# SIGNIFICANT ACCOUNTING POLICIES

## 1. GENERAL INFORMATION

Mishra Dhatu Nigam Limited ("the Company") a Government of India enterprise was set up in 1973 and is engaged in the business of manufacturing of superalloys, titanium, special purpose steel and other special metals. The Company has its registered office at 'P.O. Kanchanbagh, Hyderabad, 500058'.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

#### i. Statement of compliance

The financial statements are prepared and presented in accordance with Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015], to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied.

#### ii. Functional and presentation currency

The standalone financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the entity operates. All financial information presented in Indian rupees has been rounded to the nearest millions except share and per share data.

#### iii. Use of estimates and judgment

The preparation of financial statements in conformity with Ind AS require estimates and assumptions to be made that affect the application of accounting policies and reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

### 2.2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these standalone financial statements, unless otherwise stated.

### 2.3 Revenue recognition

Revenue is recognized when significant risks and rewards of ownership and effective control on goods have been transferred to the buyer. Revenue from the sale of manufactured goods is recognized upfront at the point in time when the goods are delivered to the customer. The supply of alloys may include supply of third-party equipment or material. In such cases, revenue for supply of such third party products are recorded at gross or net basis depending on whether the company is acting as the principal or as an agent of the customer. The company recognizes revenue in the gross amount of consideration when it is acting as a principal and at net amount of consideration when it is acting as an agent.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, liquidated damages, performance bonuses and incentives, if any, as specified in the contract with the customer.

Sales revenue is measured at fair value net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. The appropriate timing for transfer of risks and rewards varies depending on the individual terms and conditions of the sales contract.

In case of Ex-works contract, revenue is recognized when the goods are handed over to the carrier/agent for dispatch to the buyer and wherever customer's prior inspection is stipulated; revenue is recognized upon acceptance by customer's inspector.

In case of sales on FOR/FOB destination contracts, revenue is recognized considering the expected time in respect of dispatches to reach the destination within the accounting period, subject to adjustments based on actual receipt of material at destination.

Claims for additional revenue in respect of sales contracts/orders against outside agencies are accounted on certainty of realization.

Revenue on rendering of service: Revenue is recognized when the outcome of the services rendered can be estimated reliably. Revenue is recognized in the period when the service is performed by reference to the contract stage of completion on the reporting date.

Contract assets are recognized when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognized when there is a billing in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

**Use of significant judgments in revenue recognition:**

The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identify distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

The Company uses judgment to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.

The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Contract fulfillment costs are generally expensed as incurred except for certain software license costs which meet the criteria for capitalization. The assessment of this criterion requires the application of judgment, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

## 2.4 Foreign currencies

Foreign currency monetary items are recorded in the Functional Currency at the closing rate of the reporting period. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Exchange differences arising on account of settlement / conversion of foreign currency monetary items are recognized as expense or income in the period in which they arise.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through statement of profit and loss.

## 2.5 Employee benefits

### i. Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the statement of profit and loss in the periods during which services are rendered by employees. The Company has Post Retirement Medical Benefit Scheme (PRMBS) and Pension Scheme under this category.

**ii. Defined Benefit Plan**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds, in the absence of deep market for high quality corporate bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in the statement of profit and loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in the statement of profit and loss. The Company recognizes all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

The Company has Gratuity and contribution towards Provident Fund under this category.

**iii. Compensated Absence**

The Company accounts for its liability towards compensated absences based on actuarial valuation done as at the balance sheet date by an independent actuary using the Projected Unit Credit Method. The liability includes the long term component accounted on a discounted basis and the short term component which is accounted for on an undiscounted basis.

**iv. Other Employee Benefits**

Other employee benefits are estimated and accounted for based on the terms of the employment contract.

**2.6 Property, plant and equipment**

Land is capitalized at cost to the Company. Development of land such as leveling, clearing and grading is capitalized along with the cost of building in proportion to the land utilized for construction of building and rest of the development expenditure is capitalized along with the cost of land. Development expenditure incurred for the purpose of landscaping or for any other purpose not connected with construction of any building is treated as cost of land.

All other items of Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The company opted to adopt the previous GAAP value as the 'deemed cost' for the purposes of preparation of opening balance sheet as at 01 April 2015.

The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of replacing a part of an item is recognized in the carrying amount of the item of property, plant and equipment, if the following recognition criteria are met:

a) It is probable that future economic benefits associated with the item will flow to the Company and;

b) The cost can be measured reliably.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. Useful lives of the significant components are estimated by the internal technical experts.

The carrying amount of the replaced part is de-recognized at the time the replacement part is recognized. The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in statement of profit and loss when the item is de-recognized. The costs of the day-to-day servicing of the item are recognized in statement of profit and loss as incurred.

The present value of expected cost for the dismantling and restoration are included in the cost of respective assets if recognizing criteria for provision are met.

Pending disposal, unserviceable fixed assets are removed from the Fixed Assets Register and shown under "Other Current Assets" as a separate line item at the lower of their net book value and net realizable value. As and when the disposal of such assets takes place, the difference between the carrying amount and the amount actually realized will be recognized as Loss / Profit from sale of Fixed Assets.

Advance paid towards the acquisition of property, plant and equipment, outstanding at each balance sheet date is classified as capital advance under "Other non-current assets" and the cost of assets not put to use before such date are disclosed under 'capital work-in-progress'.

Customer funded assets: As per the guidance of Appendix C of erstwhile Ind AS 18 "Transfer of Assets from Customers" are recognized as an item of property, plant and equipment in accordance with Ind AS 16 in the books of accounts and depreciation is charged accordingly.

As per para 8 of Ind AS 16, items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with this Ind AS when they meet the definition of property, plant and equipment and are expected to be used for more than one accounting year. Otherwise, such items are classified as inventory.

**Depreciation**

Depreciation is calculated using the straight line method to allocate their cost, net of residual values, over the estimated useful life.

The useful lives have been determined to be equal to those prescribed in Schedule II to the Companies Act, 2013. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets whose actual cost does not exceed ₹5000/-, depreciation is provided at the rate of hundred percent in the year of capitalization.

**Disposal**:

Gain and losses on disposal are determined by comparing net sale proceeds with carrying amount. These are included in statement of profit and loss.

## 2.7 Intangible assets

### i. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization 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. For transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

### ii. De-recognition of intangible assets

An intangible asset is de-recognized 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, are recognized in statement of profit and loss when the asset is de-recognized.

### iii. Useful lives of intangible assets

Amortization is calculated using the straight line method to allocate their cost, net of residual values, over the estimated useful life.

The useful lives have been determined in accordance with guidance provided at Schedule II to the Companies Act, 2013.

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

**2.8 Inventories**

Inventories are valued on the following basis:

i. **Raw materials, consumables, spares and Tools and Instruments in Central Stores**

At weighted average cost

ii. **Raw materials in Shop floor/ Sub-stores in the shops**

At weighted average rate of Central Stores, at the end of the year

iii. **Consumables in Shop floor/Sub-stores**

All consumables drawn from the Central Stores are charged off to expense. Only in respect of 'A' and 'B' class consumables identified by Management from time to time, the stock at the Shop floor/Shop sub-stores are brought to inventory at the close of the year at the weighted average rate. However, moulds, rolls, dies etc., in use at the close of the year, are valued at issue rates with reference to the balance life, technically estimated.

iv. **Re-usable process scrap, process rejections and sales rejections with customers for return**

At estimated realizable value for scrap.

v. **Tools and Gauges**

Issued tools, instruments, gauges etc. are amortized uniformly over their estimated life.

vi. **Work-in-process**

At cost or estimated realizable value appropriate to the stage of production based on technical evaluation, whichever is less. However, the WIP of 5 years old and above is valued at the realizable scrap rate.

vii. **Finished Goods**

At cost or net realizable value (at shop finished stage) whichever is less. However, the Finished Goods of 5 years old and above is valued at the realizable scrap rate.

viii. Goods in transit are valued at cost.

ix. Stores declared surplus / unserviceable are transferred to salvage stores for disposal, and charged to revenue.

x. Provision for the non-moving raw materials, consumables and spares for over three years is made as under:

Raw materials: 85% of the book value

Consumables and Spares (which do not meet definition of PPE): 50% of the book value

xi. Stationery, uniforms, medical and canteen stores are charged off to revenue at the time of receipt.

**2.9 Income tax**

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

i. **Current income tax**

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

ii. **Deferred income tax**

Deferred income tax is recognized using the balance sheet approach. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

**2.10 Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation taking into account the risks and uncertainties surrounding the obligation.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such provision is made, the Company recognizes any impairment loss on the assets associated with that contract.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

**2.11 Financial instruments**

**i. Financial assets**

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset shall be measured at amortized cost if both of the following conditions are met:

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

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

The Company's financial assets include security deposits, cash and cash equivalents, trade receivables and eligible current and non-current assets.

Cash and cash equivalents comprise cash balances and term deposits with original maturities of one year or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

**ii. Financial liabilities**

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company has the following financial liabilities: loans and borrowings and trade and other payables.

Such financial liabilities are recognized initially at fair value through profit or loss and stated net off transaction cost that are directly attributable to them. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

**2.12 Impairment**

**i. Financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

**ii. Non-financial assets**

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

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.

Recoverable amount is the higher of the fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

**2.13 Borrowing costs**

Borrowing costs incurred for obtaining assets which takes substantial period to get ready for their intended use are capitalized to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets. Other borrowing costs are treated as expense for the year.

Transaction costs in respect of long-term borrowings are amortized over the tenure of respective loans using effective interest method.

**2.14 Finance income and costs**

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of profit and loss using the effective interest method.

**2.15 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

**2.16 Segment reporting**

Operating segments are identified in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company is in the business of manufacturing of super alloys and other special metals. Considering the core activities of the Company, management is of the view that the Company operates a single business segment. Further, the Company has only domestic turnover. Therefore, there is no other reportable segment.

**2.17 Claims by / against the Company:**

Claims on underwriters/carriers towards loss / damage are accounted when monetary claims are preferred.

Claims for refund of customs duty including project imports/port trust charge/excise duty are accounted on acceptance/receipt.

Liquidated Damages on suppliers are accounted on recovery.

Liquidated damages levied by the customers are netted-off from revenue on recovery/advice by the customers. A provision is created for the likely claims of Liquidated Damages for shipments made where a reliable estimation can be made.

Disputed/Time barred debts from Govt. Depts. & PSUs are not treated as Doubtful Debts. However, on a review appropriate provisions/write offs are made in the books of accounts on a case to case basis.

Provision for Doubtful Debts is made on the amounts due from other than Govt. Depts. & PSUs using expected credit loss provisional matrix.

Provision for Contingencies & Warranty to take care of rejected / returned material by customers is provided at an average of percentages of rejections over turnover related to manufactured products for the previous 5 years.

**2.18 Research and development expenses:**

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Tangible assets used in research and development are capitalized.

Expenditure incurred towards other development activity where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

**2.19 Physical verification of Fixed Assets and Inventory:**

Fixed Assets under the heads Land & Development, Roads & Bridges, Drainage, Sewerage and water system and Buildings & Internal Services are verified once in 3 years. All other Fixed Assets are verified once in the Financial Year.

Inventories of work-in-process, finished goods, raw materials and consumables in the Company premises are verified at the end of the financial year.

Inventories of raw materials, stores and spares in the Central Stores are verified on perpetual basis as per norms fixed from time to time and reconciled. Provisional adjustments are made to revenue, in respect of discrepancies pending reconciliation.

**2.20 Cash Flow Statement:**

Cash flow statement has been prepared in accordance with the indirect method prescribed in Ind AS 7- Statement of Cash Flows.

**2.21 New standards and interpretations not yet effective:**

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2019, and have not been applied in preparing these financial statements. The effect of the same is being evaluated by the Company.

**2.22 Government Grants:**

i. Grants from the Government are recognized at their fair value where there is reasonable assurance that grant will be received and the Company will comply with all attached conditions.

ii. Government grants relating to income are deferred and recognized in the profit and loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income. Alternatively, they are deducted in reporting the related expense.

iii. Grants related to non-depreciable assets may also require the fulfilment of certain obligations and would then be recognized in profit or loss over the periods that bear the cost of meeting the obligations.

iv. Government Grants received either as subsidy or otherwise for acquisition of depreciable assets are accounted as deferred income. If the grant/subsidy is absolute, amount corresponding to the depreciation is treated as income over the life of the asset. If the grant/subsidy is attached with any conditions, such as repayment, income is accounted as per the terms of the grant/subsidy.

## 3. PROPERTY, PLANT AND EQUIPMENT

(₹ in Million)

| | Land | Buildings/ Drainage/ water systems | Plant and Equipment | Furniture and Fixtures | Vehicles | Office equipment | Other (Electrical installations) | Others (Roads and bridges) | Total Tangible Assets |
|---|---|---|---|---|---|---|---|---|---|
| **Year ended 31st March 2018** | | | | | | | | | |
| Gross Carrying amount | | | | | | | | | |
| Opening gross carrying amount | 12.88 | 408.05 | 2,801.77 | 26.72 | 29.49 | 41.17 | 250.27 | 0.35 | 3,570.70 |
| Additions | 49.36 | 47.81 | 190.75 | 14.41 | 8.67 | 35.34 | 8.32 | - | 354.66 |
| Disposals | - | - | (0.42) | - | (0.79) | (0.72) | (0.19) | - | (2.12) |
| Closing gross carrying amount | 62.24 | 455.86 | 2,992.10 | 41.13 | 37.37 | 75.79 | 258.40 | 0.35 | 3,923.24 |
| **Accumulated depreciation** | | | | | | | | | |
| Opening accumulated depreciation | - | 23.58 | 229.16 | 5.89 | 6.95 | 11.39 | 29.34 | - | 306.31 |
| Depreciation charge during the year | - | 18.41 | 129.32 | 3.70 | 4.45 | 8.85 | 25.08 | - | 189.81 |
| Disposals | - | - | - | - | (0.32) | (0.24) | (0.07) | - | (0.63) |
| **Closing accumulated depreciation** | - | 41.99 | 358.48 | 9.59 | 11.08 | 20.00 | 54.35 | - | 495.49 |
| **Net Carrying amount** | **62.24** | **413.87** | **2,633.62** | **31.54** | **26.29** | **55.79** | **204.05** | **0.35** | **3,427.75** |
| Year ended 31st March 2019 | | | | | | | | | |
| Gross Carrying amount | | | | | | | | | |
| Opening gross carrying amount | 62.24 | 455.86 | 2,992.10 | 41.13 | 37.37 | 75.79 | 258.40 | 0.35 | 3,923.24 |
| Additions | 158.96 | 7.78 | 850.17 | 4.35 | 1.88 | 15.20 | 1.26 | - | 1,039.60 |
| Disposals | - | (0.32) | (1.97) | (0.28) | (0.03) | (0.39) | (0.18) | - | (3.17) |
| **Closing gross carrying amount** | **221.20** | **463.32** | **3,840.30** | **45.20** | **39.22** | **90.60** | **259.48** | **0.35** | **4,959.67** |
| **Accumulated depreciation** | | | | | | | | | |
| Opening accumulated depreciation | - | 41.99 | 358.48 | 9.59 | 11.08 | 20.00 | 54.35 | - | 495.49 |
| Depreciation charge during the year | - | 17.72 | 161.01 | 4.82 | 4.77 | 14.30 | 25.52 | - | 228.14 |
| Disposals | - | (0.03) | (0.14) | (0.15) | - | (0.28) | (0.06) | - | (0.66) |
| **Closing accumulated depreciation** | **-** | **59.68** | **519.35** | **14.26** | **15.85** | **34.02** | **79.81** | **-** | **722.97** |
| **Net Carrying amount** | **221.20** | **403.64** | **3,320.95** | **30.94** | **23.37** | **56.58** | **179.67** | **0.35** | **4,236.70** |

1. Conveyance deeds for 275 acres and 35 guntas of Land acquired are yet to be executed. Out of the above, the extent of land leased to the following parties: DRDO- 35 acres and 39 guntas, Telangana State Govt.- 1 acre, BDL- 1 acre, and 1.5 acres is under dispute on account of unauthorized possession by a third party.
2. Claims for reimbursement of cost for 70 acres and 23 guntas of Land transferred by DRDO not acknowledged, as no final settlement has been reached.
3. Pending registration/receipt of claims no Provision has been made towards stamp Duty on conveyance deeds/conversion of Land use/property taxes/ service charges (amount not ascertainable)
4. Plant and Machinery includes ₹ 452.02 million (31-Mar-2018 ₹ 298.96 million) for R & D capital costs.
5. Company considered the salvage value as 5% of the Cost of Assets
6. Principal Asset costing ₹10 million and above only are identified for the purpose of componentization of assets.
7. Useful life adopted by the Company for calculation of Depreciation in respect of the following assets are less than the useful life prescribed under Schedule II of the Companies Act, 2013.

   The reduced useful life has been adopted in view of faster rate of wear and tear.

| Category | Gross Block | Normal Depreciation | | Higher Depreciation | | Impact |
|---|---|---|---|---|---|---|
| | | Life in Years | Amount ₹ in Million | Life in Years | Amount ₹ in Million | Amount ₹ in Million |
| Furniture | 0.68 | 10 | 0.04 | 5 | 0.13 | 0.09 |
| **TOTAL** | **0.68** | | **0.04** | | **0.13** | **0.09** |
| **Previous Year** | **0.68** | | **0.05** | | **0.11** | **0.06** |

8. Refer Note 43(ii) for outstanding contractual commitments.

## 4. INTANGIBLE ASSETS

(₹ in Million)

| | Computer software | Copyrights & Patents and other intellectual property rights, services and operating rights | Total Intangible Assets |
|---|---|---|---|
| **Year ended 31st March 2018** | | | |
| Gross Carrying amount | | | |
| Opening gross carrying amount | 18.52 | 1.92 | 20.44 |
| Additions | 13.30 | 0.50 | 13.80 |
| Disposals | - | - | - |
| **Closing gross carrying amount** | **31.82** | **2.42** | **34.24** |
| **Accumulated depreciation** | | | |
| Opening accumulated depreciation | 10.34 | 0.72 | 11.06 |
| Depreciation charge during the year | 6.14 | 0.46 | 6.60 |
| Disposals | - | - | - |
| **Closing accumulated depreciation** | **16.48** | **1.18** | **17.66** |
| **Net Carrying amount** | **15.34** | **1.24** | **16.58** |
| **Year ended 31st March 2019** | | | |
| **Gross Carrying amount** | | | |
| Opening gross carrying amount | 31.82 | 2.42 | 34.24 |
| Additions | - | - | - |
| Disposals | - | - | - |
| **Closing gross carrying amount** | **31.82** | **2.42** | **34.24** |
| **Accumulated depreciation** | | | |
| Opening accumulated depreciation | 16.48 | 1.18 | 17.66 |
| Depreciation charge during the year | 3.45 | 0.36 | 3.81 |
| Disposals | - | - | - |
| Closing accumulated depreciation | 19.93 | 1.54 | 21.47 |
| **Net Carrying amount** | **11.89** | **0.88** | **12.77** |

## 5. CAPITAL WORK-IN -PROGRESS

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| Capital Work-in-Progress-Civil | 149.45 | 10.08 |
| Capital Work-in-Progress- Plant & Machinery Under Erection | 1,587.78 | 639.85 |
| Plant, Machinery & Equipment under Inspection & in Transit | 13.24 | - |
| **Total** | **1,750.47** | **649.93** |

## 6. NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| Trade Investments Non-Trade, Unquoted AT COST | | |
| Investment in Equity instruments | | |
| AP Gas Power Corporation Limited | | |
| 18,43,857 fully paid up Equity share of ₹ 10/- each including 7,71,847 fully paid up bonus share of face value ₹ 10/- each | 10.72 | 10.72 |
| 4,28,800 fully paid up Equity share of ₹ 10/- each subscribed at ₹ 24/- each and paid-up ₹ 24/- each | 10.29 | 10.29 |
| **Total** | **21.01** | **21.01** |

Investment in APGPCL shares are in the nature of security deposit for uninterrupted supply of power which has no specified tenure. Hence, not considered for fair valuation.

## 7. NON-CURRENT FINANCIAL ASSETS - LOANS

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| Unsecured, considered good | | |
| Loans and advances to employees | - | 0.01 |
| **Total** | **-** | **0.01** |

## 8. NON-CURRENT TAX ASSETS (NET)

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| Advance Income Tax | 106.52 | 202.12 |
| **Total** | **106.52** | **202.12** |

## 9. OTHER NON-CURRENT ASSETS

(₹ in Million)

| Particulars | As at 31st March 2019 | | As at 31st March 2018 | |
|---|---|---|---|---|
| **Capital Advances** | | | | |
| Unsecured, considered good | | 480.51 | | 681.77 |
| Doubtful | 3.55 | | 3.55 | |
| Less: Provision | 3.55 | - | 3.55 | - |
| **Sub-Total** | | **480.51** | | **681.77** |
| **Others** | | | | |
| Doubtful Advances to supplier | 2.25 | | 2.25 | |
| Less: Provision | 2.25 | - | 2.25 | - |
| Obsolete and slow moving -Raw material | 0.01 | | 0.01 | |
| Less: Provision | 0.01 | - | 0.01 | - |
| Obsolete and slow moving -consumables | 3.25 | | 2.80 | |
| Less: Provision | 3.25 | - | 2.80 | - |
| Obsolete and slow moving -spares | 13.90 | | 13.41 | |
| Less: Provision | 13.90 | - | 13.41 | - |
| **Total** | | **480.51** | | **681.77** |

## 10. INVENTORIES

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| Raw Materials and components | 1,354.63 | 443.74 |
| Raw Materials and components -in transit | 174.19 | 182.09 |
| **Total** | **1,528.82** | **625.83** |
| Work-in-progress # | 2,476.95 | 1,160.87 |
| **Total** | **2,476.95** | **1,160.87** |
| Finished goods in transit | 54.81 | 331.03 |
| **Total** | **54.81** | **331.03** |
| Stores and spares | 45.92 | 44.54 |
| Stores and spares -in transit | - | 1.97 |
| **Total** | **45.92** | **46.51** |
| Loose Tools | 0.10 | 0.50 |
| **Total** | **0.10** | **0.50** |

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| Consumables | 142.76 | 103.13 |
| Consumables-in transit | 2.59 | - |
| **Total** | **145.35** | **103.13** |
| Internally generated Scrap/rejected material | 836.40 | 145.93 |
| **Total** | **836.40** | **145.93** |
| **Grand Total** | **5,088.35** | **2,413.80** |

The Inventory does not include material held in trust on behalf of customers and materials issued by the Customers to Midhani for Job Works.

#Work in progress Include materials lying with sub-contractors ₹ 175.77 milliion (31.03.2018 ₹ 132.09 million) and is subject to confirmation of balance by sub-contractors.

## 11. CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(₹ in Million)

| Particulars | | As at 31st March 2019 | | As at 31st March 2018 |
|---|---|---|---|---|
| **Debts Outstanding for period exceeding Six Months** | | | | |
| Unsecured, considered good # | | 667.59 | | 1,041.96 |
| Unsecured, considered doubtful | 76.40 | | 99.66 | |
| Less: Provision | 76.40 | - | 99.66 | - |
| **Total** | | **667.59** | | **1,041.96** |
| **Other Debts** | | | | |
| Unsecured, considered good # | | 2,854.85 | | 3,092.38 |
| Unsecured, considered doubtful | 21.18 | | 50.09 | |
| Less: Provision | 21.18 | - | 50.09 | - |
| **Total** | | **2,854.85** | | **3,092.38** |
| **Grand Total** | | **3,522.44** | | **4,134.34** |

For computing the trade receivables normal credit period allowed by the company of thirty days has been taken into consideration for calculating the due date from the date of invoice .

# Balances in Trade Receivables, is subject to confirmation and/or reconciliation.

**Expected Credit Loss Percentage**

| Aging | Expected credit loss | |
|---|---|---|
| | As at 31st March 2019 | As at 31st March 2018 |
| Within Credit the Period | 0.76% | 0.40% |
| Upto 3 months | 1.67% | 1.13% |
| 3-6 months | 6.14% | 3.46% |
| 6-9 months | 14.83% | 16.41% |
| 9-12 months | 75.86% | 87.50% |
| >12 months | 100.00% | 100.00% |
| Specific Provision (Rs. In Million) relating to Defence, Govt and PSU customer dues | 56.03 | 73.91 |
| Specific Provision (Rs. In Million) relating to Defence, Govt, PSU, Private customer dues (LD) | 39.29 | 74.28 |

| Age of receivables | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| **Private Customers -Unsecured** | | |
| Within Credit the Period | 0.07 | 35.86 |
| Upto 3 months | 0.01 | 20.02 |
| 3-6 months | - | 27.02 |
| 6-9 months | 4.68 | - |
| 9-12 months | - | - |
| >12 months | 1.57 | 0.26 |
| Private Customers -secured | 8.26 | 0.90 |
| Defence, Govt and PSU customer dues | 3,605.43 | 4,200.03 |

**Movement in Provision made against Trade Receivables**

(₹ in Million)

| Particulars | Total |
|---|---|
| **Loss allowance as on 31st March 2018** | **149.75** |
| Changes in loss allowance | (52.17) |
| **Loss allowance as on 31st March 2019** | **97.58** |

## 12. CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| **Balances with Banks** | | |
| In Current Accounts | 136.90 | 10.03 |
| In Deposit Accounts # | 1,263.08 | 840.72 |
| **Cash on hand** | 0.44 | 0.33 |
| **Total** | **1,400.42** | **851.08** |

# Balances in deposit accounts represents term deposits with maturities of one year or less and can be liquidated as and when required by the Company, hence classified as cash and cash equivalents.

## 13. CURRENT FINANCIAL ASSETS - BANK BALANCES [OTHER THAN (NOTE 12) ABOVE]

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| Earnest Money Deposits with IndusInd Bank | 12.30 | 11.56 |
| Unpaid Dividend | 0.30 | - |
| Term Deposits* | 566.92 | 938.15 |
| **Total** | **579.52** | **949.71** |

*Balances in Term Deposit Accounts includes ₹ 566.92 million (31.03.2018 ₹ 497.94 million) pledged for secured over drafts availed against the deposits with various banks and ₹ NIL (31.03.2018 ₹ 440.21) earmarked for repayment of term loan availed with IndusInd Bank

## 14. CURRENT FINANCIAL ASSETS - OTHERS

(₹ in Million)

| Particulars | | As at 31st March 2019 | | As at 31st March 2018 |
|---|---|---|---|---|
| Loans and advances to employees | | 1.61 | | 10.20 |
| Interest accrued on loans to employees | | 0.01 | | 0.03 |
| Claims receivable | | 5.07 | | 6.45 |
| Deposits with others | | 60.58 | | 49.27 |
| Interest accrued on bank deposits | | 29.15 | | 112.85 |
| Interest accrued-doubtful | - | | 28.66 | |
| Less: Provision | - | - | 28.66 | - |
| **Total** | | **96.42** | | **178.80** |

## 15. OTHER CURRENT ASSETS

(₹ in Million)

| **Particulars** | **As at 31st March 2019** | **As at 31st March 2018** |
|---|---|---|
| Assets held for disposal | 0.20 | - |
| Prepaid expenses | 15.79 | 13.16 |
| GST/Customs duty receivable | 864.12 | 63.92 |
| Others | | |
| Unsecured, considered good | | |
| Advance to suppliers | 71.45 | 48.02 |
| **Total** | **951.56** | **125.10** |

## 16. EQUITY SHARE CAPITAL

(₹ in Million)

| **Particulars** | **As at 31st March 2019** | **As at 31st March 2018** |
|---|---|---|
| **Authorised** | | |
| Equity shares | | |
| 20,00,00,000 shares @ ₹ 10/- per share | 2,000.00 | 2,000.00 |
| (Previous Year 20,00,00,000 shares @ ₹ 10/- per share) | | |
| | **2,000.00** | **2,000.00** |
| **Issued** | | |
| Equity shares | | |
| 18,73,40,000 shares @ ₹ 10/- per share | 1,873.40 | 1,873.40 |
| (Previous Year 18,73,40,000 shares @ ₹ 10/- per share) | | |
| | **1,873.40** | **1,873.40** |
| **Subscribed and fully Paid up** | | |
| Equity shares | | |
| 18,73,40,000 shares @ ₹ 10/- per share | 1,873.40 | 1,873.40 |
| (Previous Year 18,73,40,000 shares @ ₹ 10/- per share) | | |
| | **1,873.40** | **1,873.40** |
| **Total** | **1,873.40** | **1,873.40** |

Reconciliation of shares outstanding at the beginning and at the end of the period:

| Particulars | 31st March 2019 | | 31st March 2018 | |
|---|---|---|---|---|
| | No. of Shares | Amount (₹ in Million) | No. of Shares | Amount (₹ in Million) |
| Outstanding as at Opening Date | 187,340,000 | 1,873.40 | 187,340,000 | 1,873.40 |
| Add: Issued during the period | - | - | - | - |
| Less: Buy-back during the period (if any) | - | - | - | - |
| **Outstanding as at Closing Date** | **187,340,000** | **1,873.40** | **187,340,000** | **1,873.40** |

Terms/right attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share (Previous Year ₹ 10 per share). Each equity share represents one voting right.

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

| Particulars | 31st March 2019 | | 31st March 2018 | |
|---|---|---|---|---|
| | No. of shares | % holding | No. of shares | % holding |
| Equity shares of ₹ 10/- each fully paid-up (Previous Year ₹ 10/- each) | | | | |
| President of India | 138,631,600 | 74.00% | 138,631,600 | 74.00% |
| Life Insurance Corporation of India | 13,522,029 | 7.22% | 16,350,564 | 8.73% |

## 17. OTHER EQUITY

(₹ in Million)

| Particulars | | As at 31st March 2019 | | As at 31st March 2018 |
|---|---|---|---|---|
| General Reserve | | | | |
| Opening Balance | | 5,907.59 | | 5,007.59 |
| Add: Additions during the year | | 500.00 | | 900.00 |
| **Sub-total** | | **6,407.59** | | **5,907.59** |
| **Retained Earnings** | | | | |
| Opening Balance | | 88.01 | | 131.47 |
| Add: Amount transferred from statement of profit and loss | | 1,305.56 | | 1,312.62 |
| Amount available for appropriation | | 1,393.57 | | 1,444.09 |
| Less: Appropriations | | | | |
| Interim Dividend | 314.73 | | - | |
| Final Dividend 2017-18 | 393.41 | | 378.94 | |
| Dividend Tax | 145.56 | | 77.14 | |
| Transferred to General Reserve | 500.00 | 1,353.70 | 900.00 | 1,356.08 |
| **Sub-total** | | **39.87** | | **88.01** |
| Components of other comprehensive income | | | | |
| Opening Balance | | 21.35 | | 30.98 |
| Add: Remeasurement of the net defined benefit liability / asset, net of tax effect | | 4.88 | | (9.63) |
| **Sub-total** | | **26.23** | | **21.35** |
| **Total** | | **6,473.69** | | **6,016.95** |

## 18. NON-CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| **Unsecured** | | |
| Advances - Augmentation Facilities - VSSC (This represents balance amount payable (net of ₹ 5.00 million (31.03.2018 ₹ 5 million) repayable within 12 months and treated as Other Current Liability and included under Note No.26) against refundable loan of ₹ 47.84 million received from VSSC for upgradation of forge press.) | 5.71 | 9.20 |
| | **5.71** | **9.20** |

**Maturity Profile of Term Loan:** (₹ in Millions)

| Borrower | Maturity Profile | | |
|---|---|---|---|
| | 2019-20 | 2020-21 | 2021-22 |
| VSSC | 5.00 | 5.00 | 2.84 |

## 19. NON-CURRENT FINANCIAL LIABILITIES - OTHERS

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| Grants - Customer Financed Projects | 1,560.98 | 469.99 |
| **Total** | **1,560.98** | **469.99** |

## 20. NON-CURRENT LIABILITIES - PROVISIONS

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for gratuity | 8.59 | 6.60 |
| Provision for compensated absences | 2.31 | 1.38 |
| **Total** | **10.90** | **7.98** |

## 21. DEFERRED TAX LIABILITIES (NET)

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| **Deferred Tax Liabilities** | | |
| On Depreciation | 445.11 | 344.98 |
| **Sub Total** | **445.11** | **344.98** |
| **Deferred Tax Assets** | | |
| On Provision | 46.30 | 58.14 |
| On Disallowance as per IT Act | 0.81 | 0.48 |
| **Sub Total** | **47.11** | **58.62** |
| **Net Total** | **398.00** | **286.36** |

**Movement in deferred tax**

(₹ in Million)

| Particulars | Closing Balance 31-Mar-2018 | Charge/Credit during the year 2018-19 | Closing Balance 31-Mar-2019 |
|---|---|---|---|
| **Deferred Tax Assets** | | | |
| Provision for Non Moving Stores | 5.61 | 0.38 | 5.99 |
| Provisions for Doubtful Debts | 26.12 | (5.75) | 20.37 |
| Provisions for Doubtful ICD | 9.92 | (9.92) | - |
| Provisions for Doubtful Adv / Claims | 2.01 | (1.22) | 0.79 |
| Provision for Contingencies & Warranty | 9.36 | 3.50 | 12.86 |
| AMTL Leave Provision | 0.48 | 0.33 | 0.81 |
| OFB Interest Differences (Net) | 3.68 | 1.31 | 4.99 |
| VSSC Interest Differences (Net) | 1.44 | (0.14) | 1.30 |
| **Total Assets** | **58.62** | **(11.51)** | **47.11** |
| **Deferred Tax Liability** | | | |
| Depreciation | 344.98 | 100.13 | 445.11 |
| **Total Liability** | **344.98** | **100.13** | **445.11** |
| **Net Liability** | **286.36** | **111.64** | **398.00** |

## 22. OTHER NON-CURRENT LIABILITIES

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| **Advances** | | |
| Advances from Customers | 1,984.08 | 200.93 |
| **Others** | | |
| Material Received on Loan - Kaveri Project | 2.57 | 2.40 |
| Other Liabilities - VSSC | 5.47 | 5.47 |
| Other Liabilities - OFB | 2.69 | - |
| Advances Others | 6.46 | 6.46 |
| Deferred Income | 587.72 | 525.32 |
| **Total** | **2,588.99** | **740.58** |

## 23. CURRENT FINANCIAL LIABILITIES - BORROWINGS

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| **Secured** | | |
| Loans repayable on demand | | |
| From Banks | | |
| Cash Credit | 550.63 | 21.18 |
| (By hypothecation of Raw materials, stock in process, finished good and book debts.) | | |
| From various banks-short term overdraft secured by pledge of fixed deposits | 510.23 | 448.15 |
| Secured by Fixed Deposits of ₹ 566.92 million (31.03.2018 ₹ 497.94 million) | | |
| **Unsecured** | | |
| From Banks | | |
| Short Term Loans | - | 450.00 |
| **Total** | **1,060.86** | **919.33** |

## 24. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| Micro, Small & Medium Enterprises | 37.58 | 35.33 |
| Others @ | 1,248.91 | 927.83 |
| **Total** | **1,286.49** | **963.16** |

@ Balances in Trade Payables are subject to confirmation and/ or reconciliation.

The information under MSMED Act, has been disclosed to the extent such vendors have been identified by the company during the year. The details of amounts outstanding to them based on available information with the Company is as under:

(₹ in Million)

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| Amount due and Payable at the year end | | |
| Principal | 37.58 | 35.33 |
| Interest on above Principal | 6.43 | 3.43 |
| Payments made during the year after the due date | | |
| Principal | 218.83 | 299.71 |
| Interest on above Principal | - | - |
| Interest due and payable for principals already paid | 7.27 | 7.48 |
| **Total Interest accrued and remained unpaid at year end** | **13.70** | **10.91** |

## 25. CURRENT FINANCIAL LIABILITIES - OTHERS

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| Earnest money deposit | 1.79 | 9.72 |
| Security Deposit | 16.71 | 10.37 |
| Liabilities to customers | 288.46 | 311.46 |
| Capital creditors | 106.02 | 78.85 |
| Employee payables | 216.06 | 338.30 |
| Unpaid Dividend | 0.30 | - |
| **Total** | **629.34** | **748.70** |

## 26. OTHER CURRENT LIABILITIES

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| Advances received from customers | 1,330.40 | 608.43 |
| Advance for Customer Financed projects | 385.24 | 364.36 |
| Material Received on Loan - Others | 428.62 | 196.42 |
| Statutory liabilities | 3.79 | 65.92 |
| Deferred Revenue | 2.49 | - |
| **Total** | **2,150.54** | **1,235.13** |

## 27. CURRENT - PROVISIONS

(₹ in Million)

| Particulars | As at 31st March 2019 | As at 31st March 2018 |
|---|---|---|
| **Provision for employee benefits** | | |
| Provision for compensated absences | 8.47 | 28.86 |
| Provision for gratuity | 19.68 | 66.72 |
| Provision for post retirement medical scheme | 9.41 | 8.98 |
| Provision for pension scheme | 21.95 | 21.19 |
| Provision for other employee benefits | 110.39 | 111.31 |
| **Other Provisions** | | |
| Provision for contingencies and warranty | 36.79 | 27.04 |
| Provision for Income Tax | - | 116.02 |
| Other provisions | 1.10 | 1.10 |
| **Total** | **207.79** | **381.22** |

**Movement in Provisions (Short term and Long term)**

(₹ in Million)

| Particulars | As at 01.04.2018 | Additions | Utilization | Reversal | As at 31.03.2019 |
|---|---|---|---|---|---|
| Compensated absences | 30.24 | 37.55 | 57.01 | - | 10.78 |
| Gratuity | 73.32 | 27.85 | 72.90 | - | 28.27 |
| Post retirement medical scheme | 8.98 | 9.41 | 8.98 | - | 9.41 |
| Pension Scheme | 21.19 | 21.95 | 21.19 | - | 21.95 |
| Contingencies and Warranty | 27.04 | 9.75 | - | - | 36.79 |
| Others | 112.41 | 91.6 | 92.52 | - | 111.49 |
| **Total** | **273.18** | **198.11** | **252.60** | **-** | **218.69** |

## 28. REVENUE FROM OPERATIONS

(₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| Sale of Manufacturing Products | 6,893.84 | 6,553.09 |
| Export Sales | 80.53 | 1.47 |
| Sale of Services | 57.48 | 66.37 |
| Other Operating Revenues | 76.61 | 39.85 |
| **Total** | **7,108.46** | **6,660.78** |

## 29. OTHER INCOME

(₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| **Interest Income** | | |
| From Banks | 85.51 | 169.45 |
| From Employees | - | 0.01 |
| From Others | 50.05 | 43.73 |
| Liquidated Damages | 80.80 | 18.71 |
| Exchange rate variance | 4.51 | 1.79 |
| Net gain on sale of Fixed Assets | 1.39 | 0.75 |
| Income from Sale of Unserviceable Scrap | 15.43 | 25.64 |
| Excess Liabilities written back | 117.96 | 28.57 |
| Grants Income | 1.80 | - |
| Other miscellaneous income | 11.50 | 3.35 |
| **Total** | **368.95** | **292.00** |

**Details of other miscellaneous income** (₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| Sale of Application Forms (Personnel) | 0.06 | 0.23 |
| Sale of Tender Documents | 0.05 | 0.61 |
| Others | 11.39 | 2.51 |
| **Total** | **11.50** | **3.35** |

## 30. COST OF MATERIAL CONSUMED

(₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| Cost of Material for manufactured products | 2,927.63 | 1,535.49 |
| **Total** | **2,927.63** | **1,535.49** |

## 31. EXCISE DUTY

(₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| Excise - Finished Goods | - | 43.87 |
| **Total** | **-** | **43.87** |

## 32. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE

(₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| **Opening Stock** | | |
| Work-in-progress | 1,160.87 | 1,125.63 |
| Finished Stock | 331.03 | 6.42 |
| | 1,491.90 | 1,132.05 |
| **Closing Stock** | | |
| Work-in-progress | 2,476.95 | 1,160.87 |
| Finished Stock | 54.81 | 331.03 |
| | 2,531.76 | 1,491.90 |
| **(Increase) / Decrease** | | |
| Work-in-progress | (1,316.08) | (35.24) |
| Finished Stock | 276.22 | (324.61) |
| **Total** | **(1,039.86)** | **(359.85)** |

## 33. EMPLOYEE BENEFITS EXPENSE

(₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| **Salaries & Wages** | | |
| Salaries & Wages | 710.39 | 892.89 |
| Leave Encashment | 37.55 | 60.88 |
| Directors remuneration | 18.11 | 12.66 |
| **Contribution to Provident and other Funds** | | |
| Contribution to provident fund | 61.92 | 58.15 |
| Employees Gratuity | 27.85 | 52.99 |
| Leave salary and pension contribution | 29.55 | 20.64 |
| **Staff Welfare & Training** | | |
| Workmen and staff welfare expense | 198.68 | 184.73 |
| **Total** | **1,084.05** | **1,282.94** |

**(i) Gratuity**

Gratuity payable to eligible employees is administered by a separate Trust, which has taken a policy with LICGGF. The annual demand computed through actuarial valuation is charged to Statement of Profit and Loss and other comprehensive income

**Expenses Recognised during the period** (₹ in Million)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| In Income Statement | 27.18 | 51.99 |
| In Other Comprehensive Income | (7.50) | 14.73 |
| Net Liability | **19.68** | **66.72** |

**Assets and Liability (Balance Sheet Position)** (₹ in Million)

| Particulars | 31-Mar-19 | 31-Mar-18 |
|---|---|---|
| Present Value of Obligation | 405.74 | 465.65 |
| Fair Value of Plan Assets | 386.06 | 329.35 |
| Surplus / (Deficit) | (19.68) | (136.30) |
| Effects of Asset Ceiling, if any | - | - |
| Net Assets / (Liability) | **(19.68)** | **(136.30)** |

**Changes in the Present Value of Obligation** (₹ in Million)

| Particulars | 31-Mar-19 | 31-Mar-18 |
|---|---|---|
| Present Value of Obligation as at beginning | 465.65 | 428.94 |
| Current Service Cost | 16.65 | 47.01 |
| Interest Expense or Cost | 35.96 | 31.44 |
| Re-measurement (or Actuarial) (gain) / loss arising from: | - | - |
| - Change in demographic assumptions | - | (14.00) |
| - Change in financial assumptions | 1.65 | (8.55) |
| - Experience variance (Actual Vs assumptions) | (5.93) | 36.05 |
| Past Service Cost | - | - |
| Effect of change in foreign exchange rates | - | - |
| Benefits Paid | (108.24) | (55.24) |
| Acquisition Adjustment | - | - |
| Effect of business combinations or disposals | - | - |
| Present Value of Obligation as at the end | **405.74** | **465.65** |

**Bifurcation of net liability** (₹ in Million)

| Particulars | 31-Mar-19 | 31-Mar-18 |
|---|---|---|
| Current Liability (Short term) | - | 78.59 |
| Non-Current Liability (Long term) | 19.68 | 387.06 |
| **Net Liability** | **19.68** | **465.65** |

**Changes in the Fair Value of Plan Assets** (₹ in Million)

| Particulars | 31-Mar-19 | 31-Mar-18 |
|---|---|---|
| Fair Value of Plan Assets as at the beginning | 329.35 | 359.35 |
| Investment Income | 25.44 | 26.34 |
| Employer's Contribution | 136.30 | 0.12 |
| Expenses | - | (0.15) |
| Employee's Contribution | - | - |
| Benefits Paid | (108.24) | (55.24) |
| Return on plan assets , excluding amount recognised in net interest expense | 3.22 | (1.08) |
| Acquisition Adjustment | - | - |
| **Fair Value of Plan Assets as at the end** | **386.07** | **329.35** |

**Changes in the Fair Value of Plan Assets** (₹ in Million)

| Particulars | 31-Mar-19 | 31-Mar-18 |
|---|---|---|

**Expenses Recognised in the Income Statement** (₹ in Million)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| Current Service Cost | 16.65 | 46.89 |
| Past Service Cost | - | - |
| Loss / (Gain) on settlement | - | - |
| Expected return on Asset | - | - |
| Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset) | 10.53 | 5.10 |
| Actuarial Gain/Loss | - | - |
| **Expenses Recognised in the Income Statement** | **27.18** | **51.99** |

**Other Comprehensive Income** (₹ in Million)

| Particulars | 2018-19 | 2017-18 |
|---|---|---|
| **Actuarial (gains) / losses** | | |
| - change in demographic assumptions | - | (14.00) |
| - change in financial assumptions | 1.65 | (8.55) |
| - experience variance (i.e. Actual experience vs assumptions) | (5.93) | 36.05 |
| - others | - | - |
| Return on plan assets, excluding amount recognized in net interest expense | (3.22) | 1.08 |
| Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling | - | 0.15 |
| Components of defined benefit costs recognised in other comprehensive income | **(7.50)** | **14.73** |

**Actuarial assumptions**

| Particulars | 31-Mar-19 | 31-Mar-18 |
|---|---|---|
| Discount rate (per annum) | 7.65% | 7.73% |
| Salary growth rate (per annum) | 8.00% | 8.00% |

**Demographic assumptions**

| Particulars | 31-Mar-19 | 31-Mar-18 |
|---|---|---|
| Mortality rate (% of IALM 06-08) | 100.00% | 100.00% |
| Withdrawal rate (per annum) | Upto 3% based on age | Upto 3% based on age |

**Table of sample mortality rates from Indian Assured Lives Mortality 2006-08**

**Mortality (per annum)**

| Age | Male | Female |
|---|---|---|
| 20 years | 0.089% | 0.089% |
| 25 years | 0.098% | 0.098% |
| 30 years | 0.106% | 0.106% |
| 35 years | 0.128% | 0.128% |
| 40 years | 0.180% | 0.180% |
| 45 years | 0.287% | 0.287% |
| 50 years | 0.495% | 0.495% |
| 55 years | 0.789% | 0.789% |
| 60 years | 1.153% | 1.153% |
| 65 years | 1.700% | 1.700% |
| 70 years | 2.585% | 2.585% |

**Sensitivity analysis** (₹ in Million)

| Particulars | 31-Mar-19 | | 31-Mar-18 | |
|---|---|---|---|---|
| Defined Benefit Obligation (Base) | 465.65 | | 465.65 | |
| | **Decrease** | **Increase** | **Decrease** | **Increase** |
| Discount Rate (- / + 1%) | 428.03 | 386.10 | 487.83 | 445.93 |
| (% change compared to base due to sensitivity) | 5.5% | -4.8% | 4.8% | -4.2% |
| Salary Growth Rate (- / + 1%) | 394.57 | 416.67 | 450.21 | 478.80 |
| (% change compared to base due to sensitivity) | -2.8% | 2.7% | -3.3% | 2.8% |
| Attrition Rate (- / + 1%) | 403.78 | 407.39 | 448.35 | 481.13 |
| (% change compared to base due to sensitivity) | -0.5% | 0.4% | -3.7% | 3.3% |
| Mortality Rate (- / + 10%) | 405.63 | 405.86 | 465.16 | 466.15 |
| (% change compared to base due to sensitivity) | 0.0% | 0.0% | -0.1% | 0.1% |

| **Expected cash flows over the next (valued on undiscounted basis):** | (₹ in Million) |
|---|---|
| 1 year | 76.00 |
| 2 to 5 years | 265.36 |
| 6 to 10 years | 114.27 |
| More than 10 years | 252.18 |

**(ii) Leave obligations**

The leave obligations cover the Company's liability for the earned leave

The retirement benefit relating to leave encashment is administered through a Group Leave Encashment Scheme with LIC of India. The annual demand computed through actuarial valuation is charged to Statement of Profit and Loss and other comprehensive income

**Bifurcation of net liability** (₹ in Million)

| Particulars | 31-Mar-19 | 31-Mar-18 |
|---|---|---|
| Current Liability (Short term) | 30.10 | 213.47 |
| Non-Current Liability (Long term) | 189.68 | - |
| Net Liability | **219.78** | **213.47** |

**(iii) Pension**

As per the Department of Defence Production, Ministry of Defence, GOI, Guidelines No.8(112)/2012/D(Coord/DDP) dt. 11.11.2013, the contribution to Pension Scheme has to be restricted to a maximum of 10% (7% with the approval of Board and 3% with the prior approval of the Ministry of Defence) of Basic+DA in a financial year.

The Current year contribution to pension fund has been provided @ 7% of Basic + DA in line with the MoD guidelines

## 34. FINANCE COST

(₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| **Interest expense** | | |
| Cash Credit | 11.52 | 0.02 |
| Short Term Overdrafts | 16.49 | 47.34 |
| Interest - Others | 34.11 | 30.88 |
| Interest - Term Loan | 1.52 | 7.36 |
| **Total** | **63.64** | **85.60** |

## 35. OTHER EXPENSES

(₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| Travelling Expenses | | |
| Travelling and conveyance | 39.52 | 34.06 |
| Hire of cars | 4.03 | 4.81 |
| Communication Expenses | | |
| Postage & telephone | 5.88 | 6.57 |
| Repairs & maintenance expenses | | |
| Buildings | 33.94 | 57.44 |
| Plant and machinery | 27.88 | 25.27 |
| Others | 17.38 | 12.36 |
| Rent, rates & taxes | | |
| Rates and taxes | 0.61 | 0.85 |
| Rent | 1.77 | 1.90 |
| Printing and stationery | | |
| Printing and stationery | 1.60 | 1.18 |
| Office maintenance expenses | | |
| Security guard charges | 66.30 | 66.15 |
| Administration expenses-Others | 11.30 | 20.69 |
| Power & fuel | | |
| Power and fuel | 547.42 | 539.52 |
| Sub-contractor expenses | | |
| Sub-contractor expenses | 732.17 | 709.99 |
| General expenses | | |
| CSR Expenses | 39.35 | 32.83 |
| Bad debts written off | 43.98 | 35.94 |
| Fixed Assets written off | 1.85 | 0.66 |
| Liquidated damages on sales | - | 69.00 |
| Sales schemes | 142.93 | 103.62 |
| Increase/(Decrease) Excise duty on finished goods | - | (0.19) |
| Library books | 3.17 | 1.68 |
| News paper and journals | 0.78 | 0.07 |
| Membership fees | 0.60 | 0.65 |
| Training expenses | 5.16 | 2.97 |
| Entertainment/courtesy expenses | 0.53 | 0.48 |
| Hostel/guest house expenses net of income | 2.66 | 2.72 |
| Business promotion expenses | 21.63 | 31.63 |
| Directors sitting fees | 1.18 | 1.38 |
| Factory expenses | 27.99 | 32.13 |
| Advertisement | 15.60 | 13.30 |
| Water charges | 14.99 | 14.39 |
| Consumption of stores, loose tools and spare parts | | |

(₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| Consumption of stores, loose tools and spare parts | 411.61 | 338.89 |
| Insurance expenses | | |
| Insurance | 15.05 | 16.24 |
| Professional charges | | |
| Legal and professional fees | 0.42 | 0.39 |
| Internal Audit Fee | 1.36 | 2.13 |
| Consultancy charges | 26.82 | 20.41 |
| Contract professionals expenses | 1.25 | 6.47 |
| R& D Expenses | | |
| R & D Contribution | 2.80 | 7.37 |
| Auditors remuneration | | |
| Auditor's remuneration(As per details below) | 0.70 | 0.83 |
| Finance & bank charges | | |
| Bank charges | 8.32 | 5.34 |
| Provision for non moving inventories | 0.93 | 0.04 |
| Provision for Bad debts | | |
| Provision for Doubtful Debts | 8.32 | 27.47 |
| Provision for Contingencies & Warranty | | |
| Provision for Contingencies & Warranty | 9.75 | - |
| **Total** | **2,299.53** | **2,249.63** |

**The Details of R&D Expenditure included in the natural head of accounts are as follows:**

(₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| Consumption of materials | 27.20 | 36.41 |
| Conversion costs | 95.10 | 28.47 |
| Other Expenditure | 21.79 | 32.28 |
| R & D Contribution | 2.56 | 7.37 |
| **Total** | **146.65** | **104.53** |

**Remuneration and other payments to the auditor** (₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| **Auditor** | | |
| (a) Statutory Audit | 0.55 | 0.55 |
| (b) Tax Audit | 0.15 | 0.18 |
| (c) Other Services | - | 0.10 |
| **Total** | **0.70** | **0.83** |

**Details of Corporate Social Responsibility** (₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| Promoting Education | 29.38 | 24.50 |
| Protection of Environmental & Ecology balancing Projects | - | - |
| Promotion of Health | 8.97 | 8.33 |
| Women Empowerment | - | - |
| Other Projects | 1.00 | - |
| **TOTAL** | **39.35** | **32.83** |

## 36. EXCEPTIONAL ITEMS

(₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| **Income** | | |
| Refund of Pension Contribution | - | 63.82 |
| | - | 63.82 |
| Expenditure | - | - |
| | - | - |
| Net Income / (Expenditure) | - | 63.82 |

## 37. INCOME TAX EXPENSE

This note provides an analysis of the Company's income tax expense, shows amounts that are recognised directly in the equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

### (a) Income tax expense

(₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| **Current tax** | | |
| Current tax on profits for the year | 496.10 | 593.51 |
| Earlier year tax | (0.21) | (10.67) |
| MAT Credit Entitlement | - | - |
| | 495.89 | 582.84 |
| **Deferred tax** | | |
| Decrease (increase) in deferred tax liabilities | (111.64) | (81.95) |
| **Total income tax expense** | **607.53** | **664.79** |

### (b) Reconciliation of tax expense and the accounting profit multiplied India's tax rate

(₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | For the Year Ended 31st March 2018 |
|---|---|---|
| **Profit before tax** | **1,917.97** | **1,967.78** |
| Tax at Indian tax rate of 34.944% (2017-18 - 34.608%) | 670.22 | 681.00 |
| Add: | | |
| Depreciation under Companies Act | 231.95 | 196.41 |
| Disallowances under Sec 43B | - | - |
| Provision for Doubtful Debts | (17.18) | 15.38 |
| Provision for non moving stores and spares | 0.94 | 0.04 |
| R&D expenditure | 146.65 | 104.53 |
| Provision for contingency & warranty | 9.75 | (14.48) |
| Provision for obselete items | - | (0.70) |
| Prov. For doubtful claims | (28.66) | |
| CSR Expenses | 39.35 | 32.83 |
| OFB Deferred Exp (Net-off) | 3.66 | 3.70 |
| VSSC Deferred Exp (Net-off) | (0.45) | (0.11) |
| AMTL Leave Provision | 0.93 | (0.30) |
| Provision for advance to suppliers | - | (0.12) |
| Others | 13.70 | 10.91 |
| | **400.64** | **348.09** |

(₹ in Million)

| Particulars | For the Year Ended 31st March 2019 | | For the Year Ended 31st March 2018 | |
|---|---|---|---|---|
| Less: | | | | |
| Earlier years liability discharged in the current year | - | | 127.86 | |
| Donations 80G - Akshaya Patra Foundation | 0.50 | | - | |
| Depreciation as per IT Act | 448.85 | | 257.22 | |
| R & D weighted deductions | 449.57 | | 231.95 | |
| | **898.92** | | **617.03** | |
| Net Adjustments (Additions - Deductions) | **(498.28)** | (174.12) | **(268.94)** | (93.07) |
| Tax Liability | | 496.10 | | 587.93 |
| Interest | | - | | 5.58 |
| Earlier Year Tax | | (0.21) | | (10.67) |
| MAT Credit Entitlement | | - | | - |
| Deferred Tax | | 111.64 | | 81.95 |
| **Total** | | **607.53** | | **664.79** |

**Financial instruments**

## 38. Fair value measurements

### A. Financial instruments by category

(₹ in Millions)

| | 31st March 2019 | | | | 31 March 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | FVPL | FVOCI | Amortized Cost | Total | FVPL | FVOCI | Amortized Cost | Total |
| **Financial assets** | | | | | | | | |
| Trade receivables | - | - | 3,522.44 | 3,522.44 | - | - | 4,134.34 | 4,134.34 |
| Cash and cash equivalents | - | - | 1,979.94 | 1,979.94 | - | - | 1,800.79 | 1,800.79 |
| Loans | - | - | - | - | - | - | 0.01 | 0.01 |
| Other financial assets | - | - | 96.42 | 96.42 | - | - | 178.80 | 178.80 |
| **Total** | **-** | **-** | **5,598.80** | **5,598.80** | **-** | **-** | **6,113.94** | **6,113.94** |
| **Financial liabilities** | | | | | | | | |
| Borrowings | - | - | 1,066.57 | 1,066.57 | - | - | 928.53 | 928.53 |
| Trade payables | - | - | 1,286.49 | 1,286.49 | - | - | 963.16 | 963.16 |
| Other financial liabilities | - | - | 2,190.32 | 2,190.32 | - | - | 1,218.69 | 1,218.69 |
| **Total** | **-** | **-** | **4,543.38** | **4,543.38** | **-** | **-** | **3,110.38** | **3,110.38** |

Note : For the purpose of above abbreviations, FVPL - Fair value through profit and loss; FVOCI - Fair value through other comprehensive income; Amortized cost - Fair value through amortized cost

(1) Assets that are not financial assets (such as receivables from statutory authorities, export benefit receivables, prepaid expenses, advances paid and certain other receivables) as of March 31, 2019, March 31, 2018 respectively, are not included.

(2) Other liabilities that are not financial liabilities (such as statutory dues payable, deferred revenue, advances from customers and certain other accruals) as of March 31, 2019, March 31, 2018 are not included.

(i) Fair value of financial asset and financial liabilities measured at amortized cost

The carrying amounts of trade receivables, trade payables, borrowings, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due do their short-term nature.

## 39. Financial risk management

**Risk management framework**

The Company has a Board approved Risk Management Policy and the Risks involved at the various processes in the Company are also being discussed in the internal Production Review Meetings and Corporate Management Committee Meetings. The identification of the risk elements faced by the company is listed out in Management Discussion and Analysis and also listed out in the form of SWOT analysis.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has put in place all required internal controls and systems to meet all the canons of financial propriety. External Audit firms who were engaged to carry out internal audit, continue their efforts to ensure adequacy of such systems, controls and report thereon which were subject to periodical review by Audit Committee appointed by the Board.

The Board of Directors monitors the compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company has exposure to the following risks arising from financial instruments:

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| Credit risk | Cash and cash equivalents, trade receivables | Aging analysis | Diversification of bank deposits, credit limits and letters of credit |
| Liquidity risk | Other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities |

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Further quantitative disclosures are included throughout these financial statements.

### i. Credit risk

a) Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Majority of trade receivables of the Company, originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approved by Board. Whereas, for other customers risk is measured using the expected credit loss provisional matrix and provision is recognized accordingly.

b) Provision for expected credit loss

The Company provides for expected credit loss based on the following :

Expected credit loss for loans, security deposits

The Company's loans and security deposits are high quality assets having neglible credit risk, hence expected credit loss have not computed

**Expected credit loss for trade receivables**

c ) Reconciliation of loss allowance provision - trade receivables (₹ in Million)

| | |
|---|---|
| Loss allowance on 31 March 2018 | 149.75 |
| Changes in loss allowance | (52.17) |
| Loss allowance on 31 March 2019 | 97.58 |

Expected credit loss on trade receivables has been disclosed in note 11

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At March 31, 2019, the maximum exposure to credit risk for trade receivables by geographic region was as follows.

Carrying amount (₹ in Million)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| India | 3,537.00 | 4,284.09 |
| Outside India | 83.02 | - |
| | 3,620.02 | 4,284.09 |

At March 31, 2019, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows:

Carrying amount (₹ in Million)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|---|---|
| Government and Government undertakings | 3,605.43 | 4,200.03 |
| Others | 14.59 | 84.06 |
| | 3,620.02 | 4,284.09 |

**Impairment**

Majority of trade receivables originate from Government owned entities, which are not exposed to high risk, the Company is making specific provisions based on case to case reviews and approve by Board. Whereas, for private customers, provision is determined using expected credit loss provisional matrix.

**Cash and cash equivalents**

The Company held cash and cash equivalents of ₹ 1400.42 million at March 31, 2019 (March 31, 2018: ₹ 851.08 million).

The Company is investing in Fixed Deposits with various banks empanelled by the Investment Committee which is approved by the Board. All such deposits are made only with the approval of the Investment Committee. Further, management believes that cash and cash equivalents are of low risk in nature and hence no impairment has been recognized.

**ii. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains the following lines of credit.

**Maturities of financial liabilities**

The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

( ₹ in Million)

| Contractual maturities of financial liabilities | Less than 3 months | 3 months to 6 months | 6 months to 1 year | Between 1 year to 2 years | Between 2 years to 5 years | Total |
|---|---|---|---|---|---|---|
| **31 March 2019** | | | | | | |
| **Non derivatives** | | | | | | |
| Borrowings | 1060.86 | | | | | 1060.86 |
| Trade payables | 1202.53 | 2.24 | 81.72 | | | 1286.49 |
| Other financial liabilities | 629.34 | | | | | 629.34 |
| **Total non-derivative liabilities** | **2892.73** | **2.24** | **81.72** | **-** | **-** | **2976.69** |

**iii. Market risk**

**(a) Foreign currency risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Since majority of the company's operations are being carried out in India and since all the material balances are denominated in its functional currency, the company does not carry any material exposure to currency fluctuation risk.

**(b) Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates. The Company's external borrowings carries a fixed interest rate of 8.70% per annum, hence, no interest rate risk has been determined."

## 40. Capital Management

**(a) Risk management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. In comparison the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 8.70 percent (2018: 8.35 percent).

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

(₹ in Million)

| Particulars | As at 31 March 2019 |
|---|---|
| **Total liabilities** | **9,899.60** |
| Less : Cash and cash equivalent | 1,979.94 |
| Adjusted net debt | 7,919.66 |
| Total equity | 8,347.09 |
| Less : Hedging reserve | - |
| Adjusted equity | 8,347.09 |
| Adjusted net debt to adjusted equity ratio | 0.95 |

## 41. Operating segments

The Company is in the business of manufacturing of super alloys and other special metals. Considering the core activities of the Company, management is of the view that the Company operates a single business segment. Therefore, there is no other reportable segment.

## 42. Related party transactions

**Parent entity**

| Name | Type | Place of incorporation | Ownership interest | |
|---|---|---|---|---|
| | | | 31-Mar-19 | 31-Mar-18 |
| The President of India | Holding Company | India | 74% | 74% |

**Transactions with key management personnel**

**Key management personnel compensation**

(₹ in Million)

| | 31 March 2019 | | | | | 31 March 2018 |
|---|---|---|---|---|---|---|
| **Name of the party** | **Salaries & wages** | **PF & EPS** | **Gratuity** | **Leave encashment** | **Total** | **Total** |
| (a) Dr.D.K.Likhi, C&MD | 6.89 | 0.34 | | 0.47 | 7.70 | 4.44 |
| (b) Shri Sanjeev Singhal, Director (F) | 4.00 | 0.26 | | 0.41 | 4.67 | 4.21 |
| (c) Shri Sanjay Kumar Jha, Director (P&M) | 5.43 | 0.31 | | | 5.74 | 4.01 |
| **Total** | **16.32** | **0.91** | **-** | **0.88** | **18.11** | **12.66** |

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

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| **(i) Contingent liabilities** | | |
| Claims against the company not acknowledged as debt | 429.70 | 141.52 |
| Bank Guarantees | 191.34 | 87.91 |
| Letter of credit outstanding | 347.04 | 85.45 |
| | **968.08** | **314.88** |

| (ii) Commitments | 31 March 2019 | 31 March 2018 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Capital commitments) | 819.80 | 570.58 |
| | **819.80** | **570.58** |

## 44. Earnings per share (EPS)

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

### i. Profit attributable to Equity holders of company

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| Profit attributable to equity holders of the Company (₹ in Million) | 1,305.56 | 1,312.62 |
| Weighted average number of equity shares outstanding during the period | 187,340,000 | 187,340,000 |
| Face value of share (₹) | 10 | 10 |
| Earnings per share basic and diluted (₹ per share) | 6.97 | 7.01 |

45. The previous period figures have been regrouped/reclassified, wherever necessary to conform to the current presentation.

## 46. Impact of implementation of Goods and Service Tax (GST) on the financial statements

In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sale for the period from 1St April 2017 to 30th June 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT) / Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Service Tax (GST) with effect from 1st July 2017, VAT/Sales Tax, Excise Duty etc. have been subsumed into GST. Further, GST is not recognized as part of sales as per the requirements of Ind AS 18. This has resulted in lower reported sales in the current year in comparison to the sales reported under the pre-GST structure of indirect taxes corresponding to the excise component subsumed in GST.

## 47. Ind AS-115 Revenue from Contracts with Customers:

The Ministry of Corporate Affairs (MCA), on 28 March 2018, notified Ind AS 115, Revenue from Contracts with Customers as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The new standard is effective for accounting period beginning on or after 1st April 2018. The new standard replaces existing revenue recognition standards Ind AS 11 Construction Contracts and Ind AS 18 Revenue and revised guidance note of the Institute of Chartered Accountants of India (ICAI) on Accounting for Real Estate Transactions for Ind AS entities issued in 2016 and also incorporating the consequential changes in some other Indian Accounting Standards. The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The core principle of this Standard is that revenue should be recognized when an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled.

In line with the above, accounting policy 2.3 ""Revenue recognition"" has been modified and implemented w.e.f 1st April 2018