645.79**

D. Share options outstanding account

Opening balance	3.90	1.29
Add: Net charge during the year	5.35	3.42
Less: Transferred to securities premium on issue of shares	(2.51)	(0.81)
Closing balance	**6.74**	**3.90**

Also Refer note 40.

E. Retained earnings

Opening balance	**7,418.53**	**6,146.52**
Add: Profit for the year	3,697.36	3,377.12
Other Comprhensive income arising from remeasurement of defined benefit obligation net of income tax	(4.71)	(14.08)
Less: Appropriations		
Final dividend for financial year 2016-17 [amount per share ₹ 30.0 (F.Y 2015-16 : ₹ 32.0)]	599.09	639.01
Interim dividend for financial year 2017-18 [amount per share ₹ 55.0 (F.Y 2016-17 : ₹ 55.0)]	1,098.41	1,098.33
Tax on dividend	345.57	353.69
Balance at end of year	**9,068.11**	**7,418.53**

In respect of the year ended March 31, 2018, the directors propose that a dividend of ₹40 per share be paid on fully paid equity shares. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹ 963.05 crores (including dividend distribution tax thereon of ₹ 164.20 crores.)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

20. Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Non-current		
Employee benefits (i)		
Compensated absences	16.66	12.55
Other employee benefits	7.35	3.30
Sub-total (A)	**24.01**	**15.85**
Warranties (Refer note (ii) below)	90.93	59.45
Sub-total (B)	**90.93**	**59.45**
Total (A+B)	**114.94**	**75.30**
Current		
Employee benefits (i)		
Compensated absences	4.66	3.42
Other employee benefits	0.42	0.18
Sub-total (A)	**5.08**	**3.60**
Warranties (Refer note (ii) below)	54.71	35.41
Sub-total (B)	**54.71**	**35.41**
Total (A+B)	**59.79**	**39.01**

(i) The provision for employee benefits includes sick leave and vested long term service reward.

(ii) Movement in warranties provisions

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening balance	94.86	78.26
Additions during the year	112.49	68.03
Amount utilised during the year	(57.69)	(55.31)
Unwinding of discount and effect of changes in the discount rate	(4.02)	3.88
Closing balance	145.64	94.86

The provision for warranty claims represents the present value as best estimate of the future economic benefits that will be required under the Company's obligations for warranties. The estimated has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

21. Deferred tax (assets)/ liabilities (net)

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred tax liabilities on		
Property, plant and equipments & intangible assets	492.75	381.88
Financial assets carried at fair value through profit or loss	66.26	77.53
Others	18.67	17.38
Sub-total (A)	**577.68**	**476.79**
Less: Deferred tax assets on		
Deferred revenue	43.88	47.62
Accrued expenses deductible on payment	10.09	6.66
Others	12.05	8.17
Sub-total (B)	**66.02**	**62.45**
Total (A-B)	**511.66**	**414.34**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

Movement of Deferred tax (assets)/ liabilities

Particulars	For the Year ended March 31, 2018			
	Opening Balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
Deferred tax liabilities on				
Property, plant and equipments and intangible assets	381.88	110.87	-	492.75
Financial assets carried at fair value through profit or loss	77.53	(11.27)	-	66.26
Others	17.38	1.29	-	18.66
Less: Deferred tax assets on				
Accrued expenses deductible on payment	6.66	3.43	-	10.09
Deferred revenue	47.62	(3.74)	-	43.88
Remeasurement of Defined Benefit Obligations	-	(2.53)	2.53	-
Others	8.17	3.87	-	12.04
Deferred tax liabilities (net)	**414.34**	**99.85**	**(2.53)**	**511.66**

Particulars	For the Year ended March 31, 2017			
	Opening Balance	Recognised in profit and Loss	Recognised in Other comprehensive income	Closing Balance
Deferred tax liabilities on				
Property, plant and equipments and intangible assets	230.75	151.13	-	381.88
Financial assets carried at fair value through profit or loss	33.02	44.51	-	77.53
Others	16.48	0.90	-	17.38
Less: Deferred tax assets on				
Accrued expenses deductible on payment	6.60	0.06	-	6.66
Deferred revenue	46.26	1.36	-	47.62
Remeasurement of Defined Benefit Obligations	-	(7.45)	7.45	-
Others	**4.86**	**3.31**	**-**	**8.17**
Deferred tax liabilities (net)	**222.53**	**199.26**	**(7.45)**	**414.34**

22. Trade payables

Particulars	As at March 31, 2018	As at March 31, 2017
Total outstanding dues of micro enterprises and small enterprises	-	-
Dues to micro and small enterprises (refer note below)		
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Other trade payables	3,318.81	3,247.27
Total	**3,318.81**	**3,247.27**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

According to the records available with the Company, dues payable to entities that are classified as Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 during the year is ₹ Nil (previous year ₹ Nil). Further no interest has been paid or was payable to such parties under the said Act during the year.

23. Other financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Capital creditors	70.62	200.34
Security deposits dealers and others	57.65	62.44
Unclaimed dividend *	73.87	89.99
Total	**202.14**	**352.77**

* Does not include any amounts outstanding as at March 31, 2018 which are required to be credited to Investor Education and Protection Fund.

24. Other liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Statutory remittances (contributions to PF, ESIC, withholding taxes, GST, excise duty, VAT, service tax, etc.)	268.80	106.43
Advance from customers	236.69	78.31
Deferred revenue	254.04	264.73
Others	3.05	4.81
Total	**762.58**	**454.28**

25. Revenue From Operations

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	**Sale of products (gross)**		
	Two wheelers [includes excise duty of ₹ 641.33 crores (Previous year ₹ 2371.13 crores)]	29,422.60	27,780.34
	[75,87,154 Nos. (previous year 66,64,240 Nos.)]		
	Spare parts	2,578.06	2,548.49
		32,000.66	**30,328.83**
(b)	**Income from services**		
	Dealers support services	23.82	27.34
	Goodlife program for customers	47.71	51.59
	Services - others	158.65	132.91
		230.18	**211.84**
(c)	**Other operating revenue**		
	Duty drawback and other incentives	27.77	21.85
	Incentive from State Governments	550.15	266.43
	Miscellaneous income	63.06	42.64
		640.98	**330.92**
	Total	**32,871.82**	**30,871.59**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

26. Other Income

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	**Interest income on financial assets carried at amortised cost**		
	Tax free bonds, debentures and other instruments classified as debt	24.89	36.48
	Deposit with bank and others	129.28	120.41
(b)	**Dividend income**		
	Dividend received on investments carried at fair value through profit or loss	70.56	37.98
	Dividend income from trade investment in an associate company	5.75	3.83
(c)	**Profit on sale of investments***	216.09	137.85
(d)	**Gain on investments carried at fair value through profit or loss**	74.53	179.25
(e)	**Other non-operating income**		
	Exchange fluctuation	4.20	6.17
	Profit on sale of property, plant and equipments	0.52	0.46
		525.82	**522.43**

* After adjusting loss on sale of current investments aggregating ₹ 0.18 crores (previous year ₹ 0.05 crores)

27. Cost of materials consumed

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw materials and components consumed:		
Opening stock	422.45	388.73
Add: Purchase of raw materials and components	22,045.99	19,056.18
	22,468.44	**19,444.91**
Less: closing stock	555.71	422.45
	21,912.73	**19,022.46**
Less: Cash discount	54.94	48.35
Consumption of raw materials and components	21,857.79	18,974.11
Net consumption	**21,857.79**	**18,974.11**

28. Changes in inventory of finished goods and work-in-progress

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a)	**Opening stock**		
	Two wheelers	55.85	111.25
	Spare parts	42.91	54.66
	Work in progress	31.89	27.91
		130.65	**193.82**
(b)	**Closing stock**		
	Two wheelers	79.47	55.85
	Spare parts	37.19	42.91
	Work in progress	37.14	31.89
		153.80	**130.65**
	Net (increase)/ decrease in inventory	**(23.15)**	**63.17**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

29. Employee benefit expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries and wages	1,334.38	1,207.55
Contribution to provident and other funds	102.29	105.53
Employee stock compensation cost (refer note no 40)	5.35	3.42
Staff welfare expense	98.11	79.51
Total	**1,540.13**	**1,396.01**

EMPLOYEE BENEFIT PLANS

The details of various employee benefits provided to employees are as under:

A. Defined benefit, Contribution and other plans

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Employer's contribution to provident fund	58.96	52.72
b) Employer's contribution to superannuation fund	18.07	18.72
c) Employer's contribution to gratuity fund	20.58	31.07
d) Employer's contribution to ESIC	4.68	3.02
	102.29	**105.53**

B. Defined benefit plans:

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, as defined benefit plan. The gratuity plan provides for a lump sum payment to the employees at the time of separation from the service on completion of vested year of employment i.e. five years. The liability of gratuity plan is provided based on actuarial valuation as at the end of each financial year based on which the Company contributes the ascertained liability to Life Insurance Corporation of India by whom the plan assets are maintained.

These plans typically expose the Company to actuarial risks such as: investment risk, inherent interest rate risk , longevity risk and salary risk

Investment Risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.
Interest Rate Risk	The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase
Longevity Risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary Risk	Higher than expected increases in salary will increase the defined benefit obligation

The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

The principal assumptions (demographic and financial) used for the purposes of the actuarial valuations were as follows :-

(Amount in crores of INR)

Principal assumptions:	Gratuity As at March 31, 2018	Gratuity As at March 31, 2017
Discount rate	7.90%	7.20%
Future salary increase	6.00% p.a. for first year and 5% thereafter	6.00% p.a. for first two years and 5% thereafter
Retirement age	58 years	58 years
Withdrawal rate	Upto 30 years:3% from 31 to 44 years:2% After 44 years: 1%	Upto 30 years:3% from 31 to 44 years:2% After 44 years: 1%
In service mortality	Indian Assured Lives Mortality Ult. (2006-08)	Indian Assured Lives Mortality Ult. (2006-08)

Amounts recognized in statement of profit and loss in respect of this defined benefit plan are as follows :-

Particulars	For the year ended March 31, 2018 Gratuity	For the year ended March 31, 2017 Gratuity
Service cost:		
Current service cost	13.34	10.76
Net Interest expense/(income)	-	(1.22)
Components of defined benefit costs recognized in profit or loss	**13.34**	**9.54**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	0.90	0.81
Actuarial (gains)/ losses arising from changes in financial assumptions	(11.10)	10.06
Actuarial (gains)/ losses arising from experience adjustments	17.44	10.66
Components of defined benefit costs recognized in other comprehensive income	**7.24**	**21.53**
Total	**20.58**	**31.07**

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows :

Particulars	Gratuity As at March 31, 2018	Gratuity As at March 31, 2017
Present Value of funded defined benefit obligation	220.52	202.13
Fair value of plan assets	220.52	202.13
Net liability arising from defined benefit obligation	-	-

Movements in the present value of the defined benefit obligation are as follows :-

	For the year ended March 31, 2018 Gratuity	For the year ended March 31, 2017 Gratuity
Opening defined obligation	202.13	167.32
Current service cost	13.34	10.76
Interest cost	14.00	12.84
Remeasurement (gains)/losses:		
Actuarial (gains)/ losses arising from changes in financial assumptions	(11.10)	10.06
Actuarial (gains)/ losses arising from experience adjustments	17.44	10.66
Benefits paid	(15.29)	(9.51)
Closing defined benefit obligation	**220.52**	**202.13**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

Movements in the fair value of the plan assets are as follows

	Gratuity For the year ended March 31, 2018	Gratuity For the year ended March 31, 2017
Opening fair value of plan assets	202.13	167.32
Interest income	14.00	14.06
Remeasurement gain/(loss):		
Return on plan assets (excluding amounts included in net interest expense)	(0.90)	(0.81)
Contribution	20.58	31.07
Benefit paid	(15.29)	(9.51)
Closing fair value of plan assets	**220.52**	**202.13**

The Company makes annual contribution to Life Insurance Contribution (LIC). As LIC does not disclose the composition of its portfolio investments, break-down of plan investments by investment type is not available to disclose.

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the year, while holding all other assumptions constant.

- If the discount rate is 50 basis points higher (lower), the defined benefit obligation would decrease by ₹7.33 crore (increase by ₹ 7.82 crore) (as at March 31, 2017: Decrease by ₹ 7.27 crores (increase by ₹ 7.78crores).

- If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase by ₹7.12 crores (decrease by ₹ 7.56 crores) (as at March 31, 2017: increase by ₹ 7.89 crores (decrease by ₹ 7.44 crores)).

Sensitivities due to change in mortality rate and change in withdrawal rate are not material and hence impact of such change is not calculated.

Sensitivity Analysis

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting year, which is same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

Asset-Liability Matching Study

There is no (deficit)/Surplus of liability and funds, hence asset liability matching study not performed.

Other disclosures

Maturity profile of defined benefit obligation

Particulars	As at March 31, 2018	As at March 31, 2017
Average duration of the defined benefit obligation (in years)	9.03 years	9.4 years

The Company expects to make a contribution of ₹ 14.27 crore (as at March 31, 2017 ₹ 23.15 crore) to the defined benefit plans during the next financial year.

(Amount in crores of INR)

30. Finance costs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest expenses		
On dealers security deposits	2.05	1.99
On others	0.18	0.18
Unwinding of discount on provisions	4.02	3.88
Total	**6.25**	**6.05**

31. Other Expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Stores and tools consumed	108.46	90.74
(Increase) / decrease of excise duty on finished goods	-	(7.37)
Packing, forwarding, freight etc.	1,126.10	958.41
Power and fuel	138.77	112.62
Rent	41.40	35.55
Lease rent	37.84	30.91
Repairs and maintenance		
- Buildings	24.12	19.36
- Plant and machinery	100.35	94.48
- Others	7.39	7.40
Insurance charges	44.92	44.89
Rates and taxes	69.91	219.42
Royalty	-	18.44
Advertisement and publicity	837.65	767.45
Donations	0.22	0.72
Expenditure on corporate social responsibility	84.34	85.14
Payment to auditors	1.28	2.23
Exchange fluctuation	4.42	1.78
Loss on sale of property, plant and equipments	9.10	9.08
Provision for doubtful debts	5.07	9.56
Doubtful debts written off	-	6.70
Miscellaneous expenses	934.19	924.85
Total	**3,575.53**	**3,432.36**

Payment to auditors

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) As Statutory Audit		
- Audit fee	0.65	0.92
- Audit fee for Internal Control Over Financial Reporting	-	0.15
- Limited Review of unaudited financial results	0.45	0.72
- Other certifications	0.06	0.36
b) Tax audit fees	0.05	0.07
c) Out of pocket expenses	0.07	0.01
	1.28	**2.23**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

32. Income tax expense

(a) Income tax expense recognised in Statement of profit and loss

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current Tax:		
In respect of the current year	1,446.95	1,082.08
Deferred Tax		
In respect of the current year	99.85	199.26
Total income tax expense recognised in the statement of profit and loss	**1,546.80**	**1,281.34**

(b) Income tax on other comprehensive income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Deferred tax benefit		
Arising on income and expenses recognised in other comprehensive income:		
Remeasurement of Defined Benefit Obligations	(2.53)	(7.45)
Total income tax expenses recognised in other comprehensive income	**(2.53)**	**(7.45)**

(c) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	5,244.16	4,658.46
Income tax expense calculated at 34.608% (2016-17: 34.608%)	1,814.90	1,612.20
Effect of deduction under section 80IC of the Income tax Act, 1961	(190.68)	(179.01)
Additional deduction on research and product development cost	(42.06)	(124.09)
Additional deduction for investment allowance under Section 32 AC of the Income tax Act, 1961	-	(28.94)
Effect of income exempt/ taxed on lower rate	(46.68)	(30.68)
Others	11.33	31.86
Income tax expense recognised in statement of profit and loss	**1,546.80**	**1,281.34**

33. Earnings per share

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Basic earnings per share (in ₹)	185.14	169.12
Diluted earnings per share (in ₹)	185.13	169.12
The earnings and weighted average number of equity shares used in the calculation of basic/diluted earnings per share are as follows.		
Profit for the year, per statement of profit and loss (₹ in crores)	3,697.36	3,377.12
Opening Balance	199,696,838	199,690,088
Effect of share options exercised	4,884	1,659
Weighted average number of equity shares for the purposes of basic earnings per share (in Nos)	199,701,722	199,691,747
Effect of share options	11,794	-
Weighted average number of equity shares for the purposes of diluted earnings per share (in Nos)	199,713,516	199,691,747
Impact of ESOP was anti dilutive for the year ended March 31, 2017		

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018

(Amount in crores of INR)

34. Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at March 31, 2018	As at March 31, 2017
a) Contingent liabiities		
In respect of excise matters	104.14	104.47
The above matters are subject to legal proceedings in the ordinary course of business. The legal proceeding when ultimately concluded will not, in the opinion of management, have a material effect on the result of operations or the financial position of the Company.		
Additionally, the Company is involved in other disputes, lawsuits, claims, governmental and/ or regulatory inspections, inquiries, investigations and proceedings, including commercial matters that arise from time to time in the ordinary course of business. The Company believes that none of these matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements."		
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances paid amounting to ₹ 192.59 crores (March 31, 2017 ₹ 215.79 crores)	333.72	376.21

35. The Company primarily operates in the automotive segment. The automotive segment includes all activities related to development, design, manufacture, assembly and sale of vehicles, as well as sale of related parts and accessories.

The board of directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit.

Therefore, based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity fall within a single operating segment, namely automotive segment . Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:

Revenue from Operations	Domestic	Overseas	Total
2017-18	32,134.18	737.64	**32,871.82**
2016-17	30,290.24	581.35	**30,871.59**

a) Domestic segment includes sales and services to customers located in India.

b) Overseas segment includes sales and services rendered to customers located outside India.

c) There are no material non-current assets located outside India.

d) There are no major individual customer whose revenue exceeds more than 10% of the entity's revenue.

36. Related party disclosures under Ind AS 24

A. Parties in respect of which the Company is an associate

Bahadur Chand Investments Private Limited

Brijmohan Lall Om Prakash (Partnership firm)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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B. Parties over which the Company has control

Subsidiaries

HMCL (NA) Inc., USA

HMCL Americas Inc. USA

HMCL Netherlands BV

HMC MM Auto Limited

Subsidiaries of HMCL Netherlands BV

- HMCL Colombia SAS
- HMCL Niloy Bangladesh Limited

Associate of the Company

Hero FinCorp Limited

Ather Energy Private Limited (w.e.f January 03, 2017)

C. Key management personnel and their relatives

Mr. Pawan Munjal	- Chairman, Managing Director and CEO
Mr. Sunil Kant Munjal	- Joint Managing Director (up to August 16, 2016)
Mr. Suman Kant Munjal	- Director
Mr. Vikram Sitaram Kasbekar	- Whole Time Director (w.e.f August 8, 2016)
Mr. Ravi Sud	- Chief Financial Officer (Upto March 31, 2017)
Mr. Niranjan Kumar Gupta	- Chief Financial Officer (w.e.f April 1, 2017)
Mr. Ilam C. Kamboj	- Company Secretary (upto April 02, 2016)
Mrs. Neerja Sharma	- Company Secretary (w.e.f August 8, 2016)

Non Executive and Independent Directors

Mr. Pradeep Dinodia

Gen.(Retd) Ved Prakash Malik

Dr. Pritam Singh

Mr. M.Damodaran

Mr. Ravi Nath

Dr Anand C. Burman

Ms. Shobana Kamineni

Mr. Paul B. Edgerley

Enterprises over which key management personnel and their relatives are able to control:

A.G. Industries Private Limited, A.G Industries (Bawal) Private Limited, Rockman Industries Limited, Cosmic Kitchen Private Limited, Hero Management Services Private Limited, Hero Mindmine Institute Private Limited, Hero Solar Energy Private Limited, BML Munjal University, Serendepity Arts & Trust and Raman Kant Munjal Foundation

List of other related parties- Post employment benefit plan of the Company

Hero MotoCorp Limited Employees' Gratuity Fund Trust

Hero MotoCorp Limited Employees' Superannuation Fund Trust

Refer to Note 29 of information on transaction with the above mentioned post employment benefits plan.

(Amount in crores of INR)

Transactions with the above related parties:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a) Parties in respect of which the Company is an associate		
Dividend paid		
Brijmohan Lall Om Prakash (Partnership firm)	237.38	346.85
Bahadur Chand Investments Private Limited	339.52	193.03
b) Parties over which the Company has control		
Investment in equity instruments during the year		
Subsidiaries		
HMCL Netherlands BV	70.44	50.79
HMC MM Auto Limited	3.00	6.60
Sales		
HMCL Colombia SAS	51.52	65.21
HMCL Niloy Bangladesh Limited	377.43	5.90
Other operating revenues		
HMCL Colombia SAS	2.24	3.26
HMCL Niloy Bangladesh Limited	10.49	-
Purchases of goods/property, plant and equipment		
HMC MM Auto Limited	25.42	19.01
Expenses reimbursed		
HMCL Colombia SAS	11.91	3.51

Balance outstanding at the year end

Particulars	As at March 31, 2018	As at March 31, 2017
- Receivable		
HMCL Colombia SAS	2.34	11.88
HMCL Niloy Bangladesh Limited	124.96	5.90
- Payable		
HMC MM Auto Limited	2.78	3.49

c) **Associate of the Company**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Hero FinCorp Limited		
Lease rental expenses	30.36	25.91
Dividend received	3.83	3.83
Dividend paid	0.01	0.01
Investment in equity instruments during the year	70.03	36.40
Expenses reimbursed	0.53	9.85
Rent received	0.05	0.05
Ather Energy Private Limited		
Investment in equity instruments during the year	20.06	180.52

Balance outstanding at the year end

Particulars	As at March 31, 2018	As at March 31, 2017
- Payable		
Hero FinCorp Limited	0.65	8.04

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

d) Key management personnel and their relative.

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Managerial Remuneration/Sitting fees		
Mr. Pawan Munjal	75.44	59.48
Mr. Sunil Kant Munjal	-	22.02
Mr. Vikram Sitaram Kasbekar	6.25	2.28
Mr. Suman Kant Munjal	0.18	0.18
Mr. Ravi Sud	-	6.93
Mr. Niranjan Kumar Gupta	2.63	-
Mrs Neerja Sharma	1.63	0.97
Mr. Ilam C. Kamboj	-	1.74
Commission/Sitting fees to Non Executive and Independent Directors		
Mr. Pradeep Dinodia	0.91	0.92
Gen.(Retd) Ved Prakash Malik	0.76	0.81
Dr. Pritam Singh	0.58	0.70
Mr. M.Damodaran	0.79	0.81
Mr. Ravi Nath	0.56	0.50
Dr Anand C. Burman	0.20	0.12
Ms. Shobana Kamineni	0.09	0.09
Mr. Paul B. Edgerley	0.08	0.17

Balance outstanding at the year end

Particulars	As at March 31, 2018	As at March 31, 2017
- Payables (including commission)	55.07	66.23

Category-wise break up of compensation to key management personnel during the year is as follows:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Managerial remuneration*		
Short-term benefits	84.20	91.24
Post-employment benefits	1.51	2.13
Share-based payments	0.24	0.04

* Does not include provisions for incremental gratuity and leave encashment liabilities, since the provisions are based on actuarial valuations for the Company as a whole.

e) Enterprises over which key management personnel and their relatives are able to exercise control

	For the year ended March 31, 2018	For the year ended March 31, 2017
Purchase of raw materials and components etc.	2,878.43	2,488.57
Purchase of property, plant & equipment	22.08	36.38
Payment towards services etc.	3.30	2.09
Expenditure towards Corporate Social Responsibility (CSR)	33.99	35.36

Balance outstanding as at the year end

Particulars	As at March 31, 2018	As at March 31, 2017
- Payables	351.85	269.38

Significant related party transactions included in the above are as under :-

	For the year ended March 31, 2018	For the year ended March 31, 2017
Purchase of raw materials and components etc.		
A .G. Industries Private Limited	706.88	520.43
Rockman Industries Limited	1,924.44	1,793.70
Purchase of property, plant & equipment		
Rockman Industries Limited	16.20	23.76
A.G. Industries Private Limited	0.21	0.50
Hero Solar Energy Private Limited	5.67	12.12
Payment for services etc.		
Hero Management Services Private Limited	0.35	0.52
Hero Mindmine Institute Private Limited	1.80	1.57
Hero Solar Energy Private Limited	0.52	-
Rockman Industries Limited	0.62	-
CSR		
Raman Kant Munjal Foundation	6.86	1.45
BML Munjal University	22.40	33.67
Serendepity Arts & Trust	4.73	0.24

Significant closing balances of related parties are as under :-

Particulars	As at March 31, 2018	As at March 31, 2017
- Payables		
A .G. Industries Private Limited	53.51	18.41
Rockman Industries Limited	285.39	247.29

37. Disclosure in respect of operating leases:

The Company has entered into operating lease agreements for premises, motor vehicles, dies and data processing machines. These lease arrangements are cancellable in nature and range between two to four years. The aggregate lease rentals under these arrangements amounting to ₹ 79.24 crores (previous year ₹ 66.46 crores) have been charged under "Lease rentals" and " Rent" in Note 31. Future lease payments under operating leases non cancellable in nature is as follows:-

Particulars	As at March 31, 2018	As at March 31, 2017
Not later than one year	0.43	10.99
Later than one year and not later than five years	1.73	1.73
Later than five years	31.82	32.25

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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38. Information pursuant to clause 3 (vii) (b) of the Companies (Auditor's Report) Order, 2016 in respect of disputed dues, not deposited as at March 31, 2018, pending with various authorities:

Name of Statute	Nature of Dues	Amount* (₹ in crores)	Amount paid (₹ in crores)	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	691.57	320.88	2008-09 to 2013-14	Supreme Court
		1.61	0.01	2014-15 to 2015-16	Commissioner Appeal
		870.47	415.58	2002-03 to 2017-18	CESTAT
	Service Tax	0.89	0.45	2004-05 to 2005-06	Supreme Court
		234.43	24.99	2004-05 to 2011-12	CESTAT
Income Tax Act, 1961	Income-tax	7342.99	528.44	2008-09, 2011-12 to 2012-13	Income Tax Appellant Tribunal
		715.59	-	2004-05, 2009-10, 2013-14	Commissioner of Income Tax (Appeals)

* Amount as per demand orders including interest and penalty wherever indicated in the order and excludes disputed dues fully paid.

The following matters have been decided in favour of the Company but the department has preferred appeals at higher levels:

Name of Statute	Nature of Dues	Amount (₹ in crores)	Amount paid as per stay order/ mandatory deposit	Period to which the Amount Relates	Forum where Dispute is Pending
Central Excise Law	Excise duty	8.17	-	2002-03 to 2004-05	Supreme Court
		85.66	41.44	2009-10 to 2010-11, 2013-14	CESTAT
Income Tax Act, 1961	Income-tax	4947.77	-	1987-88, 1989-90, 1992-93, 1993-94, 1995-96, 1996-97, 1997-98, 1998-99, 2000-01, 2006-07, 2009-10 and 2010-11	High Court
		72.00	-	2001-02, 2003-04, 2004-05, 2005-06 and 2007-08	Income Tax Appellate Tribunal

39. Research and development expenses :

Expenses charged to revenue account

	For the year ended March 31, 2018	For the year ended March 31, 2017
Raw material consumption	1.93	1.42
Consumables	3.16	1.68
Employee benefits	152.95	117.07
Depreciation and amortisation	77.59	49.00
Others*	131.08	255.54
Total	**366.72**	**424.71**

* Includes intangible asset under development amounting to ₹ 16.24 crores (previous year ₹161.74 crores) expensed off during the year.

(Amount in crores of INR)

Capital expenditure	For the year ended March 31, 2018	For the year ended March 31, 2017
Building	7.43	61.28
Equipments	32.33	132.85
Furniture and fixtures	1.62	5.57
Software	2.31	3.49
Vehicles	6.10	4.65
Data processing equipments	6.34	4.57
	56.13	**212.41**
Capital work in progress	70.66	63.97
Total	**126.79**	**276.38**

40. Share-based payments

Employee Stock Option Plan

The Employee Stock Options Scheme titled "Employee Incentive Scheme 2014 - Options and Restricted Stock Unit" hereafter referred to as "Employee Incentive Scheme 2014" or "the Scheme" was approved by the shareholders of the Company through postal ballot on September 22, 2014. The Scheme covered 49,90,000 options/ restricted units for 49,90,000 equity shares. The Scheme allows the issue of options/restricted stock units (RSU) to employees of the Company which are convertible to one equity share of the Company. As per the Scheme, the Nomination and Remuneration Committee grants the options/RSU to the employees deemed eligible. The options and RSU granted vest over a period of 4 and 3 years respectively from the date of the grant in proportions specified in the respective ESOP Plans. Options/RSU may be exercised by the employees after vesting period within 7 years from the date of grant. The fair value as on the date of the grant of the options/RSU, representing Stock compensation charge, is expensed over the vesting period.

Details of the Stock Option/ RSU issued under the Scheme

Plan	Number of Options/ RSU	Grant date	Expiry date	Exercise Price ₹	Weighted Average Fair value of the Options at grant date ₹
ESOP 2014	23,110	22-Oct-14	21-Oct-21	2,159	1,228
ESOP 2016	41,290	22-Aug-16	21-Aug-23	2,469	1,324
RSU 2016	11,194	22-Aug-16	21-Aug-23	2	3,290
ESOP 2017	29,800	31-Oct-17	31-Oct-24	2,818	1,615
RSU 2017	15,769	31-Oct-17	31-Oct-24	2	3,663

Fair value of share options/ RSU granted during the year

The fair value of options/RSU granted is estimated using the Black Scholes Option Pricing Model after applying the key assumption which are tabulated below.The expected volatility has been calculated using the daily stock returns on NSE, based on expected life options/ RSU of each vest.The expected life of share option is based on historical data and current expectation and not necessarily indicative of exercise pattern that may occur.

Inputs in to the pricing model	Option Plan	
	ESOP 2017	RSU 2017
Weighted Average Fair value of option/RSU	1,615	3,663
Weighted Average share price	3,850	3,850
Exercise price	2,818	2
Expected volatility	23.98%	107.92%
Option life	7 Years	7 Years
Dividend yield	2.56%	2.56%
Risk-free interest rate	6.42%	6.42%

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Movements in share options during the year

	For the year ended March 31, 2018		For the year ended March 31, 2017	
	Number of options	Weighted average exercise price ₹	Number of options	Weighted average exercise price ₹
Outstanding at the beginning of the year	52,780	2,159	18,776	2,159
Granted during the year	29,800	2,818	41,290	2,469
Forfeited during the year	3,598	2,193	536	2,159
Exercised during the year	11,258	2,355	6,750	2,159
Outstanding at the end of year	67,724	2,604	52,780	2,402
Exercisable at the end of year	1,290	2,469	960	2,159

Movements in RSU during the year

	Number of RSU	Weighted average exercise price ₹	Number of RSU	Weighted average exercise price ₹
Outstanding at the beginning of the year	11,194	2	-	-
Granted during the year	15,769	2	11,194	2.00
Forfeited during the year	2,191	2	-	-
Exercised during the year	3,359	2	-	-
Outstanding at the end of year	21,413	2	11,194	2.00
Exercisable at the end of year	-	-	-	-

Share options exercised during the year

Option Plan	No. of options exercised	Weighted Share price at exercise date ₹
ESOP 2014	4,146	3,853
ESOP 2016	7,112	3,796
RSU 2016	3,359	3,590

Share options/RSU outstanding at end of the year

Options/ RSU Plans	Options outstanding as at March 31, 2018	Options outstanding as at March 31, 2017	Remaining contractual life (in Years) as on March 31, 2018	Remaining contractual life (in Years) as on March 31, 2017	Exercise Price ₹
ESOP 2014	4,146	11,490	3.56	4.56	2,159
ESOP 2016	33,778	41,290	5.39	6.39	2,469
RSU 2016	7,083	11,194	5.39	6.39	2
ESOP 2017	29,800	-	6.59	-	2,818
RSU 2017	14,330	-	6.59	-	2
	89,137	63,974			

During the the year ended March 31, 2018, the Company recorded an employee stock compensation expense of ₹5.35 crores (previous year ₹ 3.42 crore) in the Statement of Profit and Loss.

(Amount in crores of INR)

41. Financial instruments

41.1 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of surplus funds into various investment options. The Company does not have debts and meets its capital requirement through equity.

The Company is not subject to any externally imposed capital requirements

The management of the Company reviews the capital structure of the Company on regular basis. As part of this review, the Board considers the cost of capital and the risks associated with the movement in the working capital.

The following table summarizes the capital of the Company:

	As at March 31, 2018	As at March 31, 2017
Share capital	39.94	39.94
Equity reserves	11,728.94	10,071.35
Total Equity	**11,768.88**	**10,111.29**
Categories of financial instruments		

	As at March 31, 2018	As at March 31, 2017
Financial assets		
Financial assets at fair value through profit or loss		
Non-current		
Investments	651.08	236.06
Current		
Investments	5,591.12	4,419.80
Derivative instruments carried at fair value	-	4.42
Financial assets at amortised cost		
Non-current		
Investments	267.41	260.88
Loans	45.68	48.36
Current		
Investments	-	121.05
Trade receivables	1,520.18	1,561.87
Cash and bank balances	141.34	136.73
Loans	27.56	24.18
Others	539.37	144.95
Total	**8,783.75**	**6,958.30**
Financial liabilities at amortised cost		
Current		
Trade payables	3,318.81	3,247.27
Other financial liabilities	202.14	352.77
Total	**3,520.95**	**3,600.04**

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

41.2 Fair value measurements

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

The following is the basis of categorising the financial instruments measured at fair value into Level 1 to Level 3:

Level 1: This level includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

There are certain Company's financial assets which are measured at fair value at the end of each reporting period. Following table gives information about how the fair values of these financial assets are determined:

	Fair value as at March 31, 2017		
	Level 1	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss			
Non-current			
Investments in mutual funds	-	212.33	-
Investments in equity instruments	13.73	-	10.00
Current			
Investments in mutual funds	4,257.25	162.65	-
Derivative instruments carried at fair value	2.79		

	Fair value as at March 31, 2018		
	Level 1	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss			
Non-current			
Investments in mutual funds	-	645.77	-
Investments in equity instruments	5.31	-	-
Current			
Investments in mutual funds	5,397.55	193.57	-

Fair value of the Company's financial assets that are not measured at fair value (but fair value disclosures are required)

Except as detailed out in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognised in the standalone financial instruments approximate their fair values:

(Amount in crores of INR)

	March 31, 2018		March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost				
Non-current				
Investments in bonds	267.41	273.71	260.88	274.38
Current				
Investments in bonds	-	-	121.05	123.08

	Fair value hierarchy	
	March 31, 2018 Level 2	March 31, 2017 Level 2
Financial assets at amortised cost		
Non-current		
Investments in bonds	273.71	274.38
Current		
Investments in bonds	-	123.08

The fair value of the financial assets and financial liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between the market participants. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions-: Net asset value (NAV) for investments in mutual funds declared by mutual fund house, quoted price of equity shares in the stock exchange etc.
- The fair value of bonds is based on quoted prices and market observable inputs.
- Trade receivables, cash & cash equivalents, other bank balances, loans, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to short-term maturities of these instruments.
- Management uses its best judgment in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realized or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.
- There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2018 and March 31, 2017

41.3 Financial risk management objectives and Policies

Financial risk management objectives

The Company's Corporate Treasury function monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company seeks to minimise the effects of these risks by using derivative financial instruments, diversification of investments, credit limit to exposures, etc., to hedge risk exposures. The use of financial instruments is governed by the Company's policies on foreign exchange risk and the investment. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates risk/ liquidity which impact returns on investments. The Company enters into derivative financial instruments to manage its exposure to foreign currency risk including export receivables and import payables. Future specific market movements cannot be normally predicted with reasonable accuracy.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

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Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

In Millions

Foreign currency exposure as at March 31, 2017	USD	EURO	JPY
Trade Receivable	14.91	-	-
Trade Payables	1.77	-	-
Forward cover-Sell	11.00	-	-
Forward cover-Bought	2.00	-	-

In Millions

Foreign currency exposure as at March 31, 2018	USD	EURO	JPY
Trade Receivable	28.98	-	-
Trade Payables	15.13	-	646.92

Foreign currency sensitivity

The following table details the Company's sensitivity to a 5% increase and decrease in the ₹ against the relevant foreign currencies. (+)(-)5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the ₹ strengthens (+)(-)5% against the relevant currency. For a 5% weakening of the ₹ against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be positive or negative.

Currency	**2017-18**		**2016-17**	
	5% increase	**5% decrease**	**5% increase**	**5% decrease**
Receivable- USD	**9.39**	**(9.39)**	**4.84**	**(4.84)**
Payable				
USD	(4.90)	4.90	(0.57)	0.57
JPY	(1.97)	1.97		
Forward cover-Sold	-	-	(3.57)	3.57
Forward cover-Bought	-	-	0.65	(0.65)
Impact on profit or loss as at the end of the reporting period	**2.52**	**(2.52)**	**1.35**	**(1.35)**
Impact on total equity as at the end of the reporting period	**1.64**	**(1.64)**	**0.88**	**(0.88)**

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year/ in future years.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and wherever appropriate, the credit ratings of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Company. Financial instruments that are subject to concentrations of credit risk, principally consist of balance with banks, investments in debt instruments/ bonds, trade receivables, loans and advances and derivative financial instruments. None of the financial instruments of the Company result in material concentrations of credit risks.

The Company write off the receivables in case of certainity of irrecoverability.

Balances with banks were not past due or impaired as at the year end. In other financial assets that are not past dues and not impaired, there were no indication of default in repayment as at the year end.

The age analysis of trade receivables as of the balance sheet date have been considered from the due date and disclosed in the note no. 15 above.

The Company has used a practical expedient and analysed the recoverable amount of receivables on an individual basis by computing the expected loss allowance for financial assets based on historical credit loss experience and adjustments for forward looking informations.

Movement in the expected credit loss allowance of financial assets

	For the year ended March 31, 2018	For the year ended March 31, 2017
Balance at beginning of the year	23.61	14.05
Add: Provided during the year	5.07	9.57
Less: Amounts written off	-	0.01
Balance at the end of the year	28.68	23.61

Other price risks including interest rate risk

The Company has deployed its surplus funds into various financial instruments including units of mutual funds, bonds/ debentures, etc. The Company is exposed to NAV (net asset value) price risks arising from investments in these funds. The value of these investments is impacted by movements in interest rates , liquidity and credit quality of underlying securities.

NAV price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to NAV price risks at the end of the reporting period. If NAV prices had been 1% higher/lower:

- profit for the year ended March 31, 2018 would increase/decrease by ₹ 62.37 Crores (for the year ended March 31, 2017 ₹ 31.23 crores).

Liquidity risk

Liquidity risk represents the inability of the Company to meet its financial obligations within stipulated time. To mitigate this risk, the Company maintains sufficient liquidity by way of readily convertible instruments and working capital limits from banks.

Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS

For The Year Ended March 31, 2018
(Amount in crores of INR)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Less than 1 year	Total	Less than 1 year	Total
Current				
(i) Trade payables	3,318.81	3,318.81	3,247.27	3,247.27
(ii) Other financial liabilities	202.14	202.14	352.77	352.77

The surplus funds with the Company and operational cash flows will be sufficient to dispose the financial liabilities with in the maturity period.

42. Expenditure on Corporate Social Responsibility (CSR)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
(a) Gross amount required to be spent	82.60	70.62
(b) Amount spent for the purposes other than Construction/acquisition of assets in the Company	84.34	85.14

43. The Company's borrowing facilities, comprising fund based and non-fund based limits from various bankers, are secured by way of hypothecation of inventories, receivables, movable assets and other current assets.

44. The financial statements were approved for issue by the board of directors on May 02, 2018.

45. Information pursuant to G.S.R. 308 (E) dated 30 March 2017 issued by Ministry of corporate affairs:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8.11.2016	1,321,000	816,043	2,137,043
(+) Permitted receipts	-	4,280,296	4,280,296
(-) Permitted payments	-	4,272,924	4,272,924
(-) Amount deposited in Banks	1,321,000	1,000	1,322,000
Closing cash in hand as on 30.12.2016	**-**	**822,415**	**822,415**

* For the purpose of this disclosure, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed.