NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. CORPORATE INFORMATION

Voltas Limited (the "Company") is a public limited company and is incorporated in India. The address of its registered office is Voltas House 'A', Dr. Babasaheb Ambedkar Road, Chinchpokli, Mumbai-400033.

The Company belongs to the Tata Group of companies and was established in the year 1954. The Company is engaged in the field of air conditioning, refrigeration, in the business of electro-mechanical projects as an EPC contractor both in domestic and international geographies (Middle East and Singapore), and also in the business of engineering product services for mining, water management and treatment, construction equipments and textile industry.

The financial statements for the year ended 31st March, 2018 were approved by the Board of Directors and authorised for issue on 17th May, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). The accounting policies adopted for preparation and presentation of financial statements have been consistently applied except for the changes in accounting policy for amendments to the standard that were issued by MCA, effective for annual period beginning from on or after 1st April, 2017.

Changes in accounting policies and disclosures:

Amendments to Ind AS 7 Statement of Cash Flows - Disclosure Initiative:

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for both the current and the comparative period in Note 14.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

(b) USE OF ESTIMATES AND JUDGEMENTS:

The preparation of financial statements in conformity with Ind AS requires Management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 3A.

(c) REVENUE RECOGNITION:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for trade discounts, rebates and other similar allowances. Revenue includes excise duty however excludes GST, sales tax, value added tax, works contract and any other indirect taxes or amounts collected on behalf of the Government.

(i) Revenue from sale of goods:

Revenue from sale of goods is recognised when the Company transfers all significant risks and rewards of ownership to the buyer while the Company retains neither continuing managerial involvement nor effective control over the goods sold.

(ii) Revenue from services:

Service revenue is recognised on rendering of services. Revenue from maintenance contracts are recognised pro-rata over the period of the contract.

In case of mining equipment's long term maintenance contracts, the revenue from such contracts is recognised in proportion to the costs actually incurred during the year in terms of the total estimated costs for such contracts, as repairs and maintenance of such machineries depends on its utilisation and wear and tear which varies from year to year.

(iii) Revenue from construction contracts:

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

The outcome of a construction contract is considered as estimated reliably when the stage of completion of the project reaches a reasonable level of completion i.e. the expenditure incurred on construction costs is atleast 20 % of the construction costs and it is reasonably expected that the counterparty will comply with the payment terms in the agreements.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the Balance Sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the Balance Sheet under trade receivables.

(iv) Dividend and Interest income:

Dividend income is recognised when the right to receive payment is established. Interest income is recognised using the effective interest method.

(d) FAIR VALUE MEASUREMENT:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

(e) EMPLOYEE BENEFITS:

(a) Retirement benefits costs and termination benefits:

(i) Defined Contribution Plans:

Payments to defined benefit contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions. The Company operates following defined contribution plans:

Superannuation Fund: Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund Trust and is charged to the Statement of Profit and Loss. There are no other obligations other than the contribution payable to the Superannuation Fund Trust.

(ii) Defined Benefit Plans:

The Company's liabilities towards gratuity, pension and post-retirement medical benefit schemes are determined using the projected unit credit method, with actuarial valuation being carried out at the end of each annual reporting period.

Provident and Pension Fund: The eligible employees of the Company are entitled to receive benefits under provident fund schemes which are in substance, defined benefit plans, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary (currently 12% of employees' salary). The contributions are paid to the provident funds and pension fund set up as irrevocable trusts by the Company. The Company is generally liable for annual contributions and any shortfall in the fund assets based on the government specified minimum rates of return is recognised as an expense in the year incurred.

Remeasurement, 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.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. 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 on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Company presents the first two components of defined benefit costs in profit or loss in the line item "Employee Benefits Expenses". Curtailment gains and losses are accounted for as past service costs.

The defined benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans.

(b) Short term and other long term employee benefits:

Benefits accruing to employees in respect of wages, salaries and compensated absences and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employee performs the service that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit expected to be paid in exchange of related service. Where the availment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method at the present value of the estimated future cash flow expected to be made by the Company in respect of services provided by employees up to the reporting date. The Company presents the leave as a current liability in the Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(f) PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment are stated at cost less depreciation and impairment losses, if any. The cost of property, plant and equipment comprise its purchase price, including import duties and non-refundable taxes and any directly attributable cost of bringing an asset to working condition and location for its intended use.

Projects under which the property, plant and equipment is not yet ready for their intended use are carried as capital work in progress at cost determined as aforesaid.

Depreciable amount for assets is the cost of an asset, less its estimated residual value. Depreciation is recognised so as to write off the depreciable amount of assets (other than freehold land and assets under construction) over the useful lives using the straight line method.

Depreciation on property, plant and equipment has been provided as per the useful life prescribed in Schedule II to the Companies Act, 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(g) INVESTMENT PROPERTY:

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on investment property has been provided as per the useful life prescribed in Schedule II to the Companies Act, 2013

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

(h) INTANGIBLE ASSETS:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment, if any.

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.

Estimated useful life of intangible assets are as follows:

- Manufacturing Rights and Technical Know-how	:	6 years
- Software	:	5 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

(i) FOREIGN CURRENCY:

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

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and exchange gains and losses arising on settlement and restatement are recognised in the Statement of Profit and Loss.

Non-monetary items denominated in a foreign currency are measured at historical cost and translated at exchange rate prevalent at the date of transaction.

(j) LEASES:

Company as a lessee:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognised as expenditure in the Statement of Profit and Loss on a straight-line basis, unless another basis is more representative of the time pattern of benefits received from the use of the assets taken on lease or the payments of lease rentals are in line with the expected general inflation compensating the lessor for expected inflationary cost. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Company as a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(k) INVENTORIES:

Inventories including Work-in-Progress (other than Construction contracts) are valued at cost or net realisable value, whichever is lower, cost being worked out on weighted average basis. Cost includes all charges for bringing the goods to their present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(l) TAXES ON INCOME:

Current Income Tax:

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the tax are those that are enacted at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Deferred Tax:

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

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

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

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

Deferred tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

(m) PROVISIONS AND CONTINGENCIES:

Provisions :

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

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.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranties:

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

Contingencies:

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

(n) FINANCIAL INSTRUMENTS:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets:

Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

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.

(i) Financial assets at amortised cost:

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss. This category generally applies to trade receivables, loans and other financial assets.

(ii) Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets are subsequently measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets and the asset's contractual cash flow represents SPPI.

Financial instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the Statement of Profit and Loss (P&L). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method

(iii) Financial assets at fair value through profit and loss (FVTPL):

FVTPL is a residual category for financial assets. Any financial assets, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

(iv) Equity Instruments:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, other than investment in Subsidiary, Associates and Joint Ventures, the Company makes an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the P&L.

(v) Investments in subsidiaries, joint ventures and associates :

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

Derecognition:

The Company derecognises a financial asset when the rights to receive cash flows from the asset have expired or it transfers the right to receive the contractual cash flow on the financial assets in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred.

Financial liabilities:

Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

(ii) Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss:

Financial liabilities designated upon initial recognition at fair value through Statement of Profit and Loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

(iii) Financial liabilities at amortised cost:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

(iv) Financial guarantee contracts:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(o) IMPAIRMENT:

(a) Financial assets:

The Company assessed the expected credit losses associated with its assets carried at amortised cost and fair value through other comprehensive income based on the Company's past history of recovery, credit worthiness of the counter party and existing market conditions.

For all financial assets other than trade receivables, expected credit losses are measured at an amount equal to the 12-month expected credit loss (ECL) unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. For trade receivables, the Company has applied the simplified approach for recognition of impairment allowance as provided in Ind AS 109 which requires the expected lifetime losses from initial recognition of the receivables.

(b) Non-financial assets:

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses including impairment on inventories are recognised in the statement of profit and loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

(p) CASH AND CASH EQUIVALENTS:

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(q) EARNINGS PER SHARE:

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

(r) SEGMENT REPORTING:

Segments are identified based on the manner in which the chief operating decision-maker (CODM) decides about the resource allocation and reviews performance. The Managing Director has been identified as the CODM.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets/liabilities".

Segment information has been presented in the Consolidated Financial Statements as permitted by Ind AS 108 on Operating Segments, specified under Section 133 of the Companies Act, 2013.

(s) OPERATING CYCLE:

A portion of the Company's activities (primarily long-term project activities) has an operating cycle that exceeds one year. Accordingly, assets and liabilities related to these long-term contracts, which will not be realised/paid within one year, have been classified as current. For all other activities, the operating cycle is twelve months.

3A. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies, which are described in Note 2, management is 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 recognized in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Construction contracts

Cost to complete

The Company's Management estimates the costs to complete for each project for the purpose of revenue recognition and recognition of anticipated losses on projects, if any. In the process of calculating the cost to complete, Management conducts regular and systematic reviews of actual results and future projections with comparison against budget. This process requires monitoring controls including financial and operational controls and identifying major risks facing the Company and developing and implementing initiatives to manage those risks. The Company's Management is confident that the costs to complete the project are fairly estimated.

Percentage of completion

Management's estimate of the percentage of completion on each project for the purpose of revenue recognition is through conducting some weight analysis to assess the actual quantity of the work for each activity performed during the reporting period and estimate any future costs for comparison against the initial project budget. This process requires monitoring of financial and operational controls. Management is of the opinion that the percentage of completion of the projects is fairly estimated.

As required by Ind AS 11 in applying the percentage of completion on its long-term projects, the Company is required to recognize any anticipated losses on it contracts. In light of the above, Management is of the opinion that based on the current facts, future losses on contract has been adequately provided for.

Contract variations and claims

Contract variations and claims are recognized as revenue to the extent that it is probable that they will result in revenue which can be reliably measured and it is probable that the economic benefits associated will flow to the Company. This requires exercise of judgement by Management based on prior experience, application of contract terms, manner and terms of settlement and relationship with the customers, etc.

Impairment of financial assets

The Company's Management reviews periodically items classified as receivables to assess whether a provision for impairment should be recorded in the Statement of Profit or Loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

The Company reviews its carrying value of investments annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Fair value measurement of financial instruments

Some of the Company's assets are measured at fair value for financial reporting purposes. The Management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about valuation techniques and inputs used in determining the fair value of various assets is disclosed in Note 42.

Litigations

From time to time, the Company is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each Balance Sheet date and revisions made for the changes in facts and circumstances.

Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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 and mortality rates. All assumptions are reviewed at each Balance Sheet date.

Useful lives of property, plant and equipment and intangible assets

The Company has estimated useful life of each class of assets based on the nature of assets, the estimated usage of the asset, the operating condition of the asset, past history of replacement, anticipated technological changes, etc. The Company reviews the useful life of property, plant and equipment and intangible assets as at the end of each reporting period. This reassessment may result in change in depreciation and amortisation expense in future periods.

Warranty provisions (trade guarantees)

The Company gives warranties for its products, undertaking to repair or replace the product that fail to perform satisfactory during the warranty period. Provision made at the year-end represents the amount of expected cost of meeting such obligations of rectification / replacement which is based on the historical warranty claim information as well as recent trends that might suggest that past cost information may differ from future claims. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives.

3B. RECENT ACCOUNTING PRONOUNCEMENTS:

Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 - Revenue from Contracts with Customers notified on 28th March, 2018 is effective from 1st April, 2018 and will supersede all current revenue recognition requirements. While an initial assessment of the standard does not indicate a significant impact, except for the disclosure requirements, a reliable estimate of the impact can be concluded only upon completion of the ongoing evaluation process.

Amendments to Ind AS 112 - Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The requirements of the amendment have no impact on the financial statements as there are no subsidiary, joint venture or an associate that has been classified as held for sale.

Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1st April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

Transfers of Investment Property — Amendments to Ind AS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1st April 2018. The Company will apply amendments when they become effective. However, since Company's current practice is in line with the clarifications issued, the Company does not expect any effect on its financial statements.

Ind AS 28 *Investments in Associates and Joint Ventures* – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1st April 2018. These amendments are not applicable to the Company.

Appendix B to Ind AS 21 *Foreign Currency Transactions and Advance Consideration*

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the Appendix, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1st April, 2018. However, the Company does not expect any significant effect on its financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

4. Property, Plant And Equipment (Owned, unless otherwise stated)

₹ In Crores

	Freehold Land	Buildings	Plant and Equipments	Office and EDP Equipments	Furniture and fixtures	Vehicles	Transferred to Investment property	Total Property, Plant and Equipment
Gross carrying amount								
As at 31st March, 2016	28.77	149.51	110.71	65.29	24.44	4.04	(37.87)	344.89
Additions	-	3.80	3.99	5.71	2.63	-	-	16.13
Disposals	-	2.69	1.62	14.24	0.82	0.74	-	20.11
Transfers in / (out)	-	-	-	-	-	-	(18.27)	(18.27)
As at 31st March, 2017	28.77	150.62	113.08	56.76	26.25	3.30	(56.14)	322.64
Depreciation								
As at 31st March, 2016	-	32.73	82.39	48.56	16.01	2.61	(8.90)	173.40
Charge for the period	-	3.45	5.22	4.62	1.77	0.36	(1.17)	14.25
Disposals	-	1.41	1.35	13.38	0.54	0.65	-	17.33
Transfers in / (out)	-	-	-	-	-	-	(0.41)	(0.41)
As at 31st March, 2017	-	34.77	86.26	39.80	17.24	2.32	(10.48)	169.91
Net carrying amount as at 31st March, 2016	28.77	116.78	28.32	16.73	8.43	1.43	(28.97)	171.49
Net carrying amount as at 31st March, 2017	28.77	115.85	26.82	16.96	9.01	0.98	(45.66)	152.73
Gross carrying amount								
As at 31st March, 2017	28.77	150.62	113.08	56.76	26.25	3.30	(56.14)	322.64
Additions	-	0.34	4.36	9.99	1.33	0.04	-	16.06
Disposals	-	0.19	7.90	2.02	2.30	0.59	-	13.00
As at 31st March, 2018	**28.77**	**150.77**	**109.54**	**64.73**	**25.28**	**2.75**	**(56.14)**	**325.70**
Depreciation								
As at 31st March, 2017	-	34.77	86.26	39.80	17.24	2.32	(10.48)	169.91
Charge for the period	-	3.21	4.88	5.96	1.68	0.32	(0.95)	15.10
Disposals	-	0.18	7.00	1.81	2.11	0.49	-	11.59
As at 31st March, 2018	**-**	**37.80**	**84.14**	**43.95**	**16.81**	**2.15**	**(11.43)**	**173.42**
Net carrying amount as at 31st March, 2017	28.77	115.85	26.82	16.96	9.01	0.98	(45.66)	152.73
Net carrying amount as at 31st March, 2018	**28.77**	**112.97**	**25.40**	**20.78**	**8.47**	**0.60**	**(44.71)**	**152.28**

Footnote :
Buildings includes ₹ 0.0040 crore (31-3-2017: ₹ 0.0040 crore) being cost of shares and bonds in Co-operative Housing Societies.

5. Investment Property

₹ in Crores

	Freehold Land	Buildings	Total
Gross carrying amount			
As at 31st March, 2016	0.14	37.73	37.87
Transfers in / (out)	-	18.27	18.27
As at 31st March, 2017	0.14	56.00	56.14
Depreciation and Amortisation			
As at 31st March, 2016	-	8.90	8.90
Charge for the period	-	1.17	1.17
Transfers in / (out)	-	0.41	0.41
As at 31st March, 2017	-	10.48	10.48
Net carrying amount as at 31st March, 2016	0.14	28.83	28.97
Net carrying amount as at 31st March, 2017	0.14	45.52	45.66

₹ in Crores

	Freehold Land	Buildings	Total
Gross carrying amount			
As at 31st March, 2017	0.14	56.00	56.14
Transfers in / (out)	-	-	-
As at 31st March, 2018	**0.14**	**56.00**	**56.14**
Depreciation and Amortisation			
As at 31st March, 2017	-	10.48	10.48
Charge for the period	-	0.95	0.95
Transfers in / (out)	-	-	-
As at 31st March, 2018	**-**	**11.43**	**11.43**
Net carrying amount as at 31st March, 2017	0.14	45.52	45.66
Net carrying amount as at 31st March, 2018	**0.14**	**44.57**	**44.71**

Footnotes:

(1) All the above investment properties are under cancellable operating lease.

(2) The amount included in transfers in / (out) represents the assets transferred from Property, Plant and Equipment (PPE) to Investment Property when it is held for the purpose of earning rental income / capital appreciation.

(3) Amount recognised in Statement of Profit and Loss in relation to investment properties are as follows:

		2016-17
	₹ in Crores	₹ in Crores
Rental income	**37.55**	39.09
Direct operating expenses (including repairs and maintenance) generating rental income (net of recoveries)	**1.89**	0.98
Profit from investment properties before depreciation and indirect expenses	**35.66**	38.11
Depreciation	**0.95**	1.17
Profit arising from investment properties before indirect expenses	**34.71**	36.94

(4) Fair Value of the Company's investment properties are as follows :

		As at 31-3-2017
	₹ in Crores	₹ in Crores
Land	**124.79**	114.10
Building	**663.54**	672.07
	788.33	786.17

The fair value of the investment properties have been derived using the market comparable approach (market value method / sale comparison technique) based on recent market prices without any significant adjustments being made to the market observable data. The valuation was carried out by an independent valuer registered with the authority which governs the valuers in India. Accordingly, fair value estimates for investment properties are classified as level 3.

The Company has no restriction on the realisability of its Investment properties and no contractual obligation to purchase, construct and develop investment properties.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

6. Intangible Assets

₹ In Crores

	Manufacturing Rights & Technical Know- how	Software Costs	Total Intangible Assets
Gross carrying amount			
As at 31st March, 2016	10.31	43.00	53.31
Additions	-	2.76	2.76
Disposals	-	2.05	2.05
As at 31st March, 2017	10.31	43.71	54.02
Amortisation			
As at 31st March, 2016	10.31	35.24	45.55
Charge for the period	-	2.70	2.70
Disposals	-	2.05	2.05
As at 31st March, 2017	10.31	35.89	46.20
Net carrying amount as at 31st March, 2016	-	7.76	7.76
Net carrying amount as at 31st March, 2017	-	7.82	7.82
Gross carrying amount			
As at 31st March, 2017	10.31	43.71	54.02
Additions	-	3.99	3.99
Disposals	-	0.03	0.03
As at 31st March, 2018	**10.31**	**47.67**	**57.98**
Amortisation			
As at 31st March, 2017	10.31	35.89	46.20
Charge for the period	-	3.18	3.18
Disposals	-	0.01	0.01
As at 31st March, 2018	**10.31**	**39.06**	**49.37**
Net carrying amount as at 31st March, 2017	-	7.82	7.82
Net carrying amount as at 31st March, 2018	**-**	**8.61**	**8.61**

7. Investments

7 (i) Non- current Investments

	Currency	Face Value	No.	₹ In Crores	No.	As at 31-3-2,017 ₹ In Crores
A Investments in Subsidiaries, Joint Ventures & Associates						
(Fully paid Unquoted Equity Instruments)						
1. Investments in Subsidiary Companies (at cost unless otherwise stated):						
Weathermaker Ltd., UAE	US$	1	**4,08,441**	**3.07**	4,08,441	3.07
Voltas Netherlands B.V.	EURO	45	**13,635**	**2.65**	13,635	2.65
Universal Comfort Products Ltd.	₹	10	**2,76,42,000**	**16.95**	2,76,42,000	16.95
Lalbuksh Voltas Engineering Services and Trading, L.L.C, Muscat, Sultanate of Oman	RO	1	**50,000**	**0.08**	50,000	0.08
Agro Foods Punjab Ltd. (Refer footnote 7 (a)) (Beneficial rights transferred pending transfer of shares)	₹	100	**2,80,000**	**-**	2,80,000	-
Auto Aircon (India) Ltd.	₹	10	**1,13,00,000**	**5.65**	1,13,00,000	5.65
Westerwork Engineers Ltd. (Under Liquidation)	₹	100	**9,600**	**1.09**	9,600	1.09
Rohini Industrial Electricals Ltd.	₹	10	**18,25,782**	**152.98**	18,25,782	152.50
Saudi Ensas Company for Engineering Services W.L.L., Saudi Arabia	SR	100	**2,41,360**	**27.62**	2,41,360	27.62
Gross Investments in Subsidiary Companies				**210.09**		209.61
Less : Impairment in value of Investments (#)				**99.49**		99.49
				110.60		110.12
(#) Impairment in value of Investments pertains to :						
Auto Aircon (India) Ltd.				**5.65**		5.65
Westerwork Engineers Ltd. (Under Liquidation)				**1.09**		1.09
Rohini Industrial Electricals Ltd.				**65.13**		65.13
Saudi Ensas Company for Engineering Services W.L.L., Saudi Arabia				**27.62**		27.62
				99.49		99.49

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

7. Investments (contd.)

	Currency	Face Value	No.	₹ In Crores	No.	As at 31-3-2,017 ₹ In Crores
2. Investments in Joint Ventures (at cost unless otherwise stated):						
Universal Weathermaker Factory L.L.C., Abu Dhabi	AED	1000	**-**	**-**	2,695	2.98
Voltas Water Solutions Private Ltd.	₹	10	**28,41,500**	**2.85**	22,31,500	2.23
Olayan Voltas Contracting Company Ltd., Saudi Arabia	SR	100	**50,000**	**7.11**	50,000	7.11
Share Application Money - Olayan Voltas				**13.13**		-
Voltbek Home Appliances Private Ltd.	₹	10	**7,88,94,900**	**78.89**	-	-
Gross Investments in Joint Ventures				**101.98**		12.32
Less : Impairment in value of Investments (#)				**13.09**		7.11
				88.89		5.21
(#) Impairment in value of Investments pertains to :						
Voltas Water Solutions Private Ltd.				**2.85**		-
Olayan Voltas Contracting Company Ltd., Saudi Arabia				**10.24**		7.11
				13.09		7.11
3. Investments in Associate Companies (at cost unless otherwise stated):						
Brihat Trading Private Ltd.	₹	10	**3,352**	*****	3,352	*
Terrot GmbH, Germany	EURO	1	**2,60,900**	**1.56**	2,60,900	1.56
Naba Diganta Water Management Ltd.	₹	10	**47,97,000**	**4.80**	47,97,000	4.80
				6.36		6.36
B Investments in Other Companies (Investments at Fair Value through Other Comprehensive Income)						
1. Fully Paid Unquoted Equity Instruments:						
Lakshmi Ring Travellers (Coimbatore) Ltd.	₹	10	**1,20,000**	**42.22**	1,20,000	42.89
Agrotech Industries Ltd.	US$	1	**3,67,500**	**-**	3,67,500	-
Tata International Ltd. (Refer footnote 7 (b))	₹	1000	**10,000**	**5.65**	10,000	5.65
Tata Services Ltd. (Refer footnote 7 (b))	₹	1000	**448**	**0.04**	448	0.04
Tata Industries Ltd. (Refer footnote 7 (b))	₹	100	**13,05,720**	**20.72**	13,05,720	20.72
Tata Projects Ltd.	₹	100	**1,35,000**	**120.69**	1,35,000	122.45
Premium Granites Ltd.	₹	10	**4,91,220**	**-**	4,91,220	-
OMC Computers Ltd.	₹	10	**4,04,337**	**-**	4,04,337	-
Avco Marine S.a.S, France	EURO	10	**1,910**	**-**	1,910	-
Voltas Employees Consumers Co-operative Society Ltd.	₹	10	**750**	*****	750	*
Saraswat Co-operative Bank Ltd.	₹	10	**10**	**-**	10	-
Super Bazar Co-operative Stores Ltd.	₹	10	**500**	*****	500	*
				189.32		191.75
2. Fully Paid Quoted Equity Instruments :						
Lakshmi Automatic Loom Works Ltd.	₹	10	**6,15,200**	**-**	6,15,200	-
Tata Chemicals Ltd.	₹	10	**2,00,440**	**13.56**	2,00,440	12.00
Lakshmi Machine Works Ltd.	₹	10	**5,79,672**	**398.41**	5,79,672	244.59
Reliance Industries Ltd. (Refer footnote 7 (c))	₹	10	**2,640**	**-**	2,640	-
				411.97		256.59
C Investment in Preference Shares						
UNQUOTED:						
In Subsidiaries (at amortised cost) :						
Rohini Industrial Electricals Ltd.	₹	100	**1,02,00,000**	**67.96**	1,27,00,000	82.44
0.01% Cumulative Redeemable Preference Shares						
In Other Companies (at amortised cost)						
Tata Capital Ltd.	₹	1000	**3,00,000**	**30.00**	-	-
6.33 % Cumulative Redeemable Preference Shares						
In Other Companies (at fair value through profit and loss)						
Lakshmi Automatic Loom Works Ltd.	₹	100	**-**	**-**	3,00,000	3.00
6.00% Cumulative Redeemable Preference Shares						
				97.96		85.44

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

7. Investments (contd.)

		Currency	Face Value	No.	₹ In Crores	No.	As at 31-3-2,017 ₹ In Crores
D	**Investment in Unquoted Mutual funds (at fair value through profit or loss)**				**1,375.73**		1,478.47
E	**Investment in Debenture/Bonds (at amortised cost)**						
	QUOTED:						
	Tata Steel Ltd. 11.50% Perpetual Bonds	₹	1000000	**292**	**29.37**	292	29.42
	Tata International Ltd. 9.3% Non Convertible Debentures	₹	1000000	**500**	**50.00**	500	50.00
	UNQUOTED:						
	Rural Electrification Corporation Ltd. :						
	6.00% Non Convertible Debentures	₹	10000	**500**	**0.50**	500	0.50
	5.25% Non Convertible Debentures	₹	10000	**500**	**0.50**	-	-
	8.01% Non Convertible Debentures	₹	1000	**50,000**	**5.42**	-	-
	7.17% Non Convertible Debentures	₹	1000000	**70**	**7.39**	-	-
	National Housing Bank 8.26% Non Convertible Debentures	₹	5000	**18,049**	**9.92**	-	-
					103.10		79.92
F	**Investment in Others :**						
	Government Securities	₹			*		*
					*		*
	Total : Non-current Investments - Net				**2,383.93**		2,213.86

Footnotes:

(i)	Aggregate value of Quoted Investments and market value thereof	**491.34**	336.01
(ii)	Aggregate value of Unquoted Investments	**2005.17**	1984.45
(iii)	Aggregate value of impairment in value of investments	**112.58**	106.60

Abbreviations for Currencies :

₹ : Indian Rupees
SR : Saudi Riyal
AED : United Arab Emirates Dirhams
US$: Unied States Dollar
EURO : European Union Currency

* value below ₹ 50,000/-

Footnotes:

7 (a) Under a loan agreement for ₹ 0.60 crore (fully drawn and outstanding) entered into between Agro Foods Punjab Ltd. (AFPL) and the Punjab State Industrial Development Corporation Ltd. (PSIDC), the Company has given an undertaking to PSIDC that it will not dispose off its shares in AFPL till the monies under the said loan agreement between PSIDC and AFPL remain due and payable by AFPL to PSIDC. During 1998-99, the Company had transferred its beneficial rights in the shares of AFPL.

7 (b) For these unquoted investments categorised under Level 3, their respective cost has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

7 (c) In respect of the Company's investment in 2,640 equity shares of Reliance Industries Ltd., there is an Injunction Order passed by the Court in Kanpur restraining the transfer of these shares. The share certificates are, however, in the possession of the Company. Pending disposal of the case, dividend on these shares has not been recognised.

7. (ii) Current Investments

		Currency	Face Value	No.	₹ In Crores	No.	As at 31-3-2017 ₹ In Crores
A	**Investment in Preference Shares**						
	UNQUOTED:						
	Subsidiaries (at amortised cost) :						
	Rohini Industrial Electricals Ltd.						
	0.01% Cumulative Redeemable Preference Shares	₹	100	**25,00,000**	**22.73**	-	*
					22.73		*
B	**Investment in Mutual funds (at fair value through profit and loss)**						
	QUOTED:				-		123.92
	UNQUOTED:				**487.64**		75.62
					487.64		199.54
	Total : Current Investments				**510.37**		199.54

Footnotes:

(i)	Aggregate value of Quoted investments and market value thereof	-	123.92
(ii)	Aggregate value of Unquoted investments	510.37	75.62
(iii)	Aggregate value of impairment in value of investments	-	-

8. Loans (Non-current) (at amortised cost)

		₹ in Crores	As at 31-3-2017 ₹ in Crores
(a)	Loans to related parties (Refer footnote)		
	- Unsecured, considered good	**-**	-
	- Doubtful	**0.61**	0.88
		0.61	0.88
	Less: Allowance for doubtful loans	**0.61**	0.88
	Loans to related parties (net)	**-**	-
(b)	Loans to Employees (Unsecured, considered good)	**0.50**	0.72
		0.50	0.72

Footnote :

Loans and advances in nature of loans given to Subsidiaries in view of Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Name of the Related party	Relation	₹ In Crores	As at 31-3-2017 ₹ in Crores	Maximum balance during the year ₹ In Crores	Maximum balance during the year 2016-17 ₹ In Crores
Auto Aircon (India) Ltd.	Subsidiary	**0.61**	0.88	**0.61**	0.88
Total		**0.61**	0.88	**0.61**	0.88

No interest is payable for above loan and there is no repayment schedule.

9 Other Financial Assets (Non-current) (Unsecured, considered good unless otherwise stated) (at amortised cost)

		₹ in Crores	As at 31-3-2017 ₹ in Crores
(a)	Security deposits	**7.61**	3.39
(b)	Deposits with customers / others	**4.82**	4.06
(c)	Fixed deposits with remaining maturity of more than 12 months	**11.02**	9.17
(d)	Others, considered doubtful	**12.01**	34.82
	Less: Allowance for doubtful advance	**12.01**	34.82
		23.45	16.62

10. Deferred Tax

(a) The following is the analysis of deferred tax assets / (liabilities) presented in the Balance Sheet :

	₹ in Crores	As at 31-3-2017 ₹ in Crores
Deferred tax assets	**101.36**	110.22
Deferred tax liabilities	**(87.49)**	(88.14)
Deferred Tax Assets (net)	**13.87**	22.08

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

Reconciliation of deferred tax assets (net):

		As at 31-3-2017
	₹ in Crores	₹ in Crores
Opening balance	**22.08**	28.85
Tax income/(expense) during the period recognised in profit or loss	**(6.54)**	0.03
Tax income/(expense) during the period recognised in OCI	**(1.67)**	(6.80)
Closing balance	**13.87**	22.08

(b) The balance comprise temporary differences attributable to:

	As at 31-3-2017 ₹ in Crores	(Charged) / credited to statement of profit and loss ₹ in Crores	(Charged) / credited to other comprehensive income ₹ in Crores	**₹ in Crores**
Provision for employee benefits	35.83	2.15	(2.11)	**35.87**
Allowance for receivables, loans and advances	50.29	(8.14)	-	**42.15**
Provision for contingencies and claims	17.89	(9.08)	-	**8.81**
Unpaid statutory liabilities	4.79	(0.25)	-	**4.54**
Estimated loss on projects	0.27	9.17	-	**9.44**
Others	1.15	(0.60)	-	**0.55**
Deferred Tax Assets	110.22	(6.75)	(2.11)	**101.36**
Property, plant and equipment and intangible assets	(36.30)	1.21	-	**(35.09)**
Unrealised gains on fair valuation of investments through Other Comprehensive Income	(39.70)	-	0.44	**(39.26)**
Unrealised gains on fair valuation of Mutual funds	(11.41)	(1.73)	-	**(13.14)**
Others	(0.73)	0.73	-	**-**
Deferred Tax Liabilities	(88.14)	0.21	0.44	**(87.49)**
Deferred Tax Assets (net)	22.08	(6.54)	(1.67)	**13.87**

	As at 31-3-2016 ₹ in Crores	(Charged) / credited to statement of profit and loss ₹ in Crores	(Charged) / credited to other comprehensive income ₹ in Crores	As at 31-3-2017 ₹ in Crores
Provision for employee benefits	34.32	0.68	0.83	35.83
Allowance for receivables, loans and advances	50.24	0.05	-	50.29
Provision for contingencies and claims	7.33	10.56	-	17.89
Unpaid statutory liabilities	4.74	0.05	-	4.79
Estimated loss on projects	-	0.27	-	0.27
Others	5.00	(3.85)	-	1.15
Deferred Tax Assets	101.63	7.76	0.83	110.22
Property, plant and equipment and intangible assets	(37.01)	0.71	-	(36.30)
Unrealised gains on fair valuation of investments through Other Comprehensive Income	(32.07)	-	(7.63)	(39.70)
Unrealised gains on fair valuation of Mutual funds	(3.70)	(7.71)	-	(11.41)
Others	-	(0.73)	-	(0.73)
Deferred Tax Liabilities	(72.78)	(7.73)	(7.63)	(88.14)
Deferred Tax Assets (net)	28.85	0.03	(6.80)	22.08

11. Other Non-Current Assets (Unsecured, considered good unless otherwise stated)

	₹ in Crores	As at 31-3-2017 ₹ in Crores
(a) Balance with Government Authorities	**61.94**	48.47
(b) Capital advances	**13.92**	6.03
(c) Advance to suppliers	**1.34**	1.35
(d) Lease prepayments	**2.73**	2.77
(e) Others	**1.74**	1.72
Less: Allowance for doubtful advance	**2.65**	2.48
	79.02	57.86
Footnote :		
Allowance for doubtful advance pertains to :		
(a) Balance with Government Authorities	**0.82**	0.81
(b) Advance to suppliers	**1.34**	1.35
(c) Others	**0.49**	0.32
	2.65	2.48

12. Inventories (at lower of cost and net realisable value)

	₹ in Crores	As at 31-3-2017 ₹ in Crores
(a) Raw materials and Components	**154.63**	88.62
(b) Work-in-progress	**6.30**	5.17
(c) Finished goods	**157.81**	187.35
(d) Stock-in-trade	**423.51**	494.86
(e) Stores and spares	**0.05**	0.03
	742.30	776.03
Inventories includes goods-in-transit:		
(a) Raw materials and Components	**71.97**	10.00
(b) Finished goods	**7.85**	13.57
(c) Stock-in-trade	**73.53**	67.48
	153.35	91.05
Footnote :		
The cost of inventories recognised as an expense in respect of write-down of inventory to net realisable value	**2.64**	1.02

13. Trade Receivables (Current) (at amortised cost)

	₹ in Crores	As at 31-3-2017 ₹ in Crores
Gross Trade receivables	**1,379.98**	1,295.00
Less: Allowance for doubtful debts	**102.93**	107.03
	1,277.05	1,187.97
Security details :		
Secured, considered good	**15.28**	5.44
Unsecured, considered good	**1,261.77**	1,182.53
Doubtful	**102.93**	107.03
	1,379.98	1,295.00

Footnote:

The Company applies the expected credit loss (ECL) model for measurement and recognition of impairment losses on trade receivables. The Company follows the simplified approach for recognition of impairment loss allowance on trade receivables. The application of the simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date. ECL impairment loss allowance (or reversal) recognized during the period is recognized in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

13. Trade Receivables (Current) (at amortised cost) (Contd.)

		As at 31-3-2017
	₹ in Crores	₹ in Crores
(ii) Movement in expected credit loss allowance on trade receivables.		
Balance at the begining of the year	**107.03**	120.12
Allowances / (write back) during the year	**18.13**	(9.46)
Written of against past provision	**(22.23)**	(3.63)
Balance at the end of the year	**102.93**	107.03

(iii) Trade receivables are non interest bearing and are generally on terms of 30 to 90 days.

14. Cash and Cash equivalents

		As at 31-3-2017
	₹ in Crores	₹ in Crores
Cash on hand	**0.14**	0.80
Cheques on hand	**26.65**	29.17
Balances with banks		
- On current accounts	**147.51**	147.70
- Fixed deposits with maturity less than 3 months	*****	27.98
	174.30	205.65

Footnote:

Changes in liabilities arising from financing activities:

The changes in liabilities arising from financing activities is on account of cash flow changes only and there are no non-cash changes.

* value below ₹ 50,000/-

15. Other Balances with Banks

		As at 31-3-2017
	₹ in Crores	₹ in Crores
Fixed deposits with maturity greater than 3 months	**17.26**	-
Earmarked balances - unpaid dividend accounts	**5.22**	4.91
Margin money	**3.18**	3.06
	25.66	7.97

Footnotes:

(a) At at 31st March, 2018, the Company had available ₹ 622.45 crores (31st March, 2017: ₹ 363.71 crores) of undrawn committed borrowing facilities.

(b) Margin money deposit is against bank guarantee given to Government authorities.

16. Loans (Current) (at amortised cost)

		As at 31-3-2017
	₹ in Crores	₹ in Crores
Loans to employees (Unsecured, considered good)	**3.39**	1.53
	3.39	1.53

17. Other Financial Assets (Current) (Unsecured, considered good unless otherwise stated) (at amortised cost)

		As at 31-3-2017
	₹ in Crores	₹ in Crores
(a) Security deposits	**14.46**	20.38
(b) Due from related parties (Refer Note 40)	**6.19**	18.56
(c) Interest accrued	**11.34**	12.02
(d) Fixed deposits with remaining maturity of less than12 months	**0.08**	1.05
(e) Gratuity fund (Refer Note 39)	**3.09**	-
(f) Others		
- Considered good	**46.33**	32.75
- Considered doubtful	**2.29**	-
Less: Allowance for doubtful advance	**2.29**	-
	81.49	84.76

18. Other Current Assets [Unsecured, considered good unless otherwise stated]

		₹ in Crores	As at 31-3-2017 ₹ in Crores
(a)	Balance with Government Authorities	**140.36**	31.14
(b)	Advance to suppliers	**43.41**	111.26
(c)	Amount due from customers under construction contracts (*)	**724.41**	455.62
(d)	Others		
	- Considered good	**40.14**	14.34
	- Considered doubtful	**0.13**	0.09
	Less: Allowance for doubtful advances for others	**0.13**	0.09
		948.32	612.36

* Includes project specific material procured for future activities

Footnote:

Disclosure pursuant to Ind AS 11 - "Construction Contracts" :

		₹ in Crores	As at 31-3-2017 ₹ in Crores
(i)	Contract revenue recongnised during the year	**1,579.31**	1,159.63
(ii)	Construction costs incurred plus recognised profits less recognised losses to date	**4,540.05**	3,717.46
(iii)	Recognised and included in the financial statements as amounts due:		
	- from customers under construction contracts	**724.41**	455.62
	- to customers under construction contracts	**93.66**	89.98
(iv)	Advances received for contracts in progress	**234.04**	167.76
(v)	Retention money for contracts in progress	**153.71**	134.44

19. Share capital

	₹ in Crores	As at 31-3-2017 ₹ in Crores
Authorised:		
60,00,00,000 (31-3-2017: 60,00,00,000) Equity Shares of ₹ 1/- each	**60.00**	60.00
40,00,000 (31-3-2017: 40,00,000) Preference Shares of ₹ 100/- each	**40.00**	40.00
	100.00	100.00
Issued, Subscribed and Paid up:		
33,08,84,740 (31-3-2017: 33,08,84,740) Equity Shares of ₹ 1/- each	**33.09**	33.09
Less: Calls-in-Arrears [1,28,300 shares (31-3-2017: 1,32,140 shares)] [Refer footnote 19 (d)]	**0.01**	0.01
	33.08	33.08

Footnotes:

Terms / Rights attached to Equity Shares

(a) The Company has one class of Equity Shares having a par value of Re.1 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding and are subject to preferential rights of the Preference Shares (if issued).

(b) A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period :

	Equity Shares			
			As at 31-3-2017	
	Numbers	**₹ in Crores**	Numbers	₹ in Crores
Shares outstanding at the beginning of the year	**33,08,84,740**	**33.09**	33,08,84,740	33.09
Shares outstanding at the end of the year	**33,08,84,740**	**33.09**	33,08,84,740	33.09

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

(c) Details of shareholders holding more than 5 percent shares in the Company:

Name of Shareholder	Class of Shares			As at 31-3-2017	
		No. of Shares held	**% of Holding**	No. of Shares held	% of Holding
Tata Sons Ltd.	Equity	**8,81,31,780**	**26.64**	8,81,31,780	26.64
Life Insurance Corporation of India	Equity	**2,27,16,849**	**6.87**	2,28,20,733	6.90
HDFC Trustee Company Ltd. (Various Accounts)	Equity	**1,78,24,000**	**5.39**	1,50,64,500	4.55

(d) As per the records of the Company, no calls remained unpaid by the Directors and Officers of the Company as on 31st March, 2018 (31-3-2017 : Nil).

20. Other Equity

	₹ in Crores	As at 31-3-2017 ₹ in Crores
(1) Capital Reserve	**1.56**	1.56
(2) Capital Redemption Reserve	**1.26**	1.26
(3) Securities Premium Account	**6.27**	6.27
(4) General Reserve	**1,311.83**	1,261.83
(5) Staff Welfare Reserve	**0.01**	0.01
(6) Equity instruments fair value through other comprehensive income	**560.70**	407.31
(7) Retained Earnings	**1,599.25**	1,273.50
	3,480.88	2,951.74

Movements in Other Equity

	₹ in Crores	As at 31-3-2017 ₹ in Crores
(1) Capital Reserve		
- As per last Balance Sheet	**1.56**	1.56
(2) Capital Redemption Reserve		
- As per last Balance Sheet	**1.26**	1.26
(3) Securities Premium Account		
- As per last Balance Sheet	**6.27**	6.27
- Received during the year	*	*
- Closing Balance	**6.27**	6.27
(4) General Reserve		
- As per last Balance Sheet	**1,261.83**	1,241.83
- Transfer from Retained Earnings	**50.00**	20.00
- Closing Balance	**1,311.83**	1,261.83
(5) Staff Welfare Reserve		
- As per last Balance Sheet	**0.01**	0.01

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

	₹ in Crores	As at 31-3-2017 ₹ in Crores
(6) Equity instruments fair value through other comprehensive income		
- As per last Balance Sheet	**407.31**	328.27
- Changes during the year	**153.39**	88.06
- Realised gain on sale of investments transferred from Other Comprehensive Income to Retained Earnings	**-**	(9.02)
- Closing Balance	**560.70**	407.31
(7) Retained Earnings		
(a) As per last Balance Sheet	**1,273.50**	893.43
(b) Additions :		
- Net Profit for the year	**501.23**	486.19
- Transfer from Other Comprehensive Income (Net of tax)	**4.06**	(1.54)
- Realised gain on sale of investments transferred from Other Comprehensive Income to Retained Earnings	**-**	9.02
	505.29	493.67
(c) Deductions :		
- Dividend	**115.81**	86.03
- Dividend Distribution tax	**13.73**	7.57
- Transfer to General Reserve	**50.00**	20.00
	179.54	113.60
Closing Balance	**1,599.25**	1,273.50
	3,480.88	2,951.74

* value below ₹ 50,000/-

Distribution made and proposed	₹ in Crores	As at 31-3-2017 ₹ in Crores
Cash Dividends on Equity Shares declared and paid:		
Dividend for the year ended 31st March, 2017: ₹ 3.50 per share	**115.81**	86.03
(31st March, 2016: ₹ 2.60 per share)		
Dividend Distribution Tax	**13.73**	7.57
	129.54	93.60
Proposed Dividend on Equity Shares:		
Dividend for the year ended 31st March, 2018: ₹ 4.00 per share	**132.35**	115.81
(31st March, 2017: ₹ 3.50 per share)		
Dividend Distribution Tax on proposed dividend *	**27.21**	23.58
	159.56	139.39

* Dividend Distribution Tax (DDT) before availment of any DDT credit available.

Footnotes: Nature and purpose of reserves

Capital Reserve :

Capital Reserve was created from capital surplus on sale of assets and on amalgamation of subsidiary.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

Capital Redemption Reserve :

Capital Redemption Reserve is created out of profit available for distribution towards redemption of Preference shares. This reserve can be used for the purpose of issue of Bonus shares.

Securities Premium :

Securities Premium represents the surplus of proceeds received over the face value of shares, at the time of issue of shares.

General Reserve :

General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General Reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General Reserve will not be reclassified subsequently to statement of profit or loss.

Retained Earnings :

The balance in Retained Earnings primarily represents the surplus after payment of dividend (including tax on dividend) and transfer to reserves.

21. Provisions (Non-Current)

			As at 31-3-2017
		₹ in Crores	₹ in Crores
Provision for employee benefits :			
(i)	Provision for gratuity (Refer Note 39)	**27.76**	30.77
(ii)	Pension obligations (Refer Note 39)	**38.08**	33.01
(iii)	Post retirement medical benefits (Refer Note 39)	**6.90**	13.38
(iv)	Provision for employee separation compensation	**0.58**	0.79
		73.32	77.95

22. Other Non-Current Liabilities

		As at 31-3-2017
	₹ in Crores	₹ in Crores
Unexpired service contracts	**0.97**	0.20
	0.97	0.20

23. Borrowings (at amortised cost)

			As at 31-3-2017
		₹ in Crores	₹ in Crores
Secured borrowings:			
(a)	Term loans from Banks	**15.23**	38.23
(b)	Working Capital loans from banks	**12.59**	30.85
		27.82	69.08

Footnotes:

(i) Borrowings are secured against assignment of Property, Plant & Equipment, Inventory, Book debts, Contract dues and lien on Term deposits.

(ii) Term loans are repayable within a period of 90 days.

(iii) Term loans from banks carry an average interest rate of 4.40% to 6.50% (31st March, 2017 : 4.40% to 6.50%)

(iv) Working capital loans from banks carry an average interest rate of 8.75% (31st March, 2017 : 8.75%).

24. Trade Payables

			As at 31-3-2017
		₹ in Crores	₹ in Crores
Trade payables :			
(i)	Total outstanding dues of micro and small enterprises	**35.22**	12.27
(ii)	Total outstanding dues of creditors other than micro and small enterprises	**2,079.28**	1,739.78
		2,114.50	1,752.05

Footnote:

Trade payables are non interest bearing and are normally settled on 60 days term.

24. Trade Payables (Contd.)

		As at 31-3-2017
	₹ in Crores	₹ in Crores
(ii) Disclosures under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 :		
(i) (a) Principal amount remaining unpaid to any supplier	**34.40**	11.78
(b) Interest on (i)(a) above	**0.34**	0.16
(ii) The amount of interest paid along with the principal payment made to the supplier	**0.36**	0.57
(iii) Amount of interest due and payable on delayed payments	**0.33**	0.21
(iv) Amount of further interest remaining due and payable for the earlier years	**0.04**	0.12
(v) Total outstanding dues of Micro and Small Enterprises		
- Principal	**34.40**	11.78
- Interest	**0.82**	0.49

25. Other Financial Liabilities (Current)

		As at 31-3-2017
	₹ in Crores	₹ in Crores
(a) Deposits received from customers / others	**40.63**	39.52
(b) Interest accrued but not due on borrowings	**0.06**	0.15
(c) Unpaid dividends	**5.22**	4.91
(d) Other financial liabilities	**38.64**	47.38
	84.55	91.96

26. Provisions (Current)

		As at 31-3-2017
	₹ in Crores	₹ in Crores
(a) Provision for Employee Benefits :		
(i) Provision for gratuity (Refer Note 39)	**2.21**	6.16
(ii) Pension obligations (Refer Note 39)	**2.74**	1.64
(iii) Provision for compensated absences	**31.07**	33.22
(iv) Post retirement medical benefits (Refer Note 39)	**0.49**	0.64
(v) Provision for employee separation compensation	**0.25**	0.27
(b) Provision for Trade Guarantees	**114.78**	100.03
(c) Provision for Contingencies for Tax matters	**25.22**	23.57
	176.76	165.53

Footnotes:

A. Provisions for Trade Guarantees :		
Opening balance	**100.03**	84.05
Additional provisions recognised	**104.27**	95.66
Less : Utilisation	**89.46**	79.05
Less : Reversal	**0.06**	0.63
Closing balance	**114.78**	100.03
B. Provision for Contingencies for Tax matters		
Opening balance	**23.57**	21.17
Additional provisions recognised	**3.99**	10.58
Less : Utilisation	**-**	5.00
Less : Reversal	**2.34**	3.18
Closing balance	**25.22**	23.57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

27. Other Current Liabilities

		₹ in Crores	As at 31-3-2017 ₹ in Crores
(a)	Advances received from customers / others	**298.12**	256.09
(b)	Unexpired service contracts	**10.11**	5.10
(c)	Amount due to customers under construction contracts	**93.66**	89.98
(d)	Statutory obligations	**76.95**	63.27
(e)	Others	**0.12**	0.14
		478.96	414.58

28. Revenue from Operations

		₹ in Crores	2017-18 ₹ in Crores
(a)	Sale of products	**3,651.10**	3,692.51
(b)	Construction contract revenue	**1,579.31**	1,159.63
(c)	Sale of services	**565.76**	572.88
(d)	Other operating income :		
	(1) Unclaimed credit balances written back	**19.29**	27.95
	(2) Sale of scrap	**3.99**	8.35
	(3) Others	**12.81**	11.26
		5,832.26	5,472.58

Footnote:

Sales for the year ended 31st March, 2018 is net of Goods and Services Tax (GST). However, sales for the previous year is gross of Excise Duty. Sales, net of GST / Excise Duty for the year ended 31st March, 2018 has increased by 7.64%, in comparison to the previous year.

29. Other Income

		₹ in Crores	2017-18 ₹ in Crores
(a)	Dividend Income		
	- From investment in subsidiaries	**52.81**	49.29
	- From equity investments measured at FVTOCI	**5.14**	3.43
	- From mutual funds investments measured at FVTPL	**7.45**	26.92
(b)	Interest Income :		
	- On sundry advances, deposits, customers' balances, etc.	**0.22**	1.36
	- On deposits with banks	**8.47**	4.25
	- On Income-tax refunds	**2.66**	8.35
	- On fair valuation of financial assets	**8.24**	6.23
(c)	Gain on fair valuation of preference shares investments measured at FVTPL	**-**	5.50
(d)	Gain on sale of financial instruments measured at FVTPL	**29.01**	15.90
(e)	Gain on fair valuation of financial assets measured at FVTPL	**76.12**	95.71
(f)	Rental income	**37.55**	39.09
(g)	Other non-operating income	**9.43**	11.31
		237.10	267.34

30. Changes In Inventories of Finished Goods, Stock-In-Trade and Work-in-Progress

	₹ in Crores	2017-18 ₹ in Crores
Inventories at the end of the year :		
- Finished Goods including stock-in-trade	**581.32**	682.21
- Work-in-progress	**6.30**	5.17
	587.62	687.38
Inventories at the beginning of the year :		
- Finished Goods including stock-in-trade	**682.21**	477.18
- Work-in-progress	**5.17**	4.85
	687.38	482.03
Net (increase) / decrease	**99.76**	**(205.35)**

31. Employee Benefits Expenses

	₹ in Crores	2017-18 ₹ in Crores
(a) Salaries, Wages and Bonus	**386.24**	364.18
(b) Contribution to Provident and other Funds	**22.33**	22.56
(c) Staff Welfare expenses	**13.73**	19.81
	422.30	406.55

32. Finance Costs

	₹ in Crores	2017-18 ₹ in Crores
Interest expense :		
(a) on borrowings from banks and others	**7.50**	6.76
(b) on delayed payment of income tax	**-**	2.90
	7.50	9.66

33. Depreciation and Amortisation Expenses

	₹ in Crores	2017-18 ₹ in Crores
(a) Depreciation on property, plant and equipment	**15.10**	14.25
(b) Amortisation on intangible assets	**3.18**	2.70
(c) Depreciation on investment property	**0.95**	1.17
	19.23	18.12

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

34 Other Expenses

			2016-17
		₹ in Crores	₹ in Crores
(a)	Consumption of Stores and Spares	**2.75**	3.86
(b)	Power and Fuel	**8.88**	9.52
(c)	Rent	**38.96**	34.57
(d)	Repairs to Buildings	**0.60**	0.99
(e)	Repairs to Plant and Machinery	**5.06**	5.03
(f)	Insurance charges	**4.89**	4.85
(g)	Rates and Taxes	**11.26**	1.78
(h)	Travelling and Conveyance	**42.31**	38.54
(i)	Payment to Auditors [Refer Note 34(A)]	**2.83**	3.90
(j)	Legal and Professional fees	**30.15**	21.87
(k)	Bad and Doubtful Debts / Advances	**18.31**	7.58
(l)	Loss on sale of Fixed Assets (net)	**0.20**	1.19
(m)	Exchange differences (net)	**9.70**	12.50
(n)	Corporate Social Responsibility (CSR) [Refer Note (34(B)]	**9.14**	8.45
(o)	Provision / loss on settlements	**(10.99)**	20.58
(p)	Outside Service charges	**59.29**	53.90
(q)	Clearing charges	**43.75**	42.28
(r)	Freight and forwarding charges	**71.10**	72.41
(s)	Commission on sales	**5.23**	3.64
(t)	Advertising	**71.92**	64.84
(u)	Printing and stationery	**14.43**	14.39
(v)	Miscellaneous expenses	**73.68**	97.63
		513.45	524.30

34.(A) Auditor's Remuneration

			2016-17
		₹ in Crores	₹ in Crores
(a)	To Statutory Auditor for		
	(1) Audit Fees	**1.55**	1.47
	(2) Tax Audit Fees	**0.12**	0.30
	(3) Taxation Matters	**-**	0.15
	(4) Other Services	**0.97**	1.80
	(5) Reimbursement of Expenses	**0.13**	0.12
(b)	To Secretarial Auditor for Secretarial Audit	**0.02**	0.02
(c)	To Cost Auditor for Cost Audit	**0.04**	0.04
		2.83	3.90

Footnote:
Figures of 2017-18 Includes ₹ 0.88 crore paid to the previous Auditors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

34.(B) Corporate Social Responsibility (CSR) expenses

		₹ in Crores	2016-17 ₹ in Crores
(a)	Gross amount required to be spent by the Company during the year	**9.13**	8.37
(b)	Amount spent in cash during the year on		
	- Construction / acquisition of any asset	**-**	-
	- Others	**9.14**	8.45
		9.14	8.45
(c)	Amount to be spent in cash during the year on		
	- Construction / acquisition of any asset	**-**	-
	- Others	**-**	-
		-	-

35. Exceptional Items

		₹ in Crores	2016-17 ₹ in Crores
(a)	**Exceptional Income**		
	- Profit on Surrender of Tenancy Rights	**2.00**	-
	- Profit on Sale of Property	**-**	1.10
	Less :		
(b)	**Exceptional Expenses**		
	- Impairment in value of Investments	**5.98**	7.11
	Exceptional Items (net)	**(3.98)**	(6.01)

36. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31st March, 2017 and 31st March, 2018

	₹ in Crores	2016-17 ₹ in Crores
Profit before tax	**682.76**	651.02
Indian statutory income tax rate	**34.61%**	34.61%
Income-tax expense at India's statutory income tax rate	**236.30**	225.32
Effect of adjustments to reconcile the expected tax expense to reported income tax expense:		
Effect of exempt income	**(21.10)**	(27.01)
Effect on non-deductible expenses	**9.43**	9.00
Effect of income which is taxed at special rates	**(35.89)**	(31.50)
Adjustment of tax relating to earlier periods	**(4.01)**	(14.34)
Change in tax rate of future period	**(0.51)**	-
Others	**(2.69)**	3.36
	181.53	164.83

37. Earnings per share

		₹ in Crores	2016-17 ₹ in Crores
(a)	Net profit after tax for the year - (₹ in Crores)	**501.23**	486.19
(b)	Weighted average number of Equity Shares Outstanding	**33,08,84,740**	33,08,84,740
(c)	Earnings Per Share (₹) - Basic and Diluted (Face value ₹ 1/- per share)	**15.15**	14.69

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

38. Commitments and Contingencies

Commitments :

	₹ in Crores	As at 31-3-2017 ₹ in Crores
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	**49.98**	8.59

(ii) As per the E-Waste (Management) Rules, 2016, as amended, ('the Rules') issued by Ministry of Environment, Forest and Climate Change (MoEF & CC) Government of India, the Company has a commitment to complete the Extended Producer Responsibility (EPR) targets, calculated based on sales made in the preceding 10th year, through channelization of e-waste to an authorised dismantler/recycler. The Company has fulfilled its commitment for the financial year 2017-18. The Company expects further clarifications to evolve overtime, particularly with respect to the various mechanism of fulfilling the environmental obligation. The cost of obligation, if any, for the preceding nine year sales can be estimated, once appropriate clarifications are received from the Ministry.

Financial Guarantee

The Company has issued financial guarantees to banks on behalf of and in respect of credit facilities availed by its subsidiary and joint venture companies

	₹ in Crores	As at 31-3-2017 ₹ in Crores
(i) Limits (Fund and Non Fund based)	**780.49**	714.56
(ii) Against which outstanding balance	**589.16**	451.99

Contingent liabilities:

	₹ in Crores	As at 31-3-2017 ₹ in Crores
Claims against the Company not acknowledged as debts		
(i) Sales tax / Vat matters	**79.45**	84.64
(ii) Service tax matters	**21.95**	37.02
(iii) Excise matters	**18.78**	17.12
(iv) Contractual matters in the course of business	**27.76**	27.04
(v) Guarantees for terminated contract	**301.48**	301.14
(vi) Income tax matters	**8.87**	14.21
	458.29	481.17

39. Employee Benefits

The Company has defined benefit Gratuity, Post retirement medical benefits, Pension plans and Trust managed Provident fund plan as given below:

(i) Gratuity

Every employee who has completed five years of services, is entitled to Gratuity benefits. The Gratuity plan for Indian employees is governed by the Payment of Gratuity Act, 1972. The Gratuity plan provides lumpsum payments to vested employees at retirement, death while in employment, or termination of employment being an amount equivalent to 15 days salary for each completed year of service. The Company also provides similar Gratuity benefits to overseas employee. The Gratuity plan for Indian employees is funded and for overseas employees is unfunded.

(ii) Post retirement medical benefits

Benefits under these plan are payable for actual domiciliary treatment/hospitalisation for employees and their specified relatives. The scheme is non-funded.

(iii) Pension plans

Pension plan benefit are provided to Executive Directors and their specified relatives after completion of the services with the Company or Tata Group. The scheme is non- funded.

(a) The following table summaries the components of net benefits expenses recognised in statement of profit or loss, other comprehensive income and the funded status and amount recognised in the balance sheet for the respective plans:

	Gratuity funded		Gratuity unfunded		Pension		Post retirement medical benefits	
		2016-17		2016-17		2016-17		2016-17
	₹ in Crores	₹ in Crores	**₹ in Crores**	₹ in Crores	**₹ in Crores**	₹ in Crores	**₹ in Crores**	₹ in Crores
Current service cost	**3.76**	3.32	**6.27**	7.41	**4.68**	1.83	**0.91**	0.54
Net interest expense	**0.17**	0.30	**1.35**	1.37	**2.54**	2.30	**1.02**	0.87
Past Service Cost	**0.21**	-	**-**	-	**-**	-	**-**	-
(Gains)/ Losses on Curtailment	**-**	-	**-**	-	**-**	-	**(7.20)**	-
Components of defined benefit costs recognised in profit or loss	**4.14**	3.62	**7.62**	8.78	**7.22**	4.13	**(5.27)**	1.41
Remeasurement on the defined benefit plans:								
Return on plan assets	**(0.20)**	(2.56)	**-**	-	**-**	-	**-**	-
Actuarial (gains) / losses arising from changes in financial assumptions	**(0.48)**	3.13	**(1.36)**	-	**(0.35)**	1.99	**(0.28)**	2.68
Actuarial (gains) / losses arising from experience adjustments	**(2.74)**	(1.55)	**(1.55)**	(2.66)	**1.20**	1.70	**(0.41)**	(0.36)
Components of defined benefit costs recognised in other comprehensive income	**(3.42)**	(0.98)	**(2.91)**	(2.66)	**0.85**	3.69	**(0.69)**	2.32
	0.72	2.64	**4.71**	6.12	**8.07**	7.82	**(5.96)**	3.73
Change in benefit obligation								
Opening defined benefit obligation	**60.11**	56.39	**34.57**	34.75	**34.65**	28.53	**13.94**	10.78
Current service cost	**3.76**	3.32	**6.27**	7.41	**4.68**	1.83	**0.91**	0.54
Interest cost	**4.41**	4.55	**1.35**	1.37	**2.54**	2.30	**1.02**	0.87
Remeasurement (gains)/losses:								
Actuarial (gains)/losses arising from changes in financial assumptions	**(0.48)**	3.13	**(1.36)**	-	**(0.35)**	1.99	**(0.28)**	2.68
Actuarial (gains)/losses arising from experience adjustments	**(2.74)**	(1.55)	**(1.55)**	(2.66)	**1.20**	1.70	**(0.41)**	(0.36)
Past service cost	**0.21**	-	**-**	-	**-**	-	**-**	-
(Gains)/ Losses on Curtailment	**-**	-	**-**	-	**-**	-	**(7.20)**	-
Liabilities assumed on account of transfer in	**0.15**	0.27	**-**	-	**-**	-	**-**	-
Exchange differences on foreign plans	**-**	-	**(0.91)**	(0.80)	**-**	-	**-**	-
Benefits paid	**(7.93)**	(6.00)	**(8.40)**	(5.50)	**(1.90)**	(1.70)	**(0.59)**	(0.57)
Closing defined benefit obligation	**57.49**	60.11	**29.97**	34.57	**40.82**	34.65	**7.39**	13.94

Change in plan assets

Opening fair value of plan assets	**57.75**	52.72
Interest income	**4.24**	4.25
Remeasurement gain / (losses):		
Return on plan assets	**0.20**	2.56
Contributions from the employer	**6.32**	4.22
Benefits paid	**(7.93)**	(6.00)
Closing fair value of plan assets	**60.58**	57.75

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans are as follows:

	Gratuity funded		Gratuity unfunded		Pension		Post retirement medical benefits	
		2016-17		2016-17		2016-17		2016-17
	₹ in Crores	₹ in Crores	**₹ in Crores**	₹ in Crores	**₹ in Crores**	₹ in Crores	**₹ in Crores**	₹ in Crores
Present value of funded defined benefit obligation	**(57.49)**	(60.11)	**(29.97)**	(34.57)	**(40.82)**	(34.65)	**(7.39)**	(13.94)
Fair value of plan assets	**60.58**	57.75	**-**	-	**-**	-	**-**	-
Net (liability) / asset arising from defined benefit obligation	**3.09**	(2.36)	**(29.97)**	(34.57)	**(40.82)**	(34.65)	**(7.39)**	(13.94)

(b) The major categories of plan assets as a percentage of total plan:

Category of investments:	**Gratuity funded**	
		As at 31-3-2017
Government of India securities	**29%**	46%
Corporate bonds	**63%**	46%
Special deposit scheme	**2%**	2%
Mutual funds	**2%**	2%
Others (Interest accrued, Balances with banks)	**4%**	4%
	100%	100%

(c) The principal assumptions used for the purposes of the actuarial valuations are as follows.

	Gratuity funded		Gratuity unfunded		Pension		Post retirement medical benefits	
		As at 31-3-2017		As at 31-3-2017		As at 31-3-2017		As at 31-3-2017
	%	%	**%**	%	**%**	%	**%**	%
Discount rate	**7.85%**	7.34%	**4.39%**	4.00%	**7.85%**	7.34%	**7.85%**	7.34%
Attrition Rate	**1.00%**	1.00%	**2.00%**	2.00%	**1.00%**	1.00%	**1.00%**	1.00%
Mortality Rate	**Indian Assured Lives Mortality (2006 -08)**		**Indian Assured Lives Mortality (2006 -08)**		**Indian Assured Lives Mortality (2006 -08)**		**Indian Assured Lives Mortality (2006 -08)**	
Expected rate of salary increase	**8.00%**	8.00%	**4.00%**	4.00%	**8.00%**	8.00%	**5.00%**	5.00%

(d) A quantitative senstivity analysis for significant assumptions are as follow:

	Gratuity funded		Gratuity unfunded		Pension		Post retirement medical benefits	
	₹ in Crores	As at 31-3-2017 ₹ in Crores	**₹ in Crores**	As at 31-3-2017 ₹ in Crores	**₹ in Crores**	As at 31-3-2017 ₹ in Crores	**₹ in Crores**	As at 31-3-2017 ₹ in Crores
Projected benefit obligations on current assumptions	**57.49**	60.11	**29.97**	34.57	**40.82**	34.65	**7.39**	13.94
+1% increase in discount rate	**(4.01)**	(4.19)	**(3.08)**	(3.61)	**(3.10)**	(2.80)	**(0.16)**	(0.30)
-1% decrease in discount rate	**4.58**	4.78	**3.66**	4.33	**3.60**	3.25	**0.21**	0.40
+1% increase in future salary	**4.53**	4.74	**3.64**	4.28	**3.56**	3.22	**0.17**	0.32
-1% decrease in future salary	**(4.04)**	(4.23)	**(3.12)**	(3.65)	**(3.13)**	(2.83)	**(0.17)**	(0.32)
+1% increase in rate of employee turnover	**(0.02)**	(0.02)	**0.12**	-	**NA**	NA	**(0.04)**	(0.08)
-1% decrease in rate of employee turnover	**0.02**	0.02	**(0.13)**	-	**NA**	NA	**0.04**	0.07

The above sensitivity analysis 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.

Further, 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 the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

The Company expects to contribute ₹ 7 crores to the funded defined benefit plan in financial year 2018-19.

(iv) Provident Fund

Contribution to Provident Fund is made to trusts administered by the Company. In terms of guidance note issued by the Institute of Actuaries of India, the Actuary has provided a valuation of Provident fund liability based on the assumptions listed and determined that there is no shortfall as at 31st March, 2018.

The details of the fund and plan assets position are as follows:

	₹ in Crores	As at 31-3-2017 ₹ in Crores
Fair value of plan assets	**276.71**	259.07
Present value of defined obligation	**269.24**	250.77
Contribution during the year (Employee and Employer Contribution)	**26.34**	24.44

The principal assumptions used for the purposes of the actuarial valuations are as follows:

	%	As at 31-3-2017 %
Guaranteed Interest rate	**8.55%**	8.65%
Discount Rate for the remaining term to maturity of Interest portfolio	**7.85%**	7.34%

Risk Analysis

The Company is exposed to the following Risks in the defined benefits plans :

Investment Risk: The present value of the defined benefit obligation is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan assets is below this rate, it will create a plan deficit.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by increase in the return on the plan's debt investments.

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 growth risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan's liability.

40. Related Party Disclosures

(a) List of Related Parties and Relationships

Party		Relation
A.	Auto Aircon (India) Ltd. Voltas Netherlands B.V. Lalbuksh Voltas Engineering Services & Trading L.L.C. Weathermaker Ltd. Saudi Ensas Company for Engineering Services W.L.L. Rohini Industrial Electricals Ltd. Universal Comfort Products Ltd. Voltas Qatar W.L.L. Voltas Oman L.L.C. Agro Foods Punjab Ltd. (Under liquidation) Westerwork Engineers Ltd. (Under liquidation)	Subsidiary
B.	Brihat Trading Private Ltd. Naba Diganta Water Management Ltd. Terrot GmbH	Associate
C.	Universal Voltas L.L.C. Olayan Voltas Contracting Company Ltd. Universal Weathermaker Factory L.L.C. Voltas Water Solutions Private Ltd. Voltbek Home Appliances Private Ltd.	Joint Venture
D.	Tata Sons Ltd. and Subsidiaries of Tata Sons Ltd.	Promoter together with its subsidiary holding more than 20%
E.	Mr. Pradeep Bakshi - Managing Director (w.e.f. 10th February, 2018), Executive Director (w.e.f. 1st September, 2017 to 9th February, 2018) Mr. Anil George - Deputy Managing Director (w.e.f. 10th February, 2018), Executive Director (w.e.f. 1st September, 2017 to 9th February, 2018) Mr. Sanjay Johri - Managing Director (upto 9th February, 2018)	Key Management Personnel
F.	Voltas Limited Provident Fund Voltas Managerial Staff Provident Fund Voltas Limited Employees' Gratuity Fund Voltas Limited Managerial Staff Gratuity Fund Voltas Limited Employees' Superannuation Scheme	Employee Benefit Funds

(b) Related Party Transactions

₹ in Crores

Sr. No.	Year	Transactions		Subsidiaries	Associates	Joint Ventures	Promoter	Subsidiaries & Step Down Subsidiaries of Promoters	Key Management Personnel	Employee Benefit Funds	Total
1	**2017-18**	**Purchases of stock-in-trade**	**[Refer 40 (c)(1)]**	**899.71**	-	-	-	**0.11**	-	-	**899.82**
	2016-17			1,094.73	-	-	-	0.85	-	-	1,095.58
2	**2017-18**	**Sale of Products**	**[Refer 40 (c)(2)]**	**274.49**	-	-	-	**52.03**	-	-	**326.52**
	2016-17			506.19	-	-	0.19	49.64	-	-	556.02
3	**2017-18**	**Service Income - Other than Management fees**	**[Refer 40 (c)(3)]**	**4.28**	**0.21**	**3.70**	**0.10**	**78.82**	-	-	**87.11**
	2016-17			0.96	0.18	2.66	0.04	70.80	-	-	74.64
4	**2017-18**	**Service Income - Management fees on vendor bill discounting**	**[Refer 40 (c)(4)]**	-	-	-	-	**0.43**	-	-	**0.43**
	2016-17			-	-	-	-	0.94	-	-	0.94
5	**2017-18**	**Construction contract revenue** (against which billed ₹ 230.78 crores; Previous year : ₹ 42.43 crores)	**[Refer 40 (c)(5)]**	-	-	-	-	**326.06**	-	-	**326.06**
	2016-17			-	-	-	0.02	24.94	-	-	24.96
6	**2017-18**	**Sale of Investment**	**[Refer 40 (c)(6)]**	-	-	**2.98**	-	-	-	-	**2.98**
	2016-17			-	-	-	-	-	-	-	-
7	**2017-18**	**Interest Income**	**[Refer 40 (c)(7)]**	-	-	**0.11**	-	**4.66**	-	-	**4.77**
	2016-17			1.05	-	-	-	0.47	-	-	1.52
8	**2017-18**	**Rental Income**	**[Refer 40 (c)(8)]**	**0.38**	-	**0.03**	-	**2.09**	-	-	**2.50**
	2016-17			0.38	-	0.06	-	3.52	-	-	3.96
9	**2017-18**	**Dividend Income**	**[Refer 40 (c)(9)]**	**52.51**	**0.30**	-	-	**1.52**	-	-	**54.33**
	2016-17			49.29	-	-	-	0.15	-	-	49.44
10	**2017-18**	**Deputation Charges received**	**[Refer 40 (c)(10)]**	-	-	-	-	-	-	-	-
	2016-17			2.07	-	-	-	-	-	-	2.07
11	**2017-18**	**Commission Received / Receivable**	**[Refer 40 (c)(11)]**	**24.91**	**0.95**	-	-	-	-	-	**25.86**
	2016-17			40.10	0.60	-	-	-	-	-	40.70
12	**2017-18**	**Bad and Doubtful Debts / Advances - Reversal (P&L)**	**[Refer 40 (c)(12)]**	**0.27**	-	-	-	-	-	-	**0.27**
	2016-17			-	-	-	-	-	-	-	-
13	**2017-18**	**Bad and Doubtful Debts / Advances (P&L)**	**[Refer 40 (c)(13)]**	-	-	**0.01**	-	-	-	-	**0.01**
	2016-17			-	-	-	-	-	-	-	-
14	**2017-18**	**Remuneration Paid / Payable**	**[Refer 40 (c)(14)]**	-	-	-	-	-	**12.86**	-	**12.86**
	2016-17			-	-	-	-	-	4.69	-	4.69
15	**2017-18**	**Dividend Paid**	**[Refer 40 (c)(15)]**	-	-	-	**30.85**	-	-	-	**30.85**
	2016-17			-	-	-	22.91	-	-	-	22.91

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

(b) Related Party Transactions (contd.)

₹ in Crores

Sr. No.	Year	Transactions		Subsidiaries	Associates	Joint Ventures	Promoter	Subsidiaries & Step Down Subsidiaries of Promoters	Key Management Personnel	Employee Benefit Funds	Total
16	**2017-18**	**Consulting Charges paid**	**[Refer 40 (c)(16)]**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2016-17			-	-	-	0.03	-	-	-	0.03
17	**2017-18**	**Tata Brand Equity**	**[Refer 40 (c)(17)]**	**-**	**-**	**-**	**8.31**	**-**	**-**	**-**	**8.31**
	2016-17			-	-	-	8.56	-	-	-	8.56
18	**2017-18**	**Traning Expenses Paid / Payable**	**[Refer 40 (c)(18)]**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2016-17			-	-	-	*	-	-	-	*
19	**2017-18**	**Commission Paid**	**[Refer 40 (c)(19)]**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2016-17			-	-	-	-	0.10	-	-	0.10
20	**2017-18**	**Services received for execution of contracts**	**[Refer 40 (c)(20)]**	**164.81**	**-**	**105.38**	**-**	**0.12**	**-**	**-**	**270.31**
	2016-17			57.22	-	9.36	-	-	-	-	66.58
21	**2017-18**	**Interest Expenses**	**[Refer 40 (c)(21)]**	**0.15**	**-**	**-**	**-**	**-**	**-**	**-**	**0.15**
	2016-17			0.24	-	-	-	-	-	-	0.24
22	**2017-18**	**Impairment in value of investment**	**[Refer 40 (c)(22)]**	**-**	**-**	**5.98**	**-**	**-**	**-**	**-**	**5.98**
	2016-17			-	-	7.11	-	-	-	-	7.11
23	**2017-18**	**Deposit Paid**	**[Refer 40 (c)(23)]**	**-**	**-**	**-**	**-**	**1.50**	**-**	**-**	**1.50**
	2016-17			-	-	-	-	-	-	-	-
24	**2017-18**	**Other Expenses- Received/Receivable**	**[Refer 40 (c)(24)]**	**94.42**	**-**	**13.30**	**0.24**	**0.47**	**-**	**-**	**108.43**
	2016-17			100.48	-	3.82	0.22	0.38	-	-	104.90
25	**2017-18**	**Other Expenses- Paid/Payable**	**[Refer 40 (c)(25)]**	**17.17**	**-**	**1.40**	**0.09**	**16.90**	**-**	**-**	**35.56**
	2016-17			13.97	-	0.45	2.00	22.70	-	2.66	41.78
26	**2017-18**	**Purchase of property, plant and equipment**	**[Refer 40 (c)(26)]**	**-**	**-**	**0.04**	**-**	**0.02**	**-**	**-**	**0.06**
	2016-17			-	-	-	-	1.66	-	-	1.66
27	**2017-18**	**Investments in Equity shares**	**[Refer 40 (c)(27)]**	**-**	**-**	**79.50**	**-**	**-**	**-**	**-**	**79.50**
	2016-17			-	-	1.25	-	-	-	-	1.25
28	**2017-18**	**Investments in Preference Shares**	**[Refer 40 (c)(28)]**	**-**	**-**	**-**	**-**	**30.00**	**-**	**-**	**30.00**
	2016-17			65.00	-	-	-	-	-	-	65.00
29	**2017-18**	**Advances given against execution of contracts**	**[Refer 40 (c)(29)]**	**0.26**	**-**	**-**	**-**	**-**	**-**	**-**	**0.26**
	2016-17			6.10	-	-	-	-	-	-	6.10
30	**2017-18**	**Security deposit received**	**[Refer 40 (c)(30)]**	**-**	**-**	**0.01**	**-**	**5.91**	**-**	**-**	**5.92**
	2016-17			-	-	0.01	-	11.37	-	-	11.38

(b) Related Party Transactions (contd.)

₹ in Crores

Sr. No.	Year	Transactions		Subsidiaries	Associates	Joint Ventures	Promoter	Subsidiaries & Step Down Subsidiaries of Promoters	Key Management Personnel	Employee Benefit Funds	Total
31	**2017-18**	**Share Application Money given**	**[Refer 40 (c)(31)]**	-	-	**13.13**	-	-	-	-	**13.13**
	2016-17			-	-	-	-	-	-	-	-
32	**2017-18**	**Provision for Debts and Advances at year end**	**[Refer 40 (c)(32)]**	**0.61**	-	**0.01**	-	-	-	-	**0.62**
	2016-17			0.88	-	-	-	0.35	-	-	1.23
33	**2017-18**	**Advance Outstanding at year end**	**[Refer 40 (c)(33)]**	**5.44**	-	**4.15**	**0.09**	**0.16**	-	-	**9.84**
	2016-17			28.34	-	0.10	0.05	0.06	-	-	28.55
34	**2017-18**	**Outstanding Share Application Money at year end**	**[Refer 40 (c)(34)]**	-	-	**13.13**	-	-	-	-	**13.13**
	2016-17			-	-	-	-	-	-	-	-
35	**2017-18**	**Debit Balance Outstanding at year end**	**[Refer 40 (c)(35)]**	**0.62**	**0.74**	-	*	**66.83**	-	-	**68.19**
	2016-17			-	0.03	12.36	-	43.82	-	-	56.21
36	**2017-18**	**Credit Balance Outstanding at year end**	**[Refer 40 (c)(36)]**	**450.96**	-	**32.85**	**7.75**	**0.30**	-	-	**491.86**
	2016-17			316.66	-	-	8.90	0.13	-	-	325.69
37	**2017-18**	**Guarantees Outstanding at year end**	**[Refer 40 (c)(37)]**	**539.31**	-	**6.73**	-	-	-	-	**546.04**
	2016-17			412.97	-	19.62	-	-	-	-	432.59
38	**2017-18**	**Impairment in value of Investments at year end**	**[Refer 40 (c)(38)]**	**99.49**	-	**13.09**	-	-	-	-	**112.58**
	2016-17			99.49	-	7.11	-	-	-	-	106.60
39	**2017-18**	**Unsecured Advances at year end**	**[Refer 40 (c)(39)]**	-	-	-	-	**0.02**	-	-	**0.02**
	2016-17			-	-	-	-	0.12	-	-	0.12
40	**2017-18**	**Contribution to Employee Benefit Funds**	**[Refer 40 (c)(40)]**	-	-	-	-	-	-	**14.73**	**14.73**
	2016-17			-	-	-	-	-	-	12.11	12.11

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

(c) Details of material (more than 10% of the total related party transactions of the same type) transactions with Related Party

₹ in Crores

	Name of Party	Transaction Value	Transaction Value 2016-17
1.	**Purchases of stock-in-trade**		
	Universal Comfort Products Ltd.	**890.66**	1,032.08
2.	**Sale of Products**		
	Universal Comfort Products Ltd.	**273.87**	505.49
	Infiniti Retail Ltd.	**48.91**	39.64
3.	**Service Income - Other than Management fees**		
	Tata Consultancy Services Ltd.	**26.33**	22.45
	Tata De Mozambique Limitada	**50.56**	36.26
	Tata Africa Holdings (SA) (Proprietary) Ltd.	**-**	9.61
4.	**Service Income - Management fees on vendor bill discounting**		
	Tata Capital Financial Services Ltd.	**0.43**	0.94
5.	**Construction contract revenue**		-
	Tata Consultancy Services Ltd. (against which billed ₹ 31.04 crores; Previous year : ₹ 41.62 crores)	**33.29**	24.06
	Tata International Metals (UK) Limited (formerly Tata Steel International (UK) Ltd.) (against which billed ₹ 194.92 crores; Previous year : ₹ Nil)	**289.44**	-
6.	**Sale of Investment**		
	Universal Weathermaker Factory L.L.C.	**2.98**	-
7.	**Interest Income**		
	Tata International Ltd.	**4.65**	0.47
	Rohini Industrial Electricals Ltd.	**-**	1.05
8.	**Rental Income**		
	Tata Consultancy Services Ltd.	**1.61**	1.59
	Tata Teleservices Ltd.	**-**	1.55
9.	**Dividend Income**		
	Voltas Netherlands B.V.	**-**	7.39
	Universal Comfort Products Ltd.	**48.37**	41.46
10.	**Deputation Charges received**		
	Universal Comfort Products Ltd.	**-**	2.07
11.	**Commission Received / Receivable**		
	Universal Comfort Products Ltd.	**24.91**	40.10
12.	**Bad and Doubtful Debts / Advances - Reversal (P&L)**		
	Auto Aircon (India) Ltd.	**0.27**	-
13.	**Bad and Doubtful Debts / Advances (P&L)**		
	Voltas Water Solutions Private Ltd.	**0.01**	-
14.	**Remuneration Paid / Payable**		
	Mr. Pradeep Bakshi	**2.18**	-
	Mr. Anil George	**2.16**	-
	Mr. Sanjay Johri	**8.52**	4.69
15.	**Dividend Paid**		
	Tata Sons Ltd.	**30.85**	22.91
16.	**Consulting Charges paid**		
	Tata Sons Ltd.	**-**	0.03

(c) Details of material (more than 10% of the total related party transactions of the same type) transactions with Related Party (contd.)

₹ in Crores

	Name of Party	Transaction Value	Transaction Value 2016-17
17.	**Tata Brand Equity**		
	Tata Sons Ltd.	**8.31**	8.56
18.	**Traning expenses Paid / Payable**		
	Tata Sons Ltd.	**-**	*
19.	**Commission Paid**		
	Tata Unistore Ltd. (formerly Tata Industrial Services Ltd.)	**-**	0.10
20.	**Services received for execution of contracts**		
	Universal Voltas L.L.C.	**105.38**	9.36
	Rohini Industrial Electricals Ltd.	**164.81**	57.22
21.	**Interest Expenses**		
	Rohini Industrial Electricals Ltd.	**0.15**	0.24
22.	**Impairment in value of investment**		
	Olayan Voltas Contracting Company Ltd.	**3.13**	7.11
	Voltas Water Solutions Private Ltd.	**2.85**	-
23.	**Deposit Paid**		
	Tata Unistore Ltd. (formerly Tata Industrial Services Ltd.)	**1.50**	-
24.	**Other Expenses- Received/Receivable**		
	Voltas Qatar W.L.L.	**83.49**	93.63
25.	**Other Expenses- Paid/Payable**		
	Tata Business Support Services Ltd.	**5.21**	5.13
	Tata Consultancy Services Ltd.	**7.64**	9.11
	Tata International Metals (UK) Ltd.	**1.77**	4.95
	Voltas Qatar W.L.L.	**16.23**	13.01
26.	**Purchase of property, plant and equipment**		
	Infiniti Retail Ltd.	**0.02**	0.01
	Voltas Water Solutions Private Ltd.	**0.04**	-
	Tata Consultancy Services Ltd.	**-**	1.65
27.	**Investments in Equity shares**		
	Voltbek Home Appliances Private Ltd.	**78.89**	-
	Voltas Water Solutions Private Ltd.	**0.61**	1.25
28.	**Investments in Preference Shares**		
	Tata Capital Limited	**30.00**	-
	Rohini Industrial Electricals Ltd.	**-**	65.00
29.	**Advances given against execution of contracts**		
	Rohini Industrial Electricals Ltd.	**0.26**	6.10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

(c) Details of material (more than 10% of the total related party transactions of the same type) transactions with Related Party (contd.)

₹ in Crores

	Name of Party	Transaction Value	Transaction Value 2016-17
30.	**Security deposit received**		
	Tata Consultancy Services Ltd.	**3.01**	3.01
	Tata Teleservices Ltd.	**-**	8.02
	Tata Unistore Ltd. (formerly Tata Industrial Services Ltd.)	**2.50**	-
31.	**Share Application Money given**		
	Olayan Voltas Contracting Company Ltd.	**13.13**	-
32.	**Provision for Debts and Advances at year end**		
	Auto Aircon (India) Ltd.	**0.61**	0.88
	Tata Consultancy Services Ltd.	**-**	0.18
33.	**Advance Outstanding at year end**		
	Rohini Industrial Electricals Ltd.	**0.26**	10.98
	Voltas Qatar W.L.L.	**0.66**	13.93
	Voltas Oman L.L.C.	**3.19**	1.89
	Olayan Voltas Contracting Company Ltd.	**1.71**	-
	Voltbek Home Appliances Private Ltd.	**2.43**	-
34.	**Outstanding Share Application Money at year end**		
	Olayan Voltas Contracting Company Ltd.	**13.13**	-
35.	**Debit Balance Outstanding at year end**		
	Tata Consultancy Services Ltd.	**12.55**	14.98
	Tata De Mozambique Limitada	**31.23**	20.50
	Tata International Metals (UK) Limited (formerly Tata Steel International (UK) Ltd.)	**9.69**	-
	Universal Voltas L.L.C.	**-**	11.47
36.	**Credit Balance Outstanding at year end**		
	Rohini Industrial Electricals Ltd.	**84.38**	6.70
	Universal Comfort Products Ltd.	**357.98**	305.97
37.	**Guarantees Outstanding at year end**		
	Rohini Industrial Electricals Ltd.	**136.01**	66.67
	Voltas Netherlands B.V.	**403.30**	346.30
	Olayan Voltas Contracting Company Ltd.	**6.73**	19.62
38.	**Impairment in value of Investments at year end**		
	Rohini Industrial Electricals Ltd.	**65.13**	65.13
	Saudi Ensas Company for Engineering Services W.L.L.	**27.62**	27.62
	Olayan Voltas Contracting Company Ltd.	**10.24**	7.11
39.	**Unsecured Advances at year end**		
	Tata Teleservices Ltd.	**-**	0.11

* value below ₹ 50,000/-

41. Research and Development Expenditure

		2016-17
	₹ in Crores	₹ in Crores
Expenditure at Department of Scientific and Industrial Research (DSIR) approved R&D centers		
(1) **Revenue**	**4.54**	3.41
UPBG	**1.17**	0.96
EM&RBG	**3.37**	2.45
(2) **Capital Expenditure**	**0.06**	0.04
UPBG	-	0.03
EM&RBG	**0.06**	0.01
Other R&D Expenditure		
(1) **Revenue**	**0.90**	1.10
UPBG	**0.46**	0.52
EM&RBG	**0.44**	0.58
(2) **Capital Expenditure**	**-**	-
UPBG	-	-
EM&RBG	**-**	-
Total R&D Expenditure		
(1) **Revenue**	**5.44**	4.51
UPBG	**1.63**	1.48
EM&RBG	**3.81**	3.03
(2) **Capital Expenditure**	**0.06**	0.04
UPBG	**-**	0.03
EM&RBG	**0.06**	0.01

Business Segments :

UPBG : Unitary Cooling Products for Comfort and Commercial use

EM&RBG : Electro - Mechanical Projects and Services

42. Financial Instruments

A. Financial instruments by category:

The accounting classification of each category of financial instruments, their carrying value and fair value are as below:

	₹ in Crores					As at 31-3- 2017 ₹ in Crores				
	FVTPL	**FVTOCI**	**Amortised cost**	**Total Carrying value**	**Total Fair value**	FVTPL	FVTOCI	Amortised cost	Total Carrying value	Total Fair value
Financial assets										
Investments*	**1,863.37**	**601.29**	**223.79**	**2,688.45**	**2,688.45**	1,681.01	448.34	162.36	2,291.71	2,291.71
Loans	**-**	**-**	**3.89**	**3.89**	**3.89**	-	-	2.25	2.25	2.25
Trade receivables	**-**	**-**	**1,277.05**	**1,277.05**	**1,277.05**	-	-	1,187.97	1,187.97	1,187.97
Other financial assets	**0.81**	**-**	**104.13**	**104.94**	**104.94**	-	-	101.38	101.38	101.38
Cash and cash equivalents	**-**	**-**	**174.30**	**174.30**	**174.30**	-	-	205.65	205.65	205.65
Other balances with banks	**-**	**-**	**25.66**	**25.66**	**25.66**			7.97	7.97	7.97
	1,864.18	**601.29**	**1,808.82**	**4,274.29**	**4,274.29**	1,681.01	448.34	1,667.58	3,796.93	3,796.93
Financial liabilities										
Borrowings	**-**	**-**	**27.82**	**27.82**	**27.82**	-	-	69.08	69.08	69.08
Trade payables	**-**	**-**	**2,114.50**	**2,114.50**	**2,114.50**	-	-	1,752.05	1,752.05	1,752.05
Other financial liabilities	**-**	**-**	**84.55**	**84.55**	**84.55**	1.64	-	90.32	91.96	91.96
	-	**-**	**2,226.87**	**2,226.87**	**2,226.87**	1.64	-	1,911.45	1,913.09	1,913.09

* Investment also includes equity investments in subsidiaries, associates and joint ventures which are carried at costs and hence are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures". Hence, the same have been excluded from the above table.

The management assess that Cash and cash equivalents, Other balances with banks, Loans, Trade receivables, Trade payables, Other financial liabilities and Other financial assets carried at amortized cost approximate their carrying amounts largely due to the short-term maturities of these instruments.

Abbreviations :

FVTPL - Fair Value Through Profit or Loss. FVTOCI - Fair Value Through Other Comprehensive Income.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

B. Fair value hierarchy :

The fair value measurement hierarchy of the Company's assets and liabilities are as follows:

	Level 1		**Level 2**		**Level 3**	
	₹ In Crores	As at 31-3-2017 ₹ In Crores	**₹ In Crores**	As at 31-3-2017 ₹ In Crores	**₹ In Crores**	As at 31-3-2017 ₹ In Crores
Financial assets						
At fair value through profit or loss						
- Investment	**1,863.37**	1,678.01	**-**	3.00	**-**	-
- Derivative financial assets	**-**	-	**0.81**	-	**-**	-
At fair value through Other Comprehensive Income						
- Investment	**411.97**	256.59	**-**	-	**189.32**	191.75
TOTAL	**2,275.34**	1,934.60	**0.81**	3.00	**189.32**	191.75

	Level 1		Level 2		Level 3	
	₹ In Crores	As at 31-3-2017 ₹ In Crores	**₹ In Crores**	As at 31-3-2017 ₹ In Crores	**₹ In Crores**	As at 31-3-2017 ₹ In Crores
Financial liabilities						
At fair value through profit or loss						
- Derivative financial liabilities	**-**	-	**-**	(1.64)	**-**	-
TOTAL	**-**	-	**-**	(1.64)	**-**	-

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

(i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

(ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;

(iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties. The following methods and assumptions were used to estimate the fair values:

- The fair value of quoted equity investment and mutual funds are based on price quotations at the reporting date.
- The fair value of unquoted equity investments are based on Market multiple approach. Market multiple of EV/EBITDA are considered after applying suitable discounts for size, liquidity and other company specific discounts.
- The fair value of redeemable preference shares are based on observable price of securities based on transactions undertaken recently.
- The Company enters into derivative financial instruments with various counterparties, principally with banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The model incorporates various inputs including the credit quality of counter parties, foreign exchange spot and forward rates.

There were no transfers between Level 1 and 2 during the period.

C. Reconciliation of fair value measurement of unquoted equity shares classified as FVOCI assets :

	₹ in Crores
As at 1st April, 2016	154.08
Add: Fair valuation gain/(loss) recognised in OCI	37.67
Closing balance as at 31st March, 2017	191.75
Add: Fair valuation gain/(loss) recognised in OCI	(2.43)
Closing balance as at 31st March, 2018	**189.32**

43. Aggregation of expenses disclosed in consumption of materials, cost of jobs and services and other expenses in respect of specific items are as follows (Refer Note 34) :

	Nature of expenses	**Grouped under**		
		Consumption of materials, cost of jobs and services	**Other expenses**	**Total**
		₹ in Crores	**₹ in Crores**	**₹ in Crores**
1	Rent	**0.59**	**38.96**	**39.55**
2	Power and Fuel	**0.33**	**8.88**	**9.21**
3	Insurance charges	**1.40**	**4.89**	**6.29**
4	Travelling and Conveyance	**0.86**	**42.31**	**43.17**
5	Printing and Stationery	**0.27**	**14.43**	**14.70**
6	Legal and Professional charges	**0.46**	**30.15**	**30.61**
7	Clearing charges	**0.82**	**43.75**	**44.57**
8	Outside Service charges	**45.95**	**59.29**	**105.24**
9	Repairs to Plant and Machinery	**0.01**	**5.06**	**5.07**
10	Other General expenses	**3.86**	**73.68**	**77.54**

	Nature of expenses	2016-17 Grouped under		
		Consumption of materials, cost of jobs and services	Other expenses	Total
		₹ in Crores	₹ in Crores	₹ in Crores
1	Rent	0.39	34.57	34.96
2	Power and Fuel	0.44	9.52	9.96
3	Insurance charges	1.60	4.85	6.45
4	Travelling and Conveyance	0.99	38.54	39.53
5	Printing and Stationery	0.27	14.39	14.66
6	Legal and Professional charges	0.21	21.87	22.08
7	Clearing charges	1.04	42.28	43.32
8	Outside Service charges	69.43	53.90	123.33
9	Repairs to Plant and Machinery	0.01	5.03	5.04
10	Other General expenses	4.26	97.63	101.89

44. Financial risk management objectives and policies

The Company's financial liabilities comprise borrowings, trade and other payables. The Company's financial assets include loans, trade and other receivables, cash and cash equivalents and other bank balances. The Company also holds FVTPL and FVTOCI investments.

The Company is exposed to market risk, credit risk and liquidity risk. The Board of Directors of the Company oversee the management of these financial risks through its Risk Management Committee as per Company's existing policy.

(i) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate change does not affect significantly short term borrowing, therefore the Company's exposure to the risk of changes in market interest rates relates primarily to the investment in debt mutual funds.

Given the portfolio of investments in debt mutual funds, etc. the Company has exposure to interest rate risk with respect to returns realised. It is estimated that a 25 bps change in 10 year Govt. bond yield would result in a profit and loss impact of approximately ₹ 4.66 crores (31-3-2017: ₹ 4.19 crores). This estimate is based on key assumption with respect to seamless transition of rates across debt instrument in the market and also basis the duration of debt instruments in turn held by mutual funds that the Company has invested in.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). Foreign currency risks are managed within the approved policy parameters utilising foreign exchange forward contracts.

As at the end of the reporting period, the carrying amounts of the material foreign currency denominated monetary assets and liabilities are as follows:

Currency	**Liabilities**		**Assets**	
	₹ in Crores	As at 31-3-2017 ₹ in Crores	**₹ in Crores**	As at 31-3-2017 ₹ in Crores
AED	**237.21**	287.21	**270.12**	433.65
USD	**262.66**	108.16	**52.99**	-

Foreign currency sensitivity

The following tables demonstrate the sensitivity of outstanding foreign currency denominated monetary items to a reasonably possible change in exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of financial assets and liabilities:

Particulars	**Effect on Profit and Loss account**		**Effect on Equity**	
	₹ in Crores	As at 31-3-2017 ₹ in Crores	**₹ in Crores**	As at 31-3-2017 ₹ in Crores
US Dollars +5%	**(7.07)**	(1.45)	**(4.63)**	(0.95)
US Dollars -5%	**7.07**	1.45	**4.63**	0.95
AED +5%	**1.65**	7.32	**1.08**	4.79
AED -5%	**(1.65)**	(7.32)	**(1.08)**	(4.79)

Details of Derivative contracts entered by the Company and outstanding as at Balance Sheet date

Particulars	**₹ in Crores**	As at 31-3-2017 ₹ in Crores
Forward contracts - (USD/INR)	**68.21**	148.28

The fair value of the Company's derivatives position recorded under financial assets and financial liabilities are as follows:

Particulars	**Liabilities**		**Assets**	
	₹ in Crores	As at 31-3-2017 ₹ in Crores	**₹ in Crores**	As at 31-3-2017 ₹ in Crores
Forex Forward Cover	**-**	1.64	**0.81**	-

(c) Equity price risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's Board of Directors reviews and approves all equity investment decisions.

The following table summarises the sensitivity to change in the NSE index on the Company's Equity and OCI. These changes would not have an effect on profit or loss.

	Impact on other components of equity (OCI)	
		As at 31-3-2017
	₹ in Crores	₹ in Crores
NSE Nifty 50 - increase 5%	**20.60**	12.83
NSE Nifty 50 - decrease 5%	**(20.60)**	(12.83)

(ii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk for trade receivables, cash and cash equivalents, investments, other bank balances, loans and other financial assets. The Company only deals with parties which have good credit rating/ worthiness given by external rating agencies or based on Company's internal assessment.

Credit risk on receivables is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Moreover, given the diverse nature of the Company's businesses, trade receivables are spread over a number of customers with no significant concentration of credit risk. No single customer accounted for 10% or more of the trade receivables in any of the years presented.

For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

For Mutual Fund Investments, counterparty risk are in place to limit the amount of credit exposure to any one counterparty. This, therefore, results in diversification of credit risk for Company's mutual fund investments.

Credit risk from cash and cash equivalents and balances with banks is managed by the Company's treasury department in accordance with the Company's treasury policy.

The Credit risk on mutual fund investments, cash and cash equivalents, and other bank balances are limited as the counterparties are banks and fund houses with high-credit ratings assigned by credit rating agencies.

The carrying value of the financial assets represents the maximum credit exposure. The Company's maximum exposure to Credit risk is disclosed in Note 42 "Financial Instruments". The maximum credit exposure on financial guarantees given by the Company for various financial facilities is disclosed in Note 38 "Commitments and Contingencies."

(iii) Liquidity risk management:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that the funds are available for use as per the requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

Maturities of financial liabilities: The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Contractual maturities of financial liabilities (31st March, 2018)	**Less than 1 year ₹ in Crores**	**More than 1 year ₹ in Crores**	**Total ₹ in Crores**
Non-derivatives			
Borrowings	27.82	-	27.82
Trade payables	2,114.50	-	2,114.50
Other financial liabilities	84.55	-	84.55
Total Non-derivative liabilities	**2,226.87**	**-**	**2,226.87**
Derivatives (net settled)			
Foreign exchange forward contracts	-	-	-
Total derivative liabilities	**-**	**-**	**-**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

Contractual maturities of financial liabilities (31st March, 2017)	Less than 1 year ₹ in Crores	More than 1 year ₹ in Crores	Total ₹ in Crores
Non-derivatives			
Borrowings	69.08	-	69.08
Trade payables	1,752.05	-	1,752.05
Other financial liabilities	90.32	-	90.32
Total non- derivative liabilities	1,911.45	-	1,911.45
Derivatives (net settled)			
Foreign exchange forward contracts	1.64	-	1.64
Total derivative liabilities	1.64	-	1.64

45. Operating Lease : Company as a Lessee

The Company has entered into operating lease agreements for its office premises and storage locations. There are no exceptional/ restrictive covenants in the lease agreements. Lease rental expenses debited to Statement of Profit and Loss is ₹ 38.96 crores (31-3-2017 : ₹ 34.57 crores)

Minimum lease payments for non-cancellable operating lease

		₹ in Crores	As at 31-3-2017 ₹ in Crores
(a)	Not later than one year	1.27	3.16
(b)	Later than one year but not later than five years	0.30	0.72
(c)	Later than five years	-	-

Operating Lease : Company as a Lessor

The Company has entered into operating lease agreements. An amount of ₹ 37.55 crores (31-3-2017: ₹ 39.09 crores) is recognised as lease income in the statement of profit & loss account for the year ended 31st March, 2018. All lease are cancellable, thus there are no future minimum rentals receivable under non-cancellable operating leases.

46. Capital Management

The capital structure of the Company consists of net debt and total equity of the Company. The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through an optimum mix of debt and equity within the overall capital structure. The Company's Risk Management Committee reviews the capital structure of the Company considering the cost of capital and the risks associated with each class of capital.

47. Events occurring after Balance Sheet:

(i) The Directors have recommended final dividend of ₹ 132.35 crores at ₹ 4 per share on equity shares which is subject to the approval of shareholders at the ensuing Annual General Meeting. This dividend and tax thereon has not been recognised as a liability.

(ii) Further, an amount of ₹ 20.00 crores is proposed to be transferred to General Reserve which is approved in the Board Meeting held subsequent to the year end and thus has not been recognised as transferred during the year.

48. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date

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

per Dolphy D'Souza
Partner
Membership Number: 38730

Mumbai, 17th May, 2018

For and on behalf of the Board

Chairman **Noel N.Tata**
Managing Director & CEO **Pradeep Bakshi**
Deputy Managing Director **Anil George**
Executive Vice President - Finance & CFO **Abhijit Gajendragadkar**
Vice President - Taxation, Legal & Company Secretary **V. P. Malhotra**

Directors **Nani Javeri**
R. N. Mukhija
Vinayak Deshpande
D. Sarangi
Bahram N. Vakil
Anjali Bansal
Hemant Bhargava
Arun Kumar Adhikari

Mumbai, 17th May, 2018