**POLYCAB INDIA LIMITED**
Polycab House, 771 Mogul Lane, Mahim (W), Mumbai – 400016
CIN: L31300GJ1996PLC114183
Tel : +91 22 2432 7070-74 Fax : +91 22 2432 7075
Email: shares@polycab.com Website: www.polycab.com

POLYCAB
Connection Zindagi Ka

Date: 13th May 2021

To
Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai – 400 001

To
Listing Department
National Stock Exchange of India Limited
C-1, G-Block, Bandra-Kurla Complex
Bandra (E), Mumbai – 400 051

**Scrip Code: 542652 Scrip Symbol: Polycab**
**ISIN:- INE455K01017**

Dear Sir / Madam

**Sub: Submission of Audited Standalone and Condensed Consolidated Financial Statements for the year ended 31st March 2021.**

With reference to the captioned subject, please find enclosed herewith the Audited Standalone and Condensed Consolidated Financial Statements of the Company, along with Auditors Reports for the year ended 31st March 2021 as approved by the Board of Directors at its meeting held today i.e. 13th May 2021.

Kindly take the same on your record.

Thanking you

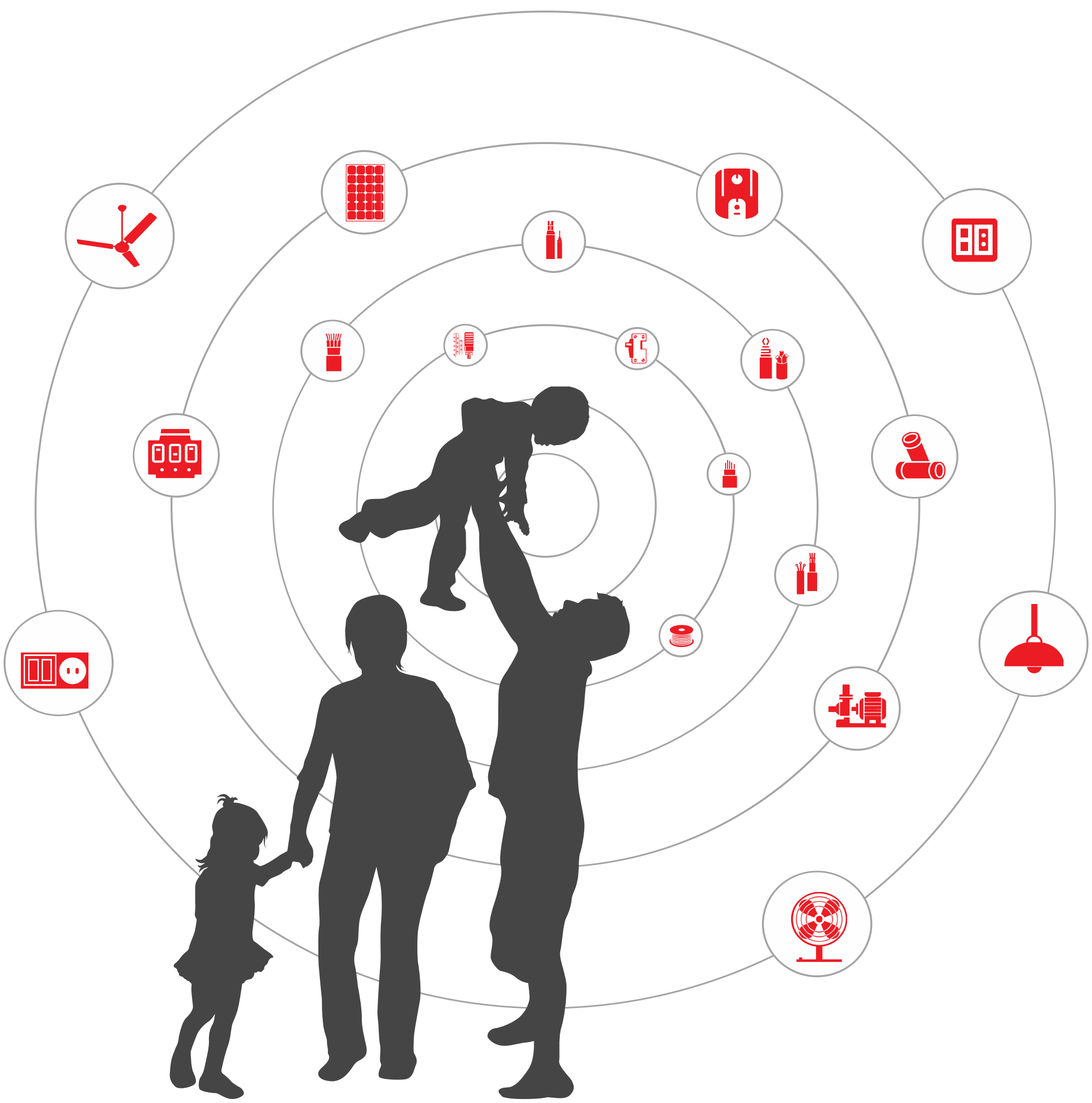
Yours Faithfully
**For Polycab India Limited**

Manita

**Manita Carmen A Gonsalves**
**Company Secretary and Compliance Officer**
Membership No.: A18321
Address: Polycab House, 771, Mogul Lane
Mahim (West), Mumbai - 400 016

**Consoldiated Financial Statements**

31 MARCH 2021



**Polycab India Limited**

**Condensed Consolidated Financial Statements for the year ended 31 March 2021**

B S R & Co. LLP
Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai - 400 063

Telephone: +91 22 6257 1000
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# Independent Auditors' Report

## To the Members of
## Polycab India Limited

### Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Polycab India Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its joint venture, which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income) , consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries and joint venture as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint venture as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and joint venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Key Audit Matters *(Continued)*

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Revenue recognition - Wires and cables and Fast-Moving Electrical Goods (FMEG) business*** | |
| (Refer note 24 Consolidated Financial Statements)<br><br>Wires and cables and FMEG business:<br><br>Based on its business model in Wires and FMEG business, the Group has many different types of terms of delivery arising from different types of performance obligations with its customers. Revenue from sale of goods is recognised when control is transferred to the customers and when there are no other unfulfilled obligations. This requires detailed analysis of each contract regarding timing of revenue recognition. Inappropriate assessment could lead to risk of revenue getting recognised before control has been transferred.<br><br>Accordingly, timing of recognition of revenue is a key audit matter. | Our audit procedures over the recognition of revenue included the following:<br><br>• We assessed the compliance of the Group's revenue recognition accounting policies against the requirements of Indian Accounting Standards ("Ind AS") to identify any inappropriate policy;<br><br>• We tested the design, implementation and operating effectiveness of key internal financial controls and processes for revenue recognition along with effectiveness of information technology controls built in automated processes;<br><br>• On a sample basis, we tested revenue transactions recorded during the year, by verifying the underlying documents, including invoices and shipping documents for assessment of fulfillment of performance obligations completed during the year; We analysed the timing of recognition of revenue and any unusual contractual terms;<br><br>• On a sample basis, we tested the invoice and shipping documents for revenue transactions recorded during the period closer to the year end and subsequent to the year end to verify recognition of revenue in the correct period.<br><br>• We assessed the adequacy of disclosures in the Consolidated financial statements against the requirement of Ind AS 115, Revenue from contracts with customers. |
| ***Inventory Valuation***<br><br>(Refer note 14 to the Consolidated Financial Statements)<br><br>• Copper and aluminum-based inventory forms a significant part of the Group's inventory for which the Group enters into commodity contracts. The Group takes a structured approach to the identification, quantification and hedging of risk of fluctuations in prices of copper and aluminum by using derivatives in commodities.<br><br>• Inventories are measured at the lower of cost and net realizable value on first in first out basis, except for inventories qualifying as hedged items in a fair value hedge relationship. These inventories are measured at cost, adjusted for the hedging gain or loss on the hedged item.<br><br>We focused on this area because of its size, the assumptions used in the valuation and the complexity, which are relevant when determining the amounts recorded. | Our audit procedures over inventory valuation included the following:<br><br>• We tested the design, implementation and operating effectiveness of key internal financial controls, including controls over valuation of inventory, accounting of derivative and hedging transactions;<br><br>• On a sample basis, tested the accuracy of cost for inventory by verifying the actual purchase cost. Tested the net realizable value by comparing actual cost with most recent retail price:<br><br>• On a sample basis, tested the hedging relationship of eligible hedging instruments and hedged items;<br><br>• We used the work of our internal subject matter experts for assistance in verifying hedge effectiveness requirements of Ind AS 109, including the economic relationship between the hedged item and the hedging instrument.<br><br>• We assessed and tested adequacy and completeness of the Group's disclosures in the Consolidated financial statements. |

**Information Other than the Consolidated Financial Statements and Auditors' Report thereon**

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit reports of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint venture in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group and joint venture are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its joint venture is responsible for overseeing the financial reporting process of each company.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) as well as joint venture to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group and joint venture to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

  We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding,

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)**

among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

(a) We did not audit the financial statements of nine subsidiaries whose financial statements reflect total assets of Rs. 1107.10 million as at 31 March 2021, total revenue of Rs. 7134.91 million, and net cash inflows of Rs 278.89 million and total net profit after tax (and other comprehensive income) of Rs. 453.19 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss after tax of Rs.2.30 million for the year ended 31 March 2021, in respect of one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture is based solely on the audit reports of the other auditors.

    Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, and joint venture as were audited by other auditors, as noted in sub paragraph (a) of 'Other Matters' paragraph, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

**Report on Other Legal and Regulatory Requirements *(Continued)***

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and joint venture incorporated in India, none of the directors of the Group companies, and joint venture incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements of the Holding Company, its subsidiary companies and joint venture incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries and joint venture, as noted in sub paragraph (a) of 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group, and joint venture. Refer Note 35 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 21B to the consolidated financial statements in respect of such items as it relates to the Group and joint venture.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies and joint venture incorporated in India during the year ended 31 March 2021.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2021.

**Report on Other Legal and Regulatory Requirements *(Continued)***

C. With respect to the matter to be included in the Auditor's report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and joint venture incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies, and joint venture to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies and joint venture is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

BHAVESH H DHUPELIA
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Date: 2021.05.13 18:18:13 +05'30'

**Bhavesh Dhupelia**
*Partner*
Membership No: 042070
UDIN: 21042070AAAABX7380

Mumbai
13 May 2021

# Annexure A to the Independent Auditors' report on the Consolidated Financial Statements of Polycab India Limited for the year ended 31 March 2021

**Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

## Opinion

In conjunction with our audit of the consolidated financial statements of Polycab India Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, and its joint venture companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies and its joint venture companies incorporated in India have in all material respects adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## Management's Responsibility for Internal Financial Controls

The respective companies' management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

## Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated financial statements included obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the

**Auditors' Responsibility (continued)**

assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to Consolidated financial statements.

**Meaning of Internal Financial Controls with reference to Consolidated financial statements**

A company's internal financial controls with reference to Consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Consolidated financial statements.

**Inherent Limitations of Internal Financial Controls with reference to Consolidated financial statements**

Because of the inherent limitations of internal financial controls with reference to Consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to Consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to three subsidiary companies and a joint venture company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

BHAVESH H DHUPELIA
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Date: 2021.05.13 18:19:29 +05'30'

**Bhavesh Dhupelia**
*Partner*
Membership No: 042070
UDIN: 21042070AAAABX7380

Mumbai
13 May 2021

**Polycab India Limited**
**Consolidated Balance Sheet as at 31 March 2021**

(₹ million)

| | Notes | As at 31 Mar 21 | As at 31 Mar 20 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 18,261.17 | 13,865.45 |
| Capital work-in-progress | 3 | 990.50 | 2,411.78 |
| Goodwill | 6 | 22.58 | - |
| Right of use assets | 4 | 341.00 | 337.92 |
| Intangible assets | 5 | 71.25 | 16.76 |
| Investment accounted for using the equity method | 6A | 118.18 | 254.77 |
| Financial assets | | | |
| (a) Trade receivables | 7 | 1,283.60 | 1,660.47 |
| (b) Loans | 8A | 35.48 | 53.41 |
| (c) Other financial assets | 9A | 579.70 | 14.17 |
| Non-current tax assets (net) | 12D | 297.59 | 191.77 |
| Deferred tax assets (net) | 12G | 0.11 | 10.13 |
| Other non-current assets | 13A | 419.52 | 300.13 |
| | | **22,420.68** | **19,116.76** |
| **Current assets** | | | |
| Inventories | 14 | 19,879.10 | 19,249.54 |
| Financial assets | | | |
| (a) Investments | 6B | 6,231.27 | 400.00 |
| (b) Trade receivables | 7 | 14,357.67 | 14,336.43 |
| (c) Cash and cash equivalents | 10 | 2,378.03 | 1,721.62 |
| (d) Bank balance other than cash and cash equivalents | 11 | 2,935.15 | 1,091.45 |
| (e) Loans | 8B | 172.76 | 244.37 |
| (f) Other financial assets | 9B | 209.27 | 1,442.00 |
| Other current assets | 13B | 1,563.18 | 2,013.77 |
| | | **47,726.43** | **40,499.18** |
| **Total assets** | | **70,147.11** | **59,615.94** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 16 | 1,491.19 | 1,488.79 |
| (b) Other equity | 17 | 46,048.21 | 36,875.36 |
| | | **47,539.40** | **38,364.15** |
| Non-controlling interests | 18 | 188.29 | 150.00 |
| | | **47,727.69** | **38,514.15** |
| **Liabilities** | | | |
| **Non-current liabilities:** | | | |
| Financial liabilities | | | |
| (a) Borrowings | 19A | 1,036.76 | 106.55 |
| (b) Other financial liabilities | 21A | 226.34 | 301.84 |
| Other non-current liabilities | 22A | 340.96 | 171.24 |
| Provisions | 23A | 251.44 | 256.32 |
| Deferred tax liabilities (net) | 12G | 418.14 | 174.94 |
| | | **2,273.64** | **1,010.89** |
| **Current liabilities:** | | | |
| Financial liabilities | | | |
| (a) Borrowings | 19B | 889.64 | 1,114.53 |
| (b) Trade payables | 20 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 258.13 | 230.00 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 13,222.19 | 13,306.83 |
| (c) Other financial liabilities | 21B | 1,979.21 | 964.13 |
| Other current liabilities | 22B | 3,277.92 | 3,045.99 |
| Provisions | 23B | 235.25 | 237.81 |
| Current tax liabilities (net) | 12D | 283.44 | 1,191.61 |
| | | **20,145.78** | **20,090.90** |
| **Total equity and liabilities** | | **70,147.11** | **59,615.94** |
| Corporate information and summary of significant accounting policies | 1 & 2 | | |
| Contingent liabilities and commitments | 35 | | |
| Other notes to accounts | 36 to 44 | | |

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date
**For B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

BHAVESH H DHUPELIA
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Date: 2021.05.13 18:21:03 +05'30'

**Bhavesh Dhupelia**
Partner
Membership No. 042070

Place: Mumbai
Date: 13 May 2021

For and on behalf of the Board of Directors of
**Polycab India Limited**
CIN : L31300GJ1996PLC114183

INDER THAKURDAS JAISINGHANI

**Inder T. Jaisinghani**
Chairman & Managing Director
DIN : 00309108

BHARAT AJAY JAISINGHANI

**Bharat A. Jaisinghani**
Whole Time Director
DIN : 00742995

NIKHIL RAMESH JAISINGHANI

**Nikhil R. Jaisinghani**
Whole Time Director
DIN : 00742771

GANDHARV TONGIA

**Gandharv Tongia**
Chief Financial Officer
Membership No. 402854

Place: Mumbai
Date: 13 May 2021

MANITA CARMEN ALBERT GONSALVES

**Manita Gonsalves**
Company Secretary
Membership No. A18321

**Polycab India Limited**

**Consolidated Statement of Profit & Loss for the year ended 31 March 2021**

(₹ million)

| | Notes | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 24 | 89,265.39 | 88,299.55 |
| Other income | 25 | 1,281.99 | 927.92 |
| **Total income** | | **90,547.38** | **89,227.47** |
| **EXPENSES** | | | |
| Cost of materials consumed | 26 | 57,916.41 | 58,637.06 |
| Purchases of stock-in-trade | 27 | 6,381.65 | 4,246.12 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 28 | 684.27 | (2,371.48) |
| Project bought outs and subcontracting cost | 29 | 1,083.13 | 3,174.46 |
| Employee benefits expense | 30 | 3,603.53 | 3,657.46 |
| Finance cost | 31 | 531.49 | 495.35 |
| Depreciation and amortisation expense | 32 | 1,865.71 | 1,608.87 |
| Other expenses | 33 | 7,926.41 | 9,605.67 |
| **Total expenses** | | **79,992.60** | **79,053.51** |
| **Profit before share of profit/(loss) of joint ventures and exceptional items** | | **10,554.78** | **10,173.96** |
| Share of profit/(loss) of joint ventures (net of tax) | | (2.30) | (74.08) |
| **Profit before tax and exceptional items** | | **10,552.48** | **10,099.88** |
| Exceptional items | 6 | 97.18 | - |
| **Profit before tax** | | **10,649.66** | **10,099.88** |
| **Income tax expenses** | 12 | | |
| Current tax | | 2,568.58 | 2,480.05 |
| Adjustment of tax relating to earlier periods | | (999.98) | (34.05) |
| Deferred tax (credit)/charge | | 221.93 | (2.30) |
| **Total tax expense** | | **1,790.53** | **2,443.70** |
| **Profit for the year** | | **8,859.13** | **7,656.18** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurement gains / (losses) on defined benefit plans | | 47.80 | (50.94) |
| Income tax relating to items that will not be reclassified to Profit or Loss | | (12.05) | 12.86 |
| **Items that will be reclassified to profit or loss** | | | |
| Exchange difference on translation of foreign operations | | (2.16) | 0.68 |
| Designated cash flow hedges | | 169.03 | (169.03) |
| Income tax relating to items that will be reclassified to Profit or Loss | | (42.54) | 42.54 |
| **Other comprehensive income for the year, net of tax** | | **160.08** | **(163.89)** |
| **Total comprehensive income for the year, net of tax** | | **9,019.21** | **7,492.29** |
| Profit for the year attributable to: | | | |
| Equity shareholders of parent company | | 8,820.94 | 7,590.57 |
| Non controlling interests | | 38.19 | 65.61 |
| | | **8,859.13** | **7,656.18** |
| Other comprehensive Income attributable to: | | | |
| Equity shareholders of parent company | | 159.98 | (164.03) |
| Non controlling interests | | 0.10 | 0.14 |
| | | **160.08** | **(163.89)** |
| Total comprehensive Income attributable to: | | | |
| Equity shareholders of parent company | | 8,980.92 | 7,426.54 |
| Non controlling interests | | 38.29 | 65.75 |
| | | **9,019.21** | **7,492.29** |
| **Earnings per share** | | | |
| Basic (₹) | 15 | 59.20 | 51.16 |
| Diluted (₹) | 15 | 58.96 | 50.97 |
| **Weighted average equity shares used in computing earnings per equity share** | | | |
| Basic | 15 | 14,90,08,751 | 14,83,81,220 |
| Diluted | 15 | 14,96,13,912 | 14,89,12,465 |
| | | | |
| Corporate information and summary of significant accounting policies | 1 & 2 | | |
| Contingent liabilities and commitments | 35 | | |
| Other notes to accounts | 36 to 44 | | |

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date
**For B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

BHAVESH H DHUPELIA
Digitally signed by BHAVESH H DHUPELIA
Date: 2021.05.13 18:22:26 +05'30'

**Bhavesh Dhupelia**
Partner
Membership No. 042070

Place: Mumbai
Date: 13 May 2021

For and on behalf of the Board of Directors of
**Polycab India Limited**
CIN : L31300GJ1996PLC114183

INDER THAKURDAS JAISINGHANI

**Inder T. Jaisinghani**
Chairman & Managing Director
DIN : 00309108

BHARAT AJAY JAISINGHANI

**Bharat A. Jaisinghani**
Whole Time Director
DIN : 00742995

NIKHIL RAMESH JAISINGHANI

**Nikhil R. Jaisinghani**
Whole Time Director
DIN : 00742771

GANDHARV TONGIA

**Gandharv Tongia**
Chief Financial Officer
Membership No. 402854

Place: Mumbai
Date: 13 May 2021

MANITA CARMEN ALBERT GONSALVES

**Manita Gonsalves**
Company Secretary
Membership No. A18321

## Polycab India Limited

### Consolidated Statement of Changes in Equity for the year ended 31 March 2021

**A) Equity Share Capital (Refer note 16)**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Balance at the beginning of the year** | 1,488.79 | 1,412.06 |
| Issue of equity share on initial public offer | - | 74.40 |
| Issue of equity shares on exercise of employee stock options | 2.40 | 2.33 |
| **Balance at the end of the year** | **1,491.19** | **1,488.79** |

**B) Other Equity (Refer note 17)**

(₹ million)

| | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share application money pending allotment | Reserves & Surplus | | | | Items of Other comprehensive income (OCI) | | Total attributable to owners of the Company | Attributable to Non Controlling Interest | Total Other Equity |
| | | Securities Premium | General Reserve | ESOP outstanding | Retained Earnings | Effective portion of Cash Flow Hedges | Foreign Currency translation reserve | | | |
| As at 31 March 2019 | - | 3,057.32 | 614.00 | 149.51 | 23,235.23 | - | 1.43 | 27,057.49 | 84.25 | 27,141.74 |
| Impact on account of adoption of Ind AS 116 (Refer note 4) | - | - | - | - | (26.02) | - | - | (26.02) | - | (26.02) |
| **Restated balance as at 1 April 2019** | **-** | **3,057.32** | **614.00** | **149.51** | **23,209.21** | **-** | **1.43** | **27,031.47** | **84.25** | **27,115.72** |
| Profit after tax for the year ended | - | - | - | - | 7,590.57 | - | - | 7,590.57 | 65.61 | 7,656.18 |
| Items of OCI for the year, net of tax | | | | | | | | | | - |
| Re-measurement gains / (losses) on defined benefit plans | - | - | - | - | (38.22) | - | - | (38.22) | 0.14 | (38.08) |
| Exchange difference on translation of foreign operations | - | - | - | - | - | - | 0.68 | 0.68 | - | 0.68 |
| Designated cash flow hedges | - | - | - | - | - | (126.49) | - | (126.49) | - | (126.49) |
| Share-based payments to employees | - | - | - | 170.99 | - | - | - | 170.99 | - | 170.99 |
| Exercise of employee stock option | 79.05 | - | - | (79.05) | - | - | - | - | - | - |
| Amount received on exercise of employee stock options | 110.27 | - | - | - | - | - | - | 110.27 | - | 110.27 |
| Issue of equity shares on exercise of employee stock options | (162.17) | - | - | - | - | - | - | (162.17) | - | (162.17) |
| Issue of equity share on initial public offer | - | 4,085.44 | - | - | - | - | - | 4,085.44 | - | 4,085.44 |
| Share issue expense | - | 6.79 | - | - | - | - | - | 6.79 | - | 6.79 |
| Final equity dividend (Refer note 16(e)) | - | - | - | - | (445.94) | - | - | (445.94) | - | (445.94) |
| Tax on final dividend (Refer note 16(e)) | - | - | - | - | (91.66) | - | - | (91.66) | - | (91.66) |
| Interim equity dividend (Refer note 16(e)) | - | - | - | - | (1,042.15) | - | - | (1,042.15) | - | (1,042.15) |
| Tax on interim dividend (Refer note 16(e)) | - | - | - | - | (214.22) | - | - | (214.22) | - | (214.22) |
| **As at 31 March 2020** | **27.15** | **7,149.55** | **614.00** | **241.45** | **28,967.59** | **(126.49)** | **2.11** | **36,875.36** | **150.00** | **37,025.36** |
| Profit after tax for the year ended | - | - | - | - | 8,820.94 | - | - | 8,820.94 | 38.19 | 8,859.13 |
| Items of OCI for the year, net of tax | | | | | | | | | | |
| Re-measurement gains / (losses) on defined benefit plans | - | - | - | - | 35.75 | - | - | 35.75 | 0.10 | 35.85 |
| Exchange difference on translation of foreign operations | - | - | - | - | - | - | (2.16) | (2.16) | - | (2.16) |
| Designated cash flow hedges | - | - | - | - | - | 126.49 | - | 126.49 | - | 126.49 |
| Share-based payments to employees | - | - | - | 110.19 | - | - | - | 110.19 | - | 110.19 |
| Exercise of employee stock option | 64.72 | - | - | (64.72) | - | - | - | - | - | - |
| Amount received on exercise of employee stock options | 84.04 | - | - | - | - | - | - | 84.04 | - | 84.04 |
| Issue of equity shares on exercise of employee stock options | (170.95) | 168.55 | - | - | - | - | - | (2.40) | - | (2.40) |
| **As at 31 March 2021** | **4.96** | **7,318.10** | **614.00** | **286.92** | **37,824.28** | **-** | **(0.05)** | **46,048.21** | **188.29** | **46,236.50** |

| | |
|---|---|
| Corporate Information and summary of significant accounting policies | 1 & 2 |
| Contingent liabilities and commitments | 35 |
| Other notes to accounts | 36 to 44 |

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date

**For B S R & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

BHAVESH H DHUPELIA

**Bhavesh Dhupelia**

Partner

Membership No. 042070

Place: Mumbai

Date: 13 May 2021

For and on behalf of the Board of Directors of

**Polycab India Limited**

CIN : L31300GJ1996PLC114183

INDER THAKURDAS JAISINGHANI

**Inder T. Jaisinghani**

Chairman & Managing Director

DIN : 00309108

BHARAT AJAY JAISINGHANI

**Bharat A. Jaisinghani**

Whole Time Director

DIN : 00742995

NIKHIL RAMESH JAISINGHANI

**Nikhil R. Jaisinghani**

Whole Time Director

DIN : 00742771

GANDHARV TONGIA

**Gandharv Tongia**

Chief Financial Officer

Membership No. 402854

Place: Mumbai

Date: 13 May 2021

MANITA CARMEN ALBERT GONSALVES

**Manita Gonsalves**

Company Secretary

Membership No. A18321

Polycab India Limited

**Consolidated Statement of Cash flows for the year ended 31 March 2021**

**Accounting policy**

Cashflows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cashflows. The cash flows from operating, investing and financing activities of the Group are segregated.

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand, cheques in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage. (Refer Note-10).

For the purposes of cash flow statement, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| **A. CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Profit before tax** | **10,649.66** | **10,099.88** |
| Adjustments for: | | |
| Share of loss of joint ventures | 2.30 | 74.08 |
| Exceptional items | (97.18) | - |
| Depreciation and amortisation expense | 1,865.71 | 1,608.87 |
| (Gain)/Loss on disposal of property, plant and equipment | (1.16) | 13.08 |
| (Gain)/Loss on termination of lease | (0.92) | (1.42) |
| Interest income on financial assets | (341.96) | (269.97) |
| (Gain)/Loss on redemption of investment | (158.57) | (179.07) |
| Fair valuation MTM of investment | (8.47) | (0.01) |
| Finance cost | 531.49 | 495.35 |
| Employees share based payment expenses | 110.19 | 170.99 |
| Fair valuation of financial assets | (60.92) | (383.98) |
| Liabilities / provisions no longer required written back | (19.38) | (31.69) |
| Impairment allowance for trade receivable considered doubtful | (50.32) | 260.41 |
| Unrealised foreign exchange (gain)/loss | (102.42) | (244.01) |
| Fair value of written put options | - | 0.85 |
| Sundry advances written-off | 15.13 | 66.36 |
| **Operating profit before working capital changes** | **12,333.18** | **11,679.72** |
| **Movements in working capital:** | | |
| (Increase)/ Decrease in trade receivables | 254.86 | (1,752.20) |
| (Increase)/ Decrease in inventories (net) | (586.12) | 708.31 |
| (Increase)/ Decrease in financial assets (including contract assets) | 1,459.00 | (805.20) |
| (Increase)/ Decrease in non-financial assets | 274.52 | (21.12) |
| Increase/ (Decrease) in trade payables | 140.73 | (1,202.96) |
| Increase/ (Decrease) in financial liabilities and provisions | 924.27 | 549.88 |
| Increase/ (Decrease) in non-financial liabilities (including contract liabilities) | (9.49) | (3,700.84) |
| **Cash generated from operations** | **14,790.95** | **5,455.59** |
| Income tax paid (net of refunds) | (2,408.77) | (3,012.23) |
| **Net cash generated from operating activities (A)** | **12,382.18** | **2,443.36** |
| **B. CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment (including CWIP) | (1,870.14) | (2,900.98) |
| Purchase of intangible assets | (64.80) | (0.32) |
| Proceeds from sale of property, plant and equipment | 24.02 | 10.44 |
| Payments to acquire mutual funds | (80,580.08) | (2,93,988.80) |
| Proceeds from sale of mutual funds | 74,915.85 | 2,93,767.88 |
| Bank deposit placed | (2,993.95) | (2,183.16) |
| Bank deposit matured | 587.29 | 2,461.94 |
| Investment made in equity shares of subsidiaries | (303.80) | - |
| Investment made in equity shares of joint ventures | - | (35.00) |
| Loan (given to)/ repaid by related parties | (19.82) | - |
| Loan (given to)/ repaid by employees | 3.22 | 2.15 |
| Interest received | 181.29 | 243.39 |
| **Net cash used in investing activities (B)** | **(10,120.92)** | **(2,622.46)** |
| **C. CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of share capital (including securities premium) against offer for sale | - | 4,000.00 |
| Share issue expenses | - | (402.06) |
| Net adjustment of IPO expenses between company and selling shareholders | - | (47.19) |
| Amount received on exercise of employee stock options | 84.05 | 110.27 |
| Repayment of lease liabilities | (151.63) | (130.78) |
| Repayment of long term borrowings | (866.24) | (1,239.67) |

Polycab India Limited
**Consolidated Statement of Cash flows for the year ended 31 March 2021**

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| **C. CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from long term borrowings | 33.47 | - |
| (Repayment) / Proceeds of short term borrowings | (242.35) | 45.57 |
| Interest and other finance cost paid | (462.99) | (433.00) |
| Payment of dividends (including dividend distribution tax) | - | (1,793.01) |
| **Net cash generated from/ (used in) financing activities (C)** | **(1,605.69)** | **110.13** |
| **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | **655.57** | **(68.97)** |
| Cash and cash equivalents at the beginning of the year | 1,721.62 | 1,790.59 |
| **Cash and cash equivalents at end of the year (Refer below note (c))** | **2,377.19** | **1,721.62** |
| **Supplemental Information** | | |
| (a) Cash Transactions from operating activities: | | |
| Spent towards Corporate Social Responsibility | 160.64 | 127.33 |
| (b) Non-Cash Transactions from Investing and Financing Activities: | | |
| Acquisition of property, plant and equipment by means of Government Grant | 102.95 | 216.37 |
| (c) Cash and cash equivalents comprises of | | |

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Balances with banks | | |
| In current accounts | 765.14 | 376.67 |
| Deposits with original maturity of less than 3 months | 1,611.86 | 1,342.60 |
| Cash in hand | 1.03 | 2.35 |
| **Cash and cash equivalents (Refer note 10)** | **2,378.03** | **1,721.62** |
| Cash Credit from banks (Secured) | (0.84) | - |
| **Cash and cash equivalents in Cash Flow Statement** | **2,377.19** | **1,721.62** |

| | | | |
|---|---|---|---|
| **Net debt reconciliation** | | Refer note no. 18 | |
| Corporate information and summary of significant accounting policies | 1 & 2 | | |
| Contingent liabilities and commitments | 35 | | |
| Other notes to accounts | 36 to 44 | | |

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date
**For B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

BHAVESH H DHUPELIA
Digitally signed by BHAVESH H DHUPELIA
Date: 2021.05.13 18:25:27 +05'30'

**Bhavesh Dhupelia**
Partner
Membership No. 042070

Place: Mumbai
Date: 13 May 2021

For and on behalf of the Board of Directors of
**Polycab India Limited**
CIN : L31300GJ1996PLC114183

INDER THAKURDAS JAISINGHANI

**Inder T. Jaisinghani**
Chairman & Managing Director
DIN : 00309108

BHARAT AJAY JAISINGHANI

**Bharat A. Jaisinghani**
Whole Time Director
DIN : 00742995

NIKHIL RAMESH JAISINGHANI

**Nikhil R. Jaisinghani**
Whole Time Director
DIN : 00742771

GANDHARV TONGIA

**Gandharv Tongia**
Chief Financial Officer
Membership No. 402854

Place: Mumbai
Date: 13 May 2021

MANITA CARMEN ALBERT GONSALVES

**Manita Gonsalves**
Company Secretary
Membership No. A18321

## 1. Corporate information

Polycab India Limited (the "Company") (CIN - L31300GJ1996PLC114183) was incorporated as 'Polycab Wires Private Limited' on 10 January 1996 at Mumbai as a private limited company under the Companies Act, 1956. The Company became a deemed public limited company under Section 43A(1) of the Companies Act, 1956, and the word 'private' was struck off from the name of the Company with effect from 30 June 2000. Thereafter, the Company was converted into a private limited company under section 43A(2A) of the Companies Act, 1956, and the word 'private' was added in the name of the Company with effect from 15 June 2001. Subsequently, the Company was converted into a public limited company, the word 'private' was struck off from the name of the Company and consequently, a fresh certificate of incorporation dated 29 August 2018 was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana ("ROC"), recording the change of the Company's name to 'Polycab Wires Limited'. Thereafter, the name of the Company was changed from 'Polycab Wires Limited' to 'Polycab India Limited', and a fresh certificate of incorporation dated 13 October 2018 was issued by the ROC. The Consolidated Financial Statements relates to Polycab India Limited ('the Parent Company') along with its subsidiaries and joint ventures (collectively referred to as 'the Group').

During the current year, the registered office of the Company has been shifted to Unit 4, Plot Number 105, Halol Vadodara Road, Village Nurpura, Taluka Halol, Panchmahal, Gujarat 389350.

The Group is the largest manufacturer of Wires and Cables in India and fast growing player in the Fast Moving Electrical Goods (FMEG) space. The Group is also in the business of Engineering, Procurement and Construction (EPC) projects. The Group owns 23 manufacturing facilities, located across the states of Gujarat, Maharashtra, Uttarakhand, and U.T. Daman.

The Board of Directors approved the Consolidated financial statements for the year ended 31 March 2021 and authorised for issue on 13 May 2021.

## 2. Summary of significant accounting policies

### A) Basis of preparation

**i Statement of Compliance:**

The Group prepares its Consolidated financial statements to comply with the accounting standards specified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. These Consolidated financial statements includes Balance Sheet as at 31 March 2021, the Statement of Profit and Loss including Other Comprehensive Income, Cash flows Statement and Statement of changes in equity for the year ended 31 March 2021, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "Financial Statements").

**ii Basis of Measurement:**

The financial statements for the year ended 31 March 2021 have been prepared on an accrual basis and a historical cost convention, except for the following financial assets and liabilities which have been measured at fair value or amortised cost at the end of each reporting period:

(a) Derivative financial instruments
(b) Certain financial assets and liabilities (Refer note 39 for accounting policy regarding financial instruments)
(c) Net defined benefit plan (Refer note 30 for accounting policy)
(d) Share Based Payments (Refer note 30 for accounting policy)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting policies and methods of computation followed in the financial statements are same as compared with the annual financial statements for the year ended 31 March 2020, except for adoption of new standard or any pronouncements effective from 1 April 2020.

The Group presents an additional balance sheet at the beginning of the earliest comparative period when: it applies an accounting policy retrospectively; it makes a retrospective restatement of items in its financial statements; or, when it reclassifies items in its financial statements, and the change has a material effect on the financial statements.

**iii Basis of consolidation**

The Consolidated Financial Statements comprise the financial statements of the Parent Company along with its subsidiaries and joint ventures as at 31 March 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(b) Exposure, or rights, to variable returns from its involvement with the investee and
(c) The ability to use its power over the investee to affect its returns

## 2. Summary of significant accounting policies

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) The contractual arrangement with the other vote holders of the investee
(b) Rights arising from other contractual arrangements
(c) The Group's voting rights and potential voting rights
(d) The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the Consolidated Financial Statements for like transactions and events in similar circumstances, appropriate adjustments are made if amount is material to that group member's financial statements in preparing the Consolidated Financial Statements to ensure conformity with the group's accounting policies.

The financial statements of Group entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March 2021. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

**Consolidation procedure:**

**(a) Subsidiaries**

Group combines like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated Financial Statements at the acquisition date.

Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Consolidated Financial Statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Non-controlling interests (NCI) in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of changes in equity and Balance Sheet respectively.

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

## 2. Summary of significant accounting policies

**(b) Joint Ventures**

A joint venture is a type of a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture.

If an entity's share of losses of a joint venture equals or exceeds its interest in the joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the consolidated statement of profit and loss.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as 'Share of profit of a joint venture' in the consolidated statement of profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**(c) Foreign currency translation**

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in profit or loss in the Separate Financial Statements of the reporting entity or the individual Financial Statements of the foreign operation, as appropriate. In the Financial Statements that include the foreign operation and the reporting entity such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or the statement of profit and loss are also recognized in OCI or the Statement of Profit and Loss, respectively).

## 2. Summary of significant accounting policies

**Group companies**

The consolidated financial statements are presented in Indian Rupee, which is the Parent Company's functional and presentation currency and includes the financial position and results in respect of foreign operations, initially measured using the currency of the primary economic environment in which the entity operates (i.e their functional currency). On Consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their Statements of Profit or Loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for Consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after 1 April 2016 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

**Foreign operations**

The assets and liabilities of foreign operations (subsidiaries) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Group and its joint ventures, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at 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.

**iv Classification of Current / Non-Current Assets and Liabilities:**

The Group presents assets and liabilities in the Balance sheet based on current / non-current classification. It has been classified as current or non-current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

Operating Cycle:
The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. Each entity of the Group has identified twelve months as its operating cycle for the purpose of current non-current classification of assets and liabilities.

An asset is treated 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 treated 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.

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

**v Functional and Presentation Currency:**

These financial statements are presented in Indian Rupees (₹) which is the functional currency of the Parent Company. All amounts disclosed in the financial statements which also include the accompanying notes have been rounded off to the nearest million up to two decimal places, as per the requirement of Schedule III to the Companies Act 2013, unless otherwise stated.

## B) Use of estimates and judgements

In the course of applying the policies outlined in all notes, the Group is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

## 2. Summary of significant accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The Group uses the following critical accounting estimates in preparation of its financial statements:

**i Revenue Recognition:**

The Group applied judgements that significantly affect the determination of the amount and timing of revenue from contracts at a point in time with customers, such as identifying performance obligations in a sales transactions. In certain non-standard contracts, where the Group provides extended warranties in respect of sale of consumer durable goods, the Group allocated the portion of the transaction price to goods based on its relative standalone prices. Also, certain contracts of sale includes volume rebates that give rise to variable consideration. In respect of long term contracts significant judgments are used in:

(a) Determining the revenue to be recognised in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

(b) Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date.

**ii Cost to complete for long term contracts**

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

**iii Useful life of property, plant and equipment**

The Group reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in current and future periods.

**iv Impairment of investments in subsidiaries and joint- ventures**

Determining whether the investments in subsidiaries, joint ventures and associates are impaired requires an estimate in the value in use of investments. The Group reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of profit and loss. In considering the value in use, the Board of Directors have anticipated the future market conditions and other parameters that affect the operations of these entities.

**v Provisions**

The Group estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

**vi Contingencies**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized. Contingent assets are neither recognised nor disclosed in the financial statements.

**vii Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments (Refer note 39 for accounting policy on Fair value measurement of financial instruments).

**viii Foreign Currency Transactions / Translations**

Transactions in currencies other than Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of transaction. At the end of the reporting period, monetary items denominated in foreign currencies are reported using the exchange rate prevailing as at reporting date. Non-monetary items denominated in foreign currencies which are carried in terms of historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at the exchange rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

## 2. Summary of significant accounting policies

**ix Provision for income tax and deferred tax assets**

The Group uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Accordingly, the Group exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**x Impairment of non-financial assets**

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

The Group estimates the value-in-use of the Cash generating unit (CGU) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset/ CGU.

**xi Employee benefits**

The accounting of employee benefit plans in the nature of defined benefit requires the Group to use assumptions. These assumptions have been explained under employee benefits note.

**xii Leases**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**xiii Estimation of uncertainties relating to the global health pandemic from COVID-19**

The Group has taken into account the possible impacts of COVID-19 in preparation of the financial statements, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenues and on cost budgets in respect of EPC contracts, impact on leases and impact on effectiveness of its hedging relationships. The Group has considered internal and certain external sources of information up to the date of approval of the financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements.

## C) Changes in significant accounting policies

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2020 has notified amendments to certain Ind AS. The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Amendments to Ind AS 1 and Ind AS 8 Definition of Material:**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

**Amendments to Ind AS 103: Definition of a Business:**

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

## 2. Summary of significant accounting policies

**Amendments to Ind AS 107 and Ind AS 109 Interest Rate Benchmark Reform:**
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

**Amendments to Ind AS 116 Covid-19 Related Rent Concessions:**
The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.
The Group opted to apply the practical expedient and recognised income of ₹ 12.96 million (presented under "Other income') during the current year.

**Conceptual Framework for Financial Reporting:**
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

**Amendments to CSR requirement**
The Ministry of Corporate Affairs (MCA) has amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 through a notification dated 22 January 2021, These amendments have introduced some significant changes that require better understanding to ensure compliance. The amendments, amongst others, mandatorily require utilisation of the unspent amount earmarked for CSR activities, failing which it would be transferred to a fund specified in Schedule VII of the Companies Act, 2013. Resultantly, the Group will have to make a provision towards unspent CSR spent, if any, at the end of the year, after deducting the provision created for the CSR activity completed, if applicable and as provided.

The amendments also permit a company which spends an amount in excess of the prescribed CSR amount of 2%, to set-off excess amount against the requirement to spend up to immediately succeeding three financial years subject to the fulfilment of certain conditions. As per the guidance issued by the ICAI, in case the Company, decides to adjust excess amount spent against future obligation, then an asset would have to be recognised to the extent of such excess amount spent.

### D) Recent pronouncement

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

(a) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-
(b) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
(c) Specified format for disclosure of shareholding of promoters.
(d) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
(e) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
(f) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

(a) Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

### E) Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

**F)** The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

## 3. Property, plant and equipment

**Accounting policy**

Property, plant and equipment are stated at cost, net of accumulated depreciation (other than freehold land) and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Capitalisation of costs in the carrying amount of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the Group. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. Incomes and expenses related to the incidental operations not necessary to bring the item to the location and the condition necessary for it to be capable of operating in the manner intended by the Group are recognized in the Statement of profit and loss. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit & Loss for the period in which such expenses are incurred. No impact of exchange gain / loss arising on the translation of the financial statements from the foreign currency into INR.

Capital work-in-progress comprises of property, plant and equipment that are not ready for their intended use at the end of reporting period and are carried at cost comprising direct costs, related incidental expenses, other directly attributable costs and borrowing costs.

Gains or losses arising from derecognition of property, plant and equipments are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit & Loss when the asset is derecognized.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or losses arising on disposal of property, plant and equipment is recognized in the Statement of Profit and Loss. Once the assets classified as held-for-sale, property, plant and equipment are no longer depreciated.

Depreciation on Property, plant and equipment's is calculated on pro rata basis on straight-line method using the management assessed useful lives of the assets which is in line with the manner prescribed in Schedule II of the Companies Act, 2013. The useful life is as follows:

| Assets | Useful life |
|---|---|
| Buildings | 30-60 years |
| Plant & equipments | 3-15 years |
| Electrical installations | 10 years |
| Furniture & fixtures | 10 years |
| Office equipments | 3-6 years |
| Windmill | 22 years |
| Vehicles | 8-10 years |
| Leasehold land and improvements | Lower of useful life of the asset or lease term |

In case of certain class of assets, the group uses different useful life than those prescribed in Schedule II of the Companies Act, 2013. The useful life has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset on the basis of the management's best estimation of getting economic benefits from those classes of assets. The Group uses its technical expertise along with historical and industry trends for arriving at the economic life of an asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively. Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress'.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Borrowing cost incurred for constructed assets is capitalised up to the date by which asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. All other borrowing costs are expensed in the period they occur.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

Transition to Ind AS: On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and used that carrying value as the deemed cost of the property, plant and equipment.

## 3. Property, plant and equipment

The changes in the carrying value of Property, plant and equipment for the year ended 31 March 2021 are as follows:

(₹ million)

| | Freehold land | Lease -hold land | Buildings | Plant and equipments | Electrical installations | Furniture and fixtures | Office equipments | Windmill | Vehicles | Lease-hold improvements | Total | Capital Work in progress |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value (at cost)** | | | | | | | | | | | | |
| As at 01 April 2020 | 1,018.21 | - | 7,168.77 | 10,445.57 | 603.36 | 158.91 | 296.34 | 295.04 | 122.66 | 4.51 | 20,113.37 | 2,411.78 |
| Additions on account of acqusition through business combination | 292.93 | - | 715.96 | 1,544.43 | 96.17 | 23.67 | 41.93 | - | - | - | 2,715.09 | 47.52 |
| Additions | 11.95 | - | 1,327.92 | 1,897.63 | 199.67 | 32.77 | 54.27 | - | 6.63 | - | 3,530.84 | 1,786.31 |
| Transfer (Refer below note c) | - | - | - | - | - | - | - | - | - | - | - | (3,204.98) |
| Disposals/Adjustments | (1.94) | - | (1.36) | (36.40) | - | (0.33) | (5.95) | - | (26.61) | (1.07) | (73.66) | (50.13) |
| **As at 31 March 2021** | **1,321.15** | **-** | **9,211.29** | **13,851.23** | **899.20** | **215.02** | **386.59** | **295.04** | **102.68** | **3.44** | **26,285.64** | **990.50** |
| **Accumulated depreciation** | | | | | | | | | | | | |
| As at 01 April 2020 | - | - | 1,024.02 | 4,604.16 | 272.13 | 57.58 | 160.47 | 78.58 | 48.00 | 2.98 | 6,247.92 | - |
| Additions on account of acqusition through business combination | - | - | 28.83 | 60.33 | 9.15 | 2.35 | 8.64 | - | - | - | 109.30 | |
| Depreciation charge for the year | - | - | 321.87 | 1,229.21 | 65.36 | 18.10 | 56.22 | 15.72 | 14.34 | 0.56 | 1,721.38 | - |
| Disposals/Adjustment | - | - | (0.15) | (27.39) | - | (0.16) | (5.63) | - | (19.82) | (0.98) | (54.13) | - |
| **As at 31 March 2021** | **-** | **-** | **1,374.57** | **5,866.31** | **346.64** | **77.87** | **219.70** | **94.30** | **42.52** | **2.56** | **8,024.47** | **-** |
| **Net carrying value** | | | | | | | | | | | | |
| **As at 31 March 2021** | **1,321.15** | **-** | **7,836.72** | **7,984.92** | **552.56** | **137.15** | **166.89** | **200.74** | **60.16** | **0.88** | **18,261.17** | **990.50** |

The changes in the carrying value of Property, plant and equipment for the year ended 31 March 2020 are as follows:

(₹ million)

| | Freehold land | Lease -hold land | Buildings | Plant and equipments | Electrical installations | Furniture and fixtures | Office equipments | Windmill | Vehicles | Leasehold improvements | Total | Capital Work in progress |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value (at cost)** | | | | | | | | | | | | |
| As at 01 April 2019 | 1,010.00 | 56.55 | 6,474.52 | 8,818.29 | 528.94 | 141.71 | 250.64 | 295.04 | 110.51 | 3.89 | 17,690.09 | 1,929.97 |
| Additions | 8.48 | - | 694.25 | 1,821.87 | 74.42 | 17.33 | 51.85 | - | 17.49 | 0.62 | 2,686.31 | 2,709.81 |
| Transfer (Refer below note c) | - | - | - | - | - | - | - | - | - | - | - | (2,221.22) |
| Transferred to right of use assets (Refer note g) | - | (56.55) | - | - | - | - | - | - | - | - | (56.55) | - |
| Disposals/Adjustments | (0.27) | - | - | (194.59) | - | (0.13) | (6.15) | - | (5.34) | - | (206.48) | (6.78) |
| **As at 31 March 2020** | **1,018.21** | **-** | **7,168.77** | **10,445.57** | **603.36** | **158.91** | **296.34** | **295.04** | **122.66** | **4.51** | **20,113.37** | **2,411.78** |
| **Accumulated depreciation** | | | | | | | | | | | | |
| As at 01 April 2019 | - | 14.77 | 765.93 | 3,706.01 | 215.19 | 42.64 | 121.91 | 62.86 | 37.37 | 2.55 | 4,969.23 | - |
| Depreciation charge for the year | - | - | 258.09 | 1,072.68 | 56.94 | 15.02 | 44.28 | 15.72 | 13.48 | 0.43 | 1,476.64 | - |
| Transferred to right of use assets (Refer note g) | - | (14.77) | - | - | - | - | - | - | - | - | (14.77) | - |
| Disposals/Adjustment | - | - | - | (174.53) | - | (0.08) | (5.72) | - | (2.85) | - | (183.18) | - |
| **As at 31 March 2020** | **-** | **-** | **1,024.02** | **4,604.16** | **272.13** | **57.58** | **160.47** | **78.58** | **48.00** | **2.98** | **6,247.92** | **-** |
| **Net carrying value** | | | | | | | | | | | | |
| **As at 31 March 2020** | **1,018.21** | **-** | **6,144.75** | **5,841.41** | **331.23** | **101.33** | **135.87** | **216.46** | **74.66** | **1.53** | **13,865.45** | **2,411.78** |

## 3 Property, plant and equipment

**Notes:-**

(a) Capital work in progress includes machinery in transit ₹1.89 million (31 March 2020 : ₹ 71.56 million).

(b) All property, plant and equipment are held in the name of the Group, except following :

(i) Title deed for freehold land amounting to ₹ 23.66 million (31 March 2020: ₹ 24.06 million) are not in the name of Company. The Group has initiated process of transferring these properties in its name.

(ii) Title deed for freehold land amounting to ₹ 1.14 million (31 March 2020: ₹ 1.14 million) are not available.

(iii) Title deed is in dispute for freehold land amounting to ₹ 10.48 million (31 March 2020: ₹ 10.48 million) and is pending resolution with government authority at Gujarat. The Group has initiated the process of transferring these properties in its name.

(c) Various assets appearing in capital work in progress (CWIP) and capitalised during the year ended 31 March 2021 ₹ 3,204.98 million (31 March 2020 : ₹ 2,221.22 million) have been shown in addition in respective class of Property, Plant and equipments and as transfers in CWIP.

(d) Direct capitalisation of Property, Plant and equipments during the year are given as under: (₹ million)

| | Freehold land | Leasehold land | Buildings | Plant and equipments | Electrical installations | Furniture and fixtures | Office equipments | Windmill | Vehicles | Leasehold improvements | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FY 2020-21 | 11.95 | - | 1.34 | 269.26 | 8.38 | 6.85 | 21.45 | - | 6.63 | - | 325.86 |
| FY 2019-20 | 6.31 | - | 14.84 | 386.57 | 0.74 | 9.44 | 42.21 | - | 4.98 | - | 465.09 |

(e) The carrying value of Capital Work in Progress (CWIP) as at 31 March 2021 is ₹ 990.50 million. This comprise of various routine projects and expansion spread over all units, of which major amounts are in Plant and equipments ₹ 603.01 million and Bilidings ₹ 273.67 million. Most of the project are expected to be completed by the year ending 31 March 2021.(The carrying value of Capital Work in Progress (CWIP) as at 31 March 2020 is ₹ 2,411.78 million. This comprise of various routine projects and expansion spread over all units, of which major amounts are in Plant and equipments ₹ 1,233.35 million and Bilidings ₹ 1,059.38 million.)

(f) Assets pledged and Hypothecated against borrowings:
There is a first pari passu charge by way of registered mortgage on specific immovable fixed assets at Halol and hypothecation of all movable fixed assets acquired on or after 1 April 2015.

(g) Net book value of leasehold land of ₹ 41.78 million as at 1 April 2019 were under finance lease, the same has now been transferred to ROU as per the adoption of new standard Ind AS 116 - Leases

(h) For capital expenditures contracted but not incurred - Refer note 35(B).

## 4. Right of use assets

**Accounting policy**

**i The Group as a lessee**

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases), variable lease and low value leases. For these short-term, variable lease and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying value may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. Lease liabilities have been included in other financial liabilities. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

**ii The Group as a lessor**

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

**iii Transition**

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 279.72 million and lease liability of ₹ 307.39 million. The cumulative effect of applying the standard resulted in ₹ 26.02 million being debited to retained earnings(net of deferred tax assets created of ₹ 8.51 million). The effect of this adoption is insignificant on the profit for the period and earnings per share.

The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

**iv Finance lease**

The Group has entered into land lease arrangement at various locations. Terms of such lease ranges from 30-90 years. In case of lease of land for 90 years and above, it is likely that such leases meet the criteria that at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Accordingly, the Group has classified leasehold land as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset at the date of initial application of Ind AS 116 is the carrying amount of the lease asset on the transition date as measured applying Ind AS 17. Accordingly, an amount of ₹ 41.78 million has been reclassified from property, plant and equipment to right-of-use assets.

**v Others**

The following is the summary of practical expedients elected on initial application:

(a) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
(b) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application, variable lease and low value asset.
(c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
(d) The effective interest rate for lease liabilities is 9.0% p.a., with maturity between 2021-2030.

## 4. Right of use assets

Following are the changes in the carrying value of right of use for the year ended 31 March 2021 (₹ million)

| | Category of ROU asset | | Total |
|---|---|---|---|
| | Leasehold Land | Buildings | |
| **Gross carrying value** | | | |
| As at 01 April 2020 | 41.78 | 403.41 | 445.19 |
| Additions | - | 149.11 | 149.11 |
| Disposals | - | (81.96) | (81.96) |
| **As at 31 March 2021** | **41.78** | **470.56** | **512.34** |
| **Accumulated depreciation** | | | |
| As at 01 April 2020 | 0.45 | 106.82 | 107.27 |
| Depreciation charge for the year | 0.46 | 128.57 | 129.03 |
| Disposals | - | (64.96) | (64.96) |
| **As at 31 March 2021** | **0.91** | **170.43** | **171.34** |
| Net carrying value | | | |
| **As at 31 March 2021** | **40.87** | **300.13** | **341.00** |

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

(₹ million)

| | Category of ROU asset | | Total |
|---|---|---|---|
| | Leasehold Land | Buildings | |
| **Gross carrying value** | | | |
| As at 01 April 2019 | - | - | - |
| Transition impact of Ind AS 116 | - | 279.72 | 279.72 |
| Transferred from property, plant andequipment (Refer note 3(g)) | 41.78 | - | 41.78 |
| Additions | - | 139.71 | 139.71 |
| Disposals | - | (16.02) | (16.02) |
| **As at 31 March 2020** | **41.78** | **403.41** | **445.19** |
| **Accumulated depreciation** | | | |
| As at 01 April 2019 | - | - | - |
| Depreciation charge for the year | 0.45 | 113.24 | 113.69 |
| Disposals | - | (6.42) | (6.42) |
| **As at 31 March 2020** | **0.45** | **106.82** | **107.27** |
| Net carrying value | | | |
| **As at 31 March 2020** | **41.33** | **296.59** | **337.92** |

The following is the break-up of current and non-current lease liabilities for the year ended 31 March 2021 (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Non-current lease liabilities | 226.34 | 301.84 |
| Current lease liabilities | 111.83 | 29.71 |
| | **338.17** | **331.55** |

The following is the movement in lease liabilities for the year ended 31 March 2021 (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Balance at the beginning of the year | 331.55 | 307.39 |
| Additions | 147.01 | 136.60 |
| Finance cost accrued during the year | 29.19 | 29.35 |
| Deletions | (17.95) | (11.01) |
| Payment of lease liabilities | (151.63) | (130.78) |
| | **338.17** | **331.55** |

The table below provides details regarding the contractual maturities of lease liabilities of non-cancellable contractual commitments as on an undiscounted basis.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Less than one year | 136.59 | 125.85 |
| One to five years | 214.83 | 217.63 |
| More than five years | 59.20 | 57.58 |
| | **410.62** | **401.06** |

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The following are the amounts recognised in profit or loss: (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Depreciation expense of right-of-use assets | 129.03 | 113.69 |
| Interest expense on lease liabilities | 29.19 | 29.35 |
| COVID 19 related Rent concessions | (12.96) | - |
| Interest income on fair value of security deposit | (3.10) | (1.04) |
| Expense relating to short-term leases (included in other expenses) | 41.04 | 32.50 |
| Expense relating to leases of low-value assets (included in other expenses) | 8.80 | 9.87 |
| Variable lease payments (included in other expenses) | 20.81 | 38.22 |
| | **212.81** | **222.59** |

## 5. Intangible assets

**Accounting policy**

**i. Intangible assets acquired separately**

Intangible assets acquired are reported at cost less accumulated amortization and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Amortisation on intangible assets is calculated on pro rata basis on straight-line method using the useful lives of the assets and in the manner prescribed in Schedule II of the Companies Act, 2013. The useful life is as follows:

| Assets | Useful life |
|---|---|
| Computer software | 3 year |

The residual values, useful lives and methods of amortisation of Intangible assets are reviewed at each financial year end and adjusted prospectively.

The Intangible Assets include license and software of Gross carrying amount of ₹ 70.28 million (31 March 2020 ₹ 70.47 million) which has been fully amortized over the past periods and are being use by the Group.

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

**ii. Intellectual Property**

Brands/trademarks acquired separately are measured on initial recognition at the fair value of consideration paid. Following initial recognition, brands/trademarks are carried at cost less any accumulated amortisation and impairment losses, if any. A brand/trademark acquired as part of a business combination is recognised outside goodwill, at fair value at the date of acquisition, if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. The useful lives of brands/trademarks are assessed to be either finite or indefinite. The assessment includes whether the brand/trademark name will continue to trade and the expected lifetime of the brand/trademark. Amortisation is charged on assets with finite lives on a straight-line basis over a period appropriate to the asset's useful life. The carrying values of brands/trademarks with finite and indefinite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The Group does not have any brands/ trademarks with indefinite useful lives.

The Group owns 116 number as on 31 March 2021 (92 number as on 31 March 2020) registered trademarks pertaining to Brand, Sub-brands and Designs in India. The Group has also entered into royalty agreements with few companies for use of Polycab brand on specific products and charges fees for the same. These intellectual property and royalty income are solely owned and earned by the Group and is not shared with any stakeholder. Intellectual Property has not been capitalised in the books as it does not meet the recognition criteria in Ind AS 38.

**iii. Research and development expenditure**

During the year, the Group has incurred Capital R&D expenditure amounting to ₹ 31.94 million (31 March 2020 ₹ 3.27 million) which have been included in property, plant and equipment. Further, Revenue R&D expenditure incurred amounting to ₹ 175.60 million (31 March 2020 ₹ 72.33 million) which have been charged to the respective revenue accounts. Expenditure on research and development activities is recognized in the Consolidated Statement of Profit and Loss as incurred. Development expenditure is capitalized as part of cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortization and any accumulated impairment losses, if any.

**iv. De-recognition of intangible assets**

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

The changes in the carrying value of Intangible assets for the year ended 31 March 2021 are as follows:

(₹ million)

| | Brand | Computer Software | Total |
|---|---|---|---|
| **Gross carrying value (at cost)** | | | |
| As at 01 April 2020 | - | 105.19 | 105.19 |
| Additions on account of acquasition | - | 9.87 | 9.87 |
| Additions | 46.35 | 18.45 | 64.80 |
| Disposals/ Adjustments | - | (11.60) | (11.60) |
| **As at 31 March 2021** | **46.35** | **121.91** | **168.26** |
| **Accumulated amortization** | | | |
| As at 01 April 2020 | - | 88.43 | 88.43 |
| Additions on account of acquasition | - | 1.55 | 1.55 |
| Amortisation charge for the year | 1.54 | 13.76 | 15.30 |
| Disposals/ Adjustments | - | (8.27) | (8.27) |
| **As at 31 March 2021** | **1.54** | **95.47** | **97.01** |
| Net carrying value | | | |
| **As at 31 March 2021** | **44.81** | **26.44** | **71.25** |

## 5. Intangible assets

The changes in the carrying value of Intangible assets for the year ended 31 March 2020 are as follows:

(₹ million)

| | Brand | Computer Software | Total |
|---|---|---|---|
| **Gross carrying value (at cost)** | | | |
| As at 01 April 2019 | - | 168.91 | 168.91 |
| Additions | - | 0.32 | 0.32 |
| Disposals | - | (64.04) | (64.04) |
| **As at 31 March 2020** | **-** | **105.19** | **105.19** |
| **Accumulated amortization** | | | |
| As at 01 April 2019 | - | 133.93 | 133.93 |
| Amortisation charge for the year | - | 18.54 | 18.54 |
| Disposals/ Adjustments | - | (64.04) | (64.04) |
| **As at 31 March 2020** | **-** | **88.43** | **88.43** |
| **Net carrying value** | | | |
| **As at 31 March 2020** | **-** | **16.76** | **16.76** |

## 6. Investment

**Accounting policy**

i. **Interests in joint ventures**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

Interests in joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost.

**Equity method:**

Under the equity method, the investment in joint venture is initially recognized at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the investee in Group’s profit and loss, and the Group’s share of other comprehensive income of the investee in Group’s other comprehensive income.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group’s share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the Consolidated Statement of Changes in Equity. Unrealised gains resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group’s interest in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group’s share of losses of a joint venture exceeds the Group’s interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. The Group resumes recognising its share of profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the Consolidated Statement of Profit and Loss.
The Financial Statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

At each reporting date, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. The Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as 'Share of profit of a joint venture' in the Consolidated Statement of Profit and Loss. Goodwill relating to the joint venture is included in the carrying amount of the investment is not tested for impairment individually.

Upon loss of joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

## 6 Investment

**ii. Business Combinations**

**Acquisition method:**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the Consolidated Statement of Profit and Loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

a) deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 "Employee Benefits" respectively;

b) liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 "Share-based Payments" at the acquisition date; and

c) assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 "Non-Current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the Consolidated Statement of Profit and Loss.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 "Financial Instruments", is measured at fair value with changes in fair value recognised in Consolidated Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

**Goodwill:**

Goodwill is measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses or the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

**Bargain purchase:**

If the difference of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed is a deficit then the business combination is regarded as bargain purchase.

In case of bargain purchase, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. If such evidence exists, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it in other comprehensive income and accumulates the same in equity as capital reserve.

If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing, directly in equity as capital reserve.

**Measurement period adjustments**

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period (not more than one year from acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

**Business combination among entities under common control:**

Business combination involving entities or businesses under common control is accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of combining entities are reflected at their carrying amount and no adjustments are made to reflect fair values.

## 6 Investment

**Non-controlling interests:**

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

On 6 May 2020, the Company acquired the balance 50% equity shares in Ryker Base Private Limited making it a wholly-owned subsidiary at consideration of ₹ 303.80 million, Put Option liability of ₹ 49.75 million derecognised against such consideration paid for. This acquisition would strengthen the Groupss operations and help the Company deliver better quality products to consumers.

The results of Ryker operations have been consolidated by the Group on a line by line basis from the acquisition date. The amounts of revenue and profit or loss of the acquiree since the acquisition date included note no.18. Further, the Group has allocated purchase price on net assets acquired as under:

**(a) The fair value of assets and liabilities recognised as a result of the acquisition are as follows:**

| **Assets** | (₹ million) |
|---|---|
| Tangible and Intangible assets | 2,663.55 |
| Inventories | 43.44 |
| Trade receivables | 4.81 |
| Cash and cash equivalents | 103.91 |
| Deferred Tax Asset (Net) | 21.59 |
| Other assets | 90.94 |
| | **2,928.24** |
| **Liabilities** | |
| Borrowings | (1,965.53) |
| Trade payables | (40.48) |
| Provisions | (3.08) |
| Other liabilities | (456.21) |
| | **(2,465.30)** |
| **Fair value of net assets acquired** | **462.94** |

**(b) Computation of Goodwill**

| | |
|---|---|
| Consideration transferred | 303.80 |
| Put Option | (49.75) |
| Acquisition date fair value of any previously held equity interest in the acquiree | 231.47 |
| Fair value of net assets acquired | (462.94) |
| **Goodwill *** | **22.58** |

* Total amount of goodwill computed above is not deductible for tax purposes.

**(c)** The Group's previously held 50% equity interest was accounted as per equity method till 05 May 2020. Further, ₹ 97.18 million was recognised as gain on derecognition of previously held equity interest and disclosed as exceptional item in Statement of Profit and Loss account.

## A Non-current investments

(₹ million)

| | Face Value Per Unit | Number | 31 Mar 21 | Number | 31 Mar 20 |
|---|---|---|---|---|---|
| **Investments carried at cost (Unquoted)** | | | | | |
| **Investment in Equity Instruments of Joint Venture (Fully paid-up)** | | | | | |
| Ryker Base Private Limited (Refer below note (a) & (b)) | ₹ 10 | - | - | 2,60,10,000 | 205.39 |
| Add: Share in current period profit/(loss) | | | - | | (63.02) |
| | (A) | **-** | **-** | **2,60,10,000** | **142.37** |
| Techno Electromech Private Limited | ₹ 10 | 40,40,000 | 112.40 | 5,40,000 | 40.36 |
| Goodwill on acquisition | | | - | | 48.10 |
| Add: Additional investment made | ₹ 10 | | - | 35,00,000 | 35.00 |
| Add: Share in current period profit/(loss) | | | 5.78 | | (11.06) |
| | (B) | **40,40,000** | **118.18** | **40,40,000** | **112.40** |
| | **(A+B)** | | **118.18** | | **254.77** |
| Aggregate amount of unquoted investments | | | 118.18 | | 254.77 |

**Details of the Group's Joint Ventures at the end of the reporting period are as follows:**

| **Name of the Joint Ventures** | **Nature of Business** | **Proportion of ownership interest(%)** | |
|---|---|---|---|
| | | **31 Mar 21** | **31 Mar 20** |
| Techno Electromech Private Limited (TEPL), India | Manufacturing of light emitting diodes, lighting and luminaires, and LED drivers. | 50% | 50% |

The Group has entered into Joint venture agreements with the co-venturer and hence the investment in the above entities are treated as Joint Venture. Both the venturers have joint control on the entities. Accordingly, the Group has consolidated the above Joint Ventures using equity method.

## 6. Investment

**Summarised financial information of Joint Ventures:**

The summarised financial information below represents the amount shown in the Joint Venture's financial statements prepared in accordance with Ind AS adjusted by the Group for equity accounting purposes.

| | TEPL | | Ryker | |
|---|---|---|---|---|
| | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 |
| Non-current Assets | 601.88 | 560.40 | - | 2,591.98 |
| Current Assets | 873.08 | 690.74 | - | 207.97 |
| Non-current Liabilities | (321.23) | (1,027.52) | - | (1,729.52) |
| Current Liabilities | (909.76) | - | - | (734.49) |
| **Net Assets** | **243.97** | **223.62** | **-** | **335.94** |
| Proportion of the Group's ownership | 50% | 50% | - | 50% |
| **Group's share of net assets** | **121.99** | **111.81** | **-** | **167.97** |

**Summarised statement of profit and loss of the joint ventures :**

| | TEPL | | Ryker | |
|---|---|---|---|---|
| | 31 Mar 21 | 31 Mar 20 | 06 May 20 | 31 Mar 20 |
| Revenue | 1,940.53 | 1,544.18 | 2.20 | 676.91 |
| Cost of raw material and components consumed | (1,537.00) | (1,187.36) | (1.68) | 17.08 |
| Depreciation & amortization | (30.41) | (24.70) | (9.01) | (106.25) |
| Finance cost | (55.91) | (51.65) | (1.29) | (275.21) |
| Employee benefit | (87.95) | (85.03) | (4.35) | (74.41) |
| Other expense | (218.12) | (210.46) | (5.73) | (374.70) |
| **Profit before tax** | **11.14** | **(15.02)** | **(19.86)** | **(136.58)** |
| Income tax expense | 0.21 | (1.71) | (1.24) | 10.69 |
| **Profit for the period** | **11.35** | **(16.73)** | **(21.10)** | **(125.89)** |
| Other comprehensive (income)/expense for the year | (0.20) | 0.17 | - | 0.15 |
| **Total comprehensive income for the year** | **11.55** | **(16.90)** | **(21.10)** | **(126.04)** |
| Group's share of Profit/(Loss) for the year | 5.78 | (8.45) | (10.55) | (63.05) |
| Elimination of unrealised profit/loss from transaction with joint ventures | - | (2.61) | 2.47 | 0.03 |
| **Share of profit/(loss) of joint ventures (Net of tax) carried over to statement of profit and loss** | **5.78** | **(11.06)** | **(8.08)** | **(63.02)** |
| **Reconciliation of the above mentioned summarised financial information to the carrying amount of interest in the Joint Venture recognised in consolidated financial statements** | | | | |
| Group's Share of net assets as above | 121.99 | 111.81 | - | 167.97 |
| Elimination of unrealised profit from transaction with joint ventures | (3.81) | 0.59 | - | (25.60) |
| **Amounts Carried to Balance Sheet** | **118.18** | **112.40** | **-** | **142.37** |

**Notes:**

(a) Refer note 35(B) for uncalled capital commitments outstanding.

(b) During the current year, the Group has received in principle approval from Reserve Bank of India to wind up Polycab Wires Italy SRL (PWISRL). Accordingly, PWISRL was liquidated and closure certificate was issued on 05 March 2021 by the Italian authorities. The related closing formalities with RBI are in progress. The impact of closure of PWISRL on the financial statements is not material.

(c) The Parent Company has no contingent liabilities or capital commitments relating to its interest in joint ventures as at 31 March 2020 except the corporate guarantee provided to bank against the borrowing (Refer note 35A). Joint ventures can not distribute this profits until they obtain consent from the venture partners.

### B Current Investments held for sale

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Investments measured at FVTPL (Quoted)** | | |
| Investments in Overnight Mutual Funds | 6,231.27 | 400.00 |
| | **6,231.27** | 400.00 |
| Aggregate amount of quoted investments - At cost | 6,222.79 | 400.00 |
| Aggregate amount of quoted investments - At market value | 6,231.27 | 400.00 |

**Note:** Refer note 39 for accounting policies on financial instruments for methods of valuation.

## 7. Trade receivables

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Unsecured (at amortised cost)** | | |
| **Non Current** | | |
| Trade receivables- Considered Good | 1,283.60 | 1,660.47 |
| **Non-current Trade receivables** | **1,283.60** | **1,660.47** |
| **Current** | | |
| Trade receivables- Considered Good | 15,504.58 | 15,497.51 |
| Trade receivables - Credit Impaired | 254.36 | 327.08 |
| Receivables from related parties- Considered Good (Refer note - 36) | 23.61 | 74.48 |
| **Trade receivables (Gross)** | **15,782.55** | **15,899.07** |
| Less: Impairment allowance for trade receivables- Credit Impaired | (1,424.88) | (1,562.64) |
| **Current Trade receivables (Net)** | **14,357.67** | **14,336.43** |

## 7. Trade receivables

The following table summarizes the change in impairment allowance measured using the life time expected credit loss model:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **At the beginning of year** | 1,562.64 | 1,449.96 |
| Provision during the year | (50.32) | 256.17 |
| Bad debts written off (net) | (87.44) | (143.49) |
| **At the end of the year** | **1,424.88** | **1,562.64** |

**Notes:-**

(a) Trade receivables are usually non-interest bearing and are generally on credit terms up to 90 days except EPC business. The Group's term includes charging of interest for delayed payment beyond agreed credit days. Group entities charge interest for delayed payments in certain cases depending on factors, such as, market conditions and past realisation trend.
(b) For EPC business trade receivables are non-interest bearing and credit terms are specific to contracts.
(c) For explanations on the Group's credit risk management processes, Refer note 39(B).
(d) The Group follows life time expected credit loss model. Accordingly, deterioration in credit risk is not required to be evaluated annually.
(e) Trade receivables have been pledged as security against bank borrowings, the terms relating to which have been described in Note 19(B)
(f) Refer note 39 for accounting policies on financial instruments.
(g) No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person, except the dues referred in note 36(F)(iii). Further, no trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

## 8. Loans

### A Loans - Non-current

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| **At amortised cost** | | | |
| Security deposits and Earnest money deposits, Unsecured, considered good | (A) | 17.05 | 21.36 |
| Rental deposits , unsecured, considered good | | | |
| Related Parties (Refer note - 36) | | - | 6.13 |
| Others | | 18.43 | 25.92 |
| | (B) | 18.43 | 32.05 |
| | (A+B) | **35.48** | **53.41** |

Note: There are no non-current loans which have significant increase in credit risk.

### B Loans - Current

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| **At amortised cost** | | | |
| Security deposits and Earnest money deposits, Unsecured, considered good | (A) | 24.46 | 59.12 |
| Rental deposits, unsecured, considered good | (B) | | |
| Related Parties (Refer note - 35) | | 5.91 | 9.06 |
| Others | | 19.73 | - |
| **Loans to related party (Refer note - 36)** | | | |
| Unsecured, considered good | | 115.20 | 115.21 |
| | (C) | 115.20 | 115.21 |
| Loans to employees , Unsecured, considered good | (D) | 7.46 | 10.68 |
| Loans to others , Unsecured, considered good | (E) | - | 50.30 |
| | (A+B+C+D+E) | **172.76** | **244.37** |

## 9. Other financial assets

### A Other financial assets - Non-current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Other financial assets (at amortised cost)- Non-current** | | |
| Deposits with bank having maturity period of more than 12 months | 579.70 | 14.17 |
| | **579.70** | **14.17** |

### B Other financial assets - current

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| **At amortised cost** | | | |
| **Contract asset (Refer below note(a))** | | | |
| Unsecured, considered good | | 141.02 | 316.78 |
| Credit Impaired | | 11.82 | 11.82 |
| Less: Impairment allowance for Contract Assets - Credit Impaired (Refer below note (b)) | | (11.82) | (11.82) |
| | (A) | 141.02 | 316.78 |
| **Others** | | | |
| Insurance claim receivables | | - | 0.73 |
| Interest accrued on bank deposits | | 30.25 | 37.86 |
| Interest receivables | | | |
| Related Parties (Refer note - 35) | | 3.18 | - |
| Others | | 1.03 | 2.09 |
| Incentive receivable from government authorities | | - | - |
| | (B) | 34.46 | 40.68 |
| **At FVTPL** | | | |
| Derivative Assets (Refer below note (c)) | (C) | 33.79 | 1,084.54 |
| | (A+B+C) | **209.27** | **1,442.00** |

## 9. Other financial assets

**Notes:-**

(a) **Reconciliation of Contract assets:**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| At the beginning of year | 316.78 | 252.93 |
| Unbilled revenue for year | 1,267.98 | 313.82 |
| Billed to customer revenue from opening balance | (1,443.74) | (245.73) |
| Impairment allowance | - | (4.24) |
| **At the end of the year** | **141.02** | **316.78** |

The Group follows life time expected credit loss provisioning model for contract asset. Accordingly, deterioration in credit risk is not required to be evaluated annually.

(b) **Change in impairment allowance**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **At the beginning of year** | 11.82 | 7.58 |
| Provision during the year | - | 4.24 |
| **At the end of the year** | **11.82** | **11.82** |

(c) **Derivative Assets**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Embedded derivatives | - | 1,075.35 |
| Forward Contract | 31.37 | - |
| Interest rate and cross currency swap | 2.42 | 9.19 |
| | **33.79** | **1,084.54** |

## 10. Cash and cash equivalents

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Cash and cash equivalents (at amortised cost)** | | |
| Balances with banks | | |
| In current accounts | 765.14 | 376.67 |
| Deposits with original maturity of less than 3 months | 1,611.86 | 1,342.60 |
| Cash in hand | 1.03 | 2.35 |
| | **2,378.03** | **1,721.62** |

There is no repatriation restriction with regard to cash and cash equivalents at the end of reporting period and prior periods.

## 11. Bank balance other than cash and cash equivalents

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Bank balance other than cash and cash equivalents (at amortised cost)** | | |
| Deposits with original maturity for more than 3 months but less than 12 months * | 2,934.28 | 1,090.47 |
| Earmarked balance | 0.87 | 0.96 |
| Margin money deposit | - | 0.02 |
| | **2,935.15** | **1,091.45** |

* ₹ 500 million (31 March 2020: ₹ 1,000 million) is restricted for withdrawal, as it is lien against project specific advance.

## 12. Income taxes

**Accounting policy**

Income tax expenses comprise current tax and deferred income tax and includes any adjustments related to past periods in current and / or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Income tax received / receivable pertains to prior period recognised when reasonable certainty arise for refund acknowledged by the Income-tax department. Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted at the reporting date. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

Deferred tax liabilities are recognised for all taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised for deductible temporary differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each reporting date, the Group re-assesses unrecognised deferred tax assets. It recognises unrecognized deferred tax asset to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

(a) Temporary differences arising on the initial recognition of goodwill or an assets or liabilities in a transaction that is not a business combination and that effects neither accounting nor taxable profit or loss at the time of the transaction; and

## 12. Income taxes

(b) Temporary differences related to freehold land and investments in subsidiaries, to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and interest in joint ventures where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The major tax jurisdiction of the Group is India. The Company's tax return for past years are generally subject to examination by the tax authorities. The Company has ongoing disputes with income tax authorities in India. The disputes relate to tax treatment of certain expenses claimed as deductions or manner of computation of certain income, expenses. However, there are no pending tax demands from Income-tax authorities as on 31 March 2021. The Company is contesting some of the claims made by it before tax authorities in tax returns, assessments. The management of the Company is of the opinion that such claims will, most likely result in refund of taxes from Income-tax department aggregating to Rs. 46.15 Mn. The Company has made provisions for taxes basis its best judgement, considering past resolutions to disputed matters by adjudicating authorities, prior year assessments and advice from external experts, if required. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

Further, the Company periodically receives notices and inquiries from Indian income tax authorities related to the Company's operations. The Company has evaluated these notices and inquiries and has concluded that any consequent income tax claims or demands, if any, by the income tax authorities will not succeed on ultimate resolution."

### A Income tax expense in the statement of profit and loss comprises:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Current tax:** | | |
| In respect of current year | 2,568.58 | 2,480.05 |
| Adjustments of tax relating to earlier years | (999.98) | (34.05) |
| | **1,568.60** | **2,446.00** |
| **Deferred tax:** | | |
| In respect of current year | 131.60 | 54.04 |
| Effect of decrease in applicable tax rate in India | - | (71.06) |
| Adjustments of tax relating to earlier years | 90.33 | 14.72 |
| | **221.93** | **(2.30)** |
| | **1,790.53** | **2,443.70** |

### B OCI section - Deferred tax related to items recognised in OCI during the period:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Net loss/(gain) on remeasurements of defined benefit plans | 12.05 | (12.86) |
| Net loss/(gain) on Designated Cash Flow Hedges | 42.54 | (42.54) |
| | **54.59** | **(55.40)** |

### C Reconciliation of tax expense and the accounting profit multiplied by Company's domestic tax rate:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Profit before tax | 10,552.48 | 10,099.88 |
| Enacted tax rates in India | 25.17% | 25.17% |
| Computed expected tax expenses | 2,655.85 | 2,541.94 |
| **Effect of differential tax impact due to the following (tax benefit)/ tax expenses:** | | |
| CSR expenses | 40.43 | 32.05 |
| Deferred government grants | (19.83) | (70.50) |
| Others | 23.73 | 30.60 |
| Adjustments of tax relating to earlier years | (909.65) | (19.33) |
| Effect of decrease in applicable tax rate in India | - | (71.06) |
| | **1,790.53** | **2,443.70** |

**Notes:-**

The tax rate used for the 31 March 2021 and 31 March 2020 reconciliations above is the corporate tax rate of 25.17%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

## 12. Income taxes

During the previous year, the Group elected to exercise the option of reduced Corporate income-tax rate from 34.94% to 25.17% as permitted under section 115BAA of the Income-tax Act, 1961 as per the amendment notified in the official Gazette dated 12 December 2019. Accordingly, the Group has recognised Provision for Income Tax for the year ended 31 March 2020 and re-measured its Deferred Tax Assets or Liabilities basis the reduced tax rate prescribed in the said section. The impact of the said change recognised in the statement of Profit & Loss of ₹ 71.06 million pertaining to earlier years is recognised during the previous year.

### D The details of Non-current/ (Current) tax assets / (liabilities) as at 31 March 2021

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Non-current tax assets (net of provision for taxation) | 297.59 | 191.77 |
| Current tax liabilities (net of advance tax) | (283.44) | (1,191.61) |
| **Net current income tax asset / (liability) at the end** | **14.15** | **(999.84)** |

### E The movement in the gross current tax assets/ (liability) for the year ended 31 March 2021

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Net current tax asset / (liability) at the beginning | (999.84) | (1,566.07) |
| Additions on account of acqusition through business combination | 22.71 | - |
| Income tax Paid | 2,412.87 | 3,012.97 |
| Refund received | (4.10) | (0.74) |
| Effect of interest on income-tax order | 162.87 | - |
| Interest liability adjusted against advance tax | (11.76) | - |
| Current tax expense | (2,568.58) | (2,480.05) |
| Adjustments of tax relating to earlier years | 999.98 | 34.05 |
| **Net current tax asset / (liability) at the end** | **14.15** | **(999.84)** |

### F The movement in gross deferred tax assets and liabilities

**For the year ended 31 March 2021**

(₹ million)

| | Carrying value as at 01 April 20 | Additions on account of acqusition through business combination | Changes through profit and loss | Changes through OCI | Impact on Account of Ind AS 116 | Carrying value as at 31 Mar 21 |
|---|---|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | | | | |
| Property, plant and equipment and intangible assets | (607.91) | (61.80) | (67.83) | - | - | (737.54) |
| Provision for employee benefits | 115.57 | 0.65 | (15.79) | (12.05) | - | 88.38 |
| Cash flow hedges | 42.54 | - | - | (42.54) | - | - |
| Receivables, financial assets at amortised cost | 426.16 | - | (233.01) | - | - | 193.15 |
| Lease liabilities | 8.51 | - | (7.73) | - | - | 0.78 |
| Others | (149.68) | 84.45 | 102.43 | - | - | 37.20 |
| **Total deferred tax assets / (liabilities)** | **(164.81)** | **23.30** | **(221.93)** | **(54.59)** | **-** | **(418.03)** |

**For the year ended 31 March 2020**

(₹ million)

| | Carrying value as at 01 April 19 | Additions on account of acqusition through business combination | Changes through profit and loss | Changes through OCI | Impact on Account of Ind AS 116 | Carrying value as at 31 Mar 20 |
|---|---|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | | | | |
| Property, plant and equipment and intangible assets | (835.26) | - | 227.35 | - | - | (607.91) |
| Provision for employee benefits | 115.63 | - | (12.92) | 12.86 | - | 115.57 |
| Cash flow hedges | - | - | - | 42.54 | - | 42.54 |
| Receivables, financial assets at amortised cost | 550.46 | - | (124.30) | - | - | 426.16 |
| Lease liabilities | - | - | - | - | 8.51 | 8.51 |
| Others | (61.85) | - | (87.83) | - | - | (149.68) |
| **Total deferred tax assets / (liabilities)** | **(231.02)** | **-** | **2.30** | **55.40** | **8.51** | **(164.81)** |

## 12. Income taxes

### G Reconciliation of deferred tax assets/ liabilities (net):

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Net deferred tax asset / (liability) at the beginning | (164.81) | (231.02) |
| Additions on account of acqusition through business combination | 23.30 | - |
| Tax (income)/expense due to tax rate change (reinstatement of Opening Balance) | - | 71.06 |
| Tax (income)/expense on Ind AS 116 transition | - | 8.51 |
| Tax (income)/expense on adjustment of tax relating to earlier year | (90.33) | (14.72) |
| Tax (income)/expense recognised in profit or loss | (131.60) | (54.04) |
| Tax (income)/expense recognised in OCI | (54.59) | 55.40 |
| **Net deferred tax asset / (liability) at the end** | **(418.03)** | **(164.81)** |

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Deferred tax assets (net) | 0.11 | 10.13 |
| Deferred tax liabilites (net) | (418.14) | (174.94) |
| **Net deferred tax asset / (liability) at the end** | **(418.03)** | **(164.81)** |

**Notes:-**

(a) During the year, the Parent Company had received a favourable order from Honourable Income-Tax Appellate Tribunal for AY 2012-13 to 2015-16 resulting into write back of income-tax provision of ₹ 839.52 million and recognition of interest on income tax refund of ₹ 163.89 million.

(b) The Parent Company has not recognised deferred tax assets on long term capital losses of Rs. 0.32 million arose in Assessment Year (AY) 2016-17 (Year of expiry AY 2024-25) and Rs. 0.70 million arose in AY 2021-22 (Year of expiry 2029-30), as presently it is not probable of recovery. Tax impact on the said losses is amounting to Rs. 0.24 million.

## 13. Other assets

### A Other assets - Non-current

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| **Capital advances** | | | |
| Unsecured, considered good | | 273.47 | 264.16 |
| Unsecured, considered doubtful | | - | 65.99 |
| **Gross Capital Advances** | | **273.47** | **330.15** |
| Less : Impairment allowance for doubtful advance | | - | (65.99) |
| **Net Capital Advances** | (A) | **273.47** | **264.16** |
| | | | |
| **Advances other than capital advances** | | | |
| **Unsecured, considered good** | | | |
| Prepaid expenses | | 12.02 | 19.27 |
| Balances with Statutory/government authorities | | 134.03 | 16.70 |
| | (B) | **146.05** | **35.97** |
| | | | |
| | (A)+(B) | **419.52** | **300.13** |

### B Other assets - Current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Advances other than capital advances, Unsecured, considered good** | | |
| Advances for materials and services | 920.53 | 619.93 |
| **Others** | | |
| **Unsecured, considered good** | | |
| Prepaid expenses | 58.57 | 67.69 |
| Balances with statutory/government authorities | 238.83 | 965.54 |
| Export incentive receivable | 85.64 | 127.28 |
| Refund Assets | 222.21 | 232.46 |
| Others | 37.40 | 0.87 |
| | **1,563.18** | **2,013.77** |

## 14. Inventories

**Accounting policy**

Raw materials, traded goods, work in progress, finished goods, packing materials, project material for long term contracts, scrap materials and stores and spares are valued at lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, packing materials, and stores and spares is determined on a First In-First Out (FIFO) basis and includes all applicable costs, including inward freight, incurred in bringing goods to their present location and condition.

Stock-in-trade and finished goods are valued at lower of cost or net realizable value. Cost includes direct materials as aforesaid, direct labour cost and a proportion of manufacturing overheads based on total manufacturing overheads to raw materials consumed.

Traded goods are valued at lower of cost or net realizable value. Cost includes cost of purchase and includes all applicable costs, including inward freight, incurred in bringing the inventories at their location and condition. Cost is determined on a weighted average basis.

The stocks of scrap materials have been taken at net realisable value.

## 14. Inventories

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

Provisions are made towards slow-moving and obsolete items based on historical experience of utilisation on a product category basis, which consideration of product lines and market conditions.

Copper and aluminium is purchased on provisional price with option to fix the purchase price based on current or future pricing model based on LME. Such feature is kept to hedge against exposure in the value of inventory of copper and aluminium due to volatility in copper and aluminium prices. Since, the value of the copper and aluminium changes with response to change in commodity pricing index, embedded derivatives (ED) is identified and segregated in the contract. The ED so segregated, is treated like commodity derivative and qualify for hedge accounting. These derivatives are put into a Fair Value hedge relationship with respect to inventory. The Company designates only the spot-to-spot movement of the copper and aluminium inventory as the hedged risk. The carrying value of inventory is accordingly adjusted for the effective portion of change in fair value of hedging instrument. Hedge accounting is discontinued when the hedging instrument is settled, or when it no longer qualifies for hedge accounting or when the hedged item is sold (Refer note 41).

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Raw materials | 8,186.85 | 6,848.39 |
| Work-in-progress | 1,417.27 | 2,086.44 |
| Finished goods | 8,060.36 | 8,053.26 |
| Stock-in-trade | 1,171.80 | 1,294.83 |
| Stores and spares | 290.16 | 253.88 |
| Packing materials | 293.15 | 305.69 |
| Scrap materials | 237.49 | 136.66 |
| Project materials for long-term contracts | 222.02 | 270.39 |
| | **19,879.10** | **19,249.54** |

**Notes:-**

(a) The above includes goods in transit as under:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Raw Material | 1,075.88 | 2,955.21 |
| Stock-in-trade | 72.44 | 99.52 |
| Stores and spares | 0.61 | - |
| Project materials for long-term contracts | 22.31 | 5.32 |

(b) The above includes inventories held by third parties amounting to ₹ 1,613.77 million (31 March 2020 - ₹ 1,820.89 million)

(c) During the year ended 31 March 2021 ₹ 13.01 million (31 March 2020 - ₹ 7.97 million) was recognised as an expense for inventories carried at net realisable value.

(d) Inventories are hypothecated with the bankers against working capital limits (Refer note 19).

## 15. Non-current assets classified as held for sale

**Accounting policy**

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all the following criteria are met:

(i) Decision has been made to sale.
(ii) The assets are available for immediate sale in its present condition.
(iii) The assets are being actively marketed and
(iv) Sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.
(v) Subsequently, such non-current assets or disposal groups classified as 'held for sale' are measured at the lower of its carrying value or fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

On 31 March 2021, the Group classified certain property, plant and equipment ₹ Nil million (31 March 2020 Nil) and other asset ₹ Nil (31 March 2020 ₹ Nil) retired from active use and held for sale recognised and measured in accordance with Ind-AS 105 "Non Current Assets held for sale and discontinued operations" at lower of its carrying amount and fair value less cost to sale.

## 16. Equity share capital

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Authorised share capital** | | |
| Equity shares, ₹ 10 per value 18,62,50,000 (18,62,50,000) equity shares* | 1,862.50 | 1,862.50 |
| **Issued, subscribed and fully paid-up shares** | | |
| Equity shares, ₹ 10 per value 14,91,18,814 (14,88,79,373) equity shares | 1,491.19 | 1,488.79 |
| | **1,491.19** | **1,488.79** |

* Number of equity shares reserved for issue under employee share based payment Number 15,51,942 (31 March 2020 : Number 18,76,918)

**Note:**

(a) The reconciliation of shares outstanding and the amount of share capital as at 31 March 2021 and 31 March 2020 are as follow:

(₹ million)

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| At the beginning of the year | 14,88,79,373 | 1,488.79 | 14,12,05,838 | 1,412.06 |
| Add: Fresh issue of Shares | - | - | 74,40,067 | 74.40 |
| Add: Shares issued on exercise of employee stock option | 2,39,441 | 2.40 | 2,33,468 | 2.33 |
| **At the end of the year** | **14,91,18,814** | **1,491.19** | **14,88,79,373** | **1,488.79** |

## 16. Equity share capital

(b) **Terms/ rights attached to equity shares**

The Group has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) **The details of shareholders holding more than 5% shares as at 31 March 2021 and 31 March 2020 are as follows:**

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | % holding |
| Mr. Inder T. Jaisinghani | 2,14,32,476 | 14.37% | 2,14,50,976 | 14.41% |
| Mr. Girdhari T. Jaisinghani | 1,82,34,916 | 12.23% | 2,13,44,220 | 14.34% |
| Mr. Ajay T. Jaisinghani | 1,94,11,281 | 13.02% | 2,12,70,541 | 14.29% |
| Mr. Ramesh T. Jaisinghani | 1,88,00,016 | 12.61% | 2,06,68,001 | 13.89% |
| International Finance Corporation (IFC) | 37,85,630 | 2.54% | 1,41,16,154 | 9.48% |

(d) **Aggregate number of bonus share issued and share issued for consideration other than cash during the period of 5 years immediately preceding the reporting date :**

There were no buy back of shares or issue of shares pursuant to contract without payment being received in cash during the previous 5 years.

(e) **Dividend**

**Accounting policy**

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

The Group declares and pays dividend in Indian rupees in accordance with its dividend distribution policy. The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). Companies are now required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

**Dividend on equity share** (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Dividend on equity shares declared and paid during the year** | | |
| Final dividend of ₹ 3.00 per share for FY 2018-19<br>(Proposed by Board of Directors in the meeting held on 14 May 2019 and was approved by Shareholders in the meeting held on 26 June 2019) | - | 445.94 |
| Dividend distribution tax on final dividend | - | 91.66 |
| Interim dividend of ₹ 7.00 per share for FY 2019-20<br>(declared by the Board of Directors in the meeting held on 3 March 2020) | - | 1,042.15 |
| Dividend distribution tax on interim dividend | - | 214.22 |
| | - | 1,793.97 |

(f) **Employee stock Option Plan (ESOP)**

**Accounting policy**

Equity settled share based payments to employees and other providing similar services are measured at fair value of the equity instruments at grant date.

The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "ESOP Outstanding". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates. Corresponding balance of a ESOP Outstanding is transferred to general reserve upon expiry of grants or upon exercise of stock options by an employee.

No expense is recognised for options that do not ultimately vest because non market performance and/ or service conditions have not been met.

The dilutive effect, if any of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**Employee stock option plan**

The Group had instituted an ESOP Plan 2018, ESOP Performance Scheme, and ESOP Privilege Scheme as approved by the Board of Directors and Shareholders dated 30 August 2018 for issuance of stock option to eligible employees of the Group.

Under Employee Stock Options Performance Scheme 2018 the options will be vested in the specified ratio subject to fulfilment of the employee performance criteria laid down in the scheme. This shall be monitored annually as per the performance evaluation cycle of the Group and options shall vest based on the achieved rating to the employee.

Under **Employee Stock Options Privilege Scheme 2018** the options are vested over a period of one year subject to fulfilment of service condition.

Expected volatility is based on historical stock volatility of comparable Companies operating within the same industry. The historical stock prices of comparable Companies has been observed for a period commensurate to the Life of option.

Pursuant to the said scheme, Stock options convertible into 22,12,500 equity shares vide ESOP Performance Scheme and 142,250 equity shares vide ESOP Privilege Scheme of ₹ 10 each were granted to eligible employee at an exercise price of ₹ 405/-.

## 16. Equity share capital

**Subject to terms and condition of the scheme, options are classified into three categories:**

| | Performance Scheme | | | Privilege Scheme |
|---|---|---|---|---|
| | I | II | III | IV |
| Number of options | 21,02,500 | 45,000 | 65,000 | 1,42,250 |
| Method of accounting | Fair value | Fair value | Fair value | Fair value |
| Vesting period | 5 years graded vesting | 5 years graded vesting | 5 years graded vesting | 1 year |
| Grant date | 30-Aug-18 | 18-Oct-18 | 23-Jan-21 | 30-Aug-18 |
| Exercise/ Expiry date | 29-Aug-26 | 17-Oct-26 | 22-Jan-29 | 29-Aug-23 |
| Exercise period | 8 years from the date of grant | 8 years from the date of grant | 8 years from the date of grant | 5 years from the date of grant |
| Weighted average share price | ₹ 860.21 | ₹ 860.21 | ₹ 860.21 | ₹ 860.21 |
| Grant/Exercise price | ₹ 405 | ₹ 405 | ₹ 405 | ₹ 405 |
| Method of settlement | Equity - settled | Equity - settled | Equity - settled | Equity - settled |
| Weighted average remaining contractual life of options (in days) | 918 | 918 | 918 | NIL |

**The model inputs for fair value of option granted as on the grant date (In respect of shares granted on 30 Aug 2018 and 18 Oct 2018):**

| | Performance Scheme | | | | |
|---|---|---|---|---|---|
| | Year 1 15% vesting | Year 2 15% vesting | Year 3 20% vesting | Year 4 20% vesting | Year 5 30% vesting |
| Exercise price | ₹ 405 | ₹ 405 | ₹ 405 | ₹ 405 | ₹ 405 |
| Dividend yield | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% |
| Risk free interest rate | 8.20% | 8.20% | 8.20% | 8.20% | 8.30% |
| Expected volatility | 48.30% | 48.20% | 49.20% | 48.20% | 47.30% |
| Fair value per option | ₹ 310.10 | ₹ 321.90 | ₹ 335.10 | ₹ 343.00 | ₹ 350.40 |
| Model used | Black Scholes | Black Scholes | Black Scholes | Black Scholes | Black Scholes |

**The model inputs for fair value of option granted as on the grant date (In respect of shares granted on 23 Jan 2021):**

| | Performance Scheme | | | | |
|---|---|---|---|---|---|
| | Year 1 15% vesting | Year 2 15% vesting | Year 3 20% vesting | Year 4 20% vesting | Year 5 30% vesting |
| Exercise price | ₹ 405 | ₹ 405 | ₹ 405 | ₹ 405 | ₹ 405 |
| Dividend yield | 0.12% | 0.11% | 0.12% | 0.11% | 0.13% |
| Risk free interest rate | 5.10% | 5.29% | 5.44% | 5.59% | 5.73% |
| Expected volatility | 34.37% | 34.25% | 34.88% | 35.42% | 37.10% |
| Fair value per option | ₹ 955.87 | ₹ 967.70 | ₹ 978.57 | ₹ 990.75 | ₹ 1,003.15 |
| Model used | Black Scholes | Black Scholes | Black Scholes | Black Scholes | Black Scholes |

| | Privilege Scheme Year 1 100% vesting |
|---|---|
| Exercise price | ₹ 405 |
| Dividend yield | 0.19% |
| Risk free interest rate | 8.30% |
| Expected volatility | 47.30% |
| Fair value per option | ₹ 350.40 |
| Model used | Black Scholes |

## 16. Equity share capital

**The activity in the ESOP Plan 2018 (ESOP Performance Scheme and ESOP Privilege Scheme) is as follows:**

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) |
| **ESOP Performance Scheme** | | | | |
| Outstanding at the beginning | 18,43,318 | 405 | 21,12,500 | 405 |
| Granted | 65,000 | 405 | - | - |
| Exercised and alloted | 1,81,766 | 405 | 1,38,568 | 405 |
| Exercised and pending allotment* | 5,925 | 405 | 26,575 | 405 |
| Forfeited | 1,82,435 | 405 | 1,04,039 | 405 |
| **Outstanding at the end** | **15,38,192** | **405** | **18,43,318** | **405** |
| **ESOP Privilege Scheme** | | | | |
| Outstanding at the beginning | 33,600 | 405 | 1,42,250 | 405 |
| Exercised and alloted | 18,850 | 405 | 94,900 | 405 |
| Exercised and pending allotment* | 1,000 | 405 | 12,250 | 405 |
| Forfeited | - | 405 | 1,500 | 405 |
| **Outstanding at the end** | **13,750** | **405** | **33,600** | **405** |

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| **Shares allotted under ESOP during the year** | Number of options | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) |
| **FY 2020-21** | | | | |
| ESOP Performance Scheme | 1,81,766 | 405 | 1,38,568 | 405 |
| ESOP Privilege Scheme | 18,850 | 405 | 94,900 | 405 |
| **FY 2019-20** | | | | |
| ESOP Performance Scheme | 26,575 | 405 | - | 405 |
| ESOP Privilege Scheme | 12,250 | 405 | - | 405 |
| | **2,39,441** | **405** | **2,33,468** | **405** |

**Options Vested but not excercised**

(Number of Options)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| ESOP Performance Scheme | 1,54,392 | 1,08,893 |
| ESOP Privilege Scheme | 13,750 | 33,600 |

**The break-up of employee stock compensation expense is as follow:**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Granted to** | | |
| KMP | 10.13 | 8.99 |
| Employees other than KMP | 100.06 | 162.00 |
| | **110.19** | **170.99** |

## 17. Other equity

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Share application money pending allotment | 4.96 | 27.15 |
| Securities premium | 7,318.10 | 7,149.55 |
| General reserve | 614.00 | 614.00 |
| ESOP Outstanding | 286.92 | 241.45 |
| Retained earnings | 37,824.28 | 28,967.59 |
| Cash Flow Hedging Reserve | - | (126.49) |
| Foreign currency translation reserve | (0.05) | 2.11 |
| | **46,048.21** | **36,875.36** |

**Notes:**

(a) **Securities premium:**

Amount received in excess of face value of the equity shares is recognized in Securities Premium . The Parent Company's share of IPO expenses has been adjusted with securities premium account considering the successful completion of IPO process on 16 April 2019. In case of equity-settled share based payment transactions difference between fair value on grant date and nominal value of share is accounted as Securities Premium. It will be used as per the provision of Companies Act, 2013.

## 17. Other equity

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Opening balance | 7,149.55 | 3,057.32 |
| Add: Adjustment of Fresh issue | - | 3,925.60 |
| Add: Adjustment for exercise of stock option | 168.55 | 159.84 |
| Add: Adjustment of Share issue expenses | - | 6.79 |
| | **7,318.10** | **7,149.55** |

(b) **General reserve**

The Group has transferred a portion of the net profit of the Group before declaring dividend to General Reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to General Reserve is not required under the Companies Act, 2013. General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General Reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General Reserve will not be reclassified subsequently to statement of profit or loss.

(c) **ESOP Outstanding**

Fair value of equity-settled share based payment transactions with employees is recognized in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding . The Group has two stock option schemes under which options to subscribe for the Group's shares have been granted to certain employees. The ESOP Outstanding is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Opening balance | 241.45 | 149.51 |
| Add: ESOP charge during the year | 110.19 | 170.99 |
| Less: Adjustment for exercise of stock option | (64.72) | (79.05) |
| | **286.92** | **241.45** |

(d) **Cash Flow Hedging Reserve**

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of Profit and Loss upon the occurrence of the related forecasted transaction.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Opening balance | 126.49 | - |
| Add: Other Comprehensive Income for the year | (126.49) | (126.49) |
| | **-** | **(126.49)** |

(e) **Foreign currency translation reserve**

Foreign Currency Translation reserve includes all resulting exchange differences arising from (a) translating the assets and liabilities of the Parent Company's foreign operations into Indian Rupees using exchange rates prevailing at the end of each reporting period and (b) translating income and expense items of the foreign operations at the average exchange rates for the period.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Opening Balance | 2.11 | 1.43 |
| Add : Exchange Difference during the year on net investment in non-integral foreign operations | (2.16) | 0.68 |
| | **(0.05)** | **2.11** |

(f) **Retained earnings**

Retained earnings are the profits that the Group has earned till date less any transfers to General Reserve, dividends or other distributions to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to statement of profit and loss. Retained earnings is a free reserve available to the company.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Opening balance | 28,967.59 | 23,235.23 |
| Add: Profit during the year | 8,856.69 | 7,552.35 |
| Less: Transition impact of Ind AS 116 | - | (26.02) |
| Less: Final equity dividend | - | (445.94) |
| Less: Interim equity dividend | - | (1,042.15) |
| Less: Tax on final equity dividend | - | (91.66) |
| Less: Tax on interim equity dividend | - | (214.22) |
| | **37,824.28** | **28,967.59** |

(g) **Share application money pending allotment**

Share application money pending allotment, represents amount received from employees who has exercised Employee Stock Option Scheme (ESOS) for which shares are pending allotment as on balance sheet date.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Opening balance | 27.15 | - |
| Add: Adjustment for exercise of stock option | 64.72 | 79.05 |
| Add: Amount received on exercise of employee stock options | 84.04 | 110.27 |
| Less: Transfer to equity share capital & Securities premium for fresh issue | (170.95) | (162.17) |
| | **4.96** | **27.15** |

## 18. Non-controlling interests

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Balance at beginning of the year | 150.00 | 84.25 |
| Share of Profit | 38.19 | 65.61 |
| Share of Other Comprehensive Income | 0.10 | 0.14 |
| **Balance as at the end of the year** | **188.29** | **150.00** |

**Details of Non-Controlling Interests**

The table below shows details relating to Non-Controlling Interest in the entities which are not wholly owned by the Group.

| | Proportion of NCI | |
|---|---|---|
| | 31 Mar 21 | 31 Mar 20 |
| Tirupati Reels Private Limited(TRPL) | 45% | 45% |
| Dowells Cable Accessories Pvt. Ltd(DCAPL) | 49% | 49% |

| | Accumulated Non-Controlling Interest | | Profit / (Loss) allocated to Non-Controlling Interest | | Other Comprehensive Income allocated to Non-Controlling Interest | |
|---|---|---|---|---|---|---|
| | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 |
| Tirupati Reels Private Limited | 87.96 | 78.82 | 9.09 | 48.87 | 0.10 | 0.14 |
| Dowells Cable Accessories Pvt. Ltd | 100.33 | 71.18 | 29.10 | 16.74 | - | - |
| | **188.29** | **150.00** | **38.19** | **65.61** | **0.10** | **0.14** |

Summarised financial information in respect of each of the Group's subsidiaries is set out below. The information below represents amounts before intragroup eliminations:

| | Ryker | | TRPL | | DCAPL | |
|---|---|---|---|---|---|---|
| | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 |
| Non-Current assets | 2,442.02 | - | 249.11 | 261.01 | 90.99 | 32.59 |
| Current assets | 873.67 | - | 361.21 | 299.01 | 185.24 | 192.28 |
| Non-Current liabilities | (1,142.52) | - | (86.77) | (80.12) | (8.07) | (0.93) |
| Current liabilities | (1,490.77) | - | (328.65) | (305.48) | (66.65) | (81.92) |
| Ind AS 116 Transitional Impact - Within Group | - | - | - | - | 3.25 | 3.25 |
| Ind AS 116 Transitional Impact - Others | - | - | 0.57 | 0.73 | - | - |
| **Total Equity** | **682.40** | **-** | **195.47** | **175.15** | **204.76** | **145.27** |
| **Attributable to owners of company** | **682.40** | **-** | **107.51** | **96.33** | **104.43** | **74.09** |
| **Non-control Interest** | **-** | **-** | **87.96** | **78.82** | **100.33** | **71.18** |

| | Ryker | | TRPL | | DCAPL | |
|---|---|---|---|---|---|---|
| | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 |
| Revenue | 5,473.52 | - | 678.54 | 919.82 | 424.55 | 360.07 |
| Expenses | (5,115.60) | - | (658.33) | (811.23) | (365.16) | (325.91) |
| **Profit/(Loss) for the year** | **357.92** | **-** | **20.21** | **108.59** | **59.39** | **34.16** |
| **Attributable to owners of company** | **357.92** | **-** | **11.12** | **59.72** | **30.29** | **17.42** |
| **Non-control Interest** | **-** | **-** | **9.09** | **48.87** | **29.10** | **16.74** |
| Other Comprehensive Income | 0.13 | - | 0.23 | 0.31 | - | - |
| **Attributable to owners of company** | **0.13** | **-** | **0.13** | **0.17** | **-** | **-** |
| **Non-control Interest** | **-** | **-** | **0.10** | **0.14** | **-** | **-** |

## 19. Borrowings

### A Borrowings- non-current

(₹ million)

| | Rate of Interest | Tenure end date | 31 Mar 21 Gross/ Carrying Value | 31 Mar 20 Gross/ Carrying Value |
|---|---|---|---|---|
| **At amortised cost** | | | | |
| **External commercial borrowing (secured)** | | | | |
| Foreign currency loan from HSBC Bank (Mauritius) Limited | 3 Months LIBOR + 1.65% | 23 June 2020 | - | 251.29 |
| Foreign currency loan from SCB | 4.90% | 2 February 2024 | 1,455.40 | - |
| **Rupee loan (secured)** | | | | |
| Indian rupee loan from Citibank N.A. | 8.80% | 23 August 2021 | 29.93 | 89.78 |
| Indian rupee loan from HDFC Bank * | 8.37% | 7 July 2024 | 111.88 | 114.98 |
| | | | **1,597.21** | **456.05** |
| Less: Current maturities of long-term borrowings | | | (560.45) | (349.50) |
| | | | **1,036.76** | **106.55** |

* Rate of Interest is calcuated at Weighted average rate of interest.
Tenure end date is last EMI date of loan repayment schedule as on 31 March 2020.

## 19 Borrowings

**Notes:**

(a) **The above loans are secured by way of**

(i) First pari passu charge by way of registered mortgage on specific immovable fixed assets at Halol and hypothecation of all movable fixed assets acquired on or after 1 April 2015.

(ii) Second pari passu charge by way of hypothecation of all movable fixed assets appearing in balance sheet as on 31 March 2015 and on all current assets of the Group.

(iii) Charges with respect to above borrowing has been created in favour of security trustee. No separate charge created for each of the borrowing.

(iv) Term Loan of Group's subsidiary Ryker Base Private Ltd. (RBPL) is secured against hypothecation of a) Pari Passu first charge on all movable and immovable Properties, Plant and Equipments of the Company and b) Pari Passu first charge by way of hypothecation on Current Assets, book debts and stocks.

(iv) Term Loan of Group's subsidiary Tirupati Reels Privat Limited (TRPL) is secured against hypothecation of a) Stock in trade both present & Future consisting of raw material, finished goods, goods in process of manufacturing and other goods, movable assets or merchandise property; b) Receivables; c) plant & Machinery both present & future; d) Fixed Deposits & e) moveable assets.

(b) **Maturity profile of non-current borrowings**

(₹ million)

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| | **< 1 Year** | **> 1 Year** | **< 1 Year** | **> 1 Year** |
| **External commercial borrowing (secured)** | | | | |
| Foreign currency loan from HSBC Bank (Mauritius) Ltd | - | - | 251.29 | - |
| Foreign currency loan from SCB | 485.13 | 970.27 | - | - |
| **Rupee loan (secured)** | | | | |
| Indian rupee loan from Citibank N.A. | 29.93 | - | 59.85 | 29.93 |
| Indian rupee loan from HDFC Bank | 45.39 | 66.49 | 38.36 | 76.62 |
| | **560.45** | **1,036.76** | **349.50** | **106.55** |

**(c) Others**

(i) The foreign currency term loan from SBC Bank (Mauritius) Ltd of $ 1.65 million is to be repaid in 12 quarterly instalments from May 2021 to August 2024.

(ii) The term loans from Citibank N.A. of ₹ 29.93 million is to be repaid in 2 quarterly instalments from May 2021 to August 2021.

(iii) The term loans from HDFC Bank aggregating to ₹ 111.88 million is to be repaid in 15-40 quarterly instalments from June 2022 to July 2024.

## B Borrowings- current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **At amortised cost** | | |
| Cash Credit from banks (Secured) | 0.84 | - |
| Short-term loan from banks (Unsecured) | 883.56 | 741.53 |
| Short-term loan from banks (Secured) | 5.24 | - |
| Packing Credit (Secured) | - | 373.00 |
| | **889.64** | **1,114.53** |

**Note:**

(a) **The above loans are secured by way of**

(a) Secured borrowings from banks are secured against pari passu first charge by way of hypothecation of inventories and receivables .

(b) Pari passu first charge on specific properties, plant and equipments of the Group such as Daman staff quarters, Daman godown premises, factory land and building at Halol and Daman and office building at Mumbai.

(c) Pari passu first charge by way of hypothecation of all movable fixed assets appearing in balance sheet as on 31 March 2015.

(d) Pari passu second charge by way of registered mortgage on all movable assets acquired on or after 1 April 2015.

(e) Charges with respect to above borrowing has been created in favour of security trustee. No separate charge has been created for each of the borrowing.

(b) **Credit facilities**

The Group has fund based and non-fund based revolving credit facilities amounting to ₹ 39,830 million (31 March 2020 : ₹ 37,915 million), towards operational requirements that can be used for the short term loan, issuance of letters of credit and bank guarantees. The unutilised credit line out of these working capital facilities at the year end are given as below:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Fund based | 4,999.16 | 4,375.00 |
| Non fund based | 14,178.87 | 12,068.24 |
| | **19,178.03** | **16,443.24** |

## 19 Borrowings

**(c) Reconciliation of movement in borrowings to cash flows from financing activities**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Opening balance** | | |
| Long Term Borrowings | 106.55 | 889.25 |
| Short Term Borrowings (excluding Cash Credit from banks) | 1,114.53 | 1,030.71 |
| Additions on account of acqusition through business combination | 1,965.51 | |
| Current maturities of Long term borrowings | 349.50 | 804.23 |
| | **3,536.09** | **2,724.19** |
| **Cash flow movements** | | |
| Repayment of long term borrowings | (866.24) | (1,239.67) |
| Proceeds from long term borrowings | 33.47 | - |
| (Repayment) / Proceeds of short term borrowings | (242.35) | 45.57 |
| | **(1,075.12)** | **(1,194.10)** |
| **Non-cash movements** | | |
| Foreign exchange translation | 25.04 | 40.49 |
| | **25.04** | **40.49** |
| **Closing Balance** | | |
| Long Term Borrowings | 1,036.76 | 106.55 |
| Short Term Borrowings (excluding Cash Credit from banks) | 888.80 | 1,114.53 |
| Current maturities of Long term borrowings | 560.45 | 349.50 |
| | **2,486.01** | **1,570.58** |

Refere note 4 for reconciliation of movement in lease liabilities to cash flows from financing activities.

## 20. Trade payables

**Accounting policy**

These amounts represents liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 days of recognition other than usance letter of credit. Trade payables are presented as current financial liabilities.

The Group enters into arrangements for purchase under usance letter of credit issued by banks under non-fund based working capital limits of the Group. Considering these arrangements are majorly for raw materials with a maturity of up to twelve months, the economic substance of the transaction is determined to be operating in nature and these are recognised as acceptances under trade payables.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **At amortised cost** | | |
| **Total outstanding dues of micro and small enterprises** | | |
| Trade payables to related parties (Refer Note - 36) | 40.89 | 48.63 |
| Trade payables - Others | 217.24 | 181.37 |
| | **258.13** | **230.00** |
| Total outstanding dues of creditors other than micro and small enterprises | | |
| Acceptances - (Refer note below (a)) | 6,537.51 | 8,135.98 |
| Other than acceptances | | |
| Trade payables - Others (Refer note below (b)) | 6,430.04 | 5,128.24 |
| Trade payables to related parties (Refer note - 36) | 254.64 | 42.61 |
| | **13,222.19** | **13,306.83** |

**Notes:-**

(a) Acceptances represent amounts payable to banks on due date as per usance period of Letter of Credit (LCs) issued to raw material vendors under non-fund based working capital facility approved by Banks for the Group. The arrangements are interest-bearing. Non-fund limits are secured by first pari-passu charge over the present and future current assets of the Group.

(b) Others includes amount payable to vendors, employees liability and accrual of expenses that are expected to be settled in the Group's normal operating cycle or due to be settled within twelve months from the reporting date.

(c) For explanations on the Group's liquidity risk management processes Refer note 38 (C).

(d) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended 31 March 2020 and year ended 31 March 2019 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Group.

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| (i) | Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED | | |
| | Principal | 255.14 | 230.00 |
| | Interest | 2.99 | 2.65 |
| (ii) | The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | 2.65 | - |
| (iii) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act. | - | - |
| (iv) | The amount of interest accrued and remaining unpaid at the end of each accounting year | 2.99 | 2.65 |
| (v) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006 | - | - |

## 21. Other financial liabilities

### A Other financial liabilities- non-current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **At amortised cost** | | |
| Lease liability | 226.34 | 301.84 |
| | **226.34** | 301.84 |

### B Other financial liabilities- current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **At Amortised Cost** | | |
| Current maturities of long-term borrowings (Refer note- 19) | 560.45 | 349.50 |
| Security deposit | 42.73 | 40.97 |
| Interest accrued but not due | 12.91 | 18.79 |
| Interest accrued and due | - | 4.95 |
| Creditors for capital expenditure | 273.78 | 275.53 |
| Lease liability | 111.83 | 29.71 |
| Unclaimed dividend (Refer below note (b)) | 0.87 | 0.96 |
| Other (Refer below note (c)) | - | 11.21 |
| | | |
| **At FVTPL** | | |
| Derivative liability (Refer below note (a)) | 976.64 | 232.51 |
| | **1,979.21** | **964.13** |

**Notes :-**

**(a) Derivative Liability**

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Put Option | - | 49.75 |
| Forward contract | - | 13.73 |
| Embedded derivatives | 320.09 | - |
| Commodity contracts | 656.55 | 169.03 |
| | **976.64** | **232.51** |

**(b)** There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year end.

**(c)** Parent Company had provided a guarantee for credit facility availed by the Ryker Base Private Limited amounting to ₹ 1,243.87 Million ($ 12.50 Million) for 31 March 2020. The fair value of corporate guarantee ₹ 11.21 Million for 31 March 2020 has been included in carrying cost of investment.

## 22. Other liabilities

### A Other liabilities- non-current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Deferred government grant (Refer below note (a)) | 258.31 | 99.55 |
| Deferred liability | 82.65 | 71.69 |
| | **340.96** | **171.24** |

### B Other liabilities- current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Advance from customers | | |
| Related parties (Refer Note - 36) | 376.51 | 1,153.98 |
| Others | 28.62 | - |
| Contract Liability (Refer below note (b)) | 1,805.39 | 1,407.77 |
| Refund liability (Refer below note (c)) | 487.49 | 360.25 |
| Deferred liability | 27.55 | 14.34 |
| **Other statutory dues** | | |
| Employee Recoveries and Employer Contributions | 16.96 | 17.35 |
| Taxes Payable (Other than Income tax) | 535.40 | 92.30 |
| | **3,277.92** | **3,045.99** |

**Notes:-**

(a) Under Ind AS government grants are recorded as deferred liabilities to the extent of unfulfilled export obligations. This amount has been recognised against deferred government grant and accrued to P&L subsequently on fulfilment of export obligation. The Group expects to meet its export obligation during the next 3-5 years.

**Reconciliation of Deferred government grant:**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| At the beginning of the year | 99.55 | 163.29 |
| Additions on account of acqusition through business combination | 250.55 | - |
| Grants received during the year | 102.95 | 216.37 |
| Grants recognised for the year | (194.74) | (280.11) |
| At the end of the year | 258.31 | 99.55 |

## 22. Other liabilities

(b) **Reconciliation of Contract liabilities:**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| At the beginning of year | 1,407.77 | 1,415.23 |
| Contract liability recognized during the year | 1,360.12 | 491.72 |
| Revenue recognized from amount included in contract liabilities at the beginning of the year | (962.50) | (499.18) |
| At the end of the year | **1,805.39** | **1,407.77** |

(c) **Reconciliation of Refund liability:**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| At the beginning of the year | 360.25 | 318.33 |
| Arising during the year | 479.53 | 417.29 |
| Utilised during the year | (352.29) | (375.37) |
| At the end of the year | **487.49** | **360.25** |

## 23. Provisions

**Accounting policy:**

A provision is recognised when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Profit & Loss. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision is recognised for expected warranty claims and after sales services when the product is sold or service provided to the customer, based on past experience of the level of repairs and returns. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within warranty period after the reporting date. Assumptions used to calculate the provisions for warranties were based on current sales levels and current information available about returns during the warranty period for all products sold.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

### A Provisions- non-current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Provision for employee benefits (Refer note 30) | | |
| Gratuity | 168.33 | 163.16 |
| Compensated absences | 83.11 | 93.16 |
| | **251.44** | **256.32** |

### B Provisions- current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Provision for employee benefits (Refer note 30) | | |
| Gratuity | 102.22 | 112.18 |
| Compensated absences | 25.80 | 27.91 |
| Provision for warranty (Refer note below) | 107.23 | 97.72 |
| | **235.25** | **237.81** |

**Reconciliation of Warranty provision:**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| At the beginning of the year | 97.72 | 83.54 |
| Arising during the year | 70.39 | 87.47 |
| Utilised during the year | (60.88) | (73.29) |
| At the end of the year | **107.23** | **97.72** |

## 24. Revenue from operations

**Accounting Policy**

IND AS 115 was made effective from 1 April 2018 and establishes a five-step model to account for revenue arising from contracts with customers. The new revenue standard replaced IND AS 18 & IND AS 11 and interpretations on revenue recognition related to sale of goods and services. The Group has applied the modified retrospective approach and accordingly has included the impact of Ind AS 115.

(i) **Measurement of Revenue**

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, incentive schemes, if any, as per contracts with customers. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring good or service to a customer. Taxes collected from customers on behalf of Government are not treated as Revenue.

(ii) **Sale of goods**

Revenue from contracts with customers involving sale of these products is recognized at a point in time when control of the product has been transferred at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, and there are no unfulfilled obligation that could affect the customer's acceptance of the products and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. At contract inception, the Group assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer. Revenue from contracts with customers is recognized when control of goods or services are transferred to customers and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. The point of time of transfer of control to customers depends on the terms of the trade - CIF, CFR or DDP, ex-works, etc.

(iii) **Revenue from Construction contracts**

Performance obligation in case of revenue from long - term contracts is satisfied over the period of time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation. However, the same may not be possible if it lacks reliable information that would be required to apply an appropriate method of measuring progress. In some circumstances, if the Group is not able to reasonably measure the outcome of a performance obligation, but expects to recover the costs incurred in satisfying the performance obligation, the Group shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

Contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. The timing of the transfer of Control varies depending on individual terms of the sales agreements.

The total costs of contracts are estimated based on technical and other estimates. Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Profit & Loss immediately in the period in which such costs are incurred. Incremental costs of obtaining a contract, if any, and costs incurred to fulfil a contract are amortised over the period of execution of the contract.

In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss. Contract revenue earned in excess of billing is reflected under as "contract asset" and billing in excess of contract revenue is reflected under "contract liabilities".

(iv) **Variable consideration**

It includes volume discounts, price concessions, liquidity damages, incentives, etc. the Group estimates the variable consideration with respect to above based on an analysis of accumulated historical experience. The Group adjust estimate of revenue at the earlier of when the most likely amount of consideration the Group expect to receive changes or when the consideration becomes fixed.

(v) **Schemes**

The Group operates several sales incentive programmes wherein the customers are eligible for several benefits on achievement of underlying conditions as prescribed in the scheme programme such as credit notes, tours, kind etc. Revenue from contract with customer is presented deducting cost of all these schemes.

(vi) **Significant Financing Components**

In respect of advances from its customers, using the practical expedient in Ind AS 115, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be within normal operating cycle. Retention money receivable from project customers does not contain any significant financing element, these are retained for satisfactory performance of contract.

(vii) **Warranty**

The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty as per note 23. In certain contracts, the Group provides warranty for an extended period of time and includes rectification of defects that existed at the time of sale and are normally bundled together with the main contract. Such bundled contracts include two performance obligations because the promises to transfer the goods and services and the provision of service-type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a liability. Revenue is recognised over the period in which the service-type warranty is provided on a basis appropriate to the nature of the contract and services to be rendered.

## 24. Revenue from operations

(viii) **Right to return**

When a contract provides a customer with a right to return the goods within a specified period, the Group estimates the expected returns using a probability-weighted average amount approach similar to the expected value method under Ind AS 115.

At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return. Consequently, the Group recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

For goods expected to be returned, the Group presented a refund liability and an asset for the right to recover products from a customer separately in the balance sheet.

(ix) **Onerous Contracts:**

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision 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 a provision is established, the Group recognises any impairment loss on assets associated.

(x) **Export incentives**

Export incentives under various schemes notified by the Government have been recognised on the basis of applicable regulations, and when reasonable assurance to receive such revenue is established. Export incentives income is recognised in the statement of profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

(xi) **Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to an asset, it's recognition as income in the Statement of Profit & Loss is linked to fulfilment of associated export obligations.

The Group has chosen to present export incentive and grants received as other operating revenue in the Statement of Profit & Loss.

**Revenue from operations** (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Revenue from contracts with customers** | | |
| **Revenue on Sale of Products** | | |
| Finished goods | 76,872.46 | 76,368.72 |
| Traded goods | 8,129.29 | 5,071.25 |
| **Revenue from Construction Contracts** | 1,890.26 | 4,688.76 |
| | **86,892.01** | **86,128.73** |
| **Other operating revenue** | | |
| Job work income | 99.70 | - |
| Scrap sales | 1,572.87 | 1,169.68 |
| **Total revenue from contracts with customers** | **88,564.58** | **87,298.41** |
| Export incentives | 70.16 | 202.93 |
| Government grant | 630.65 | 798.21 |
| **Total Revenue from operations** | **89,265.39** | **88,299.55** |

**Notes:**

**(a) Disaggregated revenue information** (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Type of Goods or Services** | | |
| Wires & Cables | 74,569.03 | 73,718.52 |
| Fast Moving Electrical Goods (FMEG) | 10,334.66 | 8,354.59 |
| Copper | 1,160.61 | - |
| Revenue from construction contracts | 1,890.26 | 4,688.76 |
| Others | 610.02 | 536.54 |
| **Total revenue from contracts with customers** | **88,564.58** | **87,298.41** |
| **Location of customer** | | |
| India | 80,975.64 | 76,343.21 |
| Outside India | 7,588.94 | 10,955.20 |
| **Total revenue from contracts with customers** | **88,564.58** | **87,298.41** |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | 86,691.00 | 82,563.77 |
| Goods and Services transferred over a period of time | 1,873.58 | 4,734.64 |
| **Total revenue from contracts with customers** | **88,564.58** | **87,298.41** |
| **Revenue from B2B and B2C Vertical** | | |
| Business to Customer | 33,722.46 | 28,307.56 |
| Business to Business | 51,781.79 | 58,878.51 |
| Others (i) | 3,060.33 | 112.34 |
| **Total revenue from contracts with customers** | **88,564.58** | **87,298.41** |

**Note:** (i) Others includes discounts, scrap sales, raw material sales and job work income.

## 24. Revenue from operations

**(b) Reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment informatioı** (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Total revenue from contracts with customers | 88,564.58 | 87,298.41 |
| Export incentives | 70.16 | 202.93 |
| Government grant | 630.65 | 798.21 |
| Other income excluding finance income | 772.99 | 478.87 |
| **Total income as per Segment (Refer note 37)** | **90,038.38** | **88,778.42** |

**Notes:**

(i) Export incentive includes merchandise export from India scheme (MEIS) incentives and duty drawback incentives.

(ii) Government grant includes advance licence benefits and deferred income released to the statement of profit and loss on fulfilment of export obligation under the export promotion capital goods (EPCG) scheme.

**(c) Reconciliation between revenue with customers and contracted price as per Ind AS 115:** (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Revenue as per contracted price** | 91,204.77 | 90,119.24 |
| **Less : Adjustments** | | |
| Price adjustments such as Discounts, Rebates and Sales Promotion Schemes | (836.23) | (1,745.62) |
| Contract liabilities (excess billing over revenue - EPC) | (1,805.39) | (1,407.77) |
| Provisions for expected sales return | (127.24) | (41.92) |
| Other adjustments | (24.17) | 45.88 |
| **Add : Adjustments** | | |
| Contract assets (Unbilled Revenue - EPC) | 152.84 | 328.60 |
| **Revenue from contract with customers** | **88,564.58** | **87,298.41** |

**(d) Disclosure in terms of Ind AS 115 on the accounting of construction contract is as under:** (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Contract revenue recognised for the period (Net of tax) | 1,890.26 | 4,688.76 |
| Contract that are in progress as on reporting date | | |
| (i) Contract costs incurred and recognised profits (less recognised losses) | 1,890.26 | 4,688.76 |
| (ii) Amount of retentions* | 1,265.08 | 1,564.46 |
| (iii) Contract balances recognised and included in financial statement as: | | |
| Contract asset | 141.02 | 316.78 |
| Contract liabilities | 1,805.39 | 1,407.77 |

*Retentions are specific to projects and are generally receivable within 6 months from completion of project.

**(e)** Trade receivables are usually non-interest bearing and are generally on credit terms up to 90 days except EPC business. Provision for expected credit losses on trade receivables recognised/ (reversed) during the year of ₹ (50.32) million (31 March 2020: ₹ 256.18 million). The Group has channel finance arrangement for providing credit to its dealers. Evaluation is made as per the terms of the contract i.e. if the Group does not retain any risk and rewards or control over the financial assets, then the entity derecognises such assets upon transfer of financial assets under such arrangement with the banks.

**(f)** No single customer contributed 10% or more to the Group's revenue for the year ended 31 March 2021 and 31 March 2020.

**(g)** Contract assets are initially recognised for revenue earned from installation services as receipt of consideration is conditional on successful completion of installation. Upon completion of installation and acceptance / certifications by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets as on 31 March 2021 is on account of acceptance/ Certification of installation services for which work were done by the Group us in earlier period. During the year ₹ Nil (31 March 2020: ₹ 4.24 million) was recognised as provision for expected credit losses on contract assets.

**(h)** Contract liabilities include advances received towards EPC projects as well as transaction price allocated to unexpired service contracts. The outstanding balances of these accounts increased in 2020-21 due to the continuous increase in the Group's customer base and contracts where billing is in excess of revenue.

**(i)** Set out below is the amount of revenue recognised from: (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Amounts included in contract liabilities at the beginning of the year | 962.50 | 499.18 |
| Performance obligations satisfied in previous years | 1,443.74 | 245.73 |

**(j)** Right of refund assets and refund liabilities as at year end: (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Refund assets | 222.21 | 232.46 |
| Refund liabilities | 487.49 | 360.25 |

## 25. Other income

**Accounting Policy:**

Other income is comprised primarily of interest income, dividend income, gain on investments and exchange gain on forward contracts and on translation of other assets and liabilities.

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

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

**Foreign Currency**

Items included in the Financial Statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Financial Statements are presented in Indian rupee (INR), which is the Parent Company's functional and presentation currency.

The Group's Financial Statements are presented in Indian rupee (₹) which is also the Group's functional currency. Foreign currency transaction are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

**Measurement of foreign currency item at the Balance sheet date:**

(i) Foreign currency monetary assets and liabilities denominated in foreign currency are translated at the exchange rates prevailing on the reporting date.

(ii) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(iii) **Exchange differences**: Exchange differences arising on settlement or translation of monetary items are recognised as income or expense in the Statement of Profit & Loss.

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| **(a)** | **Interest income on financial assets** | | |
| | **Carried at amortised cost** | | |
| | Bank deposits | 127.92 | 208.13 |
| | Others # | 197.03 | 58.13 |
| | **Carried at FVTPL** | | |
| | Others | 17.01 | 3.71 |
| **(b)** | **Income from Investments designated at FVTPL** | | |
| | Gain on liquid/overnight mutual funds | 158.57 | 179.07 |
| | Fair valuation on gain on overnight mutual funds | 8.47 | 0.01 |
| **(c)** | **Fair value gain / loss on financial instruments** | | |
| | Derivatives at FVTPL (refer note (ii) below) | 60.92 | 392.91 |
| **(d)** | **Other non-operating income** | | |
| | Exchange differences (net) | 632.35 | - |
| | Gain on sale of property, plant and equipment | 1.16 | - |
| | Gain on termination of Lease | 0.92 | 1.42 |
| | Sundry balances written back | 36.59 | 46.52 |
| | Miscellaneous income | 41.05 | 38.02 |
| | | **1,281.99** | **927.92** |

(i) Includes interest on Income Tax refund of Rs. 163.89 million (refer note 12).

(ii) Gain on fair valuation of financial instruments at FVTPL includes foreign exchange fluctuation on forward contracts that did not qualify for hedge accounting and on embedded derivatives, which have been separated.

## 26. Cost of materials consumed

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Inventories at the beginning of the year | 7,154.08 | 9,803.31 |
| Add: Purchases | 59,242.33 | 55,987.83 |
| | **66,396.41** | **65,791.14** |
| Less: Inventories at the end of the year | 8,480.00 | 7,154.08 |
| | **57,916.41** | **58,637.06** |

**Notes:**

**Details of Material Consumed**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Copper | 35,616.09 | 35,093.92 |
| Aluminium | 8,612.66 | 8,280.51 |
| Steel | 2,000.11 | 2,527.48 |
| PVC Compound/HDPE/LDPE/XLPE/Resin | 7,546.37 | 7,762.73 |
| Packing Materials | 1,484.35 | 1,739.82 |
| Others * | 2,656.83 | 3,232.60 |
| | **57,916.41** | **58,637.06** |

* Others includes Raw material for consumer products

## 27. Purchases of stock-in-trade

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Electrical wiring accessories | 281.41 | 318.90 |
| Electrical appliances | 3,414.64 | 3,195.27 |
| Others | 2,685.60 | 731.95 |
| | **6,381.65** | **4,246.12** |

## 28. Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Inventory at the beginning of the year** | | |
| Finished goods | 8,053.26 | 6,643.47 |
| Stock-in-trade | 1,294.83 | 939.18 |
| Scrap materials | 136.66 | 200.64 |
| Work-in-progress | 2,086.44 | 1,416.42 |
| | **11,571.19** | **9,199.71** |
| **Inventory at the end of the year** | | |
| Finished goods | 8,060.36 | 8,053.26 |
| Stock-in-trade | 1,171.80 | 1,294.83 |
| Scrap materials | 237.49 | 136.66 |
| Work-in-progress | 1,417.27 | 2,086.44 |
| | **10,886.92** | **11,571.19** |
| **Changes in Inventories** | **684.27** | **(2,371.48)** |

## 29. Project bought outs and subcontracting cost

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Project bought outs | 692.69 | 1,994.13 |
| Subcontracting Expenses for EPC | 390.44 | 1,180.33 |
| | **1,083.13** | **3,174.46** |

## 30. Employee benefits expense

**Accounting Policy**

(i) **Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, incentives, special awards, medical benefits etc. and the expected cost of ex-gratia are charged to the Statement of Profit & Loss account in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) **Compensated absences**

The Group has revised its leave policy applicable to all employees except for certain categories of employees in Daman factory location effective 1 April 2019. the Group estimates and provides the liability for such short-term and long term benefits based on the terms of the policy. the Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Remeasurement gains/losses on defined benefit plans are immediately taken to the Statement of Profit & Loss and are not deferred.

(iii) **Defined contribution plans**

Retirement benefit in the form of provident fund and 'Employer-Employee Scheme' are defined contribution schemes. The Group recognises contribution payable to the provident fund and 'Employer Employee' scheme as an expenditure, when an employee renders the related service. the Group has no obligation, other than the contribution payable to the funds. the Group's contributions to defined contribution plans are charged to the Statement of Profit & Loss as incurred.

## 30. Employee benefits expense

(iv) **Defined benefit plan**

The Group operates a defined benefit gratuity plan for its employees. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method. The obligation is measured at the present value of estimated future cash flows. The discount rate used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit & Loss in subsequent periods. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(v) **Share based payment**

Equity settled share based payments to employees and other providing similar services are measured at fair value of the equity instruments at grant date.

The fair value determined at the grant date of the equity-settled share based payment is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any is, recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the shared option outstanding account (Refer note 16(f)).

No expense is recognised for options that do not ultimately vest because non market performance and/ or service conditions have not been met.

The dilutive effect, if any of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (Refer note 34).

## 30. Employee benefits expense

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Salaries, wages and bonus | 3,190.42 | 3,213.70 |
| Employees share based payment expenses | 110.19 | 170.99 |
| Contribution to provident and other funds | 207.66 | 170.70 |
| Staff welfare expense | 95.26 | 102.07 |
| | **3,603.53** | **3,657.46** |

### Gratuity and other post-employment benefit plans

**(A) Defined Benefit plan**

**Gratuity Valuation - As per actuary**

In respect of Gratuity, the Group makes annual contribution to the employee group gratuity scheme of the Life Insurance Corporation of India, funded defined benefits plan for qualified employees. The scheme provided for lump sum payments to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Group has provided for gratuity based on the actuarial valuation done as per Project Unit Credit Method.

Defined benefit plans expose the Group to actuarial risks such as

**(i) Interest rate risk**

A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**(ii) Salary Risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**(iii) Investment Risk**

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**(iv) Asset Liability Matching Risk**

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**(v) Mortality risk**

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk. If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

**(vi) Concentration Risk**

Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

**(vii) Variability in withdrawal rates**

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

**(viiii) Regulatory Risk**

Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments.

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

The Group operates a defined benefit plan, viz., gratuity for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The most recent actuarial valuation of the plan assets and the present value of defined obligation were carried out as at 31st March, 2021 an external independent fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

## 30. Employee benefits expense

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for gratuity.

**Statement of profit and loss**

**Net employee benefits expense recognised in profit or loss:**

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Current service cost | 64.08 | 51.73 |
| Net interest cost | 18.16 | 14.98 |
| Past service cost | 26.14 | - |
| **Net benefits expense** | **108.38** | **66.71** |

**Net remeasurement (gain)/ loss on defined benefit plans recognised in Other comprehensive income for the year:**

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Actuarial (gain) /loss on obligations | (53.46) | 52.68 |
| Return on plan assets, excluding interest income | 5.66 | (1.74) |
| **Net (Income)/Expense for the year recognized in OCI** | **(47.80)** | **50.94** |

**Balance sheet**

**Benefits liability**

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Present value of defined benefit obligation | (579.99) | (528.50) |
| Fair value of plan assets | 309.44 | 253.16 |
| **Plan liability** | **(270.55)** | **(275.34)** |

**Changes in the present value of the defined benefit obligation are as follows:**

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Opening defined benefit obligation | 528.51 | 409.90 |
| Interest cost | 34.76 | 31.32 |
| Current service cost | 64.08 | 51.73 |
| Past service cost | 26.14 | - |
| Liability transferred in/acquisition | 1.37 | - |
| Benefits paid | (21.41) | (17.12) |
| Actuarial (gains)/losses on obligations | | |
| Due to change in financial assumptions | 3.05 | 39.56 |
| Due to experience | (56.51) | 13.12 |
| **Closing defined benefit obligation** | **579.99** | **528.51** |

**Changes in the fair value of plan assets are as follows:**

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Opening fair value of plan assets | 253.16 | 213.88 |
| Interest Income | 16.61 | 16.34 |
| Contribution by employer | 66.74 | 38.32 |
| Benefits paid | (21.41) | (17.12) |
| Actuarial gains | (5.66) | 1.74 |
| **Closing fair value of plan assets** | **309.44** | **253.16** |

The Group expects to contribute ₹ 102.20 Million to gratuity in the next year (31 March 2020: ₹ 112.18 Million ).

**Current & non-current bifurcation of provision for gratuity as per actuarial valuation is as follows:**

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Non-current | 168.33 | 163.16 |
| Current | 102.22 | 112.18 |

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

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Investment with insurer | 100% | 100% |

## 30. Employee benefits expense

The principal assumptions used in determining gratuity for the Group's plans are shown below:

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Discount rate | 6.49% | 6.56% |
| Expected rate of return on plan assets | 6.49% | 6.56% |
| Employee turnover | 10.00% | 10.00% |
| Salary escalation | 11.00% | 11.00% |
| Weighted average duration | 9 | 9 |
| Mortality rate during employment | Indian assured lives mortality (2006-08) Ult | Indian assured lives mortality (2006-08) Ult |
| Mortality rate after employment | N.A. | N.A. |

The average expected future service as at 31 March 2021 is 7 years (31 March 2020 - 8 years).

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

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

**A quantitative sensitivity analysis for significant assumption as at 31 March 2021 is as shown below:**

Sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be co-related. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

**Sensitivity analysis** (₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Projected benefit obligation on current assumptions | 579.99 | 528.51 |
| Delta effect of +1% change in rate of discounting | (41.31) | (36.84) |
| Delta effect of -1% change in rate of discounting | 47.48 | 42.42 |
| Delta effect of +1% change in rate of salary increase | 44.99 | 36.91 |
| Delta effect of -1% change in rate of salary increase | (40.09) | (33.47) |
| Delta effect of +1% change in rate of employee turnover | (12.92) | (10.70) |
| Delta effect of -1% change in rate of employee turnover | 14.51 | 12.04 |

**Methodology for Defined Benefit Obligation:**

The Projected Unit Credit (PUC) actuarial method has been used to assess the plan's liabilities, including those related to death-in-service and incapacity benefits.

Under PUC method a projected accrued benefit is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the plan. The projected accrued benefit is based on the plan's accrual formula and upon service as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The plan liability is the actuarial present value of the projected accrued benefits for active members.

Projected benefits payable in future years from the date of reporting.

**Maturity analysis of projected benefit obligation from the fund:** (₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| 1st following year | 52.98 | 64.92 |
| 2nd following year | 44.64 | 39.21 |
| 3rd following year | 48.76 | 42.75 |
| 4th following year | 49.62 | 43.88 |
| 5th following year | 53.12 | 43.11 |
| Sum of years 6 to 10 | 241.58 | 212.28 |
| Sum of years 11 years and above | 580.95 | 533.00 |

**(B) Other Defined Benefit and contribution Plans**

**Provident Fund**

The Company contribute towards Provident Fund to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company contributes towards Provident Fund managed by Central Government and has recognised ₹ 80.39 million (31st March, 2020 - ₹ 83.72 million) for provident fund contributions in the Statement of Profit and Loss.

**Pension Fund**

Contribution to National Pension Scheme, a defined contribution scheme, is made at predetermined rates to the asset management companies under National Pension Scheme and is charged to the statement of profit and loss. The Group contributes has recognised ₹ 9.25 million (31 March 2020 ₹ 7.56 million) for contribution to National Pension Scheme in the Statement of Profit and Loss.

**Compensated absences (unfunded)**

In respect of Compensated absences, accrual is made on the basis of a year-end actuarial valuation except for Halol worker in pursuance of the Group's leave rules. the Group has provided for compensated absences based on the actuarial valuation done as per Project Unit Credit Method except for Halol worker. The Group had provided for compensated absences for Halol worker based on the Group's leaves rules.

The leave obligation cover the Group's liability for earned leave. The amount of the provision of ₹ 83.11 million (year ended 31 March 2020 ₹ 93.16 million) is presented as non current and ₹ 25.88 million (year ended 31 March 2020 ₹ 27.91 million) is presented as current. the Group contributes has recognised ₹ 0.07 million (31 March 2020 ₹ 43.00 million) for Compensated absences in the Statement of Profit and Loss.

## 31. Finance cost

**Accounting Policy**

Borrowing costs that are directly attributable to the acquisition, construction or erection of qualifying assets are capitalised as part of cost of such asset until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing cost includes interest expense on financial liabilities, interest on tax matters, exchange differences arising from the foreign currency borrowings, gain/loss on fair value of forward cover and it's premium and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Interest expense on financial liabilities at amortised cost # | 307.12 | 242.12 |
| Interest expense on financial liabilities at FVTPL | 41.43 | 29.35 |
| Exchange differences regarded as an adjustment to borrowing costs | 25.04 | 40.49 |
| Other borrowing costs * | 157.90 | 183.39 |
| | **531.49** | **495.35** |

# Interest expense includes ₹ 47.44 million (31 March 2020 ₹ 12.31 million) paid / payable to Income Tax Department

* Other borrowing costs would include bank commission charges, bank guarantee charges, letter of credit charges, premium on forward contract, fair value loss/(gain) on forward contracts, other ancillary costs incurred in connection with borrowings

## 32. Depreciation and amortisation expenses

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Depreciation of Property, Plant and Equipment (Refer note 3) | 1,721.38 | 1,476.64 |
| Depreciation of right-of-use assets (Refer note 4) | 129.03 | 113.69 |
| Amortization of intangible assets (Refer note 5) | 15.30 | 18.54 |
| | **1,865.71** | **1,608.87** |

## 33. Other expenses

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Consumption of stores and spares | 653.75 | 501.04 |
| Sub-contracting expenses | 1,267.14 | 1,886.72 |
| Power and fuel | 1,289.17 | 1,283.16 |
| Rent | 70.65 | 80.59 |
| Rates and taxes | 83.68 | 91.85 |
| Insurance | 122.16 | 51.29 |
| Repairs and maintenance | | |
| Plant and machinery | 40.19 | 38.59 |
| Buildings | 63.52 | 66.25 |
| Others | 120.27 | 95.11 |
| Advertising and sales promotion | 682.51 | 1,086.78 |
| Brokerage and commission | 387.42 | 465.38 |
| Travelling and conveyance | 155.09 | 290.26 |
| Communication Cost | 35.03 | 36.74 |
| Legal and professional fees | 338.85 | 415.05 |
| Director Sitting Fees | 4.64 | 4.16 |
| Freight & forwarding expenses | 1,966.75 | 1,896.74 |
| Payment to auditor (Refer note (a) below) | 11.83 | 11.63 |
| Sundry advances written off | 15.13 | 66.36 |
| Loss on sale of property, plant and equipment and non-current assets held for sale | - | 13.08 |
| Derivatives at FVTPL (Refer below note (b)) | - | 8.93 |
| Fair value of written put options | - | 0.85 |
| Exchange differences (net) | - | 282.22 |
| Impairment allowance for trade receivable considered doubtful (Refer note 7) | (50.32) | 260.41 |
| Public Issue Expenditure | - | - |
| CSR expenditure (Refer note (c) below) | 160.64 | 127.33 |
| Miscellaneous expenses | 508.31 | 545.15 |
| | **7,926.41** | **9,605.67** |

**Notes:**

(a) Payments to auditor:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| As auditor | | |
| (i) Audit fee | 10.63 | 10.52 |
| (ii) Certification fees | 0.21 | 0.27 |
| (iii) Out of pocket expenses | 0.31 | 0.84 |
| | **11.15** | **11.63** |
| (v) Other services | 0.68 | - |
| | **11.83** | **11.63** |

## 33. Other expenses

(b) Loss on fair valuation of financial instruments at fair value through profit or loss relates to foreign exchange fluctuation on forward contracts that did not qualify for hedge accounting and on embedded derivatives, which have been separated.

(c) Details of Corporate Social Responsibility Expenses incrurred by Parent Company:

(i) No amount has been spent on construction / acquisition of an asset of the Parent Company.

(ii) CSR Spent consist of following:

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| **Gross amount required to be spent by the Parent Company during the year as per provisions of section 135 of the Companies Act, 2013 i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013.** | **(A)** | **159.57** | **120.26** |
| **Gross amount spent by the Parent Company during the year** | | | |
| Rural development programmes | | - | 2.38 |
| Social empowerment | | 2.49 | 9.18 |
| Promotion of education | | 109.82 | 11.34 |
| Flood relief activity | | - | 19.87 |
| Disaster management | | - | 5.76 |
| Health care facility & awareness | | 16.66 | 14.97 |
| Conservation of Natural Resource | | 14.83 | - |
| Women empowerment | | 0.64 | - |
| Environmental awareness | | 5.58 | 0.08 |
| Contribution made into CSR foundation trust | | - | 61.00 |
| Administration cost | | 3.33 | |
| Others | | 6.44 | 2.75 |
| **Total CSR spent in actual** | **(B)** | **159.79** | **127.33** |
| **Shortfall/(Excess)** | **(A-B)** | **(0.22)** | **(7.07)** |

(d) Out of the note (c) above, ₹ 159.61 million (31 March 20 ₹ 61.00 million) contributed to Polycab Social Welfare Foundation where KMP's are interested.

## 34. Earnings per share

**Accounting Policy**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Group by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as fresh issue, bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Group by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**Employee Stock Option Plan 2018**

Pursuant to the resolutions passed by the Group's Board on August 30, 2018 and our Shareholders on August 30, 2018, the Company approved the Employee Stock Option Plan 2018 for issue of options to eligible employees which may result in issue of Equity Shares of not more than 35,30,000 Equity Shares. The Group reserves the right to increase, subject to the approval of the shareholders, or reduce such numbers of shares as it deems fit.

The exercise of the vested option shall be determined in accordance with the notified scheme under the plan.

Employee Stock Option Performance Scheme 2018 and Employee Stock Option Privilege Scheme 2018

The Group also approved Employee Stock Option Performance Scheme 2018 and Employee Stock Option Privilege Scheme 2018 under which the maximum number of options granted to any grantee under "Performance Scheme" together with options granted in any other scheme shall not exceed 1 percent of the total share capital at the time of grant.

**(a) Basic Earnings per share**

| | | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|---|
| Profit attributable to equity holders for basic earnings | ₹ in million | A | 8,820.94 | 7,590.57 |
| Weighted average number of equity shares for basic earning per share * | Number | B | 14,90,08,751 | 14,83,81,220 |
| **Earnings per shares - Basic (one equity share of ₹ 10 each)** | **₹ per share** | **(A/B)** | **59.20** | **51.16** |

**(b) Diluted Earnings per share**

| | | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|---|
| Profit attributable to equity holders for basic earnings | ₹ in million | A | 8,820.94 | 7,590.57 |
| Weighted average number of equity shares for basic earning per share * | Number | B | 14,90,08,751 | 14,83,81,220 |
| **Effect of dilution** | | | | |
| Share options | Number | C | 6,05,161 | 5,31,245 |
| Weighted average number of equity shares adjusted for effect of dilution | Number | D=(B+C) | 14,96,13,912 | 14,89,12,465 |
| **Earnings per shares - Diluted (one equity share of ₹ 10 each)** | **₹ per share** | **(A/D)** | **58.96** | **50.97** |

* Refer note 16(a) for movement of shares.

## 35. Contingent liabilities and commitments

**Accounting Policy**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses it's existence in the Financial Statements.

Capital Commitments includes the amount of purchase orders (net of advances) issued to parties for completion of assets.

(A) Contingent liabilities (to the extent not provided for)

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| (i) | Outstanding corporate guarantees given on behalf of subsidiaries and Joint venture's (Refer note 35 (E)) | - | 1,243.87 |
| (ii) | Taxation matters | | |
| | Disputed liability in respect of sales tax /VAT demand & pending sales tax/VAT forms | 4.30 | 8.80 |
| | Disputed liability in respect of Service tax duty demand | | - |
| | Disputed liability in respect of excise duty demand | 8.60 | 86.47 |
| | Disputed liability in respect of custom duty demand | 17.04 | 16.94 |
| | Claims made against the Company, not acknowledged as debts(Refer note (a) below) | - | 634.21 |
| (iii) | Customs Duty on Capital goods imported under Export Promotion Capital Goods Scheme, against which export obligation is to be fulfilled | 171.63 | 30.78 |
| (iv) | Customs Duty on Raw Materials imported under Advance License, against which export obligation is to be fulfilled | 13.22 | 75.80 |

**Notes:**

(a) A vendor filed a commercial suit against the Parent Company in relation to the alleged breach of three product sourcing agreements entered between the parties. The matter is currently pending in High Court of Bombay. During the current year, based on the legal evaluation , the likelihood of any liability arising on the Company from the outcome of the suit is reassessed from 'possible' to 'remote'.

(b) In respect of the items above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements/decisions pending at various forums/authority. The Group doesn't expect the outcome of matters stated above to have a material adverse effect on the Group's financial conditions, result of operations or cash flows.

(c) The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organisation and its employees are to contribute towards Provident Fund. The Group believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. Additionally, there is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon. Supreme Court vide its ruling in February 2019, in relation to the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. the Group will evaluate its position and act, as clarity emerges.

(B) Commitments

(₹ million)

| | | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|---|
| **(i)** | **Capital commitments** | | |
| | (Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)) | | |
| | Towards Property, Plant and Equipment | 1,241.81 | 1,127.98 |

**Notes:**

For Lease commitments, Refer note 4

## 36. Related party disclosure

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period-end are unsecured and settlement occurs in cash or credit as per the terms of the arrangement.

### (A) Enterprises where control exists

| | Country of incorporation | Ownership interest (%) 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| **Joint Ventures** | | | |
| Ryker Base Private Limited (Ryker) [a] | India | - | 50% |
| Techno Electromech Private Limited (TEPL) | India | 50% | 50% |

(a) Joint venture till 05 May 2020 and became wholly owned subsidiary from 06 May 2020

### (B) Enterprises owned or significantly influenced by key managerial personnel

AK Enterprises (A K)
Dowells Elektro Werke (DEW)
Dowells Electricals (DE)
D J Electricals Private Limited (DJEPL)
Tirupati Tradelinks Private Limited (TTPL)
EPMR Australia Pty Ltd
Polycab Social Welfare Foundation
T.P. Ostwal & Associates LLP

### (C) Key management personnel

| | |
|---|---|
| **(i) Executive directors** | |
| Mr. Inder T. Jaisinghani | Chairman and managing director |
| Mr. Ramesh T. Jaisinghani [c] | Whole-time director |
| Mr. Ajay T. Jaisinghani [c] | Whole-time director |
| Mr. Shyam Lal Bajaj [a] [c] | Whole-time director |
| **(ii) Non- Executive directors** | |
| Mr. R S Sharma | Independent director |
| Mr. T P Ostwal | Independent director |
| Mr. Pradeep Poddar | Independent director |
| Ms. Hiroo Mirchandani | Independent director |
| **(iii) Key management personnel** | |
| Mr. Gandharv Tongia | Chief financial officer (w.e.f. 31 May 2020) |
| Mr. Subramaniam Sai Narayana [b] | Company secretary and compliance officer |
| Ms. Manita Gonsalves | Company secretary and compliance officer (w.e.f. 24 Jan 2021) |
| **(iii) Relatives of Key management personnel** | |
| Mr. Bharat A. Jaisinghani [d] | Son of Mr. Ajay T. Jaisinghani |
| Mr. Girdhari T. Jaisinghani | Brother of Mr. Inder T. Jaisinghani, Mr. Ajay T. Jaisinghani & Mr. Ramesh T. Jaisinghani |
| Mr. Kunal I. Jaisinghani | Son of Mr. Inder T. Jaisinghani |
| Mr. Nikhil R. Jaisinghani[d] | Son of Mr. Ramesh T. Jaisinghani |
| Mr. Puneet Sehgal | Son in law of Ramesh T. Jaisinghani |

(a) Mr. Shyam Lal Bajaj resigned from CFO position w.e.f. closing business hours of 30 May 2020 and continues as a whole time directo
(b) Mr. Subramaniam Sai Narayana resigned from Company secretary and compliance officer position w.e.f. 23 Jan 2021.
(c) Resigned from Whole-time director position w.e.f. closing business hours 12 May 2021.
(d) Appointed as Whole-time director w.e.f. 13 May 2021.

### (D) Transactions with group companies

(₹ million)

| | | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|---|
| **(i) Sale of goods (including GST)** | | | |
| Ryker Base Private Limited | Joint Venture | - | 5.21 |
| Techno Electromech Private Limited | Joint Venture | - | 16.84 |
| **(ii) Purchase of goods (including GST)** | | | |
| Techno Electromech Private Limited | Joint Venture | 615.44 | 671.33 |
| Dowells Elektro Werke (DEW) | Enterprises owned or significantly influenced by key managerial personnel | - | 0.29 |
| Tirupati Tradelinks Private Limited (TTPL) | -do- | 116.51 | 192.55 |

## 36. Related party disclosure

**(D) Transactions with group companies**

(₹ million)

| | | | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|---|---|
| **(iii)** | **Sub-contracting expense (including GST)** | | | |
| | Ryker Base Private Limited | Joint Venture | 1.34 | 660.47 |
| | Techno Electromech Private Limited | Joint Venture | 26.64 | 18.55 |
| | Tirupati Tradelinks Private Limited (TTPL) | Enterprises owned or significantly influenced by key managerial personnel | 1.00 | - |
| **(iv)** | **Other Charges** | | | |
| | Dowells Electricals (DE) | Enterprises owned or significantly influenced by key managerial personnel | - | 1.77 |
| | D J Electricals Private Limited (DJEPL) | -do- | - | 1.52 |
| **(v)** | **Rent received** | | | |
| | Ryker Base Private Limited | Joint Venture | 0.05 | 3.67 |
| **(vi)** | **Interest received** | | | |
| | Techno Electromech Private Limited | Joint Venture | 13.82 | 13.86 |
| **(vii)** | **Testing charges paid** | | | |
| | Techno Electromech Private Limited | Joint Venture | 8.83 | 1.42 |
| **(viii)** | **Sale of Fixed Assets (including GST)** | | | |
| | Techno Electromech Private Limited | Joint Venture | 34.81 | 50.39 |
| **(ix)** | **Purchase of Fixed Assets (including GST)** | | | |
| | Ryker Base Private Limited | Joint Venture | - | 12.45 |
| | Tirupati Tradelinks Private Limited (TTPL) | Enterprises owned or significantly influenced by key managerial personnel | - | 1.53 |
| **(x)** | **Investment made** | | | |
| | Techno Electromech Private Limited | Joint Venture | - | 35.00 |
| **(xi)** | **Commission paid** | | | |
| | EPMR Australia Pty Ltd | Enterprises owned or significantly influenced by key managerial personnel | 10.34 | - |
| **(xii)** | **Rent paid (including GST)** | | | |
| | AK Enterprises | Enterprises owned or significantly influenced by key managerial personnel | 21.88 | 29.14 |

36. Related party disclosure

**(E) Outstanding as at the year end :**

(₹ million)

| | | | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|---|---|
| (i) | **Loans** | | | |
| | Techno Electromech Private Limited | Joint Venture | 115.21 | 115.21 |
| (ii) | **Trade Receivables** | | | |
| | Techno Electromech Private Limited | Joint Venture | 23.60 | 74.11 |
| | Ryker Base Private Limited | Joint Venture | - | 0.37 |
| (iii) | **Interest accrued on loan given** | | | |
| | Techno Electromech Private Limited | Joint Venture | 3.18 | - |
| (iv) | **Trade Receivables - FA** | | | |
| | Techno Electromech Private Limited | Joint Venture | 85.19 | 50.39 |
| (v) | **Trade Payables** | | | |
| | Techno Electromech Private Limited | Joint Venture | 71.30 | 36.64 |
| | Ryker Base Private Limited | Joint Venture | - | 3.49 |
| | Dowells Elektro Werke (DEW) | Enterprises owned or significantly influenced by key managerial personnel | 0.34 | 1.26 |
| | Dowells Electricals (DE) | -do- | 0.08 | 0.08 |
| | D J Electricals Private Limited (DJEPL) | -do- | 0.20 | 1.13 |
| | Tirupati Tradelinks Private Limited (TTPL) | -do- | 40.89 | 48.63 |
| (vi) | **Commission Payable** | | | |
| | EPMR Australia Pty Ltd | Enterprises owned or significantly influenced by key managerial personnel | 10.57 | - |
| (vii) | **Security Deposits given** | | | |
| | AK Enterprises | Enterprises owned or significantly influenced by key managerial personnel | 5.91 | 6.13 |

**Note:**

Company has provided a guarantee for credit facility availed by the Ryker Base Private Limited amounting to ₹ 1,243.87 Million (31 March 2019 : ₹ 1,243.87 Million). The fair value of corporate guarantee ₹ 11.21 million (31 March 2019 : ₹ 11.21 Million) has been included in carrying cost of investment.

**(F) Transactions with KMP:**

(i) **Remuneration paid for the year ended and outstanding as on:** [(a)]

(₹ million)

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| | For the year ended | Outstanding for the year end | For the year ended | Outstanding for the year end |
| **Executive directors (Includes Salary, Performance Incentive and commission to** | | | | |
| Mr. Inder T. Jaisinghani | 141.05 | 99.05 | 115.13 | 75.35 |
| Mr. Ramesh T. Jaisinghani | 32.48 | 7.50 | 31.15 | 7.50 |
| Mr. Ajay T. Jaisinghani | 32.48 | 7.50 | 31.15 | 7.50 |
| Mr. Shyam Lal Bajaj | 28.34 | 6.17 | 31.34 | 6.17 |
| **Non- Executive directors (Includes sitting fees and commission)** | | | | |
| Mr. T P Ostwal | 3.30 | 2.00 | 3.14 | 2.00 |
| Mr. R S Sharma | 3.22 | 2.00 | 3.06 | 2.00 |
| Mr. Pradeep Poddar | 3.14 | 2.00 | 3.06 | 2.00 |
| Ms. Hiroo Mirchandani | 2.98 | 2.00 | 2.90 | 2.00 |
| **Key management personnel (Includes Salary and Performance Incentive)** | | | | |
| Mr. Gandharv Tongia | 14.61 | 1.67 | NA | NA |
| Ms. Manita Gonsalves | 0.96 | 0.22 | NA | NA |
| Mr. Subramaniam Sai Narayana | 2.31 | - | 4.57 | 0.41 |

(a) As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the directors and KMP are not included above.

## 36. Related party disclosure

**(ii) Share based payments to KMP[a]**

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Mr. Shyam Lal Bajaj | 7.64 | 8.07 |
| Mr. Gandharv Tongia | 2.94 | NA |
| Mr. Subramaniam Sai Narayana [b] | (0.46) | 0.92 |

[a] Represents expense by way of share based payments attributable to directors and KMP

[b] During current year remaining options granted under Performance Scheme are forfeited post his resignation due to non-fulfilment of vesting criteria.

**(iii) Sale of fixed assets to KMP (including GST)**

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| | For the year ended | Outstanding for the year end | For the year ended | Outstanding for the year end |
| Mr. Ramesh T. Jaisinghani | 1.35 | 1.35 | - | - |
| Mr. Ajay T. Jaisinghani | 2.36 | 0.17 | - | - |
| Mr. Puneet Sehgal | 0.55 | 0.55 | - | - |

**(iv) Transactions where KMP's are interested**

| | Nature of transaction | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|---|
| | | For the year ended | Outstanding for the year end | For the year ended | Outstanding for the year end |
| Polycab Social Welfare Foundation | Donation | 159.61 | - | 61.00 | - |
| T.P. Ostwal & Associates LLP (excluding GST) | Professional fees for tax advisory | 0.87 | 0.16 | 1.09 | 1.09 |

**(G) Transactions with relatives of KMP:**

**Remuneration paid for the year ended and outstanding as on:**

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| | For the year ended | Outstanding for the year end | For the year ended | Outstanding for the year end |
| Mr. Girdhari T. Jaisinghani | 8.10 | 2.18 | 9.40 | 2.18 |
| Mr. Bharat A. Jaisinghani | 13.44 | 2.98 | 13.43 | 2.98 |
| Mr. Nikhil R. Jaisinghani | 13.44 | 2.98 | 13.43 | 2.98 |
| Mr. Kunal I. Jaisinghani | 2.42 | 0.01 | 2.42 | 0.01 |

## 37. Segment reporting

**Accounting Policy**

**Identification of segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. The Company's chief operating decision maker is Chairman and Managing Directors.

The Board of directors monitors the operating results of all product segments separately for the purpose of making decisions about resource allocation and performance assessment based on an analysis of various performance indicators by business segments and geographic segments.

**Segment revenue and expenses:**

1. It has been identified to a segment on the basis of relationship to operating activities of the segment.
2. The Group generally accounts for intersegment sales and transfers at cost plus appropriate margins.
3. Intersegment revenue and profit is eliminated at group level consolidation.
4. Finance income earned and finance expense incurred are not allocated to individual segment and the same has been reflected at the Group level for segment reporting as the underlying instruments are managed on a group.

**Segment assets and liabilities:**

Segment assets and segment liabilities represent assets and liabilities of respective segments, however the assets and liabilities not identifiable or allocable on reasonable basis being related to enterprise as a whole have been grouped as unallocable.

The accounting policies of the reportable segments are same as that of Group's accounting policies described.

No operating segments have been aggregated to form the above reportable operating segments. Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

**The group is organised into business units based on its products and services and has three reportable segments as follows**

**Wire and Cable:** Manufacture and sale of wires and cables.

**Fast moving electrical goods (FMEG):** Fans, LED lighting and luminaires, switches, switchgears, solar products, water heaters, conduits and domestic appliances.

**Others :** 'It comprise of EPC business which includes design, engineering, supply of materials, survey, execution and commissioning of power distribution, rural electrification projects on a trunkey basis.

## 37. Segment Reporting

**(A) The following summary describes the operations in each of the Group's reportable segments:**

(₹ million)

| | 31 Mar 21 | | | | | | 31 Mar 20 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Wires & Cables | FMEG | Copper | Others | Eliminations | Total | Wires & Cables | FMEG | Copper | Others | Eliminations | Total |
| **Income** | | | | | | | | | | | | |
| External sales | 72,921.04 | 10,341.09 | 4,332.49 | 2,443.76 | - | 90,038.38 | 75,192.34 | 8,355.78 | - | 5,230.30 | - | 88,778.42 |
| Inter segment revenue | 3,113.86 | - | 997.38 | 553.83 | (4,665.07) | - | 706.05 | - | - | 734.63 | (1,440.68) | - |
| **Total Income** | **76,034.90** | **10,341.09** | **5,329.87** | **2,997.59** | **(4,665.07)** | **90,038.38** | **75,898.39** | **8,355.78** | **-** | **5,964.93** | **(1,440.68)** | **88,778.42** |
| **Segment Results** | | | | | | | | | | | | |
| External | 9,163.76 | 565.96 | 455.04 | 392.51 | - | 10,577.27 | 9,254.74 | 168.28 | - | 797.24 | - | 10,220.26 |
| Inter segment results | 23.55 | - | 104.76 | 63.75 | (192.06) | - | 54.12 | - | - | 105.82 | (159.94) | - |
| **Segment/Operating results** | **9,187.31** | **565.96** | **559.80** | **456.26** | **(192.06)** | **10,577.27** | **9,308.86** | **168.28** | **-** | **903.06** | **(159.94)** | **10,220.26** |
| **Un-allocated items:** | | | | | | | | | | | | |
| Finance income | | | | | | 509.00 | | | | | | 449.05 |
| Finance costs | | | | | | 531.49 | | | | | | 495.35 |
| **Share of profit/(loss) of joint venture (Net of tax)** | | 5.78 | | (8.08) | | (2.30) | - | (11.06) | - | (63.02) | | (74.08) |
| **Exceptional items** | | | | | | 97.18 | | | | | | |
| **Profit before tax** | | | | | | **10,649.66** | | | | | | **10,099.88** |
| Income tax expenses | | | | | | | | | | | | |
| Current tax | | | | | | 2,568.58 | | | | | | 2,480.05 |
| Adjustment of tax relating to | | | | | | (999.98) | | | | | | (34.05) |
| Deferred tax (credit)/charge | | | | | | 221.93 | | | | | | (2.30) |
| **Profit for the year** | | | | | | **8,859.13** | | | | | | **7,656.18** |
| Depreciation & amortisation expenses | 1,548.30 | 177.10 | 103.00 | 37.31 | - | 1,865.71 | 1,451.36 | 135.14 | - | 22.37 | - | 1,608.87 |
| Non-cash expenses/ (Income) other than depreciation | (224.27) | 61.99 | (34.81) | 80.20 | - | (116.90) | 1,051.11 | 69.26 | - | 70.63 | | 1,191.00 |
| Total cost incurred during the year to acquire segment assets (net of disposal) | 1,517.99 | 354.11 | 29.24 | 9.59 | - | 1,910.92 | 2,698.15 | 177.80 | - | 14.91 | - | 2,890.86 |

**(B) Revenue by Geography**

The amount of its revenue from external customers analysed by the country, in which customers are located, are given below:

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Within India | 82,449.44 | 77,823.22 |
| Outside India | 7,588.94 | 10,955.20 |
| | **90,038.38** | **88,778.42** |

**(C) Segment assets**

| | 31 Mar 21 | | | | | | 31 Mar 20 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Wires & Cables | FMEG | Copper | Others | Eliminations | Total | Wires & Cables | FMEG | Copper | Others | Eliminations | Total |
| Segment assets | 44,278.50 | 5,896.31 | 3,314.41 | 5,001.61 | - | 58,490.83 | 43,265.39 | 5,379.76 | - | 6,287.45 | - | 54,932.60 |
| **Unallocated assets:** | | | | | | | | | | | | |
| Investment accounted for using the equity method | | | | | | 118.18 | | | | | | 254.77 |
| Current investments | | | | | | 6,231.27 | | | | | | 400.00 |
| Income tax assets (net) | | | | | | 269.66 | | | | | | 191.51 |
| Cash and cash equivalents and bank balance other than cash and cash equivalents | | | | | | 4,710.15 | | | | | | 2,412.75 |
| Loans | | | | | | 206.60 | | | | | | 250.04 |
| Goodwill | | | | | | 22.58 | | | | | | - |
| Other unallocable assets | | | | | | 97.84 | | | | | | 1,174.27 |
| **Total assets** | | | | | | **70,147.11** | | | | | | **59,615.94** |

**(D) Segment liabilities**

| | 31 Mar 21 | | | | | | 31 Mar 20 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Wires & Cables | FMEG | Copper | Others | Eliminations | Total | Wires & Cables | FMEG | Copper | Others | Eliminations | Total |
| Segment liabilities | 12,643.75 | 2,666.93 | 1,829.10 | 3,376.25 | - | 20,516.03 | 13,186.76 | 1,587.47 | - | 3,093.76 | - | 17,867.99 |
| **Unallocated liabilities:** | | | | | | | | | | | | |
| Borrowings (Non-Current and Current, including Current Maturity) | | | | | | 918.73 | | | | | | 1,455.60 |
| Current tax liabilities (net) | | | | | | 267.45 | | | | | | 1,184.20 |
| Deferred tax liabilities (net) | | | | | | 337.64 | | | | | | 174.00 |
| Other unallocable liabilities | | | | | | 379.57 | | | | | | 420.00 |
| | | | | | | **22,419.42** | | | | | | **21,101.79** |

**(E) Non-current assets by Geography**

The total of non-current assets excluding financial assets and deferred tax assets analysed by the country in which assets are located are given below:

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Within India | 22,420.57 | 19,116.50 |
| Outside India | 0.11 | 0.26 |
| | **22,420.68** | **19,116.76** |

**38. Information for Consolidated Financial Statement pursuant to Schedule III of the Companies Act, 2013**

**For the Year ended 31 March 2021**

| | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated OCI | Amount | As % of consolidated total comprehensive income | Amount |
| **Parent** | | | | | | | | |
| Polycab India Limited | 97.42% | 46,498.68 | 94.82% | 8,400.20 | 99.81% | 159.78 | 94.91% | 8,559.98 |
| **Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| Tirupati Reels Private Limited | 0.23% | 107.51 | 0.13% | 11.11 | 0.07% | 0.12 | 0.12% | 11.23 |
| Dowells Cable Accessories Private Limited | 0.22% | 104.43 | 0.34% | 30.29 | 0.00% | - | 0.34% | 30.29 |
| Ryker Base Private Limited | 1.43% | 682.40 | 4.04% | 357.92 | 0.08% | 0.13 | 3.97% | 358.05 |
| Polycab Electricals And Electronics Private Limited | 0.00% | 1.00 | 0.00% | - | 0.00% | - | | |
| **Foreign** | | | | | | | | |
| Polycab Australia Pty Ltd | 0.06% | 27.18 | 0.18% | 15.64 | -0.03% | (0.05) | 0.17% | 15.59 |
| **Investment accounted for using the equity method** | | | | | | | | |
| Techno Electromech Private Limited | 0.25% | 118.18 | 0.07% | 5.78 | 0.00% | - | 0.06% | 5.78 |
| **Non controlling interest** | | | | | | | | |
| **Indian** | | | | | | | | |
| Tirupati Reels Private Limited | 0.18% | 87.96 | 0.10% | 9.09 | 0.06% | 0.10 | 0.10% | 9.19 |
| Dowells Cable Accessories Private Limited | 0.21% | 100.33 | 0.33% | 29.10 | 0.00% | - | 0.32% | 29.10 |
| **TOTAL** | **100.00%** | **47,727.67** | **100.00%** | **8,859.13** | **100.00%** | **160.08** | **100.00%** | **9,019.21** |

**For the year ended 31 March 2020**

| | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated OCI | Amount | As % of consolidated total comprehensive income | Amount |
| **Parent** | | | | | | | | |
| Polycab India Limited | 98.50% | 37,935.31 | 99.32% | 7,604.11 | 100.60% | (164.88) | 99.29% | 7,439.23 |
| **Subsidiaries** | | | | | | | | |
| **Indian** | | | | | | | | |
| Tirupati Reels Private Limited | 0.25% | 96.33 | 0.78% | 59.72 | -0.10% | 0.17 | 0.80% | 59.89 |
| Dowells Cable Accessories Private Limited | 0.19% | 74.09 | 0.23% | 17.42 | 0.00% | - | 0.23% | 17.42 |
| **Foreign** | | | | | | | | |
| Polycab Wires Italy SRL | 0.01% | 3.65 | -0.22% | (16.60) | -0.41% | 0.68 | -0.21% | (15.92) |
| **Investment accounted for using the equity method** | | | | | | | | |
| Techno Electromech Private Limited | 0.29% | 112.40 | -0.14% | (11.06) | 0.00% | - | -0.15% | (11.06) |
| Ryker Base Private Limited | 0.37% | 142.37 | -0.82% | (63.02) | 0.00% | - | -0.84% | (63.02) |
| **Non controlling interest** | | | | | | | | |
| **Indian** | | | | | | | | |
| Tirupati Reels Private Limited | 0.20% | 78.82 | 0.64% | 48.87 | -0.09% | 0.14 | 0.65% | 49.01 |
| Dowells Cable Accessories Private Limited | 0.18% | 71.18 | 0.22% | 16.74 | 0.00% | - | 0.22% | 16.74 |
| **TOTAL** | **100.00%** | **38,514.15** | **100.00%** | **7,656.18** | **100.00%** | **(163.89)** | **100.00%** | **7,492.29** |

## 39. Financial Instruments and Fair Value measurments

## A) Financial Instruments

**Accounting policy**

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

**Financial assets**

**(i) Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit & Loss, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified at the initial recognition as financial assets measured at fair value or as financial assets measured at amortised cost.

**(ii) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in two broad categories:

(a) Financial assets at amortised cost

(b) Financial assets at fair value

Where assets are measured at fair value, gains and losses are either recognised entirely in the Statement of Profit & Loss (i.e. fair value through Statement of Profit & Loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

**(a) Financial assets carried at amortised cost**

A financial assets that meets the following two conditions is measured at amortised cost (net of Impairment) unless the asset is designated at fair value through Statement of Profit & Loss under the fair value option.

(i) **Business Model test:** The objective of the Group's business model is to hold the financial assets to collect the contractual cash flow (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

(ii) **Cash flow characteristics test**: The contractual terms of the financial assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

**(b)** (i) **Financial assets at fair value through other comprehensive income**

Financial assets is subsequently measured at fair value through other comprehensive income if it is held with in a business model whose objective is achieved by both collections contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dated to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit & Loss.

(ii) **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories is subsequently fair valued through Statement of Profit & Loss.

**(iii) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised when:

(a) The rights to receive cash flows from the asset have expired, or

(b) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

The Group discloses analysis of the gain or loss recognised in the statement of profit and loss arising from the derecognition of financial assets measured at amortised cost, showing separately gains and losses arising from derecognition of those financial assets.

**(iv) Impairment of financial assets**

The Group assesses impairment based on expected credit losses (ECL) model for the following:

(a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

(b) The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and contract assets.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## 39. Financial Instruments and Fair Value measurments

The Group recognises an allowance for ECL for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the 12 months expected cedit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

As a practical expedient, the Group uses the provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and its adjusted forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) during the period is recognized as other expense in the of Statement of Profit & Loss.

**Financial liabilities**

**(v) Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, lease liabilities and derivative financial instruments.

**(vi) Subsequent measurement**

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

**(a) Financial liabilities at fair value through profit or loss**

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

**(b) Gains or losses on liabilities held for trading are recognised in the profit or loss**

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

**(c) Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method.

## 39. Financial Instruments and Fair Value measurments

**(vii) Embedded Derivatives**

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

**(viii) Derecognition**

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

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

## B) Fair value measurements

**Accounting policy**

The Group measures financial instruments, such as, derivatives, mutual funds etc. at fair value at each Balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The principal or the most advantageous market must be accessible by the Group.

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

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

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, to provide an indication about the reliability of inputs used in determining fair value, the group has classified its financial statements into three levels prescribed under the accounting standard as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the assets or liability and the level of fair value hierarchy as explained above.

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

## 39. Financial Instruments and Fair Value measurments

(₹ million)

| | Carrying value | | Fair value | |
|---|---|---|---|---|
| | **31 Mar 21** | **31 Mar 20** | **31 Mar 21** | **31 Mar 20** |
| **Financial assets** | | | | |
| **Measured at amortised cost** | | | | |
| Trade receivables | 15,641.27 | 15,996.90 | 15,641.27 | 15,996.90 |
| Cash and cash equivalents | 2,378.03 | 1,721.62 | 2,378.03 | 1,721.62 |
| Bank balance other than cash and cash equivalents | 2,935.15 | 1,091.45 | 2,935.15 | 1,091.45 |
| Loans | 208.24 | 297.78 | 208.24 | 297.78 |
| Other financial assets | 755.18 | 371.63 | 755.18 | 371.63 |
| **Measured at fair value through profit or loss account (FVTPL)** | | | | |
| Investment in mutual funds | 6,231.27 | 400.00 | 6,231.27 | 400.00 |
| Derivative Assets | 33.79 | 1,084.54 | 33.79 | 1,084.54 |
| | **28,182.93** | **20,963.92** | **28,182.93** | **20,963.92** |
| **Financial liabilities** | | | | |
| **Measured at amortised cost** | | | | |
| Borrowings - long term including current maturities and short term | 2,486.85 | 1,570.58 | 2,603.89 | 1,570.58 |
| Trade payables | 13,480.32 | 13,536.83 | 13,480.32 | 13,536.83 |
| Creditors for capital expenditure | 273.78 | 275.53 | 273.78 | 275.53 |
| Obligations under lease | 338.17 | 331.55 | 348.53 | 331.55 |
| Fair value of corporate guarantee | - | 11.21 | - | 11.21 |
| Other financial liabilities | 56.51 | 65.67 | 56.51 | 65.67 |
| **Measured at fair value through profit or loss account (FVTPL)** | | | | |
| Derivative liabilities | 976.64 | 232.51 | 976.64 | 232.51 |
| | **17,612.27** | **16,023.88** | **17,739.67** | **16,023.88** |

(a) Interest rate swaps, foreign exchange forward contracts and embedded commodity derivative are valued using valuation techniques, which employ the use of market observable inputs( closing rates of foreign currency and commodities).

(b) Embedded foreign currency and commodity derivatives are measured similarly to the foreign currency forward contracts and commodity derivatives. The embedded derivatives are commodity and foreign currency forward contracts which are separated from purchase contracts.

(c) The management assessed that cash and cash equivalents, trade receivables, trade payables, short-term borrowings, loans to related party, loans to employees, short term security deposit and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(d) 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.

(e) The fair values of the mutual funds are based on NAV at the reporting date.

(f) The fair value of interest rate swaps are based on MTM bank rates as on reporting date.

(g) The fair value of put option is determined using Monte Carlo Simulation which assumes a Geometric Brownian Motion for the modelling equity value.

(h) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

**Fair value hierarchy**

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

**Quantitative disclosures fair value measurement hierarchy for assets and liabilitiesas at 31 March 2021 :**

(₹ million)

| | | | Fair value measurement using | | |
|---|---|---|---|---|---|
| | Date of valuation | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Assets measured at fair value:** | | | | | |
| Units of mutual funds | 31 Mar 21 | 6,231.27 | 6,231.27 | - | - |
| **Derivative Assets** | | | | | |
| Embedded derivatives | 31 Mar 21 | - | - | - | - |
| Forward Contract | 31 Mar 21 | 31.37 | - | 31.37 | - |
| Interest rate and cross currency swap | 31 Mar 21 | 2.42 | - | 2.42 | - |
| **Liabilities measured at fair value:** | | | | | |
| **Derivative liabilities :** | | | | | |
| Embedded derivatives | 31 Mar 21 | 320.09 | - | 320.09 | - |
| Commodity contracts | 31 Mar 21 | 656.55 | - | 656.55 | - |

## 39. Financial Instruments and Fair Value measurments

**Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2020:**

(₹ million)

| | Date of valuation | Total | Fair value measurement using: Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
|---|---|---|---|---|---|
| **Assets measured at fair value:** | | | | | |
| Units of mutual funds | 31 Mar 20 | 400.00 | 400.00 | - | - |
| **Derivative Assets** | | | | | |
| Embedded derivatives | 31 Mar 20 | 1,075.35 | - | 1,075.35 | - |
| Interest rate and cross currency swap | 31 Mar 20 | 9.19 | - | 9.19 | - |
| | | | | | |
| **Liabilities measured at fair value:** | | | | | |
| **Derivative liabilities :** | | | | | |
| Commodity contracts | 31 Mar 20 | 169.03 | | | |
| Foreign exchange forward contracts | 31 Mar 20 | 13.73 | - | 13.73 | - |
| Fair value of written put options | 31 Mar 20 | 49.75 | - | - | 49.75 |

There is no transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Timing of transfer between the levels determined based on the following:

(a) the date of the event or change in circumstances that caused the transfer
(b) the beginning of the reporting period
(c) the end of the reporting period

**Description of significant unobservable inputs to valuation:**

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 March 2021 and 2020 are shown below:

| | Valuation technique | Significant unobservable inputs | Range (weighted average) | Sensitivity of the input to fair value |
|---|---|---|---|---|
| Fair value of written put options | DCF method | Long-term growth rate for cash flows for subsequent years | 31 March 21: NA<br>31 March 20: 3.1% - 5.1% (4%) | 5% (31 March 20: 5%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by ₹ Nil (31 March 20: ₹ 2.10 million) |
| | | WACC | 31 March 21: NA<br>31 March 20: 7% - 8% (7.27%) | 5% (31 March 20: 5%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by ₹ Nil (31 March 20: ₹ 5.16 million) |

**Reconciliation of fair value measurement of Fair value of written put options:**

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| At the beginning of the year | 49.75 | 48.90 |
| Remeasurement | - | 0.85 |
| Settled | (49.75) | - |
| **At the end of the year** | **-** | **49.75** |

## 40. Financial Risk Management Objectives And Policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. the Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds FVTPL investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors of the Group has formed a Risk Management Committee to periodically review the risk management policy of the Group so that the management manages the risk through properly defined machanism.The Risk Management Committee's focus is to foresee the unpredictability and minimize potential adverse effects on the Group's financial performance. The Group's overall risk management procedures to minimise the potential adverse effects of financial market on the Group's performance are as follows:

### (A) 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 three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments and derivative financial instruments.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group is also exposed to the risk of changes in market interest rates relates due to its investments in mutual fund units in overnight funds.

The Group manages its interest rate risk by having a fixed and variable rate loans and borrowings. The Group's approach is to keep its majority of borrowings at fixed rates of interest for long term funding. The Group also enters into interest rate swaps for long term foreign currency borrowings, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March 2021, after taking into account the effect of interest rate swaps, approximately 64% of the Group's borrowings are at a fixed rate of interest (31 March 2020: 53%).

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ million)

| | Exposure to interest rate risk (Principal amount of loan) | Increase/ decrease in basis points | Effect on profit before tax |
|---|---|---|---|
| **31 Mar 21** | 883.56 | | |
| Increase | | +100 | (8.84) |
| Decrease | | -100 | 8.84 |
| **31 Mar 20** | 741.53 | | |
| Increase | | +100 | (7.42) |
| Decrease | | -100 | 7.42 |

#### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's borrowings in foreign currency.

**Derivative financial instruments**

The Group enters into derivative contracts with an intention to hedge its foreign exchange price risk and interest risk. Derivative contracts which are linked to the underlying transactions are recognised in accordance with the contract terms. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit & Loss. To some extent the Group manages its foreign currency risk by hedging transactions.

The Group is also exposed to foreign exchange risk arising on inter company transaction in foreign currencies.The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently, the results of the Group’s operations are adversely affected as the rupee appreciates/ depreciates against these currencies.

## 40. Financial Risk Management Objectives And Policies

**Particulars of unhedged foreign currency exposures as at the reporting date:**

(₹ million)

| Currency | Currency Symbol | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|---|
| | | Foreign currency | Indian Rupees | Foreign currency | Indian Rupees |
| United States Doller | USD | (73.77) | (5,422.40) | (57.85) | (4,361.17) |
| EURO | Euro | 1.32 | 113.33 | 0.36 | 30.18 |
| Pound | GBP | 1.00 | 101.39 | 0.16 | 15.32 |
| Swiss Franc | CHF | 0.05 | 3.86 | 0.02 | 1.75 |
| Chinese Yuan | CNY | - | - | 0.55 | 5.82 |
| Australian Dollar | AUD | (487.79) | 84.91 | 2.19 | 101.46 |

Figures shown in bracket represent payable .

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD, Euro, GBP, CHF, CNY and AUD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Group's exposure to foreign currency changes for all other currencies is not material. Sensitivity due to unhedged Foreign Exchange Exposures is as follows:

**Impact on profit before tax and equity**

(₹ million)

| Currency | Currency Symbol | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|---|
| | | +2% | -2% | +2% | -2% |
| United States Doller | USD | (108.45) | 108.45 | (87.22) | 87.22 |
| EURO | Euro | 2.27 | (2.27) | 0.60 | (0.60) |
| Pound | GBP | 2.03 | (2.03) | 0.31 | (0.31) |
| Swiss Franc | CHF | 0.08 | (0.08) | 0.04 | (0.04) |
| Chinese Yuan | CNY | - | - | 0.12 | (0.12) |
| Australian Dollar | AUD | 1.70 | (1.70) | 2.03 | (2.03) |

Figures shown in bracket represent payable.

## 40. Financial Risk Management Objectives And Policies

**(iii) Commodity price risk**

**The Group's exposure to price risk of copper and aluminium arises from :**

- Trade payables of the Group where the prices are linked to LME prices. Payment is therefore sensitive to changes in copper and aluminium prices quoted on LME. The provisional pricing feature (Embedded Derivatives) are classified in the balance sheet as fair value through profit or loss. The option to fix prices at future LME prices works as a natural hedge against the movement in value of inventory of copper and aluminium held by the Group. The Group also takes Sell LME positions to hedge the price risk on Inventory due to ongoing movement in rates quoted on LME. The Group applies fair value hedge to protect its copper and aluminium Inventory from the ongoing movement in rates.
- Purchases of copper and aluminium results in exposure to price risk due to ongoing movement in rates quoted on LME affecting the profitability and financial position of the Group. The risk management strategy is to use the Buy future contracts linked to LME to hedge the variation in cash flows of highly probable future purchases.

Sensitivity analysis for unhedged exposure for the year ended 31 March 2021 are as follows:

**Exposure of Company in Inventory**

(₹ million)

| Metal | Hedge instruments | 31 Mar 21 | | | | 31 Mar 20 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Exposure in Metric Tonne | Exposure in ₹ million | Impact in Profit before tax | | Exposure in Metric Tonne | Exposure in ₹ million | Impact in Profit before tax | |
| | | | | +2% | -2% | | | +2% | -2% |
| Aluminium | Embedded derivative | 3,293 | 588.35 | 11.77 | (11.77) | 6,134 | 868.63 | 17.37 | (17.37) |

**(B) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

**Trade receivables and contract assets**

The Group has adopted a policy of only dealing with counterparties that have sufficient credit rating. The Group’s exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties. Credit risk has always been managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Group uses expected credit loss model to assess the impairment loss or gain. The Group has applied Expected Credit Loss (ECL) model for measurement and recognition of impairment losses on trade receivables. ECL has been computed as a percentage of revenue on the basis of Group's historical data of delay in collection of amounts due from customers and default by the customers along with management's estimates.

The Group has sold without recourse trade receivable under channel finance arrangement for providing credit to its dealers. Evaluation is made as per the terms of the contract i.e. if the Group does not retain any risk and rewards or control over the financial assets, then the entity derecognises such assets upon transfer of financial assets under such arrangement with the banks. Derecognition does not result in significant gain / loss to the Group in the Statement of profit and loss.

In certain cases, the Group has sold with recourse trade receivables to a bank for cash proceeds. These trade receivables have not been derecognised from the statement of financial position, because the Group retains substantially all of the risks and rewards – primarily credit risk. The amount received on transfer has been recognised as a financial liability (Refer note 18(B)). The arrangement with the bank is such that the customers remit cash directly to the bank and the bank releases the limit of faclity used by the Group. The receivables are considered to be held within a held-to-collect business model consistent with the Group’s continuing recognition of the receivables.

Before evaluating whether, and to what extent, derecognition is appropriate, the Group determines whether these arrangements should be applied to a part of a financial asset (or a part of a group of similar financial assets) or a financial asset (or a group of similar financial assets) in its entirety, as follows.

The derecognition criteria are applied to a part of a financial asset (or a part of a group of similar financial assets) if, and only if, the part being considered for derecognition meets one of the following three conditions.

(i) The part comprises only specifically identified cash flows from a financial asset (or a Company of similar financial assets).

(ii) The part comprises only a fully proportionate (pro rata) share of the cash flows from a financial asset (or a Company of similar financial assets).

(iii) The part comprises only a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a Company of similar financial assets).

In all other cases, the derecognition criteria are applied to the financial asset in its entirety (or to the group of similar financial assets in their entirety).

The carrying amount of trade receivables at the reporting date that have been transferred but have not been derecognised and the associated liabilities is amouting to ₹ 883.56 million.

Trade receivables of ₹ 1,4418.03 million as at 31 March 2021 (31 March 2020: ₹ 14,336.43) forms a significant part of the financial assets carried at amortised cost which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of delayed payments, increased credit risk and consequential default considering emerging situations while arriving at the carrying value of these assets. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers. The Group has specifically evaluated the potential impact with respect to customers for all its segments.

## 40. Financial Risk Management Objectives And Policies

The Group closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The collections pattern from the customers in the current period does not indicate stress beyond what has been factored while computing the allowance for expected credit losses. Basis this assessment, the expected credit loss allowance for trade receivables of ₹ 1,424.88 million as at 31 March 2021 is considered adequate.
The same assessment is done in respect of contract assets of ₹ 152.84 million as at 31 March 2021 while arriving at the level of provision that is required. Basis this assessment, the expected credit loss allowance for contract assets of ₹ 11.82 million as at 31 March 2021 is considered adequate.

**Other financial assets**
The Group has adopted a policy of only dealing with counterparties that have sufficient credit rating. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

Credit risk arising from investment in mutual funds, derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the international credit rating agencies.

### (C) Liquidity risk

The Group's principle sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. the Group believes that the working capital is sufficient to meet its current requirements.

Further, the Group manages its liquidity risk in a manner so as to meet its normal financial obligations without any significant delay or stress. Such risk is managed through ensuring operational cash flow while at the same time maintaining adequate cash and cash equivalents position. The management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. Surplus funds not immediately required are invested in certain financial assets (including mutual funds) which provide flexibility to liquidate at short notice and are included in current investments and cash equivalents. Besides, it generally has certain undrawn credit facilities which can be accessed as and when required, which are reviewed periodically.

The Group has developed appropriate internal control systems and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and availability of alternative sources for additional funding, if required. (Refer note 18)

Corporate guarantees given on behalf of Group Companies might affect the Liquidity of the Group if they are payable. However, the Group has adequate liquidity to cover the risk. (Refer note 35.

**Maturity Analysis**
The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

(₹ million)

| | 31 Mar 21 | | | 31 Mar 20 | | |
|---|---|---|---|---|---|---|
| | < 1 year | > equal to 1 year | Total | < 1 year | > equal to 1 year | Total |
| Borrowings | 889.65 | 1,698.66 | 2,588.31 | 1,114.53 | 106.55 | 1,221.08 |
| Lease liability | 136.59 | 274.03 | 410.62 | 125.85 | 275.21 | 401.06 |
| Other financial liabilities | 1,867.38 | - | 1,867.38 | 923.21 | - | 923.21 |
| Trade payables | 13,480.32 | - | 13,480.32 | 13,536.83 | - | 13,536.83 |
| | **16,373.94** | **1,972.69** | **18,346.63** | **15,700.42** | **381.76** | **16,082.18** |

The other finacial liabilities includes financial gurantees provided Ryker Base Pvt. Ltd. Refer note 20(C) for contractual undiscounted value of the same. W.e.f 06 May 2020 the Ryker Base Pvt Ltd acquired by the parent (refer note 6(ii)) subsequant to which the financial guarantee liablity eliminated in Consolidated financial statement. It also includes derivative liability, for maturity analysis refer note 39(B).

### (D) Risk due to outbreak of COVID 19 pandemic

The outbreak of COVID 19 pandemic globally and in India has severely impacted businesses and economies. There has been disruption to regular business operations due to the measures taken to curb the impact of the pandemic. The Group's plants, warehouses and offices were shut post announcement of nationwide lockdown. The operations resumed post lifting of lockdown. The Group has considered external and internal information in assessing the impact of COVID 19 on various elements of its financial statements, including recoverability of its assets as at the Balance Sheet date.

## 41. Hedging activity and derivatives

### (A) Fair value hedge of copper and aluminium price risk in inventory

(i) The Group enters into contracts to purchase copper and aluminium wherein the Group has the option to fix the purchase price based on LME price of copper and aluminium during a stipulated time period. Accordingly, these contracts are considered to have an embedded derivative that is required to be separated. Such feature is kept to hedge against exposure in the value of inventory of copper and aluminium due to volatility in copper and aluminium prices. The Group designates the embedded derivative in the payable for such purchases as the hedging instrument in fair value hedging of inventory. The Group designates only the spot-to-spot movement of the copper and aluminium inventory as the hedged risk. The carrying value of inventory is accordingly adjusted for the effective portion of change in fair value of hedging instrument. Hedge accounting is discontinued when the hedging instrument is settled, or when it no longer qualifies for hedge accounting or when the hedged item is sold.

## 41. Hedging activity and derivatives

(ii) To use the Sell future contracts linked with LME to hedge the fair value risk associated with inventory of copper and aluminium. Once the purchases are concluded and its final price is determined, the Group starts getting exposed to price risk of these inventory till the time it is not been sold. The Group's policy is to designate the copper and aluminium inventory which are already priced and which is not been sold at that point in time in a hedging relationship against Sell LME future positions based on the risk management strategy of the Group. The hedged risk is movement in spot rates.

To test the hedge effectiveness between embedded derivatives/derivatives and LME prices of Copper and Aluminium, the Group uses the said prices during a stipulated time period and compares the fair value of embedded derivatives/derivatives against the changes in fair value of LME price of copper and aluminium attributable to the hedged risk.

The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying embedded derivative/derivative is identical to the LME price of Copper and Aluminium.

Disclosure of effects of fair value hedge accounting on financial position:

**Hedged item:**
Changes in fair value of inventory attributable to change in copper and aluminium prices.

**Hedging instrument:**
Changes in fair value of the embedded derivative of copper and aluminium trade payables/ derivative, as described above.

### (B) Cash flow hedge associated with highly probable forecasted purchases of copper and aluminium:

The Group has purchases of copper and aluminium which results in exposure to price risk due to ongoing movement in rates quoted on LME which affects the profitability and financial position of the Group. The risk management strategy is to use the Buy future contracts linked to LME to hedge the variation in cash flows of highly probable future purchases. The Group's policy is to designate the monthly copper and aluminium purchases as a highly probable forecasted transaction in a hedging relationship based on the risk management strategy of the Group.

As at 31 March 2021 (₹ million)

| | Commodity price risk | Carrying amount | | | Maturity date | Hedge Ratio | Balance sheet classification | Effective portion of Hedge | Ineffective portion of Hedge |
|---|---|---|---|---|---|---|---|---|---|
| | | Asset | Liabilities | Equity | | | | | |
| **Fair Value Hedge** | | | | | | | | | |
| Hedged item | Inventory of Copper and aluminium | 896.65 | - | - | Range within 1 to 6 months | 1:1 | Inventory | 896.65 | 79.99 |
| Hedging instrument | Embedded derivative in trade payables of Copper and aluminium | - | (320.08) | - | | 1:1 | Current financial assets | | |
| | Buy Derivative Position | | 22.97 | - | | 1:1 | Current financial liabilities | | |
| | Sell future contracts | - | (679.51) | - | | 1:1 | Current financial liabilities | | |

The following table presents details of amounts held in effective portion of Cash Flow Hedge and the period during which these are going to be released and affecting Statement of profit and Loss

| | As at 31st March 2021 | | | |
|---|---|---|---|---|
| | Cash Flow hedge release to P&L | | | |
| | Less than 3 Months | 3 Months to 6 Months | 6 Months to 12 Months | Total |
| **Commodity Price risk** | | | | |
| Buy Future Contracts- Copper | (1.33) | - | - | **(1.33)** |
| Buy Future Contracts- Aluminium | 24.29 | - | - | **24.29** |
| Sell Future Contracts- Copper | (396.87) | (173.78) | - | **(570.65)** |
| Sell Future Contracts- Aluminium | (82.32) | (26.06) | (0.48) | **(108.86)** |

## 41. Hedging activity and derivatives

**As at 31 March 2020**

(₹ million)

| Commodity price risk | | Carrying amount | | | Maturity date | Hedge Ratio | Balance sheet classification | Effective portion of Hedge | Ineffective portion of Hedge |
|---|---|---|---|---|---|---|---|---|---|
| | | Asset | Liabilities | Equity | | | | | |
| **Fair Value Hedge** | | | | | | | | | |
| Hedged item | Inventory of Copper and aluminium | (852.14) | - | - | Range within 1 to 6 months | 1:1 | Inventory | (852.14) | (223.21) |
| Hedging instrument | Embedded derivative in trade payables of Copper and aluminium | - | (1,075.35) | - | | 1:1 | Current financial assets | | |
| **Cash Flow Hedge** | | | | | | | | | |
| Hedged item | Highly probable forecasted purchases | - | - | (169.03) | Range within 3 to 12 months | 1:1 | Cash flow hedge Reserve | (169.03) | - |
| Hedging instrument | Buy future contracts | - | 169.03 | - | | 1:1 | Current financial liabilities | | |

The following table presents details of amounts held in effective portion of Cash Flow Hedge and the period during which these are going to be

| | As at 31st March 2020 | | | |
|---|---|---|---|---|
| | Cash Flow hedge release to P&L | | | |
| | Less than 3 Months | 3 Months to 6 Months | 6 Months to 12 Months | Total |
| **Commodity Price risk** | | | | |
| Buy future contracts | 64.49 | 85.30 | 19.24 | **169.03** |

The Board of Directors has constituted a Risk Management Committee (RMC) to frame, implement and monitor the risk management plan of the Group which inter-alia covers risks arising out of exposure to foreign currency fluctuations. Under the guidance and framework provided by the RMC, the Group uses various derivative instruments such as foreign exchange forward, currency options and futures contracts in which the counter party is generally a bank.For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective is to maximise the shareholders value.

The Group has entered into derivative instruments not in hedging relationship by way of foreign exchange forward contracts. The notional amount of outstanding contracts and loss/(gain) on fair valuation of such contracts are given below:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Foreign exchange forward contracts- Buy | 3,150.01 | - |
| Foreign exchange forward contracts- Sale | (457.25) | (1,130.79) |
| | **2,692.76** | **(1,130.79)** |
| Fair valuation gain on foreign exchange forward contracts | (31.37) | (13.72) |

The Group, basis its assessment, believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Group has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Group continues to believe that there is no impact on effectiveness of its hedges.

## 42. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective is to maximise the shareholders value, safeguard business continuity and support the growth of the Group.The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity, operating cash flows generated and external borrowings.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The capital structure is governed by policies approved by the Board of Directors and monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Borrowings (Refer note- 19) | 1,926.40 | 1,221.08 |
| Trade payables ( Refer note- 20) | 13,480.32 | 13,536.83 |
| Other payables (Refer note- 21B) | 1,979.21 | 964.13 |
| Less: cash and cash equivalents (Refer note- 10) | (2,378.03) | (1,721.62) |
| **Net debt** | **15,007.90** | **14,000.42** |
| Equity (Refer note- 16 and 17) | 47,727.69 | 38,514.15 |
| **Total capital** | **47,727.69** | **38,514.15** |
| Capital and net debt | 62,735.59 | 52,514.57 |
| **Gearing ratio** | **23.92%** | **26.66%** |

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2021 and year ended 31 March 2020.

## 43. Events after the reporting period

No significant adjusting event occurred between the balance sheet date and date of the approval of these financial statements by the Board of Directors of the Group requiring adjustment or disclosure.

## 44. Others

Figures representing ₹ 0.00 million are below ₹ 5,000.

As per our report of even date
**For B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

BHAVESH H DHUPELIA Digitally signed by BHAVESH H DHUPELIA Date: 2021.05.13 18:26:56 +05'30'

**Bhavesh Dhupelia**
Partner
Membership No. 042070

Place: Mumbai
Date: 13 May 2021

For and on behalf of the Board of Directors of
**Polycab India Limited**
CIN : L31300GJ1996PLC114183

INDER THAKURDAS JAISINGHANI

**Inder T. Jaisinghani**
Chairman & Managing Director
DIN : 00309108

BHARAT AJAY JAISINGHANI

**Bharat A. Jaisinghani**
Whole Time Director
DIN : 00742995

NIKHIL RAMESH JAISINGHANI

**Nikhil R. Jaisinghani**
Whole Time Director
DIN : 00742771

GANDHARV TONGIA

**Gandharv Tongia**
Chief Financial Officer
Membership No. 402854

Place: Mumbai
Date: 13 May 2021

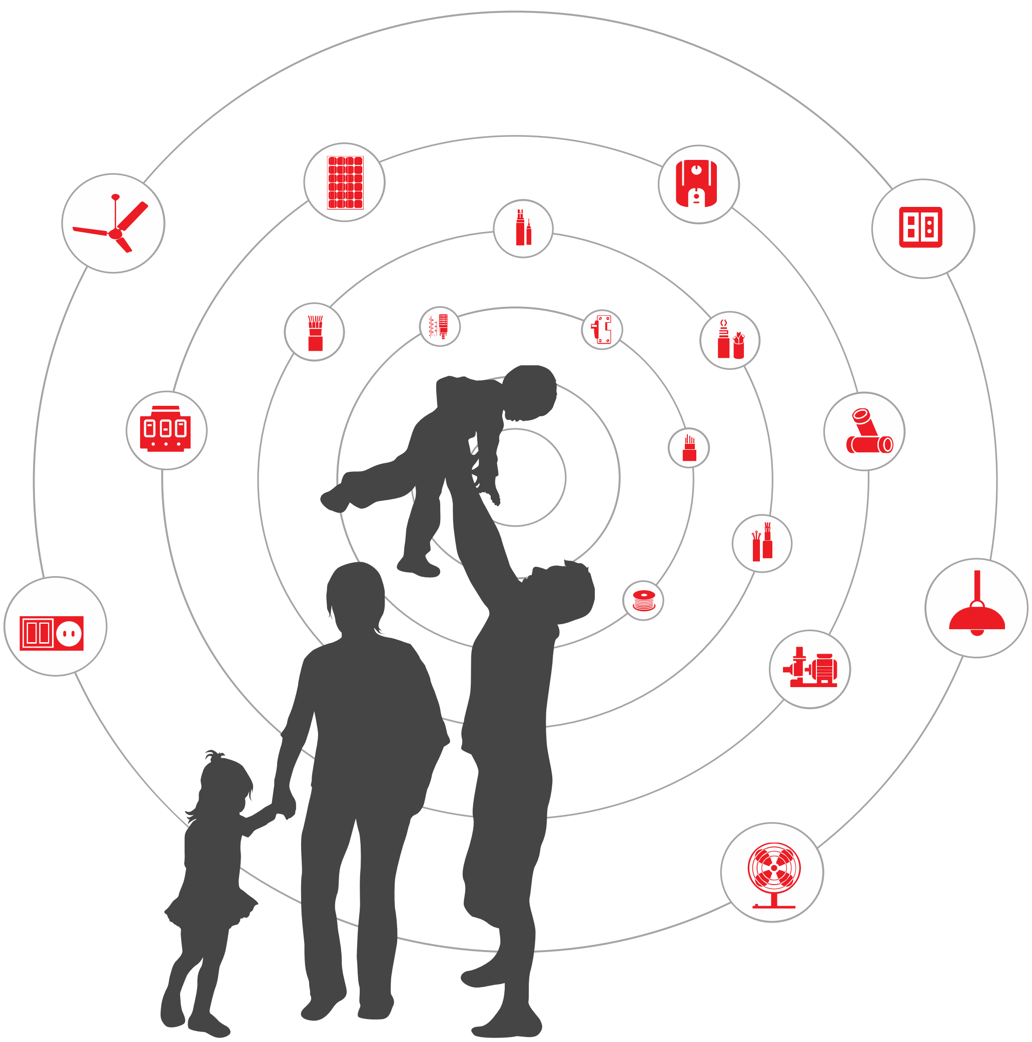
MANITA CARMEN ALBERT GONSALVES

**Manita Gonsalves**
Company Secretary
Membership No. A18321

POLYCAB

## Standalone Financial Statements

Financial Year 2020-21



# Polycab India Limited
## Standalone Financial Statements for the year ended 31 March 2021

B S R & Co. LLP
Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai - 400 063

Telephone: +91 22 6257 1000
Fax: +91 22 6257 1010

# Independent Auditors' Report

## To the Members of Polycab India Limited

### Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Polycab India Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP
(a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

## Key Audit Matters *(Continued)*

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Revenue recognition - Wires and cables and Fast-Moving Electrical Goods (FMEG) business*** | |
| (Refer note 23 Standalone Financial Statements)<br><br>Wires and cables and FMEG business:<br><br>Based on its business model in Wires and FMEG business, the Company has many different types of terms of delivery arising from different types of performance obligations with its customers. Revenue from sale of goods is recognised when control is transferred to the customers and when there are no other unfulfilled obligations. This requires detailed analysis of each contract regarding timing of revenue recognition. Inappropriate assessment could lead to risk of revenue getting recognised before control has been transferred.<br><br>Accordingly, timing of recognition of revenue is a key audit matter. | Our audit procedures over the recognition of revenue included the following:<br><br>• We assessed the compliance of the Company's revenue recognition accounting policies against the requirements of Indian Accounting Standards ("Ind AS") to identify any inappropriate policy;<br><br>• We tested the design, implementation and operating effectiveness of key internal financial controls and processes for revenue recognition along with effectiveness of information technology controls built in automated processes;<br><br>• On a sample basis, we tested revenue transactions recorded during the year, by verifying the underlying documents, including invoices and shipping documents for assessment of fulfillment of performance obligations completed during the year; We analysed the timing of recognition of revenue and any unusual contractual terms;<br><br>• On a sample basis, we tested the invoice and shipping documents for revenue transactions recorded during the period closer to the year end and subsequent to the year end to verify recognition of revenue in the correct period.<br><br>• We assessed the adequacy of disclosures in the standalone financial statements against the requirement of Ind AS 115, Revenue from contracts with customers. |
| ***Inventory Valuation***<br><br>*(*Refer note 14 to the Standalone Financial Statements)<br><br>• Copper and aluminum-based inventory forms a significant part of the Company's inventory for which the Company enters into commodity contracts. The Company takes a structured approach to the identification, quantification and hedging of risk of fluctuations in prices of copper and aluminum by using derivatives in commodities.<br><br>• Inventories are measured at the lower of cost and net realizable value on first in first out basis, except for inventories qualifying as hedged items in a fair value hedge relationship. These inventories are measured at cost, adjusted for the hedging gain or loss on the hedged item.<br><br>We focused on this area because of its size, the assumptions used in the valuation and the complexity, which are relevant when determining the amounts recorded. | Our audit procedures over inventory valuation included the following:<br><br>• We tested the design, implementation and operating effectiveness of key internal financial controls, including controls over valuation of inventory, accounting of derivative and hedging transactions;<br><br>• On a sample basis, tested the accuracy of cost for inventory by verifying the actual purchase cost. Tested the net realizable value by comparing actual cost with most recent retail price:<br><br>• On a sample basis, tested the hedging relationship of eligible hedging instruments and hedged items;<br><br>• We used the work of our internal subject matter experts for assistance in verifying hedge effectiveness requirements of Ind AS 109, including the economic relationship between the hedged item and the hedging instrument.<br><br>• We assessed and tested adequacy and completeness of the Company's disclosures in the standalone financial statements. |

**Information Other than the Standalone Financial Statements and Auditors' Report thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements (*Continued*)**

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors' use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 34 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts- Refer Note 20(B) to the standalone financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2021.

**Report on Other Legal and Regulatory Requirements *(Continued)***

(C) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

BHAVESH H DHUPELIA
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Date: 2021.05.13 18:02:48 +05'30'

**Bhavesh Dhupelia**
*Partner*
Membership No: 042070
UDIN: 21042070AAAABW1509

Mumbai
13 May 2021

## Annexure – A to the Independent Auditors' Report – 31 March 2021 on the Standalone financial statements

(Referred to in our report of even date)

With reference to the Annexure referred to in the Independent Auditors' Report to the Members of the Company on the standalone financial statements for the year ended 31 March 2021, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of the fixed assets (property plant and equipment).

(b) The Company has a regular programme of physical verification of its fixed assets (property plant and equipment) by which all fixed assets (property plant and equipment) are verified in a phased manner over a period of three years. In accordance with this programme, a portion of the fixed assets (property plant and equipment) has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 3 to the standalone financial statements, are held in the name of the Company, except for the following:

*(Rs. in millions)*

| **Particulars** | **Freehold land** |
|---|---|
| Gross Block as at 31 March 2021 | 35.28 |
| Net Block as at 31 March 2021 | 35.28 |

(ii) The inventory, except goods-in-transit and inventory lying with third parties, has been physically verified by management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of goods-in-transit subsequent goods receipts have been verified and in respect of inventory lying with third parties at the year-end, these have been confirmed by them. The discrepancies noticed on such verification between physical stocks and the book records were not material and have been properly dealt with in the books of account.

(iii) The Company has granted unsecured loan to three companies covered in the register maintained under Section 189 of the Act.

(a) In respect of the aforesaid loans, the rate of interest and other terms and conditions of the grant of such loans is not prejudicial to the Company's interest.

(b) One of the aforesaid loans along with interest has been fully repaid during the year. In respect of loans to the other companies, the parties are repaying the principal amounts, as stipulated and are also regular in payment of interest as applicable.

(c) There are no amounts overdue for more than ninety days at the balance sheet date.

(iv) According to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of loans granted, investments made or loans or guarantees or securities provided, as applicable.

**Annexure – A to the Independent Auditors' Report – 31 March 2021 Standalone Financial Statements *(Continued)***

(v) According to information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by Reserve Bank of India, provisions of Sections 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by Central Government for maintenance of cost records under Section 148 (1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, cess, professional tax and other material statutory dues as applicable, with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, cess, professional tax and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, goods and services tax, duty of customs, duty of excise or value added tax, which have not been deposited with the appropriate authorities on account of any dispute other than those mentioned in Appendix I to this report.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks or financial institutions. The Company did not have any outstanding loans or borrowings from the Government nor has it issued any debentures.

(ix) According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, para 3(ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year nor have we been informed of such case by the management.

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid or provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, para 3(xii) of the Order is not applicable to the Company.

**Annexure – A to the Independent Auditors' Report – 31 March 2021 Standalone Financial Statements *(Continued)***

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the notes to the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, para 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act. Accordingly, para 3(xv) of the Order is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, para 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

BHAVESH H DHUPELIA
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Date: 2021.05.13 18:03:58 +05'30'

**Bhavesh Dhupelia**
*Partner*
Membership No: 042070
UDIN: 21042070AAAABW1509

Mumbai
13 May 2021

## Appendix I as referred to in Clause 3(vii)(b) of the Annexure - A to the Auditors' Report

| Name of the Statute | Nature of the Dues | Amount (Rs. Millions) | Amount paid under protest (Rs. Millions) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Central Excise Act, 1944 | Excise duty | 128.23 | 21.39 | 2006-07, 2010-2011, 2012-2016, 2017-18 | Asst. Comm / Comm / Comm (Appeals)/ GST Division |
| Service Tax (Finance Act, 1994) | Service tax | 18.18 | 1.07 | 2007-11 | Tribunal |
| State & Central Sales Tax, 1956 | Tax, Interest & Penalty | 30.62 | 4.01 | 2000-01, 2007-08, 2008-09, 2009-10, 2013-14, 2014-15, 2015-16, 2016-17, | Asst. Comm / Comm /Dy. Comm Appeal / Jt Comm (Appeal) / Comm Tax officer /Comm Tax Inspector/ Asst. Officer |
| Customs Act, 1962 | Custom duty | 17.08 | 17.08 | 2010-11 | Comm. of Customs |
| Central Goods and Service Tax Act, 2017 | Tax, Interest & Penalty | 144.34 | 100.73 | 2017-18, 2018-19 2020-21 | Dy. Comm Appeal/Jt Comm (Appeal)/High Court |
| Income Tax Act, 1961 | Income Tax | 0.32 | 0.32 | 2016-17 | ITAT |

## Annexure - B to the Independent Auditor's Report on Standalone Financial Statements of Polycab India Limited for the year ended 31 March 2021

**Report on the internal financial controls, with reference to aforesaid standalone financial statements, under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### Opinion

We have audited the internal financial controls with reference to standalone financial statements of Polycab India Limited as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note")

### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

**Annexure - B to the Independent Auditor's Report on standalone financial statements of Polycab India Limited for the year ended 31 March 2021 *(Continued)***

**Auditor's Responsibility *(Continued)***

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

**Meaning of Internal Financial Controls with reference to standalone financial statements**

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

**Inherent Limitations of Internal Financial Controls with reference to standalone financial statements**

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**
*Chartered Accountants*
Firm's Registration No: 101248W/W-100022

BHAVESH H DHUPELIA
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Date: 2021.05.13 18:05:18 +05'30'

**Bhavesh Dhupelia**
*Partner*
Membership No: 042070
UDIN: 21042070AAAABW1509

Mumbai
13 May 2021

## Polycab India Limited
### Standalone Balance Sheet as at 31 March 2021

(₹ million)

| | Notes | As at 31 Mar 21 | As at 31 Mar 20 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 15,448.17 | 13,599.01 |
| Capital work-in-progress | 3 | 984.65 | 2,409.71 |
| Right of use assets | 4 | 338.81 | 334.99 |
| Intangible assets | 5 | 19.58 | 16.76 |
| Financial assets | | | |
| (a) Investment in Subsidiaries | 6A | 633.28 | 83.29 |
| (b) Investment in Joint Venture | 6A | 105.20 | 378.65 |
| (c) Trade receivables | 7 | 1,283.60 | 1,660.47 |
| (d) Loans | 8A | 34.15 | 52.02 |
| (e) Other financial assets | 9A | 557.20 | 3.44 |
| Non-current tax assets (net) | 12D | 269.66 | 191.51 |
| Other non-current assets | 13A | 417.59 | 299.87 |
| | | **20,091.89** | **19,029.72** |
| **Current assets** | | | |
| Inventories | 14 | 19,511.78 | 19,063.20 |
| Financial assets | | | |
| (a) Investments | 6B | 6,231.27 | 400.00 |
| (b) Trade receivables | 7 | 14,312.16 | 14,394.00 |
| (c) Cash and cash equivalents | 10 | 1,974.12 | 1,700.43 |
| (d) Bank balance other than cash and cash equivalents | 11 | 2,904.75 | 1,070.15 |
| (e) Loans | 8B | 497.52 | 198.02 |
| (f) Other financial assets | 9B | 211.31 | 1,441.85 |
| Other current assets | 13B | 1,534.13 | 1,984.73 |
| | | **47,177.04** | **40,252.38** |
| **Total assets** | | **67,268.93** | **59,282.10** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| (a) Equity share capital | 16 | 1,491.19 | 1,488.79 |
| (b) Other equity | 17 | 45,581.11 | 36,914.10 |
| | | **47,072.30** | **38,402.89** |
| **Liabilities** | | | |
| **Non-current liabilities:** | | | |
| Financial liabilities | | | |
| (a) Borrowings | 18A | - | 29.93 |
| (b) Other financial liabilities | 20A | 224.05 | 298.89 |
| Other non-current liabilities | 21A | 206.37 | 171.24 |
| Provisions | 22A | 247.80 | 255.76 |
| Deferred tax liabilities (net) | 12G | 337.64 | 173.55 |
| | | **1,015.86** | **929.37** |
| **Current liabilities:** | | | |
| Financial liabilities | | | |
| (a) Borrowings | 18B | 888.80 | 1,114.53 |
| (b) Trade payables | 19 | | |
| Total outstanding dues of micro enterprises and small enterprises | | 340.30 | 178.29 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | 12,721.13 | 13,268.82 |
| (c) Other financial liabilities | 20B | 1,489.60 | 923.70 |
| Other current liabilities | 21B | 3,238.37 | 3,042.49 |
| Provisions | 22B | 235.12 | 237.81 |
| Current tax liabilities (net) | 12D | 267.45 | 1,184.20 |
| | | **19,180.77** | **19,949.84** |
| **Total equity and liabilities** | | **67,268.93** | **59,282.10** |
| Corporate information and summary of significant accounting policies | 1 & 2 | | |
| Contingent liabilities and commitments | 34 | | |
| Other notes to accounts | 35 to 42 | | |

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
**For B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

BHAVESH H DHUPELIA
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Date: 2021.05.13 18:06:22 +05'30'

**Bhavesh Dhupelia**
Partner
Membership No. 042070

Place: Mumbai
Date: 13 May 2021

For and on behalf of the Board of Directors of
**Polycab India Limited**
CIN : L31300GJ1996PLC114183

INDER THAKURDAS JAISINGHANI

**Inder T. Jaisinghani**
Chairman & Managing Director
DIN : 00309108

BHARAT AJAY JAISINGHANI

**Bharat A. Jaisinghani**
Whole Time Director
DIN : 00742995

NIKHIL RAMESH JAISINGHANI

**Nikhil R. Jaisinghani**
Whole Time Director
DIN : 00742771

GANDHARV TONGIA

**Gandharv Tongia**
Chief Financial Officer
Membership No. 402854

Place: Mumbai
Date: 13 May 2021

MANITA CARMEN ALBERT GONSALVES

**Manita Gonsalves**
Company Secretary
Membership No. A18321

**Polycab India Limited**

**Standalone Statement of Profit & Loss for the year ended 31 March 2021**

(₹ million)

| | Notes | Year ended 31 Mar 21 | Year ended 31 March 20 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations | 23 | 87,363.62 | 88,069.14 |
| Other income | 24 | 1,197.21 | 934.57 |
| **Total income** | | **88,560.83** | **89,003.71** |
| **EXPENSES** | | | |
| Cost of materials consumed | 25 | 56,981.47 | 58,959.98 |
| Purchases of stock-in-trade | 26 | 6,240.52 | 4,056.79 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 27 | 701.85 | (2,368.72) |
| Project bought outs and subcontracting cost | 28 | 1,083.13 | 3,174.46 |
| Employee benefits expense | 29 | 3,493.01 | 3,617.25 |
| Finance cost | 30 | 411.23 | 479.03 |
| Depreciation and amortisation expense | 31 | 1,740.09 | 1,590.85 |
| Other expenses | 32 | 7,954.94 | 9,459.50 |
| **Total expenses** | | **78,606.24** | **78,969.14** |
| **Profit before tax** | | **9,954.59** | **10,034.57** |
| **Income tax expenses** | 12 | | |
| Current tax | | 2,533.59 | 2,449.49 |
| Adjustment of tax relating to earlier year | | (1,001.95) | (34.18) |
| Deferred tax (credit)/charge | | 109.65 | 9.72 |
| **Total tax expenses** | | **1,641.29** | **2,425.03** |
| **Profit for the year** | | **8,313.30** | **7,609.54** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Re-measurement gains / (losses) on defined benefit plans | | 47.29 | (51.31) |
| Income Tax relating to items that will not be reclassified to Profit or Loss | | (11.90) | 12.92 |
| **Items that will be reclassified to profit or loss** | | | |
| Designated cash flow hedges | | 169.03 | (169.03) |
| Income tax relating to items that will be reclassified to Profit or Loss | | (42.54) | 42.54 |
| **Other comprehensive income for the year, net of tax** | | **161.88** | **(164.88)** |
| **Total comprehensive income for the year, net of tax** | | **8,475.18** | **7,444.66** |
| **Earnings per share** | | | |
| Basic (₹) | 33 | 55.79 | 51.28 |
| Diluted (₹) | 33 | 55.57 | 51.10 |
| **Weighted average equity shares used in computing earnings per equity share** | | | |
| Basic | 33 | 149,008,751 | 148,381,220 |
| Diluted | 33 | 149,613,912 | 148,912,465 |
| | | | |
| Corporate information and summary of significant accounting policies | 1 & 2 | | |
| Contingent liabilities and commitments | 34 | | |
| Other notes to accounts | 35 to 42 | | |

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
**For B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

BHAVESH H DHUPELIA Digitally signed by BHAVESH H DHUPELIA Date: 2021.05.13 18:07:44 +05'30'

**Bhavesh Dhupelia**
Partner
Membership No. 042070

Place: Mumbai
Date: 13 May 2021

For and on behalf of the Board of Directors of
**Polycab India Limited**
CIN : L31300GJ1996PLC114183

INDER THAKURDAS JAISINGHANI

**Inder T. Jaisinghani**
Chairman & Managing Director
DIN : 00309108

BHARAT AJAY JAISINGHANI

**Bharat A. Jaisinghani**
Whole Time Director
DIN : 00742995

NIKHIL RAMESH JAISINGHANI

**Nikhil R. Jaisinghani**
Whole Time Director
DIN : 00742771

GANDHARV V TONGIA

**Gandharv Tongia**
Chief Financial Officer
Membership No. 402854

Place: Mumbai
Date: 13 May 2021

MANITA CARMEN ALBERT GONSALVES

**Manita Gonsalves**
Company Secretary
Membership No. A18321

## Polycab India Limited

### Standalone Statement of Changes in Equity for the year ended 31 March 2021

**A) Equity Share Capital (Refer note 16)**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Balance at the beginning of the year** | 1488.79 | 1412.06 |
| Issue of equity share on initial public offer | - | 74.40 |
| Issue of equity shares on exercise of employee stock options | 2.40 | 2.33 |
| **Balance at the end of the year** | **1,491.19** | **1,488.79** |

**B) Other Equity (Refer note 17)**

(₹ million)

| | Share application money pending allotment | Reserves & Surplus | | | | | Items of Other comprehensive income (OCI) | Total other equity |
|---|---|---|---|---|---|---|---|---|
| | | Capital Reserve | Securities Premium | General Reserve | ESOP outstanding | Retained Earnings | Effective portion of Cash Flow Hedges | |
| As at 31 March 2019 | - | 0.13 | 3,057.32 | 650.69 | 149.51 | 23,219.73 | - | 27,077.38 |
| Impact on account of adoption of Ind AS 116 (Refer note 4) | - | - | - | - | - | (25.29) | - | (25.29) |
| **Restated balance as at 1 April 2019** | **-** | **0.13** | **3,057.32** | **650.69** | **149.51** | **23,194.44** | **-** | **27,052.09** |
| Profit after tax for the year | - | - | - | - | - | 7,609.54 | - | 7,609.54 |
| Items of OCI for the year, net of tax | | | | | | | | |
| Re-measurement gains / (losses) on defined benefit plans | - | - | - | - | - | (38.39) | - | (38.39) |
| Designated cash flow hedges | - | - | - | - | - | - | (126.49) | (126.49) |
| Share issue expense | - | - | 6.79 | - | - | - | - | 6.79 |
| Share-based payments to employees | - | - | - | - | 170.99 | - | - | 170.99 |
| Exercise of employee stock option | 79.05 | - | - | - | (79.05) | - | - | - |
| Amount received on exercise of employee stock options | 110.27 | - | - | - | - | - | - | 110.27 |
| Issue of equity share on initial public offer | - | - | 3,925.60 | - | - | - | - | 3,925.60 |
| Issue of equity share on exercise of employee stock options | (162.17) | - | 159.84 | - | - | - | - | (2.33) |
| Final equity dividend (Refer note 16(e)) | - | - | - | - | - | (445.94) | - | (445.94) |
| Tax on final dividend (Refer note 16(e)) | - | - | - | - | - | (91.66) | - | (91.66) |
| Interim equity dividend (Refer note 16(e)) | - | - | - | - | - | (1,042.15) | - | (1,042.15) |
| Tax on interim dividend (Refer note 16(e)) | - | - | - | - | - | (214.22) | - | (214.22) |
| **As at 31 March 20** | **27.15** | **0.13** | **7,149.55** | **650.69** | **241.45** | **28,971.62** | **(126.49)** | **36,914.10** |
| Profit after tax for the year | - | - | - | - | - | 8,313.30 | - | 8,313.30 |
| Items of OCI for the year, net of tax | | | | | | | | |
| Re-measurement gains / (losses) on defined benefit plans | - | - | - | - | - | 35.39 | - | 35.39 |
| Designated cash flow hedges | - | - | - | - | - | - | 126.49 | 126.49 |
| Share-based payments to employees | - | - | - | - | 108.71 | - | - | 108.71 |
| ESOP charge recovered from group companies | - | - | - | - | 1.48 | - | - | 1.48 |
| Exercise of employee stock option | 64.72 | - | - | - | (64.72) | - | - | - |
| Amount received on exercise of employee stock options | 84.04 | - | - | - | - | - | - | 84.04 |
| Issue of equity share on exercise of employee stock options | (170.95) | - | 168.55 | - | - | - | - | (2.40) |
| **As at 31 March 21** | **4.96** | **0.13** | **7,318.10** | **650.69** | **286.92** | **37,320.31** | **-** | **45,581.11** |
| Corporate Information and summary of significant accounting policies | | | | 1 & 2 | | | | |
| Contingent liabilities and commitments | | | | 34 | | | | |
| Other notes to accounts | | | | 35 to 42 | | | | |

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
**For B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

BHAVESH H DHUPELIA Digitally signed by BHAVESH H DHUPELIA Date: 2021.05.13 18:09:15 +05'30'

**Bhavesh Dhupelia**
Partner
Membership No. 042070

Place: Mumbai
Date: 13 May 2021

For and on behalf of the Board of Directors of
**Polycab India Limited**
CIN : L31300GJ1996PLC114183

INDER THAKURDAS JAISINGHANI

**Inder T. Jaisinghani**
Chairman & Managing Director
DIN : 00309108

BHARAT AJAY JAISINGHANI

**Bharat A. Jaisinghani**
Whole Time Director
DIN : 00742995

NIKHIL RAMESH JAISINGHANI

**Nikhil R. Jaisinghani**
Whole Time Director
DIN : 00742771

GANDHARV TONGIA

**Gandharv Tongia**
Chief Financial Officer
Membership No. 402854

Place: Mumbai
Date: 13 May 2021

MANITA CARMEN ALBERT GONSALVES

**Manita Gonsalves**
Company Secretary
Membership No. A18321

Polycab India Limited

**Standalone Statement of Cash flows for the year ended 31 March 2021**

**Accounting policy**

Cashflows are reported using the indirect method, whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cashflows. The cash flows from operating, investing and financing activities of the Company are segregated.

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand, cheques in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage. (Refer Note-10).

For the purposes of cash flow, statement cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| **A. CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Profit before tax** | **9,954.59** | **10,034.57** |
| Adjustments for: | | |
| Depreciation and amortisation expense | 1,740.09 | 1,590.85 |
| (Gain)/Loss on disposal of property, plant and equipment | (1.13) | 10.94 |
| (Gain)/Loss on termination of lease | (0.92) | (1.42) |
| Interest income on financial assets | (356.46) | (270.26) |
| (Gain)/Loss on redemption of investment | (158.57) | (179.07) |
| Fair valuation MTM of investment | (8.47) | (0.01) |
| Finance cost | 411.23 | 479.03 |
| Employees share based payment expenses | 108.71 | 170.99 |
| Fair valuation of financial assets | (24.63) | (383.98) |
| Liabilities / provisions no longer required written back | (19.38) | (31.69) |
| Impairment allowance for trade receivable considered doubtful | (51.30) | 260.30 |
| Unrealised foreign exchange (gain)/loss | (96.08) | (244.01) |
| Fair value of written put options | - | 0.85 |
| Sundry advances written-off | 15.13 | 65.15 |
| **Operating profit before working capital changes** | **11,512.81** | **11,502.24** |
| **Movements in working capital:** | | |
| (Increase)/ Decrease in trade receivables | 349.34 | (1,736.91) |
| (Increase)/ Decrease in inventories (net) | (448.58) | 741.11 |
| (Increase)/ Decrease in financial assets (including contract assets) | 1,281.13 | (804.10) |
| (Increase)/ Decrease in non-financial assets | 274.53 | (28.46) |
| Increase/ (Decrease) in trade payables | (148.03) | (1,189.86) |
| Increase/ (Decrease) in financial liabilities and provisions | 928.93 | 549.23 |
| Increase/ (Decrease) in non-financial liabilities (including contract liabilities) | 231.01 | (3,698.50) |
| **Cash generated from operations** | **13,981.14** | **5,334.75** |
| Income tax paid (net of refunds) | (2,375.43) | (2,995.42) |
| **Net cash generated from operating activities (A)** | **11,605.71** | **2,339.33** |
| **B. CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment (including CWIP) | (1,881.62) | (2,885.97) |
| Purchase of intangible assets | (18.44) | (0.32) |
| Proceeds from sale of property, plant and equipment | 22.49 | 12.42 |
| Payments to acquire mutual funds | (80,580.08) | (293,988.80) |
| Proceeds from sale of mutual funds | 74,915.85 | 293,767.88 |
| Bank deposit placed | (2,953.12) | (2,114.90) |
| Bank deposit matured | 567.24 | 2,420.00 |
| Investment made in equity shares of subsidiaries | (316.46) | - |
| Investment made in equity shares of joint ventures | - | (35.00) |
| Loan (given to)/ repaid by related parties | (326.50) | 6.87 |
| Loan (given to)/ repaid by employees | 2.75 | 2.58 |
| Interest received | 191.51 | 243.80 |
| **Net cash used in investing activities (B)** | **(10,376.38)** | **(2,571.44)** |
| **C. CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of share capital (including securities premium) against offer for sale | - | 4,000.00 |
| Share issue expenses | - | (402.06) |
| Net adjustment of IPO expenses between company and selling shareholders | - | (47.19) |
| Amount received on exercise of employee stock options | 84.04 | 110.27 |
| Repayment of lease liabilities | (150.67) | (129.73) |
| Repayment of long term borrowings | (312.59) | (1,220.18) |

## Standalone Statement of Cash flows for the year ended 31 March 2021

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| **C. CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| (Repayment) / Proceeds of short term borrowings | (242.35) | 52.81 |
| Interest and other finance cost paid | (334.07) | (415.81) |
| Payment of dividends (including dividend distribution tax) | - | (1,793.01) |
| **Net cash generated from/ (used in) financing activities (C)** | **(955.64)** | **155.10** |
| **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | **273.69** | **(77.01)** |
| Cash and cash equivalents at the beginning of the year | 1,700.43 | 1,777.44 |
| **Cash and cash equivalents at end of the year (Refer below note (c))** | **1,974.12** | **1,700.43** |
| **Supplemental Information** | | |
| (a) Cash Transactions from operating activities: | | |
| Spent towards Corporate Social Responsibility | 159.79 | 127.33 |
| (b) Non-Cash Transactions from Investing and Financing Activities: | | |
| Acquisition of property, plant and equipment by means of Government Grant | 102.95 | 216.37 |
| (c) Cash and cash equivalents comprises of | | |

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Balances with banks | | |
| In current accounts | 725.03 | 355.71 |
| Deposits with original maturity of less than 3 months | 1,248.20 | 1,342.60 |
| Cash in hand | 0.89 | 2.12 |
| **Cash and cash equivalents in Cash Flow Statement (Refer note 10)** | **1,974.12** | **1,700.43** |

| | | | |
|---|---|---|---|
| **Net debt reconciliation** | | Refer note no. 18 | |
| Corporate information and summary of significant accounting policies | 1 & 2 | | |
| Contingent liabilities and commitments | 34 | | |
| Other notes to accounts | 35 to 42 | | |

The accompanying notes are an integral part of the standalone financial statements.

As per our report of even date
**For B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

BHAVESH H DHUPELIA
Digitally signed by BHAVESH H DHUPELIA
Date: 2021.05.13 18:10:34 +05'30'

**Bhavesh Dhupelia**
Partner
Membership No. 042070

Place: Mumbai
Date: 13 May 2021

For and on behalf of the Board of Directors of
**Polycab India Limited**
CIN : L31300GJ1996PLC114183

INDER THAKURDAS JAISINGHANI

**Inder T. Jaisinghani**
Chairman & Managing Director
DIN : 00309108

BHARAT AJAY JAISINGHANI

**Bharat A. Jaisinghani**
Whole Time Director
DIN : 00742995

NIKHIL RAMESH JAISINGHANI

**Nikhil R. Jaisinghani**
Whole Time Director
DIN : 00742771

GANDHARV TONGIA

**Gandharv Tongia**
Chief Financial Officer
Membership No. 402854

Place: Mumbai
Date: 13 May 2021

MANITA CARMEN ALBERT GONSALVES

**Manita Gonsalves**
Company Secretary
Membership No. A18321

## 1. Corporate information

Polycab India Limited (the "Company") (CIN - L31300GJ1996PLC114183) was incorporated as 'Polycab Wires Private Limited' on 10 January 1996 at Mumbai as a private limited company under the Companies Act, 1956. The Company became a deemed public limited company under Section 43A(1) of the Companies Act, 1956, and the word 'private' was struck off from the name of the Company with effect from 30 June 2000. Thereafter, the Company was converted into a private limited company under section 43A(2A) of the Companies Act, 1956, and the word 'private' was added in the name of the Company with effect from 15 June 2001. Subsequently, the Company was converted into a public limited company, the word 'private' was struck off from the name of the Company and consequently, a fresh certificate of incorporation dated 29 August 2018 was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana ("ROC"), recording the change of the Company's name to 'Polycab Wires Limited'. Thereafter, the name of the Company was changed from 'Polycab Wires Limited' to 'Polycab India Limited', and a fresh certificate of incorporation dated 13 October 2018 was issued by the ROC.

During the current year, the registered office of the Company has been shifted to Unit 4, Plot Number 105, Halol Vadodara Road, Village Nurpura, Taluka Halol, Panchmahal, Gujarat 389350.

The Company is the largest manufacturer of Wires and Cables in India and fast growing player in the Fast Moving Electrical Goods (FMEG) space. The Company is also in the business of Engineering, Procurement and Construction (EPC) projects. The Company owns 23 manufacturing facilities, located across the states of Gujarat, Maharashtra, Uttarakhand, and U.T. Daman.

The Board of Directors approved the Standalone Financial Statements for the year ended 31 March 2021 and authorised for issue on 13 May 2021.

## 2. Summary of significant accounting policies

### A) Basis of preparation

**i Statement of Compliance:**

The Company prepares its Standalone Financial Statements to comply with the accounting standards specified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. These Standalone financial statements includes Balance Sheet as at 31 March 2021, the Statement of Profit and Loss including Other Comprehensive Income, Cash flows Statement and Statement of changes in equity for the year ended 31 March 2021, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "Financial Statements").

**ii Basis of Measurement:**

The financial statements for the year ended 31 March 2021 have been prepared on an accrual basis and a historical cost convention, except for the following financial assets and liabilities which have been measured at fair value or amortised cost at the end of each reporting period:

(a) Derivative financial instruments
(b) Certain financial assets and liabilities (Refer note 37 for accounting policy regarding financial instruments)
(c) Net defined benefit plan (Refer note 29 for accounting policy)
(d) Share Based Payments (Refer note 29 for accounting policy)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received from sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Accounting policies and methods of computation followed in the financial statements are same as compared with the annual financial statements for the year ended 31 March 2020, except for adoption of new standard or any pronouncements effective from 1 April 2020.

The Company presents an additional balance sheet at the beginning of the earliest comparative period when: it applies an accounting policy retrospectively; it makes a retrospective restatement of items in its financial statements; or, when it reclassifies items in its financial statements, and the change has a material effect on the financial statements.

**iii Classification of Current / Non-Current Assets and Liabilities:**

The Company presents assets and liabilities in the Balance sheet based on current / non-current classification. It has been classified as current or non-current as per the Company's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

Operating Cycle:
The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current non-current classification of assets and liabilities.

An asset is treated 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 treated 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.

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

**iv Functional and Presentation Currency:**

These financial statements are presented in Indian Rupees (₹) which is the functional currency of the Company. All amounts disclosed in the financial statements which also include the accompanying notes have been rounded off to the nearest million up to two decimal places, as per the requirement of Schedule III to the Companies Act 2013, unless otherwise stated.

### B) Use of estimates and judgements

In the course of applying the policies outlined in all notes, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Company uses the following critical accounting estimates in preparation of its financial statements:

**i Revenue Recognition:**

The Company applied judgements that significantly affect the determination of the amount and timing of revenue from contracts at a point in time with customers, such as identifying performance obligations in a sales transactions. In certain non-standard contracts, where the Company provides extended warranties in respect of sale of consumer durable goods, the Company allocated the portion of the transaction price to goods based on its relative standalone prices. Also, certain contracts of sale includes volume rebates that give rise to variable consideration. In respect of long term contracts significant judgments are used in:

(a) Determining the revenue to be recognised in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.

(b) Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date.

**ii Cost to complete for long term contracts**

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

**iii Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in current and future periods.

**iv Impairment of investments in subsidiaries and joint- ventures**

Determining whether the investments in subsidiaries, joint ventures and associates are impaired requires an estimate in the value in use of investments. The Company reviews its carrying value of investments carried at cost (net of impairment, if any) annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for in the statement of profit and loss. In considering the value in use, the Board of Directors have anticipated the future market conditions and other parameters that affect the operations of these entities.

**v Provisions**

The Company estimates the provisions that have present obligations as a result of past events and it is probable that outflow of resources will be required to settle the obligations. These provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimates. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change.

**vi Contingencies**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized. Contingent assets are neither recognised nor disclosed in the financial statements.

**vii Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments (Refer note 37 for accounting policy on Fair value measurement of financial instruments).

**viii Foreign Currency Transactions / Translations**

Transactions in currencies other than Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of transaction. At the end of the reporting period, monetary items denominated in foreign currencies are reported using the exchange rate prevailing as at reporting date. Non-monetary items denominated in foreign currencies which are carried in terms of historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on the settlement of monetary items or on translating monetary items at the exchange rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

## 2. Summary of significant accounting policies

**ix Provision for income tax and deferred tax assets**

The Company uses estimates and judgements based on the relevant rulings in the areas of allocation of revenue, costs, allowances and disallowances which is exercised while determining the provision for income tax. A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Accordingly, the Company exercises its judgement to reassess the carrying amount of deferred tax assets at the end of each reporting period.

**x Impairment of non-financial assets**

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

The Company estimates the value-in-use of the Cash generating unit (CGU) based on the future cash flows after considering current economic conditions and trends, estimated future operating results and growth rate and anticipated future economic and regulatory conditions. The estimated cash flows are developed using internal forecasts. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset/ CGU.

**xi Employee benefits**

The accounting of employee benefit plans in the nature of defined benefit requires the Company to use assumptions. These assumptions have been explained under employee benefits note.

**xii Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

**xiii Estimation of uncertainties relating to the global health pandemic from COVID-19**

The Company has taken into account the possible impacts of COVID-19 in preparation of the financial statements, including but not limited to its assessment of liquidity and going concern assumption, recoverable values of its financial and non-financial assets, impact on revenues and on cost budgets in respect of EPC contracts, impact on leases and impact on effectiveness of its hedging relationships. The Company has considered internal and certain external sources of information up to the date of approval of the financial statements and expects to recover the carrying amount of its assets. The impact of COVID-19 on the financial statements may differ from that estimated as at the date of approval of these financial statements.

### C) Changes in significant accounting policies

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2020 has notified amendments to certain Ind AS. The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Amendments to Ind AS 1 and Ind AS 8 Definition of Material:**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the standalone financial statements of, nor is there expected to be any future impact to the Company.

**Amendments to Ind AS 103: Definition of a Business:**

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the standalone financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

**Amendments to Ind AS 107 and Ind AS 109 Interest Rate Benchmark Reform:**

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the standalone financial statements of the Company as it does not have any interest rate hedge relationships.

## 2. Summary of significant accounting policies

**Amendments to Ind AS 116 Covid-19 Related Rent Concessions:**
The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.
The Company opted to apply the practical expedient and recognised income of ₹ 12.96 million (presented under "Other income') during the current year.

**Conceptual Framework for Financial Reporting:**
The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the standalone financial statements of the Company.

**Amendments to CSR requirement**
The Ministry of Corporate Affairs (MCA) has amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 through a notification dated 22 January 2021, These amendments have introduced some significant changes that require better understanding to ensure compliance. The amendments, amongst others, mandatorily require utilisation of the unspent amount earmarked for CSR activities, failing which it would be transferred to a fund specified in Schedule VII of the Companies Act, 2013. Resultantly, the Company will have to make a provision towards unspent CSR spent, if any, at the end of the year end, after deducting the provision created for the CSR activity completed, if applicable and as provided.

The amendments also permit a company which spends an amount in excess of the prescribed CSR amount of 2%, to set-off excess amount against the requirement to spend up to immediately succeeding three financial years subject to the fulfilment of certain conditions. As per the guidance issued by the ICAI, in case the Company, decides to adjust excess amount spent against future obligation, then an asset would have to be recognised to the extent of such excess amount spent.

### D) Recent pronouncement
On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

(a) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
(b) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
(c) Specified format for disclosure of shareholding of promoters.
(d) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
(e) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
(f) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

(a) Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

### E) Recent Indian Accounting Standards (Ind AS)
Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2021.

**F)** The significant accounting policies used in preparation of the financial statements have been discussed in the respective notes.

## 3. Property, plant and equipment

**Accounting policy**

Property, plant and equipment are stated at cost, net of accumulated depreciation (other than freehold land) and impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Capitalisation of costs in the carrying amount of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the Company. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. Incomes and expenses related to the incidental operations not necessary to bring the item to the location and the condition necessary for it to be capable of operating in the manner intended by the Company are recognized in the Statement of profit and loss. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit & Loss for the year in which such expenses are incurred.

Capital work-in-progress comprises of property, plant and equipment that are not ready for their intended use at the end of reporting period and are carried at cost comprising direct costs, related incidental expenses, other directly attributable costs and borrowing costs.

Gains or losses arising from derecognition of property, plant and equipments are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit & Loss when the asset is derecognized.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no further benefit is expected from its use and disposal. Assets retired from active use and held for disposal are generally stated at the lower of their net book value and net realizable value. Any gain or losses arising on disposal of property, plant and equipment is recognized in the Statement of Profit and Loss. Once the assets classified as held-for-sale, property, plant and equipment are no longer depreciated.

Depreciation on Property, plant and equipment's is calculated on pro rata basis on straight-line method using the management assessed useful lives of the assets which is in line with the manner prescribed in Schedule II of the Companies Act, 2013. The useful life is as follows:

| Assets | Useful life |
|---|---|
| Buildings | 30-60 years |
| Plant & equipments | 3-15 years |
| Electrical installations | 10 years |
| Furniture & fixtures | 10 years |
| Office equipments | 3-6 years |
| Windmill | 22 years |
| Vehicles | 8-10 years |
| Leasehold land and improvements | Lower of useful life of the asset or lease term |

In case of certain class of assets, the Company uses different useful life than those prescribed in Schedule II of the Companies Act, 2013. The useful life has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset on the basis of the management's best estimation of getting economic benefits from those classes of assets. The Company uses its technical expertise along with historical and industry trends for arriving at the economic life of an asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively. Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under other non-current assets and the cost of assets not ready to use before such date are disclosed under 'Capital work-in-progress'.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. Borrowing cost incurred for constructed assets is capitalised up to the date by which asset is ready for its intended use, based on borrowings incurred specifically for financing the asset or the weighted average rate of all other borrowings, if no specific borrowings have been incurred for the asset. All other borrowing costs are expensed in the period they occur.

Property, plant and equipment with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

Transition to Ind AS: On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and used that carrying value as the deemed cost of the property, plant and equipment.

The changes in the carrying value of Property, plant and equipment for the year ended 31 March 2021 are as follows:

(₹ million)

| | Freehold land | Lease-hold land | Buildings | Plant and equipments | Electrical installations | Furniture and fixtures | Office equipments | Windmill | Vehicles | Lease-hold improvements | Total | Capital Work in progress |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value (at cost)** | | | | | | | | | | | | |
| As at 01 April 2020 | 1,018.20 | - | 7,094.48 | 10,320.78 | 596.51 | 157.05 | 293.38 | 294.99 | 113.56 | 4.51 | 19,893.46 | 2,409.71 |
| Additions | 11.95 | - | 1,325.58 | 1,842.08 | 199.66 | 32.23 | 52.71 | - | 2.45 | - | 3,466.66 | 1,779.92 |
| Transfer (Refer below note c) | - | - | - | - | - | - | - | - | - | - | - | (3,204.98) |
| Disposals/Adjustments | (1.94) | - | (1.36) | (32.07) | - | (4.82) | (17.98) | - | (35.60) | (1.09) | (94.86) | - |
| **As at 31 March 21** | **1,028.21** | **-** | **8,418.70** | **12,130.79** | **796.17** | **184.46** | **328.11** | **294.99** | **80.41** | **3.42** | **23,265.26** | **984.65** |
| **Accumulated depreciation** | | | | | | | | | | | | |
| As at 01 April 2020 | - | - | 1,015.21 | 4,664.43 | 270.41 | 57.26 | 159.43 | 78.61 | 46.12 | 2.98 | 6,294.45 | - |
| Depreciation charge for the year | - | - | 292.23 | 1,158.01 | 56.45 | 15.83 | 47.77 | 15.72 | 12.90 | 0.56 | 1,599.47 | - |
| Disposals/Adjustment | - | - | (0.15) | (27.32) | - | (3.32) | (16.45) | - | (28.59) | (1.00) | (76.83) | - |
| **As at 31 March 21** | **-** | **-** | **1,307.29** | **5,795.12** | **326.86** | **69.77** | **190.75** | **94.33** | **30.43** | **2.54** | **7,817.09** | **-** |
| **Net carrying value** | | | | | | | | | | | | |
| **As at 31 March 21** | **1,028.21** | **-** | **7,111.41** | **6,335.67** | **469.31** | **114.69** | **137.36** | **200.66** | **49.98** | **0.88** | **15,448.17** | **984.65** |

## 3. Property, plant and equipment

The changes in the carrying value of Property, plant and equipment for the year ended 31 March 2020 are as follows: (₹ million)

| | Freehold land | Lease-hold land | Buildings | Plant and equipments | Electrical installations | Furniture and fixtures | Office equipments | Windmill | Vehicles | Lease-hold improvements | Total | Capital Work in progress |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying value (at cost)** | | | | | | | | | | | | |
| As at 01 April 2019 | 1,009.99 | 56.55 | 6,400.90 | 8,674.17 | 522.35 | 139.94 | 248.36 | 294.99 | 105.25 | 3.89 | 17,456.39 | 1,858.67 |
| Additions | 8.48 | - | 693.58 | 1,749.61 | 74.16 | 17.11 | 50.98 | - | 13.65 | 0.62 | 2,608.19 | 2,709.81 |
| Transfer (Refer below note c) | - | - | - | - | - | - | - | - | - | - | - | (2,158.77) |
| Transferred to right of use assets (Refer note g) | - | (56.55) | - | - | - | - | - | - | - | - | (56.55) | - |
| Disposals/Adjustments | (0.27) | - | - | (103.00) | - | - | (5.96) | - | (5.34) | - | (114.57) | - |
| **As at 31 March 2020** | **1,018.20** | **-** | **7,094.48** | **10,320.78** | **596.51** | **157.05** | **293.38** | **294.99** | **113.56** | **4.51** | **19,893.46** | **2,409.71** |
| **Accumulated depreciation** | | | | | | | | | | | | |
| As at 01 April 2019 | - | 14.77 | 759.46 | 3,687.48 | 213.99 | 42.43 | 121.37 | 62.89 | 36.36 | 2.55 | 4,941.30 | - |
| Depreciation charge for the year | - | - | 255.75 | 1,059.89 | 56.42 | 14.83 | 43.70 | 15.72 | 12.61 | 0.43 | 1,459.35 | - |
| Transferred to right of use assets (Refer note g) | - | (14.77) | - | - | - | - | - | - | - | - | (14.77) | - |
| Disposals/Adjustment | - | - | - | (82.94) | - | - | (5.64) | - | (2.85) | - | (91.43) | - |
| **As at 31 March 2020** | **-** | **-** | **1,015.21** | **4,664.43** | **270.41** | **57.26** | **159.43** | **78.61** | **46.12** | **2.98** | **6,294.45** | **-** |
| **Net carrying value** | | | | | | | | | | | | |
| **As at 31 March 2020** | **1,018.20** | **-** | **6,079.27** | **5,656.35** | **326.10** | **99.79** | **133.95** | **216.38** | **67.44** | **1.53** | **13,599.01** | **2,409.71** |

**Notes:-**

(a) Capital work in progress includes machinery in transit ₹ 1.89 million (31 March 2020 : ₹ 71.56 million).

(b) All property, plant and equipment are held in the name of the Company, except following :
   (i) Title deed for freehold land amounting to ₹ 23.66 million (31 March 2020: ₹ 24.06 million) are not in the name of Company. The Company has initiated process of transferring these properties in its name.
   (ii) Title deed for freehold land amounting to ₹ 1.14 million (31 March 2020: ₹ 1.14 million) are not available.
   (iii) Title deed is in dispute for freehold land amounting to ₹ 10.48 million (31 March 2020: ₹ 10.48 million) and is pending resolution with government authority at Gujarat. The Company has initiated the process of transferring these properties in its name.

(c) Various assets appearing in capital work in progress (CWIP) and capitalised during the year ended 31 March 2021 ₹ 3,204.98 million (31 March 2020 : ₹ 2,158.77 million) have been shown in addition in respective class of Property, Plant and equipments and as transfers in CWIP.

(d) Direct capitalisation of Property, Plant and equipments during the year are given as under: (₹ million)

| | Freehold land | Leasehold land | Buildings | Plant and equipments | Electrical installations | Furniture and fixtures | Office equipments | Windmill | Vehicles | Lease-hold improvements | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| FY 2020-21 | 11.95 | - | - | 212.46 | 8.37 | 6.32 | 20.13 | - | 2.45 | - | 261.68 |
| FY 2019-20 | 6.31 | - | 14.16 | 376.80 | 0.47 | 9.22 | 41.30 | - | 1.15 | - | 449.42 |

(e) The carrying value of Capital Work in Progress (CWIP) as at 31 March 2021 is ₹ 984.65 million. This comprise of various routine projects and expansion spread over all units of which major amounts are in Plant and equipments ₹ 603.01 million and Buildings ₹ 273.67 million. Most of the project are expected to be completed by the year ending 31 March 2022. (The carrying value of Capital Work in Progress (CWIP) as at 31 March 2020 was ₹ 2,409.71. This comprise of various routine projects and expansion spread over all units of which major amounts are in Plant and equipments ₹ 1,231.53 million and Buildings ₹ 1,059.38 million.)

(f) Assets pledged and Hypothecated against borrowings:
There is a first pari passu charge by way of registered mortgage on specific immovable fixed assets at Halol and hypothecation of all movable fixed assets acquired on or after 1 April 2015.

(g) Net book value of leasehold land of ₹ 41.78 million as at 1 April 2019 were under finance lease, the same has now been transferred to ROU as per the adoption of new standard Ind AS 116 - Leases

(h) For capital expenditures contracted but not incurred - Refer note 34(B).

## 4. Right of use assets

**Accounting policy**

**i. The Company as a lessee**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases), variable lease and low value leases. For these short-term, variable lease and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying value may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. Lease liabilities have been included in other financial liabilities. The Company has used a single discount rate to a portfolio of leases with similar characteristics.

**ii. The Company as a lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

**iii. Transition**

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 276.06 million and lease liability of ₹ 303.01 million. The cumulative effect of applying the standard resulted in ₹ 25.29 million being debited to retained earnings (net of deferred tax assets created of ₹ 8.51 million). The effect of this adoption is insignificant on the profit for the year and earnings per share.

The lease payments for operating leases as per Ind AS 17 - Leases, were earlier reported under cash flow from operating activities.

On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-to-use asset, and finance cost for interest accrued on lease liability.

**iv. Finance lease**

The Company has entered into land lease arrangement at various locations. Terms of such lease ranges from 30-90 years. In case of lease of land for 90 years and above, it is likely that such leases meet the criteria that at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Accordingly, the Company has classified leasehold land as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset at the date of initial application of Ind AS 116 is the carrying amount of the lease asset on the transition date as measured applying Ind AS 17. Accordingly, an amount of ₹ 41.78 million has been reclassified from property, plant and equipment to right-of-use assets.

**v. Others**

The following is the summary of practical expedients elected on initial application:

(a) Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date

(b) Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application, variable lease and low value asset.

(c) Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(d) The effective interest rate for lease liabilities is 9.0% p.a., with maturity between 2021-2030.

## 4. Right of use assets

Following are the changes in the carrying value of right of use for the year ended 31 March 2021

(₹ million)

| | Category of ROU asset | | Total |
|---|---|---|---|
| | Leasehold Land | Buildings | |
| **Gross carrying value** | | | |
| As at 01 April 2020 | 41.78 | 399.75 | 441.53 |
| Additions | - | 149.11 | 149.11 |
| Disposals | - | (81.96) | (81.96) |
| **As at 31 Mar 21** | **41.78** | **466.90** | **508.68** |
| **Accumulated depreciation** | | | |
| As at 01 April 2020 | 0.45 | 106.09 | 106.54 |
| Depreciation charge for the year | 0.46 | 127.87 | 128.33 |
| Disposals | - | (65.00) | (65.00) |
| **As at 31 Mar 21** | **0.91** | **168.96** | **169.87** |
| Net carrying value | | | |
| **As at 31 Mar 21** | **40.87** | **297.94** | **338.81** |

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

Following are the changes in the carrying value of right of use 31 Mar 20

(₹ million)

| | Category of ROU asset | | Total |
|---|---|---|---|
| | Leasehold Land | Buildings | |
| **Gross carrying value** | | | |
| As at 01 April 2019 | - | - | - |
| Transition impact of Ind AS 116 | - | 276.06 | 276.06 |
| Transferred from property, plant andequipment (Refer note 3(g)) | 41.78 | - | 41.78 |
| Additions | - | 139.71 | 139.71 |
| Disposals | - | (16.02) | (16.02) |
| **As at 31 March 2020** | **41.78** | **399.75** | **441.53** |
| **Accumulated depreciation** | | | |
| As at 01 April 2019 | - | - | - |
| Depreciation charge for the year | 0.45 | 112.51 | 112.96 |
| Disposals | - | (6.42) | (6.42) |
| **As at 31 March 2020** | **0.45** | **106.09** | **106.54** |
| Net carrying value | | | |
| **As at 31 March 2020** | **41.33** | **293.66** | **334.99** |

The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

The following is the break-up of current and non-current lease liabilities for the year ended 31 March 2021

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Non-current lease liabilities | 224.05 | 298.89 |
| Current lease liabilities | 111.17 | 28.96 |
| | **335.22** | **327.85** |

The following is the movement in lease liabilities for the year ended 31 March 2021

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Balance at the beginning of the year | 327.85 | 303.01 |
| Additions | 147.01 | 136.60 |
| Finance cost accrued during the year | 28.90 | 28.99 |
| Deletions | (17.87) | (11.02) |
| Payment of lease liabilities | (150.67) | (129.73) |
| | **335.22** | **327.85** |

The table below provides details regarding the contractual maturities of lease liabilities of non-cancellable contractual commitments as on an undiscounted basis.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Less than one year | 135.35 | 125.85 |
| One to five years | 212.65 | 217.63 |
| More than five years | 59.20 | 57.58 |
| | **407.20** | **401.06** |

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

## 4. Right of use assets

The following are the amounts recognised in profit or loss:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Depreciation expense of right-of-use assets | 127.87 | 112.96 |
| Interest expense on lease liabilities | 28.90 | 28.99 |
| COVID 19 related Rent concessions | (12.96) | - |
| Interest income on fair value of security deposit | (3.10) | (1.04) |
| Expense relating to short-term leases (included in other expenses) | 41.04 | 32.50 |
| Expense relating to leases of low-value assets (included in other expenses) | 8.80 | 9.87 |
| Variable lease payments (included in other expenses) | 20.81 | 38.22 |
| | **211.36** | **221.50** |

Lease contracts entered by the Company majorly pertains for warehouse taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

## 5. Intangible assets

**Accounting policy**

**i. Intangible assets acquired separately**

Intangible assets acquired are reported at cost less accumulated amortization and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Amortisation on intangible assets is calculated on pro rata basis on straight-line method using the useful lives of the assets and in the manner prescribed in Schedule II of the Companies Act, 2013. The useful life is as follows:

| Assets | Useful life |
|---|---|
| Computer software | 3 year |

The residual values, useful lives and methods of amortisation of Intangible assets are reviewed at each financial year end and adjusted prospectively.

The Intangible Assets include license and software of Gross carrying amount of ₹ 70.28 million (31 March 2020 ₹ 70.47 million) which has been fully amortized over the past periods and are being use by the Company.

Intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

**ii. Intellectual Property**

Brands/trademarks acquired separately are measured on initial recognition at the fair value of consideration paid. Following initial recognition, brands/trademarks are carried at cost less any accumulated amortisation and impairment losses, if any. A brand/trademark acquired as part of a business combination is recognised outside goodwill, at fair value at the date of acquisition, if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. The useful lives of brands/trademarks are assessed to be either finite or indefinite. The assessment includes whether the brand/trademark name will continue to trade and the expected lifetime of the brand/trademark. Amortisation is charged on assets with finite lives on a straight-line basis over a period appropriate to the asset's useful life. The carrying values of brands/trademarks with finite and indefinite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The Company does not have any brands/ trademarks with indefinite useful lives.

The Company owns 115 number as on 31 March 2021 (92 number as on 31 March 2020) registered trademarks pertaining to Brand, Sub-brands and Designs in India. The Company has also entered into royalty agreements with few companies for use of Polycab brand on specific products and charges fees for the same. These intellectual property and royalty income are solely owned and earned by the company and is not shared with any stakeholder. Intellectual Property has not been capitalised in the books as it does not meet the recognition criteria in Ind AS 38.

**iii. Research and development expenditure**

During the year, the Company has incurred Capital R&D expenditure amounting to ₹ 31.94 million (31 March 2020 ₹ 3.27 million) which have been included in property, plant and equipment. Further, Revenue R&D expenditure incurred amounting to ₹ 175.60 million (31 March 2020 ₹ 72.33 million) which have been charged to the respective revenue accounts. Expenditure on research and development activities is recognized in the Statement of Profit and Loss as incurred. Development expenditure is capitalized as part of cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortization and any accumulated impairment losses, if any.

**iv. De-recognition of intangible assets**

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

## 5. Intangible assets

The changes in the carrying value of Intangible assets for the year ended 31 March 2021 are as follows:

(₹ million)

| | Computer Software |
|---|---|
| **Gross carrying value (at cost)** | |
| As at 01 April 2020 | 105.14 |
| Additions | 18.44 |
| Disposals/Adjustments | (11.60) |
| **As at 31 March 21** | **111.98** |
| **Accumulated amortization** | |
| As at 01 April 2020 | 88.38 |
| Amortisation charge for the year | 12.29 |
| Disposals/ Adjustments | (8.27) |
| **As at 31 March 21** | **92.40** |
| Net carrying value | |
| **As at 31 March 21** | **19.58** |

The changes in the carrying value of Intangible assets for the year ended 31 March 2020 are as follows:

(₹ million)

| | Computer Software |
|---|---|
| **Gross carrying value (at cost)** | |
| As at 01 April 2019 | 168.86 |
| Additions | 0.32 |
| Disposals | (64.04) |
| **As at 31 March 2020** | **105.14** |
| **Accumulated amortization** | |
| As at 01 April 2019 | 133.88 |
| Amortisation charge for the year | 18.54 |
| Disposals/ Adjustments | (64.04) |
| **As at 31 March 2020** | **88.38** |
| **Net carrying value** | |
| **As at 31 March 2020** | **16.76** |

## 6. Investment

**Accounting policy**

**i. Investment in subsidiaries and joint ventures**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

Upon first-time adoption of Ind AS, the Company had elected to measure its investments in subsidiaries, associates and joint ventures at the Previous GAAP carrying amount and use it as its deemed cost on the transition date.

**ii. Business combination**

The Company uses the acquisition method of accounting to account for business combinations. The Company measures goodwill as of the acquisition date at the difference of the fair value consideration transferred (including fair value of previously held interest and contingent consideration) less the net fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed. When such difference results into deficit, the excess is recognised in equity as capital reserve.

Business combination involving entities or businesses under common control is accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of combining entities are reflected at their carrying amount and no adjustments are made to reflect fair values.

Transaction costs that the Company incurs in connection with a business combination are charged to Statement of Profit and Loss account.

## 6. Investment

### A Non-current investments

(₹ million)

| | Face Value Per Unit | Number | 31 Mar 21 | Number | 31 Mar 20 |
|---|---|---|---|---|---|
| **Investments carried at cost (Unquoted)** | | | | | |
| **Investment in Equity Instruments of Subsidiaries (Fully paid-up)** | | | | | |
| Polycab Wires Italy SRL, Liquidated (Refer below note (c)) | € 1 | - | - | 150,000 | 10.89 |
| Ryker Base Private Limited (Refer below note (a) & (b)) | ₹ 10 | 52,020,000 | 541.72 | - | - |
| Tirupati Reels Private Limited | ₹ 10 | 3,300,000 | 33.00 | 3,300,000 | 33.00 |
| Dowells Cable Accessories Private Limited | ₹ 10 | 4,590,000 | 45.90 | 4,590,000 | 45.90 |
| Polycab Australia Pty Ltd | AU$ 1 | 205,000 | 11.66 | - | - |
| Polycab Electricals And Electronics Private Limited | ₹ 10 | 100,000 | 1.00 | - | - |
| | | | **633.28** | | **89.79** |
| **Impairment of Investments** | | | | | |
| Less: Impairment allowance for investment in Polycab Wires Italy SRL (Refer below note (c)) | € 1 | | - | | (6.50) |
| | | | **633.28** | | **83.29** |
| **Investment in Equity Instruments of Joint Venture (Fully paid-up)** | | | | | |
| Ryker Base Private Limited (Refer below note (a) & (b)) | ₹ 10 | - | - | 26,010,000 | 273.45 |
| Techno Electromech Private Limited | ₹ 10 | 4,040,000 | 105.20 | 4,040,000 | 105.20 |
| | | | **105.20** | | **378.65** |
| **Total Non-current investments** | | | **738.48** | | **461.94** |
| Aggregate amount of unquoted investments | | | 738.48 | | 468.44 |
| Aggregate amount of impairment in value of unquoted investments | | | - | | (6.50) |

**Notes:**

(a) The fair value of corporate guarantee has been included in carrying cost of investment in Ryker base Private Limited. The movement of the investment in Ryker base Private Limited is given as under:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Investment in Ryker at amortised cost | 260.10 | 260.10 |
| Add : Investment during the year | 303.80 | - |
| Less: Put option derecognised | (49.75) | - |
| Add : Guarantee provided on credit facility | 27.57 | 13.35 |
| | **541.72** | **273.45** |

(b) On 6 May 2020, the Company acquired the balance 50% equity shares in Ryker Base Private Limited making it a wholly-owned subsidiary at consideration of ₹ 303.80 million, Put Option liability of ₹ 49.75 million derecognised against such consideration paid for. This acquisition would strengthen the Company's operations and help the Company deliver better quality products to consumers.

(c) During the current year, the Company has received in principle approval from Reserve Bank of India to wind up Polycab Wires Italy SRL (PWISRL). Accordingly, PWISRL was liquidated and closure certificate was issued on 05 March 2021 by the Italian authorities. The related closing formalities with RBI are in progress. The impact of closure of PWISRL on the financial statements is not material.

(d) Refer note 6 to the Consolidated Financial Statements for information on financial information, principal place of business and the Company's ownership interest in the above subsidiaries and joint venture.

### B Current Investments held for sale

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Investments measured at FVTPL (Quoted)** | | |
| Investments in Liquid/ Overnight Mutual Funds | 6,231.27 | 400.00 |
| | **6,231.27** | 400.00 |
| Aggregate amount of quoted investments - At cost | 6,222.79 | 400.00 |
| Aggregate amount of quoted investments - At market value | 6,231.27 | 400.00 |

**Note:** Refer note 37 for accounting policies on financial instruments for methods of valuation.

## 7. Trade receivables

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Unsecured (at amortised cost)** | | |
| **Non Current** | | |
| Trade receivables- Considered Good | 1,283.60 | 1,660.47 |
| **Non-current Trade receivables** | **1,283.60** | **1,660.47** |
| **Current** | | |
| Trade receivables- Considered Good | 14,517.30 | 15,403.64 |
| Trade receivables - Credit Impaired | 254.36 | 327.08 |
| Receivables from related parties- Considered Good (Refer note - 35) | 964.18 | 225.69 |
| **Trade receivables (Gross)** | **15,735.84** | **15,956.41** |
| Less: Impairment allowance for trade receivables- Credit Impaired | (1,423.68) | (1,562.41) |
| **Current Trade receivables (Net)** | **14,312.16** | **14,394.00** |

## 7. Trade receivables

The following table summarizes the change in impairment allowance measured using the life time expected credit loss model:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **At the beginning of year** | 1,562.41 | 1,449.86 |
| Provision during the year | (51.30) | 256.06 |
| Bad debts written off (net) | (87.43) | (143.51) |
| **At the end of the year** | **1,423.68** | **1,562.41** |

**Notes:-**

(a) Trade receivables are usually non-interest bearing and are generally on credit terms up to 90 days except EPC business. The Company's term includes charging of interest for delayed payment beyond agreed credit days. Company entities charge interest for delayed payments in certain cases depending on factors, such as, market conditions and past realisation trend.

(b) For EPC business trade receivables are non-interest bearing and credit terms are specific to contracts.

(c) For explanations on the Company's credit risk management processes, Refer note 38(B).

(d) The Company follows life time expected credit loss model. Accordingly, deterioration in credit risk is not required to be evaluated annually.

(e) Trade receivables have been pledged as security against bank borrowings, the terms relating to which have been described in Note 18(B)

(f) Refer note 37 for accounting policies on financial instruments.

(g) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person, except the dues referred in note 35(F)(iii). Further, no trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

## 8. Loans

### A Loans - Non-current

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| **At amortised cost** | | | |
| Security deposits and Earnest money deposits, Unsecured, considered good | (A) | 15.72 | 19.97 |
| Rental deposits , unsecured, considered good | | | |
| Related Parties (Refer note - 35) | | - | 6.13 |
| Others | | 18.43 | 25.92 |
| | (B) | 18.43 | 32.05 |
| | (A+B) | **34.15** | **52.02** |

### B Loans - Current

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| **At amortised cost** | | | |
| Security deposits and Earnest money deposits, Unsecured, considered good | (A) | 24.15 | 59.07 |
| Rental deposits, unsecured, considered good | (B) | | |
| Related Parties (Refer note - 35) | | 5.91 | - |
| Others | | 19.73 | 9.06 |
| | | | |
| **Loans to related party (Refer note - 35)** | | | |
| Unsecured, considered good | | 440.27 | 119.68 |
| Credit Impaired | | - | 32.25 |
| Less: Impairment allowance for loan recoverable | | - | (32.25) |
| | (C) | 440.27 | 119.68 |
| **Loans to employees , Unsecured, considered good** | (D) | 7.46 | 10.21 |
| | (A+B+C+D) | **497.52** | **198.02** |

**Note: Disclosures required by Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 186 (4) of Companies Act, 2013**

**(A)** Amount of loans/ advances in the nature of loans outstanding from Subsidiaries and Associates as at 31 March 2021, on standalone basis.

(₹ million)

| | Interest Rate | Outstanding as at | | Maximum amount outstanding during the year | |
|---|---|---|---|---|---|
| | | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 |
| **(i) Subsidiaries** | | | | | |
| Ryker Base Private Limited (has utilised this loan for ECB loan repayment and general corporate purpose) | MCLR + 100 BP | 300.00 | - | 300.00 | - |
| Dowells Cable Accessories Private Limited (has utilised this loan for general corporate purpose) | 12.00% | - | 4.47 | 4.47 | 11.44 |
| Polycab Wires Italy SRL (has utilised this loan for general corporate purpose) | 0.00% | - | 32.25 | 32.25 | 32.25 |
| Polycab Australia Pty Ltd (has utilised this loan for general corporate purpose) | LIBOR + 400 BP | 25.07 | - | 25.07 | - |
| **(ii) Associates** | | | | | |
| Techno Electromech Private Limited (has utilised this loan for general corporate purpose) | 12.00% | 115.21 | 115.21 | 115.21 | 115.21 |

**(B)** Details of investments made and outstanding are given in Note 6A and 35D.

**(C)** Details of guarantee issued and outstanding are given in Note 35E. Guarantees are issued by the Company in accordance with Section 186 of the Companies Act, 2013 read with rules issued thereunder.

## 9. Other financial assets

### A Other financial assets - Non-current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Other financial assets (at amortised cost)- Non-current** | | |
| Deposits with bank having maturity period of more than 12 months | 557.20 | 3.44 |
| | **557.20** | **3.44** |

### B Other financial assets - current

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| **At amortised cost** | | | |
| **Contract asset (Refer below note(a))** | | | |
| Unsecured, considered good | | 141.02 | 316.78 |
| Credit Impaired | | 11.82 | 11.82 |
| Less: Impairment allowance for Contract Assets - Credit Impaired (Refer below note (b)) | | (11.82) | (11.82) |
| | (A) | 141.02 | 316.78 |
| B Other financial assets - current | | | |
| **Others** | | | |
| Insurance claim receivables | | - | 0.73 |
| Interest accrued on bank deposits | | 29.90 | 37.71 |
| Interest receivables | | | |
| Related Parties (Refer note - 35) | | 5.57 | - |
| Others | | 1.03 | - |
| Incentive receivable from government authorities | | - | 2.09 |
| | (B) | 36.50 | 40.53 |
| **At FVTPL** | | | |
| Derivative Assets (Refer below note (c)) | (C) | 33.79 | 1,084.54 |
| | (A+B+C) | **211.31** | **1,441.85** |

**Notes:-**

(a) **Reconciliation of Contract assets:**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| At the beginning of year | 316.78 | 252.93 |
| Unbilled revenue for year | 1,267.98 | 313.82 |
| Billed to customer revenue from opening balance | (1,443.74) | (245.73) |
| Impairment allowance | - | (4.24) |
| At the end of the year | **141.02** | **316.78** |

The Company follows life time expected credit loss provisioning model for contract asset. Accordingly, deterioration in credit risk is not required to be evaluated annually.

(b) **Change in impairment allowance**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **At the beginning of year** | 11.82 | 7.58 |
| Provision during the year | - | 4.24 |
| **At the end of the year** | **11.82** | **11.82** |

(c) **Derivative Assets**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Embedded derivatives | - | 1,075.35 |
| Forward Contract | 31.37 | - |
| Interest rate and cross currency swap | 2.42 | 9.19 |
| | **33.79** | **1,084.54** |

## 10. Cash and cash equivalents

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Cash and cash equivalents (at amortised cost)** | | |
| Balances with banks | | |
| In current accounts | 725.03 | 355.71 |
| Deposits with original maturity of less than 3 months | 1,248.20 | 1,342.60 |
| Cash in hand | 0.89 | 2.12 |
| | **1,974.12** | **1,700.43** |

There is no repatriation restriction with regard to cash and cash equivalents at the end of reporting period and prior periods.

## 11. Bank balance other than cash and cash equivalents

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Bank balance other than cash and cash equivalents (at amortised cost)** | | |
| Deposits with original maturity for more than 3 months but less than 12 months * | 2,903.88 | 1,069.17 |
| Earmarked balance | 0.87 | 0.96 |
| Margin money deposit | - | 0.02 |
| | **2,904.75** | 1,070.15 |

* ₹ 500 million (31 March 2020: ₹ 1,000 million) is restricted for withdrawal, as it is lien against project specific advance.

## 12. Income taxes

**Accounting policy**

Income tax expenses comprise current tax and deferred income tax and includes any adjustments related to past periods in current and / or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Income tax received / receivable pertains to prior period recognised when reasonable certainty arise for refund acknowledged by the Income-tax department. Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted at the reporting date. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognized deferred tax asset to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying unit intends to settle the asset and liability on a net basis.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

The major tax jurisdiction of the Company is India. The Company's tax return for past years are generally subject to examination by the tax authorities. The Company has ongoing disputes with income tax authorities in India. The disputes relate to tax treatment of certain expenses claimed as deductions or manner of computation of certain income, expenses. However, there are no pending tax demands from Income-tax authorities as on 31 March 2021. The Company is contesting some of the claims made by it before tax authorities in tax returns, assessments. The management of the Company is of the opinion that such claims will, most likely result in refund of taxes from Income-tax department aggregating to Rs. 46.15 Mn. The Company has made provisions for taxes basis its best judgement, considering past resolutions to disputed matters by adjudicating authorities, prior year assessments and advice from external experts, if required. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

Further, the Company periodically receives notices and inquiries from Indian income tax authorities related to the Company's operations. The Company has evaluated these notices and inquiries and has concluded that any consequent income tax claims or demands, if any, by the income tax authorities will not succeed on ultimate resolution."

A Income tax expense in the statement of profit and loss comprises:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Current tax:** | | |
| In respect of current year | 2,533.59 | 2,449.49 |
| Adjustments of tax relating to earlier years | (1,001.95) | (34.18) |
| | **1,531.64** | **2,415.31** |
| **Deferred tax:** | | |
| In respect of current year | 17.62 | 66.05 |
| Effect of decrease in applicable tax rate in India | - | (71.06) |
| Adjustments of tax relating to earlier years | 92.03 | 14.72 |
| | **109.65** | **9.72** |
| | **1,641.29** | **2,425.03** |

B OCI section - Deferred tax related to items recognised in OCI during the year:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Net loss/(gain) on remeasurements of defined benefit plans | 11.90 | (12.92) |
| Net loss/(gain) on Designated Cash Flow Hedges | 42.54 | (42.54) |
| | **54.44** | **(55.46)** |

## 12. Income taxes

C Reconciliation of tax expense and the accounting profit multiplied by Company's domestic tax rate:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Profit before tax | 9,954.59 | 10,034.57 |
| Enacted tax rates in India | 25.17% | 25.17% |
| Computed expected tax expenses | 2,505.37 | 2,525.50 |
| **Effect of differential tax impact due to the following (tax benefit)/ tax expenses:** | | |
| CSR expenses | 40.22 | 32.05 |
| Deferred government grants | (19.83) | (70.50) |
| Others | 25.45 | 28.50 |
| Adjustments of tax relating to earlier years | (909.92) | (19.46) |
| Effect of decrease in applicable tax rate in India | - | (71.06) |
| | **1,641.29** | **2,425.03** |

**Notes:-**

The tax rate used for the 31 March 2021 and 31 March 2020 reconciliations above is the corporate tax rate of 25.17%, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

During the previous year, the Company elected to exercise the option of reduced Corporate income-tax rate from 34.94% to 25.17% as permitted under section 115BAA of the Income-tax Act, 1961 as per the amendment notified in the official Gazette dated 12 December 2019. Accordingly, the Company has recognised Provision for Income Tax for the year ended 31 March 2020 and re-measured its Deferred Tax Assets or Liabilities basis the reduced tax rate prescribed in the said section. The impact of the said change recognised in the statement of Profit & Loss of ₹ 71.06 million pertaining to earlier years is recognised during the previous year.

D The details of Non-current/ (Current) tax assets / (liabilities) as at 31 March 2021

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Non-current tax assets (net of provision for taxation) | 269.66 | 191.51 |
| Current tax liabilities (net of advance tax) | (267.45) | (1,184.20) |
| **Net current income tax asset / (liability) at the end** | **2.21** | **(992.69)** |

E The movement in the gross current tax assets/ (liability) for the year ended 31 March 2021

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Net current tax asset / (liability) at the beginning | (992.69) | (1,572.80) |
| Income tax Paid | 2,375.43 | 2,995.42 |
| Effect of interest on income-tax order | 162.87 | - |
| Interest liability adjusted against advance tax | (11.76) | - |
| Current tax expense | (2,533.59) | (2,449.49) |
| Adjustments of tax relating to earlier years | 1,001.95 | 34.18 |
| **Net current tax asset / (liability) at the end** | **2.21** | **(992.69)** |

F The movement in gross deferred tax assets and liabilities

For the year ended 31 March 2021

(₹ million)

| | Carrying value as at 01 April 20 | Changes through profit and loss | Changes through OCI | Impact on Account of Ind AS 116 | Carrying value as at 31 Mar 21 |
|---|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | | | |
| Property, plant and equipment and intangible assets | (605.85) | (23.73) | - | - | (629.58) |
| Provision for employee benefits | 115.47 | (16.55) | (11.90) | - | 87.02 |
| Cash flow hedges | 42.54 | - | (42.54) | - | - |
| Receivables, financial assets at amortised cost | 426.13 | (233.26) | - | - | 192.87 |
| Lease liabilities | 8.51 | (7.73) | - | - | 0.78 |
| Others | (160.35) | 171.62 | - | - | 11.27 |
| **Total deferred tax assets / (liabilities)** | **(173.55)** | **(109.65)** | **(54.44)** | **-** | **(337.64)** |

For the year ended 31 March 2020

(₹ million)

| | Carrying value as at 01 April 19 | Changes through profit and loss | Changes through OCI | Impact on Account of Ind AS 116 | Carrying value as at 31 Mar 20 |
|---|---|---|---|---|---|
| **Deferred tax assets / (liabilities) in relation to** | | | | | |
| Property, plant and equipment and intangible assets | (833.50) | 227.65 | - | - | (605.85) |
| Provision for employee benefits | 115.50 | (12.95) | 12.92 | - | 115.47 |
| Cash flow hedges | - | - | 42.54 | - | 42.54 |
| Receivables, financial assets at amortised cost | 550.43 | (124.30) | - | - | 426.13 |
| Lease liabilities | - | - | - | 8.51 | 8.51 |
| Others | (60.23) | (100.12) | - | - | (160.35) |
| **Total deferred tax assets / (liabilities)** | **(227.80)** | **(9.72)** | **55.46** | **8.51** | **(173.55)** |

## 12. Income taxes

G Reconciliation of deferred tax assets/ liabilities (net):

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Net deferred tax asset / (liability) at the beginning | (173.55) | (227.80) |
| Tax (income)/expense due to tax rate change (reinstatement of Opening Balance) | - | 71.06 |
| Tax (income)/expense on Ind AS 116 transition | - | 8.51 |
| Tax (income)/expense on adjustment of tax relating to earlier year | (92.03) | (14.72) |
| Tax (income)/expense recognised in profit or loss | (17.62) | (66.06) |
| Tax (income)/expense recognised in OCI | (54.44) | 55.46 |
| **Net deferred tax asset / (liability) at the end** | **(337.64)** | **(173.55)** |

**Notes:-**

(a) During the year, the Company had received a favourable order from the Honourable Income-Tax Appellate Tribunal for AY 2012-13 to 2015-16 resulting into write back of income-tax provision of ₹ 839.52 million and recognition of interest on income tax refund of ₹ 163.89 million.

(b) The Company has not recognised deferred tax assets on long term capital losses of Rs. 0.32 million arose in Assessment Year (AY) 2016-17 (Year of expiry AY 2024-25) and Rs. 0.70 million arose in AY 2021-22 (Year of expiry 2029-30), as presently it is not probable of recovery. Tax impact on the said losses is amounting to Rs. 0.24 million.

## 13. Other assets

A Other assets - Non-current

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| **Capital advances** | | | |
| Unsecured, considered good | | 271.56 | 263.92 |
| Unsecured, considered doubtful | | - | 65.99 |
| Gross Capital Advances | | **271.56** | **329.91** |
| Less : Impairment allowance for doubtful advance | | - | (65.99) |
| Net Capital Advances | (A) | **271.56** | **263.92** |
| | | | |
| **Advances other than capital advances** | | | |
| **Unsecured, considered good** | | | |
| Prepaid expenses | | 12.02 | 19.27 |
| Balances with Statutory/government authorities | | 134.01 | 16.68 |
| | (B) | **146.03** | **35.95** |
| | | | |
| | (A)+(B) | **417.59** | **299.87** |

B Other assets - Current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Advances other than capital advances, Unsecured, considered good** | | |
| Advances for materials and services | 936.20 | 618.33 |
| **Others** | | |
| **Unsecured, considered good** | | |
| Prepaid expenses | 55.35 | 67.38 |
| Balances with statutory/government authorities | 197.33 | 938.41 |
| Export incentive receivable | 85.64 | 127.28 |
| Refund Assets | 222.21 | 232.46 |
| Others | 37.40 | 0.87 |
| | **1,534.13** | **1,984.73** |

## 14. Inventories

**Accounting policy**

Raw materials, traded goods, work in progress, finished goods, packing materials, project material for long term contracts, scrap materials and stores and spares are valued at lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, packing materials, and stores and spares is determined on a First In-First Out (FIFO) basis and includes all applicable costs, including inward freight, incurred in bringing goods to their present location and condition.

Work-in-progress and finished goods are valued at lower of cost or net realizable value. Cost includes direct materials as aforesaid, direct labour cost and a proportion of manufacturing overheads based on total manufacturing overheads to raw materials consumed.

Stock -in-trade are valued at lower of cost and or realizable value. Cost includes cost of purchase and includes all applicable costs, including inward freight, incurred in bringing the inventories at their location and condition. Cost is determined on a weighted average basis.

The stocks of scrap materials have been taken at net realisable value.

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

## 14. Inventories

Copper and aluminium is purchased on provisional price with option to fix the purchase price based on current or future pricing model based on LME. Such feature is kept to hedge against exposure in the value of inventory of copper and aluminium due to volatility in copper and aluminium prices. Since, the value of the copper and aluminium changes with response to change in commodity pricing index, embedded derivatives (ED) is identified and segregated in the contract. The ED so segregated, is treated like commodity derivative and qualify for hedge accounting. These derivatives are put into a Fair Value hedge relationship with respect to inventory. The Company designates only the spot-to-spot movement of the copper and aluminium inventory as the hedged risk. The carrying value of inventory is accordingly adjusted for the effective portion of change in fair value of hedging instrument. Hedge accounting is discontinued when the hedging instrument is settled, or when it no longer qualifies for hedge accounting or when the hedged item is sold (Refer note 39).

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Raw materials | 7,967.09 | 6,740.22 |
| Work-in-progress | 1,405.07 | 2,070.04 |
| Finished goods | 8,005.96 | 8,020.04 |
| Stock-in-trade | 1,158.24 | 1,276.54 |
| Stores and spares | 237.46 | 248.58 |
| Packing materials | 289.30 | 306.25 |
| Scrap materials | 226.64 | 131.14 |
| Project materials for long-term contracts | 222.02 | 270.39 |
| | **19,511.78** | **19,063.20** |

**Notes:-**

(a) The above includes goods in transit as under:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Raw Material | 1,058.36 | 2,911.99 |
| Stock-in-trade | 72.44 | 99.52 |
| Stores and spares | 0.61 | - |
| Project materials for long-term contracts | 22.31 | 5.32 |

(b) The above includes inventories held by third parties amounting to ₹ 1,613.14 million (31 March 2020 - ₹ 1,817.95 million)

(c) During the year ended 31 March 2021, ₹ 13.01 million (31 March 2020 - ₹ 7.97 million ) was recognised as an expense for inventories carried at net realisable value.

(d) Inventories are hypothecated with the bankers against working capital limits (Refer note 18).

## 15. Non-current assets classified as held for sale

**Accounting policy**

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all the following criteria are met:

(i) Decision has been made to sell.
(ii) The assets are available for immediate sale in its present condition.
(iii) The assets are being actively marketed and
(iv) Sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.
(v) Subsequently, such non-current assets or disposal groups classified as 'held for sale' are measured at the lower of its carrying value or fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

On 31 March 2021, the Company classified certain property, plant and equipment ₹ Nil million (31 March 2020 ₹ Nil million) and other asset ₹ Nil (31 March 2020 ₹ Nil) retired from active use and held for sale recognised and measured in accordance with Ind-AS 105 "Non Current Assets held for sale and discontinued operations" at lower of its carrying amount and fair value less cost to sell.

## 16. Equity Share capital

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Authorised share capital** | | |
| Equity shares, ₹ 10 per value 18,62,50,000 (18,62,50,000) equity shares* | 1,862.50 | 1,862.50 |
| **Issued, subscribed and fully paid-up shares** | | |
| Equity shares, ₹ 10 per value 14,91,18,814 (14,88,79,373) equity shares | 1,491.19 | 1,488.79 |
| | **1,491.19** | **1,488.79** |

* Number of equity shares reserved for issue under employee share based payment Number 15,51,942 (31 March 2020 : Number 18,76,918)

**Note:**

(a) **The reconciliation of shares outstanding and the amount of share capital as at 31 March 2021 and 31 March 2020 are as follow:**

(₹ million)

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| | Number of Shares | Amount | Number of Shares | Amount |
| At the beginning of the year | 148,879,373 | 1,488.79 | 141,205,838 | 1,412.06 |
| Add: Fresh issue of Shares | - | - | 7,440,067 | 74.40 |
| Add: Shares issued on exercise of employee stock option | 239,441 | 2.40 | 233,468 | 2.33 |
| At the end of the year | **149,118,814** | **1,491.19** | **148,879,373** | **1,488.79** |

(b) **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## 16. Equity Share capital

(c) **The details of shareholders holding more than 5% shares as at 31 March 2021 and 31 March 2020 are as follows:**

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| | Number of Shares | % holding | Number of Shares | % holding |
| Mr. Inder T. Jaisinghani | 21,432,476 | 14.37% | 21,450,976 | 14.41% |
| Mr. Girdhari T. Jaisinghani | 18,234,916 | 12.23% | 21,344,220 | 14.34% |
| Mr. Ajay T. Jaisinghani | 19,411,281 | 13.02% | 21,270,541 | 14.29% |
| Mr. Ramesh T. Jaisinghani | 18,800,016 | 12.61% | 20,668,001 | 13.89% |
| International Finance Corporation (IFC) | 3,785,630 | 2.54% | 14,116,154 | 9.48% |

(d) **Aggregate number of bonus share issued and share issued for consideration other than cash during the period of 5 years immediately preceding the reporting date :**

There were no buy back of shares or issue of shares pursuant to contract without payment being received in cash during the previous 5 years.

(e) **Dividend**

**Accounting policy**

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

The Company declares and pays dividend in Indian rupees in accordance with its dividend distribution policy . The Finance Act 2020 has repealed the Dividend Distribution Tax (DDT). Companies are now required to pay/distribute dividend after deducting applicable taxes. The remittance of dividends outside India is governed by Indian law on foreign exchange and is also subject to withholding tax at applicable rates.

**Dividend on equity share** (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Dividend on equity shares declared and paid during the year** | | |
| Final dividend of ₹ 3.00 per share for FY 2018-19<br>(Proposed by Board of Directors in the meeting held on 14 May 2019 and was approved by Shareholders in the meeting held on 26 June 2019) | - | 445.94 |
| Dividend distribution tax on final dividend | - | 91.66 |
| Interim dividend of ₹ 7.00 per share for FY 2019-20<br>(declared by the Board of Directors in the meeting held on 3 March 2020) | - | 1,042.15 |
| Dividend distribution tax on interim dividend | - | 214.22 |
| | - | 1,793.97 |

(f) **Employee stock Option Plan (ESOP)**

**Accounting policy**

Equity settled share based payments to employees and other providing similar services are measured at fair value of the equity instruments at grant date.

The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognised in connection with share based payment transaction is presented as a separate component in equity under "ESOP Outstanding". The amount recognised as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates. Corresponding balance of a ESOP Outstanding is transferred to general reserve upon expiry of grants or upon exercise of stock options by an employee.

No expense is recognised for options that do not ultimately vest because non market performance and/ or service conditions have not been met.

The dilutive effect, if any of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**Employee stock option plan**

The Company had instituted an ESOP Plan 2018, ESOP Performance Scheme, and ESOP Privilege Scheme as approved by the Board of Directors and Shareholders dated 30 August 2018 for issuance of stock option to eligible employees of the Company.

Under **Employee Stock Options Performance Scheme 2018** the options will be vested in the specified ratio subject to fulfilment of the employee performance criteria laid down in the scheme. This shall be monitored annually as per the performance evaluation cycle of the company and options shall vest based on the achieved rating to the employee.

Under **Employee Stock Options Privilege Scheme 2018** the options are vested over a period of one year subject to fulfilment of service condition.

Expected volatility is based on historical stock volatility of comparable Companies operating within the same industry. The historical stock prices of comparable Companies has been observed for a period commensurate to the Life of option.

Pursuant to the said scheme, Stock options convertible into 22,12,500 equity shares vide ESOP Performance Scheme and 142,250 equity shares vide ESOP Privilege Scheme of ₹ 10 each were granted to eligible employee including group companies at an exercise price of ₹ 405/-.

## 16. Share capital

**Subject to terms and condition of the scheme, options are classified into three categories:**

| | Performance Scheme | | | Privilege Scheme |
|---|---|---|---|---|
| | I | II | III | IV |
| Number of options | 2,102,500 | 45,000 | 65,000 | 142,250 |
| Method of accounting | Fair value | Fair value | Fair value | Fair value |
| Vesting period | 5 years graded vesting | 5 years graded vesting | 5 years graded vesting | 1 year |
| Grant date | 30-Aug-18 | 18-Oct-18 | 23-Jan-21 | 30-Aug-18 |
| Exercise/ Expiry date | 29-Aug-26 | 17-Oct-26 | 22-Jan-29 | 29-Aug-23 |
| Exercise period | 8 years from the date of grant | 8 years from the date of grant | 8 years from the date of grant | 5 years from the date of grant |
| Weighted average share price | ₹ 860.21 | ₹ 860.21 | ₹ 860.21 | ₹ 860.21 |
| Grant/Exercise price | ₹ 405 | ₹ 405 | ₹ 405 | ₹ 405 |
| Method of settlement | Equity - settled | Equity - settled | Equity - settled | Equity - settled |
| Weighted average remaining contractual life of options (in days) | 918 | 918 | 918 | NIL |

**The model inputs for fair value of option granted as on the grant date (In respect of shares granted on 30 Aug 2018 and 18 Oct 2018):**

| | Performance Scheme | | | | |
|---|---|---|---|---|---|
| | Year 1 15% vesting | Year 2 15% vesting | Year 3 20% vesting | Year 4 20% vesting | Year 5 30% vesting |
| Exercise price | ₹ 405 | ₹ 405 | ₹ 405 | ₹ 405 | ₹ 405 |
| Dividend yield | 0.19% | 0.19% | 0.19% | 0.19% | 0.19% |
| Risk free interest rate | 8.20% | 8.20% | 8.20% | 8.20% | 8.30% |
| Expected volatility | 48.30% | 48.20% | 49.20% | 48.20% | 47.30% |
| Fair value per option | ₹ 310.10 | ₹ 321.90 | ₹ 335.10 | ₹ 343.00 | ₹ 350.40 |
| Model used | Black Scholes | Black Scholes | Black Scholes | Black Scholes | Black Scholes |

**The model inputs for fair value of option granted as on the grant date (In respect of shares granted on 23 Jan 2021):**

| | Performance Scheme | | | | |
|---|---|---|---|---|---|
| | Year 1 15% vesting | Year 2 15% vesting | Year 3 20% vesting | Year 4 20% vesting | Year 5 30% vesting |
| Exercise price | ₹ 405 | ₹ 405 | ₹ 405 | ₹ 405 | ₹ 405 |
| Dividend yield | 0.12% | 0.11% | 0.12% | 0.11% | 0.13% |
| Risk free interest rate | 5.10% | 5.29% | 5.44% | 5.59% | 5.73% |
| Expected volatility | 34.37% | 34.25% | 34.88% | 35.42% | 37.10% |
| Fair value per option | ₹ 955.87 | ₹ 967.70 | ₹ 978.57 | ₹ 990.75 | ₹ 1,003.15 |
| Model used | Black Scholes | Black Scholes | Black Scholes | Black Scholes | Black Scholes |

| | Privilege Scheme Year 1 100% vesting |
|---|---|
| Exercise price | ₹ 405 |
| Dividend yield | 0.19% |
| Risk free interest rate | 8.30% |
| Expected volatility | 47.30% |
| Fair value per option | ₹ 350.40 |
| Model used | Black Scholes |

**The activity in the ESOP Plan 2018 (ESOP Performance Scheme and ESOP Privilege Scheme) is as follows:**

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| | Number of options | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) |
| **ESOP Performance Scheme** | | | | |
| Outstanding at the beginning | 1,843,318 | 405 | 2,112,500 | 405 |
| Granted | 65,000 | 405 | - | - |
| Exercised and alloted | 181,766 | 405 | 138,568 | 405 |
| Exercised and pending allotment | 5,925 | 405 | 26,575 | 405 |
| Forfeited | 182,435 | 405 | 104,039 | 405 |
| **Outstanding at the end** | **1,538,192** | **405** | **1,843,318** | **405** |
| **ESOP Privilege Scheme** | | | | |
| Outstanding at the beginning | 33,600 | 405 | 142,250 | 405 |
| Exercised and alloted | 18,850 | 405 | 94,900 | 405 |
| Exercised and pending allotment | 1,000 | 405 | 12,250 | 405 |
| Forfeited | - | 405 | 1,500 | 405 |
| **Outstanding at the end** | **13,750** | **405** | **33,600** | **405** |

## 16. Share capital

| Shares allotted under ESOP during the year | 31 Mar 21 Number of options | 31 Mar 21 Weighted average exercise price (₹) | 31 Mar 20 Number of options | 31 Mar 20 Weighted average exercise price (₹) |
|---|---|---|---|---|
| FY 2020-21 | | | | |
| ESOP Performance Scheme | 181,766 | 405 | 138,568 | 405 |
| ESOP Privilege Scheme | 18,850 | 405 | 94,900 | 405 |
| FY 2019-20 | | | | |
| ESOP Performance Scheme | 26,575 | 405 | - | 405 |
| ESOP Privilege Scheme | 12,250 | 405 | - | 405 |
| | **239,441** | | **233,468** | |

**Options Vested but not exercised**

(Number of Options)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| ESOP Performance Scheme | 154,392 | 108,893 |
| ESOP Privilege Scheme | 13,750 | 33,600 |

**The break-up of employee stock compensation expense is as follow:**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Granted to** | | |
| KMP | 10.13 | 8.99 |
| Employees other than KMP | 98.58 | 162.00 |
| | **108.71** | **170.99** |

## 17. Other equity

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Share application money pending allotment | 4.96 | 27.15 |
| Capital reserve | 0.13 | 0.13 |
| Securities premium | 7,318.10 | 7,149.55 |
| General reserve | 650.69 | 650.69 |
| ESOP Outstanding | 286.92 | 241.45 |
| Retained earnings | 37,320.31 | 28,971.62 |
| Cash Flow Hedging Reserve | - | (126.49) |
| | **45,581.11** | **36,914.10** |

**Notes:**

(a) **Capital Reserve:**

The Company has created the reserve pursuant to amalgamation in an earlier year.

(b) **Securities premium:**

Amount received in excess of face value of the equity shares is recognized in Securities Premium . The Company's share of IPO expenses has been adjusted with securities premium account considering the successful completion of IPO process on 16 April 2019. In case of equity-settled share based payment transactions difference between fair value on grant date and nominal value of share is accounted as Securities Premium. It will be used as per the provision of Companies Act, 2013

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Opening balance | 7,149.55 | 3,057.32 |
| Add: Adjustment of Fresh issue | - | 3,925.60 |
| Add: Adjustment for exercise of stock option | 168.55 | 159.84 |
| Add: Adjustment of Share issue expenses | - | 6.79 |
| | **7,318.10** | **7,149.55** |

(c) **General reserve**

The Company has transferred a portion of the net profit of the Company before declaring dividend to General Reserve pursuant to the earlier provisions of Companies Act, 1956. Mandatory transfer to General Reserve is not required under the Companies Act, 2013. General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the General Reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General Reserve will not be reclassified subsequently to statement of profit or loss.

(d) **ESOP Outstanding**

Fair value of equity-settled share based payment transactions with employees is recognized in Statement of Profit and Loss with corresponding credit to Employee Stock Options Outstanding . The Company has two stock option schemes under which options to subscribe for the Company's shares have been granted to certain employees. The ESOP Outstanding is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Opening balance | 241.45 | 149.51 |
| Add: ESOP charge during the year | 108.71 | 170.99 |
| Add: ESOP charge recovered from group companies | 1.48 | - |
| Less: Adjustment for exercise of stock option | (64.72) | (79.05) |
| | 286.92 | 241.45 |

## 17. Other equity

(e) **Cash Flow Hedging Reserve**

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the statement of Profit and Loss upon the occurrence of the related forecasted transaction.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Opening balance | (126.49) | - |
| Add: Other Comprehensive Income for the year | 126.49 | (126.49) |
| | - | (126.49) |

(f) **Retained earnings**

Retained earnings are the profits that the Company has earned till date less any transfers to General Reserve, dividends or other distributions to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to statement of profit and loss. Retained earnings is a free reserve available to the Company.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Opening balance | 28,971.62 | 23,219.73 |
| Add: Profit during the year | 8,348.69 | 7,571.15 |
| Less: Transition impact of Ind AS 116 | - | (25.29) |
| Less: Final equity dividend | - | (445.94) |
| Less: Interim equity dividend | - | (1,042.15) |
| Less: Tax on final equity dividend | - | (91.66) |
| Less: Tax on interim equity dividend | - | (214.22) |
| | **37,320.31** | **28,971.62** |

(g) **Share application money pending allotment**

Share application money pending allotment, represents amount received from employees who has exercised Employee Stock Option Scheme (ESOS) for which shares are pending allotment as on balance sheet date.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Opening balance | 27.15 | - |
| Add: Adjustment for exercise of stock option | 64.72 | 79.05 |
| Add: Amount received on exercise of employee stock options | 84.04 | 110.27 |
| Less: Transfer to equity share capital & Securities premium for fresh issue | (170.95) | (162.17) |
| | **4.96** | **27.15** |

## 18. Borrowings

### A Borrowings- non-current

(₹ million)

| | Rate of Interest | Tenure end date | 31 Mar 21 Gross/ Carrying Value | 31 Mar 20 Gross/ Carrying Value |
|---|---|---|---|---|
| **At amortised cost** | | | | |
| **External commercial borrowing (secured)** | | | | |
| Foreign currency loan from HSBC Bank (Mauritius) Ltd | 3 Months LIBOR + 1.65% | 23 June 2020 | - | 251.29 |
| **Rupee loan (secured)** | | | | |
| Indian rupee loan from Citibank N.A. | 8.80% | 23 August 2021 | 29.93 | 89.78 |
| | | | **29.93** | **341.07** |
| Less: Current maturities of long-term borrowings | | | (29.93) | (311.14) |
| | | | **-** | **29.93** |

**Notes:**

(a) **The above loans are secured by way of**

(i) First pari passu charge by way of registered mortgage on specific immovable fixed assets at Halol and hypothecation of all movable fixed assets acquired on or after 1 April 2015.

(ii) Second pari passu charge by way of hypothecation of all movable fixed assets appearing in balance sheet as on 31 March 2015 and on all current assets of the Company.

(iii) Charges with respect to above borrowing has been created in favour of security trustee. No separate charge created for each of the borrowing.

(b) **Maturity profile of non-current borrowings**

(₹ million)

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| | **< 1 Year** | **> 1 Year** | **< 1 Year** | **> 1 Year** |
| **External commercial borrowing (secured)** | | | | |
| Foreign currency loan from HSBC Bank (Mauritius) Limited | - | - | 251.29 | - |
| **Rupee loan (secured)** | | | | |
| Indian rupee loan from Citibank N.A. | 29.93 | - | 59.85 | 29.93 |
| | **29.93** | **-** | 311.14 | 29.93 |

(c) **Others**

(i) The term loans from Citibank N.A. of ₹ 29.93 million is to be repaid in 2 quarterly instalments from May 2021 to August 2021.

## 18. Borrowings

### B Borrowings- current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **At amortised cost** | | |
| Short-term loan from banks (Unsecured) | 883.56 | 741.53 |
| Short-term loan from banks (Secured) | 5.24 | - |
| Packing Credit (Secured) | - | 373.00 |
| | **888.80** | 1,114.53 |

**Note:**

(a) **The above loans are secured by way of**

(i) Secured borrowings from banks are secured against pari passu first charge by way of hypothecation of inventories and receivables .

(ii) Pari passu first charge on specific properties, plant and equipments of the Company such as Daman staff quarters, Daman godown premises, factory land and building at Halol and Daman and office building at Mumbai.

(iii) Pari passu first charge by way of hypothecation of all movable fixed assets appearing in balance sheet as on 31 March 2015.

(iv) Pari passu second charge by way of registered mortgage on all movable assets acquired on or after 1 April 2015.

(v) Charges with respect to above borrowing has been created in favour of security trustee. No separate charge has been created for each of the borrowing.

(b) **Credit facilities**

The company has fund based and non-fund based revolving credit facilities amounting to ₹ 39,580 million (31 March 2020 : ₹ 37,730 million), towards operational requirements that can be used for the short term loan, issuance of letters of credit and bank guarantees. The unutilised credit line out of these working capital facilities at the year end are given as below:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Fund based | 3,780.00 | 4,350.00 |
| Non fund based | 15,310.00 | 11,930.00 |
| | **19,090.00** | **16,280.00** |

(c) **Reconciliation of movement in borrowings to cash flows from financing activities**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Opening balance** | | |
| Long Term Borrowings | 29.93 | 785.83 |
| Short Term Borrowings (excluding Cash Credit from banks) | 1,114.53 | 1,023.47 |
| Current maturities of Long term borrowings | 311.14 | 773.18 |
| | **1,455.60** | **2,582.48** |
| **Cash flow movements** | | |
| Repayment of long term borrowings | (312.59) | (1,220.18) |
| (Repayment) / Proceeds of short term borrowings | (242.35) | 52.81 |
| | **(554.94)** | **(1,167.37)** |
| **Non-cash movements** | | |
| Foreign exchange translation | 18.06 | 40.49 |
| | **18.06** | **40.49** |
| **Closing Balance** | | |
| Long Term Borrowings | - | 29.93 |
| Short Term Borrowings (excluding Cash Credit from banks) | 888.80 | 1,114.53 |
| Current maturities of Long term borrowings | 29.93 | 311.14 |
| | **918.73** | **1,455.60** |

Refere note 4 for reconciliation of movement in lease liabilities to cash flows from financing activities.

## 19. Trade payables

**Accounting policy**

These amounts represents liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 90 days of recognition other than usance letter of credit. Trade payables are presented as current financial liabilities.

The Company enters into arrangements for purchase under usance letter of credit issued by banks under non-fund based working capital limits of the Company. Considering these arrangements are majorly for raw materials with a maturity of up to twelve months, the economic substance of the transaction is determined to be operating in nature and these are recognised as acceptances under trade payables.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **At Amortised Cost** | | |
| Total outstanding dues of micro and small enterprises | | |
| Trade payables to related parties (Refer Note - 35) | 117.03 | - |
| Trade payables - Others | 223.27 | 178.29 |
| | **340.30** | **178.29** |
| Total outstanding dues of creditors other than micro and small enterprises | | |
| Acceptances - (Refer note below (a)) | 6,537.51 | 8,135.98 |
| Other than acceptances | | |
| Trade payables - Others (Refer note below (b)) | 5,970.85 | 4,886.15 |
| Trade payables to related parties (Refer note - 35) | 212.77 | 246.69 |
| | **12,721.13** | **13,268.82** |

## 19. Trade payables

**Notes:-**

(a) Acceptances represent amounts payable to banks on due date as per usance period of Letter of Credit (LCs) issued to raw material vendors under non-fund based working capital facility approved by Banks for the Company. The arrangements are interest-bearing. Non-fund limits are secured by first pari-passu charge over the present and future current assets of the Company.

(b) Others includes amount payable to vendors, employees liability and accrual of expenses that are expected to be settled in the Company's normal operating cycle or due to be settled within twelve months from the reporting date.

(c) For explanations on the Company's liquidity risk management processes Refer note 38 (C).

(d) Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended 31 March 2021 and year ended 31 March 2020 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| (i) | Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act: | | |
| | Principal | 337.41 | 178.29 |
| | Interest | 2.89 | 2.65 |
| (ii) | The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | 2.65 | - |
| (iii) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act. | - | - |
| (iv) | The amount of interest accrued and remaining unpaid at the end of each accounting year | 2.89 | 2.65 |
| (v) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006 | - | - |

## 20. Other financial liabilities

### A Other financial liabilities- non-current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **At amortised cost** | | |
| Lease liability | 224.05 | 298.89 |
| | **224.05** | 298.89 |

### B Other financial liabilities- current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **At Amortised Cost** | | |
| Current maturities of long-term borrowings (Refer note- 18) | 29.93 | 311.14 |
| Security deposit | 42.22 | 40.68 |
| Interest accrued but not due | 3.01 | 18.19 |
| Interest accrued and due | - | 4.95 |
| Creditors for capital expenditure | 273.78 | 275.10 |
| Lease liability | 111.17 | 28.96 |
| Unclaimed dividend (Refer below note (b)) | 0.87 | 0.96 |
| Other (Refer below note (c)) | 15.31 | 11.21 |
| | | |
| **At FVTPL** | | |
| Derivative liability (Refer below note (a)) | 1,013.31 | 232.51 |
| | **1,489.60** | **923.70** |

**Notes :-**

**(a) Derivative Liability**

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Put Option | - | 49.75 |
| Forward contract | - | 13.73 |
| Embedded derivatives | 356.38 | - |
| Commodity contracts | 656.93 | 169.03 |
| | **1,013.31** | **232.51** |

**(b)** There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of Companies Act, 2013 as at the year

**(c)** Company has provided a guarantee for credit facility availed by the Ryker Base Private Limited and Tirupati Reels Private Limited, amounting to ₹ 4,184.62 Million (31 March 2020 : ₹ 1,243.87 Million) and ₹ 520.00 Million (31 March 2020 : ₹ 520.00 Million) respectively. The fair value of corporate guarantee ₹ 15.31 million (31 March 2020 : ₹ 11.21 Million) has been included in carrying cost of investment.

## 21. Other liabilities

### A Other liabilities- non-current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Deferred government grant (Refer below note (a)) | 123.72 | 99.55 |
| Deferred liability | 82.65 | 71.69 |
| | **206.37** | **171.24** |

## 21. Other liabilities

### B Other liabilities- current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Advance from customers | 391.38 | 1,153.20 |
| Contract Liability (Refer below note (b)) | 1,805.39 | 1,407.77 |
| Deferred liability | 27.55 | 14.34 |
| Refund liability (Refer below note (c)) | 487.49 | 360.25 |
| **Other statutory dues** | | |
| Employee Recoveries and Employer Contributions | 16.69 | 17.10 |
| Taxes Payable (Other than Income tax) | 509.87 | 89.83 |
| | **3,238.37** | **3,042.49** |

**Notes:-**

(a) Under Ind AS government grants are recorded as deferred liabilities to the extent of unfulfilled export obligations. This amount has been recognised against deferred government grant and accrued to P&L subsequently on fulfilment of export obligation. The Company expects to meet its export obligation during the next 3-5 years.

**Reconciliation of Deferred government grant:**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| At the beginning of the year | 99.55 | 163.29 |
| Grants received during the year | 102.95 | 216.37 |
| Grants recognised for the year | (78.78) | (280.11) |
| At the end of the year | **123.72** | **99.55** |

(b) **Reconciliation of Contract liabilities:**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| At the beginning of year | 1,407.77 | 1,415.23 |
| Contract liability recognized during the year | 1,360.12 | 491.72 |
| Revenue recognized from amount included in contract liabilities at the beginning of the year | (962.50) | (499.18) |
| At the end of the year | **1,805.39** | **1,407.77** |

(c) **Reconciliation of Refund liability:**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| At the beginning of the year | 360.25 | 318.33 |
| Arising during the year | 479.53 | 417.29 |
| Utilised during the year | (352.29) | (375.37) |
| At the end of the year | **487.49** | **360.25** |

## 22. Provisions

**Accounting policy:**

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Profit & Loss. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision is recognised for expected warranty claims and after sales services when the product is sold or service provided to the customer, based on past experience of the level of repairs and returns. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually. It is expected that significant portion of these costs will be incurred in the next financial year and all will have been incurred within warranty period after the reporting date. Assumptions used to calculate the provisions for warranties were based on current sales levels and current information available about returns during the warranty period for all products sold.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

### A Provisions- non-current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Provision for employee benefits (Refer note 29) | | |
| Gratuity | 165.42 | 162.60 |
| Compensated absences | 82.38 | 93.16 |
| | **247.80** | **255.76** |

### B Provisions- current

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Provision for employee benefits (Refer note 29) | | |
| Gratuity | 102.20 | 112.18 |
| Compensated absences | 25.69 | 27.91 |
| Provision for warranty (Refer note below) | 107.23 | 97.72 |
| | **235.12** | **237.81** |

**Reconciliation of Warranty provision:**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| At the beginning of the year | 97.72 | 83.54 |
| Arising during the year | 70.39 | 87.47 |
| Utilised during the year | (60.88) | (73.29) |
| At the end of the year | **107.23** | **97.72** |

## 23. Revenue from operations

**Accounting Policy**

IND AS 115 was made effective from 1 April 2018 and establishes a five-step model to account for revenue arising from contracts with customers. The new revenue standard replaced IND AS 18 & IND AS 11 and interpretations on revenue recognition related to sale of goods and services. The Company has applied the modified retrospective approach and accordingly has included the impact of Ind AS 115.

(i) **Measurement of Revenue**

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, incentive schemes, if any, as per contracts with customers. Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring good or service to a customer. Taxes collected from customers on behalf of Government are not treated as Revenue.

(ii) **Sale of goods**

Revenue from contracts with customers involving sale of these products is recognized at a point in time when control of the product has been transferred at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services, and there are no unfulfilled obligation that could affect the customer's acceptance of the products and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. At contract inception, the Company assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer. Revenue from contracts with customers is recognized when control of goods or services are transferred to customers and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. The point of time of transfer of control to customers depends on the terms of the trade - CIF, CFR or DDP, ex-works, etc.

(iii) **Revenue from Construction contracts**

Performance obligation in case of revenue from long - term contracts is satisfied over the period of time, the revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation. However, the same may not be possible if it lacks reliable information that would be required to apply an appropriate method of measuring progress. In some circumstances, if the Company is not able to reasonably measure the outcome of a performance obligation, but expects to recover the costs incurred in satisfying the performance obligation, the company shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to the customer. A contract asset becomes a receivable when the entity's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

Contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract. The timing of the transfer of Control varies depending on individual terms of the sales agreements.

The total costs of contracts are estimated based on technical and other estimates. Costs to obtain a contract which are incurred regardless of whether the contract was obtained are charged-off in Profit & Loss immediately in the period in which such costs are incurred. Incremental costs of obtaining a contract, if any, and costs incurred to fulfil a contract are amortised over the period of execution of the contract.

In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss. Contract revenue earned in excess of billing is reflected under as "contract asset" and billing in excess of contract revenue is reflected under "contract liabilities".

(iv) **Variable consideration**

It includes volume discounts, price concessions, liquidity damages, incentives, etc. The Company estimates the variable consideration with respect to above based on an analysis of accumulated historical experience. The Company adjust estimate of revenue at the earlier of when the most likely amount of consideration the Company expect to receive changes or when the consideration becomes fixed.

(v) **Schemes**

The Company operates several sales incentive programmes wherein the customers are eligible for several benefits on achievement of underlying conditions as prescribed in the scheme programme such as credit notes, tours, kind etc. Revenue from contract with customer is presented deducting cost of all these schemes.

(vi) **Significant Financing Components**

In respect of advances from its customers, using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be within normal operating cycle. Retention money receivable from project customers does not contain any significant financing element, these are retained for satisfactory performance of contract.

(vii) **Warranty**

The Company typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty as per note 22. In certain contracts, the Company provides warranty for an extended period of time and includes rectification of defects that existed at the time of sale and are normally bundled together with the main contract. Such bundled contracts include two performance obligations because the promises to transfer the goods and services and the provision of service-type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a liability. Revenue is recognised over the period in which the service-type warranty is provided on a basis appropriate to the nature of the contract and services to be rendered.

## 23. Revenue from operations

(viii) **Right to return**

When a contract provides a customer with a right to return the goods within a specified period, the Company estimates the expected returns using a probability-weighted average amount approach similar to the expected value method under Ind AS 115.

At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Company has a right to recover the product when customers exercise their right of return. Consequently, the Company recognises a right to returned goods asset and a corresponding adjustment to cost of sales. The Company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

For goods expected to be returned, the Company presented a refund liability and an asset for the right to recover products from a customer separately in the balance sheet.

(ix) **Onerous Contracts**

A provision for onerous contract is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligation under the contract. The provision is measured at the present value of the lower of the expected cost

(x) **Export incentives**

Export incentives under various schemes notified by the Government have been recognised on the basis of applicable regulations, and when reasonable assurance to receive such revenue is established. Export incentives income is recognised in the statement of profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

(xi) **Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

When the grant relates to an asset, it's recognition as income in the Statement of Profit & Loss is linked to fulfilment of associated export obligations.

The Company has chosen to present export incentive and grants received as other operating revenue in the Statement of Profit & Loss.

Revenue from operations

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Revenue from contracts with customers** | | |
| **Revenue on Sale of Products** | | |
| Finished goods | 75,401.95 | 76,362.66 |
| Traded goods | 7,947.05 | 4,856.50 |
| **Revenue from Construction Contracts** | 1,890.26 | 4,688.76 |
| | **85,239.26** | **85,907.92** |
| **Other operating revenue** | | |
| Job work income | 7.48 | - |
| Scrap sales | 1,532.04 | 1,160.10 |
| **Total revenue from contracts with customers** | **86,778.78** | **87,068.02** |
| Export incentives | 70.15 | 202.91 |
| Government grant | 514.69 | 798.21 |
| **Total Revenue from operations** | **87,363.62** | **88,069.14** |

**Notes:**

(a) **Disaggregated revenue information**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Type of Goods or Services** | | |
| Wires & Cables | 74,553.86 | 74,024.67 |
| Fast Moving Electrical Goods (FMEG) | 10,334.66 | 8,354.59 |
| Revenue from construction contracts | 1,890.26 | 4,688.76 |
| **Total revenue from contracts with customers** | **86,778.78** | **87,068.02** |
| **Location of customer** | | |
| India | 79,357.20 | 76,112.85 |
| Outside India | 7,421.58 | 10,955.17 |
| **Total revenue from contracts with customers** | **86,778.78** | **87,068.02** |
| **Timing of revenue recognition** | | |
| Goods transferred at a point in time | 84,905.21 | 82,333.38 |
| Goods and Services transferred over a period of time | 1,873.57 | 4,734.64 |
| **Total revenue from contracts with customers** | **86,778.78** | **87,068.02** |
| **Revenue from B2B and B2C Vertical** | | |
| Business to Customer | 33,722.46 | 28,307.56 |
| Business to Business | 50,150.30 | 58,657.72 |
| Others (i) | 2,906.02 | 102.74 |
| **Total revenue from contracts with customers** | **86,778.78** | **87,068.02** |

**Notes:**

(i) Others includes discounts, scrap sales, raw material sales, and job work income.

## 23. Revenue from operations

(b) **Reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information** (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Total revenue from contracts with customers | 86,778.78 | 87,068.02 |
| Export incentives (i) | 70.15 | 202.91 |
| Government grant (ii) | 514.69 | 798.21 |
| Other income excluding finance income | 673.71 | 485.23 |
| **Total income as per Segment (Refer note 36)** | **88,037.33** | **88,554.37** |

**Notes:**

(i) Export incentive includes merchandise export from India scheme (MEIS) incentives and duty drawback incentives.

(ii) Government grant includes advance licence benefits and deferred income released to the statement of profit and loss on fulfilment of export obligation under the export promotion capital goods (EPCG) scheme.

(c) **Reconciliation between revenue with customers and contracted price as per Ind AS 115:** (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Revenue as per contracted price** | 89,418.98 | 89,888.77 |
| **Less : Adjustments** | | |
| Price adjustments such as Discounts, Rebates and Sales Promotion Schemes | (836.23) | (1,745.54) |
| Contract liabilities (excess billing over revenue - EPC) | (1,805.39) | (1,407.77) |
| Provisions for expected sales return | (127.24) | (41.92) |
| Other adjustments | (24.17) | 45.88 |
| **Add : Adjustments** | | |
| Contract assets (Unbilled Revenue - EPC) | 152.84 | 328.60 |
| **Revenue from contract with customers** | **86,778.78** | **87,068.02** |

(d) **Disclosure in terms of Ind AS 115 on the accounting of construction contract is as under:** (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Contract revenue recognised for the year ended (Net of tax) | 1,890.26 | 4,688.76 |
| Contract that are in progress as on reporting date | | |
| (i) Contract costs incurred and recognised profits (less recognised losses) | 1,890.26 | 4,688.76 |
| (ii) Amount of retentions* | 1,265.08 | 1,564.46 |
| (iii) Contract balances recognised and included in financial statement as: | | |
| Contract asset | 141.02 | 316.78 |
| Contract liabilities | 1,805.39 | 1,407.77 |

*Retentions are specific to projects and are generally receivable within 6 months from completion of project.

(e) Trade receivables are usually non-interest bearing and are generally on credit terms up to 90 days except EPC business. Provision for expected credit losses on trade receivables recognised/ (reversed) during the year of ₹ (51.30) million (31 March 2020: ₹ 256.06 million). The Company has channel finance arrangement for providing credit to its dealers. Evaluation is made as per the terms of the contract i.e. if the Company does not retain any risk and rewards or control over the financial assets, then the entity derecognises such assets upon transfer of financial assets under such arrangement with the banks.

(f) No single customer contributed 10% or more to the Company's revenue for the year ended 31 March 2021 and 31 March 2020.

(g) Contract assets are initially recognised for revenue earned from installation services as receipt of consideration is conditional on successful completion of installation. Upon completion of installation and acceptance / certifications by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets as on 31 March 2021 is on account of acceptance/ Certification of installation services for which work were done by the Company in earlier period. During the year ₹ Nil (31 March 2020: ₹ 4.24 million) was recognised as provision for expected credit losses on contract assets.

(h) Contract liabilities include advances received towards EPC projects as well as transaction price allocated to unexpired service contracts. The outstanding balances of these accounts increased in 2020-21 due to the continuous increase in the Company's customer base and contracts where billing is in excess of revenue.

(i) Set out below is the amount of revenue recognised from: (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Amounts included in contract liabilities at the beginning of the year | 962.50 | 499.18 |
| Performance obligations satisfied in previous years | 1,443.74 | 245.73 |

(j) Right of refund assets and refund liabilities as at year end: (₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Refund assets | 222.21 | 232.46 |
| Refund liabilities | 487.49 | 360.25 |

## 24. Other income

**Accounting Policy:**

Other income is comprised primarily of interest income, dividend income, gain on investments and exchange gain on forward contracts and on translation of other assets and liabilities.

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

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

**Foreign Currency**

The Company's Financial Statements are presented in Indian rupee (₹) which is also the Company's functional currency. Foreign currency transaction are recorded on initial recognition in the functional currency, using the exchange rate prevailing at the date of transaction.

## 24. Other income

**Measurement of foreign currency item at the Balance sheet date:**

(i) Foreign currency monetary assets and liabilities denominated in foreign currency are translated at the exchange rates prevailing on the reporting date.

(ii) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(iii) **Exchange differences**:
Exchange differences arising on settlement or translation of monetary items are recognised as income or expense in the Statement of Profit & Loss.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **(a) Interest income on financial assets** | | |
| **Carried at amortised cost** | | |
| Bank deposits | 108.45 | 207.47 |
| Others [(i)] | 231.00 | 59.08 |
| **Carried at FVTPL** | | |
| Others | 17.01 | 3.71 |
| **(b) Income from Investments designated at FVTPL** | | |
| Gain on liquid/overnight mutual funds | 158.57 | 179.07 |
| Fair valuation on gain on overnight mutual funds | 8.47 | 0.01 |
| **(c) Fair value gain / loss on financial instruments** | | |
| Derivatives at FVTPL (refer note (ii) below) | 24.63 | 392.91 |
| **(d) Other non-operating income** | | |
| Exchange differences (net) | 560.28 | - |
| Gain on sale of property, plant and equipment | 1.13 | - |
| Gain on termination of Lease | 0.92 | 1.42 |
| Sundry balances written back | 36.59 | 46.52 |
| Miscellaneous income | 50.16 | 44.38 |
| | **1,197.21** | **934.57** |

(i) Includes interest on Income Tax refund of Rs. 163.89 million (refer note 12).

(ii) Gain on fair valuation of financial instruments at FVTPL includes foreign exchange fluctuation on forward contracts that did not qualify for hedge accounting and on embedded derivatives, which have been separated.

## 25. Cost of materials consumed

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Inventories at the beginning of the year | 7,046.47 | 9,720.81 |
| Add: Purchases | 58,191.39 | 56,285.64 |
| | **65,237.86** | **66,006.45** |
| Less: Inventories at the end of the year | (8,256.39) | (7,046.47) |
| | **56,981.47** | **58,959.98** |

**Notes:**

**Details of Material Consumed**

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Copper | 34,603.79 | 35,014.18 |
| Aluminium | 8,592.89 | 8,259.69 |
| Steel | 2,000.11 | 2,527.48 |
| PVC Compound/HDPE/LDPE/XLPE/Resin | 7,546.37 | 7,762.73 |
| Packing Materials | 1,553.03 | 1,733.49 |
| Others * | 2,685.28 | 3,662.41 |
| | **56,981.47** | **58,959.98** |

* Others includes Raw material for consumer products

## 26. Purchases of stock-in-trade

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Electrical wiring accessories | 281.41 | 318.90 |
| Electrical appliances | 3,414.64 | 3,195.27 |
| Others | 2,544.47 | 542.62 |
| | **6,240.52** | **4,056.79** |

## 27. Changes in inventories of finished goods, stock-in-trade and work-in-progress

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| **Inventory at the beginning of the year** | | |
| Finished goods | 8,020.04 | 6,611.88 |
| Stock-in-trade | 1,276.54 | 918.02 |
| Scrap materials | 131.14 | 197.29 |
| Work-in-progress | 2,070.04 | 1,401.85 |
| | **11,497.76** | **9,129.04** |
| **Inventory at the end of the year** | | |
| Finished goods | 8,005.96 | 8,020.04 |
| Stock-in-trade | 1,158.24 | 1,276.54 |
| Scrap materials | 226.64 | 131.14 |
| Work-in-progress | 1,405.07 | 2,070.04 |
| | **10,795.91** | **11,497.76** |
| **Changes in Inventories** | **701.85** | **(2,368.72)** |

## 28. Project bought outs and subcontracting cost

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Project bought outs | 692.69 | 1,994.13 |
| Subcontracting Expenses for EPC | 390.44 | 1,180.33 |
| | **1,083.13** | **3,174.46** |

## 29. Employee benefits expense

**Accounting Policy**

(i) **Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, incentives, special awards, medical benefits etc. and the expected cost of ex-gratia are charged to the Statement of Profit & Loss account in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) **Compensated absences**

The Company has revised its leave policy applicable to all employees except for certain categories of employees in Daman factory location effective 1 April 2019. The Company estimates and provides the liability for such short-term and long term benefits based on the terms of the policy. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Remeasurement gains/losses on defined benefit plans are immediately taken to the Statement of Profit & Loss and are not deferred.

(iii) **Defined contribution plans**

Retirement benefit in the form of provident fund and 'Employer-Employee Scheme' are defined contribution schemes. The Company recognises contribution payable to the provident fund and 'Employer Employee' scheme as an expenditure, when an employee renders the related service. The Company has no obligation, other than the contribution payable to the funds. The Company's contributions to defined contribution plans are charged to the Statement of Profit & Loss as incurred.

(iv) **Defined benefit plan**

The Company operates a defined benefit gratuity plan for its employees. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end using the projected unit credit method. The discount rate used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit & Loss in subsequent periods. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(v) **Share based payment**

Equity settled share based payments to employees and other providing similar services are measured at fair value of the equity instruments at grant date.

The fair value determined at the grant date of the equity-settled share based payment is expensed on a straight line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimates of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any is, recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the shared option outstanding account (Refer note 17(g)).

No expense is recognised for options that do not ultimately vest because non market performance and/ or service conditions have not been met.

The dilutive effect, if any of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (Refer note 33).

Employee benefits expense

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Salaries, wages and bonus | 3,090.03 | 3,175.41 |
| Employees share based payment expenses | 108.71 | 170.99 |
| Contribution to provident and other funds | 204.52 | 169.17 |
| Staff welfare expense | 89.75 | 101.68 |
| | **3,493.01** | **3,617.25** |

## 29. Employee benefits expense

### Gratuity and other post-employment benefit plans

**(A) Defined Benefit plan**

**Gratuity Valuation - As per actuary**

In respect of Gratuity, the Company makes annual contribution to the employee group gratuity scheme of the Life Insurance Corporation of India, funded defined benefits plan for qualified employees. The scheme provided for lump sum payments to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has provided for gratuity based on the actuarial valuation done as per Project Unit Credit Method.

Defined benefit plans expose the Company to actuarial risks such as

**(i) Interest rate risk**

A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**(ii) Salary Risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**(iii) Investment Risk**

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**(iv) Asset Liability Matching Risk**

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**(v) Mortality risk**

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk. If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

**(vi) Concentration Risk**

Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

**(vii) Variability in withdrawal rates**

If actual withdrawal rates are higher than assumed withdrawal rate assumption then the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

**(viiii) Regulatory Risk**

Gratuity Benefit must comply with the requirements of the Payment of Gratuity Act, 1972 (as amended up-to-date). There is a risk of change in the regulations requiring higher gratuity payments.

A separate trust fund is created to manage the Gratuity plan and the contributions towards the trust fund is done as guided by rule 103 of Income Tax Rules, 1962.

The Company operates a defined benefit plan, viz., gratuity for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

The most recent actuarial valuation of the plan assets and the present value of defined obligation were carried out as at 31st March, 2021 an external independent fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation and the related current service cost were measured using the projected unit credit method.

## 29. Employee benefits expense

The following tables summarise the components of net benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for gratuity.

**Statement of profit and loss**

**Net employee benefits expense recognised in profit or loss:**

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Current service cost | 62.71 | 51.36 |
| Net interest cost | 18.03 | 14.94 |
| Past service cost | 26.14 | - |
| **Net benefits expense** | **106.88** | **66.30** |

**Net remeasurement (gain)/ loss on defined benefit plans recognised in Other comprehensive income for the year:**

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Actuarial (gain) /loss on obligations | (52.96) | 53.05 |
| Return on plan assets, excluding interest income | 5.66 | (1.74) |
| **Net (Income)/Expense for the year recognized in OCI** | **(47.30)** | **51.31** |

**Balance sheet**

**Benefits liability**

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Present value of defined benefit obligation | (577.06) | (527.94) |
| Fair value of plan assets | 309.44 | 253.16 |
| **Plan liability** | **(267.62)** | **(274.78)** |

**Changes in the present value of the defined benefit obligation are as follows:**

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Opening defined benefit obligation | 527.95 | 409.38 |
| Interest cost | 34.63 | 31.28 |
| Current service cost | 62.71 | 51.36 |
| Past service cost | 26.14 | - |
| Benefits paid | (21.41) | (17.12) |
| Actuarial (gains)/losses on obligations | | |
| Due to change in financial assumptions | 3.06 | 39.48 |
| Due to experience | (56.01) | 13.57 |
| **Closing defined benefit obligation** | **577.07** | **527.95** |

**Changes in the fair value of plan assets are as follows:**

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Opening fair value of plan assets | 253.16 | 213.88 |
| Interest Income | 16.61 | 16.34 |
| Contribution by employer | 66.74 | 38.32 |
| Benefits paid | (21.41) | (17.12) |
| Actuarial gains | (5.66) | 1.74 |
| **Closing fair value of plan assets** | **309.44** | **253.16** |

The Company expects to contribute ₹ 102.20 Million to gratuity in the next year (31 March 2020: ₹ 112.18 Million ).

**Current & non-current bifurcation of provision for gratuity as per actuarial valuation is as follows:**

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Non-current | 165.42 | 162.60 |
| Current | 102.20 | 112.18 |

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

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Investment with insurer | 100% | 100% |

The principal assumptions used in determining gratuity for the Company's plans are shown below:

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Discount rate | 6.49% | 6.56% |
| Expected rate of return on plan assets | 6.49% | 6.56% |
| Employee turnover | 10.00% | 10.00% |
| Salary escalation | 11.00% | 11.00% |
| Weighted average duration | 9 | 9 |
| Mortality rate during employment | Indian assured lives mortality (2006-08) Ult | Indian assured lives mortality (2006-08) Ult |
| Mortality rate after employment | N.A. | N.A. |

## 29. Employee benefits expense

The average expected future service as at 31 March 2021 is 7 years (31 March 2020 - 8 years).

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

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

**A quantitative sensitivity analysis for significant assumption as at 31 March 2021 is as shown below:**

Sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be co-related. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

**Sensitivity analysis** (₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Projected benefit obligation on current assumptions | 577.06 | 527.94 |
| Delta effect of +1% change in rate of discounting | (41.01) | (36.75) |
| Delta effect of -1% change in rate of discounting | 47.11 | 42.32 |
| Delta effect of +1% change in rate of salary increase | 44.63 | 36.80 |
| Delta effect of -1% change in rate of salary increase | (39.78) | (33.39) |
| Delta effect of +1% change in rate of employee turnover | (12.87) | (10.70) |
| Delta effect of -1% change in rate of employee turnover | 14.46 | 12.04 |

**Methodology for Defined Benefit Obligation:**

The Projected Unit Credit (PUC) actuarial method has been used to assess the plan's liabilities, including those related to death-in-service and incapacity benefits.

Under PUC method a projected accrued benefit is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the plan. The projected accrued benefit is based on the plan's accrual formula and upon service as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The plan liability is the actuarial present value of the projected accrued benefits for active members.

Projected benefits payable in future years from the date of reporting.

**Maturity analysis of projected benefit obligation from the fund:** (₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| 1st following year | 52.96 | 64.92 |
| 2nd following year | 44.60 | 39.20 |
| 3rd following year | 48.63 | 42.74 |
| 4th following year | 49.30 | 43.87 |
| 5th following year | 52.97 | 43.09 |
| Sum of years 6 to 10 | 239.97 | 212.17 |
| Sum of years 11 years and above | 574.98 | 530.87 |

### (B) Other Defined Benefit and contribution Plans

**Provident Fund**

The Company contribute towards Provident Fund to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company contributes towards Provident Fund managed by Central Government and has recognised ₹ 77.45 million (31st March, 2020 - ₹ 82.86 million) for provident fund contributions in the Statement of Profit and Loss.

**Pension Fund**

Contribution to National Pension Scheme, a defined contribution scheme, is made at predetermined rates to the asset management companies under National Pension Scheme and is charged to the statement of profit and loss. The Company contributes has recognised ₹ 9.25 million (31 March 2020 ₹ 7.56 million) for contribution to National Pension Scheme in the Statement of Profit and Loss.

**Compensated absences (unfunded)**

In respect of Compensated absences, accrual is made on the basis of a year-end actuarial valuation except for Halol worker in pursuance of the Company's leave rules. The Company has provided for compensated absences based on the actuarial valuation done as per Project Unit Credit Method except for Halol worker. The Company had provided for compensated absences for Halol worker based on the Company's leaves rules.
The leave obligation cover the Company's liability for earned leave. The amount of the provision of ₹ 82.38 million (year ended 31 March 2020 ₹ 93.16 million) is presented as non current and ₹ 25.69 million (year ended 31 March 2020 ₹ 27.91 million) is presented as current. The Company contributes has recognised ₹ 0.82 million (31 March 2020 ₹ 43.00 million) for Compensated absences in the Statement of Profit and Loss.

## 30. Finance cost

**Accounting Policy**

Borrowing costs that are directly attributable to the acquisition, construction or erection of qualifying assets are capitalised as part of cost of such asset until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing cost includes interest expense on financial liabilities, interest on tax matters, exchange differences arising from the foreign currency borrowings, gain/loss on fair value of forward cover and it's premium and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Interest expense on financial liabilities at amortised cost (i) | 215.27 | 229.80 |
| Interest expense on financial liabilities at FVTPL | 28.90 | 28.99 |
| Exchange differences regarded as an adjustment to borrowing costs | 18.06 | 40.49 |
| Other borrowing costs (ii) | 149.00 | 179.75 |
| | **411.23** | **479.03** |

(i) Interest expense includes ₹ 47.43 million (31 March 2020 ₹ 12.23 million) paid / payable to Income Tax Department

(ii) Other borrowing costs would include bank commission charges, bank guarantee charges, letter of credit charges, premium on forward contract, fair value loss/(gain) on forward contracts, other ancillary costs incurred in connection with borrowings

## 31. Depreciation and amortisation expenses

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Depreciation of Property, Plant and Equipment (Refer note 3) | 1,599.47 | 1,459.35 |
| Depreciation of right-of-use assets (Refer note 4) | 128.33 | 112.96 |
| Amortization of intangible assets (Refer note 5) | 12.29 | 18.54 |
| | **1,740.09** | **1,590.85** |

## 32. Other expenses

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Consumption of stores and spares | 571.12 | 490.68 |
| Sub-contracting expenses | 1,678.98 | 1,833.90 |
| Power and fuel | 1,151.88 | 1,273.41 |
| Rent | 70.65 | 80.59 |
| Rates and taxes | 83.36 | 91.82 |
| Insurance | 117.36 | 50.72 |
| Repairs and maintenance | | |
| Plant and machinery | 32.87 | 32.39 |
| Buildings | 61.10 | 65.95 |
| Others | 86.79 | 94.20 |
| Advertising and sales promotion | 682.10 | 1,086.42 |
| Brokerage and commission | 376.29 | 465.14 |
| Travelling and conveyance | 154.09 | 286.51 |
| Communication Cost | 34.68 | 36.55 |
| Legal and professional fees | 327.64 | 409.43 |
| Director Sitting Fees | 4.64 | 4.16 |
| Freight & forwarding expenses | 1,906.88 | 1,860.40 |
| Payment to auditor (Refer note (a) below) | 9.92 | 10.47 |
| Sundry advances written off | 15.13 | 65.15 |
| Loss on sale of property, plant and equipment and non-current assets held for sale | - | 10.94 |
| Derivatives at FVTPL (Refer below note (b)) | - | 8.93 |
| Fair value of written put options | - | 0.85 |
| Exchange differences (net) | - | 282.27 |
| Impairment allowance for trade receivable considered doubtful (Refer note 7 and 9) | (51.30) | 260.30 |
| CSR expenditure (Refer note (c) below) | 159.79 | 127.33 |
| Miscellaneous expenses | 480.97 | 530.99 |
| | **7,954.94** | **9,459.50** |

**Notes:**

(a) Payments to auditor:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| As auditor | | |
| (i) Audit fee | 9.40 | 9.43 |
| (ii) Certification fees | 0.21 | 0.20 |
| (iii) Out of pocket expenses | 0.31 | 0.84 |
| | **9.92** | **10.47** |
| | **9.92** | **10.47** |

(b) Loss on fair valuation of financial instruments at FVTPL relates to foreign exchange fluctuation on forward contracts that did not qualify for hedge accounting and on embedded derivatives, which have been separated.

## 32. Other expenses

(₹ million)

(c) Details of Corporate Social Responsibility Expenses:

(i) No amount has been spent on construction / acquisition of an asset of the Company.

(ii) CSR Spent consist of following:

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| **Gross amount required to be spent by the Company during the year as per provisions of section 135 of the Companies Act, 2013 i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013.** | **(A)** | **159.57** | **120.26** |
| **Gross amount spent by the Company during the year** | | | |
| Rural development programmes | | - | 2.38 |
| Social empowerment | | 2.49 | 9.18 |
| Promotion of education | | 109.82 | 11.34 |
| Flood relief activity | | - | 19.87 |
| Disaster management | | - | 5.76 |
| Health care facility & awareness | | 16.66 | 14.97 |
| Conservation of Natural Resource | | 14.83 | - |
| Women empowerment | | 0.64 | - |
| Environmental awareness | | 5.58 | 0.08 |
| Contribution made into CSR foundation trust | | - | 61.00 |
| Administration cost | | 3.33 | - |
| Others | | 6.44 | 2.75 |
| **Total CSR spent in actual** | **(B)** | **159.79** | **127.33** |
| **Shortfall/(Excess)** | **(A-B)** | **(0.22)** | **(7.07)** |

(d) Out of the note (c) above, ₹ 159.61 million (31 March 20 ₹ 61.00 million) contributed to Polycab Social Welfare Foundation where KMP's are interested.

## 33. Earnings per share

**Accounting Policy**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as fresh issue, bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**Employee Stock Option Plan 2018**

Pursuant to the resolutions passed by the Company's Board on August 30, 2018 and our Shareholders on August 30, 2018, the Company approved the Employee Stock Option Plan 2018 for issue of options to eligible employees which may result in issue of Equity Shares of not more than 35,30,000 Equity Shares. The company reserves the right to increase, subject to the approval of the shareholders, or reduce such numbers of shares as it deems fit.

The exercise of the vested option shall be determined in accordance with the notified scheme under the plan.

Employee Stock Option Performance Scheme 2018 and Employee Stock Option Privilege Scheme 2018

The company also approved Employee Stock Option Performance Scheme 2018 and Employee Stock Option Privilege Scheme 2018 under which the maximum number of options granted to any grantee under "Performance Scheme" together with options granted in any other scheme shall not exceed 1 percent of the total share capital at the time of grant.

**(a) Basic Earnings per share**

| | | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|---|
| Profit after taxation | ₹ in million | A | 8,313.30 | 7,609.54 |
| Weighted average number of equity shares for basic earning per share * | Number | B | 149,008,751 | 148,381,220 |
| **Earnings per shares - Basic (one equity share of ₹ 10 each)** | **₹ per share** | **(A/B)** | **55.79** | **51.28** |

**(b) Diluted Earnings per share**

| | | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|---|
| Profit after taxation | ₹ in million | A | 8,313.30 | 7,609.54 |
| Weighted average number of equity shares for basic earning per share * | Number | B | 149,008,751 | 148,381,220 |
| **Effect of dilution** | | | | |
| Share options | Number | C | 605,161 | 531,245 |
| Weighted average number of equity shares adjusted for effect of dilution | Number | D=(B+C) | 149,613,912 | 148,912,465 |
| **Earnings per shares - Diluted (one equity share of ₹ 10 each)** | **₹ per share** | **(A/D)** | **55.57** | **51.10** |

* Refer note 16(a) for movement of shares.

## 34. Contingent liabilities and commitments

**Accounting Policy**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses it's existence in the Financial Statements.

Capital Commitments includes the amount of purchase orders (net of advances) issued to parties for completion of assets.

### (A) Contingent liabilities (to the extent not provided for)

(₹ million)

| | | 31 Mar 21 | 31 Mar 20 |
|---|---|---|---|
| (i) | Outstanding corporate guarantees given on behalf of subsidiaries and Joint venture's (Refer note 35 (E)) | 4,704.62 | 1,763.87 |
| (ii) | Taxation matters | | |
| | Disputed liability in respect of sales tax /VAT demand & pending sales tax/VAT forms | 4.30 | 8.80 |
| | Disputed liability in respect of Service tax duty demand | 18.17 | - |
| | Disputed liability in respect of excise duty demand | 8.60 | 86.47 |
| | Disputed liability in respect of custom duty demand | 17.04 | 16.94 |
| | Claims made against the Company, not acknowledged as debts(Refer note (a) below) | - | 634.21 |
| (iii) | Customs Duty on Capital goods imported under Export Promotion Capital Goods Scheme, against which export obligation is to be fulfilled | 37.05 | 30.78 |
| (iv) | Customs Duty on Raw Materials imported under Advance License, against which export obligation is to be fulfilled | 13.22 | 75.80 |

**Notes:**

(a) A vendor filed a commercial suit against the Company in relation to the alleged breach of three product sourcing agreements entered between the parties. The matter is currently pending in High Court of Bombay. During the current year, based on the legal evaluation , the likelihood of any liability arising on the Company from the outcome of the suit is reassessed from 'possible' to 'remote'

(b) In respect of the items above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements/decisions pending at various forums/authority. The Company doesn't expect the outcome of matters stated above to have a material adverse effect on the Company's financial conditions, result of operations or cash flows.

(c) There is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Honourable Supreme Court vide its ruling in February 2019, in relation to the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. The Company will evaluate its position and act, as clarity emerges.

### (B) Commitments

(₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| **Capital commitments** | | |
| (Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances)) | | |
| Towards Property, Plant and Equipment | 1,241.81 | 1,127.98 |

**Notes:**

For Lease commitments, Refer note 4

## 35. Related party disclosure

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period-end are unsecured and settlement occurs in cash or credit as per the terms of the arrangement.

### (A) Enterprises where control exists

| | Country of incorporation | Ownership interest (%) 31 Mar 21 | Ownership interest (%) 31 Mar 20 |
|---|---|---|---|
| **(i) Subsidiaries** | | | |
| Polycab Wires Italy SRL Liquidated (PWISRL) (Ceased to be Wholly -Owned Subsidiary w.e.f. 05th March 21) | Italy | - | 100% |
| Tirupati Reels Private Limited (TRPL) | India | 55% | 55% |
| Dowells Cable Accessories Private Limited (DCAPL) | India | 51% | 51% |
| Polycab Electricals & Electronics Private Limited (PEEPL) [a] | India | 100% | 100% |
| Polycab USA LLC (PUL) [a] | USA | 100% | 100% |
| Polycab Australia Pty Ltd [b] | Australia | 100% | NA |
| Polycab Support Force Private Limited (PSFPL) [d] | India | 100% | NA |
| Uniglobus Electricals and Electronics Private Limited (UEEPL) [e] | India | 100% | NA |
| Ryker Base Private Limited (Ryker) (Refer note 2A) [c] | India | 100% | - |
| **(ii) Joint Ventures** | | | |
| Ryker Base Private Limited (Ryker) (Refer note 2A) [c] | India | - | 50% |
| Techno Electromech Private Limited (TEPL) | India | 50% | 50% |

(a) incorporated in FY 2019-20
(b) incorporated on 01 July 2020
(c) Joint venture till 05 May 2020 and became wholly owned subsidiary from 06 May 2020
(d) incorporated on 13 March 2021
(e) incorporated on 24 March 2021

### (B) Enterprises owned or significantly influenced by key managerial personnel

AK Enterprises (A K)
Polycab Social Welfare Foundation
T.P. Ostwal & Associates LLP

### (C) Key management personnel

| | |
|---|---|
| **(i) Executive directors** | |
| Mr. Inder T. Jaisinghani | Chairman and managing Director |
| Mr. Ramesh T. Jaisinghani [c] | Whole-time director |
| Mr. Ajay T. Jaisinghani [c] | Whole-time director |
| Mr. Shyam Lal Bajaj [a] [c] | Whole time director |
| **(ii) Non- Executive directors** | |
| Mr. R S Sharma | Independent director |
| Mr. T P Ostwal | Independent director |
| Mr. Pradeep Poddar | Independent director |
| Ms. Hiroo Mirchandani | Independent director |
| **(iii) Key management personnel** | |
| Mr. Gandharv Tongia | Chief financial officer (w.e.f. 31 May 2020) |
| Mr. Subramaniam Sai Narayana [b] | Company secretary and compliance officer |
| Ms. Manita Gonsalves | Company secretary and compliance officer (w.e.f. 24 Jan 2021) |
| **(iv) Relatives of Key management personnel** | |
| Mr. Bharat A. Jaisinghani [d] | Son of Mr. Ajay T. Jaisinghani |
| Mr. Girdhari T. Jaisinghani | Brother of Mr. Inder T. Jaisinghani, Mr. Ajay T. Jaisinghani & Mr. Ramesh T. Jaisinghani |
| Mr. Kunal I. Jaisinghani | Son of Mr. Inder T. Jaisinghani |
| Mr. Nikhil R. Jaisinghani [d] | Son of Mr. Ramesh T. Jaisinghani |
| Mr. Puneet Sehgal | Son in law of Ramesh T. Jaisinghani |

(a) Mr. Shyam Lal Bajaj resigned from CFO position w.e.f. closing business hours 30 May 2020 and continues as a whole time director.
(b) Mr. Subramaniam Sai Narayana resigned from Company secretary and compliance officer position w.e.f. 23 Jan 2021.
(c) Resigned from Whole-time director position w.e.f. closing business hours 12 May 2021.
(d) Appointed as Whole-time director w.e.f. 13 May 2021.

**Notes to standalone financial statement for the year ended 31 March 2021**

**35. Related party disclosure**

**(D) Transactions with group companies**

(₹ million)

| | | | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|---|---|
| **(i)** | **Sale of goods (including GST)** | | | |
| | Tirupati Reels Private Limited | Subsidiary | 25.24 | 380.24 |
| | Dowells Cable Accessories Private Limited | Subsidiary | 5.08 | 4.55 |
| | Ryker Base Private Limited | Subsidiary | 3,544.78 | 5.21 |
| | Techno Electromech Private Limited | Subsidiary | 41.79 | 16.84 |
| | Polycab Australia PTY Ltd | Subsidiary | 511.54 | - |
| **(ii)** | **Purchase of goods (including GST)** | | | |
| | Tirupati Reels Private Limited | Subsidiary | 613.64 | 821.06 |
| | Dowells Cable Accessories Private Limited | Subsidiary | 5.94 | 2.47 |
| | Ryker Base Private Limited | Subsidiary | 636.96 | - |
| | Techno Electromech Private Limited | Joint Venture | 615.44 | 671.33 |
| **(iii)** | **Sub-contracting expense (including GST)** | | | |
| | Dowells Cable Accessories Private Limited | Subsidiary | - | 0.08 |
| | Ryker Base Private Limited | Subsidiary | 512.50 | 660.47 |
| | Techno Electromech Private Limited | Joint Venture | 26.64 | 18.55 |
| **(iv)** | **Job work Income (including GST)** | | | |
| | Ryker Base Private Limited | Subsidiary | 6.21 | - |
| **(v)** | **Recovery for Employee Stock Options granted** | | | |
| | Ryker Base Private Limited | Subsidiary | 1.48 | - |
| **(vi)** | **Reimbursement of Gas Expense** | | | |
| | Ryker Base Private Limited | Subsidiary | 4.94 | - |
| **(vii)** | **Commission received (including GST)** | | | |
| | Tirupati Reels Private Limited | Subsidiary | 3.07 | 0.22 |
| **(viii)** | **Rent received (including GST)** | | | |
| | Dowells Cable Accessories Private Limited | Subsidiary | 8.19 | 7.50 |
| | Ryker Base Private Limited | Subsidiary | 0.62 | 3.67 |
| **(ix)** | **Interest received** | | | |
| | Tirupati Reels Private Limited | Subsidiary | - | 4.18 |
| | Dowells Cable Accessories Private Limited | Subsidiary | 0.18 | 0.98 |
| | Ryker Base Private Limited | Subsidiary | 22.44 | - |
| | Polycab Australia PTY Ltd | Subsidiary | 0.25 | |
| | Techno Electromech Private Limited | Joint Venture | 13.82 | 13.86 |
| **(x)** | **Testing charges paid (including GST)** | | | |
| | Techno Electromech Private Limited | Joint Venture | 8.83 | 1.42 |
| **(xi)** | **Other charges recovered (including GST)** | | | |
| | Tirupati Reels Private Limited | Subsidiary | - | 0.02 |
| | Dowells Cable Accessories Private Limited | Subsidiary | 2.89 | 1.80 |
| | Ryker Base Private Limited | Subsidiary | 0.67 | 1.43 |
| **(xii)** | **Sale of Fixed Assets (including GST)** | | | |
| | Techno Electromech Private Limited | Joint Venture | 34.81 | 50.39 |
| | Ryker Base Private Limited | Subsidiary | 0.44 | - |
| **(xiii)** | **Purchase of Fixed Assets (including GST)** | | | |
| | Ryker Base Private Limited | Subsidiary | - | 12.45 |
| **(xiv)** | **Investment made** | | | |
| | Techno Electromech Private Limited | Joint Venture | - | 35.00 |
| | Polycab Electricals & Electronics Private Limited (PEEPL) | Subsidiary | 1.00 | - |
| | Polycab Australia PTY Ltd | Subsidiary | 11.66 | - |
| **(xv)** | **Loans given** | | | |
| | Tirupati Reels Private Limited | Subsidiary | - | 40.00 |
| | Ryker Base Private Limited | Subsidiary | 300.00 | - |
| | Polycab Australia PTY Ltd | Subsidiary | 25.61 | |

**35. Related party disclosure**

(₹ million)

| | | | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|---|---|
| (xvi) | **Loan given repaid** | | | |
| | Tirupati Reels Private Limited | Subsidiary | - | 40.00 |
| | Dowells Cable Accessories Private Limited | Subsidiary | 4.47 | 6.97 |
| (xvii) | **Corporate guarantee given (Refer note below)** | | | |
| | Tirupati Reels Private Limited | Subsidiary | - | 520.00 |
| | Ryker Base Private Limited | Subsidiary | 4,184.62 | - |
| (xviii) | **Fair value Corporate guarantee (Refer note below)** | | | |
| | Ryker Base Private Limited | Subsidiary | 12.25 | - |
| (xix) | **Rent paid (including GST)** | | | |
| | AK Enterprises | Enterprises owned or significantly influenced by key managerial personnel | 21.88 | 29.14 |

**(E) Outstanding as at the year end :**

(₹ million)

| | | | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|---|---|
| (i) | **Loans** | | | |
| | Polycab Wires Italy SRL, Liquidated | Subsidiary | - | 32.25 |
| | Dowells Cable Accessories Private Limited | Subsidiary | - | 4.47 |
| | Ryker Base Private Limited | Subsidiary | 300.00 | - |
| | Polycab Australia PTY Ltd | Subsidiary | 25.07 | - |
| | Techno Electromech Private Limited | Joint Venture | 115.21 | 115.21 |
| (ii) | **Provision against loans** | | | |
| | Polycab Wires Italy SRL, Liquidated | Subsidiary | - | 32.25 |
| (iii) | **Trade Receivables** | | | |
| | Tirupati Reels Private Limited | Subsidiary | 3.20 | 149.98 |
| | Dowells Cable Accessories Private Limited | Subsidiary | - | 1.23 |
| | Techno Electromech Private Limited | Joint Venture | 23.60 | 74.11 |
| | Ryker Base Private Limited | Subsidiary | 456.69 | 0.37 |
| | Polycab Australia PTY Ltd | Subsidiary | 480.68 | - |
| (iv) | **Trade Receivables - FA** | | | |
| | Techno Electromech Private Limited | Joint Venture | 85.19 | 50.39 |
| (v) | **Receivable under liquidation** | | | |
| | Polycab Wires Italy SRL, Liquidated | Subsidiary | 1.03 | - |
| (vi) | **Advance given for material and services** | | | |
| | Ryker Base Private Limited | Subsidiary | 28.62 | - |
| (vii) | **Interest accrued on loan given** | | | |
| | Techno Electromech Private Limited | Joint Venture | 3.18 | - |
| | Polycab Australia PTY Ltd | Subsidiary | 0.25 | - |
| | Ryker Base Private Limited | Subsidiary | 2.14 | - |
| (viii) | **Trade Payables** | | | |
| | Polycab Wires Italy SRL, Liquidated | Subsidiary | - | 4.72 |
| | Tirupati Reels Private Limited | Subsidiary | 117.03 | 86.49 |
| | Dowells Cable Accessories Private Limited | Subsidiary | 3.03 | 1.17 |
| | Techno Electromech Private Limited | Joint Venture | 71.30 | 36.64 |
| | Ryker Base Private Limited | Subsidiary | - | 3.49 |
| (ix) | **Security Deposits given** | | | |
| | AK Enterprises | Enterprises owned or significantly influenced by key managerial personnel | 5.91 | 6.13 |

**Note:**

Company has provided a guarantee for credit facility availed by the Ryker Base Private Limited and Tirupati Reels Private Limited, amounting to ₹ 4,184.62 Million [$ 25 Million and ₹ 2,347 Million] and (31 March 2020 : ₹ 1,243.87 Million [$12.50 Million] and ₹ 520.00 Million (31 March 2020 : ₹ 520.00 Million) respectively. The fair value of corporate guarantee ₹ 15.31 million (31 March 2020 : ₹ 11.21 Million) has been included in carrying cost of investment.

## 35. Related party disclosure

### (F) Transactions with KMP:

#### (i) Remuneration paid for the year ended and outstanding as on: [a]

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| | For the year ended | Outstanding for the year end | For the year ended | Outstanding for the year end |
| **Executive directors (Includes Salary, Performance Incentive and commission to CMD)** | | | | |
| Mr. Inder T. Jaisinghani | 141.07 | 99.07 | 115.13 | 75.35 |
| Mr. Ramesh T. Jaisinghani | 32.48 | 7.50 | 31.15 | 7.50 |
| Mr. Ajay T. Jaisinghani | 32.48 | 7.50 | 31.15 | 7.50 |
| Mr. Shyam Lal Bajaj | 28.34 | 6.17 | 31.34 | 6.17 |
| **Non- Executive directors (Includes sitting fees and commission)** | | | | |
| Mr. T P Ostwal | 3.30 | 2.00 | 3.14 | 2.00 |
| Mr. R S Sharma | 3.22 | 2.00 | 3.06 | 2.00 |
| Mr. Pradeep Poddar | 3.14 | 2.00 | 3.06 | 2.00 |
| Ms. Hiroo Mirchandani | 2.98 | 2.00 | 2.90 | 2.00 |
| **Key management personnel (Includes Salary and Performance Incentive)** | | | | |
| Mr. Gandharv Tongia | 14.61 | 1.67 | NA | NA |
| Ms. Manita Gonsalves | 0.96 | 0.22 | NA | NA |
| Mr. Subramaniam Sai Narayana | 2.31 | - | 4.57 | 0.41 |

(a) As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the directors and KMP are not included above.

#### (ii) Share based payments to KMP[a]

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Mr. Shyam Lal Bajaj | 7.64 | 8.07 |
| Mr. Gandharv Tongia | 2.94 | NA |
| Mr. Subramaniam Sai Narayana [b] | (0.46) | 0.92 |

[a] Represents expense by way of share based payments attributable to directors and KMP

[b] During current year remaining options granted under Performance Scheme are forfeited post his resignation due to non-fulfilment of vesting criteria.

#### (iii) Sale of fixed assets to KMP (Including GST)

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| | For the year ended | Outstanding for the year end | For the year ended | Outstanding for the year end |
| Mr. Ramesh T. Jaisinghani | 1.35 | 1.35 | - | - |
| Mr. Ajay T. Jaisinghani | 2.36 | 0.17 | - | - |
| Mr. Puneet Sehgal | 0.55 | 0.55 | - | - |

#### (iv) Transactions where KMP's are interested

| | Nature of transaction | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|---|
| | | For the year ended | Outstanding for the year end | For the year ended | Outstanding for the year end |
| Polycab Social Welfare Foundation | Donation | 159.61 | - | 61.00 | - |
| T.P. Ostwal & Associates LLP (excluding GST) | Professional fees for tax advisory | 0.87 | 0.16 | 1.09 | 1.09 |

### (G) Transactions with relatives of KMP:

**Remuneration paid for the year ended and outstanding as on:**

(₹ million)

| | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|
| | For the year ended | Outstanding for the year end | For the year ended | Outstanding for the year end |
| Mr. Girdhari T. Jaisinghani | 8.10 | 2.18 | 9.40 | 2.18 |
| Mr. Bharat A. Jaisinghani | 13.44 | 2.98 | 13.43 | 2.98 |
| Mr. Nikhil R. Jaisinghani | 13.44 | 2.98 | 13.43 | 2.98 |
| Mr. Kunal I. Jaisinghani | 2.42 | 0.01 | 2.42 | 0.01 |

## 36. Segment reporting

**Accounting Policy**

**Identification of segments**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. The Company's chief operating decision maker is the Chairman & Managing Director.

The Board of directors monitors the operating results of all product segments separately for the purpose of making decisions about resource allocation and performance assessment based on an analysis of various performance indicators by business segments and geographic segments.

**Segment revenue and expenses:**

1 It has been identified to a segment on the basis of relationship to operating activities of the segment.

2 The Company generally accounts for intersegment sales and transfers at cost plus appropriate margins.

3 Intersegment revenue and profit is eliminated at group level consolidation.

4 Finance income earned and finance expense incurred are not allocated to individual segment and the same has been reflected at the Company level for segment reporting as the underlying instruments are managed on a group.

**Segment assets and liabilities:**

Segment assets and segment liabilities represent assets and liabilities of respective segments, however the assets and liabilities not identifiable or allocable on reasonable basis being related to enterprise as a whole have been grouped as unallocable.

The accounting policies of the reportable segments are same as that of Group's accounting policies described.

No operating segments have been aggregated to form the above reportable operating segments. Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

**The Company is organised into business units based on its products and services and has three reportable segments as follows:**

**Wire and Cable**: Manufacture and sale of wires and cables.

**Fast moving electrical goods (FMEG):** Fans, LED lighting and luminaires, switches, switchgears, solar products, water heaters, conduits and domestic appliances.

**Others :** It comprise of EPC business which includes design, engineering, supply of materials, survey, execution and commissioning of power distribution, rural electrification projects on a trunkey basis.

## 36. Segment Reporting

**(A) The following summary describes the operations in each of the Company's reportable segments:** (₹ million)

| | 31 Mar 21 | | | | | 31 Mar 20 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Wires & Cables | FMEG | Others | Eliminations | Total | Wires & Cables | FMEG | Others | Eliminations | Total |
| **Income** | | | | | | | | | | |
| External sales | 75,793.81 | 10,341.09 | 1,902.43 | - | 88,037.33 | 75,508.81 | 8,355.78 | 4,689.78 | - | 88,554.37 |
| Inter segment revenue | 63.11 | - | - | (63.11) | - | 389.58 | - | - | (389.58) | - |
| **Total Income** | **75,856.92** | **10,341.09** | **1,902.43** | **(63.11)** | **88,037.33** | **75,898.39** | **8,355.78** | **4,689.78** | **(389.58)** | **88,554.37** |
| **Segment Results** | | | | | | | | | | |
| External | 8,973.02 | 565.96 | 303.34 | - | 9,842.32 | 9,174.32 | 168.28 | 721.66 | - | 10,064.26 |
| Inter segment results | 7.54 | - | - | (7.54) | - | 47.64 | - | - | (47.64) | - |
| **Segment/Operating results** | **8,980.56** | **565.96** | **303.34** | **(7.54)** | **9,842.32** | **9,221.96** | **168.28** | **721.66** | **(47.64)** | **10,064.26** |
| **Un-allocated items:** | | | | | | | | | | |
| Finance income | | | | | 523.50 | | | | | 449.34 |
| Finance costs | | | | | 411.23 | | | | | 479.03 |
| **Profit before tax** | | | | | **9,954.59** | | | | | **10,034.57** |
| Income tax expenses | | | | | | | | | | |
| Current tax | | | | | 2,533.59 | | | | | 2,449.49 |
| Adjustment of tax relating to earlier year | | | | | (1,001.95) | | | | | (34.18) |
| Deferred tax (credit)/charge | | | | | 109.65 | | | | | 9.72 |
| **Profit for the year** | | | | | **8,313.30** | | | | | **7,609.54** |
| Depreciation & amortisation expenses | 1,559.46 | 177.10 | 3.53 | - | 1,740.09 | 1,451.36 | 135.14 | 4.35 | - | 1,590.85 |
| Non-cash expenses/ (Income) other than depreciation | (224.27) | 61.99 | 85.35 | - | (76.93) | 25.05 | 69.26 | 69.40 | - | 163.71 |
| Total cost incurred during the year to acquire segment assets (net of disposal) | 1,523.46 | 354.11 | - | - | 1,877.57 | 2,696.07 | 177.80 | - | - | 2,873.87 |

**(B) Revenue by Geography**

The amount of its revenue from external customers analysed by the country, in which customers are located, are given below: (₹ million)

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Within India | 80,615.75 | 77,599.20 |
| Outside India | 7,421.58 | 10,955.17 |
| | **88,037.33** | **88,554.37** |

**(C) Segment assets** (₹ million)

| | 31 Mar 21 | | | | | 31 Mar 20 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Wires & Cables | FMEG | Others | Eliminations | Total | Wires & Cables | FMEG | Others | Eliminations | Total |
| Segment assets | 44,545.63 | 5,896.31 | 4,247.92 | - | 54,689.86 | 43,417.11 | 5,379.76 | 5,594.72 | - | 54,391.59 |
| **Unallocated assets:** | | | | | | | | | | |
| Investments (Non-current and Current) | | | | | 6,969.75 | | | | | 861.94 |
| Income tax assets (net) | | | | | 269.66 | | | | | 191.51 |
| Cash and cash equivalents and bank balance other than cash and cash equivalents | | | | | 4,710.15 | | | | | 2,412.75 |
| Loans | | | | | 531.67 | | | | | 250.04 |
| Other unallocable assets | | | | | 97.84 | | | | | 1,174.27 |
| **Total assets** | | | | | **67,268.93** | | | | | **59,282.10** |

**(D) Segment liabilities** (₹ million)

| | 31 Mar 21 | | | | | 31 Mar 20 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Wires & Cables | FMEG | Others | Eliminations | Total | Wires & Cables | FMEG | Others | Eliminations | Total |
| Segment liabilities | 12,723.64 | 2,666.93 | 2,902.67 | - | 18,293.24 | 13,277.14 | 1,587.47 | 2,781.31 | - | 17,645.92 |
| **Unallocated liabilities:** | | | | | | | | | | |
| Borrowings (Non-Current and Current, including Current Maturity) | | | | | 918.73 | | | | | 1,455.60 |
| Current tax liabilities (net) | | | | | 267.45 | | | | | 1,184.20 |
| Deferred tax liabilities (net) | | | | | 337.64 | | | | | 173.55 |
| Other unallocable liabilities | | | | | 379.57 | | | | | 419.94 |
| | | | | | **20,196.63** | | | | | **20,879.21** |

**(E) Non-current assets by Geography**

The total of non-current assets excluding financial assets and deferred tax assets analysed by the country in which assets are located are given below:

| | Year ended 31 Mar 21 | Year ended 31 Mar 20 |
|---|---|---|
| Within India | 18,035.66 | 16,855.29 |
| Outside India | - | - |
| | **18,035.66** | **16,855.29** |

## 37. Financial Instruments and Fair Value Measurement

## A) Financial Instruments

**Accounting policy**

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

**Financial assets**

**(i) Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit & Loss, transaction costs that are attributable to the acquisition of the financial asset. Financial assets are classified at the initial recognition as financial assets measured at fair value or as financial assets measured at amortised cost.

**(ii) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in two broad categories:

(a) Financial assets at amortised cost

(b) Financial assets at fair value

Where assets are measured at fair value, gains and losses are either recognised entirely in the Statement of Profit & Loss (i.e. fair value through Statement of Profit & Loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

**(a) Financial assets carried at amortised cost**

A financial assets that meets the following two conditions is measured at amortised cost (net of Impairment) unless the asset is designated at fair value through Statement of Profit & Loss under the fair value option.

(i) **Business Model test**: The objective of the Company's business model is to hold the financial assets to collect the contractual cash flow (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

(ii) **Cash flow characteristics test**: The contractual terms of the financial assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding.

**(b)** (i) **Financial assets at fair value through other comprehensive income**

Financial assets is subsequently measured at fair value through other comprehensive income if it is held with in a business model whose objective is achieved by both collections contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dated to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit & Loss.

(ii) **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories is subsequently fair valued through Statement of Profit & Loss.

**(iii) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised when:

(a) The rights to receive cash flows from the asset have expired, or

(b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The Company discloses analysis of the gain or loss recognised in the statement of profit and loss arising from the derecognition of financial assets measured at amortised cost, showing separately gains and losses arising from derecognition of those financial assets.

**(iv) Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model for the following:

(a) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

**37. Financial Instruments and Fair Value Measurement**

(b) The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and contract assets.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company recognises an allowance for ECL for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-months expected credit losses or at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

As a practical expedient, the Company uses the provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historical observed default rates over the expected life of the trade receivables and its adjusted forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) during the period is recognized as other expense in the Statement of Profit & Loss.

**Financial liabilities**

**(v) Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, lease liabilities and derivative financial instruments.

**(vi) Subsequent measurement**

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

**(a) Financial liabilities at fair value through profit or loss**

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

**(b) Gains or losses on liabilities held for trading are recognised in the profit or loss**

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

**(c) Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method.

**(vii) Embedded Derivatives**

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

## 37. Financial Instruments and Fair Value Measurement

**(viii) Derecognition**

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

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

## B) Fair value measurements

**Accounting policy**

The Company measures financial instruments, such as, derivatives, mutual funds etc. at fair value at each Balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The principal or the most advantageous market must be accessible by the Company.

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

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

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, to provide an indication about the reliability of inputs used in determining fair value, the Company has classified its financial statements into three levels prescribed under the accounting standard as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risk of the assets or liability and the level of fair value hierarchy as explained above.

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(₹ million)

| | Carrying value | | Fair value | |
|---|---|---|---|---|
| | 31 Mar 21 | 31 Mar 20 | 31 Mar 21 | 31 Mar 20 |
| **Financial assets** | | | | |
| **Measured at amortised cost** | | | | |
| Trade receivables | 15,595.76 | 16,054.47 | 15,595.76 | 16,054.47 |
| Cash and cash equivalents | 1,974.12 | 1,700.43 | 1,974.12 | 1,700.43 |
| Bank balance other than cash and cash equivalents | 2,904.75 | 1,070.15 | 2,904.75 | 1,070.15 |
| Loans | 531.67 | 250.04 | 531.67 | 250.04 |
| Other financial assets | 734.72 | 360.75 | 734.72 | 360.75 |
| **Measured at fair value through profit or loss account (FVTPL)** | | | | |
| Investment in mutual funds | 6,231.27 | 400.00 | 6,231.27 | 400.00 |
| Derivative Assets | 33.79 | 1,084.54 | 33.79 | 1,084.54 |
| | **28,006.08** | **20,920.38** | **28,006.08** | **20,920.38** |
| **Financial liabilities** | | | | |
| **Measured at amortised cost** | | | | |
| Borrowings - long term including current maturities and short term | 918.73 | 1,455.60 | 919.51 | 1,455.60 |
| Trade payables | 13,061.43 | 13,447.11 | 13,061.43 | 13,447.11 |
| Creditors for capital expenditure | 273.78 | 275.10 | 273.78 | 275.10 |
| Obligations under lease | 335.22 | 327.85 | 345.58 | 327.85 |
| Fair value of corporate guarantee | 15.31 | 11.21 | 15.31 | 11.21 |
| Other financial liabilities | 46.10 | 64.78 | 46.10 | 64.78 |
| **Measured at fair value through profit or loss account (FVTPL)** | | | | |
| Derivative liabilities | 1,013.31 | 232.51 | 1,013.31 | 232.51 |
| | **15,663.88** | **15,814.16** | **15,675.02** | **15,814.16** |

## 37. Financial Instruments and Fair Value Measurement

(a) Interest rate swaps, foreign exchange forward contracts and embedded commodity derivative are valued using valuation techniques, which employ the use of market observable inputs( closing rates of foreign currency and commodities).

(b) Embedded foreign currency and commodity derivatives are measured similarly to the foreign currency forward contracts and commodity derivatives. The embedded derivatives are commodity and foreign currency forward contracts which are separated from purchase contracts.

(c) The management assessed that cash and cash equivalents, trade receivables, trade payables, short-term borrowings, loans to related party, loans to employees, short term security deposit and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

(d) 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.

(e) The fair values of the mutual funds are based on NAV at the reporting date.

(f) The fair value of interest rate swaps are based on MTM bank rates as on reporting date.

(g) The fair value of put option is determined using Monte Carlo Simulation which assumes a Geometric Brownian Motion for the modelling equity value.

(h) The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

**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 and liabilities as at 31 March 2021 :**

(₹ million)

| | Date of valuation | Total | Fair value measurement using | | |
|---|---|---|---|---|---|
| | | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Assets measured at fair value:** | | | | | |
| Units of mutual funds | 31 Mar 21 | 6,231.27 | 6,231.27 | - | - |
| **Derivative Assets** | | | | | |
| Forward Contract | 31 Mar 21 | 31.37 | - | 31.37 | - |
| Interest rate and cross currency swap | 31 Mar 21 | 2.42 | - | 2.42 | - |
| **Liabilities measured at fair value:** | | | | | |
| **Derivative liabilities :** | | | | | |
| Embedded derivatives | 31 Mar 21 | 356.38 | - | 356.38 | - |
| Commodity contracts | 31 Mar 21 | 656.93 | - | 656.93 | - |
| Foreign exchange forward contract | 31 Mar 21 | - | - | - | - |

**Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2020:**

(₹ million)

| | Date of valuation | Total | Fair value measurement using | | |
|---|---|---|---|---|---|
| | | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Assets measured at fair value:** | | | | | |
| Units of mutual funds | 31 Mar 20 | 400.00 | 400.00 | - | - |
| **Derivative Assets** | | | | | |
| Embedded derivatives | 31 Mar 20 | 1,075.35 | - | 1,075.35 | - |
| Interest rate and cross currency swap | 31 Mar 20 | 9.19 | - | 9.19 | - |
| **Liabilities measured at fair value:** | | | | | |
| **Derivative liabilities :** | | | | | |
| Commodity contracts | 31 Mar 20 | 169.03 | - | 169.03 | - |
| Foreign exchange forward contracts | 31 Mar 20 | 13.73 | - | 13.73 | - |
| Fair value of written put options | 31 Mar 20 | 49.75 | - | - | 49.75 |

## 37. Financial Instruments and Fair Value Measurement

There is no transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Timing of transfer between the levels determined based on the following:

(a) the date of the event or change in circumstances that caused the transfer
(b) the beginning of the reporting period
(c) the end of the reporting period

**Description of significant unobservable inputs to valuation:**

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with

| | Valuation technique | Significant unobservable inputs | Range (weighted average) | Sensitivity of the input to fair value |
|---|---|---|---|---|
| Fair value of written put options | DCF method | Long-term growth rate for cash flows for subsequent | 31 March 21: NA<br>31 March 20: 3.1% - 5.1% (4%) | 5% (31 March 20: 5%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by ₹ Nil (31 March 20: ₹ 2.10 million) |
| | | WACC | 31 March 21: NA<br>31 March 20: 7% - 8% (7.27%) | 5% (31 March 20: 5%) increase (decrease) in the growth rate would result in an increase (decrease) in fair value by ₹ Nil (31 March 20: ₹ 5.16 million) |

**Reconciliation of fair value measurement of Fair value of written put options:**

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| At the beginning of the year | 49.75 | 48.90 |
| Remeasurement | - | 0.85 |
| Settled | (49.75) | - |
| **At the end of the year** | **-** | **49.75** |

## 38. Financial Risk Management Objectives And Policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTPL investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Board of Directors of the Company has formed a Risk Management Committee to periodically review the risk management policy of the Company so that the management manages the risk through properly defined machanism.The Risk Management Committee's focus is to foresee the unpredictability and minimize potential adverse effects on the Company's financial performance. The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

**(A) 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 three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments and derivative financial instruments.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company is also exposed to the risk of changes in market interest rates relates due to its investments in mutual fund units in overnight funds.

The Company manages its interest rate risk by having a fixed and variable rate loans and borrowings. The Company enters into interest rate swaps for long term foreign currency borrowings, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 march 2021, after taking into account the effect of interest rate swaps, approximately 4% of the Company's borrowings are at a fixed rate of interest (31 March 2020: 49%). Total borrowing as on 31 March 2021 is ₹ 919.73 million (31 March 2020 ₹1,455.60 million).

## 38. Financial Risk Management Objectives And Policies

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(₹ million)

| | Exposure to interest rate risk (Principal amount of loan) | Increase/ decrease in basis points | Effect on profit before tax |
|---|---|---|---|
| **31 Mar 21** | 883.56 | | |
| Increase | | +100 | (8.84) |
| Decrease | | -100 | 8.84 |
| **31 Mar 20** | 741.53 | | |
| Increase | | +100 | (7.42) |
| Decrease | | -100 | 7.42 |

**(ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's borrowings in foreign currency.

**Derivative financial instruments**

The Company enters into derivative contracts with an intention to hedge its foreign exchange price risk and interest risk. Derivative contracts which are linked to the underlying transactions are recognised in accordance with the contract terms. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit & Loss. To some extent the Company manages its foreign currency risk by hedging transactions.

**Particulars of unhedged foreign currency exposures as at the reporting date:**

(₹ million)

| Currency | Currency Symbol | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|---|
| | | Foreign currency | Indian Rupees | Foreign currency | Indian Rupees |
| United States Doller | USD | (54.07) | (3,974.68) | (57.85) | (4,361.17) |
| EURO | Euro | 1.32 | 113.33 | 0.36 | 30.18 |
| Pound | GBP | 1.00 | 101.39 | 0.16 | 15.32 |
| Swiss Franc | CHF | 0.05 | 3.86 | 0.02 | 1.75 |
| Chinese Yuan | CNY | - | - | 0.55 | 5.82 |
| Australian Dollar | AUD | 1.52 | 84.91 | 2.19 | 101.46 |

Figures shown in bracket represent payable .

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD, Euro, GBP , CHF, CNY and AUD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. Sensitivity due to unhedged Foreign Exchange Exposures is as follows:

**Impact on profit before tax and equity**

(₹ million)

| Currency | Currency Symbol | 31 Mar 21 | | 31 Mar 20 | |
|---|---|---|---|---|---|
| | | +2% | -2% | +2% | -2% |
| United States Doller | USD | (79.49) | 79.49 | (87.22) | 87.22 |
| EURO | Euro | 2.27 | (2.27) | 0.60 | (0.60) |
| Pound | GBP | 2.03 | (2.03) | 0.31 | (0.31) |
| Swiss Franc | CHF | 0.08 | (0.08) | 0.04 | (0.04) |
| Chinese Yuan | CNY | - | - | 0.12 | (0.12) |
| Australian Dollar | AUD | 1.70 | (1.70) | 2.03 | (2.03) |

Figures shown in bracket represent payable.

## 38. Financial Risk Management Objectives And Policies

**(iii) Commodity price risk**

**The Company's exposure to price risk of copper and aluminium arises from :**

- Trade payables of the Company where the prices are linked to LME prices. Payment is therefore sensitive to changes in copper and aluminium prices quoted on LME. The provisional pricing feature (Embedded Derivatives) are classified in the balance sheet as fair value through profit or loss. The option to fix prices at future LME prices works as a natural hedge against the movement in value of inventory of copper and aluminium held by the Company. The Company also takes Sell LME positions to hedge the price risk on Inventory due to ongoing movement in rates quoted on LME. The Company applies fair value hedge to protect its copper and aluminium Inventory from the ongoing movement in rates.
- Purchases of copper and aluminium results in exposure to price risk due to ongoing movement in rates quoted on LME affecting the profitability and financial position of the Company. The risk management strategy is to use the Buy future contracts linked to LME to hedge the variation in cash flows of highly probable future purchases. There are no outstanding buy future contracts link to LME as of 31 March 2021 and 31 March 2020.

Sensitivity analysis for unhedged exposure for the year ended 31 March 2021 are as follows:

**Exposure of Company in Inventory**

(₹ million)

| Metal | Hedge instruments | 31 Mar 21 | | | | 31 Mar 20 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Exposure in Metric Tonne | Exposure in ₹ million | Impact in Profit before tax | | Exposure in Metric Tonne | Exposure in ₹ million | Impact in Profit before tax | |
| | | | | +2% | -2% | | | +2% | -2% |
| Aluminium | Embedded derivative | 3,293 | 588.35 | 11.77 | (11.77) | 6,134 | 868.63 | 17.37 | (17.37) |

**(B) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

**Trade receivables and contract assets**

The Company has adopted a policy of only dealing with counterparties that have sufficient credit rating. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties. Credit risk has always been managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company has applied Expected Credit Loss (ECL) model for measurement and recognition of impairment losses on trade receivables. ECL has been computed as a percentage of revenue on the basis of Company's historical data of delay in collection of amounts due from customers and default by the customers along with management's estimates.

The Company has sold without recourse trade receivable under channel finance arrangement for providing credit to its dealers. Evaluation is made as per the terms of the contract i.e. if the Company does not retain any risk and rewards or control over the financial assets, then the entity derecognises such assets upon transfer of financial assets under such arrangement with the banks. Derecognition does not result in significant gain / loss to the Company in the Statement of profit and loss.

In certain cases, the Company has sold with recourse trade receivables to a bank for cash proceeds. These trade receivables have not been derecognised from the statement of financial position, because the Company retains substantially all of the risks and rewards – primarily credit risk. The amount received on transfer has been recognised as a financial liability (Refer note 18(B)). The arrangement with the bank is such that the customers remit cash directly to the bank and the bank releases the limit of facility used by the Company. The receivables are considered to be held within a held-to-collect business model consistent with the Company's continuing recognition of the receivables.

Before evaluating whether, and to what extent, derecognition is appropriate, the Company determines whether these arrangements should be applied to a part of a financial asset (or a part of a Company of similar financial assets) or a financial asset (or a Company of similar financial assets) in its entirety, as follows.

The derecognition criteria are applied to a part of a financial asset (or a part of a Company of similar financial assets) if, and only if, the part being considered for derecognition meets one of the following three conditions.

(i) The part comprises only specifically identified cash flows from a financial asset (or a Company of similar financial assets).

(ii) The part comprises only a fully proportionate (pro rata) share of the cash flows from a financial asset (or a Company of similar financial assets).

(iii) The part comprises only a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a Company of similar financial assets).

In all other cases, the derecognition criteria are applied to the financial asset in its entirety (or to the Company of similar financial assets in their entirety).

The carrying amount of trade receivables at the reporting date that have been transferred but have not been derecognised and the associated liabilities is amounting to ₹ 883.56 million.

Trade receivables (net of expected credit loss allowance) of ₹ 14,312.16 million as at 31 March 2021 (31 March 2020: ₹ 14,394 million) forms a significant part of the financial assets carried at amortised cost which is valued considering provision for allowance using expected credit loss method. In addition to the historical pattern of credit loss, we have considered the likelihood of delayed payments, increased credit risk and consequential default considering emerging situations while arriving at the carrying value of these assets. This assessment is not based on any mathematical model but an assessment considering the nature of verticals, impact immediately seen in the demand outlook of these verticals and the financial strength of the customers. The Company has specifically evaluated the potential impact with respect to customers for all of its segments.

## 38. Financial Risk Management Objectives And Policies

The Company closely monitors its customers who are going through financial stress and assesses actions such as change in payment terms, discounting of receivables with institutions on no-recourse basis, recognition of revenue on collection basis etc., depending on severity of each case. The collections pattern from the customers in the current period does not indicate stress beyond what has been factored while computing the allowance for expected credit losses.
The expected credit loss allowance for trade receivables of ₹ 1,423.68 million as at 31 March 2021 is considered adequate.
The same assessment is done in respect of contract assets of ₹ 152.84 million as at 31 March 2021 while arriving at the level of provision that is required. The expected credit loss allowance for contract assets of ₹ 11.82 million as at 31 March 2021 is considered adequate.

**Other financial assets**

The Company has adopted a policy of only dealing with counterparties that have sufficient credit rating. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

Credit risk arising from investment in mutual funds, derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the international credit rating agencies.

### (C) Liquidity risk

The Company's principle sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements.

Further, the Company manages its liquidity risk in a manner so as to meet its normal financial obligations without any significant delay or stress. Such risk is managed through ensuring operational cash flow while at the same time maintaining adequate cash and cash equivalents position. The management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. Surplus funds not immediately required are invested in certain financial assets (including mutual funds) which provide flexibility to liquidate at short notice and are included in current investments and cash equivalents. Besides, it generally has certain undrawn credit facilities which can be accessed as and when required, which are reviewed periodically.

The Company has developed appropriate internal control systems and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and availability of alternative sources for additional funding, if required. (Refer note 18)

Corporate guarantees given on behalf of Group Companies might affect the Liquidity of the Company if they are payable. However, the Company has adequate liquidity to cover the risk. (Refer note 34(A))

**Maturity Analysis**

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

(₹ million)

| | 31 Mar 21 | | | 31 Mar 20 | | |
|---|---|---|---|---|---|---|
| | < 1 year | > equal to 1 year | Total | < 1 year | > equal to 1 year | Total |
| Borrowings | 888.88 | - | 888.88 | 1,114.53 | 29.93 | 1,144.46 |
| Lease liability | 135.35 | 271.85 | 407.20 | 125.85 | 275.21 | 401.06 |
| Other financial liabilities | 1,363.12 | - | 1,363.12 | 883.53 | - | 883.53 |
| Trade payables | 13,061.43 | - | 13,061.43 | 13,447.11 | - | 13,447.11 |
| | **15,448.79** | **271.85** | **15,720.63** | **15,571.02** | **305.14** | **15,876.16** |

The other financial liabilities includes financial guarantees provided Ryker Base Pvt. Ltd. Refer note 20(C) for contractual undiscounted value of the same. It also includes derivative liability, for maturity analysis refer note 39(B).

### (D) Risk due to outbreak of COVID 19 pandemic

The outbreak of COVID 19 pandemic globally and in India has severely impacted businesses and economies. There has been disruption to regular business operations due to the measures taken to curb the impact of the pandemic. The Company's plants, warehouses and offices were shut post announcement of nationwide lockdown. The operations resumed post lifting of lockdown. The Company has considered external and internal information in assessing the impact of COVID 19 on various elements of its financial statements, including recoverability of its assets as at the Balance Sheet date.

## 39. Hedging activity and derivatives

### (A) Fair value hedge of copper and aluminium price risk in inventory

(i) The Company enters into contracts to purchase copper and aluminium wherein the Company has the option to fix the purchase price based on LME price of copper and aluminium during a stipulated time period. Accordingly, these contracts are considered to have an embedded derivative that is required to be separated. Such feature is kept to hedge against exposure in the value of inventory of copper and aluminium due to volatility in copper and aluminium prices. The Company designates the embedded derivative in the payable for such purchases as the hedging instrument in fair value hedging of inventory. The Company designates only the spot-to-spot movement of the copper and aluminium inventory as the hedged risk. The carrying value of inventory is accordingly adjusted for the effective portion of change in fair value of hedging instrument. Hedge accounting is discontinued when the hedging instrument is settled, or when it is no longer qualifies for hedge accounting or when the hedged item is sold.

(ii) To use the Sell future contracts linked with LME to hedge the fair value risk associated with inventory of copper and aluminium. Once the purchases are concluded and its final price is determined, the Company starts getting exposed to price risk of these inventory till the time it is not been sold. The Company's policy is to designate the copper and aluminium inventory which are already priced and which is not been sold at that point in time in a hedging relationship against Sell LME future positions based on the risk management strategy of the Company. The hedged risk is movement in spot rates.

To test the hedge effectiveness between embedded derivatives/derivatives and LME prices of Copper and Aluminium, the Company uses the said prices during a stipulated time period and compares the fair value of embedded derivatives/derivatives against the changes in fair value of LME price of copper and aluminium attributable to the hedged risk.

## 39. Hedging activity and derivatives

The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying embedded derivative/derivative is identical to the LME price of Copper and Aluminium.

Disclosure of effects of fair value hedge accounting on financial position:

**Hedged item:**
Changes in fair value of inventory attributable to change in copper and aluminium prices.

**Hedging instrument:**
Changes in fair value of the embedded derivative of copper and aluminium trade payables and Sell future contracts, as described above.

### (B) Cash flow hedge associated with highly probable forecasted purchases of copper and aluminium:

The Company has purchases of copper and aluminium which results in exposure to price risk due to ongoing movement in rates quoted on LME which affects the profitability and financial position of the Company. The risk management strategy is to use the Buy future contracts linked to LME to hedge the variation in cash flows of highly probable future purchases. The Company's policy is to designate the monthly copper and aluminium purchases as a highly probable forecasted transaction in a hedging relationship based on the risk management strategy of the Company.

**As at 31 March 2021** (₹ million)

| | Commodity price risk | Carrying amount | | | Maturity date | Hedge Ratio | Balance sheet classification | Effective portion of Hedge | Ineffective portion of Hedge |
|---|---|---|---|---|---|---|---|---|---|
| | | Asset | Liabilities | Equity | | | | | |
| **Fair Value Hedge** | | | | | | | | | |
| Hedged item | Inventory of Copper and aluminium | 896.65 | - | - | | 1:1 | Inventory | | |
| | Embedded derivative in trade payables of Copper and aluminium | - | (356.38) | - | Range within 1 to 6 months | 1:1 | Current financial liabilities | 896.65 | 116.66 |
| Hedging instrument | Buy Derivative Position | | 23.62 | - | | 1:1 | Current financial liabilities | | |
| | Sell Derivative Position | - | (680.55) | - | | 1:1 | Current financial liabilities | | |

The following table presents details of amounts held in effective portion of Cash Flow Hedge and the period during which these are going to be released and affecting Statement of profit and Loss

| | As at 31 March 2021 Cash Flow hedge release to P&L | | | |
|---|---|---|---|---|
| | Less than 3 Months | 3 Months to 6 Months | 6 Months to 12 Months | Total |
| **Commodity Price risk** | | | | |
| Buy Future Contracts- Copper | (0.67) | - | - | **(0.67)** |
| Buy Future Contracts- Aluminium | 24.29 | - | - | **24.29** |
| Sell Future Contracts- Copper | (397.91) | (173.78) | - | **(571.69)** |
| Sell Future Contracts- Aluminium | (82.32) | (26.06) | (0.48) | **(108.86)** |

**As at 31 March 2020** (₹ million)

| | Commodity price risk | Carrying amount | | | Maturity date | Hedge Ratio | Balance sheet classification | Effective portion of Hedge | Ineffective portion of Hedge |
|---|---|---|---|---|---|---|---|---|---|
| | | Asset | Liabilities | Equity | | | | | |
| **Fair Value Hedge** | | | | | | | | | |
| Hedged item | Inventory of Copper and aluminium | (852.14) | - | - | Range within 1 to 6 months | 1:1 | Inventory | (852.14) | (223.21) |
| Hedging instrument | Embedded derivative in trade payables of Copper and aluminium | - | (1,075.35) | - | | 1:1 | Current financial assets | | |
| **Cash Flow Hedge** | | | | | | | | | |
| Hedged item | Highly probable forecasted purchases | - | - | (169.03) | Range within 3 to 12 months | 1:1 | Cash flow hedge Reserve | (169.03) | - |
| Hedging instrument | Buy future contracts | - | 169.03 | - | | 1:1 | Current financial liabilities | | |

The following table presents details of amounts held in effective portion of Cash Flow Hedge and the period during which these are going to be released and affecting Statement of profit and Loss

| | As at 31st March 2020 Cash Flow hedge release to P&L | | | |
|---|---|---|---|---|
| | Less than 3 Months | 3 Months to 6 Months | 6 Months to 12 Months | Total |
| **Commodity Price risk** | | | | |
| Buy future contracts | 64.49 | 85.30 | 19.24 | **169.03** |

## 39. Hedging activity and derivatives

The Board of Directors has constituted a Risk Management Committee (RMC) to frame, implement and monitor the risk management plan of the Company which inter-alia covers risks arising out of exposure to foreign currency fluctuations. Under the guidance and framework provided by the RMC, the Company uses various derivative instruments such as foreign exchange forward, currency options and futures contracts in which the counter party is generally a bank. For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective is to maximise the shareholders value.

The Company has entered into derivative instruments not in hedging relationship by way of foreign exchange forward contracts. The notional amount of outstanding contracts and loss/(gain) on fair valuation of such contracts are given below:

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Foreign exchange forward contracts- Buy | 3,150.01 | - |
| Foreign exchange forward contracts- Sale | (457.25) | (1,130.79) |
| | **2,692.76** | **(1,130.79)** |
| Fair valuation gain on foreign exchange forward contracts | (31.37) | (13.72) |

The Company, basis its assessment, believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

## 40. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity shareholders. The primary objective is to maximise the shareholders value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity, operating cash flows generated and external borrowings.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The capital structure is governed by policies approved by the Board of Directors and monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

(₹ million)

| | 31 Mar 21 | 31 Mar 20 |
|---|---|---|
| Borrowings (Refer note -18) | 888.80 | 1,144.46 |
| Trade payables ( Refer note- 19) | 13,061.43 | 13,447.11 |
| Other payables (Refer note -20B) | 1,489.60 | 923.70 |
| Less: cash and cash equivalents (Refer note 10) | (1,974.12) | (1,700.43) |
| **Net debt** | **13,465.71** | **13,814.84** |
| Equity (Refer note 16 and 17) | 47,072.30 | 38,402.89 |
| **Total capital** | **47,072.30** | **38,402.89** |
| Capital and net debt | 60,538.01 | 52,217.73 |
| **Gearing ratio** | **22.24%** | **26.46%** |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2021 and year ended 31 March 2020.

## 41. Events after the reporting period

No significant adjusting event occurred between the balance sheet date and date of the approval of these financial statements by the Board of Directors of the Company requiring adjustment or disclosure.

## 42. Others

Figures representing ₹ 0.00 million are below ₹ 5,000.

As per our report of even date
**For B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

BHAVESH H DHUPELIA Digitally signed by BHAVESH H DHUPELIA Date: 2021.05.13 18:12:00 +05'30'

**Bhavesh Dhupelia**
Partner
Membership No. 042070

Place: Mumbai
Date: 13 May 2021

For and on behalf of the Board of Directors of
**Polycab India Limited**
CIN : L31300GJ1996PLC114183

INDER THAKURDAS JAISINGHANI
**Inder T. Jaisinghani**
Chairman & Managing Director
DIN : 00309108

BHARAT AJAY JAISINGHANI
**Bharat A. Jaisinghani**
Whole Time Director
DIN : 00742995

NIKHIL RAMESH JAISINGHANI
**Nikhil R. Jaisinghani**
Whole Time Director
DIN : 00742771

GANDHARV TONGIA
**Gandharv Tongia**
Chief Financial Officer
Membership No. 402854

Place: Mumbai
Date: 13 May 2021

MANITA CARMEN ALBERT GONSALVES
**Manita Gonsalves**
Company Secretary
Membership No. A18321