

## POLYCAB INDIA LIMITED

(formerly known as Polycab Wires Limited)

Polycab House, 771 Mogul Lane, Mahim (W), Mumbai - 400016

CIN: L31300DL1996PLC266483

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Email: [shares@polycab.com](mailto:shares@polycab.com) Website: [www.polycab.com](http://www.polycab.com)



Date: 30<sup>th</sup> May 2020

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: Audited (Standalone and Consolidated) Financial Statements for the financial year ended 31<sup>st</sup> March 2020.**

With reference to the captioned subject, please find enclosed herewith the Audited (Standalone and Consolidated) Financial Statements of the Company, along with Auditors Report thereon for the financial year ended 31<sup>st</sup> March 2020 as approved by the Board of Directors at its meeting held today i.e. 30<sup>th</sup> May 2020.

The above financial statements are subject to approval of the shareholders at the ensuing Annual General Meeting of the Company.

Kindly take the same on your record.

Thanking you

Yours Faithfully

**For Polycab India Limited**

NARAYANA  
SUBRAMANIAM SAI  
AM SAI

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NARAYANA  
SUBRAMANIAM SAI  
Date: 2020.05.30  
17:25:59 +05'30'

**Sai Subramaniam Narayana**  
**Company Secretary and Compliance Officer**

Membership No.: F5221

Address: Polycab House, 771, Mogul Lane

Mahim (West), Mumbai - 400 016



**Registered Office:**  
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New Delhi-110048 India  
Tel : 011-29228574

# BSR & Co. LLP

Chartered Accountants

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N. M. Joshi Marg, Mahalaxmi  
Mumbai - 400 011  
India

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## Independent Auditors' Report

To the Members of

**Polycab India Limited**

*(formerly known as "Polycab Wires Limited")*

### Report on the Audit of 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 ventures, which comprise the consolidated balance sheet as at 31 March 2020, 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 ventures 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 ventures as at 31 March 2020, 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 ventures 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.

BSR & Co (a partnership firm with  
Registration No. BA61223) converted into  
BSR & Co. LLP (a Limited Liability Partnership  
with LLP Registration No. AAB-8181)  
with effect from October 14, 2013

Registered Office:  
5th Floor, Lodha Excelus  
Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi  
Mumbai - 400 011, India

## Independent Auditors' Report (Continued)

### Polycab India Limited

(formerly known as "Polycab Wires Limited")

#### 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 matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p><b>- Wires and cables and Fast-Moving Electrical Goods (FMEG) business and</b></p> <p><b>- Estimation of contract cost - Engineering Procurement and Construction (EPC) business</b></p>	
<p>(Refer note 24 Consolidated Financial Statements)</p>	
<p><b>A. Wires and cables and FMEG business:</b></p> <p>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.</p> <p>Accordingly, timing of recognition of revenue is a key audit matter.</p>	<p><b>A. Our audit procedures over the recognition of revenue included the following:</b></p> <ul style="list-style-type: none"> <li>• Analysing the Group's revenue recognition accounting policies against applicable accounting standards to identify any inappropriate policy;</li> <li>• Testing 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;</li> <li>• Testing samples of 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; Analysing the timing of recognition of revenue and any unusual contractual terms;</li> <li>• Testing 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.</li> </ul>
<p><b>B. EPC business:</b></p> <p>The arrangement for EPC business contracts includes fixed price contracts and contracts which are subject to price variance clauses. Revenue for such contracts usually extends beyond a reporting period. Contract revenue is measured based on the proportion of contract costs incurred for work performed to date relative to estimated total contract costs. It is computed as per the input method. The estimate is formed by the Group considering the following:</p> <ul style="list-style-type: none"> <li>• Application of the revenue recognition accounting standard is complex. One of the key estimate is total cost-to-completion of these contracts. It is used to determine the percentage of completion of the relevant performance obligation.</li> <li>• This method requires the Group to perform an initial assessment of total estimated cost and further reassess these estimates on a periodic basis, including end of each reporting period.</li> </ul> <p>Considering the significant estimate involved in measurement of revenue, we have considered measurement of revenue as a key audit matter.</p>	<p><b>B. Our audit procedures over the recognition of construction revenue included the following:</b></p> <ul style="list-style-type: none"> <li>• Testing the design, implementation and operating effectiveness of key internal financial controls and processes. These include those related to estimation of total project cost-to-completion, measuring contract assets, unearned revenue and related revenue;</li> <li>• For selected sample of contracts, we inspected key contractual terms with signed contracts and assessed revenue recognized in accordance with Ind AS by:</li> <li>• Observing the approval of percentage of completion workings.</li> <li>• Challenging the Group's forecasted cost to complete, through comparison of costs incurred with project budgets, and executed purchase orders and agreements. Identifying significant variations and testing variations resulting into re-estimating the remaining costs to complete the contract.</li> </ul>

## Independent Auditors' Report (Continued)

### Polycab India Limited

(formerly known as "Polycab Wires Limited")

#### Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<i>Expected credit loss (ECL) on trade receivables</i>	<ul style="list-style-type: none"> <li>• Sighting Group's internal approvals, on sample basis, for changes in budgeted costs along with the rationale for the changes.</li> <li>• Assessing the work in progress (contract assets) on the balance sheet. Evaluating the underlying invoices and signed agreements on sample basis. Identifying possible delays in achieving milestones. Those may require change in estimated costs to complete the remaining performance obligations. Assessing contract costs to check no costs of revenue nature are incorrectly recorded in the balance sheet;</li> <li>• Comparing, on a sample basis, revenue transactions recorded during the year with the underlying contracts, progress reports, invoices raised on customers and collections in bank accounts. Also, checked the related revenue, contract costs, provision for onerous contracts, contract assets and unearned revenue had been recognised in accordance with the Group's revenue recognition policies.</li> <li>• Performing analytical procedures on incurred and estimated contract costs or efforts. It includes assessment of contracts with unusual or negative margins, little or no movement in efforts from previous periods. We also performed analytical procedures on contract assets with little or no movement in invoicing from previous periods.</li> </ul>
<p>(Refer notes 7 and 39A to the Consolidated Financial Statements)</p> <p>Trade receivable balances represent significant portion of the Group's assets. Loss allowances on trade receivables for delays and defaults in recovery involves significant judgments and estimates.</p> <p>Timing of collection of dues from the customers may differ from the actual credit period.</p> <p>The balance of loss allowances on trade receivables represents the Group's best estimate at the reporting date of ECL under Ind AS 109. The Group assesses the ECL allowance resulting from all possible defaults over the expected life of the receivables and credit impaired receivables. These are generally expected to be recognized before a trade receivable becomes past due.</p>	<p>Our audit procedures over ECL on trade receivables included the following:</p> <ul style="list-style-type: none"> <li>• Testing the design, implementation and operating effectiveness of key internal financial controls, on a sample basis, over accounting of measurement of ECL on trade receivables, credit control process over aged receivables;</li> <li>• Evaluating governance structure over provisioning matrix;</li> <li>• Assessing Group's policy for ECL on trade receivables and credit impaired receivables with applicable accounting standards;</li> <li>• Checking ageing report for days past due. Assessing the classification of trade receivables based on such ageing report.</li> <li>• Challenging the ECL estimates by examining the information used to form such estimates such as application of future economic conditions, credit risk of customers, etc.;</li> </ul>

## Independent Auditors' Report (Continued)

### Polycab India Limited

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#### Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>The measurement of ECL involves significant Group's judgement and assumptions, primarily relating to:</p> <ul style="list-style-type: none"> <li>- Historical credit loss experience adjusted for future economic conditions;</li> <li>- Credit risk of customers;</li> <li>- Loss rate in provision matrix depending on days past due;</li> </ul>	<ul style="list-style-type: none"> <li>• Checking completeness and accuracy of the data used by the Group for computation of assumptions used for computing ECL on trade receivables;</li> <li>• Testing Group's assessment for uncollected receivables in the past years with overdue receivables for verifying accuracy of loss rate used in provision matrix;</li> <li>• Conducting audit procedures on existence of trade receivables. We performed independent checks for outstanding balances, tested subsequent receipts and sales transactions for audit samples.</li> </ul>
<p><b>Inventory valuation</b></p>	
<p>(Refer note 14 to the Consolidated Financial Statements)</p>	<p>Our audit procedures over inventory valuation included the following:</p>
<ul style="list-style-type: none"> <li>• 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 such risk by using derivatives in commodities.</li> <li>• 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.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• Testing the design, implementation and operating effectiveness of key internal financial controls, including controls over valuation of inventory, accounting of derivative and hedging transactions;</li> <li>• Testing on a sample basis the accuracy of cost for inventory by verifying the actual purchase cost. Testing the net realizable value by comparing actual cost with most recent retail price;</li> <li>• Testing on a sample basis the hedging relationship of eligible hedging instruments and hedged items;</li> <li>• Using 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.</li> </ul>

#### 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.

## **Independent Auditors' Report (Continued)**

### **Polycab India Limited**

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#### **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 ventures 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 ventures 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 ventures 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 ventures 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 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.

## **Independent Auditors' Report (Continued)**

### **Polycab India Limited**

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

- 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 ventures 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 ventures 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, 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.

## **Independent Auditors' Report (Continued)**

### **Polycab India Limited**

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

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 three subsidiaries whose financial statements reflect total assets of Rs. 823.67 million as at 31 March 2020, total revenue of Rs. 1,281.46 million, and net cash inflows of Rs 8.05 million and total net profit after tax (and other comprehensive income) of Rs. 127.14 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.71.47 million for the year ended 31 March 2020, in respect of two joint ventures, 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 ventures 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 ventures is based solely on the audit reports of the other auditors.

One subsidiary is located outside India whose financial statements has been prepared in accordance with accounting principles generally accepted in their country and which has been audited by other auditor under generally accepted auditing standards applicable in their Country. The Company's management has converted the financial statements of the subsidiary outside India from accounting principles generally accepted in their Country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Company and audited by us.

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.

- (b) The comparative financial information of the Company for the year ended 31 March 2019 prepared in accordance with Ind AS included in these consolidated financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated 14 May 2019 expressed an unmodified opinion. Our opinion is not modified in respect of this matter.



## **Independent Auditors' Report (Continued)**

### **Polycab India Limited**

*(formerly known as "Polycab Wires Limited")*

#### **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 ventures 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.
  - 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 2020 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 ventures incorporated in India, none of the directors of the Group companies, and joint ventures incorporated in India is disqualified as on 31 March 2020 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 ventures 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 ventures, 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 2020 on the consolidated financial position of the Group, and joint ventures. 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 ventures.

## **Independent Auditors' Report (Continued)**

### **Polycab India Limited**

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


- 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 ventures incorporated in India during the year ended 31 March 2020.
- 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 2020.

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 ventures 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 ventures 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 ventures 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

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Date: 2020.05.30  
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**Bhavesh Dhupelia**  
*Partner*

Membership No: 042070

UDIN: 20042070AAAABO5426

Mumbai  
30 May 2020

# Polycab India Limited

*(formerly known as “Polycab Wires Limited”)*

## **Annexure A to the Independent Auditors’ report on the consolidated financial statements of Polycab India Limited for the year ended 31 March 2020**

**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 2020, 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 2020, 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.

## Polycab India Limited

*(formerly known as “Polycab Wires Limited”)*

### **Annexure A to the Independent Auditors’ report on the consolidated financial statements of Polycab India Limited for the year ended 31 March 2020 (Continued)**

#### **Auditors’ Responsibility (Continued)**

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 with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies and joint venture companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the 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 financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to consolidated 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 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.

## Polycab India Limited

*(formerly known as "Polycab Wires Limited")*

### **Annexure A to the Independent Auditors' report on the consolidated financial statements of Polycab India Limited for the year ended 31 March 2020 (Continued)**


#### **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 two subsidiary companies and two joint venture companies, 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

 Digitally signed by  
BHAVESH H DHUPELIA  
Date: 2020.05.30  
16:59:37 +05'30'

**Bhavesh Dhupelia**

*Partner*

Membership No: 042070

UDIN: 20042070AAAABO5426

Mumbai  
30 May 2020

Polycab India Limited (Formerly known as 'Polycab Wires Limited')  
Consolidated Balance sheet as at 31 March 2020



(₹ million)

	Notes	As at 31 March 20	As at 31 March 19
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	13,865.45	12,720.86
Capital work-in-progress	3	2,411.78	1,929.97
Right of use assets	4	337.92	-
Intangible assets	5	16.76	34.98
Investment accounted for using the equity method	6A	254.77	293.85
<b>Financial assets</b>			
(a) Trade receivables	7	1,660.47	1,351.27
(b) Loans	8A	53.41	50.88
(c) Other financial assets	9A	14.17	9.38
Non-current tax assets (net)	12D	191.77	105.84
Deferred tax assets (net)	12G	10.13	-
Other non-current assets	13A	300.13	544.09
		<b>19,116.76</b>	<b>17,041.12</b>
<b>Current assets</b>			
Inventories	14	19,249.54	19,957.85
<b>Financial assets</b>			
(a) Investments	6B	400.00	-
(b) Trade receivables	7	14,336.43	13,343.16
(c) Cash and cash equivalents	10	1,721.62	1,790.59
(d) Bank balance other than cash and cash equivalents	11	1,091.45	1,375.90
(e) Loans	8B	244.37	207.40
(f) Other financial assets	9B	1,442.00	695.81
Other current assets	13B	2,013.77	1,870.90
		<b>40,499.18</b>	<b>39,241.61</b>
Non-current assets classified as held for sale	15	-	0.22
<b>Total assets</b>		<b>59,615.94</b>	<b>56,282.95</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	1,488.79	1,412.06
(b) Other equity	17	36,875.36	27,057.49
		<b>38,364.15</b>	<b>28,469.55</b>
Non-controlling interests	18	150.00	84.25
		<b>38,514.15</b>	<b>28,553.80</b>
<b>Liabilities</b>			
<b>Non-current liabilities:</b>			
<b>Financial liabilities</b>			
(a) Borrowings	19A	106.55	889.25
(b) Other financial liabilities	21A	301.84	-
Other non-current liabilities	22A	171.24	257.04
Provisions	23A	256.32	162.42
Deferred tax liabilities (net)	12G	174.94	231.02
		<b>1,010.89</b>	<b>1,539.73</b>
<b>Current liabilities:</b>			
<b>Financial liabilities</b>			
(a) Borrowings	19B	1,114.53	1,030.71
(b) Trade payables	20		
Total outstanding dues of micro enterprises and small enterprises		230.00	158.41
Total outstanding dues of creditors other than micro enterprises and small enterprises		13,306.83	15,043.41
(c) Other financial liabilities	21B	1,324.38	1,775.49
Other current liabilities	22B	2,685.74	6,300.78
Provisions	23B	237.81	208.71
Current tax liabilities (net)	12D	1,191.61	1,671.91
		<b>20,090.90</b>	<b>26,189.42</b>
<b>Total equity and liabilities</b>		<b>59,615.94</b>	<b>56,282.95</b>
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

Sd/-

**Bhavesh Dhupelia**  
Partner  
Membership No. 042070

Place: Mumbai  
Date: 30 May 2020

For and on behalf of the Board of Directors of  
**Polycab India Limited (Formerly known as 'Polycab Wires Limited')**  
CIN : L31300DL1996PLC266483

Sd/-

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

Sd/-

**S. L. Bajaj**  
CFO & Whole Time Director  
DIN : 02734730  
Place: Mumbai

Sd/-

**Ajay T. Jaisinghani**  
Whole Time Director  
DIN : 00276588

Sd/-

**S. S. Narayana**  
Company Secretary  
Membership No. F5221  
Date: 30 May 2020

Polycab India Limited (Formerly known as 'Polycab Wires Limited')  
Consolidated Statement of Profit & Loss for the year ended 31 March 2020



(₹ million)

	Notes	Year ended 31 March 20	Year ended 31 March 19
<b>INCOME</b>			
Revenue from operations	24	88,299.55	79,855.52
Other income	25	927.92	637.80
<b>Total Income</b>		<b>89,227.47</b>	<b>80,493.32</b>
<b>EXPENSES</b>			
Cost of materials consumed	26	58,637.06	54,823.19
Purchases of traded goods	27	4,246.12	3,370.41
Changes in inventories of finished goods, traded goods and work-in-progress	28	(2,371.48)	(1,076.98)
Project Bought outs and subcontracting cost	29	3,174.46	2,543.04
Employee benefits expense	30	3,657.46	3,002.48
Finance cost	31	495.35	1,167.06
Depreciation and amortisation expense	32	1,608.87	1,414.45
Other expenses	33	9,605.67	7,665.77
<b>Total Expenses</b>		<b>79,053.51</b>	<b>72,909.42</b>
<b>Profit before share of profit/(loss) of joint ventures</b>		<b>10,173.96</b>	<b>7,583.90</b>
Share of loss of joint ventures (net of tax)		(74.08)	(23.26)
<b>Profit before tax</b>		<b>10,099.88</b>	<b>7,560.64</b>
<b>Income tax expenses</b>	12		
Current tax		2,480.05	2,951.12
Adjustment of tax relating to earlier years		(34.05)	(73.55)
Deferred tax (credit)/charge		(2.30)	(319.99)
<b>Total tax expense</b>		<b>2,443.70</b>	<b>2,557.58</b>
<b>Profit for the year</b>		<b>7,656.18</b>	<b>5,003.06</b>
<b>Profit for the quarter attributable to</b>			
Equity shareholders of parent company		7,590.57	4,997.03
Non controlling interests		65.61	6.03
		<b>7,656.18</b>	<b>5,003.06</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement gains / (losses) on defined benefit plans		(50.94)	(6.75)
Income Tax relating to items that will not be reclassified to Profit or Loss		12.86	2.36
<b>Items that will be reclassified to profit or loss</b>			
Exchange difference on translation of foreign operations		0.68	(0.51)
Designated Cash Flow Hedges		(169.03)	-
Income tax relating to items that will be reclassified to Profit or Loss		42.54	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(163.89)</b>	<b>(4.90)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>7,492.29</b>	<b>4,998.16</b>
<b>Total comprehensive Income attributable to</b>			
Equity shareholders of parent company		7,426.54	4,992.13
Non controlling interests		65.75	6.03
		<b>7,492.29</b>	<b>4,998.16</b>
<b>Earnings per share</b>			
Basic (₹)	34	51.16	35.39
Diluted (₹)	34	50.97	35.39
<b>Weighted average equity shares used in computing earnings per equity share</b>			
Basic	34	14,83,81,220	14,12,05,838
Diluted	34	14,89,12,465	14,12,12,413
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

Sd/-

**Bhavesh Dhupelia**

Partner

Membership No. 042070

Place: Mumbai

Date: 30 May 2020

For and on behalf of the Board of Directors of

**Polycab India Limited (Formerly known as 'Polycab Wires Limited')**

CIN : L31300DL1996PLC266483

Sd/-

**Inder T. Jaisinghani**

Chairman & Managing Director

DIN : 00309108

Sd/-

**S. L. Bajaj**

CFO & Whole Time Director

DIN : 02734730

Sd/-

**Ajay T. Jaisinghani**

Whole Time Director

DIN : 00276588

Sd/-

**S. S. Narayana**

Company Secretary

Membership No. F5221

Place: Mumbai Date: 30 May 2020

Polycab India Limited (Formerly known as 'Polycab Wires Limited')  
Consolidated Statement of Changes in Equity for the year ended 31 March 2020



(₹ million)

	Equity Share Capital	Share application money pending allotment	Securities Premium	Reserves & Surplus			Effective portion of Cash Flow Hedges	Foreign Currency translation reserve	Total other equity	Total Equity	Non Controlling Interest
				General Reserve	ESOP outstanding	Retained Earnings					
As at 1 April 2018	1,412.06	-	3,205.60	614.00	-	18,242.59	-	1.94	22,064.13	23,476.19	40.49
Profit after tax for the year	-	-	-	-	-	4,997.03	-	-	4,997.03	4,997.03	6.03
Other comprehensive income for the year, net of tax	-	-	-	-	-	(4.39)	-	(0.51)	(4.90)	(4.90)	-
Share issue expense	-	-	(148.28)	-	-	-	-	-	(148.28)	(148.28)	-
Share-based payments to employees	-	-	-	-	149.51	-	-	-	149.51	149.51	-
Shares issued to minority	-	-	-	-	-	-	-	-	-	-	37.73
<b>As at 31 March 2019</b>	<b>1,412.06</b>	<b>-</b>	<b>3,057.32</b>	<b>614.00</b>	<b>149.51</b>	<b>23,235.23</b>	<b>-</b>	<b>1.43</b>	<b>27,057.49</b>	<b>28,469.55</b>	<b>84.25</b>
Impact on account of adoption of Ind AS 116 (Refer note 4(iii))	-	-	-	-	-	(26.02)	-	-	(26.02)	(26.02)	-
<b>Restated balance as at 1 April 2019</b>	<b>1,412.06</b>	<b>-</b>	<b>3,057.32</b>	<b>614.00</b>	<b>149.51</b>	<b>23,209.21</b>	<b>-</b>	<b>1.43</b>	<b>27,031.47</b>	<b>28,443.53</b>	<b>84.25</b>
Profit after tax for the year	-	-	-	-	-	7,590.57	-	-	7,590.57	7,590.57	65.61
Other comprehensive income for the year, net of tax	-	-	-	-	-	(38.22)	(126.49)	0.68	(164.03)	(164.03)	0.14
Share issue expense	-	-	6.79	-	-	-	-	-	6.79	6.79	-
Share-based payments to employees	-	-	-	-	170.99	-	-	-	170.99	170.99	-
Exercise of stock option	-	79.05	-	-	(79.05)	-	-	-	-	-	-
Amount received on exercise of employee stock options	-	110.27	-	-	-	-	-	-	110.27	110.27	-
Additions/(deletion) during the year	76.73	(162.17)	4,085.44	-	-	-	-	-	3,923.27	4,000.00	-
Final equity dividend	-	-	-	-	-	(445.94)	-	-	(445.94)	(445.94)	-
Tax on final dividend	-	-	-	-	-	(91.66)	-	-	(91.66)	(91.66)	-
Interim equity dividend	-	-	-	-	-	(1,042.15)	-	-	(1,042.15)	(1,042.15)	-
Tax on interim dividend	-	-	-	-	-	(214.22)	-	-	(214.22)	(214.22)	-
<b>As at 31 March 2020</b>	<b>1,488.79</b>	<b>27.15</b>	<b>7,149.55</b>	<b>614.00</b>	<b>241.45</b>	<b>28,967.59</b>	<b>(126.49)</b>	<b>2.11</b>	<b>36,875.36</b>	<b>38,364.15</b>	<b>150.00</b>
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

For and on behalf of the Board of Directors of  
**Polycab India Limited (Formerly known as 'Polycab Wires Limited')**  
CIN : L31300DL1996PLC266483

Sd/-

**Bhavesh Dhupelia**  
Partner  
Membership No. 042070

Place: Mumbai  
Date: 30 May 2020

Sd/-

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

Sd/-  
**S. L. Bajaj**  
CFO & Whole Time Director  
DIN : 02734730

Place: Mumbai

Sd/-

**Ajay T. Jaisinghani**  
Whole Time Director  
DIN : 00276588

Sd/-  
**S. S. Narayana**  
Company Secretary  
Membership No. F5221

Date: 30 May 2020



Polycab India Limited (Formerly known as 'Polycab Wires Limited')  
**Consolidated Statement of Cash flows for the year ended 31 March 2020**



**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.

	Year ended 31 March 20	Year ended 31 March 19
(₹ million)		
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>10,099.88</b>	<b>7,560.64</b>
Adjustments for:		
Share of loss of joint ventures	74.08	23.26
Depreciation and amortisation expense	1,608.87	1,414.45
(Gain)/Loss on disposal of property, plant and equipment	13.08	(21.01)
(Gain)/Loss on termination of Lease	(1.42)	-
Finance income	(269.97)	(127.90)
(Gain)/loss on Redemption of investment	(179.07)	-
Fair Valuation MTM of investment	(0.01)	-
Finance Cost	495.35	1,167.06
ESOP Compensation Expense	170.99	149.51
Fair valuation of Financial assets	(383.98)	136.32
Liabilities / provisions no longer required written back	(31.69)	(13.67)
Impairment allowance for trade receivable considered doubtful	260.41	548.62
Share issue expense	-	17.05
Unrealised foreign exchange (gain)/loss	(244.01)	186.76
Fair value of written put options	0.85	(6.10)
Sundry advances written-off	66.36	24.95
<b>Operating profit before working capital changes</b>	<b>11,679.72</b>	<b>11,059.94</b>
<b>Movements in working capital:</b>		
Trade Receivables	(1,752.20)	(1,450.16)
Inventories	708.31	(6,300.87)
Non-financial assets	(21.12)	337.20
Financial assets (including Contract Assets)	(805.20)	(155.86)
Trade Payables	(1,199.97)	5,803.13
Non-financial liabilities (including Contract liabilities)	(3,700.84)	5,247.29
Financial liabilities and provisions	549.88	(427.52)
<b>Cash generated from operations</b>	<b>5,458.58</b>	<b>14,113.15</b>
Income tax paid (including TDS) (net of refunds)	(3,012.23)	(1,813.59)
<b>Net cash flows from operating activities (A)</b>	<b>2,446.35</b>	<b>12,299.56</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (including CWIP)	(2,900.98)	(2,834.53)
Purchase of Intangible assets	(0.32)	(26.15)
Proceeds from sale of property, plant and equipment	10.44	47.15
Payments to acquire Mutual funds	(2,93,988.80)	-
Proceeds from sale of Mutual funds	2,93,767.88	1.40
Bank deposit placed	(2,183.16)	(1,957.23)
Bank deposit matured	2,461.94	599.79
Investment made in equity shares of joint ventures	(35.00)	-
Loan (given to) / repaid by related parties	-	(23.97)
Loan (given to) / repaid by employees	2.15	(1.63)
Interest received	243.39	117.89
<b>Net cash flows used in investing activities (B)</b>	<b>(2,622.46)</b>	<b>(4,077.28)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital (including Securities Premium) against offer for sale	4,000.00	-
Share issue expenses	(402.06)	(91.04)
Net adjustment of IPO expenses between company and selling shareholders	(47.19)	-
Proceeds from exercise of share under ESOP Scheme	110.27	-
Repayment of lease liabilities	(133.77)	-
Repayment of long term borrowings	(1,239.67)	(699.80)

Polycab India Limited (Formerly known as 'Polycab Wires Limited')  
**Consolidated Statement of Cash flows for the year ended 31 March 2020**



(₹ million)

	Year ended 31 March 20	Year ended 31 March 19
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds / (Repayment) of short term borrowings	45.57	(4,950.77)
Shares issued to minority		37.73
Interest and other finance cost paid	(433.00)	(781.38)
Payment of dividends (including dividend distribution tax)	(1,793.01)	(28.75)
<b>Net cash flows from / (used in) financing activities (C)</b>	<b>107.14</b>	<b>(6,514.01)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(68.97)</b>	<b>1,708.27</b>
Cash and cash equivalents at the beginning of the year	1,790.59	82.32
<b>Cash and cash equivalents at end of the year (Refer note 10)</b>	<b>1,721.62</b>	<b>1,790.59</b>
<b>Supplemental Information</b>		
Non-Cash Transactions from Investing and Financing Activities:		
Acquisition of Property, Plant and Equipment (PPE) by means of Government Grant	216.37	82.74
<b>Net debt reconciliation</b>	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

Sd/-

**Bhavesh Dhupelia**  
 Partner  
 Membership No. 042070

Place: Mumbai  
 Date: 30 May 2020

For and on behalf of the Board of Directors of  
**Polycab India Limited (Formerly known as 'Polycab Wires Limited')**  
 CIN : L31300DL1996PLC266483

Sd/-

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

Sd/-

**S. L. Bajaj**  
 CFO & Whole Time Director  
 DIN : 02734730

Place: Mumbai Date: 30 May 2020

Sd/-

**Ajay T. Jaisinghani**  
 Whole Time Director  
 DIN : 00276588

Sd/-

**S. S. Narayana**  
 Company Secretary  
 Membership No. F5221

# Polycab India Limited (Formerly known as 'Polycab Wires Limited')

Notes to Consolidated Financial Statements for the year ended 31 March 2020



## 1. Corporate information

Polycab India Limited (the "Parent Company") (CIN - L31300DL1996PLC266483) was incorporated as 'Polycab Wires Private Limited' on 10 January 1996 at Mumbai as a private limited company under the Companies Act, 1956. The Parent 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 Parent 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 Parent Company with effect from 15 June 2001. Subsequently, the Parent 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 Parent Company's name to 'Polycab Wires Limited'. Thereafter, the name of the Parent 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 Registered office of the Parent Company is situated at E-554, Greater Kailash-II, New Delhi-110048. Further, the Parent Company has filed an application for shifting of its registered office from the state of New Delhi to the state of Gujarat and the same is presently under consideration by Registrar of Company (New Delhi).

The consolidated financial statements comprise the Parent company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in associate and joint ventures.

The Group is one of the largest manufacturers of various types of cables and wires. The Group is also in the business of Engineering, Procurement and Construction (EPC) projects, Manufacturing and trading of Electrical Wiring Accessories, Electrical Appliances and Agro Pipe and pumps. The Group's manufacturing facilities are located at Daman in Daman and Diu, Halol in Gujarat, Nashik in Maharashtra and Roorkee in Uttarakhand. The Group caters to both domestic and international markets.

The Parent Company has entered into the listing agreement with the Securities and Exchange Board of India ('SEBI') on 15 April 2019, pursuant to the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as a result of which its shares have started trading on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on 16 April 2019.

The Board of Directors approved the Consolidated financial statements for the year ended 31 March 2020 and authorised for issue on 30 May 2020.

## 2. Summary of significant accounting policies

### A) Basis of preparation

#### i Statement of Compliance:

the Group prepared 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 2020, 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 2020, 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 2020 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
- (d) Share Based Payments

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 2019, except for adoption of new standard or any pronouncements effective from 1 April 2019.

#### 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 2020. 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 all 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. 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

### **Consolidation procedure:**

#### **(a) Subsidiaries**

Combine 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.

Non-controlling interests 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.

#### **(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.

## **2. Summary of significant accounting policies**

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

### **(c) Foreign currency translation**

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) and translated as follows:

- (a) assets and liabilities are translated at the closing rate at the date of that Balance Sheet
- (b) income and expenses are translated at average exchange rates
- (c) the exchange differences arising on translation for consolidation are recognised in OCI.

On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

### **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.

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
- (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 lives 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 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.

## **2. Summary of significant accounting policies**

### **ix 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 its recoverable amount, the asset is considered as impaired and it's written down to its recoverable amount.

### **x 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.

### **xi 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.

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

The outbreak of Coronavirus (COVID-19) pandemic is causing disturbance and slowdown of economic activity throughout the world and is impacting operations of the businesses, by way of interruption in production, supply chain disruption, unavailability of personnel, closure of production facilities etc. On 24th March 2020, the Government of India ordered a nationwide lockdown initially for 21 days which further got extended from time to time till 31st May 2020 to prevent community spread of COVID-19 in India.

In accordance with orders issued by the central and state government authorities, the plants of the Group's were temporarily shut down in March 2020 and subsequent to the year-end, these plants have recommenced operations in compliance with the applicable guidelines. Due to implementation of lockdown in March 2020, the Group lost sizeable revenue. However, there is no material impact on the carrying value of the current assets. In evaluating the possible impact due to COVID-19, the Group has used internal and external sources of information available till date. Considering the nature of COVID-19, the Group will continue to closely monitor any material changes to future economic conditions.

## **C) Changes in significant accounting policies**

### **Transition to Ind AS 116**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases, using Modified Retrospective Approach, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (1 April 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019 (Refer note 4 for new accounting policy).

Refer note 2.2(e) – Significant accounting policies – Leases in the Annual report of the Group for the year ended 31 March 2019, for the policy as per Ind AS 17.

### **D) Recent pronouncement**

the Group elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as per the amendment notified in the official Gazette. 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 year.

### **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 2020.

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

## Polycab India Limited (Formerly known as 'Polycab Wires Limited')

Notes to Consolidated Financial Statements for the year ended 31 March 2020



### 3. Property, plant and equipment

#### Accounting policy

Property, plant and equipments 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. 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. 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.

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.

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	Lower of useful life of the asset or lease term

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. 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.

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

	Freehold land	Leasehold land	Buildings	Plant and equipments	Electrical installations	Furniture and fixtures	Office equipments	Windmill	Vehicles	Leasehold improvements	Total	Capital Work in progress
(₹ million)												
<b>Gross carrying value (at cost)</b>												
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)
Transition impact of Ind AS116 (Refer note g)	-	(56.55)	-	-	-	-	-	-	-	-	(56.55)	-
Disposals/Adjustments	(0.27)	-	-	(194.59)	-	(0.13)	(6.15)	-	(5.34)	-	(206.48)	(6.78)
<b>As at 31 March 2020</b>	<b>1,018.21</b>	<b>-</b>	<b>7,168.77</b>	<b>10,445.57</b>	<b>603.36</b>	<b>158.91</b>	<b>296.34</b>	<b>295.04</b>	<b>122.66</b>	<b>4.51</b>	<b>20,113.37</b>	<b>2,411.78</b>
<b>Accumulated depreciation</b>												
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	-
Transition impact of Ind AS116 (Refer note g)	-	(14.77)	-	-	-	-	-	-	-	-	(14.77)	-
Disposals/Adjustment	-	-	-	(174.53)	-	(0.08)	(5.72)	-	(2.85)	-	(183.18)	-
<b>As at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>1,024.02</b>	<b>4,604.16</b>	<b>272.13</b>	<b>57.58</b>	<b>160.47</b>	<b>78.58</b>	<b>48.00</b>	<b>2.98</b>	<b>6,247.92</b>	<b>-</b>
<b>Net carrying value</b>												
<b>As at 31 March 2020</b>	<b>1,018.21</b>	<b>-</b>	<b>6,144.75</b>	<b>5,841.41</b>	<b>331.23</b>	<b>101.33</b>	<b>135.87</b>	<b>216.46</b>	<b>74.66</b>	<b>1.53</b>	<b>13,865.45</b>	<b>2,411.78</b>



## Polycab India Limited (Formerly known as 'Polycab Wires Limited')

Notes to Consolidated Financial Statements for the year ended 31 March 2020



### 3. Property, plant and equipment

The changes in the carrying value of Property, plant and equipment for the year ended 31 March 2019 are as follows:

(₹ million)

	Freehold land	Leasehold land	Buildings	Plant and equipments	Electrical installations	Furniture and fixtures	Office equipments	Windmill	Vehicles	Leasehold improvements	Total	Capital Work in progress
<b>Gross carrying value (at cost)</b>												
As at 01 April 2018	1,005.68	56.55	5,550.85	7,778.85	448.17	106.73	192.97	295.04	94.52	3.19	15,532.55	1,359.93
Additions	17.08	-	927.21	1,050.28	80.77	35.37	63.11	-	22.01	0.70	2,196.53	2,493.39
Transfer (Refer below note c)	-	-	-	-	-	-	-	-	-	-	-	(1,923.35)
Disposals/Adjustments	(12.76)	-	(3.54)	(10.84)	-	(0.39)	(5.44)	-	(6.02)	-	(38.99)	-
<b>As at 31 March 2019</b>	<b>1,010.00</b>	<b>56.55</b>	<b>6,474.52</b>	<b>8,818.29</b>	<b>528.94</b>	<b>141.71</b>	<b>250.64</b>	<b>295.04</b>	<b>110.51</b>	<b>3.89</b>	<b>17,690.09</b>	<b>1,929.97</b>
<b>Accumulated depreciation</b>												
As at 01 April 2018	-	14.30	532.50	2,688.19	158.58	29.99	87.69	47.14	27.73	2.20	3,588.32	-
Depreciation charge for the year	-	0.47	233.67	1,024.30	56.61	12.84	39.29	15.72	12.99	0.35	1,396.24	-
Disposals/Adjustment	-	-	(0.24)	(6.48)	-	(0.19)	(5.07)	-	(3.35)	-	(15.33)	-
<b>As at 31 March 2019</b>	<b>-</b>	<b>14.77</b>	<b>765.93</b>	<b>3,706.01</b>	<b>215.19</b>	<b>42.64</b>	<b>121.91</b>	<b>62.86</b>	<b>37.37</b>	<b>2.55</b>	<b>4,969.23</b>	<b>-</b>
<b>Net carrying value</b>												
<b>As at 31 March 2019</b>	<b>1,010.00</b>	<b>41.78</b>	<b>5,708.59</b>	<b>5,112.28</b>	<b>313.75</b>	<b>99.07</b>	<b>128.73</b>	<b>232.18</b>	<b>73.14</b>	<b>1.34</b>	<b>12,720.86</b>	<b>1,929.97</b>

#### Notes:-

- (a) Capital work in progress includes machinery in transit ₹ 71.56 million (31 March 2019 : ₹ 9.27 million).
- (b) All property, plant and equipment are held in the name of the Group, except following :
- Title deed for freehold land amounting to ₹ 24.06 million (31 March 2019: ₹ 33.05 million) are not in the name of Company. The Group has initiated process of transferring these properties in its name.
  - Title deed for freehold land amounting to ₹ 1.14 million (31 March 2019: ₹ 36.45 million) are not available.
  - Title deed is in dispute for freehold land amounting to ₹ 10.48 million (31 March 2019: ₹ 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 2020 ₹ 2,221.22 million (31 March 2019 : ₹ 1,923.35 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 2019-20	6.31	-	14.84	386.57	0.74	9.44	42.21	-	4.98	-	465.09
FY 2018-19	7.94	-	12.64	185.46	2.96	12.07	36.87	-	14.98	0.26	273.18

- (e) 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 Buildings ₹ 1,059.38 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 2019 was ₹ 1,929.97. This comprised of various routine projects and expansion spread over all units. Out of which major amounts were in Plant and equipments ₹ 710.59 million and Buildings ₹ 1,156.51 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 31 March 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.

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 asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

##### 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

Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying value as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of the Group's Annual Report for year ended 31 March 2019.

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:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- 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.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
- 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 2020

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

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 2020

	(₹ million)
	<b>31 March 20</b>
Non-current lease liabilities	301.84
Current lease liabilities	29.71
	<b>331.55</b>

The following is the movement in lease liabilities for the year ended 31 March 2020

	(₹ million)
	<b>31 March 20</b>
As at 01 April 2019	307.39
Additions	136.60
Finance cost accrued during the year	29.35
Deletions	(11.01)
Payment of lease liabilities	(130.78)
	<b>331.55</b>

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

	(₹ million)	31 March 19
	<b>31 March 20</b>	
Less than one year	55.31	43.69
One to five years	93.03	79.08
More than five years	121.36	62.56
	<b>269.70</b>	<b>185.33</b>

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)
	<b>31 March 20</b>
Depreciation expense of right-of-use assets	113.69
Interest expense on lease liabilities	29.35
Interest expense on fair value of security deposit	(1.04)
Expense relating to short-term leases (included in other expenses)	32.50
Expense relating to leases of low-value assets (included in other expenses)	9.87
Variable lease payments (included in other expenses)	38.22
	<b>222.59</b>

Lease contracts entered by the Group majorly pertains for warehouse taken on lease to conduct its business in the ordinary course. The Group 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 ₹124.83 million (31 March 2019 ₹ 173.73 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

The Group owns 92 number as on 31 March 2020 (87 number as on 31 March 2019) 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 ₹ 3.27 million (31 March 2019 ₹ Nil). Further, Revenue R&D expenditure incurred amounting to ₹ 72.33 million (31 March 2019 ₹ 56.96 million)

#### 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 2020 are as follows:

	(₹ million)
	Computer Software
<b>Gross carrying value (at cost)</b>	
As at 01 April 2019	168.91
Additions	0.32
Disposals/ Adjustments	(64.04)
<b>As at 31 March 2020</b>	<b>105.19</b>
<b>Accumulated amortization</b>	
As at 01 April 2019	133.93
Amortisation charge for the year	18.54
Disposals/ Adjustments	(64.04)
<b>As at 31 March 2020</b>	<b>88.43</b>
Net carrying value	
<b>As at 31 March 2020</b>	<b>16.76</b>

The changes in the carrying value of Intangible assets for the year ended 31 March 2019 are as follows:

	(₹ million)
	Computer Software
<b>Gross carrying value (at cost)</b>	
As at 01 April 2018	142.76
Additions	26.15
Disposals	-
<b>As at 31 March 2019</b>	<b>168.91</b>
<b>Accumulated amortization</b>	
As at 01 April 2018	115.72
Amortisation charge for the year	18.21
<b>As at 31 March 2019</b>	<b>133.93</b>
Net carrying value	
<b>As at 31 March 2019</b>	<b>34.98</b>

## 8 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.

The Group's investments in its subsidiaries and joint venture is initially recognized at cost. the Group determines whether it is necessary to recognise an impairment loss on its investment in its subsidiary or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the subsidiary or 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 subsidiary or joint venture and its carrying value and recognises the impairment loss in the Statement of Profit & Loss.

#### ii. Business combination under common control

Common control business combination includes transactions such as transfer of subsidiaries or business between entities within a group. Business combinations involving entities or business under common control are accounted for using the pooling interest method. Under pooling interest method, the assets and liabilities of combining entities are reflected at their carrying amount, the only adjustments that are made are to harmonise accounting policies.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and presented separately from other capital reserves with disclosures of its nature and purposes in the notes.

## A Non-current investments

	Face Value Per Unit	31 March 20		31 March 19	
		Number		Number	
(₹ million)					
<b>Investments carried at cost (Unquoted)</b>					
<b>Investment in Equity Instruments of Joint Venture (Fully paid-up)</b>					
Ryker Base Private Limited (Refer below note (a) & (b))	₹ 10	2,60,10,000	205.39	2,60,10,000	239.36
Add: Corporate guarantee given during the year			-		3.80
Less: Corporate Guarantee Amortised			-		(0.75)
Add: Share in current period profit/(loss)			(63.02)		(37.02)
	(A)	<b>2,60,10,000</b>	<b>142.37</b>	<b>2,60,10,000</b>	<b>205.39</b>
Techno Electromech Private Limited	₹ 10	5,40,000	40.36	5,40,000	26.60
Add: Additional investment made	₹ 10	3,50,000	35.00		-
Add: Share in current period profit/(loss)			(11.06)		13.76
	(B)	<b>8,90,000</b>	<b>64.30</b>	<b>5,40,000</b>	<b>40.36</b>
Goodwill on acquisition	(C)		<b>48.10</b>		<b>48.10</b>
	<b>(A+B+C)</b>		<b>254.77</b>		<b>293.85</b>
Aggregate amount of unquoted investments - At cost			254.77		293.85

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 March 20	31 March 19
Ryker Base Private Limited (Ryker), India	Manufacturing, formulating, processing, producing, converting, distilling, refine making, buying, selling and dealing in conductors, wires, cables and rods made of all ferrous and non-ferrous metals and their compounds	50%	50%
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.

### 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 March 20	31 March 19	31 March 20	31 March 19
Total Assets	1,251.14	971.73	2,799.95	3,148.13
Total Liabilities	(1,027.52)	(791.02)	(2,464.01)	(2,677.17)
<b>Net Assets</b>	<b>223.63</b>	<b>180.71</b>	<b>335.93</b>	<b>470.96</b>
Proportion of the Group's ownership	50%	50%	50%	50%
<b>Group's share of net assets</b>	<b>111.81</b>	<b>90.36</b>	<b>167.97</b>	<b>235.48</b>

## 8 Investment

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

	TEPL		Ryker	
	31 March 20	31 March 19	31 March 20	31 March 19
Revenue	1,539.73	1,716.09	676.91	13.26
Cost of raw material and components consumed	(1,196.20)	(1,367.06)	(268.33)	-
Depreciation & amortization	(24.70)	(17.15)	(106.25)	-
Finance cost	(52.46)	(46.48)	(275.21)	(45.80)
Employee benefit	(84.82)	(62.27)	(59.87)	(13.16)
Other expense	(209.60)	(173.56)	(103.87)	(36.30)
<b>Profit before tax</b>	<b>(28.04)</b>	<b>49.57</b>	<b>(136.63)</b>	<b>(82.00)</b>
Income tax expense	2.55	(14.01)	10.69	19.49
<b>Profit for the period</b>	<b>(25.49)</b>	<b>35.56</b>	<b>(125.95)</b>	<b>(62.51)</b>
Other comprehensive (income)/expense for the year	0.21	(0.05)	(0.15)	-
<b>Total comprehensive income for the year</b>	<b>(25.70)</b>	<b>35.61</b>	<b>(126.09)</b>	<b>(62.51)</b>
Group's share of Profit/(Loss) for the year	(12.85)	17.81	(63.05)	(31.26)
Elimination of unrealised profit/loss from transaction with joint ventures	(3.81)	(4.05)	-	(5.76)
<b>Share of profit/(loss) of joint ventures (Net of tax) carried over to statement of profit and loss</b>	<b>(16.66)</b>	<b>13.76</b>	<b>(63.05)</b>	<b>(37.02)</b>
<b>Reconciliation of the above mentioned summarised financial information to the carrying amount of interest in the Joint Venture recognised in consolidated financial statements</b>				
Group's Share of net assets as above	111.81	90.36	167.97	235.48
Elimination of unrealised profit from transaction with joint ventures	0.59	(1.90)	(25.60)	(30.09)
<b>Amounts Carried to Balance Sheet</b>	<b>112.40</b>	<b>88.46</b>	<b>142.37</b>	<b>205.39</b>

#### Notes:

- (a) Joint Venture partner of the Ryker base Private Limited has the option to put their entire shareholding to the Parent Company at any time after a lock in period i.e. earlier of
- Fifth anniversary of the date on which the Plant commences production;
  - The date falling six years and six months after the completion date at a price being higher of:
    - Fair market value of the shares or
    - Sum of subscription price paid by Joint Venture partner and additional Finance amounts contributed by Joint Venture partner from time to time
- (b) Refer note 35(B) for uncalled capital commitments outstanding.
- (c) As at 31 March 2020, the Company has investment of Euro 150,000 (₹ 10.89 million) and loan of Euro 3,88,276.11 (₹ 32.25 million) in Polycab Italy SRL (PWISRL), a wholly owned subsidiary company situated in Italy.
- PWISRL in its financial statement of earlier years had appropriated an amount of Euro 90,000 (₹ 6.50 million) from Share Capital and Euro 3,88,276.11 (₹ 32.25 million) from loan given by the Company, to accumulated losses of previous years and Capital Reduction Reserve to comply with the applicable Italian accounting requirements in an earlier year.
- The Company had made application to RBI through Citi bank (A.D. Bank) for winding up of PWISRL. Currently, the company is in the process of evaluating the alternatives directed by RBI and will be responding in due course. Considering the status, no adjustment is made in the financial statements for the year ended 31 March 2020.
- (d) 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 by Ryker (Refer note 35A). Joint ventures can not distribute this profits until they obtain consent from the venture partners.

## 8 Investment

### B Current Investments held for sale

	(₹ million)	
	31 March 20	31 March 19
<b>Investments measured at FVTPL (Quoted)</b>		
Investments in Overnight Mutual Funds	400.00	-
	<b>400.00</b>	-
Aggregate amount of quoted investments - At market value	400.00	-

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

## 7. Trade receivables

	(₹ million)	
	31 March 20	31 March 19
<b>Unsecured (at amortised cost)</b>		
<b>Non Current</b>		
Trade receivables- Considered Good	1,660.47	1,351.27
<b>Non-current Trade receivables</b>	<b>1,660.47</b>	<b>1,351.27</b>
<b>Current</b>		
Trade receivables- Considered Good	15,497.51	14,197.67
Trade receivables - Credit Impaired	327.08	548.79
Receivables from related parties- Considered Good (Refer note - 36)	74.48	46.66
<b>Trade receivables (Gross)</b>	<b>15,899.07</b>	<b>14,793.12</b>
Less: Impairment allowance for trade receivables- Credit Impaired	(1,562.64)	(1,449.96)
<b>Current Trade receivables (Net)</b>	<b>14,336.43</b>	<b>13,343.16</b>

## 7. Trade receivables

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

	(₹ million)	
	31 March 20	31 March 19
<b>At the beginning of year</b>	1,449.96	1,215.50
Provision during the year	256.17	541.04
Bad debts written off (net)	(143.49)	(306.58)
<b>At the end of the year</b>	<b>1,562.64</b>	<b>1,449.96</b>

### Notes:-

- Trade receivables are usually non-interest bearing and are generally on credit terms up to 90 days except EPC business.
- For EPC business trade receivables are non-interest bearing and credit terms are specific to contracts.
- For explanations on the Group's credit risk management processes, Refer note 39(B).
- The Group follows life time expected credit loss model. Accordingly, deterioration in credit risk is not required to be evaluated annually.
- Refer note 39 for accounting policies on financial instruments.

## 8. Loans

### A Loans - Non-current

	(₹ million)	
	31 March 20	31 March 19
<b>At amortised cost</b>		
Security deposits and Earnest money deposits, Unsecured, considered good (A)	21.36	24.03
Rental deposits, unsecured, considered good		
Related Parties (Refer note - 36)	6.13	6.17
Others	25.92	20.68
	(B)	32.05
	(A+B)	<b>53.41</b>
		<b>50.88</b>

### B Loans - Current

	(₹ million)	
	31 March 20	31 March 19
<b>At amortised cost</b>		
Security deposits and Earnest money deposits, Unsecured, considered good (A)	59.12	18.06
Rental deposits, unsecured, considered good (B)	9.06	11.00
<b>Loans to related party (Refer note - 36)</b>		
Unsecured, considered good	115.21	115.11
	(C)	115.21
Loans to employees, Unsecured, considered good (D)	10.68	12.83
Loans to others, Unsecured, considered good (E)	50.30	50.40
	(A+B+C+D+E)	<b>244.37</b>
		<b>207.40</b>

## 9. Other financial assets

### A Other financial assets - Non-current

	(₹ million)	
	31 March 20	31 March 19
<b>Other financial assets (at amortised cost)- Non-current</b>		
Deposits with bank having maturity period of more than 12 months	14.17	9.38
	<b>14.17</b>	<b>9.38</b>

### B Other financial assets - current

	(₹ million)	
	31 March 20	31 March 19
<b>At amortised cost</b>		
<b>Contract asset (Refer below note(a))</b>		
Unsecured, considered good	316.78	252.93
Credit Impaired	11.82	7.58
Less: Impairment allowance for Contract Assets - Credit Impaired (Refer below note (b))	(11.82)	(7.58)
	(A)	316.78
<b>Others</b>		
Insurance claim receivables	0.73	35.43
Interest accrued on bank deposits	37.86	11.28
Incentive receivable from government authorities	2.09	-
Public issue expense recoverable from selling shareholders	-	388.77
	(B)	40.68
<b>At FVTPL</b>		
Derivative Assets (Refer below note (c))	1,084.54	7.40
	(A+B+C)	<b>1,442.00</b>
		<b>695.81</b>

## 9. Other financial assets

### Notes:-

	31 March 20	31 March 19
(₹ million)		
<b>(a) Reconciliation of Contract assets:</b>		
At the beginning of year	252.93	140.26
Unbilled revenue for year	313.82	260.51
Billed to customer revenue from opening balance	(245.72)	(140.26)
Impairment allowance	(4.24)	(7.58)
<b>At the end of the year</b>	<b>316.79</b>	<b>252.93</b>
<b>(b) Change in impairment allowance</b>		
(₹ million)		
At the beginning of year	7.58	-
Provision during the year	4.24	7.58
<b>At the end of the year</b>	<b>11.82</b>	<b>7.58</b>
<b>(c) Derivative Assets</b>		
(₹ million)		
Embedded derivatives	1,075.35	-
Interest rate and cross currency swap	9.19	7.40
	<b>1,084.54</b>	<b>7.40</b>

## 10. Cash and cash equivalents

	31 March 20	31 March 19
(₹ million)		
<b>Cash and cash equivalents (at amortised cost)</b>		
Balances with banks		
In current accounts	376.67	1,294.42
Deposits with original maturity of less than 3 months	1,342.60	494.50
Cash in hand	2.35	1.67
	<b>1,721.62</b>	<b>1,790.59</b>

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

	31 March 20	31 March 19
(₹ million)		
<b>Bank balance other than cash and cash equivalents (at amortised cost)</b>		
Deposits with original maturity for more than 3 months but less than 12 months *	1,090.47	1,375.00
Earmarked balance	0.96	-
Margin money deposit	0.02	0.90
	<b>1,091.45</b>	<b>1,375.90</b>

\* ₹ 1,000 million (31 March 2019: ₹ 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 and deferred income tax. 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.

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 Group re-assesses unrecognized 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 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.



## 12. Income taxes

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.

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.

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

	(₹ million)	
	31 March 20	31 March 19
<b>Current tax:</b>		
In respect of current year	2,480.05	2,951.12
Adjustments of tax relating to earlier years	(34.05)	(73.55)
	<b>2,446.00</b>	<b>2,877.57</b>
<b>Deferred tax:</b>		
In respect of current year	54.04	(319.99)
Effect of decrease in applicable tax rate in India	(71.06)	-
Adjustments of tax relating to earlier years	14.72	-
	<b>(2.30)</b>	<b>(319.99)</b>
	<b>2,443.70</b>	<b>2,557.58</b>

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

	(₹ million)	
	31 March 20	31 March 19
Net loss/(gain) on remeasurements of defined benefit plans	(12.86)	(2.36)
Net loss/(gain) on Designated Cash Flow Hedges	(42.54)	-
	<b>(55.40)</b>	<b>(2.36)</b>

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

	(₹ million)	
	31 March 20	31 March 19
Profit before tax	10,099.88	7,560.64
Enacted tax rates in India	25.17%	34.94%
Computed expected tax expenses	2,541.94	2,641.99
<b>Effect of differential tax impact due to the following (tax benefit)/ tax expenses:</b>		
CSR expenses	32.05	12.21
Deferred government grants	(70.50)	(35.52)
Others	30.60	12.45
Adjustments of tax relating to earlier years	(19.33)	(73.55)
Effect of decrease in applicable tax rate in India	(71.06)	-
	<b>2,443.70</b>	<b>2,557.58</b>

#### Notes:-

The tax rate used for the 31 March 2020 and 31 March 2019 reconciliations above is the corporate tax rate of 25.17% and 34.94% respectively, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

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 year.

### D The details of Non-current/ (Current) tax assets / (liabilities) as at 31 March 2020

	(₹ million)	
	31 March 20	31 March 19
Non-current tax assets (net of provision for taxation)	191.77	105.84
Current tax liabilities (net of advance tax)	(1,191.61)	(1,671.91)
<b>Net current income tax asset / (liability) at the end</b>	<b>(999.84)</b>	<b>(1,566.07)</b>

### E The movement in the gross current tax assets/ (liability) for the year ended 31 March 2020

	(₹ million)	
	31 March 20	31 March 19
Net current tax asset / (liability) at the beginning	(1,566.07)	(502.09)
Income tax Paid	3,012.97	2,814.53
Refund received	(0.74)	(1,000.94)
Current tax expense	(2,480.18)	(2,951.12)
Adjustments of tax relating to earlier years	34.18	73.55
<b>Net current tax asset / (liability) at the end</b>	<b>(999.84)</b>	<b>(1,566.07)</b>

## 12. Income taxes

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

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 March 20
<b>Deferred tax assets / (liabilities) in relation to</b>					
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)
<b>Total deferred tax assets / (liabilities)</b>	<b>(231.02)</b>	<b>2.30</b>	<b>55.40</b>	<b>8.51</b>	<b>(164.81)</b>

For the year ended 31 March 2019

(₹ million)

	Carrying value as at 01 April 18	Changes through profit and loss	Changes through OCI	Impact on Account of Ind AS 116	Carrying value as at 31 March 19
<b>Deferred tax assets / (liabilities) in relation to</b>					
Property, plant and equipment and intangible assets	(890.65)	55.39	-	-	(835.26)
Provision for employee benefits	144.97	(31.70)	2.36	-	115.63
Receivables, financial assets at amortised cost	441.60	108.86	-	-	550.46
Others	(249.39)	187.54	-	-	(61.85)
<b>Total deferred tax assets / (liabilities)</b>	<b>(553.47)</b>	<b>320.09</b>	<b>2.36</b>	<b>-</b>	<b>(231.02)</b>

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

(₹ million)

	31 March 20	31 March 19
Net deferred tax asset / (liability) at the beginning	(231.02)	(553.37)
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	(14.72)	-
Tax (income)/expense recognised in profit or loss	(54.04)	319.99
Tax (income)/expense recognised in OCI	55.40	2.36
<b>Net deferred tax asset / (liability) at the end</b>	<b>(164.81)</b>	<b>(231.02)</b>
	<b>31 March 20</b>	<b>31 March 19</b>
Deferred tax assets (net)	10.13	-
Deferred tax liabilities (net)	(174.94)	(231.02)
<b>Net deferred tax asset / (liability) at the end</b>	<b>(164.81)</b>	<b>(231.02)</b>

#### Notes:-

(a) The Parent Company had received CIT(A) order dated 09 March 2018 for AY 2012-13, 2013-14, 2014-15 and 2015-16 allowing parent Company's major claims relating to sales tax subsidy as capital receipt, additional depreciation, disallowance u/s 14A read with rule 8D and consequently carry forward losses and payment of tax under MAT. The Income-tax Department has filed appeals in the tribunal against the order and Parent Company has also filed appeal against disallowance in these orders. On a conservative basis, since subject matter is pending in the tribunal and therefore Parent Company has not accounted for refund received / receivable on these orders which is ₹ 1,003.42 million including interest ₹ 163.89 million u/s 244A of the Income Tax Act, 1961.

(b) The Parent Company has not recognised deferred tax assets on long term capital losses of ₹ 0.32 million arose in Assessment Year (AY) 2016-17 (Year of expiry AY 2024-25), as presently it is not probable of recovery. Tax impact on the said loss is amounting to ₹ 0.07 million.

## 13. Other assets

### A Other assets - Non-current

(₹ million)

	31 March 20	31 March 19
<b>Capital advances</b>		
Unsecured, considered good	264.16	386.37
Unsecured, considered doubtful	65.99	65.99
<b>Gross Capital Advances</b>	<b>330.15</b>	<b>452.36</b>
Less : Impairment allowance for doubtful advance	(65.99)	(65.99)
<b>Net Capital Advances</b>	<b>264.16</b>	<b>386.37</b>
	(A)	
<b>Advances other than capital advances</b>		
Prepaid expenses	19.27	59.60
Balances with Statutory/government authorities	16.70	98.12
	(B)	
	<b>35.97</b>	<b>157.72</b>
	(A)+(B)	
	<b>300.13</b>	<b>544.09</b>

### 13. Other assets

#### B Other assets - Current

	(₹ million)	
	31 March 20	31 March 19
<b>Advances other than capital advances, Unsecured, considered good</b>		
Advances for materials and services	619.93	852.93
<b>Others</b>		
Prepaid expenses	67.69	73.44
Balances with statutory/government authorities	965.54	648.22
Export incentive receivable	127.28	39.48
Refund Assets	232.46	242.34
Others	0.87	14.49
	<b>2,013.77</b>	<b>1,870.90</b>

### 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.

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.

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.

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 March 20	31 March 19
Raw materials	6,848.39	9,540.53
Work-in-progress	2,086.44	1,416.42
Finished goods	8,053.26	6,643.47
Traded goods	1,294.83	939.18
Stores and spares	253.88	177.86
Packing materials	305.69	262.78
Scrap materials	136.66	200.64
Project materials for long-term contracts	270.39	776.97
	<b>19,249.54</b>	<b>19,957.85</b>

#### Notes:-

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

	(₹ million)	
	31 March 20	31 March 19
Raw Material	2,955.21	4,447.72
Traded goods	99.52	-
Packing Material	-	39.85
Project materials for long-term contracts	5.32	52.44

(b) The above includes inventories held by third parties amounting to ₹ 1,820.89 million (31 March 2019 - ₹ 1,787.77 million)

(c) During the year ended 31 March 2020 ₹ 7.97 million (31 March 2019 - ₹ 39.04 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:

- Decision has been made to sell.
- The assets are available for immediate sale in its present condition.
- The assets are being actively marketed and
- Sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.
- 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 2020, the Group classified certain property, plant and equipment ₹ Nil million (31 March 2019 ₹ 0.22 million) and other asset ₹ Nil (31 March 2019 ₹ 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. Share capital

	31 March 20	31 March 19
<b>Authorised share capital</b>		
Equity shares, ₹ 10 per value 18,62,50,000 (18,62,50,000) equity shares*	1,862.50	1,862.50
<b>Issued, subscribed and fully paid-up shares</b>		
Equity shares, ₹ 10 per value 14,88,79,373 (14,12,05,838) equity shares	1,488.79	1,412.06
	<b>1,488.79</b>	<b>1,412.06</b>

\* Number of equity shares reserved for issue under employee share based payment Number 18,76,918 (31 March 2019 : Number 22,54,750)

### Note:

(a) The reconciliation of shares outstanding and the amount of share capital as at 31 March 2020 and 31 March 2019 are as follow:

	31 March 20		31 March 19	
	Number of Shares	Amount	Number of Shares	Amount
At the beginning of the year	14,12,05,838	1,412.06	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	2,33,468	2.33	-	-
<b>At the end of the year</b>	<b>14,88,79,373</b>	<b>1,488.79</b>	<b>14,12,05,838</b>	<b>1,412.06</b>

### (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 2020 and 31 March 2019 are as follows:

	31 March 20		31 March 19	
	Number of Shares	Amount	Number of Shares	% holding
Polycab India Ltd. Escrow Account - IPO *	-		2,18,17,870	15.45%
Mr. Inder T. Jaisinghani	2,14,50,976	14.41%	2,08,54,229	14.77%
Mr. Girdhari T. Jaisinghani	2,13,44,220	14.34%	2,07,50,512	14.70%
Mr. Ajay T. Jaisinghani	2,12,70,541	14.29%	2,06,78,935	14.64%
Mr. Ramesh T. Jaisinghani	2,06,68,001	13.89%	2,06,76,393	14.64%
International Finance Corporation (IFC)	1,41,16,154	9.48%	1,27,04,096	9.00%

\* During the year ended 31 March 2019, 2,18,17,870 equity shares were transferred to an escrow account by the shareholders in a Pre - Initial Public Offer (IPO) sale in the proportion mentioned below. These shareholders continue to be the beneficial owners of the shares until the completion of the IPO process. On 16 April 2019, the Parent Company has completed the initial public offer (IPO) including fresh issue of ₹ 4,000 million, pursuant to which shares were issued as under and shares in excess of those offered for sale were transferred from Polycab India Ltd. Escrow Account - IPO back to the respective selling shareholders:

	Offer for sale	Fresh Issue	Total
<b>Number of shares</b>			
General Public	1,74,59,009	73,88,058	2,48,47,067
Employee Quota	1,22,991	52,009	1,75,000
	<b>1,75,82,000</b>	<b>74,40,067</b>	<b>2,50,22,067</b>

Summary of equity shares transferred by selling shareholder under IPO:

	16-Apr-19		31 March 19	
	Actual Offered for Sale		Transfer to Escrow account for IPO	
	Number of Shares	% holding	Number of Shares	% holding
Mr. Inder T. Jaisinghani	20,89,603	1.48%	26,86,550	1.90%
Mr. Girdhari T. Jaisinghani	20,79,313	1.47%	26,63,871	1.89%
Mr. Ajay T. Jaisinghani	20,71,965	1.47%	26,63,871	1.89%
Mr. Ramesh T. Jaisinghani	20,71,963	1.47%	26,73,321	1.89%
Mr. Bharat A Jaisinghani	5,29,420	0.37%	6,80,662	0.48%
Mr. Nikhil R Jaisinghani	5,29,420	0.37%	6,80,662	0.48%
Mr. R. Ramakrishnan	6,36,994	0.45%	6,36,994	0.45%
Mr. Anil Hariani	5,13,030	0.36%	6,59,589	0.47%
International Finance Corporation (IFC)	70,60,292	5.00%	84,72,350	6.00%
	<b>1,75,82,000</b>	<b>12.45%</b>	<b>2,18,17,870</b>	<b>15.45%</b>

The equity shares of the Parent Company were listed on National Stock Exchange of India Limited (NSE) via ID "POLYCAB" and BSE Limited (BSE) via ID "542652" on 16 April 2019.

### (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 :

70,602,919 equity shares of ₹ 10 each fully paid up issued as Bonus shares in the ratio of 1:1 by capitalization of Securities premium during the year ended 31 March 2015.

## 16. Share capital

### (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. 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

	31 March 20	31 March 19
(₹ million)		
<b>Dividend on equity shares declared and paid during the year</b>		
Final dividend of ₹ 3.00 per share for FY 2018-19 (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 (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	-
	<b>1,793.97</b>	-

### (f) Utilisation of IPO proceeds are as follows:

Particulars	(₹ million)			
	Planned as per Prospectus	Revised proceeds	Utilisation up to 31 Mar 20	Balance up to 31 Mar 20
Scheduled repayment of all or a portion of certain borrowings	800.00	800.00	800.00	-
To fund incremental working capital requirements	2,400.00	2,400.00	2,400.00	-
General corporate purposes (net of issue expenses)	634.67	625.80	625.80	-
	<b>3,834.67</b>	<b>3,825.80</b>	<b>3,825.80</b>	-

The Parent Company has incurred ₹ 496.50 million as IPO related expenses and allocated such expenses between the Parent Company ₹ 148.20 million and selling shareholders ₹ 348.30 million in proportion to the equity shares allotted to the public as fresh issue by the Company and under offer for sale by selling shareholders respectively. The total amount attributable to the Parent Company has been adjusted to securities premium.

### (g) 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 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.

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 2,147,500 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. Share capital

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

	Performance Scheme		Privilege Scheme
	I	II	III
Number of options	21,02,500	45,000	1,42,250
Method of accounting	Fair value	Fair value	Fair value
Vesting period	5 years graded vesting	5 years graded vesting	1 year
Grant date	30-Aug-18	18-Oct-18	30-Aug-18
Exercise/ Expiry date	29-Aug-26	17-Oct-26	29-Aug-23
Exercise period	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	₹ 535.30	₹ 535.30	₹ 535.30
Grant/Exercise price	₹ 405	₹ 405	₹ 405
Method of settlement	Equity - settled	Equity - settled	Equity - settled
Weighted average remaining contractual life of options (in days)	1223	1223	NIL

The model inputs for fair value of option granted as on the grant date :

	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

	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 March 20		31 March 19	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
<b>ESOP Performance Scheme</b>				
Outstanding at the beginning	21,12,500	405	-	-
Granted	-	-	21,47,500	405
Exercised and allotted	1,38,568	405	-	-
Exercised and pending allotment	26,575	405	-	-
Forfeited	1,04,039	405	35,000	405
<b>Outstanding at the end</b>	<b>18,43,318</b>	<b>405</b>	<b>21,12,500</b>	<b>405</b>
<b>ESOP Privilege Scheme</b>				
Outstanding at the beginning	1,42,250	405	-	-
Granted	-	-	1,42,250	405
Exercised and allotted	94,900	405	-	-
Exercised and pending allotment	12,250	405	-	-
Forfeited	1,500	405	-	-
<b>Outstanding at the end</b>	<b>33,600</b>	<b>405</b>	<b>1,42,250</b>	<b>405</b>

## 16. Share capital

Options Vested	(Number of Options)	
	31 March 20	31 March 19
ESOP Performance Scheme	1,08,893	Nil
ESOP Privilege Scheme	33,600	Nil

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

	₹ million	
	31 March 20	31 March 19
<b>Granted to</b>		
KMP	8.99	6.74
Employees other than KMP	162.00	142.77
	<b>170.99</b>	<b>149.51</b>

## 17. Other equity

	₹ million	
	31 March 20	31 March 19
Share application money pending allotment	27.15	-
Securities premium	7,149.55	3,057.32
General reserve	614.00	614.00
ESOP Outstanding	241.45	149.51
Retained earnings	28,967.59	23,235.23
Cash Flow Hedging Reserve	(126.49)	-
Foreign currency translation reserve	2.11	1.43
	<b>36,875.36</b>	<b>27,057.49</b>

### 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

	₹ million	
	31 March 20	31 March 19
Opening balance	3,057.32	3,205.60
Add: Adjustment of Fresh issue	4,085.44	-
Add: Adjustment of Share issue expenses	6.79	(148.28)
	<b>7,149.55</b>	<b>3,057.32</b>

#### (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 March 20	31 March 19
Opening balance	149.51	-
Add: ESOP charge during the year	170.99	149.51
Less: Adjustment for exercise of stock option	(79.05)	-
	<b>241.45</b>	<b>149.51</b>

#### (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 March 20	31 March 19
Opening balance	-	-
Add: Other Comprehensive Income for the year	(126.49)	-
	<b>(126.49)</b>	<b>-</b>

(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.

	31 March 20	31 March 19
Opening Balance	1.43	1.94
Add : Exchange Difference during the year on net investment in non-integral foreign operations	0.68	(0.51)
	<b>2.11</b>	<b>1.43</b>

(₹ million)

(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.

	31 March 20	31 March 19
Opening balance	23,235.23	18,242.59
Add: Profit during the year	7,425.86	4,992.64
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)	-
	<b>28,841.10</b>	<b>23,235.23</b>

(₹ million)

(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.

	31 March 20	31 March 19
Opening balance	-	-
Add: Adjustment for exercise of stock option	79.05	-
Add: Amount received on exercise of employee stock options	110.27	-
Less: Transfer to equity share capital & Securities premium for fresh issue	(162.17)	-
	<b>27.15</b>	<b>-</b>

(₹ million)

**18. Non-controlling interests**

	31 March 20	31 March 19
Balance at beginning of the year	84.25	40.49
Share of Profit	65.61	6.03
Share of Other Comprehensive Income	0.14	-
Shares Issued during the year	-	37.73
<b>Balance as at the end of the year</b>	<b>150.00</b>	<b>84.25</b>

**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 March 20	31 March 19
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 March 20	31 March 19	31 March 20	31 March 19	31 March 20	31 March 19
Tirupati Reels Private Limited	78.82	29.75	48.87	1.93	0.14	-
Dowells Cable Accessories Pvt. Ltd	71.18	54.50	16.74	4.10	-	-
	<b>150.00</b>	<b>84.25</b>	<b>65.61</b>	<b>6.03</b>	<b>0.14</b>	<b>-</b>



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

	TRPL		DCAPL	
	31 March 20	31 March 19	31 March 20	31 March 19
Non-Current assets	261.01	237.00	32.59	41.44
Current assets	299.01	226.97	192.28	201.23
Non-Current liabilities	(80.12)	(105.49)	(0.93)	(1.20)
Current liabilities	(305.48)	(292.36)	(81.92)	(130.25)
Ind AS 116 Transitional Impact - Within Group	-	-	3.25	-
Ind AS 116 Transitional Impact - Others	0.73	-	-	-
<b>Total Equity</b>	<b>175.15</b>	<b>66.12</b>	<b>145.27</b>	<b>111.22</b>
<b>Attributable to owners of company</b>	<b>96.33</b>	<b>36.37</b>	<b>74.09</b>	<b>56.72</b>
<b>Non-control Interest</b>	<b>78.82</b>	<b>29.75</b>	<b>71.18</b>	<b>54.50</b>

	TRPL		DCAPL	
	31 March 20	31 March 19	31 March 20	31 March 19
Revenue	919.82	595.15	360.07	246.75
Expenses	(811.23)	(590.88)	(325.91)	(238.37)
<b>Profit/(Loss) for the year</b>	<b>108.59</b>	<b>4.27</b>	<b>34.16</b>	<b>8.38</b>
<b>Attributable to owners of company</b>	<b>59.72</b>	<b>2.34</b>	<b>17.42</b>	<b>4.28</b>
<b>Non-control Interest</b>	<b>48.87</b>	<b>1.93</b>	<b>16.74</b>	<b>4.10</b>
Other Comprehensive Income	0.31	-	-	-
<b>Attributable to owners of company</b>	<b>0.17</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-control Interest</b>	<b>0.14</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 19. Borrowings

### A Borrowings- non-current

	Rate of Interest	Tenure end date	₹ million	
			31 March 20 Gross/ Carrying Value	31 March 19 Gross/ Carrying Value
<b>At amortised cost</b>				
<b>External commercial borrowing (secured)</b>				
Foreign currency loan from HSBC Bank (Mauritius) Limited	3 Months LIBOR + 1.65%	23 June 2020	251.29	691.71
<b>Rupee loan (secured)</b>				
Indian rupee loan from Citibank N.A.	8.80%	23 August 2021	89.78	867.30
Indian rupee loan from HDFC Bank *	9.45%	7 February 2024	114.98	134.47
			<b>456.05</b>	<b>1,693.48</b>
Less: Current maturities of long-term borrowings			(349.50)	(804.23)
			<b>106.55</b>	<b>889.25</b>

\* Rate of Interest is calculated at Weighted average rate of interest.

Tenure end date is last EMI date of loan repayment schedule as on 31 March 2020.

#### Notes:

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

- 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.
- 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.
- Charges with respect to above borrowing has been created in favour of security trustee. No separate charge created for each of the borrowing.
- 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 March 20		31 March 19	
	< 1 Year	> 1 Year	< 1 Year	> 1 Year
<b>External commercial borrowing (secured)</b>				
Foreign currency loan from HSBC Bank (Mauritius) Ltd	251.29	-	460.68	231.03
<b>Rupee loan (secured)</b>				
Indian rupee loan from Citibank N.A.	59.85	29.93	312.50	554.80
Indian rupee loan from HDFC Bank	38.36	76.62	31.05	103.42
	<b>349.50</b>	<b>106.55</b>	<b>804.23</b>	<b>889.25</b>

##### (c) Others

- In compliance with IPO object clause, the Parent Company made pre-payment during the current financial year of ₹ 800.00 million of term loan from banks and covering period from May 2022 to February 2024. (Refer note 16(f))
- The term loans from HSBC Bank (Mauritius) Ltd of ₹ 251.29 million is to be repaid in 1 instalments in June 2020.
- The term loans from Citibank N.A. of ₹ 89.78 million is to be repaid in 6 quarterly instalments commencing from May 2020 to August 2021.

**B Borrowings- current**

	31 March 20	31 March 19
	(₹ million)	
<b>At amortised cost</b>		
Buyer's Credit (Secured)	-	516.49
Cash Credit from banks (Secured)	-	7.15
Short-term loan from banks (Unsecured)	741.53	436.25
Packing Credit (Secured)	373.00	-
Packing Credit (Unsecured)	-	70.82
	<b>1,114.53</b>	<b>1,030.71</b>

**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 ₹ 37,915 million (31 March 2019 : ₹ 36,755 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:

	31 March 20	31 March 19
	(₹ million)	
Fund based	4,375.00	6,487.76
Non fund based	12,068.24	6,720.00
	<b>16,443.24</b>	<b>13,207.76</b>

(c) **Net Debt Reconciliation\***

	Non-Current Borrowings	Current Borrowings	Total
	(₹ million)		
<b>As at 1 April 2018</b>	2,315.97	5,704.39	8,020.36
Cash Flows (Net)	(699.80)	(4,950.77)	(5,650.57)
Foreign Exchange Adjustments	77.69	294.04	371.73
Interest Expense	122.80	462.47	585.27
Interest Paid	(117.33)	(454.04)	(571.37)
<b>As at 31 March 2019</b>	<b>1,699.33</b>	<b>1,056.09</b>	<b>2,755.42</b>
Cash Flows (Net)	(1,239.67)	45.57	(1,194.10)
Foreign Exchange Adjustments	2.23	38.26	40.49
Interest Expense	50.77	191.35	242.12
Interest Paid	(55.79)	(193.82)	(249.61)
<b>As at 31 March 2020</b>	<b>456.87</b>	<b>1,137.45</b>	<b>1,594.32</b>

\* For lease liability please refer note 4

**Breakup of Debt as at period end**

As at 1 April 2018			
Borrowing	2,315.59	5,687.45	8,003.04
Interest Accrued	0.38	16.94	17.32
<b>Total</b>	<b>2,315.97</b>	<b>5,704.39</b>	<b>8,020.36</b>
As at 31 March 2019			
Borrowing	1,693.48	1,030.71	2,724.19
Accrued Interest	5.85	25.38	31.23
<b>Total</b>	<b>1,699.33</b>	<b>1,056.09</b>	<b>2,755.42</b>
As at 31 March 2020			
Borrowing	456.05	1,114.53	1,570.58
Accrued Interest	0.82	22.92	23.74
<b>Total</b>	<b>456.87</b>	<b>1,137.45</b>	<b>1,594.32</b>

**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.

## 20. Trade payables

	(₹ million)	
	31 March 20	31 March 19
<b>Total outstanding dues of micro and small enterprises</b>		
Trade payables to related parties (Refer Note - 36)	48.63	52.41
Trade payables - Others	181.37	106.00
	<b>230.00</b>	<b>158.41</b>
Total outstanding dues of creditors other than micro and small enterprises		
Acceptances - (Refer note below (a))	8,135.98	8,032.85
Other than acceptances		
Trade payables - Others (Refer note below (b))	5,128.24	6,910.92
Trade payables to related parties (Refer note - 36)	42.61	99.64
	<b>13,306.83</b>	<b>15,043.41</b>

### 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 March 20	31 March 19
(i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED		
Principal	230.00	158.41
Interest	2.65	1.94
(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	-	-
(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	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	2.65	1.94
(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 March 20	31 March 19
<b>At amortised cost</b>		
Lease liability	301.84	-
	<b>301.84</b>	<b>-</b>

### B Other financial liabilities- current

	(₹ million)	
	31 March 20	31 March 19
<b>At Amortised Cost</b>		
Current maturities of long-term borrowings (Refer note- 19)	349.50	804.23
Security deposit	40.97	40.37
Interest accrued but not due	18.79	24.71
Interest accrued and due	4.95	6.52
Creditors for capital expenditure	275.53	346.97
Refund liability	360.25	318.33
Lease liability	29.71	-
Unclaimed dividend	0.96	-
Other (Refer below note (b))	11.21	12.98
<b>At FVTPL</b>		
Derivative liability (Refer below note (a))	232.51	221.38
	<b>1,324.38</b>	<b>1,775.49</b>

### Notes :-

#### (a) Derivative Liability

	(₹ million)	
	31 March 20	31 March 19
Put Option	49.75	48.90
Forward contract	13.73	70.94
Commodity contracts	169.03	101.54
	<b>232.51</b>	<b>221.38</b>

- (b) Company has provided a guarantee for credit facility availed by the Ryker Base Private Limited amounting to ₹ 1,243.87 Million (31 March 2019 : ₹ 1,141.33 Million). The fair value of corporate guarantee ₹ 11.21 million (31 March 2019 : ₹ 12.98 Million) has been included in carrying cost of investment.

## 22. Other liabilities

### A Other liabilities- non-current

	(₹ million)	
	31 March 20	31 March 19
Deferred government grant (Refer below note (a))	99.55	163.29
Deferred liability	71.69	93.75
	<b>171.24</b>	<b>257.04</b>

### B Other liabilities- current

	(₹ million)	
	31 March 20	31 March 19
Advance from customers	1,153.98	4,076.76
Contract Liability (Refer below note (b))	1,407.77	1,415.23
Deferred liability	14.34	38.15
Other statutory dues		
Employee Recoveries and Employer Contributions	17.35	16.27
Taxes Payable (Other than Income tax)	92.30	754.37
	<b>2,685.74</b>	<b>6,300.78</b>

#### 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.

#### Reconciliation of Deferred government grant:

	(₹ million)	
	31 March 20	31 March 19
At the beginning of the year	163.29	182.19
Grants received during the year	216.37	82.74
Grants recognised for the year	(280.11)	(101.64)
At the end of the year	99.55	163.29

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

	(₹ million)	
	31 March 20	31 March 19
At the beginning of year	1,415.23	777.02
Contract liability recognized during the year	491.72	1,028.96
Revenue recognized from amount included in contract liabilities at the beginning of the year	(499.18)	(390.75)
At the end of the year	<b>1,407.77</b>	<b>1,415.23</b>

## 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.

### A Provisions- non-current

	(₹ million)	
	31 March 20	31 March 19
Provision for employee benefits (Refer note 30)		
Gratuity	163.16	95.71
Compensated absences	93.16	66.71
	<b>256.32</b>	<b>162.42</b>

### B Provisions- current

	(₹ million)	
	31 March 20	31 March 19
Provision for employee benefits (Refer note 30)		
Gratuity	112.18	100.30
Compensated absences	27.91	24.87
Provision for warranty (Refer note below)	97.72	83.54
	<b>237.81</b>	<b>208.71</b>

#### Reconciliation of Warranty provision:

	(₹ million)	
	31 March 20	31 March 19
At the beginning of the year	83.54	63.67
Arising during the year	87.47	58.04
Utilised during the year	(73.29)	(38.17)
At the end of the year	<b>97.72</b>	<b>83.54</b>

## 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

Performance obligation in case of Revenue from sale of goods is satisfied at a point in time and is recognized when the performance obligation is satisfied and control as per Ind AS 115 is transferred to the customer which generally coincides with dispatch of goods to customers in case of domestic sales. In case of exports, the revenue is recognised generally coincides on the Bills of Lading received from the shipping companies who assume control of goods on behalf of the customers.

#### (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.

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". Retention money receivable from project customers does not contain any significant financing element, these are retained for satisfactory performance of contract.

#### (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.

#### (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.

#### (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.

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) 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.

#### (x) 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.

## 24. Revenue from operations

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, its 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 March 20	31 March 19
<b>Revenue from contracts with customers</b>		
<b>Revenue on Sale of Products</b>		
Finished goods	76,368.72	70,785.05
Traded goods	5,071.25	3,684.03
<b>Revenue from Construction Contracts</b>	4,688.76	3,795.50
	<b>86,128.73</b>	<b>78,264.58</b>
<b>Other operating revenue</b>		
Scrap sales	1,169.68	1,242.93
<b>Total revenue from contracts with customers</b>	<b>87,298.41</b>	<b>79,507.51</b>
Export incentives	202.93	52.32
Government grant	798.21	295.69
<b>Total Revenue from operations</b>	<b>88,299.55</b>	<b>79,855.52</b>

### Notes:

#### (a) Disaggregated revenue information

	(₹ million)	
	31 March 20	31 March 19
<b>Type of Goods or Services</b>		
Wires & Cables	73,718.52	68,841.65
Fast Moving Electrical Goods (FMEG)	8,354.59	6,416.06
Revenue from construction contracts	4,688.76	3,795.50
Others	536.54	454.30
<b>Total revenue from contracts with customers</b>	<b>87,298.41</b>	<b>79,507.51</b>
<b>Location of customer</b>		
India	76,343.21	77,025.03
Outside India	10,955.20	2,482.48
<b>Total revenue from contracts with customers</b>	<b>87,298.41</b>	<b>79,507.51</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	82,563.77	75,661.78
Goods and Services transferred over a period of time	4,734.64	3,845.73
<b>Total revenue from contracts with customers</b>	<b>87,298.41</b>	<b>79,507.51</b>

#### (b) Reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

	(₹ million)	
	31 March 20	31 March 19
Total revenue from contracts with customers	87,298.41	79,507.51
Export incentives	202.93	52.32
Government grant	798.21	295.69
Other income excluding finance income	478.87	509.90
<b>Total income as per Segment (Refer note 36)</b>	<b>88,778.42</b>	<b>80,365.42</b>

### 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 March 20	31 March 19
<b>Revenue as per contracted price</b>	90,119.24	82,418.99
<b>Less : Adjustments</b>		
Price adjustments such as Discounts, Rebates and Sales Promotion Schemes	(1,745.62)	(1,607.45)
Excess Revenue - EPC	(1,407.77)	(1,415.23)
Provisions for expected sales return	(41.92)	(95.79)
Other adjustments	45.88	(53.52)
<b>Add : Adjustments</b>		
Unbilled Revenue - EPC	328.60	260.51
<b>Revenue from contract with customers</b>	<b>87,298.41</b>	<b>79,507.51</b>

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

	(₹ million)	
	31 March 20	31 March 19
Contract revenue recognised for the period (Net of tax)	4,688.76	3,795.50
Contract that are in progress as on reporting date		
(i) Contract costs incurred and recognised profits (less recognised losses)	4,688.76	3,795.50
(ii) Amount of retentions*	1,564.46	1,240.14
(iii) Contract balances recognised and included in financial statement as:		
Contract asset	316.78	252.93
Contract liabilities	1,407.77	1,415.23

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

## 24. Revenue from operations

- (e) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Provision for expected credit losses on trade receivables recognised during the year of ₹ 256.18 million (31 March 2019: ₹ 541.04 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 2020 and 31 March 2019.
- (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 increase in contract assets in 31 March 2020 is the result of the increase in ongoing installation services at the end of the year. In 31 March 2020, ₹ 4.24 million (31 March 2019: ₹ 7.58 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 2019-20 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:

	31 March 20	31 March 19
Amounts included in contract liabilities at the beginning of the period	499.18	390.75
Performance obligations satisfied in previous periods	245.72	140.28

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

	31 March 20	31 March 19
Refund assets	232.46	242.34
Refund liabilities	360.25	318.33

## 25. Other income

### Accounting Policy:

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

Interest income from a 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.

	31 March 20	31 March 19
<b>(a) Interest income on financial assets</b>		
<b>Carried at amortised cost</b>		
Bank deposits	208.13	28.33
Others #	58.13	98.45
<b>Carried at FVTPL</b>		
Others	3.71	1.12
<b>(b) Income from mutual funds</b>		
Gain on liquid/overnight mutual funds	179.07	-
Fair valuation on gain on overnight mutual funds	0.01	-
<b>(c) Fair value gain / loss on financial instruments</b>		
Fair value of put option	-	6.10
Fair valuation gain on financial asset*- Unrealised	392.91	-
<b>(d) Other non-operating income</b>		
Exchange differences (net)	-	385.21
Gain on sale of property, plant and equipment	-	21.01
Gain on termination of Lease	1.42	-
Sundry balances written back	46.52	60.48
Miscellaneous income	38.02	37.10
	<b>927.92</b>	<b>637.80</b>

## 25. Other income

- \* Gain on fair valuation of financial instruments at fair value through profit or loss includes foreign exchange fluctuation on forward contracts that did not qualify for hedge accounting and on embedded derivatives, which have been separated. No ineffectiveness has been recognised on foreign exchange and interest rate hedges.

## 26. Cost of materials consumed

	31 March 20	31 March 19
Inventories at the beginning of the year	9,803.31	5,023.85
Add: Purchases	55,987.83	59,602.65
	<b>65,791.14</b>	<b>64,626.50</b>
Less: Inventories at the end of the year	(7,154.08)	(9,803.31)
	<b>58,637.06</b>	<b>54,823.19</b>

### Notes:

#### Details of Material Consumed

	31 March 20	31 March 19
Copper	35,093.92	30,701.55
Aluminium	8,280.51	9,400.74
Steel	2,527.48	2,813.05
PVC Compound/HDPE/LDPE/XLPE/Resin	7,762.73	7,491.96
Packing Materials	1,739.82	920.95
Others *	3,232.60	3,494.94
	<b>58,637.06</b>	<b>54,823.19</b>

- \* Others includes Raw material for consumer products

## 27. Purchases of traded goods

	31 March 20	31 March 19
Electrical wiring accessories	318.90	362.20
Electrical appliances	3,195.27	2,838.40
Others	731.95	169.81
	<b>4,246.12</b>	<b>3,370.41</b>

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

	31 March 20	31 March 19
<b>Inventory at the beginning of the year</b>		
Work-in-progress	1,416.42	1,055.78
Finished goods	6,643.47	6,452.22
Traded goods	939.18	480.03
Scrap materials	200.64	134.70
	<b>9,199.71</b>	<b>8,122.73</b>
<b>Inventory at the end of the year</b>		
Work-in-progress	2,086.44	1,416.42
Finished goods	8,053.26	6,643.47
Traded goods	1,294.83	939.18
Scrap materials	136.66	200.64
	<b>11,571.19</b>	<b>9,199.71</b>
<b>Changes in Inventories</b>	<b>(2,371.48)</b>	<b>(1,076.98)</b>

## 29. Project bought outs and subcontracting cost

	31 March 20	31 March 19
Project bought outs	1,994.13	1,589.57
Subcontracting Expenses for EPC	1,180.33	953.47
	<b>3,174.46</b>	<b>2,543.04</b>

## 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 advances 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. 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

#### (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(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 34).

#### Employee benefits expense

	31 March 20	31 March 19
Salaries, wages and bonus	3,213.70	2,607.34
Employees share based payment expenses	170.99	149.51
Contribution to provident and other funds	170.70	155.10
Staff welfare expense	102.07	90.53
	<b>3,657.46</b>	<b>3,002.48</b>

#### 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.

###### (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.

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.

### 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:

	Year ended 31 March 20	Year ended 31 March 19
		(₹ million)
Current service cost	51.73	46.09
Net interest cost	14.98	14.27
Past service cost	-	-
<b>Net benefits expense</b>	<b>66.71</b>	<b>60.36</b>

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

	Year ended 31 March 20	Year ended 31 March 19
		(₹ million)
Actuarial (gain) /loss on obligations	52.68	5.95
Return on plan assets, excluding interest income	(1.74)	0.80
<b>Net (Income)/Expense for the year recognized in OCI</b>	<b>50.94</b>	<b>6.75</b>

#### Balance sheet

##### Benefits liability

	Year ended 31 March 20	Year ended 31 March 19
		(₹ million)
Present value of defined benefit obligation	(528.50)	(409.90)
Fair value of plan assets	253.16	213.89
<b>Plan liability</b>	<b>(275.34)</b>	<b>(196.01)</b>

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

	Year ended 31 March 20	Year ended 31 March 19
		(₹ million)
Opening defined benefit obligation	409.90	352.94
Interest cost	31.32	27.53
Current service cost	51.73	46.09
Past service cost	-	-
Liability transferred in/acquisition	-	-
Benefits paid	(17.12)	(22.61)
Liability transferred out	-	-
Actuarial (gains)/losses on obligations	-	-
Due to change in demographics assumptions	-	-
Due to change in financial assumptions	39.56	4.57
Due to experience	13.12	1.38
<b>Closing defined benefit obligation</b>	<b>528.51</b>	<b>409.90</b>

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

	Year ended 31 March 20	Year ended 31 March 19
		(₹ million)
Opening fair value of plan assets	213.88	170.02
Interest Income	16.34	13.27
Contribution by employer	38.32	54.01
Assets transferred in/acquisition	-	-
Benefits paid	(17.12)	(22.61)
Actuarial gains	1.74	(0.80)
<b>Closing fair value of plan assets</b>	<b>253.16</b>	<b>213.89</b>

The Group expects to contribute ₹ 112.18 Million to gratuity in the next year (31 March 2019: ₹ 100.30 Million).

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

	Year ended 31 March 20	Year ended 31 March 19
		(₹ million)
Non-current	163.16	95.71
Current	112.18	100.30

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

	Year ended 31 March 20	Year ended 31 March 19
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 March 20	Year ended 31 March 19
Discount rate	6.56%	7.64%
Expected rate of return on plan assets	6.56%	7.64%
Employee turnover	10.00%	10.00%
Salary escalation	11.00%	11.00%
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 2020 is 8 years(31 March 2019 - 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 2020 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

	Year ended 31 March 20	Year ended 31 March 19
Projected benefit obligation on current assumptions	528.50	409.89
Delta effect of +1% change in rate of discounting	(36.84)	(27.08)
Delta effect of -1% change in rate of discounting	42.42	31.10
Delta effect of +1% change in rate of salary increase	36.91	27.80
Delta effect of -1% change in rate of salary increase	(33.47)	(25.17)
Delta effect of +1% change in rate of employee turnover	(10.70)	(6.39)
Delta effect of -1% change in rate of employee turnover	12.04	7.16

(₹ million)

#### 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:

	Year ended 31 March 20	Year ended 31 March 19
1st following year	64.92	58.27
2nd following year	39.21	30.37
3rd following year	42.75	33.73
4th following year	43.88	35.50
5th following year	43.11	36.98
Sum of years 6 to 10	212.28	176.59
Sum of years 11 years and above	533.00	463.77

(₹ million)

### (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 ₹ 83.72 million (31st March, 2019 - ₹ 72.65 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 towards has recognised ₹ 7.56 million (31 March 2019 ₹ 3.89 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 ₹ 93.16 million (year ended 31 March 2019 ₹ 66.71 million) is presented as non current and ₹ 27.91 million (year ended 31 March 2019 ₹ 24.39 million) is presented as current. the Group contributes towards has recognised ₹ 43.00 million (31 March 2019 ₹ 50.17 million) for Compensated absences in the Statement of Profit and Loss.

### 31. Finance cost

#### Accounting Policy

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

	(₹ million)	
	31 March 20	31 March 19
Interest expense on financial liabilities at amortised cost #	242.12	585.27
Interest expense on financial liabilities at FVTPL	29.35	-
Exchange differences regarded as an adjustment to borrowing costs	40.49	371.73
Other borrowing costs *	183.39	210.06
	<b>495.35</b>	<b>1,167.06</b>

# Interest expense includes ₹ 12.23 million (31 March 2019 ₹ 40.51 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 March 20	31 March 19
Depreciation of Property, Plant and Equipment (Refer note 3)	1,476.64	1,396.24
Depreciation of right-of-use assets (Refer note 4)	113.69	-
Amortization of intangible assets (Refer note 5)	18.54	18.21
	<b>1,608.87</b>	<b>1,414.45</b>

### 33. Other expenses

	(₹ million)	
	31 March 20	31 March 19
Consumption of stores and spares	501.04	463.30
Sub-contracting expenses	1,886.72	1,149.22
Power and fuel	1,283.16	1,076.48
Rent	80.59	190.70
Rates and taxes	91.85	17.38
Insurance	51.29	30.39
Repairs and maintenance		
Plant and machinery	38.59	49.46
Buildings	66.25	33.48
Others	95.11	99.99
Advertising and sales promotion	1,086.78	965.61
Brokerage and commission	465.38	314.16
Travelling and conveyance	290.26	220.78
Communication Cost	36.74	33.61
Legal and professional fees	415.05	358.17
Director Sitting Fees	4.16	5.31
Freight & forwarding expenses	1,896.74	1,498.81
Payment to auditor (Refer note (a) below)	11.63	14.53
Sundry advances written off	66.36	24.95
Loss on sale of property, plant and equipment and non-current assets held for sale	13.08	-
Loss on fair valuation of financial asset -unrealised (Refer below note (b))	-	136.32
Loss on fair valuation of financial asset -realised (Refer below note (b))	8.93	-
Exchange differences (net)	282.22	-
Impairment allowance for trade receivable considered doubtful (Refer note 7)	260.41	548.62
Public Issue Expenditure	-	17.05
Fair value of written put options	0.85	-
CSR expenditure (Refer note (c) below)	127.33	34.94
Miscellaneous expenses	545.15	382.51
	<b>9,605.67</b>	<b>7,665.77</b>

#### Notes:

#### (a) Payments to auditor:

	(₹ million)	
	31 March 20	31 March 19
As auditor		
(i) Audit fee	10.52	13.78
(ii) Certification fees	0.27	0.75
(iii) Reimbursement of expenses *	0.84	-
	<b>11.63</b>	<b>14.53</b>
(v) Other services	-	9.00
	<b>11.63</b>	<b>23.53</b>

\* Includes out of pocket expenses of ₹ 0.41 million paid during the year to the previous auditor.

Amount pertains to 31 March 2019 pertains to previous auditor

- (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. No ineffectiveness has been recognised on foreign exchange and interest rate hedges.
- (c) Details of Corporate Social Responsibility Expenses incurred by Parent Company:
- No amount has been spent on construction / acquisition of an asset of the Parent Company.
  - CSR Spent consist of following:

		(₹ million)
		31 March 20    31 March 19
<b>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.</b>	<b>(A)</b>	<b>120.26    91.15</b>
<b>Gross amount spent by the Parent Company during the year</b>		
Rural development programmes		2.38    11.53
Social empowerment		9.18    1.32
Promotion of education		11.34    15.19
Flood relief activity		19.87    -
Disaster management		5.76    -
Health care facility & awareness		14.97    3.42
Environmental awareness		0.08    2.95
Contribution made into CSR foundation trust		61.00    -
Others		2.75    0.53
<b>Total CSR spent in actual</b>	<b>(B)</b>	<b>127.33    34.94</b>
<b>Shortfall/(Excess)</b>	<b>(A-B)</b>	<b>(7.07)    56.21</b>

### 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 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 March 20	31 March 19
Profit attributable to equity holders for basic earnings	₹ in million	A	7,590.57	4,997.03
Weighted average number of equity shares for basic earning per share *	Number	B	14,83,81,220	14,12,05,838
<b>Earnings per shares - Basic (one equity share of ₹ 10 each)</b>	<b>₹ per share</b>	<b>(A/B)</b>	<b>51.16</b>	<b>35.39</b>

#### (b) Diluted Earnings per share

			31 March 20	31 March 19
Profit attributable to equity holders for basic earnings	₹ in million	A	7,590.57	4,997.03
Weighted average number of equity shares for basic earning per share *	Number	B	14,83,81,220	14,12,05,838
<b>Effect of dilution</b>				
Share options	Number	C	5,31,245	6,575
Weighted average number of equity shares adjusted for effect of dilution	Number	D=(B+C)	14,89,12,465	14,12,12,413
<b>Earnings per shares - Diluted (one equity share of ₹ 10 each)</b>	<b>₹ per share</b>	<b>(A/D)</b>	<b>50.97</b>	<b>35.39</b>

\* 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 its 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)

	31 March 20	31 March 19
		(₹ million)
(i) Outstanding corporate guarantees given on behalf of subsidiaries and Joint venture's (Refer note 35 (d))	1,243.87	1,300.43
(ii) Taxation matters		
Disputed liability in respect of sales tax /VAT demand & pending sales tax/VAT forms	8.80	370.56
Disputed liability in respect of excise duty demand	86.47	45.55
Disputed liability in respect of custom duty demand	16.94	21.67
Claims made against the Company, not acknowledged as debts(Refer note (a) below)	634.21	634.21
(iii) Customs Duty on Capital goods imported under Export Promotion Capital Goods Scheme, against which export obligation is to be fulfilled	30.78	50.70
(iv) Customs Duty on Raw Materials imported under Advance License, against which export obligation is to be fulfilled	75.80	5.63

#### Notes:

- A vendor filed a commercial suit against the Parent Company in relation to the alleged breach of three product sourcing agreement entered into between the parties. The matter is currently pending in High Court of Bombay.
- 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.
- 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

	Year ended 31 March 20	Year ended 31 March 19
		(₹ million)
(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	1,127.98	1,880.28
(ii) Commitment towards Capital contribution in newly formed wholly owned subsidiary company		
Polycab Electricals & Electronics Private Limited	1.00	-
Polycab USA LLC	150.77	-

#### 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. For the year 31 March 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

#### (A) Enterprises where control exists

	Country of incorporation	Ownership interest (%)	
		31 March 20	31 March 19
<b>Joint Ventures</b>			
Ryker Base Private Limited (Ryker)	India	50%	50%
Techno Electromech Private Limited (TEPL)	India	50%	50%

\* incorporated in FY 2019-20

#### (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)

#### (C) Key management personnel

##### (i) Executive directors

Mr. Inder T. Jaisinghani	Chairman and managing director
Mr. Ramesh T. Jaisinghani	Whole-time director
Mr. Ajay T. Jaisinghani	Whole-time director
Mr. Shyam Lal Bajaj	Chief financial officer (w.e.f. 25 September 2018) and Whole time director - Finance
Mr. Subramaniam Sai Narayana	Company secretary and compliance officer
Mr. R. Ramakrishnan	Chief executive *

##### (ii) Non- Executive directors

Mr. R S Sharma	Independent director (w.e.f. 20 September 2018)
Mr. T P Ostwal	Independent director (w.e.f. 20 September 2018)
Mr. Pradeep Poddar	Independent director (w.e.f. 20 September 2018)
Ms. Hiroo Mirchandani	Independent director (w.e.f. 20 September 2018)

##### (iii) Relatives of Key management personnel

Mr. Bharat A. Jaisinghani	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	Son of Mr. Ramesh T. Jaisinghani

\* Mr. R. Ramakrishnan was Key management personnel and Joint managing director of the Parent Company till 23 May 2018.

#### (D) Transactions with group companies

			(₹ million)	
			Year ended 31 March 20	Year ended 31 March 19
<b>(i) Sale of goods (including GST)</b>				
Ryker Base Private Limited	Joint Venture		5.21	56.27
Techno Electromech Private Limited	Joint Venture		16.84	4.04
<b>(ii) Purchase of goods (including GST)</b>				
Ryker Base Private Limited	Joint Venture		-	0.54
Techno Electromech Private Limited	Joint Venture		671.33	951.98
Dowells Elektro Werke (DEW)	Enterprises owned or significantly influenced by key managerial personnel		0.29	-
Dowells Electricals (DE)	-do-		-	3.80
D J Electricals Private Limited (DJEPL)	-do-		-	28.87
Tirupati Tradelinks Private Limited (TTPL)	-do-		192.55	145.16

**36. Related party disclosure**

**(D) Transactions with group companies**

			(₹ million)	
			Year ended 31 March 20	Year ended 31 March 19
<b>(iii) Sub-contracting expense (including GST)</b>				
	Ryker Base Private Limited	Joint Venture	660.47	110.52
	Techno Electromech Private Limited	Joint Venture	18.55	-
	Tirupati Tradelinks Private Limited (TTPL)	Enterprises owned or significantly influenced by key managerial personnel	-	0.98
<b>(iv) Other Charges</b>				
	Dowells Elektro Werke (DEW)	Enterprises owned or significantly influenced by key managerial personnel	-	2.36
	Dowells Electricals (DE)	-do-	1.77	0.70
	D J Electricals Private Limited (DJEPL)	-do-	1.52	0.02
<b>(v) Rent received</b>				
	Ryker Base Private Limited	Joint Venture	3.67	2.81
<b>(vi) Interest received</b>				
	Techno Electromech Private Limited	Joint Venture	13.86	15.61
<b>(vii) Testing charges paid</b>				
	Techno Electromech Private Limited	Joint Venture	1.42	-
<b>(viii) Sale of Machinery (including GST)</b>				
	Techno Electromech Private Limited	Joint Venture	50.39	-
<b>(ix) Purchase of Machinery (including GST)</b>				
	Techno Electromech Private Limited	Joint Venture	-	30.71
	Ryker Base Private Limited	Joint Venture	12.45	-
	Dowells Electricals (DE)	Enterprises owned or significantly influenced by key managerial personnel	-	0.12
	D J Electricals Private Limited (DJEPL)	-do-	-	10.36
	Tirupati Tradelinks Private Limited (TTPL)	-do-	1.53	-
<b>(x) Investment made</b>				
	Techno Electromech Private Limited	Joint Venture	35.00	-
<b>(xi) Loan given repaid</b>				
	Techno Electromech Private Limited	Joint Venture	-	24.89
<b>(xii) Corporate guarantee given (Refer note below)</b>				
	Ryker Base Private Limited	Joint Venture	-	360.83
<b>(xv) Fair value Corporate guarantee (Refer note below)</b>				
	Ryker Base Private Limited	Joint Venture	-	3.80
<b>(xvi) Rent paid</b>				
	AK Enterprises	Enterprises owned or significantly influenced by key managerial personnel	29.14	29.11



Polycab India Limited (Formerly known as 'Polycab Wires Limited')  
**Notes to Consolidated Financial Statements for the year ended 31 March 2020**



36. Related party disclosure

(E) Outstanding as at the year end :

(₹ million)

		Year ended 31 March 20	Year ended 31 March 19
<b>(i) Loans</b>			
Techno Electromech Private Limited	Joint Venture	115.21	115.11
<b>(ii) Trade Receivables</b>			
Techno Electromech Private Limited	Joint Venture	74.11	29.28
Ryker Base Private Limited	Joint Venture	0.37	17.38
<b>(iii) Interest accrued on loan given</b>			
Techno Electromech Private Limited	Joint Venture	-	3.17
<b>(iv) Trade Payables</b>			
Techno Electromech Private Limited	Joint Venture	36.64	22.62
Ryker Base Private Limited	Joint Venture	3.49	51.44
Dowells Elektro Werke (DEW)	Enterprises owned or significantly influenced by key managerial personnel	1.26	1.30
Dowells Electricals (DE)	-do-	0.08	0.32
D J Electricals Private Limited (DJEPL)	-do-	1.13	23.96
Tirupati Tradelinks Private Limited (TTPL)	-do-	48.63	52.41
<b>(v) Security Deposits given</b>			
AK Enterprises	Enterprises owned or significantly influenced by key managerial personnel	6.13	6.17

**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 : ₹ 1,141.33 Million). The fair value of corporate guarantee ₹ 11.21 million (31 March 2019 : ₹ 12.98 Million) has been included in carrying cost of investment.

(F) Transactions with KMP:

(i) Remuneration paid for the year ended and outstanding as on: #

	31 March 20		31 March 19	
	For the year ended	Outstanding for the year end	For the year ended	Outstanding for the year end
<b>Executive directors</b> (Includes Salary, Performance Incentive and commission to MD)				
Mr. Inder T. Jaisinghani	115.13	75.35	86.19	49.65
Mr. Ramesh T. Jaisinghani	31.15	7.50	28.25	6.52
Mr. Ajay T. Jaisinghani	31.15	7.50	28.25	6.52
Mr. Shyam Lal Bajaj	31.34	6.17	25.76	5.60
Mr. R. Ramakrishnan*	-	-	3.58	1.27
<b>Non- Executive directors</b> (Includes sitting fees and commission)				
Mr. T P Ostwal	3.14	2.00	2.51	1.35
Mr. R S Sharma	3.06	2.00	2.51	1.35
Mr. Pradeep Poddar	3.06	2.00	2.35	1.27
Ms. Hiroo Mirchandani	2.90	2.00	1.94	1.18
<b>Other</b> (Includes Salary and Performance Incentive)				
Mr. Subramaniam Sai Narayana	4.57	0.41	3.33	0.36

\* Mr. R. Ramakrishnan was Key Management Personnel and Joint Managing Director of the Parent Company till 23 May 2018, hence remuneration disclosed till he continued as KMP.

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

### 36. Related party disclosure

#### (ii) Share based payments to KMP\*

	Year ended 31 March 20	Year ended 31 March 19
Mr. Shyam Lal Bajaj	8.07	5.99
Mr. Subramaniam Sai Narayana	0.92	0.75

\*Represents expense by way of share based payments attributable to directors and KMP

#### (iii) Amount paid/ payable to others where KMP's are interested

	Nature of transaction	Year ended 31 March 20	Year ended 31 March 19
Polycab Social Welfare Foundation	Donation	61.00	-
T.P. Ostwal & Associates LLP (excluding GST)	Professional fees	1.09	-

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

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

	31 March 20		31 March 19	
	For the year ended	Outstanding for the year end	For the year ended	Outstanding for the year end
Mr. Girdhari T. Jaisinghani	9.40	2.18	9.40	2.17
Mr. Bharat A. Jaisinghani	13.43	2.98	11.68	2.58
Mr. Nikhil R. Jaisinghani	13.43	2.98	11.68	2.58
Mr. Kunal I. Jaisinghani	2.42	0.01	1.27	-

### (H) Transaction for recovery of share issue expense (net of gst) from kmp and relatives of KMP\*

	Year ended 31 March 20
Mr. Inder T. Jaisinghani	41.46
Mr. Ramesh T. Jaisinghani	41.11
Mr. Ajay T. Jaisinghani	41.11
Mr. Girdhari T. Jaisinghani	41.26
Mr. Bharat A. Jaisinghani	10.50
Mr. Nikhil R. Jaisinghani	10.50
<b>Total</b>	<b>185.94</b>

\* The Parent Company had disclosed provisional amounts of recovery in the financial statement for the year ended 31 March 19 which has actualised in financial year ended 31 March 20 as detailed above.

### 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 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:

- It has been identified to a segment on the basis of relationship to operating activities of the segment.
- The Group generally accounts for intersegment sales and transfers at cost plus appropriate margins.
- Intersegment revenue and profit is eliminated at group level consolidation.
- 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.

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 trunkway basis.

### 37. Segment Reporting

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

(₹ million)

	31 March 20					31 March 19				
	Wires & Cables	FMEG	Others	Eliminations	Total	Wires & Cables	FMEG	Others	Eliminations	Total
<b>Income</b>										
External sales	75,192.34	8,355.78	5,230.30	-	88,778.42	69,295.08	6,432.94	4,637.40	-	80,365.42
Inter segment revenue	706.05	-	734.63	(1,440.68)	-	1,348.00	-	-	(1,348.00)	-
<b>Total Income</b>	<b>75,898.39</b>	<b>8,355.78</b>	<b>5,964.93</b>	<b>(1,440.68)</b>	<b>88,778.42</b>	<b>70,643.08</b>	<b>6,432.94</b>	<b>4,637.40</b>	<b>(1,348.00)</b>	<b>80,365.42</b>
<b>Segment Results</b>										
External	9,254.74	168.28	797.24	-	10,220.26	8,350.62	74.51	197.93	-	8,623.06
Inter segment results	54.12	-	105.82	(159.94)	-	-	-	-	-	-
<b>Segment/Operating results</b>	<b>9,308.86</b>	<b>168.28</b>	<b>903.06</b>	<b>(159.94)</b>	<b>10,220.26</b>	<b>8,350.62</b>	<b>74.51</b>	<b>197.93</b>	<b>-</b>	<b>8,623.06</b>
<b>Un-allocated items:</b>										
Finance income					449.05					127.90
Finance costs					495.35					1,167.06
<b>Profit before tax</b>					<b>10,173.96</b>					<b>7,583.90</b>
Provision for taxation					2,443.70					2,557.58
<b>Profit for the year</b>					<b>7,730.26</b>					<b>5,026.32</b>
<b>Share of profit/(loss) of joint venture (Net of tax)</b>		(11.06)	(63.02)		(74.08)		13.76	(37.02)		(23.26)
Depreciation & amortisation expenses	1,451.36	135.14	22.37	-	1,608.87	1,319.27	80.70	14.48	-	1,414.45
Non-cash expenses other than depreciation	1,051.11	69.26	70.63		1,191.00	996.67	54.20	93.95	-	1,144.82
Total cost incurred during the year to acquire segment assets (net of disposal)	2,698.15	177.80	14.91	-	2,890.86	2,364.10	350.04	99.39	-	2,813.53

(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 March 20	Year ended 31 March 19
Within India	77,823.22	77,882.94
Outside India	10,955.20	2,482.48
	<b>88,778.42</b>	<b>80,365.42</b>

(C) Segment assets

	31 March 20					31 March 19				
	Wires & Cables	FMEG	Others	Eliminations	Total	Wires & Cables	FMEG	Others	Eliminations	Total
Segment assets	43,265.39	5,379.76	6,287.45	-	54,932.60	41,044.74	4,993.78	6,689.52	-	52,728.04
<b>Unallocated assets:</b>										
Investment accounted for using the equity method					254.77					293.85
Current investments					400.00					-
Income tax assets (net)					191.51					97.67
Cash and cash equivalents and bank balance other than cash and cash equivalents					2,412.75					1,870.30
Loans					250.04					217.83
Public issue expense					-					388.77
Other unallocable assets					1,174.27					686.49
<b>Total assets</b>					<b>59,615.94</b>					<b>56,282.95</b>

(D) Segment liabilities

	31 March 20					31 March 19				
	Wires & Cables	FMEG	Others	Eliminations	Total	Wires & Cables	FMEG	Others	Eliminations	Total
Segment liabilities	13,186.76	1,587.47	3,093.76	-	17,867.99	16,595.19	1,002.51	5,364.81	-	22,962.51
<b>Unallocated liabilities:</b>										
Borrowings (Non-Current and Current, including Current Maturity)					1,455.60					2,582.48
Current tax liabilities (net)					1,184.20					1,670.47
Deferred tax liabilities (net)					174.00					227.80
Other unallocable liabilities					420.00					285.89
					<b>21,101.79</b>					<b>27,729.15</b>

(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 March 20	Year ended 31 March 19
Within India	19,116.50	17,033.66
Outside India	0.26	7.46
	<b>19,116.76</b>	<b>17,041.12</b>

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

**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
<b>Parent</b>								
Polycab India Limited	98.50%	37,935.31	99.32%	7,604.11	100.60%	(164.88)	99.29%	7,439.23
<b>Subsidiaries</b>								
<b>Indian</b>								
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
<b>Foreign</b>								
Polycab Wires Italy SRL	0.01%	3.65	-0.22%	(16.60)	-0.41%	0.68	-0.21%	(15.92)
<b>Joint Venture</b>								
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)
<b>Minority Interest in all subsidiaries</b>								
<b>Indian</b>								
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
<b>TOTAL</b>	<b>100.00%</b>	<b>38,514.15</b>	<b>100.00%</b>	<b>7,656.18</b>	<b>100.00%</b>	<b>(163.89)</b>	<b>100.00%</b>	<b>7,492.29</b>

**For the year ended 31 March 2019**

	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
<b>Parent</b>								
Polycab India Limited	98.28%	28,061.60	100.19%	5,012.48	89.59%	(4.39)	100.20%	5,008.09
<b>Subsidiaries</b>								
<b>Indian</b>								
Tirupati Reels Private Limited	0.13%	36.48	0.05%	2.35	0.00%	-	0.05%	2.35
Dowells Cable Accessories Private Limited	0.20%	56.72	0.09%	4.27	0.00%	-	0.09%	4.27
<b>Foreign</b>								
Polycab Wires Italy SRL	0.07%	20.90	0.02%	1.19	10.41%	(0.51)	0.01%	0.68
<b>Joint Venture</b>								
Techno Electromech Private Limited	0.31%	88.46	0.28%	13.76	0.00%	-	0.28%	13.76
Ryker Base Private Limited	0.72%	205.39	-0.74%	(37.02)	0.00%	-	-0.74%	(37.02)
<b>Minority Interest in all subsidiaries</b>								
<b>Indian</b>								
Tirupati Reels Private Limited	0.10%	29.75	0.04%	1.93	0.00%	-	0.04%	1.93
Dowells Cable Accessories Private Limited	0.19%	54.50	0.08%	4.10	0.00%	-	0.08%	4.10
<b>TOTAL</b>	<b>100.00%</b>	<b>28,553.80</b>	<b>100.00%</b>	<b>5,003.06</b>	<b>100.00%</b>	<b>(4.90)</b>	<b>100.00%</b>	<b>4,998.16</b>

### 39. Financial Instruments and Fair Value measurements

#### 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 asset 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.

###### (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) Other financial assets such as deposits, advances etc., the Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

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 ECLs at each reporting date, right from its initial recognition.

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.

### 39. Financial Instruments and Fair Value measurements

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 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.

##### (vii) 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

### 39. Financial Instruments and Fair Value measurements

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:

(₹ million)

	Carrying value		Fair value	
	31 March 20	31 March 19	31 March 20	31 March 19
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Investment in Joint Venture	254.77	293.85	254.77	293.85
Trade receivables	15,996.90	14,694.43	15,996.90	14,694.43
Cash and cash equivalents	1,721.62	1,790.59	1,721.62	1,790.59
Bank balance other than cash and cash equivalents	1,091.45	1,375.90	1,091.45	1,375.90
Loans	297.78	258.28	297.78	258.28
Other financial assets	371.63	697.79	371.63	697.79
<b>Measured at fair value through profit or loss account (FVTPL)</b>				
Investment in mutual funds	400.00	-	400.00	-
Derivative Assets	1,084.54	7.40	1,084.54	7.40
	<b>21,218.69</b>	<b>19,118.24</b>	<b>21,218.69</b>	<b>19,118.24</b>
<b>Financial liabilities</b>				
<b>Measured at amortised cost</b>				
Borrowings - long term including current maturities and short term	1,570.58	2,724.19	1,570.58	2,724.19
Trade payables	13,536.83	15,201.82	13,536.83	15,201.82
Creditors for capital expenditure	275.53	346.97	275.53	346.97
Obligations under lease	331.55	-	331.55	-
Fair value of corporate guarantee	11.21	12.98	11.21	12.98
Other financial liabilities	425.92	389.93	425.92	389.93
<b>Measured at fair value through profit or loss account (FVTPL)</b>				
Derivative liabilities	232.51	221.38	232.51	221.38
	<b>16,384.13</b>	<b>18,897.27</b>	<b>16,384.13</b>	<b>18,897.27</b>

- (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) Fixed-rate and variable-rate loans are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- (f) The fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The non- performance risk as at 31 March 2020 was assessed to be insignificant.
- (g) The fair values of the mutual funds are based on NAV at the reporting date.
- (h) The fair value of interest rate swaps are based on MTM bank rates as on reporting date.
- (i) The fair value of put option is determined using Monte Carlo Simulation which assumes a Geometric Brownian Motion for the modelling equity value.
- (j) 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.

### 39. Financial Instruments and Fair Value measurements

#### 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 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)
<b>Assets measured at fair value:</b>					
Units of mutual funds	31 Mar 20	400.00	400.00	-	-
<b>Derivative Assets</b>					
Embedded derivatives	31 Mar 20	1,075.35	-	1,075.35	-
Interest rate and cross currency swap	31 Mar 20	9.19	-	9.19	-
<b>Liabilities measured at fair value:</b>					
<b>Derivative liabilities :</b>					
Commodity contracts	31 Mar 20	169.03	-	-	-
Foreign exchange forward contract	31 Mar 20	13.73	-	13.73	-
Fair value of written put options	31 Mar 20	49.75	-	-	49.75

#### Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2019:

(₹ 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)
<b>Assets measured at fair value:</b>					
<b>Derivative Assets</b>					
Interest rate and cross currency swap	31 Mar 19	7.40	-	7.40	-
<b>Liabilities measured at fair value:</b>					
<b>Derivative liabilities :</b>					
Commodity contracts	31 Mar 19	101.54	-	101.54	-
Foreign exchange forward contracts	31 Mar 19	70.94	-	70.94	-
Fair value of written put options	31 Mar 19	48.90	-	-	48.90

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:

- the date of the event or change in circumstances that caused the transfer
- the beginning of the reporting period
- the end of the reporting period

### 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 Group's senior management oversees the management of these risks. The Group's senior management 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.



#### 40. Financial Risk Management Objectives And Policies

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 2020, after taking into account the effect of interest rate swaps, approximately 53% of the Group's borrowings are at a fixed rate of interest (31 March 2019: 72%).

##### 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
<b>31 Mar 20</b>	741.53		
Increase		+100	(7.42)
Decrease		-100	7.42
<b>31 Mar 19</b>	717.68		
Increase		+100	(7.18)
Decrease		-100	7.18

##### (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.

##### Particulars of unhedged foreign currency exposures as at the reporting date:

(₹ million)					
Currency	Currency Symbol	31 March 20		31 March 19	
		Foreign currency	Indian Rupees	Foreign currency	Indian Rupees
United States Dollar	USD	(57.85)	(4,361.17)	(88.78)	(6,141.26)
EURO	Euro	0.36	30.18	(0.39)	(30.46)
Pound	GBP	0.16	15.32	0.58	52.38
Swiss Franc	CHF	0.02	1.75	(0.01)	(0.74)
Chinese Yuan	CNY	0.55	5.82	-	-
Australian Dollar	AUD	2.19	101.46	0.24	12.07

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 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 March 20		31 March 19	
		-2%	-2%	+2%	+2%
United States Dollar	USD	(87.22)	87.22	(122.83)	122.83
EURO	Euro	0.60	(0.60)	(0.61)	0.61
Pound	GBP	0.31	(0.31)	1.05	(1.05)
Swiss Franc	CHF	0.04	(0.04)	(0.01)	0.01
Chinese Yuan	CNY	0.12	(0.12)	-	-
Australian Dollar	AUD	2.03	(2.03)	0.24	(0.24)

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 trade payables 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 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. There are no outstanding buy future contracts link to LME as of 31 March 2020 and 31 March 2019.

Sensitivity analysis for unhedged exposure for the year ended 31 March 2020 are as follows:

##### Exposure of Company in Inventory

Metal	31 March 20				31 March 19			
	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%
Copper	-	-	-	-	16.00	7.64	0.15	(0.15)
Aluminium	6,133.91	868.63	17.37	(17.37)	6,750.66	1,001.50	20.03	(20.03)

(₹ million)

##### (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

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 Company'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 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.

##### (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 March 20			31 March 19		
	< 1 year	> equal to 1 year	Total	< 1 year	> equal to 1 year	Total
<b>Non-derivatives</b>						
Borrowings	1,114.53	106.55	1,221.08	1,030.71	889.25	1,919.96
Other financial liabilities	1,324.38	301.84	1,626.22	1,775.49	-	1,775.49
Trade payables	13,536.83	-	13,536.83	15,201.82	-	15,201.82
	<b>15,975.74</b>	<b>408.39</b>	<b>16,384.13</b>	<b>18,008.02</b>	<b>889.25</b>	<b>18,897.27</b>

#### 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.
- (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. The Group has started designating these contracts starting from 01 July 2019.

#### 41. Hedging activity and derivatives

(₹ million)

	Commodity price risk	Carrying amount			Maturity date	Hedge Ratio	Balance sheet classification	Effective portion of Hedge	Ineffective portion of Hedge
		Asset	Liabilities	Equity					
<b>Fair Value Hedge</b>									
Hedged item	Inventory of Copper and aluminium	(852.14)	-	-		1:1	Inventory		
Hedging instrument	Embedded derivative in trade payables of Copper and aluminium	-	(1,075.35)	-		1:1	Current financial assets		
								(852.14)	(223.21)
<b>Cash Flow Hedge</b>									
Hedged item	Highly probable forecasted purchases	-	-	(169.03)	Range within 1 to 6 months	1:1	Cash flow hedge Reserve		
Hedging instrument	Buy Derivative Position	-	169.03	-		1:1	Current financial liabilities		
	Sell Derivative Position	-	-	-		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
<b>Commodity Price risk</b>				
Forward Buy Contract	64.49	85.30	19.24	<b>169.03</b>

#### 41. Hedging activity and derivatives

As at 31 March 2019		Carrying amount					(₹ million)		
	Commodity price risk	Asset	Liabilities	Equity	Maturity date	Hedge Ratio	Balance sheet classification	Effective portion of Hedge	Ineffective portion of Hedge
<b>Fair Value Hedge</b>									
Hedged item	Inventory of Copper and aluminium	21.71	-	-	Range within 1 to 6 months	1:1	Inventory		
								21.71	32.89
Hedging instrument	Embedded derivative in trade payables of Copper and aluminium	-	54.60	-		1:1	Trade Payable		

#### 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.

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 Group has raised capital by issue of equity shares through an IPO in the current year ended 31 March, 2020. Certain proceeds from the IPO have been used for repayment of borrowings which have significantly reduced the Group's borrowings.

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 March 20	31 March 19
Borrowings (Refer note -19)	1,221.08	1,919.96
Trade payables ( Refer note- 20)	13,536.83	15,201.82
Other payables (Refer note -21B)	1,324.38	1,775.49
Less: cash and cash equivalents (Refer note 10)	(1,721.62)	(1,790.59)
<b>Net debt</b>	<b>14,360.67</b>	<b>17,106.68</b>
Equity (Refer note 16 and 17)	38,514.15	28,553.80
<b>Total capital</b>	<b>38,514.15</b>	<b>28,553.80</b>
Capital and net debt	52,874.82	45,660.48
<b>Gearing ratio</b>	<b>27.16%</b>	<b>37.46%</b>

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 2020 and year ended 31 March 2019.

#### 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

The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable. 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

Sd/-  
**Bhavesh Dhupelia**  
Partner  
Membership No. 042070

Place: Mumbai  
Date: 30 May 2020

For and on behalf of the Board of Directors of  
**Polycab India Limited (Formerly known as 'Polycab Wires Limited')**  
CIN : L31300DL1996PLC266483

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

Sd/-  
**S. L. Bajaj**  
CFO & Whole Time Director  
DIN : 02734730

Place: Mumbai

Sd/-  
**Ajay T. Jaisinghani**  
Whole Time Director  
DIN : 00276588

Sd/-  
**S. S. Narayana**  
Company Secretary  
Membership No. F5221

Date: 30 May 2020

# B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,  
Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi  
Mumbai - 400 011  
India

Telephone +91 (22) 4345 5300  
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## Independent Auditors' Report

To the Members of

**Polycab India Limited**

*(formerly known as "Polycab Wires 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 2020, 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 2020, 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:  
5th Floor, Lodha Excelus  
Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi  
Mumbai - 400 011 .India

## Independent Auditors' Report (Continued)

### Polycab India Limited

(formerly known as "Polycab Wires Limited")

#### Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Revenue recognition</b></p>	
<p>- Wires and cables and Fast-Moving Electrical Goods (FMEG) business and</p>	
<p>- Estimation of contract cost - Engineering Procurement and Construction (EPC) business</p>	
<p>(Refer note 23 Standalone Financial Statements)</p>	<p>A. Our audit procedures over the recognition of revenue included the following:</p>
<p>A. Wires and cables and FMEG business:</p>	<ul style="list-style-type: none"> <li>• Analysing the Company's revenue recognition accounting policies against applicable accounting standards to identify any inappropriate policy;</li> <li>• Testing 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;</li> <li>• Testing samples of 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; Analysing the timing of recognition of revenue and any unusual contractual terms;</li> <li>• Testing 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.</li> </ul>
<p>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.</p>	
<p>Accordingly, timing of recognition of revenue is a key audit matter.</p>	
<p>B. EPC business:</p>	<p>B. Our audit procedures over the recognition of construction revenue included the following:</p>
<p>The arrangement for EPC business contracts includes fixed price contracts and contracts which are subject to price variance clauses. Revenue for such contracts usually extends beyond a reporting period. Contract revenue is measured based on the proportion of contract costs incurred for work performed to date relative to estimated total contract costs. It is computed as per the input method. The estimate is formed by the Company considering the following:</p>	<ul style="list-style-type: none"> <li>• Testing the design, implementation and operating effectiveness of key internal financial controls and processes. These include those related to estimation of total project cost-to-completion, measuring contract assets, unearned revenue and related revenue;</li> <li>• For selected sample of contracts, we inspected key contractual terms with signed contracts and assessed revenue recognized in accordance with Ind AS by: <ul style="list-style-type: none"> <li>• Observing the approval of percentage of completion workings.</li> <li>▪ Challenging the Company's forecasted cost to completion, through comparison of costs incurred with project budgets, and executed purchase orders and agreements. Identifying significant variations and testing variations resulting into re-estimating the remaining costs to complete the contract.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Application of the revenue recognition accounting standard is complex. One of the key estimate is total cost-to-completion of these contracts. It is used to determine the percentage of completion of the relevant performance obligation.</li> </ul>	
<ul style="list-style-type: none"> <li>• This method requires the Company to perform an initial assessment of total estimated cost and further reassess these estimates on a periodic basis, including end of each reporting period.</li> </ul>	
<p>Considering the significant estimate involved in measurement of revenue, we have considered measurement of revenue as a key audit matter.</p>	

## Independent Auditors' Report (Continued)

### Polycab India Limited

(formerly known as "Polycab Wires Limited")

#### Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>▪ Sighting Company's internal approvals, on sample basis, for changes in budgeted costs along with the rationale for the changes.</li> <li>• Assessing the work in progress (contract assets) on the balance sheet. Evaluating the underlying invoices and signed agreements on sample basis. Identifying possible delays in achieving milestones. Those may require change in estimated costs to complete the remaining performance obligations. Assessing contract costs to check no costs of revenue nature are incorrectly recorded in the balance sheet;</li> <li>• Comparing, on a sample basis, revenue transactions recorded during the year with the underlying contracts, progress reports, invoices raised on customers and collections in bank accounts. Also, checked the related revenue, contract costs, provision for onerous contracts, contract assets and unearned revenue had been recognised in accordance with the Company's revenue recognition policies.</li> <li>• Performing analytical procedures on incurred and estimated contract costs or efforts. It includes assessment of contracts with unusual or negative margins, little or no movement in efforts from previous periods. We also performed analytical procedures on contract assets with little or no movement in invoicing from previous periods.</li> </ul>
<p><b>Key audit matter</b></p> <p><i>Expected credit loss (ECL) on trade receivables</i></p> <p>(Refer notes 7 and 37A to the Standalone Financial Statements)</p> <p>Trade receivable balances represent significant portion of the Company's assets. Loss allowances on trade receivables for delays and defaults in recovery involves significant judgments and estimates.</p> <p>Timing of collection of dues from the customers may differ from the actual credit period.</p> <p>The balance of loss allowances on trade receivables represents the Company's best estimate at the reporting date of ECL under Ind AS 109. The Company assesses the ECL allowance resulting from all possible defaults over the expected life of the receivables and credit impaired receivables. These are generally expected to be recognized before a trade receivable becomes past due.</p>	<p><b>How our audit addressed the key audit matter</b></p> <p>Our audit procedures over ECL on trade receivables included the following:</p> <ul style="list-style-type: none"> <li>• Testing the design, implementation and operating effectiveness of key internal financial controls, on a sample basis, over accounting of measurement of ECL on trade receivables, credit control process over aged receivables;</li> <li>• Evaluating governance structure over provisioning matrix;</li> <li>• Assessing company's policy for ECL on trade receivables and credit impaired receivables with applicable accounting standards;</li> <li>• Checking ageing report for days past due. Assessing the classification of trade receivables based on such ageing report.</li> <li>• Challenging the ECL estimates by examining the information used to form such estimates such as application of future economic conditions, credit risk of customers, etc.;</li> </ul>

## Independent Auditors' Report (Continued)

### Polycab India Limited

(formerly known as "Polycab Wires Limited")

#### Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p>The measurement of ECL involves significant judgement and assumptions, primarily relating to:</p> <ul style="list-style-type: none"> <li>- Historical credit loss experience adjusted for future economic conditions;</li> <li>- Credit risk of customers;</li> <li>- Loss rate in provision matrix depending on days past due;</li> </ul>	<ul style="list-style-type: none"> <li>• Checking completeness and accuracy of the data used by the Company for computation of assumptions used for computing ECL on trade receivables;</li> <li>• Testing Company's assessment for uncollected receivables in the past years with overdue receivables for verifying accuracy of loss rate used in provision matrix;</li> <li>• Conducting audit procedures on existence of trade receivables. We performed independent checks for outstanding balances, tested subsequent receipts and sales transactions for audit samples.</li> </ul>
<p><b>Key audit matter</b></p>	<p><b>How our audit addressed the key audit matter</b></p>
<p><b><i>Inventory valuation</i></b></p>	
<p>(Refer note 14 to the Standalone Financial Statements)</p> <ul style="list-style-type: none"> <li>• 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 such risk by using derivatives in commodities.</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p>Our audit procedures over inventory valuation included the following:</p> <ul style="list-style-type: none"> <li>• Testing the design, implementation and operating effectiveness of key internal financial controls, including controls over valuation of inventory, accounting of derivative and hedging transactions;</li> <li>• Testing on a sample basis the accuracy of cost for inventory by verifying the actual purchase cost. Testing the net realizable value by comparing actual cost with most recent retail price;</li> <li>• Testing on a sample basis the hedging relationship of eligible hedging instruments and hedged items;</li> <li>• Using 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.</li> </ul>

#### 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.



## **Independent Auditors' Report (Continued)**

### **Polycab India Limited**

*(formerly known as "Polycab Wires Limited")*

#### **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.

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.

## **Independent Auditors' Report (Continued)**

### **Polycab India Limited**

*(formerly known as "Polycab Wires Limited")*

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements (Continued)**

- 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.

#### **Other Matter**

The comparative financial information of the Company for the year ended 31 March 2019 prepared in accordance with Ind AS included in these standalone financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information dated 14 May 2019 expressed an unmodified opinion. Our opinion is not modified in respect of this matter.

## **Independent Auditors' Report (*Continued*)**

### **Polycab India Limited**

*(formerly known as "Polycab Wires Limited")*

#### **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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 2020 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 2020.

**Independent Auditors' Report (Continued)**

**Polycab India Limited**

*(formerly known as "Polycab Wires Limited")*

**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 Digitally signed by  
BHAVESH H DHUPELIA  
DHUPELIA Date: 2020.05.30  
16:50:27 +05'30'

**Bhavesh Dhupelia**

*Partner*

Membership No: 042070

UDIN: 20042070AAAABQ9634

Mumbai  
30 May 2020

## Polycab India Limited

(formerly known as “Polycab Wires Limited”)

### Annexure – A to the Independent Auditors’ Report – 31 March 2020 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 2020, 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 2020	35.68
Net Block as at 31 March 2020	35.68

- (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.
- (iii) The Company has granted unsecured loan to two companies covered in the register maintained under Section 189 of the Act.
  - (a) In respect of the aforesaid loans, the 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 security provided.

## Polycab India Limited

(formerly known as "Polycab Wires Limited")

### **Annexure – A to the Independent Auditors' Report – 31 March 2020 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 2020 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) During the year the Company has raised monies by way of initial public offering of equity shares. According to the information and explanations given to us and based on our examination of the records of the Company, monies were applied for the purpose for which those were raised. The Company did not raise any money by way of further public offer.
- (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 given 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.

## Polycab India Limited

(formerly known as "Polycab Wires Limited")

### **Annexure – A to the Independent Auditors' Report – 31 March 2020 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 under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures notified under the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.
- (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

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**Bhavesh Dhupelia**

*Partner*

Membership No: 042070

UDIN: 20042070AAAABQ9634

Mumbai  
30 May 2020

## Polycab India Limited

(formerly known as "Polycab Wires Limited")

### 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	127.74	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	348.87	3.09	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	16.96	16.19	2010-11	Comm. of Customs
Income Tax Act, 1961	Income tax and interest	97.52	-	2016-17	ITAT



## Polycab India Limited

*(formerly known as "Polycab Wires Limited")*

### **Annexure - B to the Independent Auditor's Report on standalone financial statements of Polycab India Limited for the year ended 31 March 2020**

**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 2020 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 2020, 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 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 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.

## Polycab India Limited

(formerly known as "Polycab Wires Limited")

### **Annexure - B to the Independent Auditor's Report on standalone financial statements of Polycab India Limited for the year ended 31 March 2020 (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

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**Bhavesh Dhupelia**

*Partner*

Membership No: 042070

UDIN: 20042070AAAABQ9634

Mumbai  
30 May 2020

Polycab India Limited (Formerly known as 'Polycab Wires Limited')  
Standalone Balance sheet as at 31 March 2020



(₹ million)

	Notes	As at 31 March 20	As at 31 March 19
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	13,599.01	12,515.09
Capital work-in-progress	3	2,409.71	1,858.67
Right of use assets	4	334.99	-
Intangible assets	5	16.76	34.98
<b>Financial assets</b>			
(a) Investment in Subsidiaries	6A	83.29	83.29
(b) Investment in Joint Venture	6A	378.65	343.65
(c) Trade receivables	7	1,660.47	1,351.27
(d) Loans	8A	52.02	49.59
(e) Other financial assets	9A	3.44	3.67
Non-current tax assets (net)	12D	191.51	97.67
Other non-current assets	13A	299.87	544.07
		<b>19,029.72</b>	<b>16,881.95</b>
<b>Current assets</b>			
Inventories	14	19,063.20	19,804.31
<b>Financial assets</b>			
(a) Investments	6B	400.00	-
(b) Trade receivables	7	14,394.00	13,415.91
(c) Cash and cash equivalents	10	1,700.43	1,777.44
(d) Bank balance other than cash and cash equivalents	11	1,070.15	1,375.80
(e) Loans	8B	198.02	168.24
(f) Other financial assets	9B	1,441.85	695.78
Other current assets	13B	1,984.73	1,834.52
		<b>40,252.38</b>	<b>39,072.00</b>
Non-current assets classified as held for sale	15	-	0.22
<b>Total assets</b>		<b>59,282.10</b>	<b>55,954.17</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	1,488.79	1,412.06
(b) Other equity	17	36,914.10	27,077.38
		<b>38,402.89</b>	<b>28,489.44</b>
<b>Liabilities</b>			
<b>Non-current liabilities:</b>			
<b>Financial liabilities</b>			
(a) Borrowings	18A	29.93	785.83
(b) Other financial liabilities	20A	298.89	-
Other non-current liabilities	21A	171.24	257.04
Provisions	22A	255.76	161.90
Deferred tax liabilities (net)	12G	173.55	227.80
		<b>929.37</b>	<b>1,432.57</b>
<b>Current liabilities:</b>			
<b>Financial liabilities</b>			
(a) Borrowings	18B	1,114.53	1,023.47
(b) Trade payables	19		
Total outstanding dues of micro enterprises and small enterprises and small enterprises		178.29	103.88
Total outstanding dues of creditors other than micro enterprises and small enterprises		13,268.82	14,995.12
(c) Other financial liabilities	20B	1,283.95	1,736.05
Other current liabilities	21B	2,682.24	6,294.94
Provisions	22B	237.81	208.23
Current tax liabilities (net)	12D	1,184.20	1,670.47
		<b>19,949.84</b>	<b>26,032.16</b>
<b>Total equity and liabilities</b>		<b>59,282.10</b>	<b>55,954.17</b>
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

Sd/-

**Bhavesh Dhupelia**  
Partner  
Membership No. 042070

Place: Mumbai  
Date: 30 May 2020

For and on behalf of the Board of Directors of  
**Polycab India Limited (Formerly known as 'Polycab Wires Limited')**  
CIN : L31300DL1996PLC266483

Sd/-

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

Sd/-  
**S. L. Bajaj**  
CFO & Whole Time Director  
DIN : 02734730  
Place: Mumbai

Sd/-

**Ajay T. Jaisinghani**  
Whole Time Director  
DIN : 00276588

Sd/-  
**S. S. Narayana**  
Company Secretary  
Membership No. F5221  
Date: 30 May 2020

Polycab India Limited (Formerly known as 'Polycab Wires Limited')  
Standalone Statement of Profit & Loss for the year ended 31 March 2020



(₹ million)

	Notes	Year ended 31 March 20	Year ended 31 March 19
<b>INCOME</b>			
Revenue from operations	23	88,069.14	79,401.22
Other income	24	934.57	639.53
<b>Total Income</b>		<b>89,003.71</b>	<b>80,040.75</b>
<b>EXPENSES</b>			
Cost of materials consumed	25	58,959.98	54,634.21
Purchases of traded goods	26	4,056.79	3,237.14
Changes in inventories of finished goods, traded goods and work-in-progress	27	(2,368.72)	(1,056.84)
Project Bought outs and subcontracting cost	28	3,174.46	2,543.04
Employee benefits expense	29	3,617.25	2,969.87
Finance cost	30	479.03	1,157.72
Depreciation and amortisation expense	31	1,590.85	1,400.71
Other expenses	32	9,459.50	7,589.02
<b>Total Expenses</b>		<b>78,969.14</b>	<b>72,474.87</b>
<b>Profit before tax</b>		<b>10,034.57</b>	<b>7,565.88</b>
<b>Income tax expenses</b>	12		
Current tax		2,449.49	2,947.07
Adjustment of tax relating to earlier years		(34.18)	(73.55)
Deferred tax (credit)/charge		9.72	(322.03)
<b>Total tax expense</b>		<b>2,425.03</b>	<b>2,551.49</b>
<b>Profit for the year</b>		<b>7,609.54</b>	<b>5,014.39</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement gains / (losses) on defined benefit plans		(51.31)	(6.75)
Income Tax relating to items that will not be reclassified to Profit or Loss		12.92	2.36
<b>Items that will be reclassified to profit or loss</b>			
Designated Cash Flow Hedges		(169.03)	-
Income tax relating to items that will be reclassified to Profit or Loss		42.54	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(164.88)</b>	<b>(4.39)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>7,444.66</b>	<b>5,010.00</b>
<b>Earnings per share</b>			
Basic (₹)	33	51.28	35.51
Diluted (₹)	33	51.10	35.51
<b>Weighted average equity shares used in computing earnings per equity share</b>			
Basic	33	14,83,81,220	14,12,05,838
Diluted	33	14,89,12,465	14,12,12,413
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

Sd/-

**Bhavesh Dhupelia**  
Partner  
Membership No. 042070

Place: Mumbai  
Date: 30 May 2020

For and on behalf of the Board of Directors of  
**Polycab India Limited (Formerly known as 'Polycab Wires Limited')**  
CIN : L31300DL1996PLC266483

Sd/-

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

Sd/-

**S. L. Bajaj**  
CFO & Whole Time Director  
DIN : 02734730  
Place: Mumbai

Sd/-

**Ajay T. Jaisinghani**  
Whole Time Director  
DIN : 00276588

Sd/-

**S. S. Narayana**  
Company Secretary  
Membership No. F5221  
Date: 30 May 2020

Polycab India Limited (Formerly known as 'Polycab Wires Limited')  
**Standalone Statement of Changes in Equity for the year ended 31 March 2020**



(₹ million)

	Equity Share Capital	Share application money pending allotment	Reserves & Surplus				Retained Earnings	Effective portion of Cash Flow Hedges	Total other equity	Total Equity
			Capital Reserve	Securities Premium	General Reserve	ESOP outstanding				
As at 1 April 2018	1,412.06	-	0.13	3,205.60	650.69	-	18,209.73	-	22,066.15	23,478.21
Profit after tax for the year	-	-	-	-	-	-	5,014.39	-	5,014.39	5,014.39
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	(4.39)	-	(4.39)	(4.39)
Share issue expense	-	-	-	(148.28)	-	-	-	-	(148.28)	(148.28)
Share-based payments to employees	-	-	-	-	-	149.51	-	-	149.51	149.51
<b>As at 31 March 2019</b>	<b>1,412.06</b>	<b>-</b>	<b>0.13</b>	<b>3,057.32</b>	<b>650.69</b>	<b>149.51</b>	<b>23,219.73</b>	<b>-</b>	<b>27,077.38</b>	<b>28,489.44</b>
Impact on account of adoption of Ind AS 116 (Refer note 4(iii))	-	-	-	-	-	-	(25.29)	-	(25.29)	(25.29)
<b>Restated balance as at 1 April 2019</b>	<b>1,412.06</b>	<b>-</b>	<b>0.13</b>	<b>3,057.32</b>	<b>650.69</b>	<b>149.51</b>	<b>23,194.44</b>	<b>-</b>	<b>27,052.09</b>	<b>28,464.15</b>
Profit after tax for the year	-	-	-	-	-	-	7,609.54	-	7,609.54	7,609.54
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	(38.39)	(126.49)	(164.88)	(164.88)
Share issue expense	-	-	-	6.79	-	-	-	-	6.79	6.79
Share-based payments to employees	-	-	-	-	-	170.99	-	-	170.99	170.99
Exercise of stock option	-	79.05	-	-	-	(79.05)	-	-	-	-
Amount received on exercise of employee stock options	-	110.27	-	-	-	-	-	-	110.27	110.27
Additions/(deletion) during the year	76.73	(162.17)	-	4,085.44	-	-	-	-	3,923.27	4,000.00
Final equity dividend	-	-	-	-	-	-	(445.94)	-	(445.94)	(445.94)
Tax on final dividend	-	-	-	-	-	-	(91.66)	-	(91.66)	(91.66)
Interim equity dividend	-	-	-	-	-	-	(1,042.15)	-	(1,042.15)	(1,042.15)
Tax on interim dividend	-	-	-	-	-	-	(214.22)	-	(214.22)	(214.22)
<b>As at 31 March 2020</b>	<b>1,488.79</b>	<b>27.15</b>	<b>0.13</b>	<b>7,149.55</b>	<b>650.69</b>	<b>241.45</b>	<b>28,971.62</b>	<b>(126.49)</b>	<b>36,914.10</b>	<b>38,402.89</b>
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

Sd/-

**Bhavesh Dhupelia**  
Partner  
Membership No. 042070

Place: Mumbai  
Date: 30 May 2020

For and on behalf of the Board of Directors of  
**Polycab India Limited (Formerly known as 'Polycab Wires Limited')**  
CIN : L31300DL1996PLC266483

Sd/-

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

Sd/-

**S. L. Bajaj**  
CFO & Whole Time Director  
DIN : 02734730  
Place: Mumbai

Sd/-

**Ajay T. Jaisinghani**  
Whole Time Director  
DIN : 00276588

Sd/-

**S. S. Narayana**  
Company Secretary  
Membership No. F5221  
Date: 30 May 2020

Polycab India Limited (Formerly known as 'Polycab Wires Limited')  
**Standalone Statement of Cash flows for the year ended 31 March 2020**



**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.

	Year ended 31 March 20	Year ended 31 March 19
(₹ million)		
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>10,034.57</b>	<b>7,565.88</b>
Adjustments for:		
Depreciation and amortisation expense	1,590.85	1,400.71
(Gain)/Loss on disposal of property, plant and equipment	10.94	(21.06)
(Gain)/Loss on termination of Lease	(1.42)	-
Finance income	(270.26)	(128.74)
(Gain)/loss on Redemption of investment	(179.07)	-
Fair Valuation MTM of investment	(0.01)	-
Finance Cost	479.03	1,157.72
ESOP Compensation Expense	170.99	149.51
Fair valuation of Financial assets	(383.98)	136.32
Liabilities / provisions no longer required written back	(31.69)	(13.67)
Impairment allowance for trade receivable considered doubtful	260.30	548.50
Share issue expense	-	17.05
Unrealised foreign exchange (gain)/loss	(244.01)	186.75
Fair value of written put options	0.85	(6.10)
Sundry advances written-off	65.15	24.89
<b>Operating profit before working capital changes</b>	<b>11,502.24</b>	<b>11,017.76</b>
<b>Movements in working capital:</b>		
Trade Receivables	(1,736.91)	(1,518.51)
Inventories	741.11	(6,245.31)
Non-financial assets	(28.46)	351.63
Financial assets (including Contract Assets)	(804.10)	(157.47)
Trade Payables	(1,186.87)	5,313.30
Non-financial liabilities (including Contract liabilities)	(3,698.50)	5,294.58
Financial liabilities and provisions	549.23	(4.50)
<b>Cash generated from operations</b>	<b>5,337.74</b>	<b>14,051.48</b>
Income tax paid (including TDS) (net of refunds)	(2,995.42)	(1,811.91)
<b>Net cash flows from operating activities (A)</b>	<b>2,342.32</b>	<b>12,239.57</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment (including CWIP)	(2,885.97)	(2,735.29)
Purchase of Intangible assets	(0.32)	(26.15)
Proceeds from sale of property, plant and equipment	12.42	47.30
Payments to acquire Mutual funds	(2,93,988.80)	-
Proceeds from sale of Mutual funds	2,93,767.88	1.40
Bank deposit placed	(2,114.90)	(1,911.92)
Bank deposit matured	2,420.00	557.85
Investment made in equity shares of subsidiaries	-	(39.64)
Investment made in equity shares of joint ventures	(35.00)	-
Loan (given to) / repaid by related parties	6.87	29.46
Loan (given to) / repaid by employees	2.58	1.59
Interest received	243.80	118.73
<b>Net cash flows used in investing activities (B)</b>	<b>(2,571.44)</b>	<b>(3,956.67)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital (including Securities Premium) against offer for sale	4,000.00	-
Share issue expenses	(402.06)	(91.04)
Net adjustment of IPO expenses between company and selling shareholders	(47.19)	-
Proceeds from exercise of share under ESOP Scheme	110.27	-
Repayment of lease liabilities	(132.72)	-
Repayment of long term borrowings	(1,220.18)	(740.08)

Polycab India Limited (Formerly known as 'Polycab Wires Limited')  
**Standalone Statement of Cash flows for the year ended 31 March 2020**



(₹ million)

	Year ended 31 March 20	Year ended 31 March 19
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds / (Repayment) of short term borrowings	52.81	(4,939.56)
Interest and other finance cost paid	(415.81)	(773.53)
Payment of dividends (including dividend distribution tax)	(1,793.01)	(28.75)
<b>Net cash flows from / (used in) financing activities (C)</b>	<b>152.11</b>	<b>(6,572.96)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(77.01)</b>	<b>1,709.94</b>
Cash and cash equivalents at the beginning of the year	1,777.44	67.50
<b>Cash and cash equivalents at end of the year (Refer note 10)</b>	<b>1,700.43</b>	<b>1,777.44</b>
<b>Supplemental Information</b>		
Non-Cash Transactions from Investing and Financing Activities:		
Acquisition of Property, Plant and Equipment (PPE) by means of Government Grant	216.37	82.74
<b>Net debt reconciliation</b>	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

Sd/-

**Bhavesh Dhupelia**  
Partner  
Membership No. 042070

Place: Mumbai  
Date: 30 May 2020

For and on behalf of the Board of Directors of  
**Polycab India Limited (Formerly known as 'Polycab Wires Limited')**  
CIN : L31300DL1996PLC266483

Sd/-

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

Sd/-

**S. L. Bajaj**  
CFO & Whole Time Director  
DIN : 02734730  
Place: Mumbai

Sd/-

**Ajay T. Jaisinghani**  
Whole Time Director  
DIN : 00276588

Sd/-

**S. S. Narayana**  
Company Secretary  
Membership No. F5221  
Date: 30 May 2020

## 1. Corporate information

Polycab India Limited (the "Company") (CIN - L31300DL1996PLC266483) 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 Registered office of the Company is situated at E-554, Greater Kailash-II, New Delhi-110048. Further, the Company has filed an application for shifting of its registered office from the state of New Delhi to the state of Gujarat and the same is presently under consideration by Registrar of Company (New Delhi).

The Company is one of the largest manufacturers of various types of cables and wires. The Company is also in the business of Engineering, Procurement and Construction (EPC) projects, Manufacturing and trading of Electrical Wiring Accessories, Electrical Appliances and Agro Pipe and pumps. The Company's manufacturing facilities are located at Daman in Daman and Diu, Halol in Gujarat, Nashik in Maharashtra and Roorkee in Uttarakhand. The Company caters to both domestic and international markets.

The Company has entered into the listing agreement with the Securities and Exchange Board of India ('SEBI') on 15 April 2019, pursuant to the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as a result of which its shares have started trading on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) on 16 April 2019.

The Board of Directors approved the Standalone Financial Statements for the year ended 31 March 2020 and authorised for issue on 30 May 2020.

## 2. Summary of significant accounting policies

### A) Basis of preparation

#### i Statement of Compliance:

The Company prepared 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 2020, 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 2020, 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 2020 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
- (d) Share Based Payments

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 2019, except for adoption of new standard or any pronouncements effective from 1 April 2019.

#### 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.

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.



## **2. Summary of significant accounting policies**

### **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 facing 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).

**2. Summary of significant accounting policies****viii 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.

**ix 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 its recoverable amount, the asset is considered as impaired and it's written down to its recoverable amount.

**x 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.

**xi 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.

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

The outbreak of Coronavirus (COVID-19) pandemic is causing disturbance and slowdown of economic activity throughout the world and is impacting operations of the businesses, by way of interruption in production, supply chain disruption, unavailability of personnel, closure of production facilities etc. On 24th March 2020, the Government of India ordered a nationwide lockdown initially for 21 days which further got extended from time to time till 31st May 2020 to prevent community spread of COVID-19 in India.

In accordance with orders issued by the central and state government authorities, the plants of the Company were temporarily shut down in March 2020 and subsequent to the year-end, these plants have recommenced operations in compliance with the applicable guidelines. Due to implementation of lockdown in March 2020, the Company lost sizeable revenue. However, there is no material impact on the carrying value of the current assets. In evaluating the possible impact due to COVID-19, the Company has used internal and external sources of information available till date. Considering the nature of COVID-19, the Company will continue to closely monitor any material changes to future economic conditions.

**C) Changes in significant accounting policies****Transition to Ind AS 116**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning 1 April 2019 and applied the standard to its leases, using Modified Retrospective Approach, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (1 April 2019). Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on 1 April 2019 (Refer note 4 for new accounting policy).

Refer note 2.2(g) – Significant accounting policies – Leases in the Annual report of the Company for the year ended 31 March 2019, for the policy as per Ind AS 17.

**D) Recent pronouncement**

The Company elected to exercise the option permitted under section 115BAA of the Income-tax Act, 1961 as per the amendment notified in the official Gazette. 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 year.

**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 2020.

**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 equipments 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. 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. 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.

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.

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	Lower of useful life of the asset or lease term

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. 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 2020 are as follows:

	Freehold land	Leasehold land	Buildings	Plant and equipments	Electrical installations	Furniture and fixtures	Office equipments	Windmill	Vehicles	Leasehold improvements	Total	Capital Work in progress
(₹ million)												
<b>Gross carrying value (at cost)</b>												
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)
Transition impact of Ind AS116 (Refer note g)	-	(56.55)	-	-	-	-	-	-	-	-	(56.55)	-
Disposals/Adjustments	(0.27)	-	-	(103.00)	-	-	(5.96)	-	(5.34)	-	(114.57)	-
<b>As at 31 March 2020</b>	<b>1,018.20</b>	<b>-</b>	<b>7,094.48</b>	<b>10,320.78</b>	<b>596.51</b>	<b>157.05</b>	<b>293.38</b>	<b>294.99</b>	<b>113.56</b>	<b>4.51</b>	<b>19,893.46</b>	<b>2,409.71</b>
<b>Accumulated depreciation</b>												
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	-
Transition impact of Ind AS116 (Refer note g)	-	(14.77)	-	-	-	-	-	-	-	-	(14.77)	-
Disposals/Adjustment	-	-	-	(82.94)	-	-	(5.64)	-	(2.85)	-	(91.43)	-
<b>As at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>1,015.21</b>	<b>4,664.43</b>	<b>270.41</b>	<b>57.26</b>	<b>159.43</b>	<b>78.61</b>	<b>46.12</b>	<b>2.98</b>	<b>6,294.45</b>	<b>-</b>
<b>Net carrying value</b>												
<b>As at 31 March 2020</b>	<b>1,018.20</b>	<b>-</b>	<b>6,079.27</b>	<b>5,656.35</b>	<b>326.10</b>	<b>99.79</b>	<b>133.95</b>	<b>216.38</b>	<b>67.44</b>	<b>1.53</b>	<b>13,599.01</b>	<b>2,409.71</b>

### 3. Property, plant and equipment

The changes in the carrying value of Property, plant and equipment for the year ended 31 March 2019 are as follows:

(₹ million)

	Freehold land	Leasehold land	Buildings	Plant and equipments	Electrical installations	Furniture and fixtures	Office equipments	Windmill	Vehicles	Leasehold improvements	Total	Capital Work in progress
<b>Gross carrying value (at cost)</b>												
As at 01 April 2018	1,005.65	56.55	5,482.74	7,673.24	441.70	105.97	191.90	294.99	90.30	3.19	15,346.23	1,353.96
Additions	17.09	-	921.70	1,011.79	80.65	34.36	61.76	-	20.97	0.70	2,149.02	2,383.61
Transfer (Refer below note c)	-	-	-	-	-	-	-	-	-	-	-	(1,878.90)
Disposals/Adjustments	(12.75)	-	(3.54)	(10.86)	-	(0.39)	(5.30)	-	(6.02)	-	(38.86)	-
<b>As at 31 March 2019</b>	<b>1,009.99</b>	<b>56.55</b>	<b>6,400.90</b>	<b>8,674.17</b>	<b>522.35</b>	<b>139.94</b>	<b>248.36</b>	<b>294.99</b>	<b>105.25</b>	<b>3.89</b>	<b>17,456.39</b>	<b>1,858.67</b>
<b>Accumulated depreciation</b>												
As at 01 April 2018	-	14.30	528.40	2,679.50	157.80	29.90	87.40	47.10	27.30	2.20	3,573.90	-
Depreciation charge for the year	-	0.47	231.27	1,014.40	56.19	12.72	38.90	15.79	12.41	0.35	1,382.50	-
Disposals/Adjustment	-	-	(0.21)	(6.42)	-	(0.19)	(4.93)	-	(3.35)	-	(15.10)	-
<b>As at 31 March 2019</b>	<b>-</b>	<b>14.77</b>	<b>759.46</b>	<b>3,687.48</b>	<b>213.99</b>	<b>42.43</b>	<b>121.37</b>	<b>62.89</b>	<b>36.36</b>	<b>2.55</b>	<b>4,941.30</b>	<b>-</b>
<b>Net carrying value</b>												
<b>As at 31 March 2019</b>	<b>1,009.99</b>	<b>41.78</b>	<b>5,641.44</b>	<b>4,986.69</b>	<b>308.36</b>	<b>97.51</b>	<b>126.99</b>	<b>232.10</b>	<b>68.89</b>	<b>1.34</b>	<b>12,515.09</b>	<b>1,858.67</b>

#### Notes:-

- (a) Capital work in progress includes machinery in transit ₹ 71.56 million (31 March 2019 : ₹ 9.27 million).
- (b) All property, plant and equipment are held in the name of the Company, except following :
- Title deed for freehold land amounting to ₹ 24.06 million (31 March 2019: ₹ 33.05 million) are not in the name of Company. The Company has initiated process of transferring these properties in its name.
  - Title deed for freehold land amounting to ₹ 1.14 million (31 March 2019: ₹ 36.45 million) are not available.
  - Title deed is in dispute for freehold land amounting to ₹ 10.48 million (31 March 2019: ₹ 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 2020 ₹ 2,158.77 million (31 March 2019 : ₹ 1,878.90 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 2019-20	6.31	-	14.16	376.80	0.47	9.22	41.30	-	1.15	-	449.42
FY 2018-19	7.94	-	11.86	185.46	2.96	11.92	35.79	-	13.94	0.26	270.12

- (e) The carrying value of Capital Work in Progress (CWIP) as at 31 March 2020 is ₹ 2,409.71 million. 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. 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 2019 was ₹ 1,858.67. This comprised of various routine projects and expansion spread over all units of which major amounts were in Plant and equipments ₹ 638.55 million and Buildings ₹ 1,156.51 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 31 March 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.

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 asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

###### 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

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying value as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of the Company's Annual Report for year ended 31 March 2019.

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 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 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:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
- 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.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
- 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 2020

	Category of ROU asset		Total
	Leasehold Land	Buildings	
(₹ million)			
<b>Gross carrying value</b>			
As at 01 April 2019	-	276.06	276.06
Transition impact of Ind AS 116 (Refer note 3(g))	41.78	-	41.78
Additions	-	139.71	139.71
Disposals	-	(16.02)	(16.02)
<b>As at 31 March 2020</b>	<b>41.78</b>	<b>399.75</b>	<b>441.53</b>
<b>Accumulated depreciation</b>			
As at 01 April 2019	-	-	-
Depreciation charge for the year	0.45	112.51	112.96
Disposals	-	(6.42)	(6.42)
<b>As at 31 March 2020</b>	<b>0.45</b>	<b>106.09</b>	<b>106.54</b>
Net carrying value			
<b>As at 31 March 2020</b>	<b>41.33</b>	<b>293.66</b>	<b>334.99</b>

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 2020

	(₹ million)
	<b>31 March 20</b>
Non-current lease liabilities	298.89
Current lease liabilities	28.96
	<b>327.85</b>

The following is the movement in lease liabilities for the year ended 31 March 2020

	(₹ million)
	<b>31 March 20</b>
As at 01 April 2019	303.01
Additions	136.60
Finance cost accrued during the year	28.99
Deletions	(11.02)
Payment of lease liabilities	(129.73)
	<b>327.85</b>

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

	(₹ million)	
	<b>31 March 20</b>	31 March 19
Less than one year	55.31	37.33
One to five years	93.03	78.55
More than five years	121.36	62.56
	<b>269.70</b>	<b>178.44</b>

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.

The following are the amounts recognised in profit or loss:

	(₹ million)
	<b>31 March 20</b>
Depreciation expense of right-of-use assets	112.96
Interest expense on lease liabilities	28.99
Interest expense on fair value of security deposit	(1.04)
Expense relating to short-term leases (included in other expenses)	32.50
Expense relating to leases of low-value assets (included in other expenses)	9.87
Variable lease payments (included in other expenses)	38.22
	<b>221.50</b>

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 ₹ 124.83 million (31 March 2019 ₹ 173.73 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

The Company owns 92 number as on 31 March 2020 (87 number as on 31 March 2019) 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 ₹ 3.27 million (31 March 2019 ₹ Nil). Further, Revenue R&D expenditure incurred amounting to ₹ 72.33 million (31 March 2019 ₹ 56.96 million)

#### 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 2020 are as follows:

	(₹ million)
	<b>Computer Software</b>
<b>Gross carrying value (at cost)</b>	
As at 01 April 2019	168.86
Additions	0.32
Disposals/Adjustments	(64.04)
<b>As at 31 March 2020</b>	<b>105.14</b>
<b>Accumulated amortization</b>	
As at 01 April 2019	133.88
Amortisation charge for the year	18.54
Disposals/ Adjustments	(64.04)
<b>As at 31 March 2020</b>	<b>88.38</b>
Net carrying value	
<b>As at 31 March 2020</b>	<b>16.76</b>

The changes in the carrying value of Intangible assets for the year ended 31 March 2019 are as follows:

	(₹ million)
	<b>Computer Software</b>
<b>Gross carrying value (at cost)</b>	
As at 01 April 2018	142.71
Additions	26.15
Disposals	-
<b>As at 31 March 2019</b>	<b>168.86</b>
<b>Accumulated amortization</b>	
As at 01 April 2018	115.67
Amortisation charge for the year	18.21
<b>As at 31 March 2019</b>	<b>133.88</b>
Net carrying value	
<b>As at 31 March 2019</b>	<b>34.98</b>

## 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.

The Company's investments in its subsidiaries and joint venture is initially recognized at cost. The Company determines whether it is necessary to recognise an impairment loss on its investment in its subsidiary or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiary or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary or joint venture and its carrying value and recognises the impairment loss in the Statement of Profit & Loss.

#### ii. Business combination under common control

Common control business combination includes transactions such as transfer of subsidiaries or business between entities within a group. Business combinations involving entities or business under common control are accounted for using the pooling interest method. Under pooling interest method, the assets and liabilities of combining entities are reflected at their carrying amount, the only adjustments that are made are to harmonise accounting policies.

The difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and presented separately from other capital reserves with disclosures of its nature and purposes in the notes.

### A Non-current investments

	Face Value Per Unit	Number	31 March 20	Number	31 March 19
(₹ million)					
<b>Investments carried at cost (Unquoted)</b>					
<b>Investment in Equity Instruments of Subsidiaries (Fully paid-up)</b>					
Polycab Wires Italy SRL (Refer below note (c))	€ 1	1,50,000	10.89	1,50,000	10.89
Tirupati Reels Private Limited	₹ 10	33,00,000	33.00	33,00,000	33.00
Dowells Cable Accessories Private Limited	₹ 10	45,90,000	45.90	45,90,000	45.90
			<b>89.79</b>		<b>89.79</b>
<b>Impairment of Investments</b>					
Less: Impairment allowance for investment in Polycab Wires Italy SRL	€ 1	90,000	(6.50)	90,000	(6.50)
			<b>83.29</b>		<b>83.29</b>
<b>Investment in Equity Instruments of Joint Venture (Fully paid-up)</b>					
Ryker Base Private Limited (Refer below note (a) & (b))	₹ 10	2,60,10,000	273.45	2,60,10,000	273.45
Techno Electromech Private Limited	₹ 10	8,90,000	105.20	5,40,000	70.20
			<b>378.65</b>		<b>343.65</b>
Aggregate amount of unquoted investments - At cost			461.94		426.94
Aggregate amount of impairment in value of investments - At cost			(6.50)		(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:

	31 March 20	31 March 19
Investment in Ryker	260.10	260.10
Add : Guarantee provided on credit facility	13.35	13.35
	<b>273.45</b>	<b>273.45</b>

- (b) Joint Venture partner of the Ryker base Private Limited has the option to put their entire shareholding to the company at any time after a lock in period i.e. earlier of
- Fifth anniversary of the date on which the Plant commences production;
  - The date falling six years and six months after the completion date at a price being higher of:
    - Fair market value of the shares or
    - Sum of subscription price paid by Joint Venture partner and additional Finance amounts contributed by Joint Venture partner from time to time
- (c) As at 31 March 2020, the Company has investment of Euro 150,000 (₹ 10.89 million) and loan of Euro 3,88,276.11 (₹ 32.25 million) in Polycab Italy SRL (PWISRL), a wholly owned subsidiary company situated in Italy.
- PWISRL in its financial statement of earlier years had appropriated an amount of Euro 90,000 (₹ 6.50 million) from Share Capital and Euro 3,88,276.11 (₹ 32.25 million) from loan given by the Company, to accumulated losses of previous years and Capital Reduction Reserve to comply with the applicable Italian accounting requirements in an earlier year.
- The Company had made application to RBI through Citi bank (A.D. Bank) for winding up of PWISRL. Currently, the company is in the process of evaluating the alternatives directed by RBI and will be responding in due course. Considering the status, no adjustment is made in the financial statements for the year ended 31 March 2020.
- (d) Refer note 34(B) for uncalled capital commitments outstanding.
- (e) 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.



## 6. Investment

### B Current Investments held for sale

	31 March 20	31 March 19
<b>Investments measured at FVTPL (Quoted)</b>		
Investments in Overnight Mutual Funds	400.00	-
	<b>400.00</b>	-
Aggregate amount of quoted investments - At market value	400.00	-

**Note:** Refer note 37 for accounting policies on financial instruments for methods of valuation.

## 7. Trade receivables

	31 March 20	31 March 19
<b>Unsecured (at amortised cost)</b>		
<b>Non Current</b>		
Trade receivables- Considered Good	1,660.47	1,351.27
<b>Non-current Trade receivables</b>	<b>1,660.47</b>	<b>1,351.27</b>
<b>Current</b>		
Trade receivables- Considered Good	15,403.64	14,092.77
Trade receivables - Credit Impaired	327.08	548.79
Receivables from related parties- Considered Good (Refer note - 35)	225.69	224.21
<b>Trade receivables (Gross)</b>	<b>15,956.41</b>	<b>14,865.77</b>
Less: Impairment allowance for trade receivables- Credit Impaired	(1,562.41)	(1,449.86)
<b>Current Trade receivables (Net)</b>	<b>14,394.00</b>	<b>13,415.91</b>

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

	31 March 20	31 March 19
<b>At the beginning of year</b>	1,449.86	1,215.50
Provision during the year	256.06	540.94
Bad debts written off (net)	(143.49)	(306.58)
<b>At the end of the year</b>	<b>1,562.43</b>	<b>1,449.86</b>

#### Notes:-

- Trade receivables are usually non-interest bearing and are generally on credit terms up to 90 days except EPC business.
- For EPC business trade receivables are non-interest bearing and credit terms are specific to contracts.
- For explanations on the Company's credit risk management processes, Refer note 38(B).
- The Company follows life time expected credit loss model. Accordingly, deterioration in credit risk is not required to be evaluated annually.
- Refer note 37 for accounting policies on financial instruments.

## 8. Loans

### A Loans - Non-current

	31 March 20	31 March 19
<b>At amortised cost</b>		
Security deposits and Earnest money deposits, Unsecured, considered good (A)	19.97	22.74
Rental deposits, unsecured, considered good		
Related Parties (Refer note - 35)	6.13	6.17
Others	25.92	20.68
	(B)	32.05
	(A+B)	49.59

### B Loans - Current

	31 March 20	31 March 19
<b>At amortised cost</b>		
Security deposits and Earnest money deposits, Unsecured, considered good (A)	59.07	17.90
Rental deposits, unsecured, considered good (B)	9.06	11.00
<b>Loans to related party (Refer note - 35)</b>		
Unsecured, considered good	119.68	126.55
Credit Impaired	32.25	30.17
Less: Impairment allowance for loan recoverable	(32.25)	(30.17)
	(C)	119.68
<b>Loans to employees, Unsecured, considered good (D)</b>	10.21	12.79
	(A+B+C+D)	198.02

## 9. Other financial assets

### A Other financial assets - Non-current

	31 March 20	31 March 19
<b>Other financial assets (at amortised cost)- Non-current</b>		
Deposits with bank having maturity period of more than 12 months	3.44	3.67
	<b>3.44</b>	<b>3.67</b>

### B Other financial assets - current

	31 March 20	31 March 19
<b>At amortised cost</b>		
<b>Contract asset (Refer below note(a))</b>		
Unsecured, considered good	316.78	252.93
Credit Impaired	11.82	7.58
Less: Impairment allowance for Contract Assets - Credit Impaired (Refer below note (b))	(11.82)	(7.58)
	(A)	316.78

## B Other financial assets - current

<b>Others</b>			
Insurance claim receivables		0.73	35.43
Interest accrued on bank deposits		37.71	11.25
Incentive receivable from government authorities		2.09	-
Public issue expense recoverable from selling shareholders		-	388.77
	(B)	40.53	435.45
<b>At FVTPL</b>			
Derivative Assets (Refer below note (c))	(C)	1,084.54	7.40
	(A+B+C)	<b>1,441.85</b>	<b>695.78</b>

### Notes:-

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

	31 March 20	31 March 19
		(₹ million)
At the beginning of year	252.93	140.26
Unbilled revenue for year	313.82	260.51
Billed to customer revenue from opening balance	(245.72)	(140.26)
Impairment allowance	(4.24)	(7.58)
At the end of the year	<b>316.79</b>	<b>252.93</b>

#### (b) Change in impairment allowance

	31 March 20	31 March 19
		(₹ million)
At the beginning of year	7.58	-
Provision during the year	4.24	7.58
At the end of the year	<b>11.82</b>	<b>7.58</b>

#### (c) Derivative Assets

	31 March 20	31 March 19
		(₹ million)
Embedded derivatives	1,075.35	-
Interest rate and cross currency swap	9.19	7.40
	<b>1,084.54</b>	<b>7.40</b>

## 10. Cash and cash equivalents

	31 March 20	31 March 19
		(₹ million)
<b>Cash and cash equivalents (at amortised cost)</b>		
Balances with banks		
In current accounts	355.71	1,281.37
Deposits with original maturity of less than 3 months	1,342.60	494.50
Cash in hand	2.12	1.57
	<b>1,700.43</b>	<b>1,777.44</b>

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

	31 March 20	31 March 19
		(₹ million)
<b>Bank balance other than cash and cash equivalents (at amortised cost)</b>		
Deposits with original maturity for more than 3 months but less than 12 months *	1,069.17	1,375.00
Earmarked balance	0.96	-
Margin money deposit	0.02	0.80
	<b>1,070.15</b>	<b>1,375.80</b>

\* ₹ 1,000 million (31 March 2019: ₹ 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 and deferred income tax. 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.

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.

## 12. Income taxes

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 unrecognised 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.

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.

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

	(₹ million)	
	31 March 20	31 March 19
<b>Current tax:</b>		
In respect of current year	2,449.49	2,947.07
Adjustments of tax relating to earlier years	(34.18)	(73.55)
	<b>2,415.31</b>	<b>2,873.52</b>
<b>Deferred tax:</b>		
In respect of current year	66.05	(322.03)
Effect of decrease in applicable tax rate in India	(71.06)	-
Adjustments of tax relating to earlier years	14.72	-
	<b>9.72</b>	<b>(322.03)</b>
	<b>2,425.03</b>	<b>2,551.49</b>

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

	(₹ million)	
	31 March 20	31 March 19
Net loss/(gain) on remeasurements of defined benefit plans	(12.92)	(2.36)
Net loss/(gain) on Designated Cash Flow Hedges	(42.54)	-
	<b>(55.46)</b>	<b>(2.36)</b>

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

	(₹ million)	
	31 March 20	31 March 19
Profit before tax	10,034.57	7,565.88
Enacted tax rates in India	25.17%	34.94%
Computed expected tax expenses	2,525.50	2,643.82
<b>Effect of differential tax impact due to the following (tax benefit)/ tax expenses:</b>		
CSR expenses	32.05	12.21
Deferred government grants	(70.50)	(35.52)
Others	28.49	4.53
Adjustments of tax relating to earlier years	(19.46)	(73.55)
Effect of decrease in applicable tax rate in India	(71.06)	-
	<b>2,425.03</b>	<b>2,551.49</b>

#### Notes:-

The tax rate used for the 31 March 2020 and 31 March 2019 reconciliations above is the corporate tax rate of 25.17% and 34.94% respectively, payable by corporate entities in India on taxable profits under Indian Income Tax Laws.

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 year.

### D The details of Non-current/ (Current) tax assets / (liabilities) as at 31 March 2020

	(₹ million)	
	31 March 20	31 March 19
Non-current tax assets (net of provision for taxation)	191.51	97.67
Current tax liabilities (net of advance tax)	(1,184.20)	(1,670.47)
<b>Net current income tax asset / (liability) at the end</b>	<b>(992.69)</b>	<b>(1,572.80)</b>

### E The movement in the gross current tax assets/ (liability) for the year ended 31 March 2020

	(₹ million)	
	31 March 20	31 March 19
Net current tax asset / (liability) at the beginning	(1,572.80)	(511.19)
Income tax Paid	2,995.42	2,811.24
Refund received	-	(999.33)
Current tax expense	(2,449.49)	(2,947.07)
Adjustments of tax relating to earlier years	34.18	73.55
<b>Net current tax asset / (liability) at the end</b>	<b>(992.69)</b>	<b>(1,572.80)</b>

## 12. Income taxes

F The movement in gross deferred tax assets and liabilities  
For the year ended 31 March 2020

	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 March 20
(₹ million)					
<b>Deferred tax assets / (liabilities) in relation to</b>					
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)
<b>Total deferred tax assets / (liabilities)</b>	<b>(227.80)</b>	<b>(9.72)</b>	<b>55.46</b>	<b>8.51</b>	<b>(173.55)</b>

For the year ended 31 March 2019

	Carrying value as at 01 April 18	Changes through profit and loss	Changes through OCI	Impact on Account of Ind AS 116	Carrying value as at 31 March 19
(₹ million)					
<b>Deferred tax assets / (liabilities) in relation to</b>					
Property, plant and equipment and intangible assets	(889.43)	55.93	-	-	(833.50)
Provision for employee benefits	144.97	(31.83)	2.36	-	115.50
Receivables, financial assets at amortised cost	441.60	108.83	-	-	550.43
Others	(249.33)	189.10	-	-	(60.23)
<b>Total deferred tax assets / (liabilities)</b>	<b>(552.19)</b>	<b>322.03</b>	<b>2.36</b>	<b>-</b>	<b>(227.80)</b>

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

	31 March 20	31 March 19
(₹ million)		
Net deferred tax asset / (liability) at the beginning	(227.80)	(552.19)
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	(14.72)	-
Tax (income)/expense recognised in profit or loss	(66.06)	322.03
Tax (income)/expense recognised in OCI	55.46	2.36
<b>Net deferred tax asset / (liability) at the end</b>	<b>(173.55)</b>	<b>(227.80)</b>

### Notes:-

- (a) The Company had received CIT(A) order dated 09 March 2018 for AY 2012-13, 2013-14, 2014-15 and 2015-16 allowing Company's major claims relating to sales tax subsidy as capital receipt, additional depreciation, disallowance u/s 14A read with rule 8D and consequently carry forward losses and payment of tax under MAT. The Income-tax Department has filed appeals in the tribunal against the order and Company has also filed appeal against disallowance in these orders. On a conservative basis, since subject matter is pending in the tribunal and therefore Company has not accounted for refund received / receivable on these orders which is ₹ 1,003.42 million including interest ₹ 163.89 million u/s 244A of the Income Tax Act, 1961.
- (b) The Company has not recognised deferred tax assets on long term capital losses of ₹ 0.32 million arose in Assessment Year (AY) 2016-17 (Year of expiry AY 2024-25), as presently it is not probable of recovery. Tax impact on the said loss is amounting to ₹ 0.07 million.

## 13. Other assets

A Other assets - Non-current

	31 March 20	31 March 19
(₹ million)		
<b>Capital advances</b>		
Unsecured, considered good	263.92	386.37
Unsecured, considered doubtful	65.99	65.99
Gross Capital Advances	<b>329.91</b>	<b>452.36</b>
Less : Impairment allowance for doubtful advance	(65.99)	(65.99)
Net Capital Advances	(A) <b>263.92</b>	<b>386.37</b>
<b>Advances other than capital advances</b>		
Prepaid expenses	19.27	59.60
Balances with Statutory/government authorities	16.68	98.10
	(B) <b>35.95</b>	<b>157.70</b>
	(A)+(B) <b>299.87</b>	<b>544.07</b>

### 13. Other assets

#### B Other assets - Current

	(₹ million)	
	31 March 20	31 March 19
<b>Advances other than capital advances, Unsecured, considered good</b>		
Advances for materials and services	618.33	852.71
<b>Others</b>		
Prepaid expenses	67.38	73.03
Balances with statutory/government authorities	938.41	612.95
Export incentive receivable	127.28	39.48
Refund Assets	232.46	242.34
Others	0.87	14.01
	<b>1,984.73</b>	<b>1,834.52</b>

### 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.

Traded goods 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.

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 March 20	31 March 19
Raw materials	6,740.22	9,457.67
Work-in-progress	2,070.04	1,401.85
Finished goods	8,020.04	6,611.88
Traded goods	1,276.54	918.02
Stores and spares	248.58	177.49
Packing materials	306.25	263.14
Scrap materials	131.14	197.29
Project materials for long-term contracts	270.39	776.97
	<b>19,063.20</b>	<b>19,804.31</b>

#### Notes:-

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

	(₹ million)	
	31 March 20	31 March 19
Raw Material	2,911.99	4,447.72
Traded goods	99.52	3.71
Packing Material	-	39.85
Project materials for long-term contracts	5.32	52.44

(b) The above includes inventories held by third parties amounting to ₹ 1,817.95 million (31 March 2019 - ₹ 1,787.77 million)

(c) During the year ended 31 March 2020, ₹ 7.97 million (31 March 2019 - ₹ 39.04 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:

- Decision has been made to sell.
- The assets are available for immediate sale in its present condition.
- The assets are being actively marketed and
- Sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.
- 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 2020, the Company classified certain property, plant and equipment ₹ Nil million (31 March 2019 ₹ 0.22 million) and other asset ₹ Nil (31 March 2019 ₹ 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. Share capital

	31 March 20	31 March 19
<b>Authorised share capital</b>		
Equity shares, ₹ 10 per value 18,62,50,000 (18,62,50,000) equity shares*	1,862.50	1,862.50
<b>Issued, subscribed and fully paid-up shares</b>		
Equity shares, ₹ 10 per value 14,88,79,373 (14,12,05,838) equity shares	1,488.79	1,412.06
	<b>1,488.79</b>	<b>1,412.06</b>

\* Number of equity shares reserved for issue under employee share based payment Number 18,76,918 (31 March 2019 : Number 22,54,750)

### Note:

(a) The reconciliation of shares outstanding and the amount of share capital as at 31 March 2020 and 31 March 2019 are as follow:

(₹ million)

	31 March 20		31 March 19	
	Number of Shares	Amount	Number of Shares	Amount
At the beginning of the year	14,12,05,838	1,412.06	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	2,33,468	2.33	-	-
At the end of the year	<b>14,88,79,373</b>	<b>1,488.79</b>	<b>14,12,05,838</b>	<b>1,412.06</b>

(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.

(c) The details of shareholders holding more than 5% shares as at 31 March 2020 and 31 March 2019 are as follows:

	31 March 20		31 March 19	
	Number of Shares	Amount	Number of Shares	% holding
Polycab India Ltd. Escrow Account - IPO *	-		2,18,17,870	15.45%
Mr. Inder T. Jaisinghani	2,14,50,976	14.41%	2,08,54,229	14.77%
Mr. Girdhari T. Jaisinghani	2,13,44,220	14.34%	2,07,50,512	14.70%
Mr. Ajay T. Jaisinghani	2,12,70,541	14.29%	2,06,78,935	14.64%
Mr. Ramesh T. Jaisinghani	2,06,68,001	13.89%	2,06,76,393	14.64%
International Finance Corporation (IFC)	1,41,16,154	9.48%	1,27,04,096	9.00%

\* During the year ended 31 March 2019, 2,18,17,870 equity shares were transferred to an escrow account by the shareholders in a Pre - Initial Public Offer (IPO) sale in the proportion mentioned below. These shareholders continue to be the beneficial owners of the shares until the completion of the IPO process. On 16 April 2019, the Company has completed the initial public offer (IPO) including fresh issue of ₹ 4,000 million, pursuant to which shares were issued as under and shares in excess of those offered for sale were transferred from Polycab India Ltd. Escrow Account - IPO back to the respective selling shareholders:

Number of shares	Offer for sale	Fresh Issue	Total
General Public	1,74,59,009	73,88,058	2,48,47,067
Employee Quota	1,22,991	52,009	1,75,000
	<b>1,75,82,000</b>	<b>74,40,067</b>	<b>2,50,22,067</b>

Summary of equity shares transferred by selling shareholder under IPO:

	16-Apr-19		31 March 19	
	Actual Offered for Sale		Transfer to Escrow account for IPO	
	Number of Shares	% holding	Number of Shares	% holding
Mr. Inder T. Jaisinghani	20,89,603	1.48%	26,86,550	1.90%
Mr. Girdhari T. Jaisinghani	20,79,313	1.47%	26,63,871	1.89%
Mr. Ajay T. Jaisinghani	20,71,965	1.47%	26,63,871	1.89%
Mr. Ramesh T. Jaisinghani	20,71,963	1.47%	26,73,321	1.89%
Mr. Bharat A Jaisinghani	5,29,420	0.37%	6,80,662	0.48%
Mr. Nikhil R Jaisinghani	5,29,420	0.37%	6,80,662	0.48%
Mr. R. Ramakrishnan	6,36,994	0.45%	6,36,994	0.45%
Mr. Anil Hariani	5,13,030	0.36%	6,59,589	0.47%
International Finance Corporation (IFC)	70,60,292	5.00%	84,72,350	6.00%
	<b>1,75,82,000</b>	<b>12.45%</b>	<b>2,18,17,870</b>	<b>15.45%</b>

The equity shares of the Company were listed on National Stock Exchange of India Limited (NSE) via ID "POLYCAB" and BSE Limited (BSE) via ID "542652" on 16 April 2019.

(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 :

70,602,919 equity shares of ₹ 10 each fully paid up issued as Bonus shares in the ratio of 1:1 by capitalization of Securities premium during the year ended 31 March 2015.

## 16. Share capital

### (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. 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

	31 March 20	31 March 19
<b>Dividend on equity shares declared and paid during the year</b>		
Final dividend of ₹ 3.00 per share for FY 2018-19 (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 (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	-
	<b>1,793.97</b>	-

### (f) Utilisation of IPO proceeds are as follows:

Particulars	(₹ million)			
	Planned as per Prospectus	Revised proceeds	Utilisation up to 31 Mar 20	Balance up to 31 Mar 20
Scheduled repayment of all or a portion of certain borrowings	800.00	800.00	800.00	-
To fund incremental working capital requirements	2,400.00	2,400.00	2,400.00	-
General corporate purposes (net of issue expenses)	634.67	625.80	625.80	-
	<b>3,834.67</b>	<b>3,825.80</b>	<b>3,825.80</b>	-

The Company has incurred ₹ 496.50 million as IPO related expenses and allocated such expenses between the Company ₹ 148.20 million and selling shareholders ₹ 348.30 million in proportion to the equity shares allotted to the public as fresh issue by the Company and under offer for sale by selling shareholders respectively. The total amount attributable to the Company has been adjusted to securities premium.

### (g) 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 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.

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 2,147,500 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. Share capital

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

	Performance Scheme		Privilege Scheme
	I	II	III
Number of options	21,02,500	45,000	1,42,250
Method of accounting	Fair value	Fair value	Fair value
Vesting period	5 years graded vesting	5 years graded vesting	1 year
Grant date	30-Aug-18	18-Oct-18	30-Aug-18
Exercise/ Expiry date	29-Aug-26	17-Oct-26	29-Aug-23
Exercise period	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	₹ 535.30	₹ 535.30	₹ 535.30
Grant/Exercise price	₹ 405	₹ 405	₹ 405
Method of settlement	Equity - settled	Equity - settled	Equity - settled
Weighted average remaining contractual life of options (in days)	1223	1223	NIL

The model inputs for fair value of option granted as on the grant date :

	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

	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 March 20		31 March 19	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
<b>ESOP Performance Scheme</b>				
Outstanding at the beginning	21,12,500	405	-	-
Granted	-	-	21,47,500	405
Exercised and allotted	1,38,568	405	-	-
Exercised and pending allotment	26,575	405	-	-
Forfeited	1,04,039	405	35,000	405
<b>Outstanding at the end</b>	<b>18,43,318</b>	<b>405</b>	<b>21,12,500</b>	<b>405</b>
<b>ESOP Privilege Scheme</b>				
Outstanding at the beginning	1,42,250	405	-	-
Granted	-	-	1,42,250	405
Exercised and allotted	94,900	405	-	-
Exercised and pending allotment	12,250	405	-	-
Forfeited	1,500	405	-	-
<b>Outstanding at the end</b>	<b>33,600</b>	<b>405</b>	<b>1,42,250</b>	<b>405</b>



## 16. Share capital

Options Vested	(Number of Options)	
	31 March 20	31 March 19
ESOP Performance Scheme	1,08,893	Nil
ESOP Privilege Scheme	33,600	Nil

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

	₹ million	
	31 March 20	31 March 19
<b>Granted to</b>		
KMP	8.99	6.74
Employees other than KMP	162.00	142.77
	<b>170.99</b>	<b>149.51</b>

## 17. Other equity

	₹ million	
	31 March 20	31 March 19
Share application money pending allotment	27.15	-
Capital reserve	0.13	0.13
Securities premium	7,149.55	3,057.32
General reserve	650.69	650.69
ESOP Outstanding	241.45	149.51
Retained earnings	28,971.62	23,219.73
Cash Flow Hedging Reserve	(126.49)	-
	<b>36,914.10</b>	<b>27,077.38</b>

### 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 March 20	31 March 19
Opening balance	3,057.32	3,205.60
Add: Adjustment of Fresh issue	4,085.44	-
Add: Adjustment of Share issue expenses	6.79	(148.28)
	<b>7,149.55</b>	<b>3,057.32</b>

(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 March 20	31 March 19
Opening balance	149.51	-
Add: ESOP charge during the year	170.99	149.51
Less: Adjustment for exercise of stock option	(79.05)	-
	<b>241.45</b>	<b>149.51</b>

(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 March 20	31 March 19
Opening balance	-	-
Add: Other Comprehensive Income for the year	(126.49)	-
	<b>(126.49)</b>	<b>-</b>

(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.

	31 March 20	31 March 19
		(₹ million)
Opening balance	23,219.73	18,209.73
Add: Profit during the year	7,444.66	5,010.00
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)	-
	<b>28,845.13</b>	<b>23,219.73</b>

(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.

	31 March 20	31 March 19
		(₹ million)
Opening balance	-	-
Add: Adjustment for exercise of stock option	79.05	-
Add: Amount received on exercise of employee stock options	110.27	-
Less: Transfer to equity share capital & Securities premium for fresh issue	(162.17)	-
	<b>27.15</b>	<b>-</b>

**18. Borrowings**

**A Borrowings- non-current**

	Rate of Interest	Tenure end date	31 March 20 Gross/ Carrying Value	31 March 19 Gross/ Carrying Value
				(₹ million)
<b>At amortised cost</b>				
<b>External commercial borrowing (secured)</b>				
Foreign currency loan from HSBC Bank (Mauritius) Ltd	3 Months LIBOR + 1.65%	23 June 2020	251.29	691.71
<b>Rupee loan (secured)</b>				
Indian rupee loan from Citibank N.A.	8.80%	23 August 2021	89.78	867.30
			<b>341.07</b>	<b>1,559.01</b>
Less: Current maturities of long-term borrowings			(311.14)	(773.18)
			<b>29.93</b>	<b>785.83</b>

**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**

	31 March 20		31 March 19	
	< 1 Year	> 1 Year	< 1 Year	> 1 Year
				(₹ million)
<b>External commercial borrowing (secured)</b>				
Foreign currency loan from HSBC Bank (Mauritius) Limited	251.29	-	460.68	231.03
<b>Rupee loan (secured)</b>				
Indian rupee loan from Citibank N.A.	59.85	29.93	312.50	554.80
	<b>311.14</b>	<b>29.93</b>	773.18	785.83

(c) **Others**

- (i) In compliance with IPO object clause, the Company made pre-payment during the current financial year of ₹ 800.00 million of term loan from banks and covering period from May 2022 to February 2024. (Refer note 16(f))
- (ii) The term loans from HSBC Bank (Mauritius) Ltd of ₹ 251.29 million is to be repaid in 1 instalments in June 2020.
- (iii) The term loans from Citibank N.A. of ₹ 89.78 million is to be repaid in 6 quarterly instalments commencing from May 2020 to August 2021.

## B Borrowings- current

	31 March 20	31 March 19
(₹ million)		
<b>At amortised cost</b>		
Buyer's Credit (Secured)	-	516.49
Short-term loan from banks (Unsecured)	741.53	436.16
Packing Credit (Secured)	373.00	-
Packing Credit (Unsecured)	-	70.82
	<b>1,114.53</b>	<b>1,023.47</b>

### 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 ₹ 37,730 million (31 March 2019 : ₹ 36,730 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:

	31 March 20	31 March 19
(₹ million)		
Fund based	4,350.00	6,470.00
Non fund based	11,930.00	6,720.00
	<b>16,280.00</b>	<b>13,190.00</b>

#### (c) Net Debt Reconciliation \*

	Non-Current Borrowings	Current Borrowings	Total
(₹ million)			
<b>As at 1 April 2018</b>	2,221.40	5,685.94	7,907.34
Cash Flows (Net)	(740.08)	(4,939.56)	(5,679.64)
Foreign Exchange Adjustments	77.69	294.04	371.73
Interest Expense	114.82	462.88	577.70
Interest Paid	(109.65)	(455.60)	(565.25)
<b>As at 31 March 2019</b>	<b>1,564.18</b>	<b>1,047.70</b>	<b>2,611.88</b>
Cash Flows (Net)	(1,220.18)	52.81	(1,167.37)
Foreign Exchange Adjustments	2.23	38.26	40.49
Interest Expense	38.93	190.87	229.80
Interest Paid	(43.87)	(192.19)	(236.06)
<b>As at 31 March 2020</b>	<b>341.29</b>	<b>1,137.45</b>	<b>1,478.74</b>

\* For lease liability please refer note 4

#### Breakup of Debt as at period end

As at 1 April 2018			
Borrowing	2,221.40	5,669.00	7,890.40
Accrued Interest	-	16.94	16.94
<b>Total</b>	<b>2,221.40</b>	<b>5,685.94</b>	<b>7,907.34</b>
As at 31 March 2019			
Borrowing	1,559.01	1,023.47	2,582.48
Accrued Interest	5.17	24.23	29.40
<b>Total</b>	<b>1,564.18</b>	<b>1,047.70</b>	<b>2,611.88</b>
As at 31 March 2020			
Borrowing	341.07	1,114.53	1,455.60
Accrued Interest	0.22	22.92	23.14
<b>Total</b>	<b>341.29</b>	<b>1,137.45</b>	<b>1,478.74</b>

## 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.

## 19. Trade payables

	31 March 20	31 March 19
Total outstanding dues of micro and small enterprises	178.29	103.88
Total outstanding dues of creditors other than micro and small enterprises		
Acceptances - (Refer note below (a))	8,135.98	8,032.85
Other than acceptances		
Trade payables - Others (Refer note below (b))	5,000.32	6,807.77
Trade payables to related parties (Refer note - 35)	132.52	154.50
	<b>13,268.82</b>	<b>14,995.12</b>

### 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 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 Company.

	31 March 20	31 March 19
(i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
Principal	178.29	103.88
Interest	2.65	1.94
(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.	-	-
(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	2.65	1.94
(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

	31 March 20	31 March 19
<b>At amortised cost</b>		
Lease liability	298.89	-
	<b>298.89</b>	<b>-</b>

### B Other financial liabilities- current

	31 March 20	31 March 19
<b>At Amortised Cost</b>		
Current maturities of long-term borrowings (Refer note- 18)	311.14	773.18
Security deposit	40.68	40.13
Interest accrued but not due	18.19	24.03
Interest accrued and due	4.95	5.37
Creditors for capital expenditure	275.10	340.65
Refund liability	360.25	318.33
Lease liability	28.96	-
Unclaimed dividend	0.96	-
Other (Refer below note (b))	11.21	12.98
<b>At FVTPL</b>		
Derivative liability (Refer below note (a))	232.51	221.38
	<b>1,283.95</b>	<b>1,736.05</b>

### Notes :-

#### (a) Derivative Liability

	31 March 20	31 March 19
Put Option	49.75	48.90
Forward contract	13.73	70.94
Commodity contracts	169.03	101.54
	<b>232.51</b>	<b>221.38</b>

- (b) Company has provided a guarantee for credit facility availed by the Ryker Base Private Limited and Tirupati Reels Private Limited, amounting to ₹ 1,243.87 Million (31 March 2019 : ₹ 1,141.33 Million) and ₹ 520.00 Million (31 March 2019 : ₹ 159.10 Million) respectively. The fair value of corporate guarantee ₹ 11.21 million (31 March 2019 : ₹ 12.98 Million) has been included in carrying cost of investment.

## 21. Other liabilities

### A Other liabilities- non-current

	(₹ million)	
	31 March 20	31 March 19
Deferred government grant (Refer below note (a))	99.55	163.29
Deferred liability	71.69	93.75
	<b>171.24</b>	<b>257.04</b>

### B Other liabilities- current

	(₹ million)	
	31 March 20	31 March 19
Advance from customers	1,153.20	4,075.47
Contract Liability (Refer below note (b))	1,407.77	1,415.23
Deferred liability	14.34	38.15
<b>Other statutory dues</b>		
Employee Recoveries and Employer Contributions	17.10	16.25
Taxes Payable (Other than Income tax)	89.83	749.84
	<b>2,682.24</b>	<b>6,294.94</b>

#### 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.

#### Reconciliation of Deferred government grant:

	(₹ million)	
	31 March 20	31 March 19
At the beginning of the year	163.29	182.19
Grants received during the year	216.37	82.74
Grants recognised for the year	(280.11)	(101.64)
At the end of the year	<b>99.55</b>	<b>163.29</b>

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

	(₹ million)	
	31 March 20	31 March 19
At the beginning of year	1,415.23	777.02
Contract liability recognized during the year	491.72	1,028.96
Revenue recognized from amount included in contract liabilities at the beginning of the year	(499.18)	(390.75)
At the end of the year	<b>1,407.77</b>	<b>1,415.23</b>

## 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.

### A Provisions- non-current

	(₹ million)	
	31 March 20	31 March 19
Provision for employee benefits (Refer note 29)		
Gratuity	162.60	95.19
Compensated absences	93.16	66.71
	<b>255.76</b>	<b>161.90</b>

### B Provisions- current

	(₹ million)	
	31 March 20	31 March 19
Provision for employee benefits (Refer note 29)		
Gratuity	112.18	100.30
Compensated absences	27.91	24.39
Provision for warranty (Refer note below)	97.72	83.54
	<b>237.81</b>	<b>208.23</b>

#### Reconciliation of Warranty provision:

	(₹ million)	
	31 March 20	31 March 19
At the beginning of the year	83.54	63.67
Arising during the year	87.47	58.04
Utilised during the year	(73.29)	(38.17)
At the end of the year	<b>97.72</b>	<b>83.54</b>

### 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

Performance obligation in case of Revenue from sale of goods is satisfied at a point in time and is recognized when the performance obligation is satisfied and control as per Ind AS 115 is transferred to the customer which generally coincides with dispatch of goods to customers in case of domestic sales. In case of exports, the revenue is recognised generally coincides on the Bills of Lading received from the shipping companies who assume control of goods on behalf of the customers.

#### (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.

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". Retention money receivable from project customers does not contain any significant financing element, these are retained for satisfactory performance of contract.

#### (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.

#### (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.

#### (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.

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) 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.

#### (x) 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.

### 23. Revenue from operations

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, its 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

	31 March 20	31 March 19
		(₹ million)
<b>Revenue from contracts with customers</b>		
<b>Revenue on Sale of Products</b>		
Finished goods	76,362.66	70,334.75
Traded goods	4,856.50	3,684.03
<b>Revenue from Construction Contracts</b>	4,688.76	3,795.50
	<b>85,907.92</b>	<b>77,814.28</b>
<b>Other operating revenue</b>		
Scrap sales	1,160.10	1,238.93
<b>Total revenue from contracts with customers</b>	<b>87,068.02</b>	<b>79,053.21</b>
Export incentives	202.91	52.32
Government grant	798.21	295.69
<b>Total Revenue from operations</b>	<b>88,069.14</b>	<b>79,401.22</b>

Notes:

(a) Disaggregated revenue information

	31 March 20	31 March 19
		(₹ million)
<b>Type of Goods or Services</b>		
Wires & Cables	74,024.67	68,841.65
Fast Moving Electrical Goods (FMEG)	8,354.59	6,416.06
Revenue from construction contracts	4,688.76	3,795.50
<b>Total revenue from contracts with customers</b>	<b>87,068.02</b>	<b>79,053.21</b>
<b>Location of customer</b>		
India	76,112.85	76,570.73
Outside India	10,955.17	2,482.48
<b>Total revenue from contracts with customers</b>	<b>87,068.02</b>	<b>79,053.21</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	82,333.38	75,207.48
Goods and Services transferred over a period of time	4,734.64	3,845.73
<b>Total revenue from contracts with customers</b>	<b>87,068.02</b>	<b>79,053.21</b>

(b) Reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

	31 March 20	31 March 19
		(₹ million)
Total revenue from contracts with customers	87,068.02	79,053.21
Export incentives	202.91	52.32
Government grant	798.21	295.69
Other income excluding finance income	485.23	510.79
<b>Total income as per Segment (Refer note 36)</b>	<b>88,554.37</b>	<b>79,912.01</b>

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:

	31 March 20	31 March 19
		(₹ million)
<b>Revenue as per contracted price</b>	89,888.77	81,964.69
<b>Less : Adjustments</b>		
Price adjustments such as Discounts, Rebates and Sales Promotion Schemes	(1,745.54)	(1,607.45)
Excess Revenue - EPC	(1,407.77)	(1,415.23)
Provisions for expected sales return	(41.92)	(95.79)
Other adjustments	45.88	(53.52)
<b>Add : Adjustments</b>		
Unbilled Revenue - EPC	328.60	260.51
<b>Revenue from contract with customers</b>	<b>87,068.02</b>	<b>79,053.21</b>

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

	31 March 20	31 March 19
		(₹ million)
Contract revenue recognised for the period (Net of tax)	4,688.76	3,795.50
Contract that are in progress as on reporting date		
(i) Contract costs incurred and recognised profits (less recognised losses)	4,688.76	3,795.50
(ii) Amount of retentions*	1,564.46	1,240.14
(iii) Contract balances recognised and included in financial statement as:		
Contract asset	316.78	252.93
Contract liabilities	1,407.77	1,415.23

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

### 23. Revenue from operations

- (e) Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Provision for expected credit losses on trade receivables recognised during the year of ₹ 256.05 million (31 March 2019: ₹ 540.94 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 2020 and 31 March 2019.
- (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 increase in contract assets in 31 March 2020 is the result of the increase in ongoing installation services at the end of the year. In 31 March 2020, ₹ 4.24 million (31 March 2019: ₹ 7.58 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 2019-20 due to the continuous increase in the Company's customer base and contracts where billing is in excess of revenue.

	(₹ million)	
	31 March 20	31 March 19
(i) Set out below is the amount of revenue recognised from:		
Amounts included in contract liabilities at the beginning of the period	499.18	390.75
Performance obligations satisfied in previous periods	245.72	140.28
(j) Right of refund assets and refund liabilities as at year end:		
	31 March 20	31 March 19
Refund assets	232.46	242.34
Refund liabilities	360.25	318.33

### 24. Other income

#### Accounting Policy:

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

Interest income from a 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.

#### 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 March 20	31 March 19
<b>(a) Interest income on financial assets</b>		
<b>Carried at amortised cost</b>		
Bank deposits	207.47	27.50
Others	59.08	100.12
<b>Carried at FVTPL</b>		
Others	3.71	1.12
<b>(b) Income from mutual funds</b>		
Gain on liquid/overnight mutual funds	179.07	-
Fair valuation on gain on overnight mutual funds	0.01	-
<b>(c) Fair value gain / loss on financial instruments</b>		
Fair value of put option	-	6.10
Fair valuation gain on financial asset*- Unrealised	392.91	-
<b>(d) Other non-operating income</b>		
Exchange differences (net)	-	384.18
Gain on sale of property, plant and equipment	-	21.06
Gain on termination of Lease	1.42	-
Sundry balances written back	46.52	60.48
Miscellaneous income	44.38	38.97
	<b>934.57</b>	<b>639.53</b>

\* Gain on fair valuation of financial instruments at fair value through profit or loss includes foreign exchange fluctuation on forward contracts that did not qualify for hedge accounting and on embedded derivatives, which have been separated. No ineffectiveness has been recognised on foreign exchange and interest rate hedges.



## 25. Cost of materials consumed

	31 March 20	31 March 19
Inventories at the beginning of the year	9,720.81	4,976.43
Add: Purchases	56,285.64	59,378.59
	<b>66,006.45</b>	<b>64,355.02</b>
Less: Inventories at the end of the year	(7,046.47)	(9,720.81)
	<b>58,959.98</b>	<b>54,634.21</b>

### Notes:

#### Details of Material Consumed

	31 March 20	31 March 19
		(₹ million)
Copper	35,014.18	30,643.89
Aluminium	8,259.69	9,386.00
Steel	2,527.48	2,813.05
PVC Compound/HDPE/LDPE/XLPE/Resin	7,762.73	7,491.96
Packing Materials	1,733.49	1,305.96
Others *	3,662.41	2,993.35
	<b>58,959.98</b>	<b>54,634.21</b>

\* Others includes Raw material for consumer products

## 26. Purchases of traded goods

	31 March 20	31 March 19
		(₹ million)
Electrical wiring accessories	318.90	362.20
Electrical appliances	3,195.27	2,838.40
Others	542.62	36.54
	<b>4,056.79</b>	<b>3,237.14</b>

## 27. Changes in inventories of finished goods, traded goods and work-in-progress

	31 March 20	31 March 19
		(₹ million)
<b>Inventory at the beginning of the year</b>		
Work-in-progress	1,401.85	1,031.50
Finished goods	6,611.88	6,447.30
Traded goods	918.02	458.70
Scrap materials	197.29	134.70
	<b>9,129.04</b>	<b>8,072.20</b>
<b>Inventory at the end of the year</b>		
Work-in-progress	2,070.04	1,401.85
Finished goods	8,020.04	6,611.88
Traded goods	1,276.54	918.02
Scrap materials	131.14	197.29
	<b>11,497.76</b>	<b>9,129.04</b>
<b>Changes in Inventories</b>	<b>(2,368.72)</b>	<b>(1,056.84)</b>

## 28. Project bought outs and subcontracting cost

	31 March 20	31 March 19
		(₹ million)
Project bought outs	1,994.13	1,589.57
Subcontracting Expenses for EPC	1,180.33	953.47
	<b>3,174.46</b>	<b>2,543.04</b>

## 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 advances 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.

## 29. Employee benefits expense

### (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. 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

### (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 16(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 March 20	31 March 19
Salaries, wages and bonus	3,175.41	2,577.83
Employees share based payment expenses	170.99	149.51
Contribution to provident and other funds	169.17	152.13
Staff welfare expense	101.68	90.40
	<b>3,617.25</b>	<b>2,969.87</b>

## 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.

#### (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.

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.

## 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 March 20	Year ended 31 March 19
Current service cost	51.36	45.57
Net interest cost	14.94	14.27
Past service cost	-	-
<b>Net benefits expense</b>	<b>66.30</b>	<b>59.84</b>

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

	(₹ million)	
	Year ended 31 March 20	Year ended 31 March 19
Actuarial (gain) /loss on obligations	53.05	5.95
Return on plan assets, excluding interest income	(1.74)	0.80
<b>Net (Income)/Expense for the year recognized in OCI</b>	<b>51.31</b>	<b>6.75</b>

### Balance sheet

#### Benefits liability

	(₹ million)	
	Year ended 31 March 20	Year ended 31 March 19
Present value of defined benefit obligation	(527.94)	(409.38)
Fair value of plan assets	253.16	213.89
<b>Plan liability</b>	<b>(274.78)</b>	<b>(195.49)</b>

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

	(₹ million)	
	Year ended 31 March 20	Year ended 31 March 19
Opening defined benefit obligation	409.38	352.94
Interest cost	31.28	27.53
Current service cost	51.36	45.57
Past service cost	-	-
Liability transferred in/acquisition	-	-
Benefits paid	(17.12)	(22.61)
Liability transferred out	-	-
Actuarial (gains)/losses on obligations		
Due to change in demographics assumptions	-	-
Due to change in financial assumptions	39.48	4.57
Due to experience	13.57	1.38
<b>Closing defined benefit obligation</b>	<b>527.95</b>	<b>409.38</b>

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

	(₹ million)	
	Year ended 31 March 20	Year ended 31 March 19
Opening fair value of plan assets	213.88	170.02
Interest Income	16.34	13.27
Contribution by employer	38.32	54.01
Assets transferred in/acquisition	-	-
Benefits paid	(17.12)	(22.61)
Actuarial gains	1.74	(0.80)
<b>Closing fair value of plan assets</b>	<b>253.16</b>	<b>213.89</b>

The Company expects to contribute ₹ 112.18 Million to gratuity in the next year (31 March 2019: ₹ 100.30 Million ).

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

	(₹ million)	
	Year ended 31 March 20	Year ended 31 March 19
Non-current	162.60	95.19
Current	112.18	100.30

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

	(₹ million)	
	Year ended 31 March 20	Year ended 31 March 19
Investment with insurer	100%	100%

**29. Employee benefits expense**

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

	Year ended 31 March 20	Year ended 31 March 19
Discount rate	6.56%	7.64%
Expected rate of return on plan assets	6.56%	7.64%
Employee turnover	10.00%	10.00%
Salary escalation	11.00%	11.00%
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 2020 is 8 years(31 March 2019 - 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 2020 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**

	Year ended 31 March 20	Year ended 31 March 19
Projected benefit obligation on current assumptions	527.94	409.38
Delta effect of +1% change in rate of discounting	(36.75)	(27.01)
Delta effect of -1% change in rate of discounting	42.32	31.01
Delta effect of +1% change in rate of salary increase	36.80	27.71
Delta effect of -1% change in rate of salary increase	(33.39)	(25.09)
Delta effect of +1% change in rate of employee turnover	(10.70)	(6.39)
Delta effect of -1% change in rate of employee turnover	12.04	7.16

(₹ million)

**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:**

	Year ended 31 March 20	Year ended 31 March 19
1st following year	64.92	58.27
2nd following year	39.20	30.36
3rd following year	42.74	33.72
4th following year	43.87	35.49
5th following year	43.09	36.96
Sum of years 6 to 10	212.17	176.49
Sum of years 11 years and above	530.87	461.45

(₹ million)

**(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 ₹ 82.86 million (31st March, 2019 - ₹ 72.34 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 towards has recognised ₹ 7.56 million (31 March 2019 ₹ 3.89 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 ₹ 93.16 million (year ended 31 March 2019 ₹ 66.71 million) is presented as non current and ₹ 27.91 million (year ended 31 March 2019 ₹ 24.39 million) is presented as current. The Company contributes towards has recognised ₹ 43.00 million (31 March 2019 ₹ 50.17 million) for Compensated absences in the Statement of Profit and Loss.

### 30. Finance cost

#### Accounting Policy

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

	(₹ million)	
	31 March 20	31 March 19
Interest expense on financial liabilities at amortised cost #	229.80	577.70
Interest expense on financial liabilities at FVTPL	28.99	-
Exchange differences regarded as an adjustment to borrowing costs	40.49	371.73
Other borrowing costs *	179.75	208.29
	<b>479.03</b>	<b>1,157.72</b>

# Interest expense includes ₹ 12.23 million (31 March 2019 ₹ 40.50 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

### 31. Depreciation and amortisation expenses

	(₹ million)	
	31 March 20	31 March 19
Depreciation of Property, Plant and Equipment (Refer note 3)	1,459.35	1,382.50
Depreciation of right-of-use assets (Refer note 4)	112.96	-
Amortization of intangible assets (Refer note 5)	18.54	18.21
	<b>1,590.85</b>	<b>1,400.71</b>

### 32. Other expenses

	(₹ million)	
	31 March 20	31 March 19
Consumption of stores and spares	490.68	460.58
Sub-contracting expenses	1,833.90	1,113.45
Power and fuel	1,273.41	1,071.17
Rent	80.59	189.13
Rates and taxes	91.82	17.19
Insurance	50.72	29.86
Repairs and maintenance		
Plant and machinery	32.39	43.39
Buildings	65.95	33.20
Others	94.20	99.26
Advertising and sales promotion	1,086.42	964.53
Brokerage and commission	465.14	329.90
Travelling and conveyance	286.51	218.07
Communication Cost	36.55	33.37
Legal and professional fees	409.43	351.94
Director Sitting Fees	4.16	5.31
Freight & forwarding expenses	1,860.40	1,475.35
Payment to auditor (Refer note (a) below)	10.47	12.70
Sundry advances written off	65.15	24.89
Loss on sale of property, plant and equipment and non-current assets held for sale	10.94	-
Loss on fair valuation of financial asset -unrealised (Refer below note (b))	-	136.32
Loss on fair valuation of financial asset -realised (Refer below note (b))	8.93	-
Exchange differences (net)	282.27	-
Impairment allowance for trade receivable considered doubtful (Refer note 7 and 9)	260.30	548.50
Public Issue Expenditure	-	17.05
Fair value of written put options	0.85	-
CSR expenditure (Refer note (c) below)	127.33	34.94
Miscellaneous expenses	530.99	378.92
	<b>9,459.50</b>	<b>7,589.02</b>

#### Notes:

#### (a) Payments to auditor:

	(₹ million)	
	31 March 20	31 March 19
As auditor		
(i) Audit fee	9.43	11.95
(ii) Certification fees	0.20	0.75
(iii) Reimbursement of expenses *	0.84	-
	<b>10.47</b>	<b>12.70</b>
(iv) Other services	-	9.00
	<b>10.47</b>	<b>21.70</b>

\* Includes out of pocket expenses of ₹ 0.41 million paid during the year to the previous auditor.  
 Amount pertains to 31 March 2019 pertains to previous auditor

- (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. No ineffectiveness has been recognised on foreign exchange and interest rate hedges.
- (c) Details of Corporate Social Responsibility Expenses:
- No amount has been spent on construction / acquisition of an asset of the Company.
  - CSR Spent consist of following:

		(₹ million)
		31 March 20      31 March 19
<b>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.</b>	<b>(A)</b>	<b>120.26      91.15</b>
<b>Gross amount spent by the Company during the year</b>		
Rural development programmes		2.38      11.53
Social empowerment		9.18      1.32
Promotion of education		11.34      15.19
Flood relief activity		19.87      -
Disaster management		5.76      -
Health care facility & awareness		14.97      3.42
Environmental awareness		0.08      2.95
Contribution made into CSR foundation trust		61.00      -
Others		2.75      0.53
<b>Total CSR spent in actual</b>	<b>(B)</b>	<b>127.33      34.94</b>
<b>Shortfall/(Excess)</b>	<b>(A-B)</b>	<b>(7.07)      56.21</b>

### 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 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 March 20	31 March 19
Profit after taxation	₹ in million	A	7,609.54	5,014.39
Weighted average number of equity shares for basic earning per share *	Number	B	14,83,81,220	14,12,05,838
<b>Earnings per shares - Basic (one equity share of ₹ 10 each)</b>	<b>₹ per share</b>	<b>(A/B)</b>	<b>51.28</b>	<b>35.51</b>

#### (b) Diluted Earnings per share

			31 March 20	31 March 19
Profit after taxation	₹ in million	A	7,609.54	5,014.39
Weighted average number of equity shares for basic earning per share *	Number	B	14,83,81,220	14,12,05,838
<b>Effect of dilution</b>				
Share options	Number	C	5,31,245	6,575
Weighted average number of equity shares adjusted for effect of dilution	Number	D=(B+C)	14,89,12,465	14,12,12,413
<b>Earnings per shares - Diluted (one equity share of ₹ 10 each)</b>	<b>₹ per share</b>	<b>(A/D)</b>	<b>51.10</b>	<b>35.51</b>

\* 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 its 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)

	31 March 20	31 March 19
		(₹ million)
(i) Outstanding corporate guarantees given on behalf of subsidiaries and Joint venture's (Refer note 35 (D))	1,763.87	1,300.43
(ii) Taxation matters		
Disputed liability in respect of sales tax /VAT demand & pending sales tax/VAT forms	8.80	370.56
Disputed liability in respect of excise duty demand	86.47	45.55
Disputed liability in respect of custom duty demand	16.94	21.67
Claims made against the Company, not acknowledged as debts(Refer note (a) below)	634.21	634.21
(iii) Customs Duty on Capital goods imported under Export Promotion Capital Goods Scheme, against which export obligation is to be fulfilled	30.78	50.70
(iv) Customs Duty on Raw Materials imported under Advance License, against which export obligation is to be fulfilled	75.80	5.63

#### Notes:

- A vendor filed a commercial suit against the Company in relation to the alleged breach of three product sourcing agreement entered into between the parties. The matter is currently pending in High Court of Bombay.
- 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.
- 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 Company 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 Company will evaluate its position and act, as clarity emerges.

#### (B) Commitments

	Year ended 31 March 20	Year ended 31 March 19
		(₹ million)
<b>(i) Capital commitments</b>		
(Estimated value of contracts in capital account remaining to be executed and not provided for (net of capital advances))		
Towards Property, Plant and Equipment	1,127.98	1,880.28
<b>(ii) Commitment towards Capital contribution in newly formed wholly owned subsidiary company</b>		
Polycab Electricals & Electronics Private Limited	1.00	-
Polycab USA LLC	150.77	-

#### Notes:

For Lease commitments, Refer note 4

Polycab India Limited (Formerly known as 'Polycab Wires Limited')  
Notes to standalone financial statement for the year ended 31 March 2020



**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. For the year 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**(A) Enterprises where control exists**

	Country of incorporation	Ownership interest (%)	
		31 March 20	31 March 19
<b>(i) Subsidiaries</b>			
Polycab Wires Italy SRL (PWISRL)	Italy	100%	100%
Tirupati Reels Private Limited (TRPL)	India	55%	55%
Dowells Cable Accessories Private Limited (DCAPL)	India	51%	51%
Polycab Electricals & Electronics Private Limited (PEEPL)*	India	100%	NA
Polycab USA LLC (PUL)*	USA	100%	NA
<b>(ii) Joint Ventures</b>			
Ryker Base Private Limited (Ryker)	India	50%	50%
Techno Electromech Private Limited (TEPL)	India	50%	50%

\* incorporated in FY 2019-20

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

AK Enterprises (A K)

**(C) Key management personnel**

<b>(i) Executive directors</b>	
Mr. Inder T. Jaisinghani	Chairman and managing director
Mr. Ramesh T. Jaisinghani	Whole-time director
Mr. Ajay T. Jaisinghani	Whole-time director
Mr. Shyam Lal Bajaj	Chief financial officer (w.e.f. 25 September 2018) and Whole time director - Finance
Mr. Subramaniam Sai Narayana	Company secretary and compliance officer
Mr. R. Ramakrishnan	Chief executive *
<b>(ii) Non- Executive directors</b>	
Mr. R S Sharma	Independent director (w.e.f. 20 September 2018)
Mr. T P Ostwal	Independent director (w.e.f. 20 September 2018)
Mr. Pradeep Poddar	Independent director (w.e.f. 20 September 2018)
Ms. Hiroo Mirchandani	Independent director (w.e.f. 20 September 2018)
<b>(iii) Relatives of Key management personnel</b>	
Mr. Bharat A. Jaisinghani	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	Son of Mr. Ramesh T. Jaisinghani

\* Mr. R. Ramakrishnan was Key management personnel and Joint managing director of the Company till 23 May 2018.

**(D) Transactions with group companies**

		(₹ million)	
		Year ended 31 March 20	Year ended 31 March 19
<b>(i) Sale of goods (including GST)</b>			
Tirupati Reels Private Limited	Subsidiary	380.24	308.31
Dowells Cable Accessories Private Limited	Subsidiary	4.55	11.82
Ryker Base Private Limited	Joint Venture	5.21	56.27
Techno Electromech Private Limited	Joint Venture	16.84	4.04
<b>(ii) Purchase of goods (including GST)</b>			
Tirupati Reels Private Limited	Subsidiary	821.06	399.98
Dowells Cable Accessories Private Limited	Subsidiary	2.47	0.45
Ryker Base Private Limited	Joint Venture	-	0.54
Techno Electromech Private Limited	Joint Venture	671.33	951.98



**35. Related party disclosure**

**(D) Transactions with group companies**

			(₹ million)	
			Year ended 31 March 20	Year ended 31 March 19
<b>(iii) Sub-contracting expense (including GST)</b>				
	Dowells Cable Accessories Private Limited	Subsidiary	0.08	0.63
	Ryker Base Private Limited	Joint Venture	660.47	110.52
	Techno Electromech Private Limited	Joint Venture	18.55	-
<b>(iv) Commission (including GST)</b>				
	Tirupati Reels Private Limited	Subsidiary	0.22	-
	Polycab Wires Italy SRL	Subsidiary	-	15.74
<b>(v) Rent received</b>				
	Dowells Cable Accessories Private Limited	Subsidiary	7.50	5.00
	Ryker Base Private Limited	Joint Venture	3.67	2.81
<b>(vi) Interest received</b>				
	Tirupati Reels Private Limited	Subsidiary	4.18	1.35
	Dowells Cable Accessories Private Limited	Subsidiary	0.98	1.88
	Techno Electromech Private Limited	Joint Venture	13.86	15.61
<b>(vii) Testing charges paid</b>				
	Techno Electromech Private Limited	Joint Venture	1.42	-
<b>(viii) Other charges recovered</b>				
	Tirupati Reels Private Limited	Subsidiary	0.02	0.07
	Dowells Cable Accessories Private Limited	Subsidiary	1.80	-
	Ryker Base Private Limited	Joint Venture	1.43	-
<b>(ix) Sale of Machinery (including GST)</b>				
	Techno Electromech Private Limited	Joint Venture	50.39	-
<b>(x) Purchase of Machinery (including GST)</b>				
	Techno Electromech Private Limited	Joint Venture	-	30.71
	Ryker Base Private Limited	Joint Venture	12.45	-
<b>(xi) Investment made</b>				
	Dowells Cable Accessories Private Limited	Subsidiary	-	39.27
	Techno Electromech Private Limited	Joint Venture	35.00	-
<b>(xii) Loans given</b>				
	Tirupati Reels Private Limited	Subsidiary	40.00	40.00
	Dowells Cable Accessories Private Limited	Subsidiary	-	4.60
<b>(xiii) Loan given repaid</b>				
	Tirupati Reels Private Limited	Subsidiary	40.00	40.00
	Dowells Cable Accessories Private Limited	Subsidiary	6.97	10.76
	Techno Electromech Private Limited	Joint Venture	-	24.89
<b>(xiv) Corporate guarantee given (Refer note below)</b>				
	Tirupati Reels Private Limited	Subsidiary	520.00	-
	Ryker Base Private Limited	Joint Venture	-	360.83
<b>(xv) Fair value Corporate guarantee (Refer note below)</b>				
	Ryker Base Private Limited	Joint Venture	-	3.80
<b>(xvi) Rent paid</b>				
	AK Enterprises	Enterprises owned or significantly influenced by key managerial personnel	29.14	29.11

Polycab India Limited (Formerly known as 'Polycab Wires Limited')  
**Notes to standalone financial statement for the year ended 31 March 2020**



35. Related party disclosure

(E) Outstanding as at the year end :

(₹ million)

			Year ended 31 March 20	Year ended 31 March 19
<b>(i) Loans</b>				
	Polycab Wires Italy SRL	Subsidiary	32.25	30.17
	Dowells Cable Accessories Private Limited	Subsidiary	4.47	11.44
	Techno Electromech Private Limited	Joint Venture	115.21	115.11
<b>(ii) Provision against loans</b>				
	Polycab Wires Italy SRL	Subsidiary	32.25	30.17
<b>(iii) Trade Receivables</b>				
	Tirupati Reels Private Limited	Subsidiary	149.98	174.26
	Dowells Cable Accessories Private Limited	Subsidiary	1.23	3.29
	Techno Electromech Private Limited	Joint Venture	74.11	29.28
	Ryker Base Private Limited	Joint Venture	0.37	17.38
<b>(iv) Interest accrued on loan given</b>				
	Tirupati Reels Private Limited	Subsidiary	-	1.21
	Dowells Cable Accessories Private Limited	Subsidiary	-	0.02
	Techno Electromech Private Limited	Joint Venture	-	3.17
<b>(v) Trade Payables</b>				
	Polycab Wires Italy SRL	Subsidiary	4.72	5.20
	Tirupati Reels Private Limited	Subsidiary	86.49	74.56
	Dowells Cable Accessories Private Limited	Subsidiary	1.17	0.68
	Techno Electromech Private Limited	Joint Venture	36.64	22.62
	Ryker Base Private Limited	Joint Venture	3.49	51.44
<b>(vi) Security Deposits given</b>				
	AK Enterprises	Enterprises owned or significantly influenced by key managerial personnel	6.13	6.17

**Note:**

Company has provided a guarantee for credit facility availed by the Ryker Base Private Limited and Tirupati Reels Private Limited, amounting to ₹ 1,243.87 Million (31 March 2019 : ₹ 1,141.33 Million) and ₹ 520.00 Million (31 March 2019 : ₹ 159.10 Million) respectively. The fair value of corporate guarantee ₹ 11.21 million (31 March 2019 : ₹ 12.98 Million) has been included in carrying cost of investment.

(F) Transactions with KMP:

(i) Remuneration paid for the year ended and outstanding as on: #

	31 March 20		31 March 19	
	For the year ended	Outstanding for the year end	For the year ended	Outstanding for the year end
<b>Executive directors</b> <b>(Includes Salary, Performance Incentive and commission to MD)</b>				
Mr. Inder T. Jaisinghani	115.13	75.35	86.19	49.65
Mr. Ramesh T. Jaisinghani	31.15	7.50	28.25	6.52
Mr. Ajay T. Jaisinghani	31.15	7.50	28.25	6.52
Mr. Shyam Lal Bajaj	31.34	6.17	25.76	5.60
Mr. R. Ramakrishnan*	-	-	3.58	1.27
<b>Non- Executive directors</b> <b>(Includes sitting fees and commission)</b>				
Mr. T P Ostwal	3.14	2.00	2.51	1.35
Mr. R S Sharma	3.06	2.00	2.51	1.35
Mr. Pradeep Poddar	3.06	2.00	2.35	1.27
Ms. Hiroo Mirchandani	2.90	2.00	1.94	1.18
<b>Other</b> <b>(Includes Salary and Performance Incentive)</b>				
Mr. Subramaniam Sai Narayana	4.57	0.41	3.33	0.36

\* Mr. R. Ramakrishnan was Key Management Personnel and Joint Managing Director of the Company till 23 May 2018, hence remuneration disclosed till he continued as KMP.

# 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 are not included above.

### 35. Related party disclosure

#### (ii) Share based payments to KMP\*

	Year ended 31 March 20	Year ended 31 March 19
Mr. Shyam Lal Bajaj	8.07	5.99
Mr. Subramaniam Sai Narayana	0.92	0.75

\*Represents expense by way of share based payments attributable to directors and KMP

#### (iii) Amount paid/ payable to others where KMP's are interested

	Nature of transaction	Year ended 31 March 20	Year ended 31 March 19
Polycab Social Welfare Foundation	Donation	61.00	-
T.P. Ostwal & Associates LLP (excluding GST)	Professional fees	1.09	-

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

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

	31 March 20		31 March 19	
	For the year ended	Outstanding for the year end	For the year ended	Outstanding for the year end
Mr. Girdhari T. Jaisinghani	9.40	2.18	9.40	2.17
Mr. Bharat A. Jaisinghani	13.43	2.98	11.68	2.58
Mr. Nikhil R. Jaisinghani	13.43	2.98	11.68	2.58
Mr. Kunal I. Jaisinghani	2.42	0.01	1.27	-

### (H) Transaction for recovery of share issue expense (net of gst) from kmp and relatives of KMP\*

	Year ended 31 March 20
Mr. Inder T. Jaisinghani	41.46
Mr. Ramesh T. Jaisinghani	41.11
Mr. Ajay T. Jaisinghani	41.11
Mr. Girdhari T. Jaisinghani	41.26
Mr. Bharat A. Jaisinghani	10.50
Mr. Nikhil R. Jaisinghani	10.50
<b>Total</b>	<b>185.94</b>

\* The Company had disclosed provisional amounts of recovery in the financial statement for the year ended 31 March 19 which has actualised in financial year ended 31 March 20 as detailed above.

### 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 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.

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 trunkway basis.

### 36. Segment Reporting

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

(₹ million)

	31 March 20					31 March 19				
	Wires & Cables	FMEG	Others	Eliminations	Total	Wires & Cables	FMEG	Others	Eliminations	Total
<b>Income</b>										
External sales	75,508.81	8,355.78	4,689.78	-	88,554.37	69,683.57	6,432.94	3,795.50	-	79,912.01
Inter segment revenue	389.58	-	-	(389.58)	-	964.29	-	-	(964.29)	-
<b>Total Income</b>	<b>75,898.39</b>	<b>8,355.78</b>	<b>4,689.78</b>	<b>(389.58)</b>	<b>88,554.37</b>	<b>70,647.86</b>	<b>6,432.94</b>	<b>3,795.50</b>	<b>(964.29)</b>	<b>79,912.01</b>
<b>Segment Results</b>										
External	9,174.32	168.28	721.66	-	10,064.26	8,353.74	74.51	166.61	-	8,594.86
Inter segment results	47.64	-	-	(47.64)	-	-	-	-	-	-
<b>Segment/Operating results</b>	<b>9,221.96</b>	<b>168.28</b>	<b>721.66</b>	<b>(47.64)</b>	<b>10,064.26</b>	<b>8,353.74</b>	<b>74.51</b>	<b>166.61</b>	<b>-</b>	<b>8,594.86</b>
<b>Un-allocated items:</b>										
Finance income					449.34					128.74
Finance costs					479.03					1,157.72
<b>Profit before tax</b>					<b>10,034.57</b>					<b>7,565.88</b>
Provision for taxation					2,425.03					2,551.49
<b>Profit for the year</b>					<b>7,609.54</b>					<b>5,014.39</b>
Depreciation & amortisation expenses	1,451.36	135.14	4.35	-	1,590.85	1,319.28	80.70	0.73	-	1,400.71
Non-cash expenses other than depreciation	25.05	69.26	69.40	-	163.71	523.34	34.64	93.83	-	651.81
Total cost incurred during the year to acquire segment assets (net of disposal)	2,696.07	177.80	-	-	2,873.87	2,364.10	350.04	-	-	2,714.14

### (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 March 20	Year ended 31 March 19
Within India	77,599.20	77,429.53
Outside India	10,955.17	2,482.48
	<b>88,554.37</b>	<b>79,912.01</b>

### (C) Segment assets

	31 March 20					31 March 19				
	Wires & Cables	FMEG	Others	Eliminations	Total	Wires & Cables	FMEG	Others	Eliminations	Total
Segment assets	43,417.11	5,379.76	5,594.72	-	54,391.59	41,288.37	4,993.78	5,984.02	-	52,266.17
<b>Unallocated assets:</b>										
Investments (Non-current and Current)					861.94					426.94
Income tax assets (net)					191.51					97.67
Cash and cash equivalents and bank balance other than cash and cash equivalents					2,412.75					1,870.30
Loans					250.04					217.83
Public issue expense					-					388.77
Other unallocable assets					1,174.27					686.49
<b>Total assets</b>					<b>59,282.10</b>					<b>55,954.17</b>

### (D) Segment liabilities

	31 March 20					31 March 19				
	Wires & Cables	FMEG	Others	Eliminations	Total	Wires & Cables	FMEG	Others	Eliminations	Total
Segment liabilities	13,277.14	1,587.47	2,781.31	-	17,645.92	16,682.52	1,002.51	5,013.06	-	22,698.09
<b>Unallocated liabilities:</b>										
Borrowings (Non-Current and Current, including Current Maturity)					1,455.60					2,582.48
Current tax liabilities (net)					1,184.20					1,670.47
Deferred tax liabilities (net)					173.55					227.80
Other unallocable liabilities					419.94					285.89
					<b>20,879.21</b>					<b>27,464.73</b>

### (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 March 20	Year ended 31 March 19
Within India	16,855.29	15,054.15
Outside India	-	-
	<b>16,855.29</b>	<b>15,054.15</b>

### 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 asset 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.

###### (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
- (b) Other financial assets such as deposits, advances etc., the Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

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 ECLs at each reporting date, right from its initial recognition.

### 37. Financial Instruments and Fair Value Measurement

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 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) 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:

- In the principal market for the asset or liability, or
- 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

### 37. Financial Instruments and Fair Value Measurement

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 March 20	31 March 19	31 March 20	31 March 19
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Investment in Subsidiaries	83.29	83.29	83.29	83.29
Investment in Joint Venture	378.65	343.65	378.65	343.65
Trade receivables	16,054.47	14,767.18	16,054.47	14,767.18
Cash and cash equivalents	1,700.43	1,777.44	1,700.43	1,777.44
Bank balance other than cash and cash equivalents	1,070.15	1,375.80	1,070.15	1,375.80
Loans	250.04	217.83	250.04	217.83
Other financial assets	360.75	692.05	360.75	692.05
<b>Measured at fair value through profit or loss account (FVTPL)</b>				
Investment in mutual funds	400.00	-	400.00	-
Derivative Assets	1,084.54	7.40	1,084.54	7.40
	<b>21,382.32</b>	<b>19,264.64</b>	<b>21,382.32</b>	<b>19,264.64</b>
<b>Financial liabilities</b>				
<b>Measured at amortised cost</b>				
Borrowings - long term including current maturities and short term	1,455.60	2,582.48	1,455.60	2,582.48
Trade payables	13,447.11	15,099.00	13,447.11	15,099.00
Creditors for capital expenditure	275.10	340.65	275.10	340.65
Obligations under lease	327.85	-	327.85	-
Fair value of corporate guarantee	11.21	12.98	11.21	12.98
Other financial liabilities	425.03	387.86	425.03	387.86
<b>Measured at fair value through profit or loss account (FVTPL)</b>				
Derivative liabilities	232.51	221.38	232.51	221.38
	<b>16,174.41</b>	<b>18,644.35</b>	<b>16,174.41</b>	<b>18,644.35</b>

- 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).
- 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.
- 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.
- 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.
- Fixed-rate and variable-rate loans are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The non- performance risk as at 31 March 2020 was assessed to be insignificant.
- The fair values of the mutual funds are based on NAV at the reporting date.
- The fair value of interest rate swaps are based on MTM bank rates as on reporting date.
- The fair value of put option is determined using Monte Carlo Simulation which assumes a Geometric Brownian Motion for the modelling equity value.
- 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.

### 37. Financial Instruments and Fair Value Measurement

#### 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 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)
<b>Assets measured at fair value:</b>					
Units of mutual funds	31 Mar 20	400.00	400.00	-	-
<b>Derivative Assets</b>					
Embedded derivatives	31 Mar 20	1,075.35	-	1,075.35	-
Interest rate and cross currency swap	31 Mar 20	9.19	-	9.19	-
<b>Liabilities measured at fair value:</b>					
<b>Derivative liabilities :</b>					
Commodity contracts	31 Mar 20	169.03	-	169.03	-
Foreign exchange forward contract	31 Mar 20	13.73	-	13.73	-
Fair value of written put options	31 Mar 20	49.75	-	-	49.75

#### Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 March 2019:

(₹ 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)
<b>Assets measured at fair value:</b>					
<b>Derivative Assets</b>					
Interest rate and cross currency swap	31 Mar 19	7.40	-	7.40	-
<b>Liabilities measured at fair value:</b>					
<b>Derivative liabilities :</b>					
Commodity contracts	31 Mar 19	101.54	-	101.54	-
Foreign exchange forward contracts	31 Mar 19	70.94	-	70.94	-
Fair value of written put options	31 Mar 19	48.90	-	-	48.90

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:

- the date of the event or change in circumstances that caused the transfer
- the beginning of the reporting period
- the end of the reporting period

### 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 Company's senior management oversees the management of these risks. The Company's senior management' 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.



### 38. Financial Risk Management Objectives And Policies

The Company manages its interest rate risk by having a fixed and variable rate loans and borrowings. The Company's approach is to keep its majority of borrowings at fixed rates of interest for long term funding. The Company 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 2020, after taking into account the effect of interest rate swaps, approximately 49% of the Company's borrowings are at a fixed rate of interest (31 March 2019: 72%).

#### 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
<b>31 Mar 20</b>	741.53		
Increase		+100	(7.42)
Decrease		-100	7.42
<b>31 Mar 19</b>	717.68		
Increase		+100	(7.18)
Decrease		-100	7.18

#### (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 March 20		31 March 19	
		Foreign currency	Indian Rupees	Foreign currency	Indian Rupees
United States Dollar	USD	(57.85)	(4,361.17)	(88.78)	(6,141.26)
EURO	Euro	0.36	30.18	(0.39)	(30.46)
Pound	GBP	0.16	15.32	0.58	52.38
Swiss Franc	CHF	0.02	1.75	(0.01)	(0.74)
Chinese Yuan	CNY	0.55	5.82	-	-
Australian Dollar	AUD	2.19	101.46	0.24	12.07

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 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. The Company'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 March 20		31 March 19	
		-2%	-2%	+2%	+2%
United States Dollar	USD	(87.22)	87.22	(122.83)	122.83
EURO	Euro	0.60	(0.60)	(0.61)	0.61
Pound	GBP	0.31	(0.31)	1.05	(1.05)
Swiss Franc	CHF	0.04	(0.04)	(0.01)	0.01
Chinese Yuan	CNY	0.12	(0.12)	-	-
Australian Dollar	AUD	2.03	(2.03)	0.24	(0.24)

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 trade payables 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 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. There are no outstanding buy future contracts link to LME as of 31 March 2020 and 31 March 2019.

Sensitivity analysis for unhedged exposure for the year ended 31 March 2020 are as follows:

#### Exposure of Company in Inventory

Metal	31 March 20				31 March 19			
	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%
Copper	-	-	-	-	16.00	7.64	0.15	(0.15)
Aluminium	6,133.91	868.63	17.37	(17.37)	6,750.66	1,001.50	20.03	(20.03)

(₹ million)

#### (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

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 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.

#### (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 March 20			31 March 19		
	< 1 year	> equal to 1 year	Total	< 1 year	> equal to 1 year	Total
<b>Non-derivatives</b>						
Borrowings	1,114.53	29.93	1,144.46	1,023.47	785.83	1,809.30
Other financial liabilities	1,283.95	298.89	1,582.84	1,736.05	-	1,736.05
Trade payables	13,447.11	-	13,447.11	15,099.00	-	15,099.00
	<b>15,845.59</b>	<b>328.82</b>	<b>16,174.41</b>	<b>17,858.52</b>	<b>785.83</b>	<b>18,644.35</b>

### 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 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.

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/ derivative, 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 forecasted 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. The Company has started designating these contracts starting from 01 July 2019.

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					
<b>Fair Value Hedge</b>								
Hedged item	Inventory of Copper and aluminium	(852.14)	-	-	1:1	Inventory		
Hedging instrument	Embedded derivative in trade payables of Copper and aluminium	-	(1,075.35)	-	1:1	Current financial assets		
<b>Cash Flow Hedge</b>							(852.14)	(223.21)
Hedged item	Highly probable forecasted purchases	-	-	(169.03)	Range within 1 to 6 months	1:1	Cash flow hedge Reserve	
Hedging instrument	Buy Derivative Position	-	169.03	-	1:1	Current financial liabilities		
	Sell Derivative Position	-	-	-	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				
Commodity Price risk	Less than 3 Months	3 Months to 6 Months	6 Months to 12 Months	Total
Forward Buy Contract	64.49	85.30	19.24	169.03

### 39. Hedging activity and derivatives

As at 31 March 2019

(₹ million)

	Commodity price risk	Carrying amount			Maturity date	Hedge Ratio	Balance sheet classification	Effective portion of Hedge	Ineffective portion of Hedge
		Asset	Liabilities	Equity					
<b>Fair Value Hedge</b>									
Hedged item	Inventory of Copper and aluminium	21.71	-	-	Range within 1 to 6 months	1:1	Inventory		
Hedging instrument	Embedded derivative in trade payables of Copper and aluminium	-	54.60	-		1:1	Trade Payable	21.71	32.89

### 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.

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 Company has raised capital by issue of equity shares through an IPO in the current year ended 31 March, 2020. Certain proceeds from the IPO have been used for repayment of borrowings which have significantly reduced the Company's borrowings.

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.

	31 March 20	31 March 19
Borrowings (Refer note -18)	1,144.46	1,809.30
Trade payables ( Refer note- 19)	13,447.11	15,099.00
Other payables (Refer note -20B)	1,283.95	1,736.05
Less: cash and cash equivalents (Refer note 10)	(1,700.43)	(1,777.44)
<b>Net debt</b>	<b>14,175.09</b>	<b>16,866.91</b>
Equity (Refer note 16 and 17)	38,402.89	28,489.44
<b>Total capital</b>	<b>38,402.89</b>	<b>28,489.44</b>
Capital and net debt	52,577.98	45,356.35
<b>Gearing ratio</b>	<b>26.96%</b>	<b>37.19%</b>

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 2020 and year ended 31 March 2019.

### 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

The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable. 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

Sd/-  
**Bhavesh Dhupelia**  
Partner  
Membership No. 042070

Place: Mumbai  
Date: 30 May 2020

For and on behalf of the Board of Directors of  
**Polycab India Limited (Formerly known as 'Polycab Wires Limited')**  
CIN : L31300DL1996PLC266483

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

Sd/-  
**S. L. Bajaj**  
CFO & Whole Time Director  
DIN : 02734730  
Place: Mumbai

Sd/-  
**Ajay T. Jaisinghani**  
Whole Time Director  
DIN : 00276588

Sd/-  
**S. S. Narayana**  
Company Secretary  
Membership No. F5221  
Date: 30 May 2020