

**Notes to standalone financial statements** for the year ended March 31, 2018**(B) Measurement of fair value:**

Valuation techniques and significant unobservable inputs:

**(i) Financial instruments measured at fair value**

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

- The fair value of unquoted instruments, loans from banks and other financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

-The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- The fair values of the remaining FVTOCI financial assets are derived from quoted market prices in active markets.

- The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2018 was assessed to be insignificant.

The discount for lack of marketability represents the amounts that the Company has determined that market participants would take into account when pricing the investments.

**(ii) Financial instrument measured at amortized cost:**

The carrying amount of financial assets and financial liability measured at amortized cost in the financial statements are a reasonable approximation of their fair value since the Company does not anticipate that the carrying amounts would be significantly different from the value that would eventually be received or settled.

**40. Fair Value hierarchy**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

**Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2018:**

INR Crores

|   | Fair value measurement using |       |                                 |                               |                                 |
|---|------------------------------|-------|---------------------------------|-------------------------------|---------------------------------|
|   | Date of valuation            | Total | Quoted prices in active markets | Significant observable inputs | Significant unobservable inputs |
|   |                              |       | (Level 1)                       | (Level 2)                     | (Level 3)                       |
| Assets measured at fair value:                |                              |       |                                 |                               |                                 |
| <b>FVTOCI financial investments (Note 5):</b> |                              |       |                                 |                               |                                 |
| Quoted equity shares                          | Mar 31, 2018                 | 5     | 5                               | -                             | -                               |
| <b>FVTPL financial investments (Note 5):</b>  |                              |       |                                 |                               |                                 |
| Unquoted equity shares                        | Mar 31, 2018                 | 7     | -                               | -                             | 7                               |
| Unquoted optionally convertible bonds         | Mar 31, 2018                 | 76    | -                               | 76                            | -                               |

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