Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

1. Corporate and General Information

GE T&D India Limited (formerly ALSTOM T&D India Limited) ('GETDIL' or 'the Company') is a publicly listed Company, incorporated on 13 March 1957 in India under the provisions of the Indian Companies Act.

The Company in the business of building the power transmission and distribution infrastructure. It has a portfolio of products, solutions and services, comprising the entire range of transmission equipment up to Extra and Ultra High Voltages (765 kV and beyond), including air-insulated switchgear (AIS) and locally manufactured power transformers and gas-insulated switchgear (GIS). It also provides power electronics solutions to create super highways and offers advanced power management Smart Grid solutions for transmission and distribution including renewable energies integration.

2. Summary of significant accounting policies

2.1 Basis of preparation

2.1.1 Statement of compliance

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

Effective April 01, 2016, the Company had adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101, First- time adoption of Indian Accounting Standards, with April 01, 2015 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

These Financial Statements are approved by the Company's Board of Directors on 23 May 2018.

2.1.2 Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs), which is also the Company's functional currency. All amounts have been rounded-off to millions and one decimal thereof, unless otherwise indicated.

2.1.3 Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) - measured at fair value
- Net defined benefit (asset)/ liability – fair value of plan assets less present value of defined benefit obligations,
- Other financial assets and liabilities- measured as amortised cost.

2.1.4 Use of estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending March 31, 2018 is included in the following notes:

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

i). Recognition of deferred tax assets – note 6

The Company has recognized deferred tax assets and concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the experience and future projections. The Company is expected to generate adequate taxable income for liquidating these assets in due course of time

ii). Write-down of inventories - note 9

Inventories measured at the lower of cost and net realizable value. Write-down of inventories are calculated based on an analysis of foreseeable changes in demand, technology or market conditions to determine obsolete or excess inventories.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

iii). Impairment of trade receivables – note 10 and note 34

The impairment provisions for trade receivables disclosed are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

iv). Estimation of provision for contract losses - note 18 and note 43

Provision for contract losses is created for the difference between total estimated revenue and total estimated costs that may arise during the performance on a project based on technical evaluation and historical trends. Accordingly, based on the historical as well as recent trend, the management has estimated the expected settlement date of such losses.

v). Provision for employee benefits - note 18 and note 35

The measurement of obligations and assets related to defined benefit / other long term benefits plans makes it necessary to use several statistical and other factors that attempt to anticipate future events. These factors include assumptions about the discount rate, the rate of future compensation increases, withdrawal, mortality rates etc. The management has used the past trends and future expectations in determining the assumptions which are used in measurements of obligations.

vi). Estimation of provision for warranty- note 18

The Company generally offers three to four years warranties for its transformers products and two to three years warranties for switchgear products. Management estimates the related provision for future warranty claims based on certain percentages of revenue. The provision is based on historical warranty claim information, as well as recent trends and technical evaluation.

The assumptions made in relation to the current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives.

vii). Recognition of revenue – note 23 and note 24

A portion of revenue is retained by the customer (retention money) at the time of making the payment, which is released by the customer at the end of the Project. Therefore, the arrangement effectively constitutes a financing transaction as the customer makes the payment on deferred settlement terms. Contractual maturity represents the expected date of collection of retention money. Accordingly, the Company discounts the related retention money over the contractual maturity period to reduced revenue, which is recognised as finance income over the contractual maturity period.

viii). Cost of raw material, components consumed and project related costs - note 25

A portion of payment pertaining to material cost (retention money) to be made to the vendors is retained by the Company at the time of making the payment, which is released by the Company at the future date. Therefore, the arrangement effectively constitutes a financing arrangement as the Company purchases inventories on deferred settlement terms. Contractual maturity represents the expected date of payment of retention money. Accordingly, the Company discounts the related retention money over the contractual maturity period to reduced cost of raw material, components consumed and project bought outs, which is recognised as finance cost over the contractual maturity period.

ix). Provision for litigation- note 18 and note 39

The management determines the estimated probability of outcome of any litigation based on its assessment supported by technical advise on the litigation matters, wherever required.

2.1.5 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.2 Significant accounting policies

2.2.1 Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification. The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by the Ministry of Corporate Affairs.

An asset is classified as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle,

b) Held primarily for the purpose of trading,

c) Expected to be realised within twelve months after the reporting period, or

d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when: a) It is expected to be settled in normal operating cycle, b) It is held primarily for the purpose of trading, c) It is due to be settled within twelve months after the reporting period, or d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

All assets and liabilities have been classified as current or non- current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non- current classification of assets and liabilities, except for projects business. The projects business comprises long-term contracts which have an operating cycle exceeding one year. For classification of current assets and liabilities related to projects business, the Company uses the duration of the individual life cycle of the contract as its operating cycle.

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

2.2.2 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

The cost of property, plant and equipment not ready for their intended use is recorded as capital work-in-progress before such date. Cost of construction that relate directly to specific property, plant and equipment and that are attributable to construction activity in general and can be allocated to specific property, plant and equipment are included in capital work-in-progress.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the Statement of Profit and Loss.

Based on technical evaluation and assessment of useful lives, the estimated useful lives of certain plant and equipment, furniture and fittings, office equipment and motor vehicles are lower as compared to the useful lives as prescribed under Part C of Schedule II to the Act, which management believes is the representative of useful lives of these fixed assets. Estimated useful lives of the assets are as follows:

Assets Category	Estimated useful lives (in years)	Lives as per schedule II of Companies Act, 2013
Buildings	30	30
Plant and equipment	3 / 6 / 10	3 / 6 / 15
Furniture and fittings	4 / 10	10
Office equipment	4	5
Motor vehicles	4	8

Freehold land is not depreciated. Leasehold assets are amortised over the period of the lease or the estimated useful life, whichever is lesser.

Assets residual values and useful lives are reviewed at each financial year end considering the physical condition of the assets for review and adjusted residual life prospectively.

2.2.3 Intangible assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.

Amortization methods, estimated useful lives and residual value

I ntangible assets are amortised on a straight-line basis over their estimated useful lives. The amortisation period, residual value and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

2.2.4 Impairment of assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss in respect of goodwill is not reversed subsequently.

2.2.5 Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.2.6 Inventories

Inventories comprising raw materials and components, work-in-progress and finished goods are valued at the lower of cost and net realisable value. The cost of inventories comprises cost of purchase (net of recoverable taxes where applicable), cost of conversion and other costs incurred in bringing the inventories to their respective present location and condition. Cost of purchased inventory are determined after deducting rebates and discounts. The cost of various categories of inventories is arrived at as follows:

- Raw materials and components - at cost determined on the weighted average cost method.
- Work-in-progress and finished goods - based on weighted average cost of production, including

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

appropriate proportion of costs of conversion.

- Packing materials, loose tools and consumables, being immaterial in value terms, and also based on there being purchased mostly on need basis, are expensed to the Statement of Profit and Loss at the point of purchase.

Contracts work-in-progress are valued at cost or net realisable value, whichever is lower. Cost includes direct materials, labour and appropriate proportion of overheads including depreciation.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Provisions/write-downs for obsolescence, damaged and slow-moving inventory are made, wherever necessary and inventory is stated net of such provisions/write-downs.

2.2.7 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statement of profit or loss on a straight-line basis over the period of the lease, unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.2.8 Employee benefits

(i) Short-term obligations

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., wages and salaries, short-term cash bonus, etc, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Provident Fund: The Company makes specified monthly contributions towards Government administered provident fund scheme in respect of certain employees. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Superannuation Fund: Contributions are made to a scheme administered by the Life Insurance Corporation of India to discharge superannuating liabilities to the employees, a defined contribution plan, and the same is expensed to the Statement of Profit and Loss. The Company has no liability other than its annual contribution.

(iii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in other comprehensive income (OCI). The Company determines the net interest expense / (income) on the net defined benefit liability / (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability / (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

Gratuity: The Company funds gratuity benefits for

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

its employees within the limits prescribed under The Payment of Gratuity Act through contributions to a Scheme administered by the Life Insurance Corporation of India ('LIC').

In case of managerial employees, in addition to the ceiling defined under the Gratuity Act, certain additional amounts are paid depending upon the period served. This additional gratuity liability is also determined on the basis of its actuarial valuation based on the projected unit credit method as on the Balance Sheet date, changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Such liability is not funded.

Provident fund: In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company, which is a defined benefit plan.

(iv) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

Long term compensated absences: Long term compensated absences are provided for on the basis of its actuarial valuation as per the projected unit credit method as on the Balance Sheet date.

2.2.9 Non-current assets (or disposal groups) held for sale

Non-current assets, or disposal groups comprising assets and liabilities are classified as held for sale, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

These are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets, which are specifically exempt from this requirement. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

2.2.10 Foreign currency

Foreign currency transactions

Initial recognition and settlement

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions are generally recognised in profit or loss.

Subsequent recognition

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

2.2.11 Financial instruments

(i) Recognition and initial measurement

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. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

(ii) Classification and subsequent measurement

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

Financial assets

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

– how the performance of the portfolio is evaluated and reported to the Company's management;

– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

– contingent events that would change the amount or timing of cash flows;

– terms that may adjust the contractual coupon rate,

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

including variable interest rate features;

- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

(iii) Derecognition

A financial asset is derecognised only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised.

Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

(iv) Offsetting

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

(v) Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer; or

Notes to the Financial Statements

for the year ended March 31, 2018
(All figures in ₹ Millions, except share data and unless otherwise stated)

- a breach of contract such as a default or being past due.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Company does not track changes in credit risk for individual customers. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates and delays in realisations over the expected life of the trade receivable and is adjusted for forward looking estimates. At every balance sheet date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(vi) Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its certain foreign currency risks. Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

2.2.12 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs).

For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period.

All other borrowing costs are expensed in the period in which they occur.

2.2.13 Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for applicable jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its branches operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognised in Statement of Profit or Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

2.2.14 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes / goods and service tax and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

i) Revenue from sale of products

Revenue from sale of products is recognised in accordance with the terms of contract which corresponds to transfer of significant risk and rewards of ownership and are net of sales tax/ goods and service tax and trade discounts.

ii) Revenue from sale of services

Revenue from sale of services (other than long term contracts) is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method) or on a completed service method.

iii) Revenue from construction contracts

Contract prices are either fixed or subject to price escalation clauses. Revenues are recognised on a percentage completion method measured by segmented portions of the contract, i.e. "Contract Milestones". The relevant cost is recognised in the financial statements in the year of recognition of revenues. Recognition of profit is adjusted to ensure that it does not exceed the estimated overall contract margin.

Contract revenue earned in excess of billing is included under "Unbilled receivables and others" and billing in excess of contract revenue is included under "Other Current Liabilities" in the Balance Sheet.

If it is expected that a contract will make a loss, the estimated loss is provided for in the books of account immediately. Such losses are based on technical assessments and on management's analysis of the risks and exposures on a case to case basis.

Amounts due in respect of price escalation claims and / or variation in contract work are recognised as revenue only if the contract allows for such claims or variations and / or there is evidence that the customer has accepted it and it is probable that these will result in revenue and are capable of being reliably measured.

Liquidated damages/penalties, warranties and contingencies are provided for, based on management's assessment of the estimated liability, as per contractual terms and / or acceptance.

iv) Other income

Interest income

Interest income is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

Export benefits

Export benefits are accounted for to the extent there is reasonable certainty of utilisation/realisation of the same.

2.2.15 Dividend / Distribution

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

2.2.16 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

2.2.17 Provisions and contingent liabilities

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities.

Onerous contracts

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

Contingent liabilities

Contingent liabilities are disclosed 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 to settle or a reliable estimate of the amount cannot be made.

2.2.18 Segment reporting

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other components, and for which discrete financial information is available. The Company is engaged in the business relating to products, projects and services for electricity transmission and related activities, which has been defined as one business segment. Accordingly, the Company's activities/business is reviewed regularly by the Company's Managing Director assisted by an executive committee from an overall business perspective, rather than reviewing its products/ services as individual standalone components.

Based on the dominant source and nature of risks and returns of the Company, management has identified its business segment as its primary reporting format.

2.3 Recent accounting pronouncements

i) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On 28 March 2018, the Ministry of Corporate Affairs ('the MCA') notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 01, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

ii) Ind AS 115, Revenue from Contract with Customers: In March 2018, the MCA notified Ind AS 115, Revenue from Contracts with Customers, which will replace most existing revenue recognition guidance in Ind AS. The core principle of the new revenue standard is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. The standard requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from revenue arrangements, including significant judgments and changes in judgments. The standard will be effective for the Company beginning April 01, 2018, and allow for both retrospective and prospective adoption. The Company is in the process of performing an assessment of the impact of the Standard and develop a transition methodology, and is in the process of making necessary changes to policies, processes, and internal controls as well as system enhancements to generate the information necessary for the new disclosures. The implementation plan is on schedule and the Company will apply the modified retrospective adaption as its transition approach. The Company based on the diagnostic analysis expects an impact on revenue recognition of certain revenue arrangements, due to identification of separate performance obligations, non-discounting of retention money and capitalization of certain fulfilment and contract acquisition costs which the Company is in the process of analysing and concluding.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

3. Property, plant and equipment, capital work-in-progress and intangible asset

Assets	Freehold land	Leasehold land	Buildings	Leasehold improvements	Plant and equipment	Furniture and fittings	Motor vehicles	Office equipment	Total	Capital work-in-progress	Intangible asset-Software
Year ended March 31, 2017											
Gross carrying amount											
Opening gross carrying amount	429.5	0.1	3,043.1	1.3	3,980.2	59.8	3.4	180.8	7,698.2		-
Additions	-	-	30.0	-	556.9	1.2	-	36.1	624.2		-
Disposals / adjustments	-	-	(2.3)	-	(24.2)	-	-	-	(26.5)		-
Closing gross carrying amount	**429.5**	**0.1**	**3,070.8**	**1.3**	**4,512.9**	**61.0**	**3.4**	**216.9**	**8,295.9**		**-**
Accumulated depreciation											
Opening accumulated depreciation	-	-	132.7	0.1	662.7	17.4	1.2	43.2	857.3		-
Depreciation charge during the year	-	-	139.0	0.1	675.9	14.3	1.1	51.6	882.0		-
Disposals / adjustments	-	-	-	-	-	-	-	-	-		-
Closing accumulated depreciation	**-**	**-**	**271.7**	**0.2**	**1,338.6**	**31.7**	**2.3**	**94.8**	**1,739.3**		**-**
Net carrying amount	**429.5**	**0.1**	**2,799.1**	**1.1**	**3,174.3**	**29.3**	**1.1**	**122.1**	**6,556.6**	**248.2**	**-**
Year ended March 31, 2018											
Opening gross carrying amount	429.5	0.1	3,070.8	1.3	4,512.9	61.0	3.4	216.9	8,295.9		-
Additions	-	-	5.5	-	163.4	-	-	19.1	188.0		25.4
Disposals / adjustments	-	-	(1.3)	-	(106.9)	(0.1)	(3.4)	(1.0)	(112.7)		-
Reclassifications	-	-	20.0	-	(31.4)	2.0	-	9.4	-		-
Closing gross carrying amount	**429.5**	**0.1**	**3,095.0**	**1.3**	**4,538.0**	**62.9**	**-**	**244.4**	**8,371.2**		**25.4**
Accumulated depreciation											
Opening accumulated depreciation	-	-	271.7	0.2	1,338.6	31.7	2.3	94.8	1,739.3		-
Depreciation/amortization charge during the year	-	-	138.0	-	694.2	9.8	0.8	52.0	894.8		3.8
Disposals / adjustments	-	-	(1.0)	-	(92.5)	(0.5)	(3.1)	-	(97.1)		-
Reclassifications	-	-	1.3	-	1.4	-		(2.7)	-		-
Closing accumulated depreciation	**-**	**-**	**410.0**	**0.2**	**1,941.7**	**41.0**	**-**	**144.1**	**2,537.0**		**3.8**
Net carrying amount	**429.5**	**0.1**	**2,685.0**	**1.1**	**2,596.3**	**21.9**	**-**	**100.3**	**5,834.2**	**182.0**	**21.6**

Notes:

1. Renewal of lease agreement (for which the Company has an option) in respect of 4.84 acre of land at Chennai (which expired on 13 September 1989) is still under process. The Company has contested the hike in rent by state government and the matter is sub-judice. An application of the Company for specific performance of the Lease Agreement was rejected by Trial Court, and the Company has preferred an appeal against the said Judgment, which is pending, before the High court Chennai.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

4. Non-current investments

	As at March 31, 2018	As at March 31, 2017
Investment in equity instruments (fully paid-up)		
Unquoted		
1,000 (March 31, 2017: 1,000) equity shares of ₹ 10/- each fully paid up in The English Electric Company Employees' Co.-operative Stores Limited*	-	-
4,555 (March 31, 2017: 4,555) equity shares of ₹.10/- each fully paid up in Woodlands 'Multispeciality Hospital Limited*	0.1	0.1
Aggregate amount of unquoted investments	**0.1**	**0.1**

*The total amount of investments in absolute value is ₹33,500 (March 31, 2017 ₹33,500), but for reporting purpose rounded up to ₹0.1 million.

5. Loans

	As at March 31, 2018		As at March 31, 2017	
	Non-current	Current	Non-current	Current
Unsecured considered good, unless otherwise stated				
Security deposits	38.8	50.6	40.6	79.3
	38.8	**50.6**	**40.6**	**79.3**

6. Deferred tax assets (net)

	As at March 31, 2018	As at March 31, 2017
Deferred tax assets arising on timing differences on account of:		
Disallowances under Section 43B of the Income Tax Act, 1961 (net of allowance taken on payment under protest)	-	111.4
Provision for C forms, contract loss etc.	653.7	823.3
Provision for loss allowance	713.8	594.2
Other fair valuation adjustments (net of unwinding)	400.0	642.1
Others	-	57.1
	1,767.5	**2,228.1**
Deferred tax liabilities on account of:		
Difference between WDV of property, plant and equipment and other intangible asset as per books and under Income Tax Act, 1961	289.7	424.3
Allowances taken on payment under protest (net of disallowances under Section 43B of the Income Tax Act, 1961)	371.4	-
Others	17.3	-
	678.4	**424.3**
	1,089.1	**1,803.8**

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

6. Deferred tax assets (net) (contd..)

Movement in deferred tax assets / (liabilities)

	Disallowances under Section 43B of the Income tax Act, 1961 (net of allowance taken on payment under protest)	Provision for C forms, contract loss etc.	Provision for loss allowance	Other fair valuation adjustments (net of unwinding)	Others	Difference between WDV of property, plant and equipment and other intangible asset as per books and under Income Tax Act, 1961	Total
At April 01, 2016	250.2	286.3	396.5	653.9	27.3	(410.7)	1,203.5
(Charged)/credited:							
- to profit or loss	(138.8)	537.0	197.7	(33.2)	29.8	(13.6)	578.9
- Other comprehensive income	-	-	-	21.4	-	-	21.4
At March 31, 2017	**111.4**	**823.3**	**594.2**	**642.1**	**57.1**	**(424.3)**	**1,803.8**
(Charged)/credited:							
- to profit or loss	88.0	(87.3)	119.6	(224.2)	(81.2)	51.0	(134.1)
- Other comprehensive income	-	-	-	(16.1)	-	-	(16.1)
- Other adjustments*	(570.8)	(82.3)	-	(1.9)	7.0	83.5	(564.5)
At March 31, 2018	**(371.4)**	**653.7**	**713.8**	**399.9**	**(17.1)**	**(289.8)**	**1,089.1**

* In the current year, the Company carried out a re-evaluation of its tax positions and related account balances for earlier years. As a result, the provision for tax liabilities has been reduced by ₹564.6 million with a corresponding reduction to related deferred tax assets.

7. Non current tax assets (net) / Current tax liabilities (net)

	As at March 31, 2018	As at March 31, 2017
Non current tax assets (net of provision ₹5,845.3 million (previous year ₹4,297.0 million))	1,130.5	896.5
Current tax liabilities (net of advance tax ₹3,227.8 million (previous year ₹4,373.5 million))	362.7	1,379.3
Also refer to note 6 above.		

8. Other non-current assets

	As at March 31, 2018	As at March 31, 2017
Capital advances	7.2	11.1
Deposits under protest with government authorities	1,660.0	1,392.1
	1,667.2	**1,403.2**

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

9. Inventories

(At lower of cost and net realisable value)

	As at March 31, 2018	As at March 31, 2017
Raw material and components [including ₹127.6 million (₹129.1 million for March 31, 2017) lying with third parties	1,550.7	2,192.7
[Goods in transit ₹236.7 million (March 31, 2017: ₹336.7 million]		
Work-in-progress (including projects work-in-progress)	7,927.9	8,399.1
Finished goods	783.5	606.1
	10,262.1	**11,197.9**

The Company is carrying a provision on inventories amounting to ₹624.5 million as at March 31, 2018 (₹320.3 million as at March 31, 2017) on account of slow moving items / obsolescence. The write down and reversals are included in 'Cost of raw material, components consumed and project related costs'.

10. Trade receivables

	As at March 31, 2018	As at March 31, 2017
Trade receivables		
Unsecured, considered good	17,992.5	22,713.2
Doubtful	1,593.0	1,267.8
	19,585.5	**23,981.0**
Less: Loss allowance on doubtful receivables	(1,593.0)	(1,267.8)
Net trade receivables	**17,992.5**	**22,713.2**

At March 31, 2018, trade receivables includes retention receivables of ₹ 10,950 million (March 31, 2017: ₹10,591 million) relating to projects work-in-progress.

The Company's exposure to credit and currency risks and loss allowance related to trade receivable are disclosed in note 34(A).

11. Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
Balances with banks		
- in current accounts	2,322.4	688.2
	2,322.4	**688.2**

12. Bank balance other than cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
Earmarked balance with bank (Unclaimed dividend bank account)	25.0	26.0
Term deposits having maturity over three months but less than twelve months	2,973.1	2.9
	2,998.1	**28.9**

13. Unbilled receivables and others

	As at March 31, 2018	As at March 31, 2017
Unbilled debtors	2,062.4	1,513.0
Interest accrued on fixed deposits	10.8	-
Others	187.7	113.8
	2,260.9	**1,626.8**

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

14. Other current assets

	As at March 31, 2018	As at March 31, 2017
Balances with government authorities	937.4	2,478.5
Advances recoverable	380.1	708.8
Advances to contractors and vendors	276.2	435.6
Advances to employees	8.6	14.7
Prepayments	74.5	84.6
Earnest money deposits	69.2	42.0
Advance rent	2.7	2.8
	1,748.7	**3,767.0**

15. Assets classified as held for sale (lower of cost and fair value)

	As at March 31, 2018	As at March 31, 2017
Land and building	89.4	89.4
	89.4	**89.4**

The Management has decided to discontinue the use of land based in Bangalore and building based in New Delhi amounting to ₹ 89.4 million. Such assets have been disclosed separately under "Assets classified as held for Sale". Efforts to sell these assets have been initiated and the sale is expected to happen in near future.

16. Equity share capital

Authorised equity share capital

	Number of shares	Amount
As at April 01, 2016	627,500,000	1,255.0
Movement during the year	-	-
As at April 01, 2017	**627,500,000**	**1,255.0**
Movement during the year	-	-
As at March 31, 2018	**627,500,000**	**1,255.0**

(i) Movements in equity share capital

	Number of shares	Equity share capital (par value)
Issued capital		
As at April 01, 2016	**256,049,135**	**512.1**
Add: Movement during the year	-	-
As at April 01, 2017	**256,049,135**	**512.1**
Add: Movement during the year	-	-
As at March 31, 2018	**256,049,135**	**512.1**
Subscribed and paid-up share capital		
As at April 01, 2016	**256,046,535**	**512.1**
Add: Movement during the year	-	-
As at March 31, 2017	**256,046,535**	**512.1**
Add: Movement during the year	-	-
As at March 31, 2018	**256,046,535**	**512.1**

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

16. Equity share capital (contd..):

(i) Movements in equity share capital (contd..)

Terms and rights attached to equity shares

The Company has a single class of equity shares having a par value of ₹2/- per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets on winding up. The equity shares are entitled to receive dividends as declared from time to time. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

ii) Number of equity shares held by immediate holding company, ultimate holding company and their subsidiaries

	As at March 31, 2018	As at March 31, 2017
Equity shares:		
Grid Equipments Private Limited (Immediate Holding Company)	175,492,524	175,492,524
GE Grid Alliance B. V., Netherlands (Intermediate Holding Company)	16,542,377	16,542,372
GE Energy Europe B. V., Netherlands (subsidiary of Ultimate Holding company)*	-	5
	192,034,901	**192,034,901**

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

	As at March 31, 2018		As at March 31, 2017	
	Number of shares (in actuals)	% holding	Number of shares (in actuals)	% holding
Grid Equipments Private Limited	175,492,524	68.5%	175,492,524	68.5%
GE Grid Alliance B. V., Netherlands	16,542,377	6.5%	16,542,372	6.5%
Reliance Capital Trust Company Limited A/c through its various schemes	22,744,748	8.9%	17,860,664	7.0%

* Pursuant to an 'Open Offer' in terms of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI SAST Regulations") completed in February 2016, the shareholding of the Acquirer/Promoter Group increased from 75% to 75.02%. In terms of regulation 7(4) of SEBI SAST Regulations read with rule 19A of Securities Contracts (Regulations) Rules, 1957, the Company/ Promoters had one year time from completion of open offer to comply with minimum public shareholding threshold. GE Energy Europe B.V. had completed sale of 42,565 out of 42,570 equity shares in the Company on 02 November 2016, pursuant to the approval by Securities and Exchange Board of India for on-market sell down, in accordance with the provisions of the SEBI Circular No. CIR/CFD/CMD/14/2015 dated 30 November 2015, to comply with the minimum public shareholding threshold. Further on 04 May 2017, GE Energy Europe BV sold its balance 5 equity shares held in the Company to another existing promoter, GE Grid Alliance B.V.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

17 (a). Other equity

	As at March 31, 2018		As at March 31, 2017	
a. Securities premium account				
As at the beginning and at the end of the year		2,717.6		2,717.6
b. General reserve				
As at the beginning and at the end of the year		828.6		828.6
c. Capital reserve				
Opening balance	16.5		10.5	
Employee's stock option expense	5.1		6.0	
Closing balance		**21.6**		**16.5**
d. Surplus in Statement of profit and loss				
Opening balance	6,295.7		7,717.0	
Add: Profit/ (loss) in statement of profit and loss	2,087.6		(866.6)	
Less: Dividend paid (refer note 17(b)(ii))	(460.9)		(460.9)	
Less: Dividend distribution tax (refer note 17(b)(ii))	(93.8)		(93.8)	
Closing balance		**7,828.6**		**6,295.7**
e. Items of other comprehensive income - remeasurements of the net defined benefit liability (net of taxes)				
Opening balance	(42.6)		(2.2)	
Other comprehensive income/(loss)	30.2		(40.4)	
Closing balance		**(12.4)**		**(42.6)**
		11,384.0		**9,815.8**

Nature of reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

General reserve

Free reserve to be utilised as per provisions of the Companies Act, 2013.

Capital reserve

Capital reserve represents a reserve created for employee stock option scheme and will be utilized as per provisions of the Companies Act, 2013.

17 (b). Capital management

(i) Risk management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt, consistent with others in the industry. The Company monitors capital using a gearing ratio, which is calculated as:

Net debt (total borrowings net of cash and cash equivalents) divided by "Total equity" (as shown in the Balance Sheet).

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

17 (b). Capital management (contd..)

The gearing ratios were as follows:

	As at March 31, 2018	As at March 31, 2017
Net debt	Nil	4,689.4
Total equity	11,896.1	10,327.9
Net debt to equity ratio	**-**	**0.45**

(ii) Dividends

	Year ended March 31, 2018	Year ended March 31, 2017
(i)Equity shares		
Final dividend for the year ended March 31, 2017 of ₹ 1.80 (March 31, 2016 – ₹ 1.80) per fully paid share	460.9	460.9

(ii)Dividends not recognised at the end of the reporting period

After the reporting date, on 23 May 2018, the Board of Directors of the Company has recommended a final dividend of ₹1.80 per equity share ("proposed dividend") amounting to ₹460.9 million (excluding dividend distribution tax) for the financial year ended March 31, 2018, subject to approval of the shareholders at the ensuing Annual General Meeting. This dividend (plus the related dividend distribution tax) will be recorded in the period in which the shareholders approve it.

18. Provisions

	As at March 31, 2018		As at March 31, 2017	
	Non-current	Current	Non-current	Current
Provision for employee benefits (refer Note 35)				
Compensated absences	344.0	79.7	180.5	40.7
Long term incentive plans	-	40.6	20.6	128.5
Gratuity	176.2	-	192.2	-
Other provisions:				
Warranty	758.0	1,160.0	717.0	776.8
Contract losses (refer note 43)	-	262.7	-	330.1
Tax litigations	-	2,005.9	-	2,130.7
	1,278.2	**3,548.9**	**1,110.3**	**3,406.8**

(i) Information about other provisions and significant estimates

Warranty- Warranty costs are estimated on the basis of contractual agreement, technical evaluation, past experience and global experiences. The timing of outflows is expected to be as per warranty periods as specified in various contracts.

Contract losses- Provision for contract losses are based on difference between total estimated revenues and total estimated costs. This is an application of the prudence concept under which anticipated losses are recognized immediately in the Statement of profit and loss. The timing of outflows is expected over the period specified in various contracts.

Tax litigation - Provision for tax litigation represents estimates made mainly for probable claims arising out of litigations / disputes pending with authorities under various statutes (i.e. Duty of Excise, Service Tax, Value Added Tax, Sales Tax, etc.). The timing of outflows is determinable only on receipt of judgment / decisions pending with various forums / authorities.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

(ii) Movements in provisions

Movements in each class of provision during the financial year, are set out below:

	Warranty*	Contract losses*	Tax litigations
As at April 01, 2016	**1,497.9**	**203.0**	**529.5**
Charged/(credited) to profit and loss			
additional provisions recognised	269.5	463.2	2,277.2
unused amounts reversed	(273.0)	(383.4)	(659.2)
Unwinding of discounting	59.3	47.3	-
Amounts used during the year	(59.9)	-	(16.8)
As at March 31, 2017	**1,493.8**	**330.1**	**2,130.7**
As at April 01, 2017	1,493.8	330.1	2,130.7
Charged/(credited) to profit and loss			
-additional provisions recognised (net of discounting)	404.1	234.1	117.3
-unused amounts reversed	(290.0)	(359.1)	(310.0)
Unwinding of discounting	38.4	26.9	-
Transfer In / (Out)	311.6	30.7	67.9
Amounts used during the year	(39.9)	-	-
As at March 31, 2018	**1,918.0**	**262.7**	**2,005.9**

* estimated basis used to bifurcate between reversals and utilisation.

19. Borrowings

	As at March 31, 2018	As at March 31, 2017
Unsecured		
Loans from banks *	1,003.70	1,205.7
Loans from related parties *	-	4,171.9
Total current borrowings	**1,003.7**	**5,377.6**
Less: interest accrued but not due (included in note 21)	3.7	197.6
	1,000.0	**5,180.0**

*includes interest accrued net of tax deducted at source

A. Terms and repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Year of maturity	As at March 31, 2018	As at March 31, 2017
Unsecured bank loan	On demand	1,000.0	1,200.0
Loan from related party	On demand	-	3,980.0
		1,000.0	**5,180.0**
Nominal interest rate		**4.31%**	**4.6%-8.2%**

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	As at March 31, 2018	As at March 31, 2017
Balance as at the beginning of the year	**5,180.0**	**5,074.5**
Changes from financing cash flows		
Proceeds from/ repayments of current borrowings (net)	(4,180.0)	105.5
Balance as at the end of the year	**1,000.0**	**5,180.0**

20. Trade payables

	As at March 31, 2018	As at March 31, 2017
Trade payables *		
Total outstanding dues of micro enterprises and small enterprises (refer note 44)	936.4	301.3
others	16,155.1	16,324.6
	17,091.5	**16,625.9**

* Includes retention payables amounting to ₹ 1,097.0 million for March 2018 (₹ 1,153.7 million for March 31, 2017).

21. Other financial liabilities

	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due	3.7	197.6
Unclaimed dividends	25.0	26.0
Employee benefits payable	197.7	407.5
Capital creditors	4.0	40.2
Others	-	235.6
	230.4	**906.9**

22. Other current liabilities

	As at March 31, 2018	As at March 31, 2017
Deferred income	7,384.8	5,281.6
Advances from customers	4,630.6	6,620.7
Statutory dues payable	265.0	300.3
	12,280.4	**12,202.6**

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

23. Revenue from operations

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Sale of products (including excise duty)*	17,263.7	18,279.8
Revenue from execution of contracts for projects and services	25,399.6	22,952.2
Sale of services	1,137.4	1,279.7
Other operating income	57.5	84.3
	43,858.2	**42,596.0**

Note:

* In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the previous year ended March 31, 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/ Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from July 2017, VAT/Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognised as part of sales as per the requirements of Ind AS 18. This has resulted in lower reported sales in the current year in comparison to the sales reported under the pre-GST structure of indirect taxes. Accordingly, Financial statements for the year ended March 31, 2018 and in particular, Sales and ratios in percentage of sales, are not comparable with the figures of the previous year.

24. Other income

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Interest on deposits with banks	93.6	5.7
Interest income from financial assets at amortised cost*	1,720.7	1,393.3
Gain on slump sale of business**	60.7	-
Profit on sale of property, plant and equipment	-	2.0
Unwinding of discount on security deposits	1.7	4.9
Provisions / liabilities no longer required written back	390.4	-
Net foreign exchange gain #	112.6	-
Miscellaneous income	21.2	1.1
	2,400.9	**1,407.0**

* Includes income from unwinding of amortisation for retention receivables

** During the year, the Company has transferred its "Global Finance Shared Business" to GE India Industrial Private Limited, a GE group company, together with the assets and manpower comprised therein on a 'slump sale' basis at a consideration of ₹65 million, resulting in a gain on such sale of ₹60.7 million. The said business was non-core business activity for the Company providing accounting services of transactional nature to various General Electric group companies both in India and outside India.

Includes gain on mark to market of derivative financial instrument amounting to ₹232.1 million.

25. Cost of raw material and components consumed and project related costs

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Raw materials and components consumed	7,004.1	8,796.1
Projects related costs*	22,789.2	20,798.7
	29,793.3	**29,594.8**

* Includes ₹304.2 million (March 31, 2017 ₹27 million) (net of reversals) on account of provision for slow moving items / obsolescence made during the year.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

26. Changes in inventories of finished goods and work-in-progress

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Work-in-progress		
Opening stock	8,399.1	7,154.5
Less: Closing stock	7,927.9	8,399.1
Decrease/(increase) in work-in-progress	471.2	(1,244.6)
Finished goods		
Opening stock	606.1	593.2
Less: Closing stock	783.5	606.1
Increase in finished goods	(177.4)	(12.9)
Total changes in inventories of work-in-progress and finished goods	**293.8**	**(1,257.5)**

27. Employee benefits expense

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Salaries, wages and bonus	3,333.5	3,363.4
Contribution to provident fund and other funds	281.0	336.6
Employee stock options expense	5.2	6.1
Staff welfare	258.0	327.1
	3,877.7	**4,033.2**

28. Finance costs

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Interest expense on financial liabilities and provisions measured at amortised cost	99.6	122.1
Interest on duties and taxes	-	608.2
Interest cost	771.0	896.2
Interest on net defined benefit liability	12.2	27.0
	882.8	**1,653.5**

29. Depreciation expense

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Depreciation of property, plant and equipment	894.8	882.0
Amortization of other intangible asset	3.8	-
	898.6	**882.0**

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

30. Other expenses

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Consumption of stores and spare parts	61.0	96.7
Power and fuel	335.3	367.9
Rent	102.2	124.7
Rates and taxes	261.5	1,059.2
Repairs and maintenance	575.2	477.1
Insurance	151.0	132.0
Technology license fee	476.4	508.8
Freight and octroi	1,169.6	1,188.8
Travelling	439.5	594.4
Postage and telephone	42.5	90.8
Auditors remuneration (Refer note 30 (a))	17.6	15.7
Bank charges	175.7	170.1
Provision for doubtful debts (net)	325.2	571.8
Bad debts written off (net)	894.4	785.6
Trade mark fees and research and development services	535.9	409.6
Data management charges	613.3	139.8
Corporate social responsibility expenses (Refer note 30 (b))	20.1	37.3
Loss on sale of property, plant and equipment	6.0	-
Warranties	114.8	-
Net foreign exchange losses *	-	590.7
Miscellaneous	466.5	394.0
	6,783.7	**7,755.0**

* Includes loss on mark to market of derivative financial instrument amounting to ₹ Nil (March 31, 2017 ₹ 189.6 million)

30(a). Details of payments to auditors

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Payment to auditors		
As auditor:		
Audit	7.0	7.0
Tax audit	2.1	2.1
Quarterly reviews	4.2	4.2
In other capacity		
Certification fees / Others	2.5	1.0
Re-imbursement of expenses	1.8	1.4
	17.6	**15.7**

30(b) Corporate social responsibility expenditure

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Amount required to be spent by the Company during the year	18.3	31.3
Amount spent during the year on		
i) Construction / acquisition of assets	-	-
ii) On purposes other than (i) above	20.1	37.3
	20.1	**37.3**

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

31. Income tax expense

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

(a) Income tax expense

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Current tax on profits for the year	(966.4)	(332.6)
Adjustments for current tax of earlier periods	0.0	(383.0)
Total current tax expense	**(966.4)**	**(715.6)**
Deferred tax		
Increase / (decrease) in deferred tax assets	(185.1)	592.5
(Increase)/ decrease in deferred tax liabilities	51.0	(13.6)
Others		2.8
Total deferred tax credit	**(134.1)**	**581.7**
Income tax expense	**(1,100.5)**	**(133.9)**

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

	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Profit / (loss) before income tax expense	3,188.1	(732.7)
Enacted tax rates in India	34.608%	34.608%
Computed expected tax (expenses) / credit	**(1,103.3)**	**253.6**
Tax effect of amounts which are not deductible/ taxable in calculating taxable income:		
Corporate social responsibility expense	7.0	12.9
Micro, small and medium enterprise interest	3.9	(8.4)
Adjustments for current tax of earlier periods (refer note 31(a) above)	-	(383.0)
Change in tax rate	(10.7)	-
Others	2.6	(9.0)
Income tax expense	**(1,100.5)**	**(133.9)**

Also refer to note 6.

32. The Company's significant leasing arrangements are primarily in respect of operating leases for premises (office, residential, warehouses etc.) and vehicles. The aggregate lease rentals charged to the Statement of Profit and Loss are ₹102.2 million (March 31, 2017 ₹124.7 million).

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

33: Financial instruments and fair value measurements

A. Accounting classifications and fair values

The Company's assets and liabilities which are measured at amortised cost for which fair value are disclosed at March 31, 2018.

(i) Fair value hierarchy

	As at March 31, 2018		As at March 31, 2017	
	FVPL	(Amortised cost)	FVPL	(Amortised cost)
Financial assets*				
Trade receivables		17,992.5		22,713.2
Cash and cash equivalents		2,322.4		688.2
Bank balances other than cash and cash equivalents		2,998.1		28.9
Loans (security deposit)		89.4		119.9
Unbilled receivables and others		2,260.9		1,626.8
Derivative financial assets	48.7	-		48.7
Investments		0.1		0.1
Total financial assets	**48.7**	**25,663.4**	**-**	**25,225.8**
Financial liabilities				
Borrowings#		1,000.0		5,180.0
Trade payables#		17,091.5		16,625.8
Derivative financial liability	-		235.6	
Other financial liabilities#		230.4		671.3
Total financial liabilities	**-**	**18,321.9**	**235.6**	**22,477.1**

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Derivative financial assets (refer note 13)-				
As at March 31, 2018		48.7		48.7
Financial assets at fair value through profit and loss				
Derivative financial liability (refer note 21)-				
As at March 31, 2017		235.6		235.6

* The Company has not disclosed the fair values for financial instruments such as trade receivables, cash and bank balances, loans, unbilled receivables and others and investments, because their carrying amounts are a reasonable approximation of fair value.

The Company has not disclosed the fair value for financial instruments such as borrowings, trade payables and other financial liabilities, because their carrying amounts are a reasonable approximation of fair value.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

33: Financial instruments and fair value measurements (contd..)

(ii) Valuation technique used to determine fair value

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of inputs used in determing the fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

The following methods and assumptions have been used to estimate the fair values:

The Company enters into derivative financial instruments with banks. The valuation technique used to determine the fair value of forward contracts (used for hedging purposes) is the net present value technique which is the estimated amount that a bank would receive or pay to terminate the forward contracts at the reporting date, taking into account current interest rates and current exchange rates.

34: Financial risk management

The Company's activities expose it to the following risks arising from the financial instruments-

- market risk
- liquidity risk
- credit risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Recognised financial assets and liabilities not denominated in Indian rupee (₹) and future commercial transactions	Cash flow forecasting Sensitivity analysis	Forward Foreign Currency Contracts

Risk Management Framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity. The Company's risk management is carried out by a central treasury team department under policies approved by the board of directors.

The Company's audit committee oversees how management monitors compliance with Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to risk faced by the Company.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

34: Financial risk management (contd..)

(A) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial asset fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and other deposits etc.

The carrying amounts of financial assets represent the maximum credit risk exposure.

(i) Credit risk management

The Company considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period on annual basis. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

In general, it is presumed that credit risk has increased since initial recognition if the payments are more than 90 days past due. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

The Company's exposure to credit risk for trade receivables by related and other than related parties are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Receivables from related party	980.5	658.1
Receivables from other than related party	18,605.0	23,322.9
	19,585.5	**23,981.0**

(ii) Provision for expected credit loss

a. Security deposit and other advances

With regards to security deposit and other advances amounting to ₹ 2,339.5 million (March 31, 2017 : ₹ 1,746.7 million) the management believes these to be high quality assets with negligible credit risk. The management believes the parties to which these deposits and other advances have been made have strong capacity to meet the obligations and where the risk of default is negligible or nil and accordingly no provision for excepted credit loss has been provided on these financial assets.

b. Trade receivables (Expected credit loss (ECL) for trade receivables under simplified approach)

Trade receivables consists of a large number of customers spread across diverse industries and geographical areas.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default and delay rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At year end, the historical observed default and delay rates are updated and changes in the forward-looking estimates are analyzed.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

34: Financial risk management (contd..)

Year ended March 31, 2018:

The reconciliation of ECL is as follows:

	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	1,267.8	696.0
Add: Addition ECL provision	373.4	678.3
Less: Utilisation / reversals	(48.2)	(106.5)
Balance at the year end	**1,593.0**	**1,267.8**

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Considering the business requirements the treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at March 31, 2018	As at March 31, 2017
Floating rate		
- Expiring within one year (bank overdraft and other facilities)	**11,930.0**	10,730.0

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

(ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 1 year	More than 1 year	Total
March 31, 2018			
Non-derivatives			
Borrowings	1,000.0	-	1,000.0
Trade payables	15,839.9	1,251.6	17,091.5
Other financial liabilities	205.4	25.0	230.4
Total non-derivative liabilities	**17,045.3**	**1,276.6**	**18,321.9**
Derivatives			
Forward Contracts	-	-	-

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

34: Financial risk management (contd..)

Contractual maturities of financial liabilities	Less than 1 year	More than 1 year	Total
March 31, 2017			
Non-derivatives			
Borrowings	5,180.00	-	5,180.0
Trade payables	10,754.54	5,871.2	16,625.8
Other financial liabilities	645.30	26.0	671.3
Total non-derivative liabilities	**16,579.8**	**5,897.2**	**22,477.1**
Derivatives			
Forward contracts	141.4	94.2	235.6

(C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and currency risk. Financial instruments affected by market risk includes deposits, derivative financial instruments, trade receivables, trade payables and other financials liabilities.

The Company uses derivative to manage market risks. All such transactions are carried out within the guideline as prescribed in the Company's risk management policy.

(i) Foreign currency risk

The Company's policy is to hedge all firm currency exposure at inception to the extent possible. Individual foreign currency exposures and the hedges obtained against these individual exposures are reported and monitored.

The Company's exposure to foreign currency risk at the end of the reporting period are as follows:

	As at March 31, 2018			As at March 31, 2017		
	USD	EURO	Other Currencies	USD	EURO	Other Currencies
Financial liabilities						
Trade Payables	1,532.4	1,871.6	428.3	1,375.6	2,102.7	1,011.3
Net exposure to foreign currency risk (liabilities)	**1,532.4**	**1,871.6**	**428.3**	**1,375.6**	**2,102.7**	**1,011.3**
Financial assets						
Trade receivables	1,056.2	302.0	159.9	683.5	294.8	265.2
Net exposure to foreign currency risk (assets)	**1,056.2**	**302.0**	**159.9**	**683.5**	**294.8**	**265.2**

(ii) Unhedged in foreign currency Exposure

	Currency	As at March 31, 2018		As at March 31, 2017	
		Amount in Foreign Currency Million	₹ Million	Amount in Foreign Currency Million	₹ Million
(a). Trade Payable	CHF	1.8	122.5	0.6	39.6
	EUR	20.8	1,653.8	0.2	17.1
	GBP	2.3	203.8	0.1	6.9
	JPY	7.4	4.5	1.1	0.7
	SEK	0.9	7.4	0.3	2.3
	USD	20.2	1,307.7	3.1	199.5
	QAR	1.1	11.9	1.8	32.9
	CNY	-	-	0.1	0.9

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

34: Financial risk management (contd..)

(ii) Unhedged in foreign currency Exposure (contd..)

	Currency	As at March 31, 2018 Amount in Foreign Currency Million	As at March 31, 2018 ₹ Million	As at March 31, 2017 Amount in Foreign Currency Million	As at March 31, 2017 ₹ Million
	CAD	0.0	1.8	-	-
	THB	1.7	3.5	-	-
	VND	244.6	0.7	-	-
(b). Trade Receivables	EUR	3.1	237.1	0.1	6.2
	GBP	1.3	119.6	1.5	121.7
	BDT	35.8	29.9	74.5	60.0
	QAR	-	-	1.1	18.7
	USD	7.3	468.2	10.3	665.0
	SAR	-	-	0.1	2.2
	CNY	-	-	0.1	1.0

(iii) Derivative Instruments

	As at March 31, 2018	As at March 31, 2017
(a) Forward Contract for export debtors outstanding	663.3	300.3
(b) Forward Contract for import creditors outstanding	515.2	1,476.7
(c) Forward cover for expected future sales / purchases	3,174.8	3,951.6

(iv) Significant forward contracts outstanding as at March 31, 2018

Foreign Currency	Amount in Foreign Currency	Amount in ₹ Million
Imports		
Euro (EUR)	49.1	4,041.7
	(30.3)	(2102.7)
US Dollar (USD)	10.2	701.7
	(21.2)	(1375.6)
Pound Sterling (GBP)	0.5	60.5
	(10.0)	(815.1)
Swiss Franc (CHF)	2.1	150.5
	(2.3)	(146.9)
Exports		
Euro (EUR)	7.2	680.9
	(6.0)	(417.6)
US Dollar (USD)	18.7	1231.8
	(11.5)	(742.7)
Pound Sterling (GBP)	0.2	15.0
	(1.0)	(78.9)

Note : Figures in brackets are for the previous years

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

34: Financial risk management (contd..)

Sensitivity Analysis

The sensitivity of Profit and Loss to change rate arises mainly from foreign currency denominated financial instrument. Tha impact on profit/loss before tan is as below

	As at March 31, 2018	As at March 31, 2017
USD sensitivity		
INR/USD increase by 1%	8.4	(4.7)
INR/USD Decrease by 1%	(8.4)	4.7
EURO Sensitivity		
INR/EUR Increase by 1%	14.3	0.1
INR/EUR Decrease by 1%	(14.3)	(0.1)
Other Currency		
INR/ Other Currency Increase by 1%	1.7	(1.2)
INR/ Other Currency Decrease by 1%	(1.7)	1.2

35. Provision for employee benefits

(A) Liability for compensated absences

The liability for compensated absences cover the Company's liability for Privilege Leave (as per Company Policy). The amount of the provision of ₹ 79.7 million (March 31, 2017 – ₹ 40.7 million) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next twelve months. The following amounts reflect leave that is not expected to be taken or paid within the next twelve months.

	As at March 31, 2018	As at March 31, 2017
Compensated absences	344.0	180.5

(B) Long term incentive plans

Out of the two erstwhile incentive plans namely 'Deferred Incentive Plan' and 'Critical Skill Retainer Scheme' for different categories of managerial employees to retain and attract experienced talent, the liability of Deferred Incentive Plan has been discharged in the year 2017-18. The final amounts payable to employees, under Critical Skill Retainer Scheme is expected to be paid by the year 2018-19 and liability against this scheme has been treated as short term incentive plan in the current year.

(C) Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The plan is funded with an insurance company in the form of a qualifying insurance policy.

The above defined benefit plan exposes the Company to following risks:

Interest rate risk:

The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

35. Provision for employee benefits (contd..)

Demographic risk:

This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The following tables summarise the components of net employee benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans.

i). Reconciliation of present value of defined benefit obligation and present value of plan assets

	Present value of obligation	Fair value of plan assets	Net amount
April 01, 2016	625.2	497.7	127.5
Current service cost	56.2	-	56.2
Interest expense/(income)	50.0	(39.8)	10.2
Total amount recognised in profit or loss	**106.2**	**(39.8)**	**66.4**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(6.1)	6.1
(Gain)/loss from change in demographic assumptions	(0.2)	-	(0.2)
(Gain)/loss from change in financial assumptions	56.9	-	56.9
Experience (gains)/losses	(1.0)	-	(1.0)
Total amount recognised in other comprehensive income	**55.7**	**(6.1)**	**61.8**
Employer contributions		63.5	(63.5)
Benefit payments	(69.8)	(69.8)	-
March 31, 2017	**717.3**	**525.1**	**192.2**
April 01, 2017	717.3	525.1	192.2
Current service cost	59.9	-	59.9
Past service cost	3.3		3.3
Interest expense/(income)	50.6	(38.4)	12.2
Total amount recognised in profit or loss	**113.8**	**(38.4)**	**75.4**
Remeasurements			
Return on plan assets, excluding amounts included in interest expense/(income)	-	(3.5)	3.5
(Gain)/loss from change in demographic assumptions	(7.9)	-	(7.9)
(Gain)/loss from change in financial assumptions	(39.9)	-	(39.9)
Experience (gains)/losses	(2.0)	-	(2.0)
Total amount recognised in other comprehensive income	**(49.8)**	**(3.5)**	**(46.3)**
Employer contributions	-	30.8	(30.8)
Liabilities assumed / (settled)*	(14.3)	-	(14.3)
Benefit payments	(96.6)	(96.6)	-
March 31, 2018	**670.4**	**494.2**	**176.2**

*During the current year 2017-18, the Company has transferred its “Global Finance Shared Business” to GE India Industrial Private Limited, a GE group company, together with the assets and manpower comprised therein on a ‘slump sale’ basis.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

35. Provision for employee benefits (contd..)

ii). Amount recognised in balance sheet

	As at March 31, 2018	As at March 31, 2017
Present value of funded obligations	670.4	717.3
Fair value of plan assets	494.2	525.1
Net funded obligation	**176.2**	**192.2**
Net defined benefit liability / (asset) recognised in balance sheet	**176.2**	**192.2**

iii). Expense recognised in profit or loss

	As at March 31, 2018	As at March 31, 2017
Current service cost	59.9	56.2
Past service cost	3.3	-
Interest cost	12.2	10.2
	75.4	**66.4**

iv). Remeasurements recognised in other comprehensive income

	As at March 31, 2018	As at March 31, 2017
Actuarial (gain) loss on defined benefit obligation	(49.8)	55.7
Return on plan assets excluding interest income	3.5	6.1
	(46.3)	**61.8**

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

	As at March 31, 2018		As at 31 March, 2017	
	Unquoted	in %	Unquoted	in %
Investment funds				
Investment with Insurer under cash accumulation scheme	494.2	**100%**	525.1	**100%**

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

vi). Actuarial assumptions for gratuity:

	As at March 31, 2018	As at March 31, 2017
Expected role of return on plan assets	8.1%	7.3%
Salary growth rate	8.5% in year 1 and then 8%	10% in year 1 and then 8%
Attrition rate		
PB + LPB of all ages	6.30%	3.10%
SPB & Above of all ages	6.10%	2.00%
Others of all ages	3.10%	0.40%

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

35. Provision for employee benefits (contd..)

Future mortality rate is based on published rates under the Indian Assured Lives Mortality (2006-08) Ult table.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The employees of the Company are assumed to retire at the age of 60 years.

The expected contribution payable to the plan next year is ₹50.0 million (March 31, 2017: ₹50 million)

Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date :

Maturity profile	As at March 31, 2018	As at March 31, 2017
Expected benefits for the year 1	52.2	48.7
Expected benefits for the year 2	92.8	57.1
Expected benefits for the year 3	78.9	75.3
Expected benefits for the year 4	94.5	62.0
Expected benefits for the year 5	79.8	84.0
Expected benefits for the year 6	57.8	65.3
Expected benefits for the year 7	71.3	48.4
Expected benefits for the year 8	61.1	67.4
Expected benefits for the year 9	56.8	57.2
Expected benefits for the year 10 and above	866.8	1,223.9

The weighted average duration to the payment of these cash flow is 7.62 years (March 31, 2017 : 9.64 years).

vii). Sensitivity analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate.

The following table summarizes the impact in percentage terms on the reported defined benefit obligation (DBO) at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 100 basis points (50 basis points in respect of March 31, 2017)

	Year ended March 31, 2018		Year ended March 31, 2017	
	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate
Impact of increase in 100 bps on DBO (in percentage) (50 bps for March 31, 2017)	-7.1%	8.1%	-4.6%	4.7%
Impact of increase in 100 bps on DBO (in ₹million) (50 bps for March 31, 2017)	(47.8)	54.3	(33.2)	33.7
Impact of decrease in 100 bps on DBO (in percentage) (50 bps for March 31, 2017)	8.2%	-7.2%	5.0%	-4.4%
Impact of decrease in 100 bps on DBO (in ₹ million) (50 bps for March 31, 2017)	54.8	(48.2)	36.0	(31.8)

These sensitivities, as per the information available and disclosed by the Company, have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no changes in market conditions at the accounting date. There have been no changes from the previous year in the methods and assumptions used in preparing the sensitivity analyses.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

35. Provision for employee benefits (contd..)

(D). Provident fund

i) Provident fund - defined contribution plan

The Company contributes Provident Fund for certain eligible employees to the Regional Provident Fund Commissioner. The amounts debited to the Statement of Profit and Loss in this regard during the current year were ₹25.5 million (March 31, 2017 - ₹22.7 million).

ii) Provident fund - defined benefit plan

The Company also contributes Provident Fund for other employees into a recognised Provident Fund Trust set up for the Company and contributions to the Trust are expensed to the Statement of Profit and Loss when such amounts are due. The Company has an obligation to make good the shortfall of income on investments earned by the Trust, if any, with regard to the interest due on contributions as per the rate notified by the Government.

The details of actuarial valuation as per the certificate furnished by independent actuary are given below:

a). Reconciliation of present value of defined benefit obligation and present value of plan assets

	Present value of obligation	Fair value of plan assets	Net amount
April 01, 2016	**1,655.6**	**1,663.9**	**(8.3)**
Current service cost	78.4	78.4	-
Interest expense/(income)	202.5	202.7	(0.2)
Total amount recognised in profit or loss	**280.9**	**281.1**	**(0.2)**
Remeasurements			
Transfer In / (Out)	49.6	49.6	-
Actuarial (gain)/loss on obligations	233.8	239.6	(5.8)
Total amount recognised in other comprehensive income	**283.4**	**289.2**	**(5.8)**
Employees contributions	184.9	184.9	-
Benefit payments	(545.4)	(545.4)	-
March 31, 2017	**1,859.4**	**1,873.7**	**(14.3)**
April 01, 2017	**1,859.4**	**1,873.7**	**(14.3)**
Current service cost	83.6	83.6	-
Interest expense/(income)	142.9	144.0	(1.1)
Total amount recognised in profit or loss	**226.5**	**227.6**	**(1.1)**
Remeasurements			
Transfer In / (Out)	15.7	15.7	-
Actuarial (gain)/loss on obligations	1.5	31.2	(29.7)
(Gain)/loss from change in financial assumptions	-	-	-
Experience (gains)/losses	-	-	-
Total amount recognised in other comprehensive income	**17.2**	**46.9**	**(29.7)**
Employees contributions	173.5	173.5	-
Benefit payments	(218.9)	(218.9)	-
March 31, 2018	**2,057.7**	**2,102.8**	**(45.1)**

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

35. Provision for employee benefits (contd..)

b). Actuarial assumptions

	As at March 31, 2018	As at March 31, 2017
Discount rate	8.1%	7.3%
Expected rate of return on plan assets	9.15%	9.17%
Attrition Rate		
PB + LPB of all ages	6.3%	3.1%
SPB & Above of all ages	6.1%	2.0%
Others of all ages	3.1%	0.4%
Yield on assets based on the market value	7.8%- 9.15%	8.70%- 9.20%
Outstanding term of the liabilities	15.12 years	15.12 years
Interest rate guarantee	8.65%	8.7%
Mortality Table	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Normal retirement age	60 years	60 years

Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date :

Maturity profile	As at March 31, 2018	As at March 31, 2017
Expected benefits for the year 1	99.7	55.6
Expected benefits for the year 2	108.6	61.5
Expected benefits for the year 3	118.4	68.0
Expected benefits for the year 4	129.1	75.3
Expected benefits for the year 5	140.7	83.4
Expected benefits for the year 6 and above	917.8	573.4

c). Total contribution charged to the Statement of Profit and Loss for the aforesaid schemes amounts to ₹ 122.1 million (March 31, 2017 - ₹.114.0 million).

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

35. Provision for employee benefits (contd..)

d). Sensitivity analysis

The following table summarizes the impact in percentage terms on the reported defined benefit obligation (DBO) at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

	Year ended March 31, 2018		Year ended March 31, 2017	
	Discount Rate	Interest rate guarantee	Discount Rate	Interest rate guarantee
Impact of increase in 50 bps on DBO (in percentage)	-0.1%	1.4%	-0.3%	1.3%
Impact of increase in 50 bps on DBO (in ₹ million)	(1.4)	29.75	(6.1)	24.7
Impact of decrease in 50 bps on DBO (in percentage)	0.1%	-1.4%	1.3%	-0.3%
Impact of decrease in 50 bps on DBO (in ₹ million)	1.70	(27.8)	24.8	(6.0)

These sensitivities, as per the information available and disclosed by the Company, have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous year in the methods and assumptions used in preparing the sensitivity analyses.

Notes:

(i) The composition of plan assets are as per the Provident Fund scheme and Act of 1952.

(ii) The excess of the plan assets over the liability for the benefit obligation has not been recognised in the books in line with the principle of prudence.

(E) Others

In respect of other defined contribution plans, the Company has recognized the following amounts in the Statement of Profit and Loss:

(i) Employer's Contribution to Superannuation Fund ₹.73.4 million (March 31, 2017 ₹ 79.7 million)

(ii) Employer's Contribution to ESI ₹ 1.6 million (March 31, 2017 ₹ 1.2 million)

36: Segment information

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the other components, and for which discrete financial information is available. The Company is engaged in the business relating to products, projects and services for electricity transmission and related activities. Accordingly, the Company's activities/business is reviewed regularly by the Company's Managing Director assisted by an executive committee from an overall business perspective, rather than reviewing its products/services as individual standalone components. Thus, the Company has only one operating segment, and has no reportable segments in accordance with Ind AS - 108 'Operating Segments'.

(i) The entity wide disclosures as required by Ind AS -108 are as follows:

Description	Year ended March 31, 2018	Year ended March 31, 2017
Sale of products	17,263.7	18,279.8
Revenue from execution of contracts for projects and services	25,399.6	22,952.2
Sale of services	1,137.4	1,279.7
Other operating income	57.5	84.3
Revenue from operations	**43,858.2**	**42,596.0**

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

36: Segment information (contd..)

(ii) Revenue from external Customers

	Year ended March 31, 2018	Year ended March 31, 2017
India	39,240.4	36,918.2
Other countries*	4,617.8	5,677.8
	43,858.2	**42,596.0**

*Exports to any single country are not material to be disclosed

Note: One customer accounts for approx 24% (March 31, 2017 30%) of Company's total revenue from operations.

Non-current assets**	Year ended March 31, 2018	Year ended March 31, 2017
India	8,835.5	9,104.5
Other countries	-	-

** Non-current assets exclude financial instruments and deferred tax assets.

37. Share based Payments

The employees of the Company are entitled to the shares of General Electric Company, United States (ultimate holding company) under an equity-settled share-based compensation plan. The share based payments expense disclosed under employee benefits is not material, hence, the required disclosures have not been provided.

38: Related party transactions

Names of related parties and nature of relationship:

(i) Parties with whom control exist:	
General Electric Company, United States	Ultimate Holding Company
GE Energy International Cooperatief U.A., Netherlands	Intermediate Holding Company
GE Albany Global Holdings BV, Netherlands	Intermediate Holding Company
GE Grid Alliance B.V., Netherlands	Intermediate Holding Company
Grid Equipments Private Limited, India	Immediate Holding Company

(ii) Key managerial personnel	
	Mr. Sunil Wadhwa (Managing Director w.e.f. April 4, 2017)
	Mr. Gaurav Manoher Negi (Whole time Director and Chief Finance Officer w.e.f July 26, 2016)
	Mr. Nagesh Tilwani (Whole time Director w.e.f December 21, 2016)
	Mr. Rathindra Nath Basu (Managing Director up to February 28, 2017)
	Mr. S.M.Momaya (Whole time Director and Chief Financial Officer upto May 31, 2016)
	Mr. Ravi Kumar Krishnamurthy (Whole time Directors and Head AIS business upto December 20, 2016)
	Mr. Bhanu Bhushan (Independent Director)
	Mr. Kirit S Parikh (Independent Director)
	Mr. Rakesh Nath (Independent Director)
	Ms. Neera Sagi (Independent Director w.e.f July 26, 2016)

(iii) Fellow subsidiaries with whom transactions have taken place:

Grid Solutions Argentina S.A.	Argentina	GE Grid Solutions, S.A. de C.V.	Mexico
ALSTOM Grid Australia Pty Ltd	Australia	GE Grid Solutions Maroc	Morocco
Grid Solutions SAS	Bahrein	GE Power Sp.z.o.o.	Poland
Grid Solutions Belgium sprl	Belgium	Grid Solutions Portugal, Lda.	Portugal
Grid Solutions Transmissao de Energia Ltda	Brazil	Grid Solutions SAS	Qatar
Reason Tecnologia S.A.	Brazil	ALSTOM Saudi Arabia Transport and Power Ltd	Saudi Arabia

Notes to the Financial Statements

for the year ended March 31, 2018
(All figures in ₹ Millions, except share data and unless otherwise stated)

38: Related party transactions (contd..)

GE Multilin	Canada	COGELEX	Saudi Arabia
Grid Solutions Canada ULC	Canada	ALSTOM Grid Saudi Arabia Ltd	Saudi Arabia
ALSTOM (Wuhan) Engineering & Technology Co., Ltd	China	General Electric International Inc.	Saudi Arabia
GE High Voltage Switchgear (Suzhou) (Formerly ALSTOM Suzhou High Voltage Switchgear Co., Ltd)	China	GE Grid Solutions Pte. Ltd	Singapore
GE Grid (Shanghai) Co., Ltd	China	GE Digital Korea Co. Ltd.	South Korea
GE Grid Technology Centre Co Ltd	China	GE Grid Solutions S.A.	Spain
ALSTOM Shanghai Instrument Transformers Co., Ltd	China	GE Power Management S.L.	Spain
GE Energy Colombia S.A.	Colombia	Alstom Renewable Hydro Spain, S.L.U	Spain
Grid Solutions SAS	Denmark	ALSTOM Renovables Espana S.L	Spain
Grid Solutions for Electrical Networks S.A.E.	Egypt	GE Power, S.A.U	Spain
Grid Solutions Oy	Finland	GE Grid (Switzerland) GmbH	Switzerland
ALSTOM IS&T SAS	France	General Electric (Switzerland) GmbH	Switzerland
ALSTOM Power Conversion SAS	France	General Electric Technology GmbH	Switzerland
GE Support France	France	Grid Solutions (Thailand) Ltd	Thailand
Grid Solutions SAS	France	Grid Solutions Enerji Endustrisi A.S.	Turkey
GE Grid GmbH	Germany	Grid Solutions SAS	UAE
GE Grid Messwandler GmbH	Germany	Grid Solutions Middle East FZE (formerly ALSTOM Grid Middle East FZE)	UAE
General Electric Deutschland Holding GmbH	Germany	GE Middle East FZE	UAE
ALSTOM Bharat Forge Power Private Ltd	India	General Electric International Operations Company	UAE
GE BE Private Ltd	India	GE Grid Solutions (UK) Ltd	United Kingdom
GE Global Sourcing India Private Ltd	India	UK Grid Solutions Ltd (General Electric Energy UK Ltd)	United Kingdom
GE India Industrial Private Ltd	India	General Electric International, Inc. - Branch - UK	United Kingdom
GE Intelligent Platforms Private Ltd	India	Grid Solutions (U.S.) LLC (formerly ALSTOM Grid LLC)	USA
GE Power Conversion India Pvt. Ltd.	India	GE Packaged Power, Inc.	USA
GE Power India Ltd	India	GE Working Capital Solutions, LLC	USA
Indo Tech Transformers Ltd	India	General Electric International Inc.	USA
PT Grid Solutions Indonesia	Indonesia	Grid Solutions Vietnam Company Ltd	Vietnam
PT Unelec Indonesia	Indonesia		
PT. GE Operations Indonesia	Indonesia		
GRID Solutions S.p.A.	Italy		
General Electric International Operations Company	Jordan		
GE Grid Solutions Japan K.K. (Formerly ALSTOM Grid Japan K.K.)	Japan		
Grid Solutions SAS	Kuwait		
GE Power Services (Malaysia) Sdn. Bhd	Malaysia		
GE Power Solutions (Malaysia) Sdn. Bhd	Malaysia		

(iv) Employee benefit trusts where control exists:

Alstom T&D India Limited (Pallavaram PF, Trust)	Alstom T&D India Limited (Staff PF Trust, Kolkata)
Alstom T&D India Limited (Regional PF Trust, Kolkata)	Alstom T&D India Limited (Senior Staff PF Trust, Kolkata)

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

38: Related party transactions (contd..)

Related party transactions and balances:

Description	For the year ended March 31,, 2018							For the year ended March 31,, 2017						
Transactions	Ultimate Holding company	Immediate Holding company	Intermediate Holding company	Fellow Subsidiaries	Key management personnel	Others	Employee benefit trusts	Ultimate Holding company	Immediate Holding company	Intermediate Holding company	Fellow Subsidiaries	Key management personnel	Others	Employee benefit trusts
Revenue from operations														
General Electric Energy UK Ltd, United Kingdom				807.0							1,373.1			
Grid Solutions SAS, France				338.0							683.4			
GE Power Conversion India Pvt. Ltd, India				301.5							-			
GE Grid Solutions Pte Ltd, Singapore				273.1							300.8			
GE Power India Ltd, India				238.0							146.9			
Grid Solutions Portugal, Lda., Portugal				231.1							11.2			
GE Grid Solutions, S.A. de C.V., Mexico				226.6							78.1			
Grid Solutions (U.S.) LLC (formerly ALSTOM Grid LLC), USA				206.4							146.0			
COGELEX, Saudi Arabia				200.9							144.3			
GE High Voltage Switchgear (Suzhou) (Formerly ALSTOM Suzhou High Voltage Switchgear Co., Ltd), China				200.5							193.1			
ALSTOM Bharat Forge Power Private Ltd				193.6							-			
PT Grid Solutions Indonesia				159.4							46.3			
Others				807.4							608.4			
Purchase of raw material, components consumed and project related costs														
General Electric Energy UK Ltd, United Kingdom				704.0							349.7			
Grid Solutions SAS, France				428.9							183.0			
GE India Industrial Private Ltd, India				346.0							13.7			
GE Grid (Switzerland) GmbH, Switzerland				154.5							113.9			
GE Grid Solutions (UK) Ltd, United Kingdom				103.7							8.7			
GE Power Management S.L.				90.4							8.0			
GE Multilin, Canada				74.0							89.5			
Reason Tecnologia S.A., Brazil				69.2							91.0			
GE High Voltage Switchgear (Suzhou) (Formerly ALSTOM Suzhou High Voltage Switchgear Co., Ltd), China				57.3							77.5			
Others				229.8							341.8			
Purchase of property, plant and equipment														
GE Grid (Switzerland) GmbH, Switzerland				3.6							5.6			
Grid Solutions SAS, France				1.1							0.2			
General Electric Energy UK Ltd, United Kingdom				-							64.9			
Alstom Grid Technology Center Co., Ltd, China				-							8.0			

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

38: Related party transactions (contd..)

Related party transactions and balances:

Description	For the year ended March 31,, 2018							For the year ended March 31,, 2017						
Transactions	Ultimate Holding company	Immediate Holding company	Intermediate Holding company	Fellow Subsidiaries	Key management personnel	Others	Employee benefit trusts	Ultimate Holding company	Immediate Holding company	Intermediate Holding company	Fellow Subsidiaries	Key management personnel	Others	Employee benefit trusts
Technology licence fee and others														
General Electric Technology GmbH. Switzerland				476.4							508.8			
General Electric Energy UK Ltd, United Kingdom				120.9							136.9			
Grid Solutions SAS, France				19.9							21.3			
Grid Solutions (U.S.) LLC (formerly ALSTOM Grid LLC), USA				18.8							16.1			
Trade mark fees														
General Electric Company, USA	396.5							255.2						
Interest														
GE Power India Limited, India				43.8							142.9			
Grid Equipments Private Limited, India		102.2							134.9					
Dividend remitted														
Grid Equipments Private Limited, India		315.9							315.9					
GE Grid Alliance B.V., Netherlands			29.8							29.8				
GE Energy Europe B.V., Netherlands #											0.1			
Borrowings availed														
GE Power India Limited, India				-							1,000.0			
Grid Equipments Private Limited, India		440.0							330.0					
Borrowings repaid														
GE Power India Limited, India				2,200.0							800.0			
Grid Equipments Private Limited, India		2,220.0												
Key management personnel Remuneration														
Sunil Wadhwa					25.2							-		
Gaurav Manoher Negi					17.7							16.1		
Nagesh Tilwani					11.8							9.7		
Rathindra Nath Basu					-							19.7		
S.M.Momaya					-							11.1		
Ravi Kumar Krishnamurthy					-							15.3		
Key management personnel compensation *														
Short-term employee benefits					52.2							56.4		
Post-employment benefits					2.5							10.4		
Long-term employee benefits					-							3.7		
Employee share based payment					-							1.4		
Sitting fees to Independent / non- executive directors						3.6							1.7	
Commission to Independent / non- executive directors						1.8							-	

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

38: Related party transactions (contd..)

Related party transactions and balances:

Description	For the year ended March 31,, 2018							For the year ended March 31,, 2017						
Transactions	Ultimate Holding company	Immediate Holding company	Intermediate Holding company	Fellow Subsidiaries	Key management personnel	Others	Employee benefit trusts	Ultimate Holding company	Immediate Holding company	Intermediate Holding company	Fellow Subsidiaries	Key management personnel	Others	Employee benefit trusts
Contribution to employee related trusts														
Alstom T&D India Limited (Pallavaram PF Trust)							83.6						78.4	
Closing balances														
Trade receivables														
GE Power India Limited, India				138.8						-				
General Electric Energy UK Ltd, United Kingdom				132.4						219.0				
GE Power Conversion India Pvt. Ltd, India				125.1						-				
GE Grid Solutions, S.A. de C.V., Mexico				100.8						26.7				
GE Grid Solutions Pte. Ltd, Singapore				61.5						46.5				
Grid Solutions SAS, France				56.2						34.8				
Grid Solutions (U.S.) LLC (formerly ALSTOM Grid LLC), USA				54.8						36.9				
GE High Voltage Switchgear (Suzhou) (Formerly ALSTOM Suzhou High Voltage Switchgear Co., Ltd)				33.0							48.6			
PT Grid Solutions Indonesia				27.1							31.4			
COGELEX , Saudi Arabia				27.0							16.2			
ALSTOM Grid Australia Pty Ltd				24.4							21.8			
Grid Solutions for Electrical Networks S.A.E., Egypt				9.5							16.1			
GE India Industrial Private Ltd				7.0							18.9			
Others				183.0							141.3			
Advance from customer														
ALSTOM Bharat Forge Power Private Ltd, India				291.3							-			
Trade payables														
General Electric Company, USA	846.1							441.7						
General Electric Technology GmbH. Switzerland				709.0							599.8			
Grid Solutions SAS, France				582.8							241.7			
GE India Industrial Private Ltd, India				242.9							-			
General Electric Energy UK Ltd, United Kingdom				218.2							509.8			
GE Grid (Switzerland) GmbH, Switzerland				49.6							84.9			
GE Grid Solutions (UK) Ltd, United Kingdom				45.0							-			
Reason Tecnologia S.A. , Brazil				28.6							49.7			
Others				235.7							266.9			

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

38: Related party transactions (contd..)

Related party transactions and balances:

Description	For the year ended March 31,, 2018							For the year ended March 31,, 2017						
Transactions	Ultimate Holding company	Immediate Holding company	Intermediate Holding company	Fellow Subsidiaries	Key management personnel	Others	Employee benefit trusts	Ultimate Holding company	Immediate Holding company	Intermediate Holding company	Fellow Subsidiaries	Key management personnel	Others	Employee benefit trusts
Other current assets # #														
Recoverable from key management personnel														
Rathindra Nath Basu												14.5		
S.M.Momaya												16.1		
Ravi Kumar Krishnamurthy												9.6		
Borrowings														
GE Power India Limited, India				-							2,200.0			
Grid Equipments Private Limited, India		-							1,780.0					
Other financials liabilities														
GE Power India Limited, India											102.9			
Grid Equipments Private Limited, India		-		-					89.0					

Note

The total amount of dividend remittance in absolute value is ₹76,626 for FY 2016-17, but for reporting purpose rounded up to 0.1 million.

In view of loss during the financial year ended March 31, 2017 (in terms of Section 198 of Companies Act, 2013), (a) in terms of Part II of Schedule V of Companies Act, 2013 approval of Shareholders by way of special resolution was obtained in annual general meeting dated 26 July 2017 for the payment of managerial remuneration (excluding the perquisites not included for the computation of the ceiling on remuneration as per Part II of Schedule V of Companies Act, 2013 viz. leave encashment at the end of tenure, contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 and gratuity) of ₹17.0 million, ₹1.8 million and ₹10.3 million to Mr. Rathindra Nath Basu, Mr. S. M. Momaya and Mr. Ravi Kumar Krishnamurthy, respectively, and (b) amounts of ₹14.5 million, ₹16.1 million and ₹9.6 million recoverable from Mr. Rathindra Nath Basu, Mr. S. M. Momaya and Mr. Ravi Kumar Krishnamurthy, respectively, as excess remuneration have been refunded by them during the year 2017-18.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

39. Contingent liabilities

	As at March 31, 2018	As at March 31, 2017
(a) Contingent liabilities		
(i) Demands relating to		
Sales tax matters	1,343.8	476.7
Excise duty and service tax matters	48.3	48.3
(ii) Claims against the Company not acknowledged as debts pertaining to legal cases	230.2	193.3

Notes:

1) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgment / decisions pending with various forums / authorities.

2) The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial position. The Company does not expect any reimbursements in respect of above contingent liabilities.

3) The Company is directly or indirectly involved in other lawsuits, claims and proceedings, which arise in the ordinary course of business. The Company have challenged these litigation with respective authorities. Based on the facts currently available, management believes that likelihood of outflow of resources is remote and hence the Company has not recognised these litigations under contingent liability as well.

4) During the year, the Company's internal reviews identified some weaknesses in carrying out certain testing procedures in respect of certain products. The management has taken corrective steps to strengthen these procedures and is communicating with the relevant stakeholders. No claims have been made on the Company so far. At this point of time, it is not possible to assess/estimate the extent and impact, if any, of the same.

40. Capital and other commitments

	As at March 31, 2018	As at March 31, 2017
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for in these accounts (net of advances)	16.6	65.4
(ii) Export commitments against Export Promotion Capital Goods (EPCG) / advance licenses for import of capital goods / raw materials, at concessional rates of duty against which an undertaking to fulfil quantified exports / deemed exports within stipulated time period	-	106.9
	16.6	**172.3**

41. Earnings/(loss) per share

The calculations of profit/(loss) attributable to equity shareholders and weighted average number of equity shares outstanding for purposes of basic earnings/(loss) per share calculation are as follows:

(a) Basic/diluted earnings per share

	As at March 31, 2018	As at March 31, 2017
Earnings/(loss) attributable to the equity holders of the Company	2,087.6	(866.6)
Weighted average number of equity shares	256,049,135	256,049,135
Total basic/ diluted earnings/(loss) per share attributable to the equity holders of the Company	8.2	(3.4)

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

42. Construction contracts

	As at March 31, 2018	As at March 31, 2017
A) Amounts in relation to contracts in-progress as at end of year		
i) Amount of contract revenue recognised in the year	25,399.6	22,952.2
ii) Method used to determine the contract revenue recognised in the year*		
iii) Method used to determine the stage of completion of contract in progress #		
B) Contracts-in-progress at the end of reporting year:		
i) Aggregate amount of costs incurred and recognised profit (less recognised losses) to date	166,015.0	154,118.4
ii) Amount of advance received	2,670.5	4,944.0
iii) Amount of retention	6,940.4	9,216.6
C) Recoverable/payable at the end of reporting period:		
i) Gross amount due from customers for contract work as an assets	1,847.2	3,517.1
ii) Gross amount due to customers for contract work as a liability	5,433.8	5,237.2
D) Contingent liabilities and contingent assets in accordance with Ind AS-37, Provision, contingent liabilities and contingent assets		

The Company has determined the stage of completion of contracts on the basis of contract milestones which reflects the physical proportion of contract being completed.

* percentage of completion method

43. The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

44. Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED")

	As at March 31, 2018	As at March 31, 2017
The Company has amounts due to suppliers under MSMED Act. The disclosure pursuant to the said Act is as under:		
(i) The principal amount and the interest due thereon remaining unpaid to any supplier		
Principal amount	936.4	301.3
Interest thereon	11.4	1.3
(ii) The amount of interest paid by the buyer in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iii) The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
(iv) The amount of interest accrued and remaining unpaid	11.4	1.3
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	-	-

Note: The information relates to such vendors identified as micro and small enterprises, on the basis of information available with the Company.

Notes to the Financial Statements

for the year ended March 31, 2018

(All figures in ₹ Millions, except share data and unless otherwise stated)

45. Specified Bank Notes

The disclosures regarding details of specified bank notes held and transacted during 08 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended March 31, 2018. Corresponding amounts as appearing in the audited financial statements for the period ended March 31, 2017 have been disclosed below:

	Specified Bank Notes*	Other denomination Notes	Total
Closing cash in hand as on 08 November 2016	-	-	-
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	**-**	**-**	**-**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November 2016.

For **B S R & Associates LLP**

Chartered Accountants
Firm Registration Number: 116231W/W-100024

Manish Gupta
Partner
Membership no: 095037

Place: New Delhi
Date: 23 May 2018

For and on behalf of **the Board of Directors of GE T&D India Limited**

Sunil Wadhwa
Managing Director
DIN no : 00259638

Gaurav Manoher Negi
Whole-time Director & CFO
DIN no : 02835748

Manoj Prasad Singh
Company Secretary
Membership no : F4231

Place: New Delhi
Date: 23 May 2018