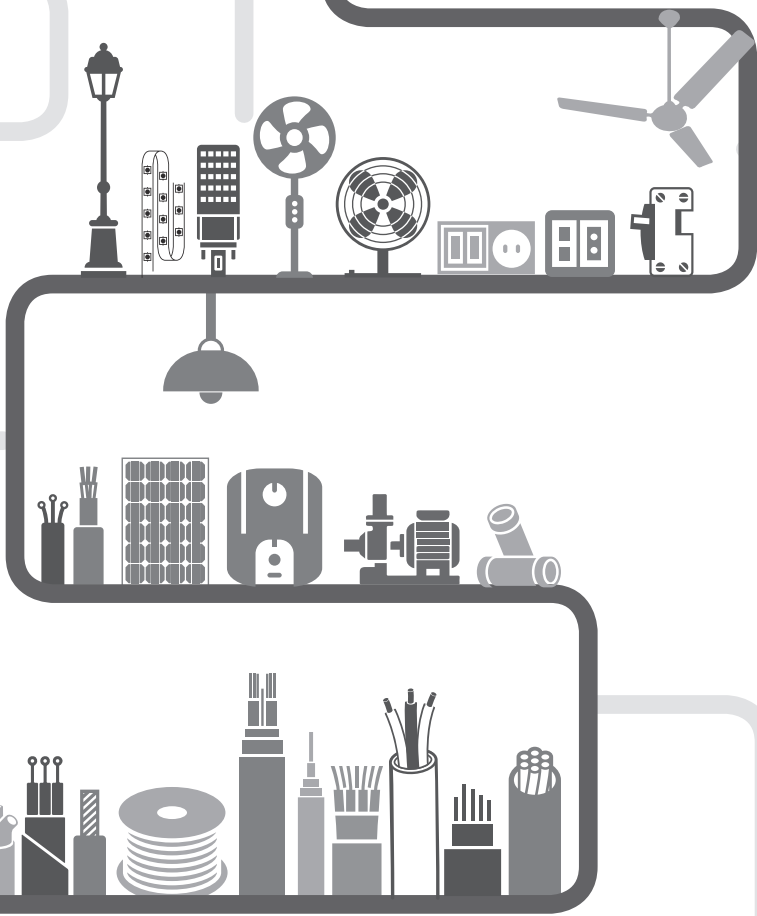




A Growth Mindset

Expand. Improve. Excel.



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To view our report online,
please visit: www.polycab.com

Disclaimer

The information and opinions contained in this document do not constitute an offer to buy any of Polycab India Limited's securities, businesses, products, or services. The document might contain forward-looking statements qualified by words such as 'expect', 'plan', 'estimate', 'believe', 'project', 'intends', 'exploit', and 'anticipates', that we believe to be true at the time of preparation of the document. The actual events may differ from those anticipated in these statements because of risk, and uncertainty of the validity of our assumptions. Polycab India Limited does not take on any obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.



Our Path of Growth

We are a leader in our core business of wires and cables,

whilst our newer business of consumer electricals is making impressive progress. Our solid experience and expertise, manufacturing excellence, robust distribution network, and diversified portfolio and customer base, have placed us where we are today. This strong position not only makes us more determined towards scaling new highs, but also fosters a growth mindset. We believe that challenges and opportunities would be present in equal measure, and our mindset, processes, products, and reach would form the differentiator.

Our continual quest to excel and outdo ourselves is powered by the strengths of the Company and driven by the right strategies. Even as we revisit our roadmap in this unprecedented scenario, our fundamental strategic priorities are still built around five axes: strengthening business and product offerings; growing distribution network; enhancing technology competence; augmenting brand visibility and customer satisfaction; and improving operational efficiency.

We are confident that our growth mindset, mirrored in our striving to expand, improve, and excel across different facets of our business and executed with a well-charted strategy, will empower us to move to the next growth orbit.

Expand. Improve. Excel.

Our roadmap for the future with a singular focus on unleashing sustained high growth.

Polycab at a Glance

Who we are

Polycab is India's largest manufacturer and seller of an extensive range of cables and wires, and a fast-growing player in the fast-moving electrical goods (FMEG) industry, along with an established export presence. While incorporated in 1996, the foundation of our Company was laid in 1964 with the setting up of a humble electrical store under the name Sind Electric Stores. Over the years, we have evolved and built a strong presence across diverse products, sectors, and geographies.



Our Vision

We will create a great place to work at by inspiring our people to continuously innovate and bring greater value to our customers and environment, thereby enhancing stakeholder value.



Our Mission

Enhance and strengthen our leadership position in wires and cables, continue to invest in technology to improve operational efficiencies, customer satisfaction and sales, and strengthen brand recognition.

Where we stand today

Today, Polycab is the market leader in the domestic wires and cables segment with over 12% of the overall market share. Underpinning our leadership position are our solid business fundamentals, which include multi-location manufacturing with a high degree of backward integration, a comprehensive product portfolio, strong brand positioning, robust distribution network, and experienced management. Our strategic foray into the consumer-facing electricals business proves our commitment to pursue new growth opportunities.



Our Values

We believe that we will demonstrate by focusing on company objectives and the needs of our customers and respect people for what they are and their well-being as well as recognize each other efforts and contribution.

Commitment

We will demonstrate commitment by focussing on company objectives and the needs of our customers.

Respect

We respect people for what they are and their well-being as well as recognize each other efforts and contribution.

Empowerment

We will be accountable for all our actions and take complete ownership of consequences and at the same time we will trust and empower our people to deliver results.

Teamwork

A young and dynamic work environment filled with innovation and ideas that lead or are leading to strong relationships, and mutual respect.

Transparency

We are upfront, visible, and consistent in our actions. We treat everyone equally and are guided by the intent of doing what is right.



Key Figures*

#1



Manufacturer of cables and wires in India

>18%



Market share of India's organised cables and wires industry

25



Manufacturing facilities

3,500+



Dealers and distributors

1,25,000+



Retail outlets

40+



Countries where we exported in past few years

47%



5-year top-line CAGR of FMEG business

>95%



Sales from products manufactured in India

*as of March 2020

Diversified Product Mix

Wires and Cables



- Power Cables
- Control Cables
- Instrumentation Cables
- Optical Fibre Cables (OFC)
- Solar Cables
- Building Wires
- Flexible Wires
- Other Cables



Diverse Sectoral Presence

We have a diverse customer base across a wide range of industries, including health-care, oil and gas, renewable energy, IT digitalisation, infrastructure, metal, defence, mass transit system, electric vehicles and real estate.



Health-care



Oil & Gas



Renewable Energy



IT & Digitalisation



Infrastructure



Metal



Defence



Mass Transit System



Electric Vehicles

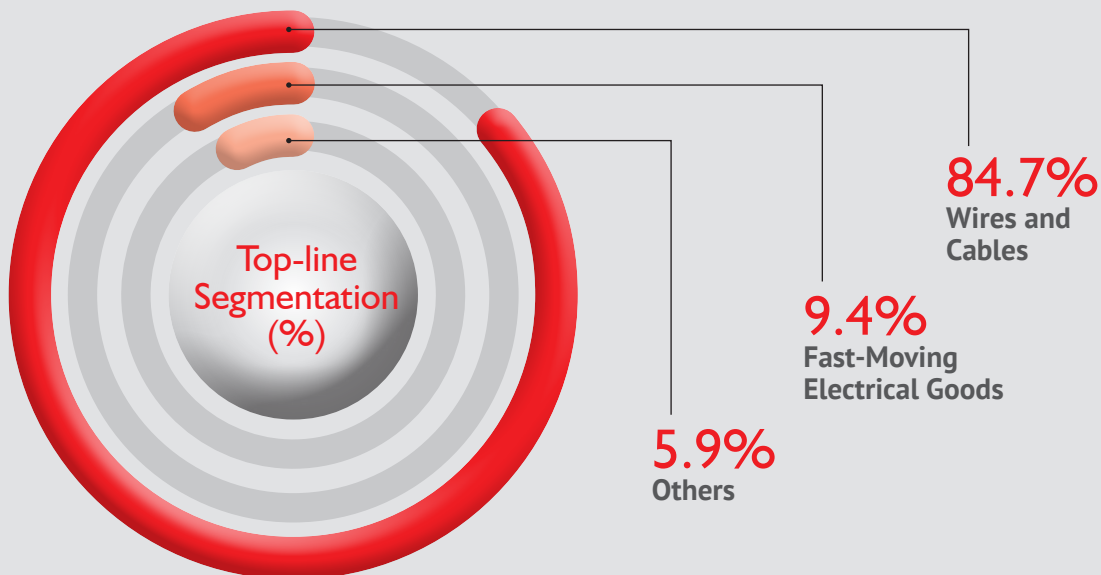


Real Estate

Fast-Moving Electrical Goods



- Fans and Home Appliances
- LED Lighting and Luminaires
- Switches and Switchgears
- Conduits and Accessories
- Solar Products
- Pumps, Pipes, and Fittings



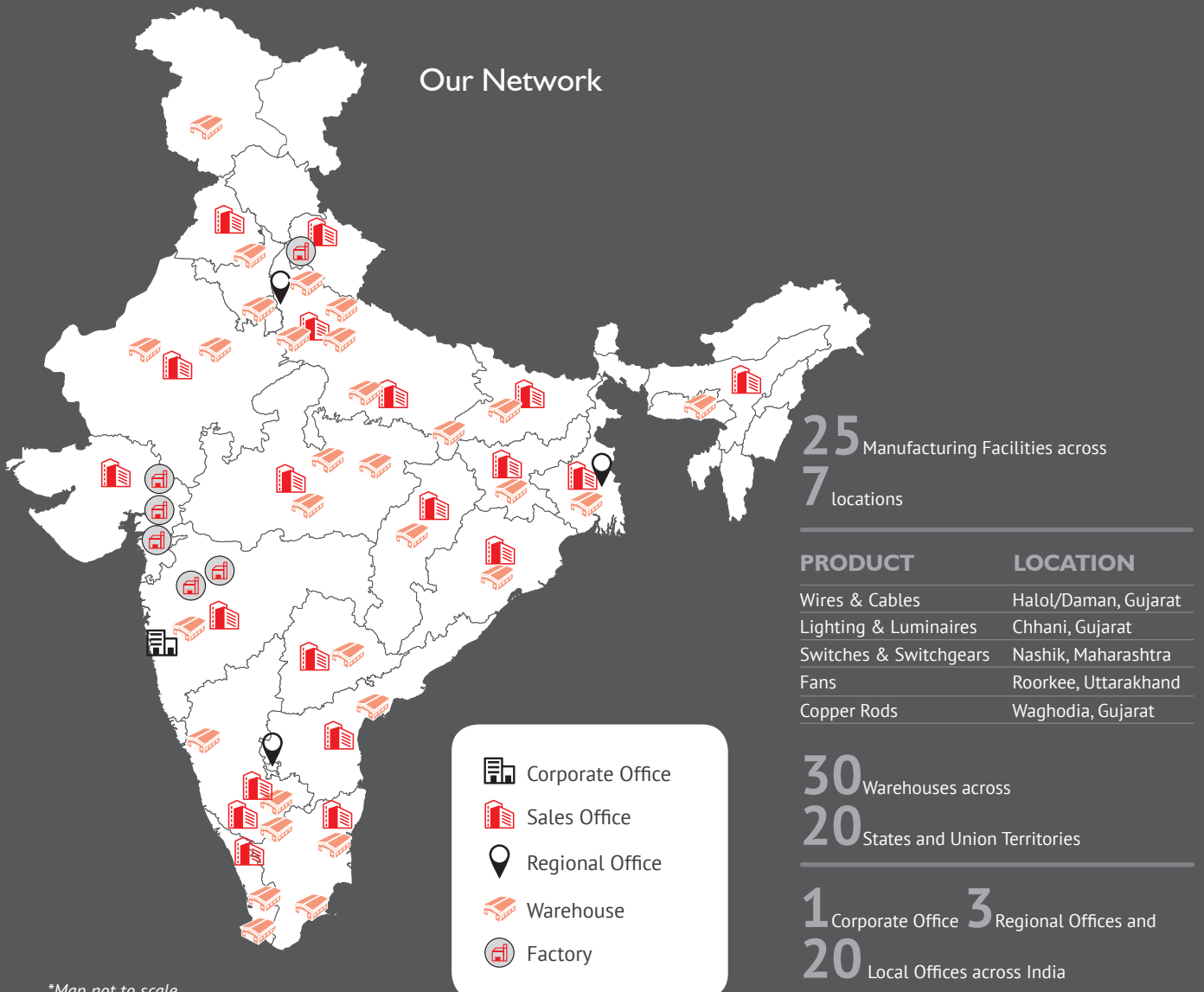
What Differentiates Us

Our long-standing reputation combined with a wide reach and robust capabilities enable us to perform consistently. Powered by these strengths, we always aim to scale new heights and propel our business growth.

Manufacturing Excellence

Our world-class manufacturing facilities are strategically located across the states of Gujarat, Maharashtra, and Uttarakhand and the district of Daman. Of our 25 facilities, four are for the production of FMEG products, including a joint venture with Techno Electromech Private Limited, a Gujarat-based manufacturer of LED products. All the units are equipped with advanced machinery and testing equipment and conform with national and international quality standards.

Backward integration in manufacturing enables us to maintain full control over quality and supply chain, lower operational costs, and deliver products at competitive prices. With this in mind, the Company entered into a 50:50 joint venture with commodity major Trafigura for setting up a new unit at the Waghodia facility, Gujarat, for production of copper wire rods. Further, the Company recently acquired the remaining 50% stake in Ryker plant from Trafigura, making Ryker a wholly-owned subsidiary of Polycab. The plant commenced production in Q1 FY20 with an annual capacity of 2,25,000 tonnes. In addition, we also ensure in-house manufacturing of key raw materials used in the production of wires and cables and FMEG products.



*Map not to scale

R&D Competence

Our ability to consistently deliver innovative products with speed and quality is the result of our superior research and development capabilities. Our NABL ISO 17025 certified R&D centre, located at Halol, comprises over 100 engineers and technicians who develop pioneering products designed to meet a range of customer requirements. The R&D lab is the hub for verification, qualification, and development of compounds for new products. Stringent process controls and quality assurance experts at all our centres ensure the highest standards of product quality. Further, keeping pace with the emerging industry trends and consumer preferences, we intend to invest more in the development of energy-efficient and other specialised products. Green wire, our energy-efficient and environment-friendly product, is an outcome of our ingenious R&D efforts.

Our Product Accreditations



Strong Brand Presence

Led by its powerful legacy, extensive distribution reach, wide customer base, unique product mix, and reputation for always delivering the best quality, Polycab is a brand to reckon with in the electricals industry. Our exceptional journey from being a pure B2B to a B2C player by leveraging our brand value and operational capacities has enabled us to cross-sell products and strengthen international presence. Continued investments in marketing and brand promotion have further fortified our brand positioning.

Finally, a wire that cares!
Polycab Green Wires

20% HIGHER CURRENT CARRYING CAPACITY THAN P.V. WIRES (TYPE-B) (BY TYPE-C)

| Cares about our safety | Cares about our environment | Cares about the ecological balance |
|--|--|--|
| <ul style="list-style-type: none"> High flame retardancy Withstands high heat upto 85°C No toxic fumes Anti termite capability | <ul style="list-style-type: none"> Reduced carbon footprint Restricts the spread of fire High life expectancy Contamination-free manufacturing | <ul style="list-style-type: none"> Recyclable/Reusable Bio-degradable RoHS compliant Lead-free |

Connection Bachat Ka, Connection Zindagi Ka!

Wide Network

We have a robust network of 3,500+ dealers and distributors and 1,25,000+ retailers supplying our products across India. In recent years, we have widened our distribution network to achieve an even stronger retail reach. Our sales and marketing operations are controlled through our corporate, regional, and local offices across the country. In overseas markets, we continue to focus on delivering customised products to global customers.

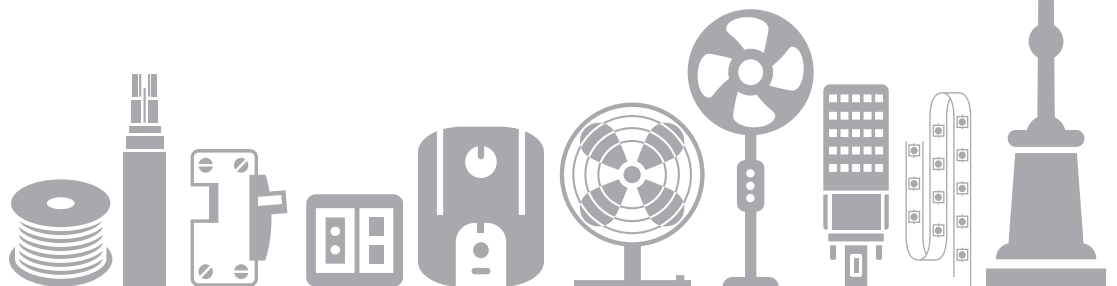
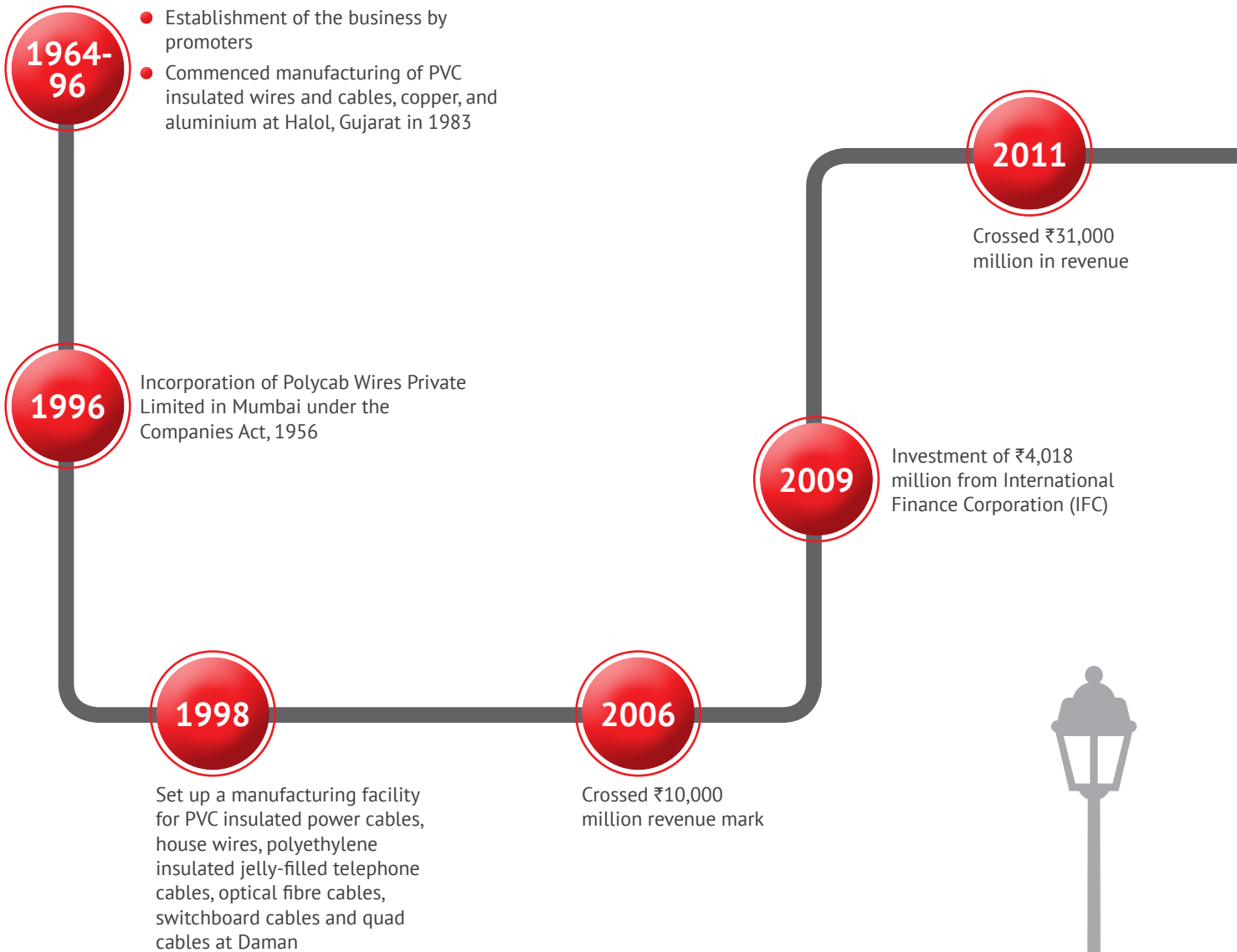
Experienced Management

Our Company is led by an eminent management team with intensive knowledge of the wires and cables and consumer electricals industry. Our leaders possess a blend of entrepreneurial and professional expertise. Their vast experience and sound market understanding have been instrumental in Polycab's outstanding journey and evolution as an organisation.

Robust Financials

At Polycab, we are committed to driving persistent growth to build a stronger and sustainable business. This is reflected in the improvement in our performance year-on-year across a range of financial and operational parameters. Over the past five years, our revenues and profits have grown, with all-round enhancement in the numbers related to liquidity, asset/liability management, leverage, and profitability.

Our Growth Journey



2013

Forayed into the switches and switchgear segment

2014

- Diversified into the fans and LED lighting segment
- Established manufacturing facility for miniature circuit breakers (MCBs) at Nashik, Maharashtra

2016

- Established manufacturing unit for ceiling fans at Roorkee, Uttarakhand
- Entered into JV with Trafigura for copper rod manufacturing

2017

Entered into JV with Techno Electromech for manufacturing of LED lighting products

2019

- Public issue of shares through a ₹13,450 million Initial Public Offering (IPO)
- Listing of shares on the BSE and NSE
- Inaugurated first ever Polycab Experience Centre

2020

Bought out balance 50% stake in Ryker for copper rod manufacturing from Trafigura

Chairman & Managing Director's Communique

Dear fellow Shareholders,

My warm greetings to all of you!

I am delighted and humbled to share your Company's first Annual Report as a listed entity, for FY 2019-20.

Your Company has a tremendous foundation, strengthened over generations. We have a distinct brand recognition, powerful performance capabilities, and a truly extensive reach. Our incredible team of people constantly bring their strengths together to take the organisation to greater heights. Our journey of more than five decades has been an inspiring one. All along the way, we have remained true to our guiding principles of simplicity, teamwork, trust building, customer-centric focus, and delivering value to our different stakeholders. We are proud of the reputation we have built and are committed to maintaining this track record as we move ahead.

The fiscal 2019-20 posed a challenging operating environment for the Indian economy, marked by liquidity constraints, muted investments, weak consumption and volatile commodity prices. Various macro indicators as well as overall GDP growth witnessed consistent deceleration. These challenges were further exacerbated by outbreak of novel coronavirus (COVID-19) pandemic towards the end of the fiscal year. As a responsible corporate entity, Polycab selflessly undertook a series of measures to ensure safety and well-being of our employees, partners and to support, dealers, distributors, customers, and communities across India. We leveraged our robust information technology infrastructure to ensure seamless transition to work-from-home environment with little or no disruption of operations. I'm pleased to state that currently all our factories and offices are operating, majority of our authorised dealers, and distributors, and retailers are back on their feet with decent progress in terms of billings. During this period, we also focussed on conserving and augmenting our liquidity position through judicious cost management and deferring non-critical spends. We accelerated our long-term strategic and structural initiatives like business diversification, increasing channel financing, inventory rationalisation, increasing automation and debottlenecking of processes, augmenting supply chain operations with technology and building data analytics capabilities which will help us fortify our dominant market position and provide long-term sustainable competitive advantages.

Performance Review

Fiscal 2019-20 concluded with a healthy underlying performance across segments withstanding significant external headwinds. During the year under review, we recorded a 11% growth in revenue to ₹ 88,300 million from ₹ 79,856 million



in the previous year, partly tapered by COVID-19 impact. Wires and cables business saw good traction in exports and new product categories. During the year, we partially executed our largest cable supply export order till date and made successful inroads into new geographies. We helped provide high speed digital connectivity to over 4,700 Gram Panchayats in states of Gujarat and Bihar under BharatNet Phase II programme. This achievement will play a precursor to our ventures into large digital infrastructure projects. Our consumer electricals vertical continued its strong momentum on the back of portfolio augmentation across price points, better product mix and distribution expansion. We penetrated new geographies in India, touching more lives in lower tier towns. Our new product launches, with a strong quality and value proposition, garnered very good response from consumers. Our profitability put up a strong footing with profit after tax standing at ₹ 7,656 million as against ₹ 5,003 million in the previous year, a growth of 53%. Rising contribution along with improved cost management flowed into higher operating margins. Lower finance costs and reduction in corporate tax rates further aided bottom-line. What is interesting to note is that your Company has been delivering improved financial performance year-on-year, demonstrating the soundness of our robust business model. We also delivered good operational performance during the year. Our return ratios are improving led by increase in underlying profitability. Balance sheet remains strong with net cash position. Our strategic interventions to optimise working capital will further reinforce our financial position.



Our strategic framework leverages our key strengths i.e. manufacturing, distribution, innovation, branding and technology which will enable us to sustain our leadership position in wires and cables as well as strengthen our consumer electricals business.

Accelerating Growth

This year, we steadfastly focussed on solidifying our business fundamentals, fire up innovation and catering to the evolving consumer needs and preferences. Our strategic framework leverages our key strengths i.e. manufacturing, distribution, innovation, branding and technology which will enable us to sustain our leadership position in wires and cables as well as strengthen our consumer electricals business. We have been taking big strides and are confident about the next phase of growth.

Our manufacturing excellence is one of our biggest strengths. Steady investments in setting up of new plants, capacity expansion and automation have enabled us to sharpen our competitive edge. We also have a high level of backward integration supported by best-in-class systems and processes. You would be delighted to know that our new copper wire rods producing plant Ryker, which started as a joint venture with Trafigura but now wholly-owned by your Company, commenced production in Q1FY20. This will ensure a consistent supply of raw materials and best quality products to consumers.

Product diversification has long been a part of our strategy to build a stronger business and expand wings into electricals space. Strong emphasis on research and development is helping us roll out differentiated products across the country to meet the emerging market needs. As part of our portfolio expansion drive, we launched a new range of electrical products, including premium fans, lighting products, switches, water heaters and pumps. We also successfully developed and tested high end customised cables which adhere to stringent global standards. Going ahead, we will continue to offer superior products to consumers with key focus on energy efficiency and digital connectivity.

Our vast reach and strong brand recall have augmented the growth of our B2C segment. The thrust this year was on expanding our distribution network and enhancing our product range to increase our retail penetration. Particularly, we focussed on expanding our presence in high-potential areas as well as Tier II and III cities to propel our product reach. Our goal is to be present across every nook and corner of the country. We have a prudent approach to intensifying our brand visibility and consumer connect through increased spends on advertising and marketing. These efforts, I believe, will make us a well-recognised player in the fast-moving electrical goods segment and bolster our revenues.

Alongside increasing brand visibility, we are investing more in technology. It is not only helping us deliver a personalised customer experience but also making our operations more streamlined and seamless. We continue to focus on operational initiatives for driving higher profitability, cost control, and positive cash generation.

A key intervention, among others, is the activities that we undertake as a socially responsible corporate. We are committed to finding newer and innovative ways to drive a positive impact in the communities where we live and operate, thereby empowering the marginalised members of our society.

Outlook

All our actions, put together, will set the momentum for accelerated and sustained progress. The market dynamics also appear to be highly attractive once we look past the aftermath of the pandemic. Favourable Government initiatives and reforms to promote indigenous manufacturing, infrastructure development, foreign investments, renewable energy, electrification, and pan-India digital connectivity, thereby making India a self-reliant nation, will provide a huge thrust to the demand of electrical products. India's structural drivers like demographic dividend, rapid urbanisation, rising incomes, evolving aspirations, digital inclusion and increasing consumer awareness will drive India's consumption growth story. The pandemic is altering conventional business models as well as consumption patterns and we will remain agile and responsive to capture these emerging trends. On the whole, we are confident that our judicious strategy and sound financial position will enable us to seize all the opportunities and drive healthy, sustainable and profitable growth over the term.

In conclusion

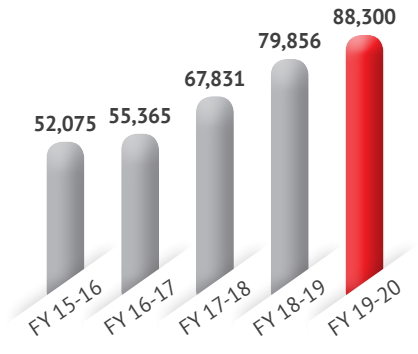
Before closing, I would like to thank our management team and our employees for their hard work and contribution. Their support is the cornerstone of our achievements. I would also like to take this opportunity to express my gratitude to our partners, suppliers, customers, consumers, our bankers, government authorities and to you, our shareholders, for the unwavering trust and support reposed in us. We will be delighted if you continue accompanying us in our journey as we work towards building the Polycab of tomorrow.

Warm Regards,

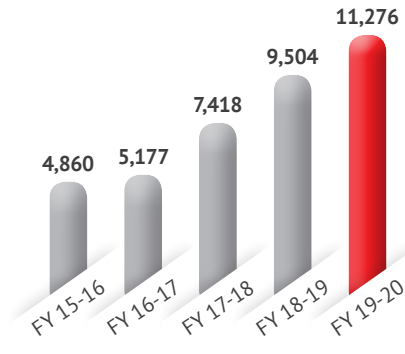
Inder T. Jaisinghani

Chairman & Managing Director

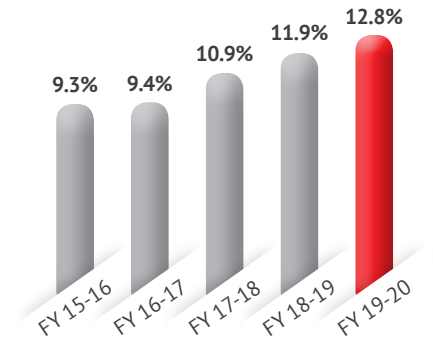
Financial Performance



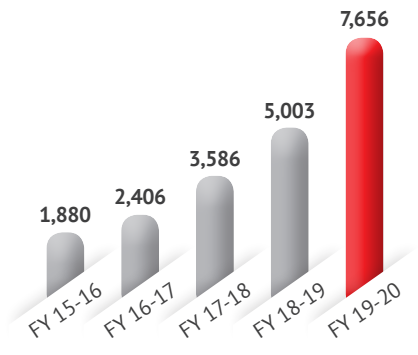
Net Sales
(₹ in million)



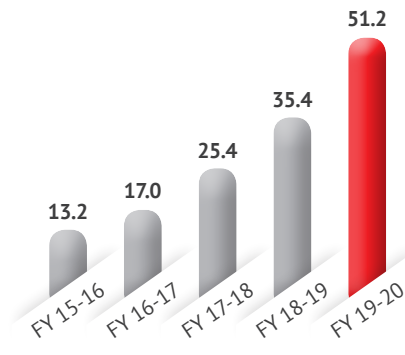
EBITDA
(₹ in million)



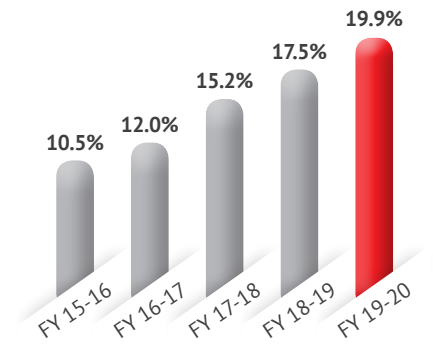
EBITDA Margin
(%)



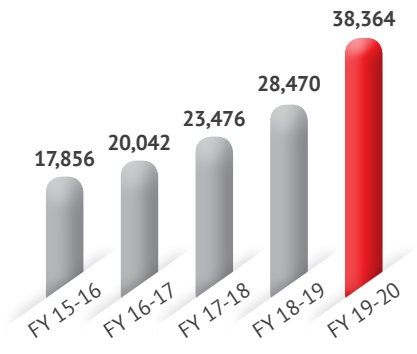
Profit After Tax
(₹ in million)



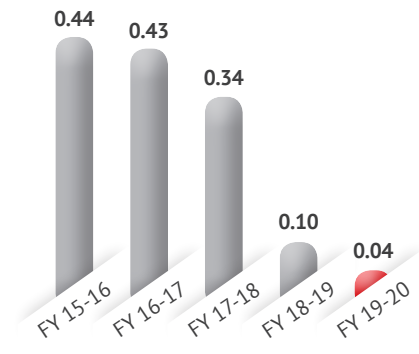
Earnings Per Share
(₹)



Return on Equity
(%)



Net Worth
(₹ in million)



Debt to Equity
(times)

Numbers on consolidated basis

Key Ratios

| | FY20 | FY19 | FY18 | FY17 | FY16 |
|--------------------------------------|--------|--------|--------|--------|--------|
| Financials (₹ in million) | | | | | |
| Net Sales | 88,300 | 79,856 | 67,831 | 55,365 | 52,075 |
| EBITDA | 11,276 | 9,504 | 7,418 | 5,177 | 4,860 |
| EBIT | 9,667 | 8,090 | 6,089 | 3,899 | 3,749 |
| PBT | 10,100 | 7,561 | 5,668 | 3,685 | 2,707 |
| PAT | 7,656 | 5,003 | 3,586 | 2,406 | 1,880 |
| Net Fixed Assets | 16,632 | 14,686 | 13,331 | 12,933 | 11,231 |
| Net Working Capital | 20,408 | 13,052 | 10,715 | 7,772 | 7,035 |
| Networth | 38,364 | 28,470 | 23,476 | 20,042 | 17,856 |
| Debt | 1,571 | 2,724 | 8,003 | 8,557 | 7,957 |
| Cash and cash equivalents | 3,213 | 3,166 | 106 | 302 | 507 |
| Performance Ratios | | | | | |
| EBITDA / Net Sales % | 12.8% | 11.9% | 10.9% | 9.4% | 9.3% |
| EBIT / Net Sales % | 10.9% | 10.1% | 9.0% | 7.0% | 7.2% |
| PAT / Net Sales % | 8.7% | 6.3% | 5.3% | 4.3% | 3.6% |
| Fixed Assets Turnover Ratio | 5.3 | 5.4 | 5.1 | 4.3 | 4.6 |
| Asset Turnover | 1.5 | 1.4 | 1.5 | 1.2 | 1.4 |
| Debtors Turnover | 6.2 | 6.0 | 5.3 | 4.6 | 3.9 |
| Inventory Turnover | 4.6 | 4.0 | 5.0 | 3.6 | 5.3 |
| Return on Capital Employed | 26.4% | 27.9% | 21.0% | 15.2% | 15.0% |
| Return on Equity | 19.9% | 17.5% | 15.2% | 12.0% | 10.5% |
| International Revenue Share | 12.4% | 3.1% | 5.3% | 6.3% | 5.9% |
| Leverage Ratios | | | | | |
| Interest Coverage Ratio | 35.6 | 13.8 | 8.3 | 6.0 | 3.9 |
| Debt-Equity Ratio | 0.04 | 0.10 | 0.34 | 0.43 | 0.44 |
| Debt / Total Assets | 0.03 | 0.05 | 0.18 | 0.19 | 0.21 |
| Liquidity Ratios | | | | | |
| Current Ratio | 2.0 | 1.5 | 1.6 | 1.3 | 1.4 |
| Quick Ratio | 1.1 | 0.7 | 0.8 | 0.7 | 0.9 |
| Activity Ratios | | | | | |
| Inventory days | 110 | 122 | 96 | 131 | 89 |
| Receivable days | 59 | 61 | 69 | 79 | 95 |
| Payable days | 105 | 148 | 82 | 136 | 110 |
| Net Cash Cycle days | 64 | 35 | 83 | 74 | 74 |
| Investor Ratios | | | | | |
| Basic Earnings Per Share | 51.2 | 35.4 | 25.4 | 17.0 | 13.2 |
| Dividend Per Share (Interim + Final) | 7.0 | 3.0 | 1.0 | 1.0 | 1.8 |
| Dividend Payout % (Excluding DDT) | 13.7% | 8.5% | 3.9% | 5.9% | 13.3% |
| Price to Earnings Ratio | 14.5 | NA | NA | NA | NA |
| Enterprise Value / EBITDA | 9.8 | NA | NA | NA | NA |
| Enterprise Value / Net Sales | 1.2 | NA | NA | NA | NA |

Refer to Glossary

Growth in Opportunities

Our comprehensive product portfolio caters to diverse customer requirements. Having established a leadership position in wires and cables, we are now making strong inroads into the consumer electricals space, thus seizing new opportunities. Our tactical venture into the engineering, procurement and construction (EPC) segment stands testament to our commitment.

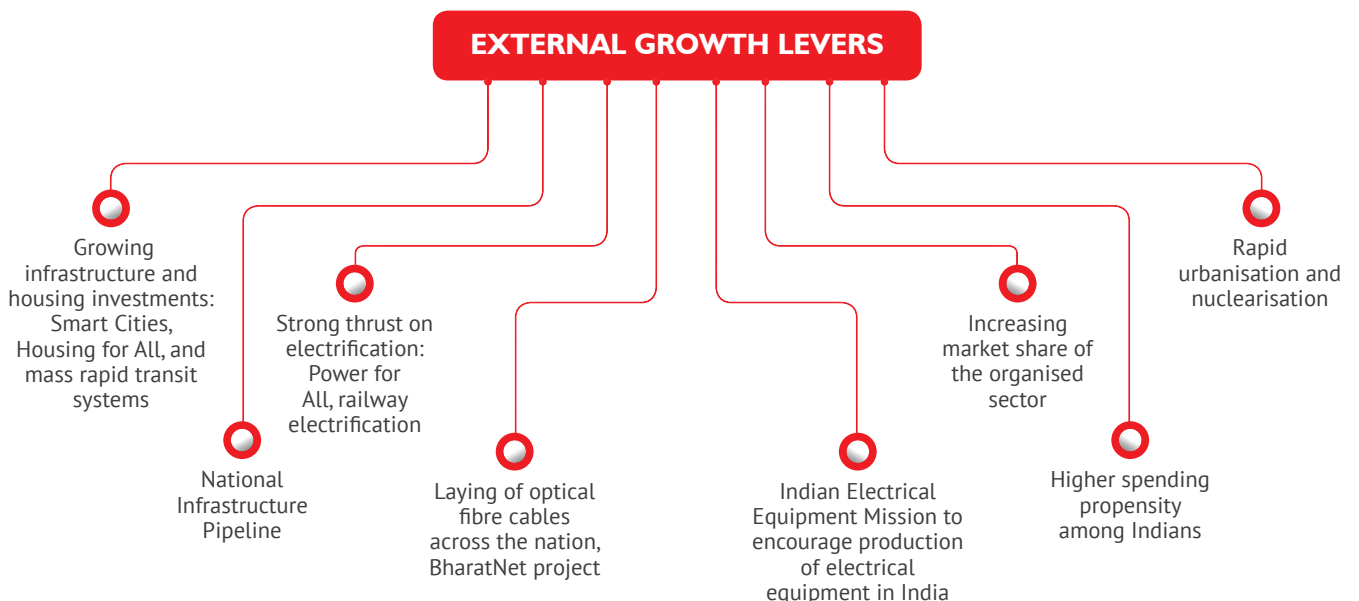
Strengthening Leadership Position in Wires and Cables

Wires and cables play a vital part in major sectors including power, housing, real estate, urban development, transport, roads, telecommunication, industrial and rural development. The sector was significantly impacted by sluggish macro-economic conditions combined with COVID-19 outbreak and subsequent nationwide lockdown in March 2020. However, with the normalisation of economic activities, wires and cables will see strong demand recovery.

The Government is consistently placing strong thrust on making India self-reliant with numerous policy initiatives. Infrastructure development schemes such as Smart Cities, Housing for All; thrust on rural electrification projects and digitisation and a boost to domestic production of electrical

equipment will augur well for wires and cables industry. As part of the National Infrastructure Pipeline, ₹ 102 trillion has been earmarked for infrastructure over the next five years. Another important factor propelling demand for housing wires is the growing urbanisation and nuclearisation of families.

The market is also witnessing a rapid shift from the unorganised to the organised sector with evolving consumer preferences, superior offerings by branded players, and reduced price differential after GST implementation. With an entire gamut of product offerings, Polycab is well-placed to capitalise on the enormous opportunities. We intend to enhance our competitiveness in cables and wires by investing in product innovation and expansion, widening our customer base and geographic presence, and targeting key growth sectors such as telecom, infrastructure, healthcare, renewables, railways, oil and gas, mining and automotive.



OUR PRODUCTS

Fans & Appliances



Lighting & Luminaires



Switch & Switchgear



Pumps and Solar



Growth in Opportunities

Enhancing FMEG Offerings

Our foray into the fast-moving electrical goods (FMEG) business offers attractive prospects, as India, with its favourable demographics, remains a strong consumption-led market. Leveraging our brand recall, distribution strength, pioneering R&D capabilities, and marketing initiatives, we have been strengthening our FMEG business, and the positive impact of that is visible in our increasing FMEG revenue. We see tremendous potential in this realm, especially with the rapid growth of the organised sector. Increasing the revenue share of this segment is pivotal to scaling up our business.

Demand for quality, value-added FMEG products is set to grow on the back of several factors such as higher disposable incomes, rural electrification, urban replacement demand, and greater awareness on safer and energy-efficient products. The Government's strong thrust on promoting energy-efficient lighting has been leading to faster adoption of LED lighting and appliances. To exploit these opportunities, we are focussed on bolstering our product mix and entering premium, high-margin segments by way of continuous product innovation. Our recent product offerings in premium fans, home appliances, lighting, switches, and switchgear and other specialised products such as domestic and agriculture pumps are witnessing good traction. This year, we created a wide bouquet of products with additional stock-keeping units (SKUs) to offer a range of delightful products at different price points. We intend to introduce Internet of Things (IoT) enabled lighting products and new-generation solar pumps in the coming years to keep up with the evolving industry trends. Our goal is to boost revenues and margins from this vertical and gain a significant market share.

Growing EPC Business

Under the engineering, procurement and construction (EPC) segment, we offer turnkey solutions such as design, engineering, supply, execution, and commissioning for power distribution and rural electrification projects. This is a tactical venture for us and a natural progression of our cables and wires business.

We aim to particularly work on projects with significant cabling requirements that give us a considerable advantage and economy of scale. Further, we continue to ensure robust execution of our current order book and bag profitable projects that offer better profitability and returns on capital.

During the year, Polycab with its consortium partner was roped in for BharatNet project in the states of Gujarat and Bihar. BharatNet, the visionary project of the Government of India was envisaged to provide last-mile connectivity to 2.5 lakh Gram Panchayats (GPs) and 6.25 lakh villages in the remotest areas, accomplishing the mission of building digital highway and making digital village a reality throughout the country. As part of this project, we connected over 4,700 Gram Panchayats in 10 months of the year, providing 100 mbps of bandwidth to each GP which can be scaled up to 1 Gbps without changing any hardware configuration. Following its successful execution, Polycab is actively pursuing digital infrastructure projects through the EPC model. As an established leader in manufacturing domain providing electrical infrastructure, we aim to replicate our project management skills across large digital infrastructure projects including Smart Cities, Surveillance, BharatNet, and Digital Village.

Intensifying Exports

Our ability to create customised products for international customers positions us well to establish an extensive global footprint. We believe exports is a growth driver for our business. In this pursuit, we have set up a wholly-owned subsidiary in the United States and are also exploring other countries to intensify our export business. Our aim is to build a robust distribution-led model in these markets to strengthen our product and customer outreach.

We are confident that the execution of a large order from Dangote, an Africa-based company, and initiatives to venture into developed economies will provide opportunities to significantly grow overseas. An increase in exports will also facilitate revenue expansion, thus benefiting our core business of cables and wires.



Growth through Distribution

A key enabler of our consistent success is our widespread distribution network, which gives us a competitive edge in the marketplace. Widening our distribution base in a targeted manner remains at the core of our growth strategy.



Our well-established distribution network enables us to cater to customers pan-India. Further, we are banking upon our network to enhance the reach of our consumer electrical products. Our philosophy is to add new distributors, dealers, and retailers in target markets to drive higher sales conversions.

Growing Distribution Network

During the year, we continued to aggressively pursue our dealer expansion strategy. The emphasis was on deepening our presence in existing markets and penetrating into newer geographies across India. Our initiatives towards strengthening and expanding our distribution network have led to far better retail reach and customer relationships.

Project Josh

Project Josh is a strategic initiative aimed at taking a bigger market share in retail wires and FMEG segments in a prudent manner. Since its implementation, we have significantly increased the number of distributors and retailers across different locations.

As we strengthen our network and extend our geographical footprint, we are confident of creating and seizing new opportunities to grow our business.

125



Number of locations covered under Project Josh as on 31 March 2020

Growth through Technology

With increasing thrust on digitisation as a key enabler for delivering excellence, we have rolled out several initiatives to align our organisation, improve processes, and enhance efficiency. Our strategy is to make the right investments in technology to drive business growth.



At Polycab, deployment of best-in-class technological solutions has enabled us to ensure efficiency in operations, optimise inventory levels, and streamline the supply chain. Cutting-edge technology initiatives are a priority for the organisation.

We have adopted the Manufacturing Excellence System (MES), an automated sensor-based system for recording the actual consumption of raw materials in the production process. With this, we can ensure automated inventory control for manufacturing excellence. The Maynard Operation Sequence Technique (MOST) is another strategic tool utilised to drive productivity in operations and optimise capacity utilisation.

Our Digital Roadmap

Given the unprecedented technological developments, digitisation of systems and processes have become imperative for improved customer experience. Companies are increasingly seen leveraging data analytics and automation to enhance efficiency, reduce costs, and scale business growth. The next round of digitisation is aimed at building high levels of efficiency and effectiveness to ensure long-term growth. We also intend to make continuous investments in Customer Relationship Management systems to deliver superior customer service. During the year, we launched a series of innovative solutions.

Distributor Management System

This platform links the Company's internal systems with authorised dealers and distributors to provide visibility on secondary sales. It also automates the entire business operations such as inventory control, account management, process management, sales forecasting analysis, sales lead tracking system, among others.

Sales Force Automation

This cutting-edge software enables us to track sales from retailers to salesmen through a mobile app and ensure effectiveness of the sales process. It manages and improves the relationship between salesmen and retailers. Along with the Distributor Management System, this tool is linked to

the distributors' billing software, so that orders from retailers collected on the mobile app are forwarded to the distributors and fulfilment is tracked. This flexible platform enables us to digitise our pre-order sales activities. With this, we can improve our productivity, enhance our customer management, and augment our information sharing and response time significantly.

Automatic Storage and Retrieval System

The Automatic Storage and Retrieval System (ASRS) is a platform to optimise the production process and automate the replenishment of inventories with distributors. This technology boosts our supply chain management and ensures quality and timely delivery to our customers. In addition, it helps us increase our inventory turnover cycle and better manage inventory levels with our distributors and dealers.

Dealer Portal

The self-service dealer portal makes it easier for our dealers and distributors to manage their operations and capture incremental sales. The platform enables dealers to place purchase orders, manage inventories, make payments, and increase return on investments. It provides information on order status, account ledger, sales incentive schemes, product prices, inventory availability, and real-time information on new products. The portal is available as a mobile application compatible with different phone operating systems.

Growth with Efficiency

As we build on our strengths to harness opportunities, we continue to focus on operational initiatives for driving higher margins, cost control, and positive cash generation. Expertise in working capital management is a powerful differentiator for Polycab. Our stringent working capital controls have enabled us to generate industry-leading return ratios.



In recent years, we have increased our attention to working capital management. Though COVID-19 pandemic and subsequent lockdown in March 2020 was a slight setback this year, we will continue to provide thrust to our long-term initiatives such as channel financing and inventory rationalisation for greater efficiency.

Improving Inventory Levels

Aiming to improve our inventory days significantly, we hired an external supply chain consultant during the year. Following this, we implemented Project Sankalp, ensuring optimisation of inventory levels. Our plan is to maintain adequate inventory and ensure timely delivery to customers to reduce the gap between order placement and actual delivery. After the programme implementation, the organisation has seen benefits by way of reduced stock outs and improved service levels.

Increasing Contribution of Channel Financing

We remain focussed on reducing working capital requirement through increasing channel financing. Channel financing not only lowers the risk of non-payment, but also improves the payment cycle. Higher contribution of channel financing has resulted in a significant improvement in our receivable days over the past few years.

These strategic measures are driving reduction in both debtor and inventory days. With better working capital, reduced finance costs, and improved margins, we are well positioned for continued profitable growth.



Growth in Brand Connect and Customer Satisfaction

Our brand positioning is our biggest differentiator. In today's competitive world, building a strong brand identity and maintaining a close customer connect are paramount for market leadership. Our vigorous branding and marketing initiatives have powered our outstanding growth.



Over the years, we have evolved from a large B2B player to a fast-growing B2C brand by leveraging the brand equity of Polycab. Our positioning line, 'Connection Zindagi Ka', continues to resonate in the minds and hearts of our customers.

We are now pursuing a multi-pronged strategy to further stimulate our brand visibility and customer connect. Our goal is to not just deliver products, but to create an exhilarating customer experience across multiple touchpoints. During the year, we spent ₹1 billion on marketing and advertising. Our key initiatives in brand promotion and customer experience include:



Polycab Experience Centres

During the year, we launched three first-of-its-kind Polycab Centres in Mumbai, Pune and Kerala. These large and modern centres enable consumers and trade constituents to choose from a wide range of electrical products. The showrooms are strategically located at iconic hubs for electrical goods that serve as an important feeder market for the western states of the country. We aim to open more such experimental stores across major cities to strengthen connect with electricians, retailers and end-consumers.



IPL Association

Our continued association with the popular cricket tournament Indian Premier League (IPL) has provided a huge fillip to our brand visibility and enabled us to reach out to wider audiences across the country. We have garnered top-of-the-mind recall in the market through our sponsorships in India's most-watched sporting event.

Customer Engagement

We recognise the importance of influencers and customers in our business and strive to serve them better. With this intent, we regularly participate in trade outreach events, community and regional programmes, electrician meets, and consumer promotions to deepen our engagement and foster stronger relationships. Quality after-sales service at affordable costs are among other targeted initiatives.

Marketing and Advertising Initiatives

In recent years, we have upped our visual presence with higher marketing and advertising spends, leveraging print, television, social media, and other digital mediums to reach out to our target audiences. Our commercials have featured renowned Bollywood actors such as Paresh Rawal, R Madhavan, and Ayushmann Khurrana. The Green Wire campaign has witnessed a tremendous response and it was broadcast across 40 national and regional channels this year. This enhanced our brand prominence across geographies, thus positioning us well for continued growth.

Bandhan Programme

Our Pan-India Customer Relationship Management (CRM) programme, Bandhan, provides sales incentives to our retailers and electricians. They are key consumer decision influencers in our industry and Bandhan helps us reward their loyalty and build strong long-term relationship. Keeping them motivated is vital to drive sales and amplify growth. As on 31 March 2020, this flagship programme covered 1,35,000 electricians and 41,000 retailers.



Our People

At Polycab, human capital is viewed as a key driver of business growth. In today's world, where innovation and intellectual capital have become vital for organisation's success, an increasing importance is being accorded to human resources. Polycab, as a brand, has always embraced it and centred its operations around it. We have invested considerable time and effort in ensuring our people practices are best in the industry.



Talent Acquisition

Our recruitment process is meticulously designed to ensure that the right person is deployed at the right job and the process is devoid of any bias. We conduct a thorough background check and validate the credentials of prospective joiners. We have explored multiple channels of identifying talent as well as approached premier educational institutes to recruit young potential prospects.

Learning & Development

Polycab is a firm believer that employees achieve individual and collective growth by cultivating new skills. Training programmes are conducted throughout the year, where employees are encouraged to bolster their capabilities. We are also embracing digital learning, where employees need to download a mobile based application that provide an extensive curriculum for them to participate as per their convenience.

Performance Management

Polycab thrives in a high-performance culture. The management regularly assesses departmental and organisational performance metrics, identifies lacunas, and addresses them immediately. We encourage an open communication approach and superiors are expected to guide their teams. Our annual performance appraisal process is intensively carried out factoring in the inputs of all the relevant stakeholders.

Compensation & Rewards

Our compensation and reward programmes have been assiduously crafted, so that it is commensurate with the competencies involved in the job. Employee benefits such as insurance facilities and birthday gift cards are also provided. We also have an elaborate performance-based pay scheme that aims to promote and reward exemplary performers.

Employee Engagement

We emphasise on creating unique employee experiences. We launched a quarterly in-house corporate magazine called "Sparsh" - where employees were encouraged to exhibit their literary and creative abilities. We conducted an HR survey to gain insights into the thought processes of employees, while maintaining their confidentiality and recording their feedback for the necessary recourse. To boost employee morale, we celebrate local festivals across our offices, arrange for group excursions for employees, among others.



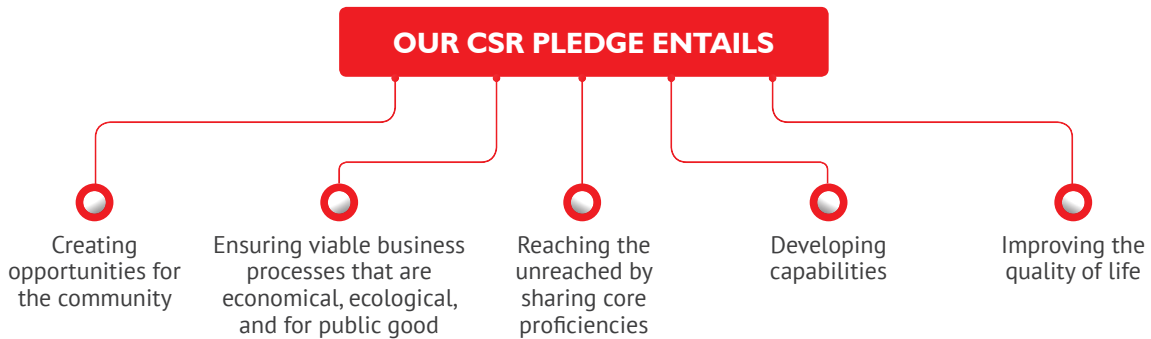
Employer Branding and Accolades

Our Company envisions itself to be the best place to work at. We have committed painstaking efforts to be an attractive employment destination. Polycab has embedded a high-performance culture that fosters innovation and creativity. Employees are encouraged to take calculated risks and maintain ambitions in line with the business aspirations.

Our official mascot is the Peregrine Falcon, an animal synonymous with speed, agility, vision and fearlessness, traits that we associate ourselves with. Our ardent commitment to creating an employee value proposition has seen us being rewarded with numerous accolades. Most recently, we were conferred with the National Best Employer Brand Award for the second consecutive year.

Creating Value for Communities

At Polycab, we strongly believe that sustainable growth transcends economic success; this also includes fostering a positive development in the local environment. Our Corporate Social Responsibility (CSR) efforts are aimed at empowering our communities and enriching the lives of people.



We undertake activities in the areas of education, community development, infrastructure, healthcare, animal husbandry, resource conservation. Our key initiatives during the year under review are outlined below:

Education

In our efforts to create a holistic educational infrastructure, we contributed to refurbishing of waterproofing, flooring, fencing, and light fitting at model Anganwadi centres in Chachariya village of Gujarat. We also funded the procurement of television for classrooms to enable an engaging learning environment. After this upgrade, student enrolment at these Anganwadi centres increased significantly, reaching 35-40 from the earlier 10-12. Our key intervention was conducting LEAAD programmes in four schools, under which students were educated on various concepts related to leadership. A total of 632 students participated in these programmes. We also organised study of STEM (Science, Technology, Engineering and Math) at Javahar Ashram School, Naukot. Through this exercise, we intend to increase student interest in science and enhance their confidence through practical tests. To raise awareness on physical health, we celebrated Yoga Day at Narukot Ashram School in Panchmahal District, Gujarat. Other activities included Republic Day celebrations, vocational workshops, fun games, art and craft sessions in district schools to encourage the skills and creativity of the young ones.

Community Development

We organised various competitions and events as well as celebrated the festivals in villages to promote collaboration among people. In addition, we conducted an organic agriculture awareness session in Sudhra village of Gujarat. Over 650 farmers attended this session, and many agriculture kits were distributed. Through the 'Seva Setu programme', we conducted training sessions for villagers to enlighten them

on Government schemes such as Widow Pension Scheme and Elder Pension Scheme. We saw healthy participation of villagers in these programmes. We are also working with the Government to conduct training programmes for teachers to enhance their skills and capabilities.

Infrastructure

Our initiatives in this area include the installation of streetlights in Noorpura village for safe movement of young women; pond repair work at Ranipura village; and building of toilet facilities in the neighbouring villages and schools. During the year, we built 82 toilet blocks in the villages of Gadhmahuda, Halol Taluka, as well as in the High School of Dhinkva Village, Halol Taluka, Panchmahal District, Gujarat. We also extended financial assistance for the development of two new classrooms in Baska Primary School to provide a comfortable learning atmosphere. To overcome water crisis, we arranged for setting up of water reservoirs and tube wells in the surrounding villages of Halol Taluka District. Our major intervention this year was the setting up of an Anganwadi centre at Vanseti village of Gujarat for the benefit of Anganwadi workers.

Animal Husbandry

We strive to improve animal productivity and sustain the livelihoods of farmer villagers. Cattle health check-up camps, vaccination for disease prevention, and sessions on effective dairy farming practices in the local villages form our important focus areas. This year, we conducted cattle health camps at Sudhra, Amrapura, Nathkuda, and Gadhmahuda villages.

Disaster Management

Post the severe floods and disaster in Kerala, providing relief and disaster management was a major imperative. Towards this end, we stepped up and extended financial support and distributed over 7,000 housing kits to the flood-affected people. In addition, we are also helping build houses, providing medicinal support, and have contributed to various government funds and NGOs.

Healthcare

We offer affordable medical services to the most deprived populations. During the year, we organised health check-up camps for children in 27 government primary schools and ashram shalas, offering quality treatment. In addition, we conducted surveys for physically disabled children in Halol Taluka villages and arranged for providing specialised treatment to such children. We also conducted breast tumour detection camps in rural areas and hospitals in coordination with Shree

Halol Stree Samaj. Other initiatives included a general medical camp at Jaban village of Bhat district, skin disease camps, eye check-ups and distribution of spectacles in government schools, and mobile medical units in 22 tribal villages of Halol Taluka in Panchmahal District of Gujarat. Following the mobile medical treatment, we launched the 'Sadaiv Nirmaya' scheme, under which we handed out health booklets to pregnant women and appointed health workers in villages.

22,000+



Patients examined as part of mobile medical treatment

2,300+



Women covered in breast tumour detection camps

Extending Care in COVID-19 times

We have always been proactive in responding and extending support to our communities and society as and when situation demands. Employee health and safety is of paramount importance to us. Before the implementation of nationwide lockdown, we proactively reduced our employee strength and adopted work from home policy for our teams.



Other key interventions include:

- Charitable donations to various government and industry funds
- Distributed 2,000 grocery food packets per day to the daily wagers and widows at Halol and Vadodara
- Distributed masks, sanitisers, and thermal guns at government offices in Halol
- Assisted in conducting extensive sanitisation of surrounding villages
- Contributed towards distribution of Hydroxychloroquine tablets to Vadodara Municipal Corporation
- Provided ventilators and personal protective equipment to COVID-19 centres and hospitals in Vadodara, Kochi and Pune
- Contributed to numerous orphanages to enable them to continue their activities

Board of Directors



Inder T. Jaisinghani
Chairman and Managing Director

Mr. Inder Jaisinghani has wide experience in Strategy & Planning, Administration & Management, Sales & Marketing, Governance, Operations and other support services. He has been awarded with Business Leader of the year by ET Now during the year under review.



Ajay T. Jaisinghani
Whole-Time Director

Mr. Ajay Jaisinghani has significant experience in Administration & Management, Sales & Marketing, Governance, Operations and other support services.



Ramesh T. Jaisinghani
Whole-Time Director

Mr. Ramesh Jaisinghani has significant experience in Administration & Management, Governance, Operations and other support services.



Shyam Lal Bajaj
Chief Financial Officer and
Whole-Time Director

Mr. Bajaj was Director-Finance, in Vedanta & CFO in Sesa Goa Limited, Hindustan Zinc Limited, Sterlite Limited before joining the Company.



T.P. Ostwal
Independent Director

Mr. Ostwal is a member of the sub-committee on Transfer Pricing for Developing Countries of United Nations. He serves as Independent Director of listed entities viz. Oberoi Realty Limited and Incline Realty Private Limited (Debt Listed).



R.S. Sharma
Independent Director

Mr. Sharma has served as Chairman of ONGC Limited. He serves as Independent Director of listed entity viz. Jubilant Industries Limited.



Hiroo Mirchandani
Independent Director

Ms. Mirchandani brings diverse board experience, financial acumen and operational expertise of over 30 years from her customer facing roles in Asian Paints, Dabur and Pfizer. She also serves as an Independent Director of listed entities viz. Tata Teleservices (Maharashtra) Limited and Nilkamal Limited.



Pradeep Poddar
Independent Director

Mr. Poddar is a veteran of the consumer goods industry and held key positions in Glaxo Foods, Heinz and Tata. He serves as Independent Director of listed entities viz. Welspun India Limited and Uflex Limited.

Corporate Information

Board of Directors

Inder T. Jaisinghani

Chairman and Managing Director

Ajay T. Jaisinghani

Whole-Time Director

Ramesh T. Jaisinghani

Whole-Time Director

Shyam Lal Bajaj

Chief Financial Officer and Whole-Time Director
(resigned as CFO with effect from 30 May 2020)

T. P. Ostwal

Independent Director

R. S. Sharma

Independent Director

Hiroo Mirchandani

Independent Director

Pradeep Poddar

Independent Director

Chief Financial Officer (CFO)

Gandharv Tongia

(appointed as CFO with effect from 31 May 2020)

Company Secretary & Compliance Officer

Subramanian Sai Narayana

Auditors

B S R & Co LLP

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

Bankers

State Bank of India
Bank of India
IDBI Bank
Punjab National Bank
RBL Bank
Yes Bank
HDFC Bank
IndusInd Bank
Standard Chartered Bank
Citibank
HSBC Bank
Kotak Bank
ICICI Bank
Societe Generale Bank

Corporate Office

Polycab House

771 Mogul Lane, Mahim (West), Mumbai - 400016
Ph: +91 22 24327074, 67351400 | Fax: +91 22 24327075
Email: info@polycab.com

Registered Office

*E-554, Greater Kailash - II, New Delhi, South Delhi - 110048
Ph: +91 11 2922 8574 | Fax: +91 11 4105 4838
CIN: L31300DL1996PLC266483
Email: shares@polycab.com
Website: www.polycab.com

**Current Registered Office address: Unit 4, Plot No.105, Halol Vadodara Road, Village Nurpura, Taluka Halol, Panchmahal, Gujarat – 389350.*

Management Discussion & Analysis

A. ECONOMIC REVIEW

1. Global Economy

Global economic growth exhibited signs of sluggishness in FY 20 driven by weakness in a few emerging economies resulting in slower global manufacturing and trade. The concerns around Brexit and the continuing trade war between United States and China provided additional stimulus to already dampening global macro-economic conditions. The International Monetary Fund (IMF), in its World Economic Outlook, April 2020, calculated a global economic growth of 2.9% in CY2019, a significant fall from 3.6% in CY2018. Following the outbreak of COVID-19, global economy charted an unprecedented curve, multiplexed by uncertainties. Most of the economies across the world have been severely

impacted due to restriction of movement, crippling trade, and businesses. While it is difficult to predict the course of the pandemic and its economic consequences, a recovery in medium term is likely to depend on emergency macro policy interventions by various countries and emergence of a vaccine for COVID-19. Potential disruptions in developed economies with imposition of tariffs, embargoes, and other trade restrictions or controls and high volatility of commodity prices including oil and metals can further hamper the near-term outlook. IMF projects the global growth rate to shrink by 3% in CY2020. However, if the pandemic is contained by the second half of CY2020, it suggests the global economy will likely grow by 5.8% in CY2021, supported by fiscal and monetary measures.



Global Economic Growth (in %)

| Output | CY2018 | CY2019 | CY2020P | CY2021P |
|---|--------|--------|---------|---------|
| World output | 3.6 | 2.9 | -3.0 | 5.8 |
| Advanced Economies | 2.2 | 1.7 | -6.1 | 4.5 |
| Emerging Markets and Developing Economies (EMDEs) | 4.5 | 3.7 | -1.0 | 6.6 |

Source: IMF World Economic Outlook, April 2020

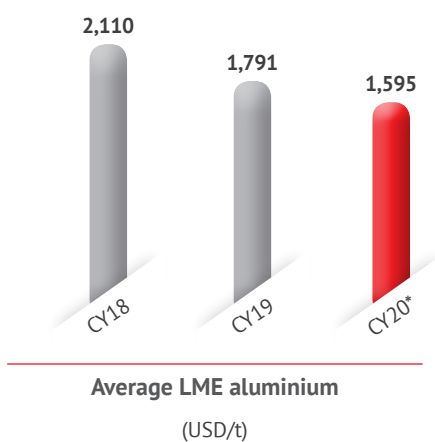
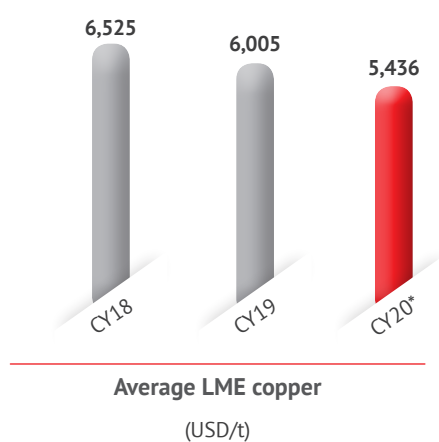
P = Projections

Commodities

Commodity prices softened in CY2019 after rising in CY2018. COVID-19 outbreak and consequent weakness in global demand for commodities like oil and metals further exerted a negative pressure on the prices. Global copper prices continued to soften on account of fears of global economic slowdown linked to US-China trade war and their slowing industrial production growth. China is the largest consumer of copper accounting for about 50% of global copper consumption and a slowdown in its economic growth kept prices low despite supply disruptions.



LME Copper and Aluminium price trend



Note: Average of cash settlement price.

* (Till 27 May 2020)

2. Indian Economy

India has been among the fastest-growing economies in the world over the past few years. However, the year under review has been particularly challenging with the economy hitting one of its lowest growth records seen in recent past on account of weak macro-economic conditions. According to the IMF World Economic Outlook, India's GDP grew at 4.2% in FY 20 compared to 6.1% in the previous year. The tight liquidity conditions and weak consumer demand led to a deceleration in overall consumption and investment. Sharp rise in bad loans, which are now one of the highest in emerging markets, led to subdued credit growth putting significant strain on financial sector. India's factory output remained muted with all major segments like capital goods production, consumer durables, and infrastructure and construction goods showcasing weakness. Sluggish domestic macro-economic activity, as evident from contracting Gross Fixed Capital Formation (GFCF) investment indicator, lower infrastructure investments and weak consumer sentiment resulted in poor growth for various industries. To address the growing macro concerns, Government of India undertook various measures to accelerate consumption, investment, and trade within the Indian economy. The National Infrastructure Pipeline (NIP), with a budget of ₹ 102 lakh crore, was framed to boost infrastructure investments and overall economic growth. Corporate tax was cut to 22% and reduced tax rate of 15% was implemented for new companies in the manufacturing sector to provide further impetus for investment and growth. Despite these reforms and measures, the outbreak of novel COVID-19 pandemic during the fourth quarter and subsequent restriction of movement caused severe economic disruption and further exacerbated the prevailing stress on economy. To protect and jumpstart the lockdown-battered economy, Government launched a ₹ 20 lakh crore all-inclusive stimulus package called "Atmanirbhar Bharat" focussing on land, labour, liquidity, and laws and will cater to the various small, medium and large industries, labourers, middle class, urban and rural poor.

While the virus outbreak has resulted in significant amount of uncertainty for businesses and any outlook would be inapt, growth in near term is likely to hinge on Government initiatives and cure for virus. Over the medium to longer run, India is well placed to witness strong growth on the back of its structural growth drivers. India's working-age population is now larger than its dependant population. This phenomenon is likely to last for another three decades which can bring about rapid economic growth as observed for other Asian countries in the past. India's strong demographic dividend coupled with rising income and aspirations will designate it as a consumption powerhouse for years to come. Over 34% of India's population lives in urban areas and is growing at a healthy pace. However, it is still lower than many developing nations



Government's strong impetus to make India self-reliant or "Atmanirbhar" with indigenous manufacturing, and improving ease of doing business is likely to attract sizeable share of foreign investments, creating new jobs and spurring industrial and infrastructure growth in India.

and offers significant potential for uplifting the population and augmenting infrastructure. Government reforms to promote inclusive growth by providing income opportunities and infrastructure to rural India will drive huge demand for businesses. Many parts of Indian rural are already mirroring economy and consumption trends of smaller urban towns with rising aspirations and technological awareness of consumers. Reverse migration of labour on account of pandemic paired with abundant opportunities will further propel development of rural in the medium-to-long term and unlock latent demand for various industries including building materials. Work from home becoming the new norm in post COVID-19 world will not just necessitate higher investments in digital infrastructure but also increase demand for high speed connectivity in non-metros as well as rural areas. Government's push for a digitally empowered society and knowledge economy through digital India mission is likely to connect remote parts of India to the world thereby evolving aspirations and consumer behaviour. It will transform conventional business models and go-to-market strategy with greater reliance on data, compelling need for large data centres. Government's strong impetus to make India self-reliant or "Atmanirbhar" with indigenous manufacturing, and improving ease of doing business is likely to attract sizeable share of foreign investments, creating new jobs and spurring industrial and infrastructure growth in India. Over ₹ 3 trillion of support to MSMEs under "Atmanirbhar Bharat" package is likely to help revive medium and small businesses, encourage local manufacturing, and engender strong growth for Indian economy.





B. INDUSTRY REVIEW

1. Wires and Cables

Typically, wires consist of single conductor and cables are assembly of one or more conductors that are used for the transmission of electricity, data or signals. Types of wires and cables include:

Power Cables - used for the transmission and distribution of electricity from power generators (thermal, solar and wind solar plants) to sub-stations and thereon for power supply to end-user segments, such as residential, commercial (airports, metro, hospitals, etc.) and industrial units.

Building Wires - used for electrical wiring of residential and commercial buildings such as metro, hospitals, offices, etc.

Telecom Cables - used for transmission of voice and data.

Control and Instrumentation Cables - used for process control applications.

Other types of cables - flexible cables used for industrial sectors of consumer appliances, automotive, railways, mining, etc., specialty cables for marine, oil and gas offshore/ onshore, anti-theft cables, etc.

Optical fibre cables - Cables with glass fibre core used for long distance telecommunication, providing a high-speed data connection etc.

Wires and Cables are also classified on the basis of core structure of the conductor metal (majorly copper and aluminium), number of cores, type of insulation material and arrangement, etc.

Power and electrical cables are segmented into the following, based on voltage capacity:

Low Tension / Voltage Cables
(1.1 kV and below)

High Tension / Voltage Cables
(above 1.1kV to 33 kV)

Extra High Voltage Cables
(66 kV and above)



Retail business of wires is booming because of growing consumer involvement, brand consciousness, safety awareness and pan-India distribution network of organised market players.



Major users of power cables are the power sector (central, state, and private electricity utilities) and sectors like petrochemicals, mining, steel, non-ferrous, shipbuilding, cement, railway, and defence. The performance and durability of cables depend on the quality of raw materials. Specialised applications require superior chemical, mechanical, thermal, and electrical performance from cables, resulting in usage of high-performance materials in cable construction.

Wires and cables make approximately 40-45% of the electrical industry. Domestic wires and cables industry is estimated to be over ₹ 500 billion declining in mid double digits in FY 20 marred by challenges on various fronts. Sluggish macro-economic conditions, lower infrastructure investments and weak consumer sentiment, as highlighted in previous section, resulted in poor growth for end-user industries thereby hurting demand for wires and cables. Softening commodity costs further reduced the value realisation of all large players. Outbreak of COVID-19 and subsequent nationwide lockdown impacted the industry significantly as March month typically tends to be prime sales period.

Having said that, wires and cables, being playing a vital part in all major sectors including power, housing, real estate, urban development, transport, roads, telecommunication, industrial and rural development, is likely to see a pickup in demand with the normalisation of economic activities. Government of India is consistently placing strong emphasis on making India self reliant with numerous supportive measures. It has made infrastructure, rural and industrial growth as its prime focus. Government also has a long-term strategy for boosting electricity generation and per capita consumption, which will be achieved through expansion of transmission and distribution networks and universal electrification programme. Demand will further be driven by urbanisation, affordable housing and electrification of transport systems and digital India mission. Further to that, retail business of wires is booming because of growing consumer involvement, brand consciousness, safety awareness and pan-India distribution network of organised market players.

Global cables market is estimated to be around USD 145 billion, with Asia-Pacific region contributing about 40% of the total, followed by Western Europe and North America. Of the total, about USD 38-40 billion of cables is currently imported from various countries. With Government's rejuvenated efforts to promote local manufacturing and exports, Indian companies with robust manufacturing and supply capabilities to serve the sizeable global demand could be key beneficiaries.



2. Fast-Moving Electrical Goods (FMEG)

Fast-Moving Electrical Goods (FMEG), which refers to consumer electrical goods, is an emerging sector in the present Indian electrical market. It includes commodity products like lights, luminaires, switches, switchgears, fans etc. and is traditionally sold through retail trade network. Over the years, this industry has evolved with growing participation of organised players and emphasis on branding. Macro factors like changes in demography, consumer behaviour, awareness have catapulted the growth of an organised FMEG sector in India. For Polycab, the growth in FMEG segment offers a scope for natural product diversification, allowing it to leverage the advantages of common raw materials (for production) and economies of scale, and thereby achieve cost-savings in production, logistics and distribution.

50% of India's population is under the age of 25 years. The increasing number of young consumers who live in nuclear families and are supported by growing incomes, thereby enabling higher spending per household, have been contributing significantly to the growth of FMEG sector. This was reinforced by the rising and an increasing number of working women. Together, these factors, along with digital penetration, online influence, e-shopping and a growing trend among Indian consumers to buy branded products at a premium in exchange of better service, safety, convenience and quality, were driving key demand for the sector. Government of India programmes like Housing for All and Smart Cities, and



For Polycab, the growth in FMEG segment offers a scope for natural product diversification, allowing it to leverage the advantages of common raw materials (for production) and economies of scale, and thereby achieve cost-savings in production, logistics and distribution.

improved availability of electricity to urban and rural consumers were adding further impetus.

However, FMEG sector growth in FY 20 was soft due to weak consumer sentiment led by a challenging macroeconomic scenario. Tight liquidity conditions, slowdown in industrial and real estate activities also had a reaching impact. Further, higher competitive intensity kept prices lower, especially in segments like lighting, which has been witnessing price erosion from past few years. Finally, the COVID-19 outbreak in Q4FY20 caused significant impact on overall economic activity, demand and supply chain disruption. It also impacted sales of seasonal summer products like fans, air coolers etc. However, over the medium-to-long term, FMEG sector is well poised to grow in high single digit on the back of structural drivers mentioned above.

C. COMPANY OVERVIEW

Polycab India Limited (hereinafter referred to as “Polycab”, “PIL” or “the Company”) is a manufacturer and supplier of wires and cables and fast-moving electrical goods (“FMEG”) under the “POLYCAB” brand. It is the largest manufacturer and a market leader in the domestic wires and cables industry in terms of revenue and provides an extensive range of electrical products in the Indian market.

1. Manufacturing Update

Polycab has 25 manufacturing facilities at seven locations, which are designed to secure a complete supply chain for its product range, starting from raw materials to end-products. 4 out of these 25 facilities manufacture FMEG products. A comprehensive backward integration of operation remains a key priority for the Company and has helped Polycab to build manufacturing facilities for all key raw materials, including aluminium rods, copper rods, and various grades of PVC, rubber, XLPE compounds, GI wire and strip.

The Company recently acquired the remaining 50% stake in Ryker from Trafigura making Ryker a wholly-owned subsidiary of PIL. Ryker was started as a 50:50 JV with the Singapore-headquartered commodity trading company Trafigura in FY 16, to set up a copper rod manufacturing facility in Waghodia, Gujarat. However, post Trafigura’s global strategic decision to exit from value-add manufacturing businesses in India, PIL decided to buyout their stake. The plant started commercial operation in 1QFY20 with an annual capacity of 2,25,000 tonnes.

Production Capacity (per year)

| Product | Location | Annual Capacity |
|-----------------------|-------------|--------------------|
| Wires & Cables | Halol/Daman | 3.7 million kms |
| Lighting & Luminaires | Chhani | 18.2 million units |
| Switchgears | Nashik | 7.2 million units |
| Fans | Roorkee | 3.1 million units |
| Copper Rods | Waghodia | 2,25,000 tonnes |

Polycab operates a pan-India distribution network with 3,500+ authorised dealers and distributors who directly



Polycab’s FMEG revenue has been steadily growing year-on-year, registering a CAGR of about 47% during the past five years.

cater to over 1,25,000 retail outlets as on 31 March 2020. The Company has three key segments of business:

a. Wires and Cables

PIL manufactures and sells a diverse range of wires and cables for both retail and industrial applications, and its products are supplied to various industries like Power, Real Estate, Telecom, Cement, Mass Transportation, Oil and Gas, Mining, Auto, Signalling Communication, Building Electrification, etc. The Company has a diverse portfolio of offerings and is present in almost all segments of wires and cables in the Indian market.

b. Fast-Moving Electrical Goods (FMEG)

The FMEG business, which was started in FY 14, has made Polycab one of the fastest-growing FMEG brands in India. The Company’s key FMEG products include Electric Fans, LED Lighting and Luminaires, Switches and Switchgears, Solar Products, Pumps and Conduits and Accessories.

The Company has two manufacturing facilities in Maharashtra for Switchgears and Water Heaters, one in Uttarakhand for Ceiling Fans, and a 50:50 JV owned facility in Gujarat for LED products. Polycab also has third-party arrangements with manufacturers for some of its other FMEG products.

Polycab’s FMEG revenue has been steadily growing year-on-year registering a CAGR of about 47% during the past five years.

Considering the changing market trends and growth potential, Polycab has been consistently investing to strengthen its market position in FMEG in India, utilising its brand recognition, distribution network, diverse customer base, and manufacturing capabilities to its advantage.

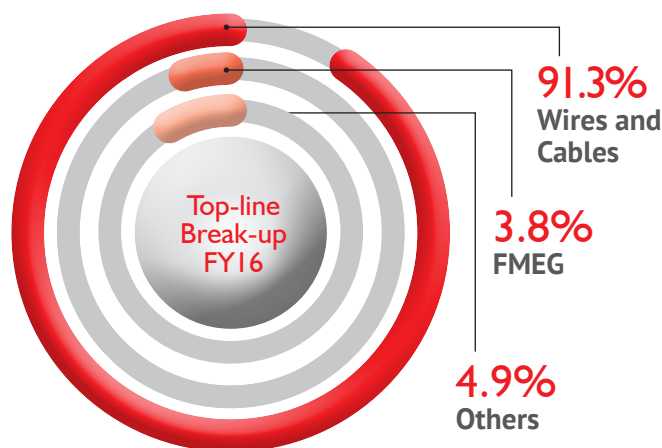
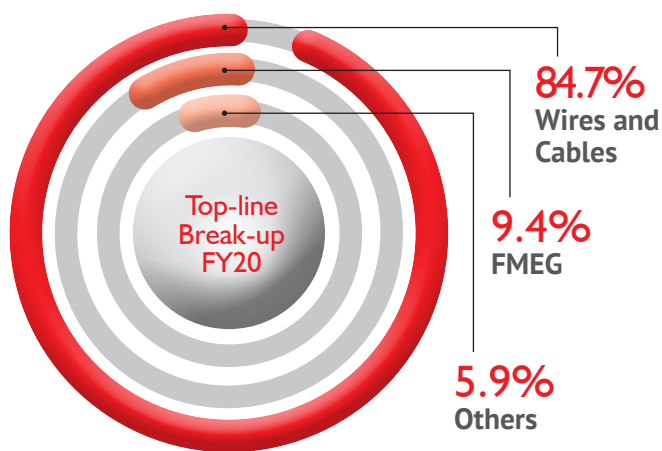
c. Other (EPC and Subsidiaries)

Other segments in Polycab’s consolidated business includes Engineering, Procurement and Construction (EPC) and contribution from other subsidiaries. Started in 2009, the EPC business is the forward integration in Polycab’s wires and cables business and provides project-based turnkey solutions. It offers design, engineering, supply,

execution, and commissioning of large-scale transmission and distribution projects for various government utilities in India and benefits from the in-house supply of wires and cables, which form a considerable share of the EPC contracts. The Company adopts a prudent approach in choosing projects. It uses an internal framework to evaluate and select projects with higher component of wires and cables supply in project value, optimal return of capital and up to acceptable risk levels.

2. Revenue Break-up

The Company maintained its market leadership in wires and cables segment which remained its key revenue driver in FY20. FMEG posted strong growth in revenue and EBIT, supported by investment in distribution, branding and customer service. FMEG's share in overall top-line increased from 3.8% in FY16 to 9.4% in FY20.



3. Key Strengths

Polycab has seen healthy growth in recent years, driven by positive market dynamics, the Government of India's development initiatives, rise in consumer electrical demand, diversification and its internal business and product strengths.

a. Extensive range of high-quality products

PIL had a share of over 12% of the total wires and cables industry in FY20. The Company offers a wide variety of wires and cables and maintains high quality standards for its entire product range including FMEG by adopting strict final quality testing of products and ensuring that they comply with customer requirements and national and international standards.

b. Multiple manufacturing locations and backward integration

The Company has a strong manufacturing experience of over five decades and has invested significantly to augment and upgrade its manufacturing capability. To maintain a smooth supply chain, Polycab has established multiple manufacturing locations in strategic locations, supported by 30 depots across India. Strategic backward integration remains a key focus and helps the Company maintain its product quality, efficiency and logistic edge.

c. Pan-India distribution network

With the objective of ensuring availability of products in most of the important markets in India, Polycab is steadily reducing its dependence on institutional business in the domestic market and is moving to a pure distribution model. The Company has strategically expanded its authorised dealers & distributors and retail outlet networks, and now has 1,25,000 retailers catering to the Business-to-Consumer (B2C) segment, comprising most of its FMEG and the retail wires business. The distribution network, which accounts for most of Company's revenue, also caters indirectly to its institutional customers.

Polycab has also implemented a number of programmes to strengthen its brand and distribution network, such



as Bandhan, Project Josh and Distributor Management System. Additionally, it has started Polycab Experience Centres with the aim of connecting with direct FMEG customers as well as retailers. PIL is also investing significantly in technology such as Bandhan Mobile App, Dealer Order Portal, Sales Force Automation Software, and Automatic Storage and Retrieval Systems in warehouses in order to support its vast distribution network.

d. Diverse customer base and strong customer relations

Polycab's competitive edge is strengthened by its diverse customer base which includes retailers, industrial/institutional customers, other EPC companies and the Government departments.

The Company's widespread consumer base and diverse product offering across varied price and designs, to suit their differentiated needs, secures the Company against concentration risk and eliminates dependency on any particular segment of customers. Strong customer relations are nurtured and maintained through quality products, excellent service, brand reputation and convenience offered through a pan-India distribution network. The Bandhan customer relationship management programme, covering 1,35,000+ electricians & 41,000+ retailers, has also strengthened the Company's key influencer connect significantly.

e. Product innovations and R&D

The Company's R&D centre certified by Department of Scientific and Industrial Research (DSIR), Government of India, with over 100 R&D professionals and technicians, is committed to new and innovative product development in the area of Cable & Wires. The R&D centre works in coherence with sales team for product research support and offers expertise in design, performance and project management. With the increasing popularity of fire-retardant, fire survival, low smoke, multi-chemical resistant and water-resistant compounds in both building and industrial sector, the Company's R&D lab constantly verifies, qualifies and develops innovative compounds to meet the evolving needs.

The Company is also working on several specialised products which are technologically superior and customised as per evolving customer with distinct properties. Others include products for home automation, energy efficiency, street lighting, and few adjacent categories in FMEG space.

f. Strong brand recognition in the electrical industry

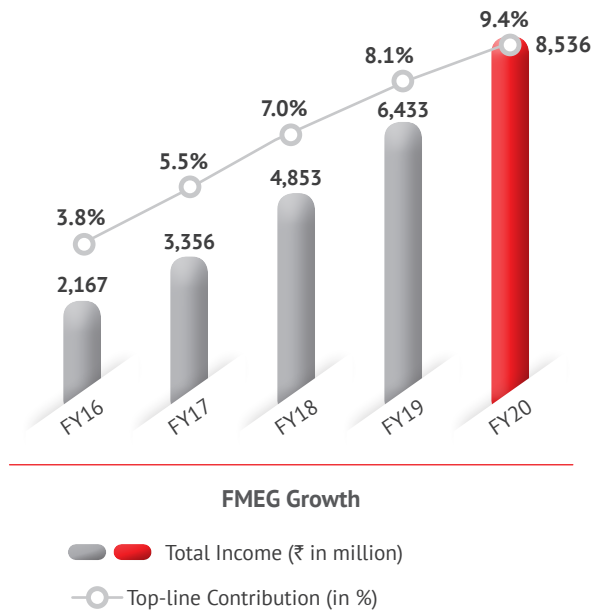
Over the years, Polycab has evolved from a B2B player to a fast-growing B2C brand in the consumer electrical market, thus expanding its customer base and extending its reach in the domestic and international markets. The Company's marketing campaign tagline 'Connection Zindagi Ka' has resonated with customers through impactful narratives and the Polycab Experience Centres have further accentuated the brand's presence in the consumer electrical ecosystem.

g. Strong balance sheet and return ratios

Polycab has been reporting healthy growth in revenue and profit for the past five years, with all-round improvement in the liquidity, asset/liability management, profitability and leverage metrics. During the period, profit growth has been more than 37% CAGR and revenue growth record at 13% CAGR. Despite a challenging economy and a change in market scenario due to COVID-19 outbreak, Polycab's strong financial position would remain one of the key supporting factors to help the Company bounce back faster.

h. FMEG maintains steady growth momentum

FMEG segment achieved an operating break even in the third year since its inception in FY 14 and its revenue share is on a steady rise year-on-year, adding more strength to the Company. The segment is benefited by Polycab's manufacturing knowhow, brand goodwill, distribution network and raw material availability.





4. Growth Drivers

The wires and cables sector as well as FMEG and EPC segments are experiencing an escalating demand because of the positive developments in infrastructure, growing public and private investments in industrial sectors, housing and real estate development and rising consumer incomes and aspirations. Few key growth drivers for the industry and the Company are:

a. Government initiatives and support

The Government of India, in the last fiscal year, projected a targeted investment roadmap for the key sectors in the country to give a push to investment, consumption and job creation. The National Infrastructure Pipeline, which was announced to boost public and private investment and the economy, has already lined up 6,500 projects across 23 key sectors like energy (24%), urban (16%), railways (13%), telecommunication and roads (19%), etc. Additionally, the Government has also permitted 100% FDI for key infrastructure sectors. Now, as the manufacturing and industrial sector face a huge crisis amid COVID-19 pandemic, the Government launched a fiscal stimulus package of ₹ 20 lakh crore and key reforms for various industries. This package is aimed at building a self-reliant India with a stronger emphasis on local manufacturing and attracting investments.

Polycab continues to expand their distribution to various parts of India with a focus on non-metro cities keeping in view the potential demand coming from overall development projects in various sectors.

b. Growth in urbanisation and consumer spending

Although India remains a price-sensitive market, new-age Indians are likely to spend more due to higher disposable incomes and evolving aspirations. India's population is

projected to increase to 1.5 billion by 2030 and about 41.7% is expected to reside in urban areas. Polycab's strategic expansion of its FMEG business, especially Fans, Lighting and Luminaires are targeted at this new section of consumers, who are likely to spend on quality products. Polycab's Green wire is also witnessing improved traction in this social segment.

c. Digital and Telecommunication Connectivity

Digital is the new normal and is transforming conventional business models from manufacturing to supply chain and marketing. People in the remotest areas are now seamlessly connected to world and usage of smart devices is increasing at a breathtaking pace. All this is leading to a sharp rise in need for advanced digital infrastructure. With the advent of Internet of Things (IoT), the next wave of development will see convergence of Data and Power. India's current per capita fibre coverage stands out to 0.1 km, which is far behind 1.4 km for China and 1.7 km+ for the United States and Japan. In the wake of Internet of Things (IoT), the opportunities it presents to Indian businesses and consumers, 5G will open a new era of opportunities for telecom operators and their partners. According to ICRA, the fibre density in India will have to increase at least four-fold to facilitate 5G infrastructure. 5G will require 20 times more base stations, and OFC usage has a linear relation with the number of base stations. Government thrust on augmenting nationwide digital infrastructure via Digital India Mission and BharatNet is catapulting the demand for optical fibre cables (OFC) in the country. Powered Fibre cable system, which marries optical fibre cable with copper conductor, will replace the traditional structure. Energy and data will flow hand-in-hand. While Polycab has already established dominance in transmitting power, new capabilities being developed in optic fibre

should help it stay ahead of the curve in foreseeable future. India has the second-largest telecom network globally with a total subscriber base of 1.18 billion as on December 2019. Rising connectivity needs of consumers will further enhance demand for telecommunication cables.

d. Growing export opportunities

Global cables market is estimated to be around USD 145 billion, with Asia-Pacific region contributing about 40% of the total, followed by Western Europe and North America. Out of the total, about USD 38-40 billion of cables is currently imported from various countries.

According to the Department of Commerce, Government of India, the value of total exports of wire and cable from India stood at USD 912 million in FY 20 (till December 2019), a significant increase from the yearly total of USD 850 million in FY 19. Going forward, rising infrastructure needs, especially of developing countries, growing share of renewable energy, refined power transmission and distribution systems and technological upgrades would be key drivers of demand.

This indicates the tremendous export potential for organised players like Polycab. The Company has exported its wire and cables to over 40 countries in the recent past. It has bouquet of products for international market with globally accepted quality certifications. Supported by its manufacturing capabilities and technical expertise, it is well positioned to leverage on the export market and use this opportunity as a significant revenue augments for the Company.

e. Energy Demand and Smart Grid

The electricity demand in India is expected to grow from 1,290 BU in FY 20 to 1,691 BU by FY 22 and further to 3,175 BU by FY 30. The year-on-year growth is attributed to increase in electrified rural and urban areas and further growth in consumer income, urbanisation, housing, railways and metros and industrial facilities. These, along with, the Government plans to boost the per-capita electricity consumption from the current 1,181 kWh to 2,630 kWh by FY 30, will lead to higher investment in transmission and distribution sector and growing demand for wires and cables.

Electricity demand scenario (In Billion Unit or BU)

| Year | Energy Requirement |
|---------|--------------------|
| FY19 | 1,274 |
| FY20 | 1,290 |
| FY22(P) | 1,692 |
| FY27(P) | 2,509 |
| FY30(P) | 3,175 |

Source: CEA for actual, Report on 'Transitions in India Electricity Sector 2017-2030' by TERI for projection

The Ministry of Power approved the National Smart Grid Mission in 2015 and has currently allocated 14 smart grid pilot projects across India under state operation. The smart grid market is expected to grow to ₹ 50,000 crore from current ₹ 100 crore in five years, driven by the smart city and smart town projects. These indicate the untapped growth potential for wires and cables market, which will open up with Government's growing focus on sector-wise development.

The Government also provided a ₹ 90,000 crore relief to fund-starved electricity distribution companies (discoms) as part of the Aatmanirbhar package. This should result in higher investments into energy distribution.

f. Universal Electrification

The transmission and distribution sector have been driving demand for wires and cables and other electrical products, augmented further by various universal electrification schemes. Under the Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) scheme, the Government electrified 1,21,225 un-electrified villages, and improved capacity in 5,92,979 partially-electrified villages. Further, 26.02 million households received electricity connections, under Saubhagya scheme as on 31 March 2019.

Better availability of electricity through these electrification programmes has supported the sales for Polycab's housing wires, and FMEG, such as fans and bulbs. Other Government schemes like UDAY, Unnat Jyoti by Affordable LEDs for All (UJALA), Energy Efficiency Programme (EEP) and the Integrated Power Development Scheme (IPDS) have continued to boost demand for wires and cables as well as FMEG. Government also has proposed a distribution reforms scheme, tentatively named Atal Distribution System Improvement Yojana (Aditya) – to cut electricity losses below 12% in order to ensure continuous power supply, adopting models such as privatising state-run discoms and promoting retail competition.

g. Housing and real estate growth

The Government's Housing for All by FY 22 scheme, targeting 20 million households, and the Smart Cities Mission with an aim to facilitate core infrastructure in 100 cities, will continue to support market-leading private players like Polycab demonstrating wires and cables manufacturing and EPC capabilities. The growth is also supported by enforcement of the Real Estate Regulatory Authority (RERA) roll-out of the Insolvency and Bankruptcy Code and a relaxation in FDI norms.

The COVID-19 support package formulated by the Government announced the extension of deadline for the affordable housing Credit Linked Subsidy Scheme (CLSS) till March 2021. While benefiting the middle-income group, this extension will also infuse investments to the tune of ₹ 70,000 crore, and boost the affordable housing sector. This will also stimulate demand for construction materials, including electrical products. Together, these developments are likely to spur demand for retail and house wires and FMEG products.

h. Renewable energy push

As of March 2020, India stands at a renewable power generation capacity of 87 GW which is expected to expand soon as the Government of India targets installation of 175 GW of renewable power by 2022 and 275 GW by 2027. To enable progressive action, the Union Budget 2020-21 has allocated ₹ 22,000 crore for the power and renewable energy sector and provided ₹ 2,516 crore for the solar power sector, up 10.35% from Budget 2019-20. It has also provided for Central Financial Assistance for 7,500 MW of solar power capacity addition in FY 2020-21. Allocation for wind energy projects stands at ₹ 1,303 crore and the



Digital is the new normal and is transforming conventional business models from manufacturing to supply chain and marketing. People in the remotest areas are now seamlessly connected to world and usage of smart devices is increasing at a breathtaking pace. All this is leading to a sharp rise in need for advanced digital infrastructure.

Budget announced commissioning of the Generation-Based Incentive Scheme for 4 GW wind power capacity in FY 2020-21.

Further, the Government's plan for installation of three lakh solar street lights, distribution of 25 lakh solar study lamps and installation of 100 MWp solar power packs will also push demand for FMEG and wires and cables.



5. Segment-Wise Business Performance

In FY20, Polycab maintained its leadership position in Wires and Cables market while its investments in FMEG helped it grow rapidly in both revenue and EBIT. Below is a review of segment-wise business performance for Polycab's Wires and Cables, FMEG, and Other segments:

- **Wires and Cables**

Polycab has a diverse portfolio of Wires and Cables which offers it an ability to cater to all types of customers, including institutional and retail.

Performance Review

In FY20, Wires and Cables revenue increased by 9% to ₹ 75,192 million, compared to ₹ 69,295 million in FY19. It accounted for 85% of total sales for the year under review. Segmental operating profit increased by 11% to ₹ 9,255 million on account of change in sales mix and expansion in contribution.

Domestic business remained muted due to persistent and sluggish economic conditions, especially in 2HFY20, coupled with disruption of business operations in the month of March due to COVID-19 outbreak across the world, including India. FY20 witnessed a poor aggregate demand on the consumption side which translated into poor economic activity, evident from contracting Gross Fixed Capital Formation (GFCF) investment indicator since Q2FY20. Even the landmark relief to the corporates in terms of a tax cut was not able to



Growth in the Wires and Cables segment during FY20 was driven primarily by healthy business from exports and new product categories.

stimulate the private investment in FY20. Increasing illiquidity in the market adversely affected the private as well as Government capital expenditures which has slowed down substantially.

Growth in the Wires and Cables segment during FY20 was driven primarily by healthy business from exports and new product categories. Exports share in overall revenue increased from 3.1% in FY19 to 12.3% in FY20, largely driven by partial execution of a large export order for a project in Nigeria and increased traction seen in select developed geographies. Healthy traction in wires business in the first nine months was dented by softening commodity prices and severe impact of COVID-19 in last quarter. During the year, many of our products were rigorously tested and certified by various national and international bodies with frequent factory audits and are a result of Company's strong R&D and manufacturing capability. We are also in the process of developing customised cables for the machine automation and marine segments.





Despite the challenging economic conditions, the Company focussed on stabilising profitability in B2B businesses, increasing penetration across the market and exploring new geographies. The Company improved its logistics and expanded distribution, which increased availability of its products across India. In-house manufactured Optical fibre cable (OFC) saw good traction while the new Green wires garnered good response from customers and strengthened the overall offering.

Outlook

With India's wires and cables sector growth projected to grow in healthy double digit over the next five years, Polycab is well positioned to cater to the growing demand and boost its revenue and profitability. As discussed in the Growth Drivers section, continuous investments in various infrastructure segments and other end-user industries will drive demand for cables and wires. Further, the Government's aim to make India self reliant with indigenous manufacturing is likely to drive demand. The Indian Electrical Equipment Industry Mission Plan, to make India the country of choice for production of electrical equipment, will be a big impetus for Polycab. Favourable Government regulations to improve quality and safety of wires and cables should drive superior growth for organised sector.

Considering the current COVID-19 pandemic scenario, the industry is expected to take some time to recover and normalcy in business would take few quarters or perhaps more. Any outlook at this point of time is heavily contingent upon the intensity, spread and duration of the pandemic. The pandemic has driven increased focus on health which could lead to higher share of investments in healthcare infrastructure and pharmaceutical industry. This presents a good near-term opportunity for the Company as these developments will drive demand for wires and cables in these sectors. Unorganised trade is likely to face significant liquidity pressure and labour shortage constraints. This could benefit large organised players, especially in segments like wires, where unorganised make nearly half of market. Polycab also intends to enhance and strengthen its

leadership in wires and cables market by exploring new geographies in smaller districts, cities and towns, and providing customised solutions to customer's problems.

- **Fast-moving electrical goods (FMEG)**

Polycab is broadening its distribution network for FMEG while mapping new areas for geographical expansions. The Company is also focussing on value-added FMEG products such as premium and super premium Fans, a wider range of Table, Pedestal, Wall Fans, Smart Fans, and Professional Luminaires which are margin accretive and enables deeper penetration into these segments.

Performance Review

FMEG revenue grew at 47% CAGR during the period from FY 15 to FY 20, boosting its contribution to the group performance. In FY 20, FMEG revenue stood at ₹ 8,356 million, compared to ₹ 6,433 million in FY19. For FY20, this segment registered sales growth of 30% against FY19. It accounted for 9.4% of total sales for the year under review, up from merely 2.6% five years back. Segmental operating profit increased by 126% to ₹ 168 million on account of change in sales mix, pricing action and judicious cost management.

i. Fans & Appliances

The total market size for fans in India is valued at about ₹ 93 billion, which grew at 8% in FY20. Polycab Fans and Appliances business witnessed strong momentum in FY20, largely driven by distribution expansion and penetration, product expansion and diversification and growing share of premium fans. However, nationwide lockdown following COVID-19 outbreak severely impacted demand during key stocking period of summer products. During the year, the Company forayed into few adjacent categories and expanded aggressively in the existing categories to reach more counters and fulfil different product needs of customers under Polycab brand. Strategic pricing interventions were taken to improve profitability and product positioning. Despite that, all FMEG products continued

to have high demand. Fans portfolio was augmented with additional SKUs to offer variety of products in terms of design and price points. During the year, growth in unorganised sector was muted. Implementation of GST and star rating becoming mandatory further hampered the unorganised trade thereby reducing price pressure for organised players. Ceiling fans category, which occupy the maximum share of the overall Fans market, is witnessing a noticeable shift from the economy category to the premium category. Accordingly, the Company is continuously reworking its portfolio and share of premium fans in FY20 improved compared to last year. Factors such as rising disposable incomes, changing consumer preferences and the increased availability of electricity across the country have provided the demand impetus for players to improve on aspects such as aesthetics, design, efficiency and technology, even in the case of standardised product categories such as electric fans. With strong commitment for providing quality products, alluring designs and advanced features at reasonable prices, the Company aims to be a strong player in Fans market and hoping to be in top 5 brands nationally over the coming years.

ii. Lighting & Luminaires

The lighting industry was valued at about ₹ 223 billion in FY20 and is characterised as a very competitive market, particularly on the price front, due to aggressive pricing by some large players and subsequent retaliation by others. Though, later part of the year saw some respite with albeit reduced pricing intensity. Polycab's lighting segment reported a reasonable growth primarily driven by Government's initiative to promote LED for both outdoors (Street Lighting, etc.) and indoors (Home, Office Lighting etc.). Strong volume growth was offset by price erosion. While the industry witnessed substantial price reduction across product categories, it also led to a faster adoption of the LED products by consumers and there is now a complete shift with a myriad of LED applications available as per the consumers' requirement and taste. Lower pricing impacted many smaller players significantly but also led to deeper penetration and adoption of LED products in hinterlands. During the year, Company adopted a two-pronged strategy to outpace the market. Firstly, on the product side, Polycab reconstructed its product mix by focussing on more profitable and stable categories like Panels and Down lighters. Secondly, it narrowed its focus on specific high potential geographies like Eastern region where the brand success projections were higher. As a result of above-mentioned initiative coupled with other branch, channel and product-related corrections helped us see through a relatively tough year. Investments in developing new product pipeline continued with focus on IoT and the Company's plans to get steady contribution to turnover from new products every year going ahead. Polycab will continue to focus on improving product mix and also renew our focus on the B2B segment.



iii. Switches & Switchgear

The domestic switchgear industry is currently valued at about ₹ 210 billion and the switches industry is about ₹ 46 billion. Both the categories registered an estimated growth of 7% YoY in FY20 partly impacted by slump in the residential and commercial real estate market. Notwithstanding the stress, Polycab's switches & switchgear segment also posted muted growth in FY20 compared to the previous year.

Having said that, the Company focussed on building alternate channels such as panel builders, OEMs, and large institutions during the year which showed some early success. Polycab also strategically identified and focussed on high potential micro markets and cross-selling. The Company launched MCB changeover switch during the financial year and plans to enter new product categories to ensure availability of complete range of switchgear. In the switches category, the Company introduced new coloured plate range, infrared sensor and touch feel products and switches in both economical and premium category named Evina and Levana Plus. It also continued to invest in manufacturing capabilities and branding activities.

Outlook

FMEG industry is expected to grow high single digit over the next five years while the organised market is likely to grow at a faster pace given rising consumer awareness, stringent Government regulations and overall formalisation of economy. Polycab's FMEG business promises a tremendous growth potential over the long term, considering its small share in the industry currently. The Company expects value-added products which features energy-efficiency, premium quotient and technology to lead demand in the medium and long term and is likely to gain from the declining share of unorganised players in the FMEG sector.

Growth Outlook for Key FMEG products in India (In %)*

| Products | FY15-20 | FY20-25E |
|------------|---------|----------|
| Fan | 7% | 6% |
| Switches | 7% | 10% |
| Switchgear | 8% | 10% |
| Lighting | 6% | 9% |

* Industry and Polycab compounded annual growth rate estimates

CONSOLIDATED RESULTS (P&L)

1 Revenue from Operations

Revenue from operations increased by 11% to ₹ 88,300 million in FY 2019-20 from ₹ 79,856 million in FY 2018-19.

Our segment-wise growth is as below:

(₹ million)

| Segment Revenue* | Revenue | | % Change |
|------------------|---------|--------|----------|
| | FY20 | FY19 | |
| Cables & Wires | 75,192 | 69,295 | 9% |
| FMEG | 8,356 | 6,433 | 30% |
| EPC & Others | 5,230 | 4,637 | 13% |

* including non-operating income other than finance cost

2 Other Income

Other income primarily comprises interest income, income from investment in mutual funds, fair valuation of financial instruments, exchange difference and others. It increased by ₹ 290 million to ₹ 928 million from ₹ 638 million in FY 2018-19.

The increase is mainly attributed to :

- Increase in Interest on financial assets by ₹ 142 million.
- Increase in gain on mutual fund by ₹ 179 million.
- Increase in fair valuation of financial instruments by ₹ 393 million.
- Decrease in Exchange gain by ₹ 385, in current financial year, there is an exchange loss reported in other expenses.

3 Cost of goods sold

Cost of goods sold including packing material, consists of the following:

- Cost of materials consumed
- Purchases of traded goods
- Changes in inventories of finished goods, traded goods and work-in-progress
- Project bought outs and other costs

Cost of goods sold increased to ₹ 63,686 million in FY 2019-20 from ₹ 59,660 million in FY 2018-19, growth of 6.7%. Our COGS percentage to Revenue decreased from 74.7% in FY 2018-19 to 72.1% in FY 2019-20 mainly due to:

- change in sales mix and better sales price realisation
- Ryker (JV) commenced its production and subcontracting expenses paid to Ryker for conversion of Copper Cathode to Rods is classified under subcontracting expenses.

4 Employee Benefit Expenses

The employment expenses increased by ₹ 655 million to ₹ 3,657 million from ₹ 3,002 million in FY19, an increase of 21.81%. As a percentage to revenue, employee cost was 4.1% in FY 2019-20 as compared to 3.7% in FY 2018-19 partly led by one-off credit of ₹ 142.07 million due to change in leave encashment policy in FY 2018-19.

The Company instituted ESOP Plan 2018, ESOP Performance Scheme, and ESOP Privilege Scheme for issuance of stock options to eligible employees of the Company. The compensation cost recognised for these ESOP schemes was ₹ 171 million for FY 2019-20 and ₹ 150 million for FY 2018-19 which was included in the employee benefit expenses.

5 Finance cost

Finance cost consists primarily of interest cost, bank charges and foreign exchange gains/(losses) on borrowings. Our finance costs decreased by 57.56% to ₹ 495 million in FY 2019-20 from ₹ 1,167 million in FY 2018-19, primarily due to schedule repayment and prepayment of non-current borrowing in FY 2019-20.

6 Depreciation and amortisation expense

Depreciation and amortisation expense increased to ₹ 1,609 million in FY 2019-20 compared to ₹ 1,414 million in FY 2018-19, increase of ₹ 194 million largely due to additions to Plant & Machinery and Buildings during the year and ₹ 114 million due to application of Ind AS 116 'Leases' effective from 1 April 2019.

7 Other expenses

Other expenses increased by ₹ 1,940 million to ₹ 9,606 million in FY 2019-20 from ₹ 7,666 million in FY 2018-19. As a percentage to revenue, other expenses were 10.9% in FY 2019-20 as compared to 9.6% in FY 2018-19.

Increase of 1.3% was largely on account of:

- Exchange loss in current year due to depreciation of Indian Rupee by 0.3%,
- Sub-contracting expenses due to commercial production of Ryker (JV) started in FY 2019-20 by 0.7%,
- Freight and forwarding expenses by 0.27% due to higher freight cost in FMEG and Export.

CONSOLIDATED CASH FLOW

| Products | 2020 | 2019 |
|--|---------|---------|
| Net Cash inflow from operations | 2,446 | 12,300 |
| Net Cash used in investing activities | (2,622) | (4,077) |
| Net Cash used in financing activities | 107 | (6,514) |
| Net increase / (decrease) in cash and cash equivalents | (69) | 1,708 |

8 Net Cash inflow from operations

Decrease in net cash inflow from operations is mainly on account of:

- Significant advance received in FY19, which was adjusted in current year against export.
- Income Tax refund received in FY19 related to earlier years ₹ 1,003 million u/s 244A of the Income Tax Act, 1961.
- Increased use of Acceptances from FY19 as part of our approach to managing our working capital requirements.

Cashflow from operations was healthy at ₹ 5,426 million for the first nine months of FY 2019-20, however, outbreak of virus and subsequent lockdown impacted the overall working capital in Q4, dragging the net cash inflow from operations for full year FY 2019-20.

9 Net Cash used in investing activities

Net Cash used in investing activities in FY20 was ₹ 2,622 million mainly due to investment in property, plant and equipment for increasing the capacity of Wires and Cables and FMEG Segment, Investment in Fixed Deposit, and Investment in one of our joint venture.

10 Net Cash used in financing activities

Net cash flow from financing activities in FY20 was ₹ 107 million, mainly on account of :

Inflow

- Receipt from IPO ₹ 4,000 million.

Outflow

- Finance Cost ₹ 433 million.
- Share Issue Expenses ₹ 402 million.
- Schedule payment and prepayment of long-term borrowing ₹ 1,240 million.
- Payment of dividends (including dividend distribution tax) by ₹ 1,793 million.

CONSOLIDATED BALANCE SHEET

11 Property, plant and equipment (PPE) and intangible assets

- Total additions to PPE and Intangibles were ₹ 2,687 million mainly in:
 - Plant & Machinery ₹ 1,822 million largely for debottlenecking of processes and expansion at Halol, Roorkee and Nashik plants,
 - Building ₹ 694 million largely on expansion at Halol,
 - Electrical installation, office equipment and furniture - ₹ 74 million, ₹ 52 million and ₹ 17 million respectively.
- Capital work-in-progress (CWIP) stood at ₹ 2,412 million as at 31 March 2020 compared to ₹ 1,930 million as at 31 March 2019. The CWIP is largely in respect of expansion of Cables and Wires and FMEG manufacturing capacity.
- Right of Use assets : The Company has adopted Ind AS 116 effective from 1 April 2019 due to which gross block carrying value increased by ₹ 280 million and addition during the year was ₹ 140 million.
- The Company has provided adequate depreciation and amortisation in accordance with the useful lives of the assets determined in compliance with the requirements of the Companies Act, 2013.

12 Investments in Joint Ventures

- Ryker Base Private Ltd: Total Investment ₹ 205 million (Net)**

In 2016, the company entered into a 50:50 joint venture with Trafigura Pte Ltd, a commodity trading company, to set up a manufacturing facility in Waghodia (Gujarat), India to produce copper wire rods. The Ryker Plant has strengthened the backward integration of our manufacturing process and we expect it to fulfil substantial part of our demand for copper wire rods. Further, subsequent to year end, the Company acquired additional 50% stake in Ryker Base Private Limited (Ryker), thereby making Ryker a wholly-owned subsidiary of the Company.
- Techno Electromech Private Limited: Total Investment ₹ 88 million (Net)**

In 2017, we entered into a 50:50 strategic joint venture with Techno Electromech Private Limited, a manufacturer based in Vadodara, Gujarat, to manufacture LED lighting and luminaires. During the year, the Company and JV Partner has made further investment of ₹ 35 million each.

13 Other financial assets

Total other financial assets (non-current and current) increased by ₹ 751 million as at 31 March 2020 as compared to ₹ 705 million as at 31 March 2019 mainly on account of fair valuation of Embedded derivative amounting to ₹ 1,075 million partly offset by actualisation of IPO recoveries ₹ 389 million.

14 Other asset

Total other assets decreased by ₹ 101 million to 2,314 million as at 31 March 2020 compared to ₹ 2,415 million as at 31 March 2019, mainly comprising of decrease in advances given to vendors by ₹ 355 million partly offset by ₹ 236 million in balances with Statutory/ Government authorities as at 31 March 2020 mainly on account of unavailed input credits on GST.

15 Inventories

Inventory as at 31 March 2020 was ₹ 19,250 million compared to ₹ 19,958 million as at 31 March 2019. Improvement in inventory days of 110 as at 31 March 2020 against 122 days as at 31 March 2019 was largely driven by Project Sankalp but partly contained due to lockdown in Q4. Inventory days as at 31 December 2019 stood at 88 days.

16 Trade receivables

Trade receivables (non-current and current) as at 31 March 2020 stood at ₹ 15,997 million against ₹ 14,694 million as at 31 March 2019, increase of ₹ 1,302 million.

(i) Non-current trade receivables

Non-current trade receivables stood at ₹ 1,660 million as at 31 March 2020, it mainly includes retention money held by Government customers of ₹ 1,351 million for running EPC projects.

(ii) Current trade receivables

Current trade receivable increased by ₹ 993 million to ₹ 14,336 million as at 31 March 2020 compared to ₹ 13,343 million as at 31 March 2019. Our Current Receivable Days has been reduced from 61 days to 59 days and this is predominantly because of increase in customer base under channel financing facility. This has helped us in improving our debtor cycle.

17 Cash and cash equivalent and other bank balances

Cash and cash equivalents and other bank balance aggregated to ₹ 2,813 million as at 31 March 2020, a decrease by ₹ 353 million from ₹ 3,166 million as at 31 March 2019.

18 Share Capital

The paid-up share capital of the Company as at 31 March 2020 was ₹ 1,489 million (31 March 2019 - ₹ 1,412 million) comprising 14,88,79,373 Equity Shares of face value ₹ 10 each. Further, during FY 2019-20, the Company completed the initial public offer (IPO) and got listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on 16 April 2019 by issuing 74,40,067 Equity Shares. The Company has further issued 2,33,468 shares to employees under ESOP.

19 Other Equity

Other equity comprises reserves and surplus and other comprehensive income. Total other equity increased by ₹ 9,818 million to ₹ 36,875 million as at 31 March 2020 from ₹ 27,057 million as at 31 March 2019.

Reserves and surplus included in the other equity includes retained earnings, securities premium, general reserve and other reserves comprising ESOP outstanding account, Share application money pending allotment and foreign currency translation reserve.

- (i) The Securities premium balance increased by ₹ 4,092 million due to fresh issue of equity shares under IPO and issue of shares to employees under ESOP scheme.
- (ii) The general reserve balance remained same at ₹ 614 million.
- (iii) ESOP outstanding increased by ₹ 92 million due to Company recorded ₹ 171 million of stock-based compensation in relation to its ESOP plans and the adjustment for exercise of stock options ₹ 79 million.
- (iv) Retained earnings balance increased by ₹ 5,732 million mainly due to Profit for the year ₹ 7,425 million, offset by dividend and dividend distribution tax ₹ 1,794 million.
- (v) The effective portion of changes in the fair value of the derivative amounting to ₹ (126) million recognised in other comprehensive income and accumulated in the cash flow hedge reserve.
- (vi) Foreign currency translation reserve increased by ₹ 0.7 million on account of conversion of foreign operations from their functional currency to reporting currency of the Company.
- (vii) Share application money pending allotment of ₹ 27 million represents amount received from employees who has exercised Employee Stock Option Scheme (ESOS) for which shares are pending allotment as on balance sheet date.

20 Borrowings

(₹ million)

| | Non-Current | | Current | | Total | | % Change |
|------------|-------------|------|---------|-------|-------|-------|----------|
| | FY20 | FY19 | FY20 | FY19 | FY20 | FY19 | |
| Borrowings | 107 | 889 | 1,115 | 1,031 | 1,221 | 1,920 | -36% |

- (i) Decrease in non-current borrowing is due to pre-payment of term loan from proceeds of IPO.
- (ii) Short-term borrowing is increased by USD 84 million mainly because of increase in availing Packing Credit Foreign Currency (PCFC) facility by USD 373 million and short-term loan by USD 305 million which is partially offset by decrease in buyers credit loan by ₹ 516 million.

21 Other financial liability

Other current financial liabilities decreased by ₹ 149 million to ₹ 1,626 million as at 31 March 2020 compared to ₹ 1,775 million as at 31 March 2019. The decrease is mainly on account of reduction in current maturities of long-term borrowing of ₹ 455 million which has offset against lease liability of ₹ 332 million.

22 Other Liability

Other liability primarily consists of advance from customer, other statutory dues, deferred liability, contract liability and deferred government grant.

Total other liabilities (non-current and current) decreased by ₹ 3,701 million mainly on account of:

- (i) Decrease in advance from customers by ₹ 2,923 million mainly due to adjustment of sizeable advance received in FY 19 against one of the export order.
- (ii) Decrease in other Statutory dues by ₹ 662 million is mainly due to utilisation of input credit against the GST liability.

23 Trade payables

Total balance as at 31 March 2020 was ₹ 13,537 million as compared to balance of ₹ 15,202 million as at 31 March

2019, decrease of ₹ 1,665 million mainly due to reduction on account of Goods in Transit.

24 Provisions

Total balance as at 31 March 2020 was ₹ 494 million as compared to balance of ₹ 371 million as at 31 March 2019, increased by ₹ 123 million mainly due to increase in Gratuity provision ₹ 79 million, compensated absences by ₹ 29 million and warranty provision by ₹ 14 million. The liability for gratuity and compensated absences is based on the valuation from the independent actuary.

25 Deferred tax liability

Deferred tax liability decreased to ₹ 175 million from ₹ 231 million, a decrease of ₹ 56 million mainly due to 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 re-measured its Deferred Tax Assets or Liabilities basis the reduced tax rate prescribed in the said section. The impact of the said change was ₹ 71 million, pertaining to earlier years, recognised during the year. The Company records net positions as assets and liabilities based on tax jurisdictions considering rights to offset. Note No. 12 of the consolidated financial statements provides components of assets and liabilities.

Details of significant changes in key financial ratios

| | FY20 | FY19 | Change | Remark |
|-------------------------|-------|-------|--------|--|
| Debtors Turnover | 6.2 | 6.0 | 2.9% | No Significant Change |
| Inventory Turnover | 4.6 | 4.0 | 14.6% | No Significant Change |
| Interest Coverage Ratio | 35.6 | 13.8 | 157.6% | Favourable: Increased due to lower interest cost on account of reduction in borrowings |
| Current Ratio | 2.0 | 1.5 | 34.5% | Favourable: Increased largely due to reduction in current liabilities (advance from customers) |
| Debt-Equity Ratio | 0.04 | 0.10 | -57.3% | Favourable: Decreased due to reduction of non-current borrowings and improved profitability |
| Operating Margin | 12.8% | 11.9% | 7.3% | No Significant Change |
| Net Profit Margin | 8.7% | 6.3% | 38.4% | Favourable: Increased on account of improved operating profitability, lower finance costs and lower tax rate |
| Return on Equity | 19.9% | 17.5% | 13.5% | No Significant Change |

6. Company Outlook

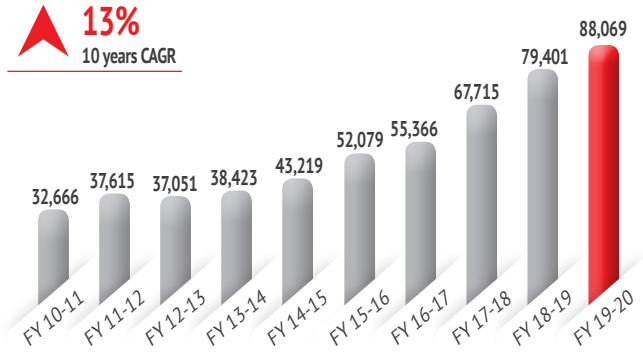
Polycab is committed to delivering consistent and profitable growth as it continues to build on its strengths and leverage every opportunity. Moving forward, the Company aspires to open alternate long-term revenue streams by investing and diversifying in multiple product categories such as high-end cables, premium FMEG products, and more. Polycab's investments and fast-paced development in segments like automation, Wi-Fi, IoT etc. is likely to drive its business in future.

While the Company can foresee a steady and sustainable growth in the long term, the recent outbreak of COVID-19 has affected the progress temporarily, causing PIL to temporarily close its manufacturing plants at Halol, Roorkee, Daman and Nashik. The operations, however, were restarted in a phased

manner, May 2020 onwards, with all necessary precautions and approvals. The lockdown across many states also disturbed the supply chain of Polycab and the current situation is expected to put pressure on the operations of Polycab and its group of companies in the near term.

However, notwithstanding the uncertainty on the business environment, the Company has confidence in its unique business model, strong people and processes, healthy balance sheet and cash flow generation ability to withstand such disruptions. Furthermore, the Company believes its strong management team has the necessary experience and analytical ability to adapt to various market conditions. Overall, the Company is confident that robust industry prospects coupled with PIL's strengths will help deliver a healthy and sustainable growth over the long term.

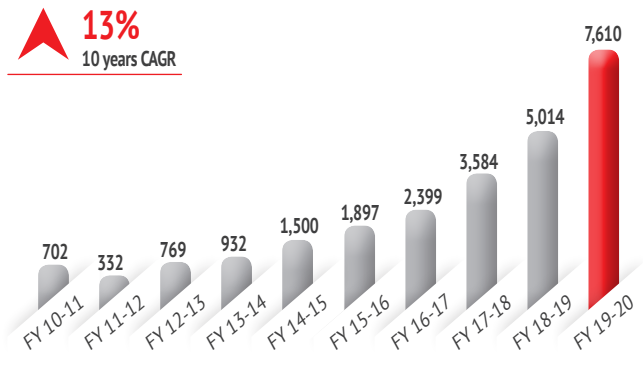
10 years at a glance (Standalone)



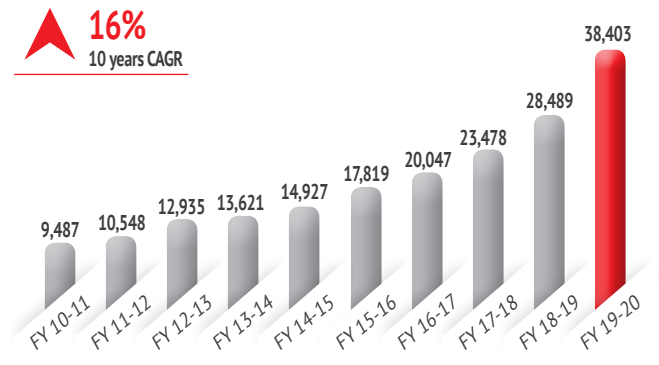
Sales
(₹ in million)



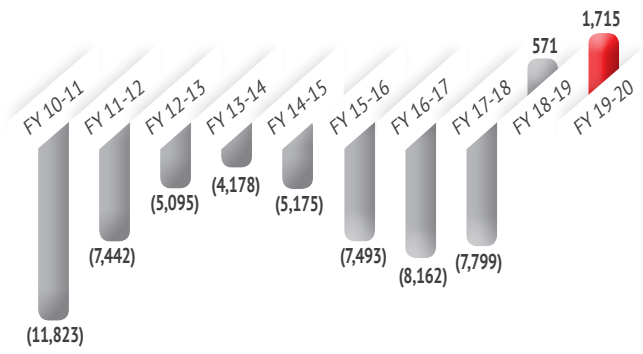
EBITDA Margin
(%)



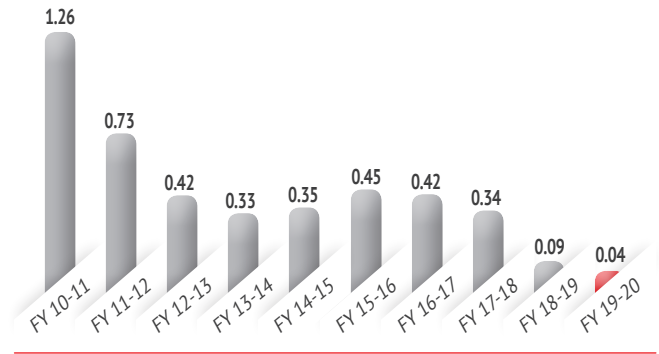
Profit After Tax
(₹ in million)



Net Worth
(₹ in million)

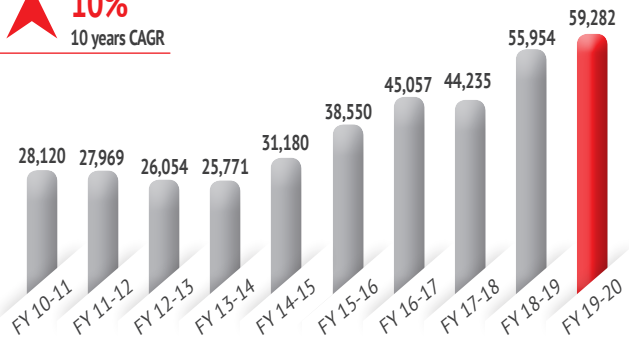


Net Cash
(₹ in million)

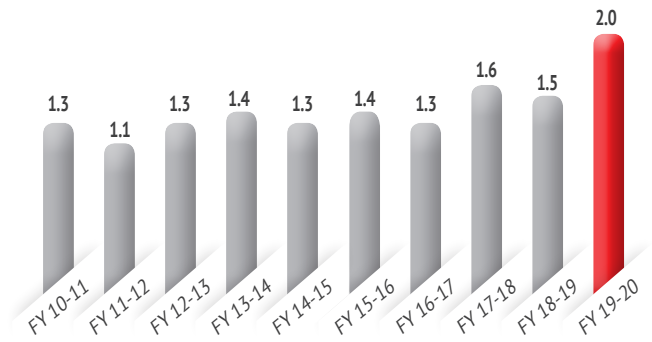


Debt to Equity
(times)

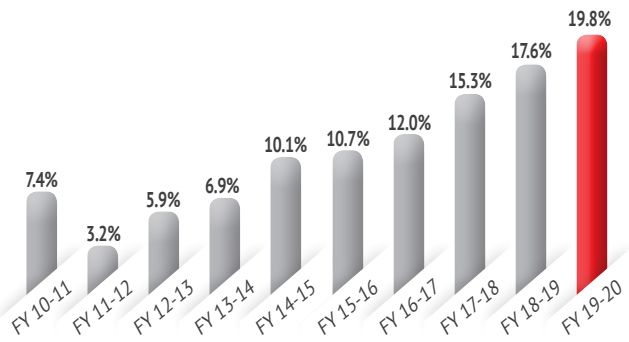
10%
10 years CAGR



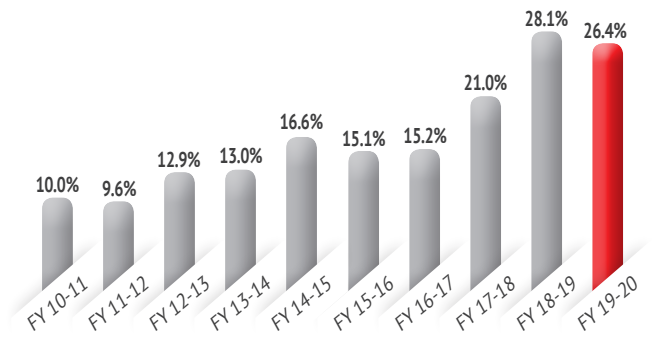
Total Assets
(₹ in million)



Current Ratio
(times)



ROE
(%)



ROCE
(%)



D. RISK MANAGEMENT

Being a sustainable and organised player, risk management remains a key priority in Polycab operations. The Company has documented a Risk Management Policy, highlighting objective, governance mechanism and risk management procedures. A strong risk management framework, reviewed regularly by the Risk Management Committee, facilitates efficient evaluation and mitigation of risk factors. The Company also hires external consultants to advice on risk evaluation and management.

The Enterprise Risk Management Process covers the following steps:



Polycab has identified a few key risks for the Company segregating them under External and Internal risks:

External Risks

1



Commodity price risk hedging and fluctuations in foreign exchange rates:

Fluctuations in raw material prices and in foreign exchange rates may impact the profitability of the Company.

Mitigation

- Currency and commodity hedging strategy and risk management policies are in place.
- A dedicated committee comprising senior professionals of the Company monitors implementation of hedging strategy including tracking of sales quantity and commodity price movement, provisional pricing arrangements with the suppliers.

2



Disruption in supply of primary raw materials:

Disruption/shortage of supplies in primary raw materials like copper, aluminium, steel and PVC compounds may negatively impact the business of the Company.

Mitigation

- Long-term arrangements for critical raw materials with major vendors for consistent supplies.
- While the Company has further identified domestic vendors with capacity to supply in case of import disruptions, it actively explores alternate sources.

3**Competition Risk:**

The Company faces strong competition risks from the increasing number of players in the market.

Mitigation

- Extensive monitoring of market positioning of its products, brand proposition and pricing across geographies.
- Explores various product categories and segments, based on emerging consumer trends and need, which could be a potential growth driver.
- Actively invests in strengthening its R&D capability, product innovation, portfolio diversification, distribution, brand awareness and goodwill to cement its position in the market.

4**Slowdown in key end-user industries:**

A downturn in any of the key end-user sectors because of general economic slowdown or Government policy changes may impact businesses negatively.

Mitigation

- Conscious business diversification into multiple segments.
- Penetrating deeper into Indian markets while expanding presence in overseas market to mitigate the risk of sole dependence on domestic demand growth driver.
- Actively invests in strengthening its R&D capability, product innovation, portfolio diversification, distribution, brand awareness and goodwill to cement its position in the market.

5**Geopolitical tensions and global pandemics:**

Geopolitical tensions between different geographies and spread of pandemics like COVID-19 outbreak may impact the Company's business negatively.

Mitigation

- Diversification of demand and supply base, better supply chain management through technology and lean cost structure through efficiencies.
- Actively monitors cash flows and has implemented various measures like use of channel financing etc. to insulate against risk of impairments.
- Takes calculative decisions, backed by extensive analysis and stress testing, on new revenue exposure, business alliances and capital expenditures.
- Business continuity planning with strong IT backing ensures disciplined and smooth functioning of operations during adverse events.

Internal Risks**1****Cyber-attack due to security compromised IT landscape:**

Cyber Security breach caused by inadequate information technology (IT) support may lead to leakage or loss of sensitive data and system failure.

Mitigation

- Robust IT infrastructure with documented IT security policies and framework.
- Implementation of various measures like data encryption and cloud back-up to protect against any adverse event.
- User awareness on cyber security is being enhanced through trainings and publications on a regular basis.

2



Inadequacy in succession planning and attract and retain talents:

Inability to fill up a critical position in case of vacancy and attract talent and retain them may impact business operations.

Mitigation

- Succession policy is well-defined and documented for all key personnel and a detailed exercise for succession planning is followed.
- Conducts recruitment drives across premier educational institutes including IIMs.
- Multitude of initiatives to upskill employees through online and offline training and workshops.
- Conferred with the 'National Best Employer' award for 2019 by World HRD Congress and Employer branding institute.

3



Inability to grow / sustain distribution network:

Inability to recruit new dealers and sustain the existing ones may affect Company's growth plans as it is a distribution driven business.

Mitigation

- Systematically identifies potential growth markets in India and abroad and evaluates prospective dealers in these markets to expand distribution.
- Explores emerging channels like digital, experience centres, etc. to improve its reach.
- Proactively addressal of dealer grievances through regular feedback mechanism and lucrative schemes and loyalty discounts for dealers.

4



Leakage of technical know-how and Intellectual Property:

Inadequate protection of Polycab's technical knowledge and leakage of confidential company information can impact business seriously.

Mitigation

- Maintains and monitors a detailed list of trademarks received, applied and pending for application across geographies.
- Any breach of use of trademarks is closely monitored, reported and acted upon.

5



Inability to address changing customer preferences and technological disruptions:

Failure to provide better quality, high-tech, safe and innovative products and manufacturing units may lead to business loss.

Mitigation

- Changes in markets and customer preferences are tracked through inputs from dealers and sales force and through industry intelligence.
- A strong R&D team to address changing market scenarios and demand.
- Establishment of New Product Development (NPD) team in consumer business to identify and address changing customer preferences and upcoming trends, analyse manufacturing/trading potential and start product development.

E. HUMAN RESOURCE

Human capital is considered a key driver of economic activity and Polycab has sought ways to inculcate this into its business strategy consistently. Some of the key HR practices followed by the Company are:

Talent Acquisition - Polycab identifies young talent through various channels like digital and campus hiring from premier institutes, conducts thorough background check, and gives them an opportunity to polish their skills and prove their worth. The current employee strength of the Company stands at 4,695.

Learning & Development - Polycab conducts round-the-year training programmes for personal and professional development of employees and is embracing digital learning methods to encourage cultivation of new knowledge and skills. The trainings are product specific, competency based as well as statutory. The Company registered over 27,000 manhours of employee training in FY 20.

Performance Management - The management regularly assesses departmental and organisational performance metrics, identifies lacunas and addresses them immediately, encouraging a two-way communication for feedbacks and improvement. A thorough annual performance appraisal process is followed by the Company.

Compensation & Rewards - The Company's compensation and reward programmes have been diligently designed to commensurate with the competencies involved in the job and also follows an elaborate performance-based pay scheme. The remuneration strategy supports Company's capital, liquidity and risk-bearing capacity and provides insurance facilities and birthday gift cards to employees.

Employee Engagement - Employee engagement is a key priority in Polycab. Local festivals are enthusiastically celebrated with employees and team bonding activities are organised to ensure active engagement. Additionally, Sparsh, the Company's quarterly in-house corporate magazine, encourages employees to exhibit their literary and creative abilities. The Company also conducted a HR survey to gain insights into the thought processes of the employees and obtain their views on areas of improvements.

Employee Relations - The Company has cordial relations with all the employees and has not seen any industrial unrest during the review period.



Over **27,000** 

Manhours of training

Events

The Company regularly conducts large scale gatherings which serve as a forum for the management and employees to come together.

Foundation Day at Halol

To commemorate the founders who had laid the cornerstone for our brand.



Annual Day

Celebrated at Daman where long-serving employees were felicitated and thanked for the efforts they had shown over the years.



Business & Strategy Meets

Held regularly where the top management deliberates important issues and identifies strategies that can propel the business further.



Polycarb, as a brand has always embraced the significance of intellectual capital and is excited to incorporate new, innovative and exciting HR practices in the next financial year to improve overall employee experiences.

Notice

24th Annual General Meeting

Notice is hereby given that the 24th Annual General Meeting of the Members of Polycab India Limited will be held on Tuesday July 21, 2020 at 9.00 a.m. through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') to transact the following business:

ORDINARY BUSINESS

1. Adoption of Financial Statements

To consider and adopt the Audited Standalone & Consolidated Financial Statements for the financial year ended March 31, 2020, together with the reports of the Board of Directors and Auditors thereon and if thought fit, to pass, the following resolutions as **Ordinary Resolutions**:

- a) **"RESOLVED THAT** the Audited Standalone financial statements of the Company for the financial year ended March 31, 2020, along with the reports of the Board of Directors and Auditors thereon, be and are hereby considered and adopted."
- b) **"RESOLVED THAT** the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, along with the report Auditors thereon, be and are hereby considered and adopted."

2. Confirmation of Interim Dividend

To confirm the interim dividend of ₹ 7/- per equity share on 14,88,79,373 fully paid-up Equity Shares of face value of ₹ 10/- each for the financial year ended March 31, 2020 approved by the Board of Directors and already paid by the Company and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT an Interim Dividend of ₹ 7/- per equity share on 14,88,79,373 fully paid-up Equity Shares of face value of ₹ 10/- each, approved by the Board of Directors and already paid by the Company, be and is hereby confirmed for the Financial Year 2019-20.

3. Re-appointment of Mr. Ajay T. Jaisinghani (DIN: 00276588), as a Director liable to retire by rotation

To appoint a Director in place of Mr. Ajay T. Jaisinghani (DIN: 00276588), who retires by rotation and being eligible, offers himself for re-appointment, and in this regard, to consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions if any, of the Companies Act, 2013, Mr. Ajay T. Jaisinghani (DIN: 00276588), who retires by rotation at this meeting and being eligible has offered himself for re-appointment be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.

SPECIAL BUSINESS

4. Ratification of Remuneration payable to the Cost Auditors for the Financial Year 2020-2021

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of ₹ 3,30,000/- (Rupees Three Lakhs Thirty Thousand only) plus applicable taxes and out of pocket expenses at actuals, if any, payable to M/s. N. Ritesh & Associates, Mumbai, (Firm Registration No.: M/26963), Cost Accountants who have been appointed by the Board of Directors on the recommendation of the Audit Committee, as the Cost Auditors of the Company to conduct the Audit of the Cost Records maintained by the Company as prescribed under the Companies (Cost Record and Audit) Rules, 2014, as amended, for the Financial Year ending March 31, 2021"

By Order of the Board of Directors
of **Polycab India Limited**
(formerly known as Polycab Wires Limited)

Sai Subramaniam Narayana
Company Secretary & Compliance Officer
M.No: F5221

Place : Mumbai
Date: May 30, 2020

Registered Office: E-554, Greater Kailash -II,
New Delhi, South Delhi - 110048
CIN: L31300DL1996PLC266483
Website : www.polycab.com

NOTES

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and Annual General Meeting (AGM) may be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business under Item No.4 to be transacted at the Annual General Meeting (AGM) is annexed hereto.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since, this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Institutional / Corporate Members are required to send a scanned copy (PDF/JPG format) of its Board or governing body resolution /Authorization letter etc. authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting at least 48 hours before the AGM. The said resolution / authorization shall be sent to the scrutinizer by e-mail through its registered e-mail address dilipbcs@gmail.com.
5. Pursuant to Section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014 read with Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, July 15, 2020 to Tuesday, July 21, 2020 (both days inclusive).
6. Details as required in Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 ('Listing Regulations') in respect of the Directors seeking appointment / re-appointment at the AGM is attached as Annexure forming part of this Notice.
7. In compliance with the MCA Circulars and SEBI Circular dated May 12, 2020, the notice of AGM and Annual Report are being sent in electronic mode to Members whose e-mail address is registered with the depository participant(s). Members who have not registered their e-mail address are requested to register the same with their respective depository participant(s). In case of any assistance, the members are requested to write an email to Kfin at einward.ris@kfintech.com.
8. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.polycab.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL <https://www.evoting.nsdl.com>
9. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of Listing Regulations, the Company is pleased to provide the facility to Members to exercise their right to vote on the resolutions proposed to be passed at AGM by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Tuesday, July 14, 2020, i.e., the date prior to the commencement of book closure, being the cut-off date, are entitled to vote on the resolutions set forth in this Notice.
10. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
11. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
12. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
13. The remote e-voting period will commence at 9.00 a.m. on Saturday, July 18, 2020 and will end at 5.00 p.m. on Monday, July 20, 2020.
14. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

15. Members who are present in the meeting through VC / OAVM and have not casted their vote on resolutions through remote e-voting, shall be allowed to vote through e-voting system during the meeting.
16. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
17. The Company has appointed M/s. Dilip Bharadiya & Associates, Practicing Company Secretaries, Mumbai, to act as the Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.
18. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
19. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 and the Certificate from Auditors of the Company certifying that the ESOP Schemes of the Company are being implemented in accordance with, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 will be available for inspection in electronic mode. Members can inspect the same by sending an e-mail to shares@polycab.com.
20. The Securities and Exchange Board of India (SEBI) vide its circular dated April 20, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to Kfin by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the Member. In the alternative Members are requested to submit a copy of bank passbook/ statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.
21. Any Member desirous of receiving any information on the Financial Statements or Operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the AGM through e-mail on shares@polycab.com. The same shall be replied by the Company suitably.
22. As per Regulation 12 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule I to the said Regulations, it is mandatory for all the Companies to use bank details furnished by the investors for distributing dividends, interests, redemption or repayment amounts to them through National/ Regional/Local Electronic Clearing Services (ECS) or Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT), National Automated Clearing House (NACH) wherever ECS/RTGS/NEFT/NACH and bank details are available. In the absence of electronic facility, Companies are required to mandatorily print bank details of the investors on 'payable-at-par' warrants or cheques for distribution of Dividends or other cash benefits to the investors. In addition to this, if bank details of investors are not available, Companies shall mandatorily print the address of the investor on such payment instruments.
23. Therefore, Members holding shares in physical mode are requested to update their bank details with the Company or Registrar and Transfer Agent (RTA) immediately. Members holding shares in demat mode are requested to record the ECS mandate with their DPs concerned.
24. Shareholders who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, circulars etc. from the Company electronically.
25. Members desirous of making a nomination in respect of their shareholding, under Section 72 of the Companies Act, 2013, are requested to send their request to the Secretarial Department in the prescribed form.
26. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline.
27. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with the Company/ Kfin (in case of shares held in physical mode) and depositories (in case of shares held in demat mode). A Resident individual

shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to shares@polycab.com.

Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an email to shares@polycab.com.

28. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
29. The results declared along with the scrutinizer's report shall be placed on the website of the Company www.polycab.com under the head "Investor Relations" and on the website of NSDL, <https://www.evoting.nsdl.com> immediately after the results are declared by the Chairman or a person authorised by him in writing. The same shall be communicated by the Company to the stock exchanges i.e. BSE Limited and National Stock Exchange of India Limited.
30. Instructions for e-voting and joining the AGM are as follows:

The remote e-voting period begins on Saturday, July 18, 2020 at 9.00 a.m. and ends on Monday, July 20, 2020 at 5.00 p.m. The remote e-voting module shall be disabled by NSDL for voting thereafter.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|--|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****. |
| b) For Members who hold shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****. |
| c) For Members holding shares in Physical Form | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

- c) How to retrieve your 'initial password'?
- (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
- a) Click on **"Forgot User Details/Password?"**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nSDL.com.
 - b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nSDL.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nSDL.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to dilipbcs@gmail.com with a copy marked to evoting@nSDL.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nSDL.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nSDL.com or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at evoting@nSDL.co.in
4. In case of any grievances connected with facility for e-voting, please contact Ms. Pallavi Mhatre, Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai 400 013.
Email Id: evoting@nSDL.co.in/pallavid@nSDL.co.in,
Tel: 91 22 2499 4545/ 1800-222-990

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to shares@polycab.com

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to shares@polycab.com.
2. Alternatively member may send an e-mail request to evoting@nSDL.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

Instructions for members for e-voting on the day of the AGM are as under:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

Instructions for Members for attending the AGM through VC/OAVM are as under:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsd.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
3. Members are encouraged to join the Meeting through Laptops for better experience.
4. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. Shareholders who would like to express their views/ have questions, may send their questions in advance mentioning their name, demat account number/folio number, email id, mobile number at shares@polycab.com. The same will be replied by the Company suitably.
7. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/

folio number, PAN, mobile number at shares@polycab.com from July 16, 2020 (9:00 a.m. IST) to July 18, 2020 (5:00 p.m. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company will select the speakers on first come first serve basis. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

8. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in/ 1800-222-990 or contact Mr. Amit Vishal, Senior Manager – NSDL at amitv@nsdl.co.in/ 022-24994360/ +91 9920264780 or Mr. Sagar Ghosalkar, Assistant Manager- NSDL at sagar.ghosalkar@nsdl.co.in/ 022-24994553/ +91 9326781467.

EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 4

Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on May 30, 2020, had appointed M/s. N. Ritesh & Associates a firm of Cost Accountants as Cost Auditors of the Company for auditing the cost records maintained by the company for the financial year 2020-21 and also fixed their remuneration for the said purpose.

Pursuant to the provisions of Section 148 and any other applicable provisions of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) remuneration payable to the Cost Auditors is required to be ratified and confirmed by the members of the Company.

The Board recommends the resolution set forth in Item No.4 for approval of the Members by way of an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives are deemed to be interested or concerned, financially or otherwise in the said resolution.

By Order of the Board of Directors
of **Polycab India Limited**
(formerly known as Polycab Wires Limited)

Sai Subramaniam Narayana
Company Secretary & Compliance Officer
M.No: F5221

Place : Mumbai
Date: May 30, 2020

Registered Office: E-554, Greater Kailash -II,
New Delhi, South Delhi - 110048
CIN: L31300DL1996PLC266483
Website : www.polycab.com

Annexure

Details of Directors seeking re-appointment at the Annual general Meeting

| Particulars | Ajay T. Jaisinghani |
|--|--|
| Date of Birth | January 12, 1952 |
| Date of Appointment | April 27, 2006 |
| Qualification | Secondary School Certificate Level |
| Expertise in specific functional area | Administration & Management, Sales & Marketing, Governance and Operations. |
| Directorship held in other Companies | <ul style="list-style-type: none">• Jaisingh Finance Private Limited.• Polycab Electricals & Electronics Private Limited.• Polycab Social Welfare Foundation |
| Memberships / Chairmanships of Committees of other Companies | Nil |
| Number of shares held in the Company | 2,12,70,541 |

For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the corporate governance report which is a part of this Annual Report.

Board's Report

To,
**The Members of
Polycab India Limited
(Formerly Polycab Wires Limited)**

Your Directors take pleasure in submitting the 24th Annual Report of the business and operations of your Company ('the Company' or 'Polycab' or 'PIL') and the audited financial statements for the financial year ended March 31, 2020.

1. FINANCIAL HIGHLIGHTS AND SUMMARY

During the year under review, Indian economy hit one of its lowest growth records seen in recent past, driven by tight liquidity conditions, weak credit growth and slowing industrial production amongst other waning macro factors. The outbreak of COVID-19 global pandemic and subsequent restriction of movement in fourth quarter further aggravated the stress. Sluggish domestic macro-economic activity, evident from contracting Gross Fixed Capital Formation (GFCF) investment indicator, lower infrastructure investments and weak consumer sentiment resulted in poor growth for end user industries thereby hurting demand for wires and cables. Moreover, industry wide realisations were considerably impacted by softening of commodity prices on account of fears around global economic slowdown and pandemic outbreak. Consequently, domestic wires and cables industry registered an estimated double digit decline in FY 19-20. Despite these headwinds, Polycab's wires and cables business registered a decent growth on the back of exports and contribution of new product categories. The Company partially executed its largest cable supply export order and made inroads into select developed geographies in FY 19-20. PIL with its consortium also participated in Government of India's visionary Bharat Net project and laid 20,573 Km optical fibre cable (OFC) in 4,779 Gram Panchayats (GP) in 10 months of FY 19-20 providing 100mbps of bandwidth to each GP which can be scaled up to 1 Gbps without changing any hardware configuration. This provided impetus to PIL's OFC sales as well as EPC business during the year. The Company's FMEG business continued to witness strong momentum in FY 19-20 withstanding various challenges. Sales grew in strong double digits driven by distribution expansion and penetration, diversification, and portfolio augmentation but were partly offset by COVID-19 outbreak. Strategic pricing interventions led to improved profitability and product positioning. Fans and lighting and

luminaries continued to witness healthy traction however switches and switchgears business remained muted due to weak demand.

During the year, on account of unprecedented outbreak of COVID-19 and subsequent nationwide lockdown in March 2020, the Company had to deploy its business continuity plan. The Company temporarily shut down its offices and plants across India to ensure safety and wellbeing of employees. PIL initiated several measures to support employees, channel partners, customers and society at large during this difficult time. The Company also conducted an in-depth business review to strategize and leverage emerging trends post crisis. Necessary steps were taken, with higher level of agility, to mitigate risks, improve liquidity position and safeguard interest of various stakeholders.

While the virus outbreak has caused significant economic disruption with heightened levels of uncertainty, the Company believes it will also present several opportunities to businesses and communities. Work from home becoming the new norm will not just necessitate higher investments in digital infrastructure but also increase demand for high speed connectivity in non-metros as well as rural areas. Governments strong impetus to make India self-reliant or "Atmanirbhar" with indigenous manufacturing, and improving ease of doing business is likely to attract sizeable share of foreign investments, creating new jobs and spurring industrial and infrastructure growth in India. India's strong demographic dividend coupled with rising income and aspirations will designate it as a consumption powerhouse for years to come. Government reforms to promote inclusive growth by providing income opportunities and infrastructure to rural India will drive huge demand for businesses. Many parts of Indian rural are already mirroring economy and consumption trends of smaller urban towns with rising aspirations and technological awareness of consumers. Reverse migration of labour on account of pandemic paired with abundant opportunities will further propel development of rural and unlock latent demand for building materials. Governments recent economic package of over three trillion rupees to support MSMEs will help revive medium and small businesses, encourage local manufacturing, and engender strong growth for Indian economy. While domestic market holds tremendous potential, the Company also sees significant export and trade development prospects in many global markets.

During the year, PIL successfully developed high end special cables used in stringent and demanding applications. These cables are rigorously tested and certified by various national and international bodies.

Your company's strong brand resonance and fundamentals are well positioned to navigate through such extraordinary times. Improving macro-economic conditions led by

Government stimulus, front loading of various spends, and structural reforms will help the broader economy near term. The Company will continually strive to enhance and strengthen its market position by exploring new geographies, innovation, manufacturing excellence and providing customized solutions to customer's needs. PIL will leverage its unique business model to achieve sustainable and profitable growth over medium to long term.

Financial Highlights of the Company

(₹ In Million)

| Sr. No. | Particulars | Standalone | | Consolidated | |
|----------|---|--------------------------------|---------------------------------|--------------------------------|---------------------------------|
| | | Current Year March 31, 2020 | Previous Year March 31, 2019 | Current Year March 31, 2020 | Previous Year March 31, 2019 |
| 1 | Revenue from Operation | 88,069.14 | 79,401.22 | 88,299.55 | 79,855.52 |
| | Other Income | 934.57 | 639.53 | 927.92 | 637.80 |
| | Total Income | 89,003.71 | 80,040.75 | 89,227.47 | 80,493.32 |
| 2 | Earning before Interest & Depreciation | 12,104.45 | 10,124.31 | 12,204.10 | 10,142.15 |
| | Finance Cost | 479.03 | 1,157.72 | 495.35 | 1,167.06 |
| | Depreciation | 1,590.85 | 1,400.71 | 1,608.87 | 1,414.45 |
| 3 | Profit before Tax | 10,034.57 | 7,565.88 | 10,099.88 | 7,560.64 |
| | Income tax expenses | 2,425.03 | 2,551.49 | 2,443.70 | 2,557.58 |
| 4 | Profit after Tax | 7,609.54 | 5,014.39 | 7,656.18 | 5,003.06 |
| 5 | Earnings Per Share (In ₹) | | | | |
| | Basic | 51.28 | 35.51 | 51.16 | 35.39 |
| | Diluted | 51.10 | 35.51 | 50.97 | 35.39 |

2. FINANCIAL AND OPERATIONS HIGHLIGHTS

During the year under review, your Company has achieved a Standalone Turnover of ₹88,069.14 millions as against ₹79,401.22 millions in the previous year. The operating profit before Finance costs, depreciation and tax is ₹12,104.45 millions as against ₹10,142.15 millions for the previous year. Standalone Profit after tax is ₹7,609.54 millions as compared to ₹5,014.39 millions of the preceding year.

On a consolidated basis, the Company has achieved a turnover of ₹88,299.55 millions as against ₹79,855.52 millions in the previous year. The consolidated operating profit before Finance costs, depreciation and tax is ₹12,204.10 millions as against ₹10,142.15 millions for the previous year. The Consolidated Profit after tax is ₹7,656.18 millions as compared to ₹5,003.06 millions of preceding year.

During the year, domestic demand for wires and cables was impacted by general economic slowdown, as reflected in various macro indicators, and was more pronounced in 2HFY20.

Unprecedented outbreak of COVID-19 and subsequent nationwide lockdown in March 2020 further alleviated

the stress impacting the Company's business. In line with the decisions taken by the local authorities and governments, your Company temporarily shut down its offices and plants in March 2020. Your Company restarted its plants later in April and May 2020 as detailed below after taking adequate steps to ensure safety of its employees. During this time, Polycab initiated several measures to support employees, channel partners, customers and society at large. Despite challenges, the Company was able to post healthy performance in FY20 on the back of various strategic pillars that it has built over the years. The Company will continually strive to enhance and strengthen market position by exploring new geographies, innovation, manufacturing excellence and providing customized solutions to customer's needs.

Amidst COVID-19 situation your Company has conducted an indepth review on the impact of COVID-19 and necessary steps are being taken to mitigate contractual risk exposure and safeguard interest of the Company.

3. GENERAL RESERVE

No amount has been transferred to the General Reserve for the financial year 2019-20.

4. DEPOSITS

During the year under review, the Company has not accepted any deposit from public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014. The Company has no unclaimed/ unpaid matured deposit or interest due thereon.

5. DIVIDEND

In line with the dividend policy, your Company declared an Interim dividend in financial year 2019-20 of ₹ 7/- (70% of face value of ₹ 10/-) per Equity Share on the fully paid-up equity shares of the Company.

The Dividend Distribution Policy of the Company is available on Company's website and are accessible through [weblink](#).

The total cash out flow on account of payment of Interim dividend and dividend distribution tax was ₹ 1,256.37 million.

Considering the pandemic outbreak and its adverse impact on business operations in the near term, the Board has decided not to recommend any final dividend for the Financial Year 2019-20

6. SHARE CAPITAL

During the year under review, your Company successfully completed its Initial Public Offer ('IPO') of 25,022,067 equity shares at ₹ 538/- (including a share premium of ₹ 528) per equity share of ₹ 10 each. Employees were offered the equity shares at a discount of ₹ 53 per equity share at an offer price of ₹ 485 per share on 1,75,000 equity shares. IPO included fresh issue of 7,440,067 Equity Shares of ₹ 10 each for raising funds for the Company to the tune of ₹ 4000 million and an offer for sale of 17,582,000 Equity Shares of face value of ₹ 10 each of the Company.

Subsequent to the completion of the IPO, the paid-up equity share capital of the Company increased from ₹ 1,412,058,380/- to ₹ 1,486,459,050/-. The Company's equity shares were listed on Bombay Stock Exchange Limited (BSE) and Notional Stock Exchange of India Limited (NSE) on April 16, 2019.

Further, the Company had allotted 2,33,468 equity shares under Employee Stock Option schemes of the Company, due to which the paid-up share capital of the Company increased from ₹ 1,48,64,59,050/- comprising of 14,86,45,905 equity shares of ₹ 10/- each to ₹ 1,48,87,93,730/- comprising of 14,88,79,373 equity shares of face value of ₹ 10/- each.

7. SUBSIDIARIES AND JOINT VENTURES:

A) Subsidiaries

As on March 31, 2020, your Company had 5 (Five) subsidiaries as detailed below:

| Sr. No. | Name of the Subsidiary | Location |
|---------|--|----------|
| (i) | Tirupati Reels Private Limited (TRPL) | India |
| (ii) | Dowells Cable Accessories Pvt. Ltd (DCAPL) | India |
| (iii) | Polycab Wires Italy SRL (PWISRL) - under liquidation | Italy |
| (iv) | Polycab USA LLC (PULLC) | USA |
| (v) | Polycab Electricals and Electronics Private Limited (PEEPL) | India |
| (vi) | Ryker Base Private Limited (RBPL) with effect from May 6, 2020 | India |

(i) Tirupati Reels Private Limited (TRPL)

TRPL was incorporated as a Private limited Company on January 21, 2015 under the Companies Act, 2013, having its registered office at E-107, 1st floor, Greater Kailash, New Delhi 110 048. TRPL is engaged in the business of inter alia, manufacturing, exporting, importing, dealing and distributing the reels, drums, pallets, packaging material made of wood, steel or any articles and its by products. TRPL supplies cables packing drums to PIL. The Company holds 55% equity shares in TRPL.

During the year under review, the financial performance of TRPL are as follows:

(₹ In Million)

| Sr. No. | Particulars | March 31, 2020 | March 31, 2019 |
|---------|-------------------------|----------------|----------------|
| 1 | Revenue from Operations | 915.14 | 590.74 |
| 2 | Profit before tax | 116.27 | 7.48 |
| 3 | Profit after tax | 108.59 | 4.27 |

(ii) Dowells Cable Accessories Pvt. Ltd (DCAPL)

DCAPL was incorporated as a Private Limited Company on December 1, 2015 under the Companies Act, 2013, having its registered office at Gala No. 47 & 47A, 1st floor, Jagat Satguru Industrial Estate, Off Aarey Road, Goregaon (East), Mumbai 400 063. DCAPL is involved in the business of inter alia, manufacturing, designing, importing, exporting, of soldering or other types of cable sockets for electrical wires, connectors and accessories.

Your Company holds 51% equity shares in DCAPL

During the year under review, the financial performance of DCAPL are as follows:

(₹ In Million)

| Sr. No. | Particulars | March 31, 2020 | March 31, 2019 |
|---------|-------------------------|----------------|----------------|
| 1 | Revenue from Operations | 360.01 | 246.75 |
| 2 | Profit before tax | 45.16 | 11.30 |
| 3 | Profit after tax | 34.16 | 8.38 |

(iii) Polycab Wires Italy SRL (PWISRL)

PWISRL was incorporated as a single member private limited liability company i.e. Societa Responsabilita Limitata or S.R.L. on July 9, 2012 under the Italian Civil Code having its registered office at Milano (MI), Via Senato 20 Cap 20121. PWISRL is involved in the business of inter alia, manufacturing, engineering, promotion, development and marketing of electrical cables, and supply of services and consultancies to companies in the sector of marketing. Your Company holds 100% shares in PWISRL.

PWISRL had made an 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.

During the year under review, the financial performance of PWISRL are as follows:

(₹ In Million)

| Sr. No. | Particulars | March 31, 2020 | March 31, 2019 |
|---------|-------------------------|----------------|----------------|
| 1 | Revenue from Operations | 1.58 | 22.95 |
| 2 | Profit before tax | (16.60) | 1.15 |
| 3 | Profit after tax | (16.60) | 1.19 |

(iv) Polycab USA LLC (PULLC)

PULLC was incorporated on January 27, 2020, as a Limited Liability Company having its registered office in the State of Delaware, address c/o. The Corporate Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, Delaware 19801. The Company was incorporated with an objective of manufacturing and trading of wires & cables and electricals consumer products. Your Company holds 100% shares in PULLC.

PULLC is yet to commence its business operation.

(v) Polycab Electricals and Electronics Private Limited (PEEPL)

PEEPL was incorporated as a Private Limited Company on March 19, 2020 under the Companies Act, 2013, having its registered office at Plot No.771, P.Satavalekar Marg, Mahim (West), Mumbai – 400016.

PEEPL was incorporated with an objective of manufacturing and trading of wires & cables and Electricals and Electronics consumer products. Your Company holds 100% equity shares in PEEPL.

PEEPL is yet to commence its business operation.

(vi) Ryker Base Private Limited (Ryker) with effect from May 6, 2020

Details are provided in S.No.7(B)(ii) below.

B) Joint Ventures

As on March 31, 2020, your Company had 2 (Two) Joint Ventures as detailed below

| Sr. No. | Name of Joint Ventures | Location |
|---------|---------------------------------------|----------|
| (i) | Techno Electromech Pvt. Ltd. (Techno) | India |
| (ii) | Ryker Base Private (Ryker) | India |

(i) Techno Electromech Pvt. Ltd. (Techno)

Techno was incorporated as a private limited company on January 25, 2011 at Vadodara under the Companies Act, 1956 having its registered office is situated Plot No. 858, Opposite GSFC Vill, Channi, Vadodara, Gujarat 391 740. Techno is involved in the business of, inter alia, manufacturing of light emitting diodes, lighting and luminaires, and LED driver. Your Company hold 50% shares in Techno.

During the year under review, the financial performance of Techno are as follows

(₹ In Million)

| Sr. No. | Particulars | March 31, 2020 | March 31, 2019 |
|---------|-------------------------|----------------|----------------|
| 1 | Revenue from Operations | 1524.16 | 1673.36 |
| 2 | Profit before tax | (15.02) | 47.65 |
| 3 | Profit after tax | (16.73) | 34.17 |

(ii) Ryker Base Private Limited (Ryker)

Ryker was incorporated as a private limited company on July 15, 2016 under the Companies Act, 2013 having its registered office at E-554, Basement,

Greater Kailash- II, New Delhi 110 048. Ryker is involved in the business of interalia, 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. Your Company hold 50% shares in Ryker.

During the year under review, the financial performance of Ryker are as follows

(₹ In Million)

| Sr. No. | Particulars | March 31, 2020 | March 31, 2019 |
|---------|-------------------------|----------------|----------------|
| 1 | Revenue from Operations | 659.09 | 1.31 |
| 2 | Profit before tax | (136.58) | (82.00) |
| 3 | Profit after tax | (125.90) | (62.50) |

The Board of Directors of the Company at its meeting held on May 02, 2020, had considered and approved the acquisition of 2,60,10,000 (Two Crore Sixty Lakhs

Ten Thousand) (i.e. balance 50% equity shares) of face value of ₹ 10/- each held by Trafigura Pte Ltd., Singapore ("Trafigura") in Ryker Base Private Limited.

Further, the Company had signed an agreement with Trafigura Pte Ltd, Singapore (Trafigura) and acquired additional 50% stake in Ryker Base Private Limited (Ryker) thereby terminating the existing joint venture (JV) and making Ryker a wholly owned subsidiary of the Company. As on date, Ryker is a wholly-owned subsidiary of the Company.

Pursuant to the first proviso to Section 129(3) of the Act and Rule 5 and Rule 8(1) of the Companies (Accounts) Rules, 2014, the salient features of financial statements, performance and financial position of each subsidiary is given in Form AOC-1 as set out in **Annexure [A]** to this Report.

Further, the Audited Financial Statements of the Subsidiaries are available on Company's Website at www.polycab.com.

8. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL('KMPS'):

The details of Directors and KMPs as on March 31, 2020 are as follows:

| Sr. No. | Name of Director | Designation | Appointment Date |
|---------|--------------------------|--|--------------------|
| (i) | Inder T. Jaisinghani | Chairman and Managing Director | December 20, 1997 |
| (ii) | Ajay T. Jaisinghani | Whole-time Director | April 27, 2006 |
| (iii) | Ramesh T. Jaisinghani | Whole-time Director | January 10, 1997 |
| (iv) | Shyam Lal Bajaj | CFO & Whole-time Director | December 15, 2016 |
| (v) | T. P. Ostwal | Independent Director | September 20, 2018 |
| (vi) | R. S. Sharma | Independent Director | September 20, 2018 |
| (vii) | Pradeep Poddar | Independent Director | September 20, 2018 |
| (viii) | Hiroo Mirchandani | Independent Director | September 20, 2018 |
| (ix) | Subramaniam Sai Narayana | Company Secretary & Compliance Officer | December 14, 2012 |

Director liable to retire by rotation

Ajay T. Jaisinghani is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommends his re-appointment.

Appropriate resolution for his re-appointment is included in the Notice of AGM for seeking approval of Member. Particulars in pursuance of Regulation 36 of the SEBI LODR Regulations read with Secretarial Standard – 2 on General Meetings relating to Ajay T. Jaisinghani are given in the AGM Notice.

9. MEETINGS OF THE BOARD OF DIRECTORS

During the year under review 5 meetings of the Board of Directors of the Company were held which are as under:

| Sr. No. | Date of Board Meeting |
|---------|-----------------------|
| (i) | May 14, 2019 |
| (ii) | July 26, 2019 |
| (iii) | October 23, 2019 |
| (iv) | January 21, 2020 |
| (v) | March 03, 2020 |

The composition of the Board and other details relating to the Board meetings have been provided in the Corporate Governance Report. The gap between two Board Meetings did not exceed 120 days as per Section 173 of the Companies Act, 2013.

10. COMMITTEES

The Company has duly constituted the following mandatory Committees in terms of the provisions of the Companies Act, 2013 & SEBI (LODR) Regulations 2015 read with rules framed thereunder viz.

- Audit Committee;
- Nomination and Remuneration Committee;
- Stakeholders' Relationship Committee;
- Corporate Social Responsibility Committee; and
- Risk Management Committee.

The Composition of all such Committees, number of meetings held during the year under review, brief terms of reference and other details have been provided in the Corporate Governance Report which forms part of this Annual Report. All the recommendations made by the Committees were accepted by the Board.

11. AUDIT COMMITTEE

As of March 31, 2020 the Audit committee of the Board of Directors of the Company comprises of 4 (Four) members namely:

- T.P. Ostwal- Audit Committee Chairman (Independent Director);
- R.S. Sharma- Member (Independent Director);
- Pradeep Poddar- Member (Independent Director); and
- Shyam Lal Bajaj- Member (Non- Independent, CFO & Whole-Time Director)

The Board accepted the recommendations of the Audit Committee whenever made by the Committee during the year. The details of number of meetings held by the Audit Committee in the year under review and other related details are given in the Corporate Governance Report.

12. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors to the best of their knowledge hereby state and confirm that:

- in the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards have been followed and there were no material departures.

- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 2020 and of the profit of the Company for the year ended as on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the Directors have prepared the annual accounts on a going concern basis.
- the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

13. UTILIZATION OF IPO PROCEEDS:

The IPO proceeds were fully utilized as per the objects stated in the prospectus of the Company and there was no deviation in the utilization of IPO proceeds.

The details of utilization of IPO Proceeds are as follows

| Particulars | Planned as per Prospectus | Revised proceeds | (₹ million) |
|---|---------------------------------|---------------------|---|
| | | | Utilisation up to March 31, 2020 |
| 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 |
| | 3,834.67 | 3,825.80 | 3,825.80 |

A certificate in this regard has been obtained from the Axis Bank Ltd., who is the Monitoring Agency, confirming the utilization of the IPO proceeds as per the objects stated in the prospectus of the Company.

14. STATUTORY AUDITORS

M/s. B S R & Co. LLP, Chartered Accountants, (Firm Registration No: 101248W/W-100022), were appointed as the Statutory Auditors of the Company at the 23rd Annual General Meeting (AGM) of the Company held on June 26, 2019 for a term of 5 consecutive years commencing from the conclusion of 23rd Annual General Meeting till the conclusion of 28th Annual General Meeting to be held in F.Y. 2023-2024.

They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder.

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

15. STATUTORY AUDITORS' REPORT

The Auditors' Report on Standalone and Consolidated Financial Statements for the financial year 2019-20, issued by M/s. B S R & Co. LLP Chartered Accountants, does not contain any qualification, observation, disclaimer, reservation or adverse remark.

16. COST AUDITORS

Your Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and have appointed M/s. N. Ritesh & Associates, Cost Accountants, as Cost Auditors, to issue Cost Audit Report for the Financial year 2020-21 at a professional fee of ₹ 3,30,000/- (Rupees Three Lacs Thirty Thousand only) plus applicable taxes and out of pocket expenses at actual.

Necessary resolution has been recommended by the Board to be passed by the shareholders in the ensuing Annual General Meeting to ratify the remuneration of the Cost Auditors for the F.Y. 2020-21.

17. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. Dilip Bharadiya & Associates have been appointed as the Secretarial Auditors of the Company to conduct the Secretarial Audit for the year ended March 31, 2020.

18. SECRETARIAL AUDIT REPORT

The Secretarial Audit Report for the Financial Year ended March 31, 2020 is set out in **Annexure [B]** to this report.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.

19. SHIFTING OF REGISTERED OFFICE FROM NATIONAL CAPITAL TERRITORY ('NCT') OF DELHI TO THE STATE OF GUJARAT:

During the year under review, for achieving the operational and administrative convenience the Company had obtained the approval of the shareholders through postal ballot on January 20, 2020 and declared the result on January 22, 2020 for shifting the registered office of the Company from National Capital Territory ('NCT') of Delhi to the State of Gujarat.

The Company had also filed a petition before Hon'ble Regional Director, Northern Region, New Delhi and order for the shifting of the Registered Office is awaited.

20. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company believes that Corporate Social Responsibility is an integral part of its business. It seeks to operate its business in a sustainable manner which would benefit the Society at large in alignment with the interest of its stakeholder. As per the requirements of Section 135 of the Companies Act, 2013 pertaining to Corporate Social Responsibility ("CSR") your Company has duly constituted a Corporate Social Responsibility Committee ("CSR Committee").

The CSR Policy of the Company framed under the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is available on the Company's website www.polycab.com.

In order to make meaningful and lasting contribution to the society, the Company had incorporated a Section 8 Company under the name and style as 'Polycab Social Welfare Foundation' on January 21, 2020.

The CSR budget for the financial year 2019-20 was ₹ 120.26 million and the Company had spent an amount of ₹ 127.33 million on CSR Activities.

CSR activities for the financial year ended March 31, 2020 along with the composition of CSR Committee is set out in **Annexure [C]** to this Report.

21. RISK MANAGEMENT POLICY

The Board of Directors at its meeting held on July 26, 2019 had constituted the Risk Management Committee. The details about the composition of Risk Management Committee and number of meetings held are given in the Corporate Governance Report.

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business

objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Our internal control encompasses various managements systems, structures of organization, standard and code of conduct which all put together help in managing the risks associated with the Company. In order to ensure the internal controls systems are meeting the required standards, it is reviewed at periodical intervals. If any weaknesses are identified in the process of review the same are addressed to strengthen the internal controls which are also revised at frequent intervals.

The Company, through its risk management process, aims to contain the risks within its risk appetite. There are no risks which in the opinion of the Board threaten the existence of the Company. However, some of the risks which may pose challenges are set out in the Management Discussion and Analysis which forms part of this Annual Report.

22. PARTICULARS OF LOAN GIVEN, INVESTMENTS MADE, GUARANTEE GIVEN AND SECURITIES PROVIDED UNDER SECTION 186 OF THE ACT

The details of loans given, guarantee provided and investment made under Section 186 of the Act read with Companies (Meeting of the Board and its Power) Rules, 2014 are as follows:

(₹ million)

| AGGREGATE INVESTMENT, LOANS AND GUARANTEE | Mar-20 |
|---|--------------|
| (A) Details of Investments | |
| Polycab Wires Italy SRL | 11 |
| TRPL | 33 |
| Dowells | 46 |
| Ryker (including fair value of guarantee 13.35) | 273 |
| TEPL | 105 |
| | 468 |
| (B) Loan Given | |
| Polycab Wires Italy SRL | 32 |
| Dowells | 4 |
| TEPL | 115 |
| | 152 |
| (C) Guarantee provided | |
| Ryker | 1,244 |
| TRPL | 520 |
| | 1,764 |
| TOTAL | 2,384 |

23. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There are no materially significant related party transactions that may have potential conflict with the interest of the Company at large.

Further, other suitable disclosures as required under IND AS - 24 have been made in the Notes to the financial statements.

Form AOC - 2 pursuant to Section 134(3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rule 2014 is set out in **Annexure [D]** to this report.

The policy on related party transaction are placed on the Company's website and are accessible through [weblink](#).

24. EXTRACT OF THE ANNUAL RETURN

The details forming part of extract of the Annual Return in Form MGT-9 in accordance with Section 92(3) of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 is set out in **Annexure [E]** to this report.

25. DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated under Section 149(6) of the Companies Act, 2013 and confirming that they have enrolled themselves in the data bank maintained by the Indian Institute of Corporate Affairs (IICA). While T.P. Ostwal, R.S. Sharma and Pradeep Poddar are exempted from appearing the on line self-assessment test, Hiroo Mirchandani has successfully qualified the Online Proficiency Self- assessment Test for Independent Directors conducted by IICA.

There has been no change in the circumstances affecting their status as Independent Directors of the Company so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant regulations.

26. SEPARATE MEETING OF INDEPENDENT DIRECTORS

In terms of requirements of Schedule IV of the Companies Act, 2013, the Independent Directors of the Company met separately on January 21, 2020 to inter alia review the performance of Non-Independent Directors (including the Chairman), the entire Board and the quality, quantity and timeliness of the flow of information between the Management and the Board.

27. FAMILIARIZATION PROGRAMME

In compliance with the requirements of SEBI LODR Regulations, the Company has put in place a framework for Directors' Familiarization Programme to familiarize them with their roles, rights and responsibilities as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc. The details of the familiarization programme conducted during the financial year under review are explained in the Corporate Governance Report. The same is available on the Company's website and are accessible through [weblink](#).

28. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board at its meeting held on May 30, 2020, had carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees. The details of performance evaluation have been mentioned in the Corporate Governance Report.

29. PARTICULARS OF EMPLOYEES

Disclosure pertaining to remuneration and other details as required under Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is set out in **Annexure [F]** to this Report.

Further, pursuant to the proviso to Section 136(1) of the Companies Act 2013, the disclosure under Section 197(12) of the Companies Act 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be sent to the members of the Company on request.

30. COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

The Company has been following a policy with respect to appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel. The appointment of Directors on the Board is subject to the recommendation of the Nomination and Remuneration Committee (NRC). Based on the recommendation of the NRC, the remuneration of Executive Director is fixed in accordance with the provisions of the Companies Act, 2013 which comprises of Basic Salary, Perquisites, Allowances and Commission. The Remuneration of Non-Executive Directors comprises

of sitting fees and commission in accordance with the provisions of Companies Act, 2013.

The Remuneration Policy of making payment to Directors, Key Managerial Personnel and Senior Management Personnel is available on the Company's website and are accessible through [weblink](#).

31. EMPLOYEES STOCK OPTION SCHEMES (ESOP)

The Company has following ESOP Schemes as mentioned below:

- Polycab Employee Stock Option Performance Scheme 2018; and
- Polycab Employee Stock Option Privilege scheme 2018.

During F.Y. 2019-20, there has been no change in the Employee Stock Option Schemes of the Company. The ESOP Schemes are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014 ('the SBEB Regulations').

Certificate from the Auditors of the Company that the schemes are implemented in accordance with the SEBI Regulations and the resolutions passed by the members in this regard would be available at the Annual General Meeting for inspection by the members. The details as required to be disclosed under the SEBI Regulations Policy is available on the Company's website and are accessible through [weblink](#).

32. CREDIT RATINGS

During the year under review, the credit ratings of the Company has been upgraded for Bank Facilities as follows:

- Total Bank Facilities Rated: ₹ 4000 crores
- Long Term Ratings: CRISIL AA/Positive
- Short term Ratings: CRISIL A1+

33. AWARDS AND ACCOLADES

During the year under review, Polycab was honored with:

- National Best Employer Brand for 2019 by World HRD Congress and Employer Branding Institute.
- Economic times Champions of the Rural Market;
- Mr. Inder T. Jaisinghani, Chairman & Managing Director, was conferred with the Business Leader of the Year award by ET Now.

34. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS STIPULATED UNDER SECTION 134(3)(M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is set out in **Annexure [G]** to this Report.

35. RESEARCH AND DEVELOPMENT

During the year under review, the Research & Development activities carried out by the Company is set out in **Annexure [H]** to this Report

36. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES

Your Company is committed to highest standards of ethical, moral and legal conduct of its business. In order to ensure that the activities of the Company and its employees are conducted in a fair and transparent manner by adoption of highest standard of professionalism, honesty, integrity and ethical behavior, the Company has adopted a comprehensive Vigil Mechanism/Whistle Blower Policy in compliance with the provisions of Section 177 (9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Whistle Blower Policy is available on the Company's website and are accessible through [Weblink](#).

38. INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, there is no amount which is required to be transferred to the Investors Education and Protection Fund as per the provisions of Section 125(2) of the Companies Act 2013.

However, pursuant to Section 124 (5) of the Companies Act, 2013, the unpaid dividends that will be due for transfer to the Investor Education and Protection Fund are as follows:

| Type and year of Dividend declared / Paid | Date of Declaration of Dividend | % of Dividend Declared | Unclaimed Dividend Amount as on March 31, 2020 (Amount in ₹) | Due for transfer to IEPF |
|---|---------------------------------|------------------------|--|--------------------------|
| Final Dividend 2018-19 | June 26, 2019 | 30% | 1,51,740 | August 01, 2026 |
| Interim Dividend 2019-20 | March 03, 2020 | 70% | 8,05,161 | April 09, 2027 |

39. CORPORATE GOVERNANCE

A Report on Corporate Governance along with a certificate from the Statutory Auditors of the Company confirming of corporate governance requirements as stipulated under Regulation 27 of SEBI (LODR) Regulations forms part of this Annual Report.

37. DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has in place Prevention of Sexual Harassment (POSH) Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The Company has provided a safe and dignified work environment for employee which is free of discrimination, further the Company conducts awareness program at regular interval of time.

The objective of this policy is to provide protection against sexual harassment of women at workplace and for redressal of any such complaints of harassment. Internal Complaints Committee (ICC) has been set up to redress the complaints, received, if any.

Pursuant to the requirements of Section 22 of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with the Rules thereunder, it is hereby declared that the Company has not received any complaints of sexual harassment during the year under review as well as in the preceding year.

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

40. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the financial year under review, as stipulated under Regulation 34(2)(e) of SEBI (LODR) Regulations is presented in a separate section forming part of the Annual Report.

41. BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report as stipulated under Regulation 34(2)(f) of SEBI (LODR) Regulations is presented in a separate section forming part of the Annual Report.

42. CHANGE IN NATURE OF BUSINESS, IF ANY

During the financial year, there has been no change in the business of the Company or in the nature of business carried by the Company during the financial year under review.

43. MATERIAL CHANGES AND COMMITMENTS, IF ANY, POST BALANCE SHEET DATE

No material changes and commitments have occurred between end of the financial year of the Company to which the financial statements relate and the date of this report which may affect the financial position of the Company.

However, it may be noted that subsequent year end, the Company had signed an agreement with Trafigura Pte Ltd, Singapore (Trafigura) and acquired additional 50% stake in Ryker Base Private Limited (Ryker) thereby terminating the existing joint venture (JV) and making Ryker a wholly owned subsidiary of the Company. As on date, Ryker is a wholly-owned subsidiary of the Company.

44. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There was no significant and material order passed by the regulators or Courts or Tribunals impacting the going concern status and Company's operations in future

45. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company's internal financial controls with reference to 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. It includes policies and procedures that:

- a. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

- b. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- c. 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 authorizations of management and directors of the Company.

46. SECRETARIAL STANDARDS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA (ICSI)

The Directors state that applicable Secretarial Standards have been followed during the financial year 2019-20.

47. FRAUD REPORTING

During the year under review, no fraud has been reported by Auditors under sub-section (12) of Section 143 of the Companies Act, 2013.

48. CAUTIONARY STATEMENT

Statements in the Annual Report, including those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

49. ACKNOWLEDGMENTS

The Directors wish to convey their appreciation to all employees for their enormous efforts at the individual level as well as their collective contribution to the Company's performance. The Directors would like to take this opportunity to express their gratitude to partners, suppliers, customers, consumers, bankers, government authorities and shareholders for the unwavering trust and support reposed on them.

On Behalf of the Board of Directors
of **Polycab India Limited**
(formerly known as Polycab Wires Limited)

Inder T. Jaisinghani

Chairman & Managing Director

DIN:00309108

Place: Mumbai

Date: May 30, 2020

Form AOC-1

Statement containing salient features of the Financial Statement of Subsidiaries/Associate companies/Joint ventures
(Pursuant to first proviso to sub-section (3) of section 129 read with Companies (Accounts) Rules, 2014)

(a) Summary financial information of Subsidiary Companies

| Particulars | (₹ in million) | | | | | |
|------------------------|----------------|---------|---------|---------|---------|---------|
| | TRPL | | DCAPL | | PWISRL | |
| | INR | | INR | | Euro | |
| Reporting Currency | NA | NA | NA | NA | 83.05 | 77.70 |
| Exchange Rate | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Share Capital | 60.00 | 60.00 | 90.00 | 90.00 | 4.03 | 4.03 |
| Reserves & surplus | 114.49 | 6.32 | 52.14 | 21.23 | 0.31 | 16.33 |
| Total Assets | 560.10 | 464.18 | 224.99 | 242.68 | 38.57 | 54.66 |
| Total Liabilities | 385.61 | 397.86 | 82.86 | 131.45 | 34.24 | 34.30 |
| Investments | - | - | - | - | - | - |
| Turnover | 915.14 | 590.74 | 360.01 | 246.75 | 1.58 | 22.95 |
| Profit before tax | 116.27 | 7.48 | 45.16 | 11.30 | (16.60) | 1.15 |
| Provision for taxation | 7.67 | 3.21 | 11.00 | 2.92 | - | -0.04 |
| Profit after taxation | 108.59 | 4.27 | 34.16 | 8.38 | (16.60) | 1.19 |
| Proposed Dividend | - | - | - | - | - | - |
| % of shareholding | 55% | 55% | 51% | 51% | 100% | 100% |

Subsidiaries which are yet to commence operations:

Polycab Electricals & Electronics Private Limited (PEEPL)*
Polycab USA LLC (PUL)*

(b) Joint Ventures

| Name of Joint Ventures | TEPL | RYKER |
|---|----------------------|----------------------|
| Latest audited Balance Sheet Date | 3/31/2020 | 3/31/2020 |
| Shares of Joint Ventures held by the company at the year end | | |
| Number of shares | Number | 890,000 |
| Amount of Investment in Joint Ventures | ₹ in million | 26,010,000 |
| Extent of Holding % | % | 105.20 |
| Description of how there is significant influence | 50% | 50% |
| Reason why the Joint Venture is not consolidated | Through shareholding | Through shareholding |
| Networth attributable to Shareholding as per latest audited Balance Sheet | ₹ in million | 232.43 |
| Profit / (Loss) for the year | ₹ in million | (16.90) |
| Considered in Consolidation | ₹ in million | (8.45) |
| Not Considered in Consolidation | ₹ in million | (8.45) |

On Behalf of the Board of Directors
of **Polycab India Limited**
(formerly known as Polycab Wires Limited)

Inder T. Jaisinghani
Chairman & Managing Director
DIN:00309108

Place: Mumbai
Date: May 30, 2020

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED March 31, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
POLYCAB INDIA LIMITED
(Formerly known as Polycab Wires Limited)

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Polycab India Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Considering the situation due to pandemic "COVID 2019" and lockdown being declared nationwide from 22nd March, 2020 till the date of the report, the process of audit has been modified. Some of the documents /records /returns / registers /minutes were not verified physically, however, the documents were made available in electronic mode and were verified based on the representations received from the Company for its accuracy and authenticity.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in **Annexure I**, for the financial year ended on 31st March, 2020, according to the provisions of:
 - i. The Companies Act, 2013 ("the Act") and the Companies Amendment Act, 2017 as amended from time to time and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;

- ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder; (to the extent applicable)
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (to the extent applicable)
- iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, (to the extent applicable)
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
 - e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; and
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

We have relied on the representations made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company which are stated above very specifically.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the financial year under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except as stated in the report.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- The Company has generally complied with the clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India. Adequate notice is given to all the Directors to schedule the Board and Committee Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority

decisions at the Board and Committee Meetings are carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that based on review of compliance mechanism established by the Company and on basis of the representations made by the Company and its Officers, presentation of the Internal and Concurrent Auditors and Compliance Certificate(s) issued by the Company Secretary & other Senior Management Personnel and taken on record by the Board at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines to the Company.

We further report that the Board of Directors Company in their meeting held on March 3, 2020 passed the resolution to declare and pay an Interim Dividend @ ₹ 7/- per equity share of the face value of ₹ 10/- each on the outstanding fully paid-up equity shares.

This report is to be read with our letter of even date, which is annexed as **Annexure - II** to this report.

For **DILIP BHARADIYA & ASSOCIATES**

DILIP BHARADIYA

Proprietor

Place: Mumbai
Date: May 30, 2020

FCS No.: 7956, C P No.: 6740
UDIN: F007956B000301293

Annexure - I

Documents verified during the course of audit includes:

1. Memorandum & Articles of Association of the Company;
2. Annual Report for the Financial Year ended March 31, 2019.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee held during the financial year under review, alongwith the Attendance Registers;
4. Proof of circulation & Delivery of notice for Board meetings and Committee Meetings.
5. Proof of circulation of draft as well as certified signed Board & Committee meetings minutes as per Secretarial Standards
6. Minutes of General Body Meeting held during the financial year under review;
7. Statutory Registers viz.
 - Register of Directors & KMP & Directors Shareholding
 - Register of loans, guarantees and security and acquisition made by the Company
 - Register of Charges
 - Register of Related Party Transaction- Transactions are in the Ordinary Course of Business at Arm's Length Basis.
 - Register of Members;
8. Agenda papers submitted to all the Directors/ Members for the Board and Committee Meetings;
9. Declarations received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2), Section 149(3) and Section 149(7) of the Companies Act, 2013;
10. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956, if any and Companies Act, 2013, as amended from time to time alongwith the attachments thereof, during the financial year under review.
11. Policies formed by the Company

Annexure - II

To,
The Members,
POLYCAB INDIA LIMITED
(Formerly known as Polycab Wires Limited)

Our report of even date is to be read along with this letter,

- 1) Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
- 2) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.
- 4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **DILIP BHARADIYA & ASSOCIATES**

DILIP BHARADIYA

Proprietor

Place: Mumbai
Date: May 30, 2020

FCS No.: 7956, C P No.: 6740
UDIN: F007956B000301293

Annual Report on Corporate Social Responsibility ("CSR")

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Polycab's core philosophy to be a "Safe & Sustainable Company" finds its reflection in its CSR Policy. Polycab's CSR activities are not charity or mere donations. It reflects the manner in which the business is conducted by directly focusing on the needs of the Society at large. Polycab as a Socially responsible entity not limiting the usage of resources to engage in activities that increase only their profits, but rather it evolves appropriate business processes and strategies to reflect its Commitment to the Societal Enhancement. Polycab believes that profit is a by-product that will surely follow when CSR is integrated to the economic, environmental and social objectives with the company's operations and growth

The Company had incorporated a Section 8 Company under the name and style as "Polycab Social Welfare Foundation" on 23rd January, 2020 for carrying out the CSR activities effectively.

The Company had undertaken the following activities under CSR during the financial year 2019-20 viz.:

- a. Donation to Polycab Social Welfare Foundation;
- b. Disaster Management;
- c. Promotion of Education;
- d. Promoting health care;
- e. Donation towards COVID 19, Pandemic;
- f. Rural Development Programme and Protection of Art & Culture;
- g. Social Empowerment;
- h. Environmental Awareness;
- i. Conservation of natural resources; and
- j. Other miscellaneous Contribution towards CSR.

Polycab's Mobile Medical Unit penetrated into 22 interior villages of Halol Taluka, Dist Panchmahal, Gujarat where there are no medical facilities and people had to travel to far off distances to avail such facilities. Such facilities include OPD, Medicines, Health Talks, Camps & Counselling etc., On an average 90 to 100 patients per day take advantage of these services.

Polycab had undertaken initiatives in sanitation by building 82 toilet Blocks in the Villages of Gadhmahuda, Halol Taluka, Dist Panchmahal, Gujarat. and Toilet blocks in High School of Dinkva Village, Halol Taluka, Dist Panchmahal, Gujarat. As a result, of these activities Polycab has seen a distinct fall in girl drop-outs, epidemics like cholera, malaria etc have reduced, less complaints of stomach illness and villages have become cleaner.

Polycab conducted a study of STEM Laboratory at Javahar Ashram School, Narukot and the findings suggest increase of student interest in science, increase in confidence of the children with better retention aided by practicals and regular science test scores improved from an average of 55% to 75%.

By adopting villages i.e. old & new Zakhariya, Polycab had brought up the villages to a level, that ensured all the basic amenities required for life are made available to the villagers.

On the Education front, in schools Polycab has been arranging regular counselling Sessions, competitions in various areas like – public speaking, sports, drawing, singing etc. to bring out the finer hidden talents in the students.

The Government of Gujarat had initiated a programme – "Sujalam Sufalam", whereby the Company had deepened the water reservoirs in villages Asoj, Bodidra & Waghodia. Polycab had received an Appreciation Certificate from Govt of Gujarat for conducting this Programme and taking up this initiative.

Polycab had arranged for Tube Wells in villages i.e. Chachariya and Govindpuri, Halol Taluka, Panchmahal District, Gujarat, to overcome water crisis.

Polycab is making a Model Aanganwadi with facility that would give a child an opportunity to grow. The project was undertaken when Polycab observed that the state of Aanganwadis in the villages focus on giving children an adequate infrastructure with learning through fun, games, music, & visuals.

Polycab is also working out with the Governments for Teachers Training Programme for enhancement of the Teachers Skills.

The Company's CSR programs on Health are intended to improve the quality of care giving, preventive health care, etc. which also include organizing preventive health check-up camps, eye check-up camps and blood donation camps etc.

The Company had conducted surveys in Villages of Halol Taluka, Dist. Panchmahal, Gujarat to identify physically disabled children who need further treatment and referred these physically handicapped children to a specialized hospitals for further treatment.

On a regular basis the Company supports an NGO that reaches out to the needy to fulfil their requirements, free of cost in terms of Supportive Gadgets/ Equipment like Wheel Chairs, Walking Sticks, Calipers, Beds etc.

The CSR Policy is available on the Company's website and are accessible through [WebLink](#).

2. The Composition of the CSR Committee.

| Name of Member | Designation |
|--|-------------|
| Inder T. Jaisinghani (Executive, Non-Independent) | Chairman |
| Ajay T. Jaisinghani (Executive, Non-Independent) | Member |
| Hiroo Mirchandani (Non-Executive, Independent) | Member |
| Pradeep Poddar (Non-Executive, Independent) | Member |

3. Average net profit of the Company for last three Financial Years: ₹ 6,013.10 million

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ 120.26 million

5. Details of CSR amount spent during the Financial Year:

| | | |
|----|-----------------------------------|------------------|
| a) | Amount spent for the F.Y. 2019-20 | ₹ 127.33 million |
| b) | Amount unspent if any. | Nil |

C. Manner in which the amount spent during the financial year is detailed below:

(₹ in Million)

| Sr. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken | Amount outlay (budget) project or Program wise (₹ in million) | Amount spent on the projects or programs Sub-heads : 1) Direct expenditure on projects (₹ in million) 2) overheads (₹ in million) | Cumulative expenditure up to the reporting period (₹ in million) | Amount spent: Direct or through implementing agency |
|---------|--|--|--|---|---|--|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1 | Donation to Polycab Social Welfare Foundation | Carrying out CSR. Activities as per Schedule VII of the Companies Act 2013 | - | 61.00 | 61.00 | 61.00 | Direct |
| 2 | Flood Relief | Disaster Management | Bengaluru, Karnataka, Kerala | 19.87 | 19.87 | 19.87 | Direct |
| 3 | Education a. Aaganwadi: Upgrading teaching methods in 22 Villages of Taluka Halol, Dist Panchmahal, Gujarat; b. LEAAD Programme c. STEM Laboratory d. Events and Competition | Promoting education | Local area: Dist: Vadodara, Asoj, Dist: Vadodara Villages: Gadhmahuda, Navi Bhat, Juni Bhat, Chhajdivadi, Gamirpura, Jimiapura, Bediapura, Sudhra, Moti Ranbet, Ranipura, Nathkuva, Chhatardibav, Zhaliakuva, Noorpura, Kansaravav, Mudhiari, Navadh, Surajpura, Amrapura, Narukot, Chanchadia, Rayankhad, Baska, Ta : Halol Dist : Panchmahal Govt Schools – 21 nos. at Tal. Halol – Dist. Panchmahal BAPS Chhatralaya, Ta : Bodeli, Dist : Chhotaudepur Tal. Godhra Dist : Panchmahal ITI, Pavagadh, Tal. Halol Dist Panchmahal Tal. Khalapur, Dist : Raigadh, Maharashtra Nandhar, Daman Mumbai, Maharashtra Cochi, Dist : Ernakulam | 18.94 | 18.94 | 18.94 | Direct and through implementing agency |

| Sr. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken | Amount outlay (budget) project or Program wise (₹ in million) | Amount spent on the projects or programs Sub-heads : 1) Direct expenditure on projects (2) overheads (₹ in million) | Cumulative expenditure up to the reporting period (₹ in million) | Amount spent: Direct or through implementing agency |
|---------|--|---|--|---|---|--|---|
| 4 | Health care facility & awareness a. Mobile Medical Unit -in 22 Villages of Taluka Halol, Dist Panchmahal, Gujarat, b. Medical Camps in Community & School in Villages of Taluka Halol, Dist Panchmahal, Gujarat c. Health Mobilisers -in 22 Villages of Taluka Halol, Dist Panchmahal, Gujarat d. Breast Check-up in Villages of Taluka Halol, Govt Offices, Hospitals, Industries of Dist Panchmahal. | Promoting Health Care | Nagpur, Maharashtra Pune, Maharashtra Bangalore, Karnataka Dehradun, Uttarakhand Ranchi, Jharkhand Villages : Gadhmahuda, Navi Bhat, Juni Bhat, Chhajdivadi, Gamirpura, Jimiapura, Bediapura, Sudhra, Moti Ranbet, Ranipura, Nathkuva, Chhatardibav, Zhaliakuva, Noorpura, Kansaravav, Mudhiari, Navadh, Surajpura, Amrapura, Narukot, Chanchadia, Rayankhad, Baska, Ta : Halol Dist : Panchmahal Halol, Dist : Panchmahal | 14.97 | 14.97 | 14.97 | Direct and through implementing agency |
| 5 | COVID-19 | Promoting Health care Contribution to government funds, Ventilators to government hospitals, PPE and medicines etc. | Vadodara, Gujarat | 5.76 | 5.76 | 5.76 | Direct |
| 6 | Cultural Festivities like Rangoli Competition, Authentic Tribal Cooking Competition, Dramas/ Skits during Janmashtami to bring about an awareness of the Festival. Promotion of Art and Culture through Panchmahotsav | Rural development, Protection of Art & Culture | Local area: VadaTalav, Pavagadh Road, Tal. Halol, Dist : Panchmahal Villages: Bhat, Chhajdivadi, Gamirpura, Sudhra, Jimiapura, Bediapura, Nani Ranbet, Moti Ranbet, Ranipura, Chhatardibav Ta : Halol Dist : Panchmahal | 2.37 | 2.37 | 2.37 | Direct |

| Sr. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken | Amount outlay (budget) project or Program wise (₹ in million) | Amount spent on the projects or programs Sub-heads : 1) Direct expenditure on projects (2) overheads (₹ in million) | Cumulative expenditure up to the reporting period (₹ in million) | Amount spent: Direct or through implementing agency |
|--------------|---|---|--|---|---|--|---|
| 7 | Contributed towards scheme for promotion of affordable Housing (SPARSH) for improving housing condition of industrial workers | Social empowerment | Daman | 1.59 | 1.59 | 1.59 | Direct |
| 8 | Environmental awareness | Environmental Sustainability | Ranipura, Kansaravav, Tal: Halol Dist : Panchmahal | 0.08 | 0.08 | 0.08 | Direct |
| 9 | Building of Check dam, Borewell | Conservation of natural resources | Rayankhad, Tal: Halol Dist : Panchmahal | 0.04 | 0.04 | 0.04 | Direct |
| 10 | Others miscellaneous Contribution towards CSR | Preventive Health Care, promoting Education, Animal Welfare | Halol Dist. Panchmahal Vadodara | 2.71 | 2.71 | 2.71 | Direct |
| Total | | | | 127.33 | 127.33 | 127.33 | |

6. Reasons for not spending the full amount allocated for CSR Activities: N.A.

7. CSR Committee Responsibility Statement:

The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company.

On Behalf of the Board of Directors
of **Polycab India Limited**
(formerly known as Polycab Wires Limited)

Inder T. Jaisinghani
Chairman & Managing Director
Chairman of CSR Committee
DIN:00309108

Place: Mumbai
Date: May 30, 2020

Form AOC – 2

(Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transactions under fourth proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

| | |
|--|----|
| (a) Name(s) of the related party and nature of relationship | |
| (b) Nature of contracts/arrangements/transactions | |
| (c) Duration of the contracts/arrangements/transactions | |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any | |
| (e) Justification for entering into such contracts or arrangements or transactions | NA |
| (f) Date(s) of approval by the Board | |
| (g) Amount paid as advances, if any | |
| (h) Date on which (a) the requisite resolution was passed in general meeting as required under first proviso to Section 188 of the Companies Act, 2013 | |

2. Details of material contracts or arrangement or transactions at arm's length basis:

(*As defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and adopted by the Board of Directors in the Related Party Transactions Policy of the Company, "Material Related Party Transaction means a transaction with a related party if the transaction/ transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the company.

| | |
|--|-----|
| (a) Name(s) of the related party and nature of relationship | |
| (b) Nature of contracts/arrangements/transactions | |
| (c) Duration of the contracts/arrangements/transactions | |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any | NIL |
| (e) Date(s) of approval by the Board, if any | |
| (f) Amount paid as advances, if any | |

All related party transactions are in the ordinary course of business and on arm's length basis and are approved by Audit Committee of the Company.

On Behalf of the Board of Directors
of **Polycab India Limited**
(formerly known as Polycab Wires Limited)

Inder T. Jaisinghani
Chairman & Managing Director
DIN:00309108

Place: Mumbai
Date: May 30, 2020

FORM NO. MGT 9

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

EXTRACT OF ANNUAL RETURN -MARCH 31, 2020
I REGISTRATION & OTHER DETAILS:

| | | |
|-----|--|---|
| i | CIN | L31300DL1996PLC266483 |
| ii | Registration Date | 1-Oct-96 |
| iii | Name of the Company | POLYCAB INDIA LIMITED |
| iv | Category of the Company | Company Limited by Shares. |
| v | Address of the Registered office & contact details | E-554, Greater Kailash -II, New Delhi, South Delhi – 110048 |
| vi | Whether listed company | Yes |
| vii | Name and Address of Registrar Agents :- | Kfin Technologies Private Limited (formerly Known as Karvy Fintech Private Limited) Karvy Selenium, Tower B, Plot 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel. No. 040 6716 2222 |

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1 | Wires & Cables | 2732 | 85.71% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

No. of Companies for which information is being filled 7

| Sr. No. | NAME AND ADDRESS OF THE COMPANY | CIN/GLN | HOLDING/ SUBSIDIARY/ ASSOCIATE | % of shares held | Applicable Section |
|---------|---|-----------------------|--------------------------------|------------------|--------------------|
| 1 | Tirupati Reels Private Limited | U20232DL2015PTC275797 | Subsidiary company | 55% | 2(87) |
| 2 | Dowells Cable Accessories Private Limited | U28910MH2015PTC270585 | Subsidiary company | 51% | 2(87) |
| 3 | Polycab Wires Italy SRL | NA | Subsidiary company | 100% | 2(87) |
| 4 | Polycab USA LLC | NA | Subsidiary company | 100% | 2(87) |
| 5 | Polycab Electricals and Electronics Private Limited | U31904MH2020PTC339032 | Subsidiary company | 100% | 2(87) |
| 6 | Ryker Base Private Limited | U36999DL2016PTC303057 | Joint Venture Company | 50% | 2(6) |
| 7 | Techno Electromech Private Limited | U31901GJ2011PTC063797 | Joint Venture Company | 50% | 2(6) |

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % CHANGE DURING THE YEAR |
|---|---|----------|--------------------|-------------------|---|----------|--------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter / Promoter Group | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 82,958,969 | - | 82,958,969 | 58.75 | 84,733,738 | - | 84,733,738 | 56.91 | (1.84) |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other (Trust) / Promoter Group | 16,464,123 | - | 16,464,123 | 11.66 | 17,366,607 | - | 17,366,607 | 11.67 | 0.01 |
| Sub Total A (1) | 99,423,092 | - | 99,423,092 | 70.41 | 102,100,345 | - | 102,100,345 | 68.58 | (1.83) |
| (2) Foreign | | | | | | | | | |
| a) NRI - Individual/ | - | - | - | - | - | - | - | - | - |
| b) Other - Individual/ | - | - | - | - | - | - | - | - | - |
| c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Others | - | - | - | - | - | - | - | - | - |
| Sub Total A (2) | - | - | - | - | - | - | - | - | - |
| Total A= A(1)+A(2) | 99,423,092 | - | 99,423,092 | 70.41 | 102,100,345 | - | 102,100,345 | 68.58 | (1.83) |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | - | - | - | - | 4,198,373 | - | 4,198,373 | 2.81 | 2.82 |
| b) Banks / FI | - | - | - | - | 55,075 | - | 55,075 | 0.04 | 0.04 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIs | - | - | - | - | 7,287,327 | - | 7,287,327 | 4.89 | 4.89 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others - Alternate Investment Fund Foreign Bodies Corporate | 12,704,096 | - | 12,704,096 | 9.00 | 15,441,151 | - | 15,441,151 | 10.37 | 1.37 |
| Sub-total (B)(1):- | 12,704,096 | - | 12,704,096 | 9.00 | 26,981,926 | - | 26,981,926 | 18.12 | 9.12 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | - | - | - | - | 1,346,175 | - | 1,346,175 | 0.90 | 0.90 |
| i) Indian | - | - | - | - | - | - | - | - | - |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | - | - | - | - | - | - | - | - | - |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | - | - | - | - | 5,246,900 | 6 | 5,246,906 | 3.52 | 3.52 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 7,260,780 | - | 7,260,780 | 5.14 | 9,477,042 | - | 9,477,042 | 6.37 | 1.22 |
| c) Others (specify) | - | - | - | - | - | - | - | - | - |
| Clearing Memeber | - | - | - | - | 181,099 | - | 181,099 | 0.12 | 0.12 |
| Foreign Bodies | - | - | - | - | - | - | - | - | - |
| NBFC | - | - | - | - | 77,300 | - | 77,300 | 0.05 | 0.05 |
| Non Resident Indians | - | - | - | - | 261,577 | - | 261,577 | 0.18 | 0.18 |
| NRI Non-Repatriation | - | - | - | - | 130,443 | - | 130,443 | 0.09 | 0.09 |
| Bodies Corporate i) Polycab India Limited Escrow Account | 2,181,7870 | - | 21,817,870 | 15.45 | - | - | - | - | - |
| Trusts | - | - | - | - | 1,033,969 | - | 1,033,969 | 0.69 | 0.69 |
| d) Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| Qualified Institutional Buyer | - | - | - | - | 2,042,591 | - | 2,042,591 | 1.37 | 1.37 |
| Sub-total (B)(2):- | 29,078,650 | - | 29,078,650 | 20.59 | 19,797,096 | 6 | 19,797,102 | 13.30 | (7.29) |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 41,782,746 | - | 41,782,746 | 29.59 | 46,779,022 | 6 | 46,779,028 | 31.42 | 1.83 |
| Total (A+B) | 141,205,838 | - | 141,205,838 | 100.00 | 148,879,367 | 6 | 148,879,373 | 100.00 | - |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Grand Total (A+B+C) | 141,205,838 | - | 141,205,838 | 100.00 | 148,879,367 | 6 | 148,879,373 | 100.00 | - |

ii Shareholding of Promoters

| Sl No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | % change in share holding during the year |
|--------|---|---|----------------------------------|--|--------------------------------------|----------------------------------|--|---|
| | | No. of Shares (Equity Shares) | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Inder T. Jaisinghani | 20,854,029 | 14.77 | - | 21,450,976 | 14.41 | - | (0.36) |
| 2 | Ramesh T. Jaisinghani | 20,676,093 | 14.64 | - | 20,668,001 | 13.88 | - | (0.76) |
| 3 | Ajay T. Jaisinghani | 20,678,635 | 14.64 | - | 21,270,541 | 14.29 | - | (0.36) |
| 4 | Girdhari T. Jaisinghani | 20,750,212 | 14.70 | - | 21,344,220 | 14.34 | - | (0.36) |
| 5 | Bharat A. Jaisinghani | 5,321,330 | 3.77 | - | 5,472,572 | 3.68 | - | (0.09) |
| 6 | Nikhil R. Jaisinghani | 5,321,230 | 3.77 | - | 5,472,472 | 3.68 | - | (0.09) |
| 7 | Kunal I. Jaisinghani | 5,820,263 | 4.12 | - | 5,820,263 | 3.91 | - | (0.21) |
| 8 | Inder Thakurdas Jaisinghani / Meena Inder Jaisinghani (Inder Kunal Trust) | 100 | 0.00 | - | 100 | 0.00 | - | 0.00 |
| 9 | Inder Thakurdas Jaisinghani / Meena Inder Jaisinghani (Inder Kunal Trust) | 100 | 0.00 | - | 100 | 0.00 | - | 0.00 |
| 10 | Ajay T Jaisinghani/Aarti Ajay Jaisinghani (Bharat Jaisinghani Family Trust) | 100 | 0.00 | - | 100 | 0.00 | - | 0.00 |
| 11 | Ramesh T Jaisinghani/Reina R Jaisinghani (Deepika Sehgal Family Trust) | 100 | 0.00 | - | 200,100 | 0.13 | - | 0.13 |
| 12 | Girdhari Thakurdas Jaisinghani/ Raju Girdhari Jaisinghani (Girdhari Reshma Trust) | 100 | 0.00 | - | 100 | 0.00 | - | 0.00 |
| 13 | Girdhari Thakurdas Jaisinghani/Raju Girdhari Jaisinghani (Girdhari Karina Trust) | 100 | 0.00 | - | 100 | 0.00 | - | 0.00 |
| 14 | Girdhari Thakurdas Jaisinghani /Raju Girdhari Jaisinghani (Girdhari Juhi Trust) | 100 | 0.00 | - | 100 | 0.00 | - | 0.00 |
| 15 | Kunal Inder Jaisinghani/Inder Thakurdas Jaisinghani (Kunal Trust) | 100 | 0.00 | - | 100 | 0.00 | - | 0.00 |
| 16 | Ajay T Jaisinghani/Aarti Ajay Jaisinghani (Kiara Duhlani Family Trust) | 100 | 0.00 | - | 100 | 0.00 | - | 0.00 |
| 17 | Ramesh T Jaisinghani/Reina R Jaisinghani (Nikhil Jaisinghani Family Trust) | 100 | 0.00 | - | 200,100 | 0.13 | - | 0.13 |
| 18 | Nikhil Ramesh Jaisinghani (Ritika Bharwani Family Trust) | 100 | 0.00 | - | 100 | 0.00 | - | 0.00 |
| 19 | Ramesh T Jaisinghani (Mrinalini Jaisinghani Family Trust) | 100 | 0.00 | - | 200,100 | 0.13 | - | 0.13 |
| 20 | Ajay T Jaisinghani (Akansha Punjabi Family Trust) | 100 | 0.00 | - | 100 | 0.00 | - | 0.00 |

iii Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No | Particulars | Shareholding at the beginning of the year (01.04.2019) | | Transactions during the year | | Cumulative Shareholding during the year | |
|--------|---|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date of Transaction | No. of shares | No. of shares | % of total shares of the Company |
| 1 | Inder T. Jaisinghani | | | | | | |
| | At the beginning of the year (01.04.2019) | 20,854,029 | 14.77 | | | 20,854,029 | 14.01 |
| | No of shares transferred back to the selling shareholders Demat account | | | 10.04.2019 | 596,947 | 21,450,976 | 14.41 |
| | At the end of the year (31.03.2020) | - | | | | 21,450,976 | 14.41 |
| 2 | Ramesh T. Jaisinghani | | | | | | |
| | At the beginning of the year (01.04.2019) | 20,676,093 | 14.64 | | | 20,676,093 | 13.89 |
| | No of shares transferred back to the selling shareholders Demat account | | | 10.04.2019 | 591,908 | 21,268,001 | 14.29 |
| | Inter-se transfer of shares | | | 24.01.2020 | (600,000) | 20,668,001 | 13.88 |
| | At the end of the year (31.03.2020) | | | | | 20,668,001 | 13.88 |

| Sr. No | Particulars | Shareholding at the beginning of the year (01.04.2019) | | Transactions during the year | | Cumulative Shareholding during the year | |
|-----------|---|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date of Transaction | No. of shares | No. of shares | % of total shares of the Company |
| 3 | Ajay T. Jaisinghani | | | | | | |
| | At the beginning of the year (01.04.2019) | 20,678,635 | 14.64 | - | - | 20,678,635 | 13.89 |
| | No of shares transferred back to the selling shareholders Demat account | - | - | 10.04.2019 | 591,906 | 21,270,541 | 14.29 |
| | At the end of the year (31.03.2020) | - | - | - | - | 21,270,541 | 14.29 |
| 4 | Girdhari T. Jaisinghani | | | | | | |
| | At the beginning of the year (01.04.2019) | 20,750,212 | 14.70 | - | - | 20,750,212 | 13.94 |
| | No of shares transferred back to the selling shareholders Demat account | - | - | 10.04.2019 | 594,008 | 21,344,220 | 14.34 |
| | At the end of the year (31.03.2020) | - | - | - | - | 21,344,220 | 14.34 |
| 5 | Bharat A. Jaisinghani | | | | | | |
| | At the beginning of the year (01.04.2019) | 5,321,330 | 3.77 | - | - | 5,321,330 | 3.57 |
| | No of shares transferred back to the selling shareholders Demat account | - | - | 10.04.2019 | 151,242 | 5,472,572 | 3.68 |
| | At the end of the year (31.03.2020) | - | - | - | - | 5,472,572 | 3.68 |
| 6 | Nikhil R. Jaisinghani | | | | | | |
| | At the beginning of the year (01.04.2019) | 5,321,230 | 3.77 | - | - | 5,321,230 | 3.57 |
| | No of shares transferred back to the selling shareholders Demat account | - | - | 10.04.2019 | 151,242 | 5,472,472 | 3.68 |
| | At the end of the year (31.03.2020) | - | - | - | - | 5,472,472 | 3.68 |
| 7 | Kunal Jaisinghani | | | | | | |
| | At the beginning of the year (01.04.2019) | 5,820,263 | 4.12 | - | - | 5,820,263 | 4.12 |
| | At the end of the year (31.03.2020) | - | - | - | - | 5,820,263 | 3.91 |
| 8 | Inder Thakurdas Jaisinghani / Meena Inder Jaisinghani(Inder Kunal Trust) | | | | | | |
| | At the beginning of the year (01.04.2019) | 100 | 0.00 | - | - | 100 | 0.00 |
| | Purchase / sale during the year | - | - | - | - | - | - |
| | At the end of the year (31.03.2020) | - | - | - | - | 100 | 0.00 |
| 9 | Inder Thakurdas Jaisinghani / Meena Inder Jaisinghani(Inder Kunal Trust) | | | | | | |
| | At the beginning of the year (01.04.2019) | 100 | 0.00 | - | - | 100 | 0.00 |
| | Purchase / sale during the year | - | - | - | - | - | - |
| | At the end of the year (31.03.2020) | - | - | - | - | 100 | 0.00 |
| 10 | Ajay T Jaisinghani/Aarti Ajay Jaisinghani(Bharat Jaisinghani Family Trust) | | | | | | |
| | At the beginning of the year (01.04.2019) | 100 | 0.00 | - | - | 100 | 0.00 |
| | Purchase / sale during the year | - | - | - | - | - | - |
| | At the end of the year (31.03.2020) | - | - | - | - | 100 | 0.00 |
| 11 | Ramesh T Jaisinghani/Reina R Jaisinghani (Deepika Sehgal Family Trust) | | | | | | |
| | At the beginning of the year (01.04.2019) | 100 | 0.00 | - | - | 100 | 0.00 |
| | Acquisition through Inter-se transfer of shares | - | - | 24.01.2020 | 200,000 | 200,100 | 0.13 |
| | At the end of the year (31.03.2020) | - | - | - | - | 200,100 | 0.13 |
| 12 | Girdhari Thakurdas Jaisinghani/ Raju Girdhari Jaisinghani(Girdhari Reshma Trust) | | | | | | |
| | At the beginning of the year (01.04.2019) | 100 | 0.00 | - | - | 100 | 0.00 |
| | Purchase / sale during the year | - | - | - | - | - | - |
| | At the end of the year (31.03.2020) | - | - | - | - | 100 | 0.00 |
| 13 | Girdhari Thakurdas Jaisinghani/Raju Girdhari Jaisinghani (Girdhari Karina Trust) | | | | | | |
| | At the beginning of the year (01.04.2019) | 100 | 0.00 | - | - | 100 | 0.00 |
| | Purchase / sale during the year | - | - | - | - | - | - |
| | At the end of the year (31.03.2020) | - | - | - | - | 100 | 0.00 |
| 14 | Girdhari Thakurdas Jaisinghani /Raju Girdhari Jaisinghani (Girdhari Juhi Trust) | | | | | | |
| | At the beginning of the year (01.04.2019) | 100 | 0.00 | - | - | 100 | 0.00 |
| | Purchase / sale during the year | - | - | - | - | - | - |
| | At the end of the year (31.03.2020) | - | - | - | - | 100 | 0.00 |
| 15 | Kunal Inder Jaisinghani/Inder Thakurdas Jaisinghani (Kunal Trust) | | | | | | |
| | At the beginning of the year (01.04.2019) | 100 | 0.00 | - | - | 100 | 0.00 |
| | Purchase / sale during the year | - | - | - | - | - | - |
| | At the end of the year (31.03.2020) | - | - | - | - | 100 | 0.00 |

| Sr. No | Particulars | Shareholding at the beginning of the year (01.04.2019) | | Transactions during the year | | Cumulative Shareholding during the year | |
|-----------|--|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date of Transaction | No. of shares | No. of shares | % of total shares of the Company |
| 16 | Ajay T Jaisinghani/Aarti Ajay Jaisinghani(Kiara Duhlani Family Trust) | | | | | | |
| | At the beginning of the year (01.04.2019) | 100 | 0.00 | - | - | 100 | 0.00 |
| | Purchase / sale during the year | - | - | - | - | - | - |
| | At the end of the year (31.03.2020) | - | - | - | - | 100 | 0.00 |
| 17 | Ramesh T Jaisinghani/Reina R Jaisinghani(Nikhil Jaisinghani Family Trust) | | | | | | |
| | At the beginning of the year (01.04.2019) | 100 | 0.00 | - | - | 100 | 0.00 |
| | Acquisition through Inter-se transfer of shares | - | - | 24.01.2020 | 200,000 | 200,100 | 0.13 |
| | At the end of the year (31.03.2020) | - | - | - | - | 200,100 | 0.13 |
| 18 | Nikhil Ramesh Jaisinghani(Ritika Bharwani Family Trust) | | | | | | |
| | At the beginning of the year (01.04.2019) | 100 | 0.00 | - | - | 100 | 0.00 |
| | Purchase / sale during the year | - | - | - | - | - | - |
| | At the end of the year (31.03.2020) | - | - | - | - | 100 | 0.00 |
| 19 | Ramesh T Jaisinghani(Mrinalini Jaisinghani Family Trust) | | | | | | |
| | At the beginning of the year (01.04.2019) | 100 | 0.00 | - | - | 100 | 0.00 |
| | Acquisition through Inter-se transfer of shares | - | - | 24.01.2020 | 200,000 | 200,100 | 0.13 |
| | At the end of the year (31.03.2020) | - | - | - | - | 200,100 | 0.13 |
| 20 | Ajay T Jaisinghani(Akansha Punjabi Family Trust) | | | | | | |
| | At the beginning of the year (01.04.2019) | 100 | 0.00 | - | - | 100 | 0.00 |
| | Purchase / sale during the year | - | - | - | - | - | - |
| | At the end of the year (31.03.2020) | - | - | - | - | 100 | 0.00 |

iv Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No | Particulars | Shareholding at the beginning of the year (01.04.2019) | | Transactions during the year | | Cumulative Shareholding during the year | |
|----------|---|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date of Transaction | No. of shares | No. of shares | % of total shares of the Company |
| 1 | International Financial Corporation | | | | | | |
| | At the beginning of the year (01.04.2019) | 12,704,096 | 9.00 | - | - | 12,704,096 | 8.53 |
| | No of shares transferred back to the selling shareholders Demat account | - | - | 10.04.2019 | 1412058 | 14,116,154 | 9.48 |
| | At the end of the year (31.03.2020) | - | - | - | - | 14,116,154 | 9.48 |
| 2 | Anil Hariani | | | | | | |
| | At the beginning of the year (01.04.2019) | 5,160,774 | 3.65 | - | - | 5,160,774 | 3.47 |
| | No of shares transferred back to the selling shareholders Demat account | - | - | 10.04.2019 | 146,559 | 5,307,333 | 3.56 |
| | At the end of the year (31.03.2020) | - | - | - | - | 5,307,333 | 3.56 |
| 3 | R. Ramkrishnan | | | | | | |
| | At the beginning of the year (01.04.2019) | 2,100,006 | 1.49 | - | - | 2,100,006 | 1.41 |
| | At the end of the year (31.03.2020) | - | - | - | - | 2,100,006 | 1.41 |
| 4 | L And T Mutual Fund Trustee Limited | | | | | | |
| | At the beginning of the year (01.04.2019) | - | - | - | - | - | - |
| | Purchase | - | - | 19.04.2019 | 738,934 | 738,934 | 0.50 |
| | Purchase | - | - | 26.04.2019 | 2,007,918 | 2,746,852 | 1.85 |
| | Purchase | - | - | 03.05.2019 | 36,367 | 2,783,219 | 1.87 |
| | Purchase | - | - | 10.05.2019 | 920 | 2,784,139 | 1.87 |
| | Purchase | - | - | 17.05.2019 | 106,278 | 2,890,417 | 1.94 |
| | Purchase | - | - | 24.05.2019 | 2,709 | 2,893,126 | 1.94 |
| | Sale | - | - | 26.07.2019 | (27,500) | 2,865,626 | 1.92 |
| | Purchase | - | - | 02.08.2019 | 21,441 | 2,887,067 | 1.94 |
| | Sale | - | - | 27.09.2019 | (22,600) | 2,864,467 | 1.92 |
| | Sale | - | - | 30.09.2019 | (25,000) | 2,839,467 | 1.91 |
| | Sale | - | - | 04.10.2019 | (147,892) | 2,691,575 | 1.81 |
| | Sale | - | - | 18.10.2019 | (106,666) | 2,584,909 | 1.74 |
| | Sale | - | - | 25.10.2019 | (318,334) | 2,266,575 | 1.52 |

| Sr. No | Particulars | Shareholding at the beginning of the year (01.04.2019) | | Transactions during the year | | Cumulative Shareholding during the year | |
|--------|---|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date of Transaction | No. of shares | No. of shares | % of total shares of the Company |
| | Sale | - | - | 01.11.2019 | (149,800) | 2,116,775 | 1.42 |
| | Sale | - | - | 15.11.2019 | (208,694) | 1,908,081 | 1.28 |
| | Sale | - | - | 22.11.2019 | (59,968) | 1,848,113 | 1.24 |
| | Sale | - | - | 29.11.2019 | (176) | 1,847,937 | 1.24 |
| | Sale | - | - | 06.12.2019 | (20,000) | 1,827,937 | 1.23 |
| | Sale | - | - | 13.12.2019 | (20,933) | 1,807,004 | 1.21 |
| | Sale | - | - | 20.12.2019 | (1,614) | 1,805,390 | 1.21 |
| | Sale | - | - | 17.01.2020 | (68,500) | 1,736,890 | 1.17 |
| | Sale | - | - | 24.01.2020 | (71,209) | 1,665,681 | 1.12 |
| | Purchase | - | - | 20.03.2020 | 27,497 | 1,693,178 | 1.14 |
| | Sale | - | - | 20.03.2020 | (34,500) | 1,658,678 | 1.11 |
| | Sale | - | - | 27.03.2020 | (61,500) | 1,597,178 | 1.07 |
| | At the end of the year (31.03.2020) | - | - | - | - | 1,597,178 | 1.07 |
| 5 | Edelweiss Alternative Investment Opportunities Trust | | | | | | |
| | At the beginning of the year (01.04.2019) | - | - | - | - | - | - |
| | Purchase | - | - | 19.04.2019 | 51,358 | 51,358 | 0.03 |
| | Purchase | - | - | 26.04.2019 | 935,000 | 986,358 | 0.66 |
| | At the end of the year (31.03.2020) | - | - | - | - | 986,358 | 0.66 |
| 6 | Ashish Kacholia | | | | | | |
| | At the beginning of the year (01.04.2019) | - | - | - | - | - | - |
| | Purchase | - | - | 26.04.2019 | 772,500 | 772,500 | 0.52 |
| | Purchase | - | - | 07.06.2019 | 20,000 | 792,500 | 0.53 |
| | At the end of the year (31.03.2020) | - | - | - | - | 792,500 | 0.53 |
| 7 | Madhulika Agarwal | | | | | | |
| | At the beginning of the year (01.04.2019) | - | - | - | - | - | - |
| | Purchase | - | - | 26.04.2019 | 775,600 | 775,600 | 0.52 |
| | At the end of the year (31.03.2020) | - | - | - | - | 775,600 | 0.52 |
| 8 | Aditya Birla Sun Life Trustee Private Limited | | | | | | |
| | At the beginning of the year (01.04.2019) | - | - | - | - | - | 0.44 |
| | Purchase | - | - | 19.04.2019 | 659,655 | 659,655 | 0.44 |
| | Purchase | - | - | 26.04.2019 | 465,000 | 1,124,655 | 0.76 |
| | Sale | - | - | 26.04.2019 | (105,139) | 1,019,516 | 0.69 |
| | Sale | - | - | 07.06.2019 | (1,000) | 1,018,516 | 0.69 |
| | Purchase | - | - | 28.06.2019 | 10,000 | 1,028,516 | 0.69 |
| | Sale | - | - | 28.06.2019 | (8,277) | 1,020,239 | 0.69 |
| | Purchase | - | - | 19.07.2019 | 2,700 | 1,022,939 | 0.69 |
| | Purchase | - | - | 26.07.2019 | 33,171 | 1,056,110 | 0.71 |
| | Purchase | - | - | 02.08.2019 | 18,500 | 1,074,610 | 0.72 |
| | Purchase | - | - | 09.08.2019 | 6,300 | 1,080,910 | 0.73 |
| | Purchase | - | - | 13.09.2019 | 15,000 | 1,095,910 | 0.74 |
| | Sale | - | - | 20.09.2019 | (200,000) | 895,910 | 0.60 |
| | Purchase | - | - | 27.09.2019 | 31,777 | 927,687 | 0.62 |
| | Purchase | - | - | 04.10.2019 | 25,000 | 952,687 | 0.64 |
| | Sale | - | - | 11.10.2019 | (2,250) | 950,437 | 0.64 |
| | Sale | - | - | 06.12.2019 | (26,154) | 924,283 | 0.62 |
| | Sale | - | - | 20.12.2019 | (681) | 923,602 | 0.62 |
| | Sale | - | - | 03.01.2020 | (16,041) | 907,561 | 0.61 |
| | Sale | - | - | 10.01.2020 | (10,000) | 897,561 | 0.60 |
| | Sale | - | - | 17.01.2020 | (9,292) | 888,269 | 0.60 |
| | Sale | - | - | 24.01.2020 | (26,926) | 861,343 | 0.58 |
| | Sale | - | - | 07.02.2020 | (6,000) | 855,343 | 0.57 |
| | Sale | - | - | 21.02.2020 | (20,000) | 835,343 | 0.56 |
| | Sale | - | - | 20.03.2020 | (54,000) | 781,343 | 0.52 |
| | At the end of the year (31.03.2020) | - | - | - | - | 781,343 | 0.52 |
| 9 | ICICI Lombard General Insurance Company Ltd | | | | | | |
| | At the beginning of the year (01.04.2019) | - | - | - | - | - | - |
| | Purchase | - | - | 19.04.2019 | 206,028 | 206,028 | 0.14 |
| | Purchase | - | - | 24.05.2019 | 333,523 | 539,551 | 0.36 |
| | Purchase | - | - | 31.05.2019 | 50,000 | 589,551 | 0.40 |

| Sr. No | Particulars | Shareholding at the beginning of the year (01.04.2019) | | Transactions during the year | | Cumulative Shareholding during the year | |
|-----------|---|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date of Transaction | No. of shares | No. of shares | % of total shares of the Company |
| | Sale | - | - | 24.01.2020 | (25,000) | 564,551 | 0.38 |
| | Purchase | - | - | 31.01.2020 | 100,000 | 664,551 | 0.45 |
| | Purchase | - | - | 14.02.2020 | 10,541 | 675,092 | 0.45 |
| | Purchase | - | - | 20.03.2020 | 39,033 | 714,125 | 0.48 |
| | At the end of the year (31.03.2020) | - | - | - | - | 714,125 | 0.48 |
| 10 | Sundaram Mutual Fund A/C Sundaram Infrastructure A | | | | | | |
| | At the beginning of the year (1.04.2019) | - | - | - | - | - | - |
| | Purchase | - | - | 19.04.2019 | 674,815 | 674,815 | 0.45 |
| | Purchase | - | - | 26.04.2019 | 93,800 | 768,615 | 0.52 |
| | Sale | - | - | 26.04.2019 | (966) | 767,649 | 0.52 |
| | Sale | - | - | 10.05.2019 | (12,727) | 754,922 | 0.51 |
| | Sale | - | - | 17.05.2019 | (169,431) | 585,491 | 0.39 |
| | Sale | - | - | 24.05.2019 | (381,749) | 203,742 | 0.14 |
| | Sale | - | - | 31.05.2019 | (105,271) | 98,471 | 0.07 |
| | Purchase | - | - | 28.06.2019 | 11,529 | 110,000 | 0.07 |
| | Purchase | - | - | 27.09.2019 | 84,290 | 194,290 | 0.13 |
| | Purchase | - | - | 30.09.2019 | 22,924 | 217,214 | 0.15 |
| | Purchase | - | - | 18.10.2019 | 10,000 | 227,214 | 0.15 |
| | Sale | - | - | 06.12.2019 | (4,000) | 223,214 | 0.15 |
| | Sale | - | - | 13.12.2019 | (17,647) | 205,567 | 0.14 |
| | Sale | - | - | 31.12.2019 | (10,000) | 195,567 | 0.13 |
| | Sale | - | - | 24.01.2020 | (1,911) | 193,656 | 0.13 |
| | Sale | - | - | 07.02.2020 | (3,089) | 190,567 | 0.13 |
| | Sale | - | - | 14.02.2020 | (5,000) | 185,567 | 0.12 |
| | Purchase | - | - | 28.02.2020 | 7,599 | 193,166 | 0.13 |
| | Purchase | - | - | 06.03.2020 | 42,401 | 235,567 | 0.16 |
| | At the end of the year (31.03.2020) | - | - | - | - | 235,567 | 0.16 |

v Shareholding of Directors and Key Managerial Personnel:

| Sr. No | Particulars | Shareholding at the beginning of the year (01.04.2019) | | Transactions during the year | | Cumulative Shareholding during the year | |
|----------|---|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date of Transaction | No. of shares | No. of shares | % of total shares of the Company |
| 1 | Inder T. Jaisinghani (Managing Director) | | | | | | |
| | At the beginning of the year (01.04.2019) | 20,854,029 | 14.77 | | | 20,854,029 | 14.01 |
| | No of shares transferred back to the selling shareholders Demat account | | | 10.04.2019 | 596,947 | 21,450,976 | 14.41 |
| | At the end of the year (31.03.2020) | - | - | | | 21,450,976 | 14.41 |
| 2 | Ramesh T. Jaisinghani (Whole-time Director) | | | | | | |
| | At the beginning of the year (01.04.2019) | 20,676,093 | 14.64 | | | 20,676,093 | 14.64 |
| | No of shares transferred back to the selling shareholders Demat account | | | 10.04.2019 | 591,908 | 21,268,001 | 14.29 |
| | Transfer (sale) | | | 24.01.2020 | (600,000) | 20,668,001 | 13.88 |
| | At the end of the year (31.03.2020) | | | | | 20,668,001 | 13.88 |
| 3 | Ajay T. Jaisinghani (Whole-Time Director) | | | | | | |
| | At the beginning of the year (01.04.2019) | 20,678,635 | 14.64 | | | 20,678,635 | 13.89 |
| | No of shares transferred back to the selling shareholders Demat account | | | 10.04.2019 | 591,906 | 21,270,541 | 14.29 |
| | At the end of the year (31.03.2020) | - | - | | | 21,270,541 | 14.29 |
| 4 | Shyam Lal Bajaj (CFO & Whole-Time Director) | | | | | | |
| | At the beginning of the year (01.04.2019) | - | - | | | | |
| | IPO excise | | | 13.04.2019 | 284 | 284 | 0.00 |
| | ESOP exercise | | | 31.12.2019 | 15,000 | 15,284 | 0.01 |
| | At the end of the year (31.03.2020) | | | | | 15,284 | 0.01 |

| Sr. No | Particulars | Shareholding at the beginning of the year (01.04.2019) | | Transactions during the year | | Cumulative Shareholding during the year | |
|--------|--|--|----------------------------------|------------------------------|---------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | Date of Transaction | No. of shares | No. of shares | % of total shares of the Company |
| 5 | Subramaniam Sai Narayana (Company Secretary & Compliance Officer) | | | | | | |
| | At the beginning of the year (01.04.2019) | - | | | | | |
| | IPO | | | 13.04.2019 | 283 | 283 | 0.00 |
| | Sale | | | 22.11.2019 | (282) | 1 | 0.00 |
| | ESOP excise sale | | | 31.12.2019 | 650 | 651 | 0.00 |
| | | | | 28.02.2020 | (650) | 1 | 0.00 |
| | At the end of the year (31.03.2020) | | | | | 1 | 0.00 |

None of the Independent Directors hold any share in the Company

V. INDEBTEDNESS

| | (₹ in million) | | | |
|--|----------------------------------|-----------------|----------|--------------------|
| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 2,511.67 | 70.82 | - | 2,582.49 |
| ii) Interest due but not paid | 5.41 | 0.20 | - | 5.61 |
| iii) Interest accrued but not due | 4.03 | - | - | 4.03 |
| Total (i+ii+iii) | 2,521.11 | 71.02 | - | 2,592.13 |
| Change in Indebtedness during the financial year | | | | |
| + Addition | 1,004.12 | 908.36 | - | 1,912.48 |
| - Reduction | 2,788.02 | 237.85 | - | 3,025.87 |
| Net Change | | | | |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 714.07 | 741.53 | - | 1,455.60 |
| ii) Interest due but not paid | 4.95 | - | - | 4.95 |
| iii) Interest accrued but not due | 18.19 | - | - | 18.19 |
| Total (i+ii+iii) | 737.21 | 741.53 | - | 1,478.74 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Paid during the FY 2019-20)

| Sl. no. | Particulars of Remuneration | | | | | (₹ in Million) |
|---------|---|--|-----------------------------|-----------------------------|-----------------------------------|----------------|
| | | Name of Managing Director | Name of Whole-Time Director | Name of Whole-Time Director | Name of CFO & Whole-Time Director | Total Amount |
| | | Inder T Jaisinghani | Ajay T Jaisinghani | Ramesh T Jaisinghani | Shyam Lal Bajaj | |
| 1 | Gross salary | | | | | |
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 39.78 | 30.18 | 30.17 | 30.75 | 130.88 |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - | - |
| (c) | Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - | - | - |
| 2 | Stock Option | - | - | - | 8.81 | 8.81 |
| 3 | Sweat Equity | - | - | - | - | - |
| 4 | Commission* | | | | | |
| | - as % of profit | 49.65 | - | - | - | 49.65 |
| | - others, specify | - | - | - | - | - |
| 5 | Others | - | - | - | - | - |
| | Total (A) | 89.43 | 30.18 | 30.17 | 39.56 | 189.34 |
| | Ceiling as per the Act | Not exceeding 10% of the net profit of the Company | | | | |

* Note: Commission for Financial Year 2018-19 paid in Financial Year 2019-20

B. Remuneration to other directors:

| | | | | | | (₹ in Million) |
|----------|--|-----------------|-----------------|-----------------------|--------------------|----------------|
| Sl. no. | Particulars of Remuneration | Mr. T.P. Ostwal | Mr. R.S. Sharma | Ms. Hiroo Mirchandani | Mr. Pradeep Poddar | Total Amount |
| 1 | Independent Directors | | | | | |
| | Fee for attending board committee meetings | 1.14 | 1.06 | 0.90 | 1.06 | 4.16 |
| | Commission* | 1.00 | 1.00 | 1.00 | 1.00 | 4.00 |
| | Others, please specify | - | - | - | - | - |
| | Total (1) | 2.14 | 2.06 | 1.90 | 2.06 | 8.16 |
| 2 | Other Non-Executive Directors | | | | | |
| | Fee for attending board committee meetings | - | - | - | - | - |
| | Commission | - | - | - | - | - |
| | Others, please specify | - | - | - | - | - |
| | Total (2) | - | - | - | - | - |
| | Total =(1+2) | 2.14 | 2.06 | 1.90 | 2.06 | 8.16 |
| | Total Managerial Remuneration | | | | | |
| | Overall Ceiling as per the Act | | ₹ 1,00,000/- | per Meeting | | |

* Note: Commission for Financial Year 2018-19 paid in Financial Year 2019-20

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| | | | | (₹ in Million) |
|---------|---|---|--|----------------|
| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | Total Amount |
| | | Shyam Lal Bajaj (CFO & Whole-Time Director) | Subramaniam Sai Narayana (Company Secretary) | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 30.75 | 4.33 | 35.08 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| 2 | Stock Option* | 8.81 | 0.38 | 9.19 |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| | - as % of profit | - | - | - |
| | - others, specify | - | - | - |
| 5 | Others, please specify | | | |
| | Total (A) | 39.56 | 4.71 | 44.27 |

***Note**

1,00,000 Options were granted under Employee Stock Performance Scheme to Mr. Shyam Lal Bajaj (CFO & Whole-Time Director) on August 30, 2018.

10,000 options were granted under Employee Stock Option Performance Scheme 2018 and 1,000 options granted under Employee Stock Option Privilege Scheme 2018 were granted to Mr. Subramaniam Sai Narayana (Company Secretary) on August 30, 2018.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for the year under review.

On Behalf of the Board of Directors
of **Polycab India Limited**
(formerly known as Polycab Wires Limited)

Inder T. Jaisinghani

Chairman & Managing Director

DIN: 00309108

Place: Mumbai

Date: May 30, 2020

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- i. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2019-20:

| Name of Director | Designation | Ratio to median remuneration of the employees* |
|-----------------------|------------------------------|--|
| Inder T. Jaisinghani | Chairman & Managing Director | 427.79 |
| Ajay T. Jaisinghani | Whole-Time Director | 115.76 |
| Ramesh T. Jaisinghani | Whole-Time Director | 115.76 |
| Shyam Lal Bajaj | CFO & Whole-Time Director | 146.43 |
| T.P. Ostwal | Independent Director | 11.67 |
| R.S. Sharma | Independent Director | 11.37 |
| Hiroo Mirchandani | Independent Director | 10.78 |
| Pradeep Poddar | Independent Director | 11.37 |

* Employees for the above purpose includes all employees excluding employees governed under collective bargaining.

- ii. The % increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

| Name of Employee | Designation | % increase in remuneration |
|--------------------------|--|----------------------------|
| Inder T. Jaisinghani | Chairman & Managing Director | 15 |
| Ajay T. Jaisinghani | Whole-Time Director | 15 |
| Ramesh T. Jaisinghani | Whole-Time Director | 15 |
| Shyam Lal Bajaj | CFO & Whole-Time Director | 10 |
| Subramaniam Sai Narayana | Company Secretary & Compliance Officer | 10 |
| T.P. Ostwal | Independent Director | - |
| R.S. Sharma | Independent Director | - |
| Hiroo Mirchandani | Independent Director | - |
| Pradeep Poddar | Independent Director | - |

- iii. The Percentage increase in the median remuneration of employees in the financial year 2019-20 was 9%.
- iv. The Number of permanent employees on the rolls of the Company was 4,695.
- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration
- Average increase in employees remuneration was 11.62% and Average increase in Managerial Remuneration was 13.81%.
- The change in remuneration of Managerial Personnel is in line with the Nomination and Remuneration Policy of the Company.
- vi. It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.

On Behalf of the Board of Directors
of **Polycab India Limited**
(formerly known as Polycab Wires Limited)

Inder T. Jaisinghani

Chairman & Managing Director
DIN: 00309108

Place: Mumbai
Date: May 30, 2020

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo comprise:

A Conservation of energy:

i. Steps taken or impact on conservation of energy;

Energy conservation Measure (ECM) for environmental sustainability is prime importance for our Company. Technology, upgradation, modernization, and the introduction of control instrumentation are practiced realizing the full potential of energy conservation in our organization. Our Company emphasis on the establishment of a system of collection, analysis, and reporting of parameters vital for energy conservation for long term sustainability. Our main energy management strategies are conservation and efficiency.

Our consciousness towards our environment inspire us not to over-utilize the resources and exploit them. Within our organization, we focus on continual improvement for optimum utilization of resources to ensure minimize consumption of energy, water, natural resources & CO2 emission while maximizing production volumes in ecofriendly manner.

The Company has undertaken various projects to reduce energy consumption. Some of the projects that are undertaken and sustained are:

- Installation of Variable Frequency Drive (VFD) in motor.
- In the last one year 162 Numbers of Metal Halide (MH) lights are replaced with LED light resulting 20% of energy saving in lighting.
- VFD hydro pumping panel in pumps to save 20% of power in energy.
- Plants and street lights are equipped with timer which results in 20% power saving.
- VRF system are set to auto controlled air conditioning to save energy.

During the year, the Company had also undertaken various projects to reduce water consumption as well as installation of Sewage Treatment Plants (STPs) & Effluent Treatment Plants (ETPs). In addition to energy and water saving, the Company is concerned with reducing pollution by effective waste disposal plan. Some of the projects undertaken and sustained every year are:

- E Waste disposal system.
- Hazardous waste disposal system.

ii. Additional investment

The Company has been working on the following additional proposals, which are initiated for implementation during FY 19-20:

- Additional Solar power generation of 1000 KW
- Waste water recycling capacity increased by installation of STP
- Reduce rejection of RO waste water by increasing product output quantity
- Installation of ETP plant in the new Steel plant.

Impact of the measures at (i) and (ii) above for reduction of energy consumption and consequent impact on the cost of production of goods

Within the Company, there are continuous efforts towards improving operational efficiencies, minimizing consumption of energy and water. As a result, within couple of years we had reduced energy per ton drastically. With implementation of 87% LEDs by replacing Metal Halidie, we had reduced 20% consumption of power

Wind energy contributes about 16% of energy consumption in Halol.

iii. The steps taken by the Company for utilising alternate energy sources;

Polycab has 05 wind mills (03 Nos. of 1.5 MW and 02 Nos. of 1.8 MW). The energy generated by those wind mills are set off against energy consumed in manufacturing units located in Halol. By this we are consuming 16% of the energy through renewable energy.

iv. The capital investment in energy conservation equipment is detailed below:

- a. LED Lights: ₹ 9.8 Million.
- b. VRF System for Air Conditioner: ₹ 25 Million.
- c. VFD Drives in pumps and compressor: ₹ 4.5 Million.

B. Technology Absorption:

- i. The efforts of the Company made in technology absorption:

The Company has used additional technology in the year 2019-2020 to maintain provision of high-level products in the market. The technologies used are fire performance compound formulations, MV cable compounds, equipment and process development. Key elements in the above adoption of technology are compounds to achieve quality and qualification criteria, equipment to widen product portfolio with specialized resins and self-sufficiency in raw material supply (Copper). Process efficiencies and Supply Chain Management have been enhanced by MES technology introduction and tandem operations being able to provide qualified products for export markets.

- ii. The benefits derived like product improvement, cost reduction, product development or import substitution
- Fire performance properties improvement for qualification;
 - Quality assurance of materials for critical application
 - Crosslinking density/product improvement 3.5mV
 - Product development
 - Self reliance of supply/quality/cost advantage
 - Market penetration with wider product portfolio
 - Cost reduction in product and process costs
 - Material savings and export opportunities
 - Real and accurate data for efficient SCM
 - Superior dispersion for smooth surface compounds
 - Added value to cable supply

- Product development of new resins
- Multi process giving specialized product at lowest cost
- Quality and productivity process

- iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year
- the details of Technology imported and year of import - Electron Beam (Year-2018), Copper Rod (Year-2019), Conductor development (Year-2019)
 - Whether the technology has been fully absorbed - Yes
 - If not fully absorbed, areas where absorption has not taken place and the reason thereof - Not Applicable
- iv. The expenditure incurred on Research and Development during 2019-20: ₹ 75.60 million

C. Foreign Exchange Earnings and Outgo:

| S. No. | Particulars | (₹ In Million) |
|--------|---------------------------------|----------------|
| 1 | Earnings in Foreign exchange | 10,819.60 |
| 2 | CIF Value of Import | 29,035.06 |
| 3 | Expenditure in Foreign Currency | 190.26 |

On Behalf of the Board of Directors
of **Polycab India Limited**
(formerly known as Polycab Wires Limited)

Inder T. Jaisinghani

Place: Mumbai
Date: May 30, 2020

Chairman & Managing Director
DIN: 00309108

RESEARCH & DEVELOPMENT ACTIVITIES CARRIED OUT BY THE COMPANY

- a. At Polycab, we believe that new development means successfully bringing to life new ideas to create value for the company and the society.
- b. The Company's In-house R&D centre certified by DSIR, Govt. of India, continuously working on new product development in the area of Cable & Wires.
- c. Over 100 technical persons are working in development activities.
- d. The R&D centre works in line with sales requirement to support them with all aspects of the research process and offer expertise in design, performance and project management.
- e. Polycab always maintains an aggressive approach to support the backward integration of material supply through strong quality management and a high quality raw-material base,
- f. The R&D lab is the centre of verification, qualification and developments of compounds for the new product properties requirement.
- g. Fire-retardant, fire survival, Low smoke and multi-chemical resistant compounds are being requested mainly from building, nuclear and general industrial sectors.
- h. Some key qualification like
 - i. **LPCB (Loss Prevention Certification Board)** for public buildings, underground railways and tunnel projects.
 - ii. **CPR (Construction Product Regulations)** for all building Public and private across Europe.
 - iii. **UL and cUL** to serve North American markets.
 - iv. **Automotive IATF** - a wide range of cables for vehicle applications from simple battery cable to more demanding ultra-flexible, oil, chemical and fire-resistant types in the battery market.
- i. Wind Turbine Generator energy products have been developed in areas of Rubber, Thermoplastic and conductor materials to meet severe installation and operating condition. Heavy duty products mines continued from earlier development of flexible cables for portable machine tools.
- j. Water blocking technologies completely developed to achieve water blocked conductors, sheaths or totally water-blocked or solid filled cable

NEW DEVELOPMENT 2019-20

- a. Electron beam cross-linked irradiated Thin wall Polyolefin single or dual layer extrusion insulated and Limited Fire Hazard (LFH) sheathed with EVA/EMA/EEA type compound cables for power, lighting, control and communication and instrumentation circuits in Surface Ships for Ministry of Defence, India
- b. Single Core cables intended for use in road vehicle automotive applications.
- c. Oil Resistant PVC Insulated and Sheathed Oil flex flexible cables for general application
- d. REACH compliant PVC Insulated FR, FRLS & Green FRLSH building wire as per IS 694 for domestic market

On Behalf of the Board of Directors
of **Polycab India Limited**
(formerly known as Polycab Wires Limited)

Inder T. Jaisinghani

Chairman & Managing Director
DIN: 00309108

Place: Mumbai
Date: May 30, 2020

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance oversees the business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large. Our Corporate Governance is a reflection of our value system encompassing our culture, policies and relationship with our stakeholders. Integrity and transparency are key to our corporate governance practices to ensure that we gain and retain the trust of all our stakeholders at all times. The Company is committed to comply with the best practices of Corporate Governance for creating the long-term values for its stakeholders and achieving a sustainable growth.

The Company has adopted a Code of Conduct for its employees and the Board of Directors which also includes the duties of Independent Directors as laid down in the Companies Act, 2013 ("the Act") and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 {SEBI Listing Regulations / SEBI (LODR), 2015}. The Code of Conduct is available on the Company's website - www.polycab.com.

2. BOARD OF DIRECTORS

2.1. Board structure and profile of the Directors

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors to have a balanced Board Structure. The Chairman of the Board of Directors of the Company is an Executive Director and a promoter. The Board has 8 Directors (including one Woman Director), out of which four are Executive Directors and four are Non-Executive, Independent Directors of the Company.

The profiles of the directors are given below:

A. Inder T. Jaisinghani, is the Chairman and Managing Director of the Company. He has been working with the Company since its inception. He was appointed as a Chairman and Director of the Company on December 20, 1997 and was subsequently reappointed as Chairman and Managing Director of

the Company with effect from August 28, 2019. He has worked in different areas of Strategy & Planning, Administration & Management, Sales & Marketing, Governance, Operations and other support services and has played a major role in leadership of the Company. During the year under review, he was awarded with the Business Leader of the Year by ET Now.

B. Ajay T. Jaisinghani, is a Whole-Time Director of the Company. He was appointed as a Director of the Company on April 27, 2006 and was subsequently reappointed as the Whole-Time Director of the Company with effect from August 28, 2019. He has worked in different areas of Administration & Management, Sales & Marketing, Governance, Operations and other support services and has played a major role in leadership of the Company.

C. Ramesh T. Jaisinghani, is a Whole-Time Director of the Company. He has been working with the Company since its inception as a director. He was subsequently reappointed as a Whole-Time Director of the Company with effect from August 28, 2019. He has worked in different areas of Administration & Management, Governance, Operations and other support services and has played a major role in leadership of the Company.

D. Shyam Lal Bajaj, is the Chief Financial Officer and Whole-Time Director of the Company. He holds a bachelor's degree in commerce from Rajasthan University and is a qualified Chartered Accountant. He was appointed as a Whole-Time Director of the Company with effect from December 15, 2016 and further designated as Chief Financial Officer on September 25, 2018. Prior to joining the Company, he served as the Director Finance at Vedanta Limited (including at Sesa Sterlite Limited now merged with Vedanta Limited). He has also served as the Chief Financial Officer of Hindustan Zinc Limited, served as Chief Financial Officer and Vice President of Finance at Sterlite Technologies Limited (formerly called 'Sterlite Optical Technologies Limited') and Senior General Manager at Sterlite Industries (India) Limited. (now Vedanta Limited)

E. T. P. Ostwal, joined the Company as an Independent Director with effect from September 20, 2018. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India since 1978. He is a Practicing Chartered Accountant and is a Senior Partner with T.P. Ostwal and Associates LLP. He is also a partner at DTS & Associates and Ostwal Desai & Kothari, Chartered Accountants. He has served as a member of the advisory group for advising and establishing transfer pricing regulations in India, set up by the Central Board of Direct Taxes, Ministry of Finance, Government of India. He is a member of the sub-committee on Transfer Pricing for Developing Countries of United Nations.

F. R. S. Sharma, joined the Company as an Independent Director with effect from September 20, 2018. He holds a Bachelor of Arts' degree from University of Delhi. He has passed the final certificate examination from the Institute of Cost and Works Accountants of India and the Associate examination from the Indian Institute of Bankers. Prior to joining the Board, he has served as Chairman and Managing Director at Oil and Natural Gas Corporation Limited, besides being on Board of various other companies.

G. Hiroo Mirchandani, joined the Company as an Independent Director with effect from September 20, 2018. She is a Chevening Gurukul Scholar from the London School of Economics, an MBA in Finance & Marketing from FMS and a Commerce graduate from Shri Ram College of Commerce, Delhi University.

She serves as an Independent Director of Tata Teleservices (Maharashtra) Limited and Nilkamal Limited. She is a former Independent Director of Punjab National Bank.

Ms. Mirchandani brings diverse board experience, consumer insights and financial acumen to her presence on boards. She taps into her operational experience and innate curiosity to provide wise counsel and contribute to strategic issues. She has a keen interest in the financial markets and has been a retail investor for decades.

Her business career of over thirty years has primarily been in Consumer goods & Healthcare sectors where she grew from being a Branch Manager at Asian Paints to Business Unit Director at Pfizer with P&L responsibility of its Consumer Health business unit.

H. Pradeep Poddar, joined the Company as an Independent Director with effect from September 20, 2018. He is a Chemical Engineer from UDCT Mumbai, 1976 and an MBA from IIM, Ahmedabad, 1978. A veteran of the consumer goods industry, he groomed himself as a fast track executive in Glaxo Foods, Heinz and Tata. He became the first Managing Director of Heinz for India and South Asia in January 1996 at the age of 41 and successfully built a 'high growth profitable' business with a portfolio of Power Brands – Complian, Glucon D, Nycil, Farex and Heinz Tomato Ketchup.

In 2000, he was ranked in the top 5 percentile of North American Executives by Personnel Decisions International, New York. He was awarded the prestigious Udyog Ratna award by the Karnataka Government and Wisitex Foundation in 2001 for his distinguished contribution to the food industry.

He led the Tata Group's Global foray into healthy beverages across the world, representing the Tatas on the Boards of Nourishco, the JV with Pepsico and the Rising Beverage Company (Activate Beverages led by Michael Eisner) in Los Angeles (USA). He crafted the Himalayan Natural Mineral Water brand and had seven Global patents on innovative 'do-good' beverages.

He has played a strategic role on the Board of Monsanto India, a Trustee of United Way Mumbai, Welspun India, Uflex India and Polycab. He has in the past led the American Chamber of Commerce Bombay Chapter and helped further the Trade relations with the US.

2.2. Details of the Directors and their associations with other companies

The number of other Directorships and Chairmanships/ Membership of Committees of each Director in various Companies as of March 31, 2020 are given below. The directorships as mentioned below do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act.

In accordance with Regulation 26 of Listing Regulation, Memberships/Chairmanships of only Audit Committee and Stakeholders Relationship Committee in all public Companies have been considered. The number of Committeeship /Chairmanships of all Directors are within

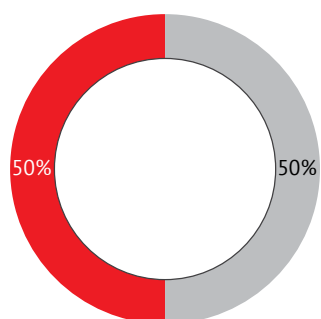
the respective limits prescribed under Companies Act, 2013 and Listing Regulations. None of the Directors is related to each other except as disclosed below.

| Name | Category of Directors | Relationship with other Directors | Number of Directorships held (including Polycab India Limited) | Number of Memberships/ Chairmanships in Board Committees (including Polycab India Limited) | | Name of the other listed entities holding Directorship / Designation |
|-----------------------------|-----------------------|-----------------------------------|--|--|----------------|---|
| | | | | M ¹ | C ¹ | |
| Inder T. Jaisinghani (ITJ) | P, E, NI ² | Brothers – ATJ and RTJ | 4 | None | None | None |
| Ajay T. Jaisinghani (ATJ) | P, E, NI ² | Brothers – ITJ and RTJ | 2 | None | None | None |
| Ramesh T. Jaisinghani (RTJ) | P, E, NI ² | Brothers – ITJ and ATJ | 2 | None | None | None |
| Shyam Lal Bajaj | E, NI ² | – | 1 | 2 | None | None |
| T.P. Ostwal | NE, I ² | – | 6 | 7 | 5 | <ul style="list-style-type: none"> • Oberoi Realty Limited – (NE, I²) • Incline Realty Private Limited (Debt Listed) – (NE, I²) |
| R. S. Sharma | NE, I ² | – | 5 | 6 | 1 | <ul style="list-style-type: none"> • Jubilant Industries Limited - (NE, I²) |
| Hiroo Mirchandani | NE, I ² | – | 4 | 3 | 1 | <ul style="list-style-type: none"> • Tata Teleservices (Maharashtra Limited) – (NE, I²) • Nilkamal Limited - (NE, I²) |
| Pradeep Poddar | NE, I ² | – | 4 | 6 | 2 | <ul style="list-style-type: none"> • Welspun India Limited – (NE, I²) • Uflex Limited- (NE, I²) |

Notes:

- a) As on March 31, 2020, the Company has eight Directors. Out of the eight Directors, four (i.e. 50 percent) are Non-Executive and Independent. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.

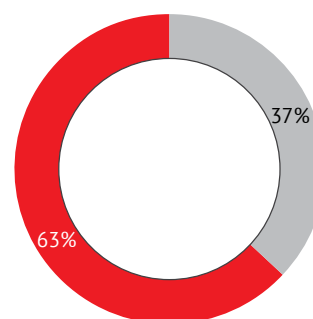
Composition of the Board *



● Executive Directors, 4 ● Independent Directors, 4

*(Count of the Directors, %)

Composition of the Board *



● Non-Promoters, 5 ● Promoters, 3

¹ Legends: "M" – Member, "C" – Chairperson

² Legends: "P" – Promoter, "E" – Executive, "NI" – Non-Independent, "I" – Independent, "NE" – Non-executive Director

- b) Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. None of the Independent Directors serves as an independent director on more than seven listed entities. The terms and conditions for appointment of Independent Directors are uploaded on the website and are accessible through [Weblink](#).
- c) None of the Directors serve as Chairman in any other company.

2.3. Board qualifications, expertise and attributes

The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board and whether the person is a proven leader in a business that is relevant to the Company's business or is a proven academician in the field relevant to the Company's business. The Board has adequate mix of skills, expertise and competencies for running the business of the Company as detailed below:

| Name of Director | Designation / Category | Strategy & Planning | A&M ³ | Governance | S&M ⁴ | Finance and Law | Operations |
|-----------------------|------------------------|---------------------|------------------|------------|------------------|-----------------|------------|
| Inder T Jaisinghani | CMD ⁵ | √ | √ | √ | √ | - | √ |
| Ajay T Jaisinghani | WTD ⁵ | - | √ | √ | √ | - | √ |
| Ramesh T. Jaisinghani | WTD ⁵ | - | √ | √ | - | - | √ |
| Shyam Lal Bajaj | CFO & WTD ⁵ | √ | √ | √ | - | √ | - |
| T. P. Ostwal | ID ⁵ | - | - | √ | - | √ | - |
| R. S. Sharma | ID ⁵ | √ | √ | √ | - | √ | - |
| Hiroo Mirchandani | ID ⁵ | √ | √ | √ | √ | - | √ |
| Pradeep Poddar | ID ⁵ | √ | √ | √ | √ | √ | √ |

2.4. Board Meeting:

The Board of Directors met 5 (Five) times during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on:

| S. No. | Date of Board Meeting | Count of Directors Present |
|--------|-----------------------|----------------------------|
| (i) | May 14, 2019 | 7 |
| (ii) | July 26, 2019 | 7 |
| (iii) | October 23, 2019 | 8 |
| (iv) | January 21, 2020 | 7 |
| (v) | March 3, 2020 | 7 |

2.5. Attendance of individual Directors at the Board Meetings and last AGM:

Following are the details of the Directors' attendance at board meetings held during the year under review and at the last Annual General Meeting ("AGM"):

| Name of Director | No. of Board Meetings Attended | Attendance at last AGM held on June 26, 2019 |
|-----------------------|--------------------------------|--|
| Inder T. Jaisinghani | 5 | Yes |
| Ajay T. Jaisinghani | 4 | Yes |
| Ramesh T. Jaisinghani | 3 | No |
| Shyam Lal Bajaj | 4 | No |
| T. P. Ostwal | 5 | Yes |
| R. S. Sharma | 5 | Yes |
| Hiroo Mirchandani | 5 | Yes |
| Pradeep Poddar | 5 | Yes |

³ Administration and Management

⁴ Sales and Marketing

⁵ Legends: "CMD" – Chairman and Managing Director, "CFO" – Chief Financial Officer, "WTD" – Whole-time Director, "ID" - Independent Director

During FY 2019 - 20, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration. Video-conferencing facilities are also used to facilitate Directors travelling or residing at other locations to participate in the meetings. The Board periodically reviews the compliance reports of all laws applicable to the Company.

2.6. Number of Shares and Convertible instruments held by Non- Executive Directors:

As on March 31, 2020, none of the Non-Executive Directors holds any shares in the Company. The Company has not issued any Convertible instruments.

2.7. Meeting of the Independent Directors:

During the year under review, 1 (one) meeting of the Independent Directors of the Company as per the requirements of Schedule IV of the Companies Act, 2013 and Regulation 25 (3) of the SEBI (LODR), Regulations, 2015 was held on January 21, 2020. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors.

2.8. Familiarization Programme:

Pursuant to the provision of Regulation 25(7) of the Listing Regulations, the Company has in place Familiarization Programme for Independent Directors to familiarize them about the Company and their role, rights and responsibilities in the Company. The details of Familiarization Programme imparted during the financial year 2019-20, are uploaded on the website of the Company and can be accessed through [Weblink](#).

3. COMMITTEES OF THE BOARD

Your Company's Board of Directors had constituted the following Mandatory Committees to comply the requirements under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 viz.:

- (i) Audit Committee;
- (ii) Nomination and Remuneration Committee;
- (iii) Stakeholders' Relationship Committee;
- (iv) Corporate Social Responsibility Committee; and
- (v) Risk Management Committee.

The Chairman of the Board, in consultation with the Company Secretary and the respective Chairman of these Committees, determines the frequency of the meetings

of these Committees. The recommendations of the Committees are submitted to the Board for its approval.

The Board of Directors had also adopted the following policies in line with the requirement of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 for the effective and defined functioning of the respective Committees of the Board:

- a. Whistle Blower Policy (Vigil mechanism);
- b. Policy on Evaluation of performances of Board of Directors;
- c. Remuneration Policy;
- d. Risk Management Policy;
- e. Corporate Social Responsibility Policy;
- f. Policy on Diversity of Board of Directors;
- g. Policy on Succession Planning for the Board and Senior Management;
- h. Policy on disclosure of material events / information;
- i. Dividend Distribution Policy;
- j. Policy for Preservation of Documents and Archival;
- k. Policy on Related Party Transactions.
- l. Code of Conduct for Directors and Senior Management Team

3.1. Audit Committee

The Composition of the Audit Committee as on March 31, 2020, consists of following members:

| S. No. | Name | Category | Designation |
|--------|-----------------|---------------------------------|-------------|
| 1. | T. P. Ostwal | Non-Executive Independent (NEI) | Chairman |
| 2. | R. S. Sharma | NEI | Member |
| 3. | Pradeep Poddar | NEI | Member |
| 4. | Shyam Lal Bajaj | Executive, Non- Independent | Member |

All the members of the Audit Committee have requisite accounting and financial management expertise. The Company Secretary acts as the Secretary to the Committee. T.P.Ostwal, Chairman of the Audit Committee had attended last Annual General Meeting of the Company held on June 26, 2019.

The terms of reference of the audit committee are uploaded on the website of the Company and are accessible through [Weblink](#).

The relevant extract of the terms of reference of Audit Committee are as follows:

- (i) Oversight of financial reporting process.
- (ii) Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval.
- (iii) Evaluation of internal financial controls and risk management systems.
- (iv) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.

- (v) Approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.
- (vi) To consider matters with respect to the Code of Conduct and vigil mechanism.

The Audit Committee met 4 times during the financial year 2019-20 viz. May 14, 2019, July 26, 2019, October 23, 2019 and January 21, 2020 and the gap between two meetings did not exceed one hundred and twenty days. The following table depicts details of attendance at the Audit Committee meetings held during the year ended March 31, 2020:

| S. No. | Name | Attendance in Audit Committee Meetings held in 2019-20 | | | |
|--------|-----------------|--|---------|------------|------------|
| | | May 14 | July 26 | October 23 | January 21 |
| 1 | T. P. Ostwal | √ | √ | √ | √ |
| 2 | R. S. Sharma | √ | √ | √ | √ |
| 3 | Pradeep Poddar | √ | √ | √ | √ |
| 4 | Shyam Lal Bajaj | √ | √ | √ | √ |

The representatives of the Statutory Auditors and Internal Auditors are invitees to the Audit Committee Meetings who attend the meetings. The Committee also invites such of the executives as it considers appropriate. All the recommendations made by the Audit Committee were accepted by the Board of Directors.

The Company Secretary is the Compliance Officer to ensure compliance and effective implementation of the Insider Trading Code. Quarterly Reports are sent to the members of the Committee on matters relating to the Insider Trading Code.

3.2. Nomination and Remuneration Committee

The Composition of the Nomination and Remuneration Committee as on March 31, 2020, consists of following members:

| S. No. | Name | Category | Designation |
|--------|-------------------|---------------------------------|-------------|
| 1 | R. S. Sharma | Non-Executive Independent (NEI) | Chairman |
| 2 | T. P. Ostwal | NEI | Member |
| 3 | Hiroo Mirchandani | NEI | Member |

The Company Secretary acts as the Secretary to the Committee. The previous AGM of the Company was held

on June 26, 2019 and was attended by R. S. Sharma, the Chairman of the Nomination and Remuneration Committee.

The terms of reference of the Nomination and Remuneration Committee are uploaded on the website of the Company and are accessible through [Weblink](#).

The relevant extract of the terms of reference of Nomination and Remuneration Committee are as follows:

- (i) Recommend to the Board the setup and composition of the Board and its committees.
- (ii) Recommend to the Board the appointment / re-appointment of Directors and Key Managerial Personnel.
- (iii) Recommend to the Board the Remuneration Policy for Directors, executive team or Key Managerial Personnel and other employees

Nomination and Remuneration Policy

The Company had formed a Nomination and Remuneration policy in accordance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations to harmonize the aspirations of human resources, consistent with the goals of the Company which inter alia includes Company's policy on Board Diversity, selection, appointment and remuneration of Directors, criteria for determining

qualifications, positive attributes, independence of a Director and criteria for performance evaluation of the Directors.

Composition and attendance at Nomination and Remuneration Committee Meetings:

The Nomination and Remuneration Committee met twice during the financial year 2019-20 and details of attendance of the members are as under:

| S. No. | Name | Attendance in Nomination and Remuneration Committee Meetings held in FY 2019-20 | |
|--------|-------------------|---|------------|
| | | May 14 | October 23 |
| 1 | R. S. Sharma | √ | √ |
| 2 | T.P. Ostwal | √ | √ |
| 3 | Hiroo Mirchandani | √ | √ |

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 and as per Company's policy on performance evaluation, the Company Secretary had circulated the questionnaire to all the Directors for carrying out the evaluation of performance of Board, its committees and Individual Directors for the F.Y.2019-20.

On the basis of feedback received on the questionnaires, the Chairman briefed the Board of Directors at the Board Meeting held on May 30,2020, about the performance evaluation of Board, its committees and Individual Directors for the F.Y.2019-20.

Remuneration to Non-Executive Directors for the financial Year 2019-20

The Non-executive Directors of the Company are paid remuneration by way of sitting fees and Commission. The Company pays sitting fees of ₹ 1,00,000/- (Rupees One Lakh only) per meeting for attending the Board Meeting and ₹ 80,000/- (Rupees Eighty Thousand only) per meeting for attending the meetings of Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and meeting of Independent Directors.

The travel expenses for attending meetings of the Board of Directors or a Committee thereof, for site visits and other related expenses are borne by the Company, from time to time.

The criteria of making payment to Non-Executive Directors are uploaded on the website of the Company and are accessible through [Weblink](#).

Details of remuneration paid/payable to the Non-Executive Directors for the financial year 2019-20 are as follows:

| (₹ in million) | | | | |
|-------------------|----------------------------------|--------------|--------------------|-------|
| Name of Director | Designation | Sitting Fees | Commission Payable | Total |
| T.P. Ostwal | Non-Executive, Independent (NEI) | 1.14 | 2.0 | 3.14 |
| R. S. Sharma | NEI | 1.06 | 2.0 | 3.06 |
| Hiroo Mirchandani | NEI | 0.90 | 2.0 | 2.90 |
| Pardeep Poddar | NEI | 1.06 | 2.0 | 3.06 |

Notes:

The remuneration paid to Non-Executive Directors includes commission and sitting fees paid towards attending the Board Meeting, Audit Committee Meeting, Nomination and Remuneration Committee Meeting, Stakeholders Relationship Committee Meeting, Risk Management Committee Meeting and Independent Directors Meeting held during the year.

None of the Non-Executive Independent Directors hold any Equity Share of the Company. Further, there are no material pecuniary relationships or transactions of the Non-Executive Directors with the Company, except those disclosed in the Annual Report, if any.

Further, the Company has not granted any Employee Stock Option to its Non-Executive Directors. Hence, the disclosure of the same is not applicable.

Remuneration paid / payable to Executive Directors

The remuneration paid/payable to the Executive Directors are in accordance with the approval of the Board and shareholders and is subject to the limits prescribed under the Companies Act 2013 and Remuneration Policy of the Company:

| (₹ in million) | | | | | | |
|-----------------------------|----------------|-------------|--------------|------|-----------|--------|
| Name of Executive Directors | Salary & Perks | Commission* | Variable Pay | ESOP | Incentive | Total |
| Inder T. Jaisinghani | 39.79 | 75.34 | - | - | - | 115.13 |
| Ajay T. Jaisinghani | 23.66 | - | 7.49 | - | - | 31.15 |
| Ramesh T. Jaisinghani | 23.66 | - | 7.49 | - | - | 31.15 |
| Shyam Lal Bajaj | 22.18 | - | 6.16 | 8.07 | 3.00 | 39.41 |

*Note: Commission payable for the Financial Year 2019-20

Service Contracts, Severance Fees and Notice Period

The tenure of the office of Managing Director and Whole-time Directors is 5 (five) years from respective dates of their appointment and the notice period for terminating the service contract of Managing Director and Whole-Time Director is based on Company's HR Policy. Further, there is no separate provision for payment of severance fees.

Employee Stock Option Details (ESOP)

Except, Shyam Lal Bajaj, CFO & Whole-Time Director, none of the Executive Directors had been granted Employee Stock Option under the respective ESOP Schemes of the Company. The details of ESOP granted to Shyam Lal Bajaj are mentioned below:

| Name of the Scheme | Polycab Employee Stock Option Performance Scheme |
|---|--|
| Vesting period | Five years in the ratio of 15:15:20:20:30 |
| Exercise Price | ₹ 405 per equity share of ₹ 10 |
| No. of Options granted under the scheme (A) | 1,00,000 options |
| Options vested (B) (15% of 1,00,000) | 15,000 |
| Options exercised (C) | 15,000 |
| Balance Available (A-C) (yet to vest) | 85,000 |

3.3. Stakeholders' Relationship Committee

Composition and attendance at Stakeholders' Relationship Committee Meeting:

In compliance with Regulation 20 of the SEBI (LODR) Regulations 2015, the Board had constituted the Stakeholders' Relationship Committee pursuant to a resolution of the Board dated September 20, 2018, inter alia to consider and review the complaints received from shareholders. Detail of share transfers / transmissions, if any, approved by the Committee are placed at the Board Meetings, from time to time.

The Composition of the Stakeholders' Relationship Committee as on March 31, 2020, consists of following members:

| S. No. | Name | Category | Designation |
|--------|-------------------|----------------------------|-------------|
| 1. | Pradeep Poddar | Non-Executive Independent | Chairman |
| 2. | Hiroo Mirchandani | Non-Executive Independent | Member |
| 3. | Shyam Lal Bajaj | Executive, non-Independent | Member |

The Company Secretary acts as the Secretary to the Committee & Compliance Officer of the Company. During the FY 2019-2020, one meeting of the Stakeholders' Relationship Committee was held on January 21, 2020.

The following table presents the details of attendance at the stakeholders Relationship Committee meeting for the financial year ended March 31, 2020.

| Name | Meeting held on January 21, 2020 |
|-------------------|----------------------------------|
| Pradeep Poddar | √ |
| Hiroo Mirchandani | √ |
| Shyam Lal Bajaj | √ |

The terms of reference of the Stakeholders' Relationship Committee are uploaded on the website of the Company and are accessible through [Weblink](#).

The relevant extract of the terms of reference of Nomination and Remuneration Committee are as follows:

- Consider and resolve grievances of security holders of the Company;

- (ii) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- (iii) Issue of duplicate certificates and new certificates on split / consolidation / renewal;
- (iv) Review the working of the Registrar & Share Transfer Agent of the Company;
- (v) Carrying out any other function as prescribed under the SEBI Listing Regulations, Companies Act, 2013 and the rules and regulations made thereunder, each as amended or other applicable law.

3.4. Corporate Social Responsibility (CSR) Committee

The CSR Committee of the Board of Directors as on March 31, 2020 consists of following members:

| S. No. | Name | Category | Designation |
|--------|----------------------|----------------------------|-------------|
| 1. | Inder T. Jaisinghani | Executive, Non-Independent | Chairman |
| 2. | Ajay T. Jaisinghani | Executive, Non-Independent | Member |
| 3. | Hiroo Mirchandani | Non-Executive Independent | Member |
| 4. | Pradeep Poddar | Non-Executive Independent | Member |

The Company Secretary acts as the Secretary to the Committee

During the year under review, one meeting of the CSR Committee was held on July 26, 2019. The following table presents the details of attendance of CSR meeting for the financial year ended March 31, 2020.

| Name | Meeting held on July 26, 2019 |
|----------------------|-------------------------------|
| Inder T. Jaisinghani | ✓ |
| Ajay T. Jaisinghani | ✓ |
| Hiroo Mirchandani | ✓ |
| Pradeep Poddar | ✓ |

The brief terms of reference of the CSR Committee are as follows:

- (i) To formulate and recommend to the Board of Directors, the CSR Policy, indicating the CSR activities to be undertaken as specified in Schedule VII of the Companies Act, 2013;
- (ii) To recommend the amount of expenditure to be incurred on the CSR activities;

- (iii) To monitor the CSR Policy and its implementation by the Company from time to time;
- (iv) To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013 and the rules framed thereunder.

3.5. Risk Management Committee

The Board of Directors of the Company at its meeting held on July 26, 2019, had voluntarily constituted the Risk Management Committee consisting of following Directors and Senior Executive as members of the Committee:

| S. No. | Name | Category | Designation |
|--------|----------------------|--------------------------------|-------------|
| 1. | T. P. Ostwal | Non-Executive, Independent | Chairman |
| 2. | Inder T. Jaisinghani | Executive, Non-Independent | Member |
| 3. | Shyam Lal Bajaj | Executive, Non-Independent | Member |
| 4. | Gandharv Tongia | Deputy Chief Financial Officer | Member |

The Company Secretary acts as the Secretary to the Committee. During the year under review, one meeting of the Risk Management Committee was held on January 21, 2020. The following table depicts the details of attendance at the Risk Management Committee meeting for the financial year ended March 31, 2020:

| Name | Meeting held on January 21, 2020 |
|----------------------|----------------------------------|
| T. P. Ostwal | ✓ |
| Inder T. Jaisinghani | ✓ |
| Shyam Lal Bajaj | ✓ |
| Gandharv Tongia | ✓ |

The brief terms of reference of the Risk Management Committee are as follows:

- (i) managing and monitoring the implementation of action plans developed to address material;
- (ii) business risks within the Company and its business units, and regularly reviewing the progress of action plans;
- (iii) setting up internal processes and systems to control the implementation of action plans;
- (iv) regularly monitoring and evaluating the performance of management in managing risk;

- (v) providing management and employees with the necessary tools and resources to identify and manage risks;
- (vi) regularly reviewing and updating the current list of material business risks;
- (vii) regularly reporting to the Board on the status of material business risks;
- (viii) ensuring compliance with regulatory requirements and best practices with respect to risk management;
- (ix) evaluate risks related to cyber security and ensure appropriate procedures are placed to mitigate these risks in a timely manner;
- (x) coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice);
- (xi) access to any internal information necessary to fulfil its oversight role;
- (xii) authority to obtain advice and assistance from internal or external legal, accounting or other advisors.
- (xiii) periodically review the risk management processes and practices of the Company and ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities.

4. SEBI Complaints Redressal System (SCORES)

The investor complaints are processed in a centralized web based complaints redressal system. The salient features of this system are centralized database for all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

The Company has registered on SCORES and every effort is made to resolve all investor complaints received through SCORES or otherwise within the statutory time limit from the receipt of the complaint. No Shares are lying in Demat Suspense Account / unclaimed suspense Account. Hence, the disclosure of the same is not applicable.

Status report on number of shareholder complaints / requests received and replied by the Company during the financial year 2019-2020 are as follows:

| Complaints | Received | Resolved | Pending |
|----------------------------------|------------|------------|------------|
| Non -Receipt of securities | 6 | 6 | Nil |
| Non-receipt of refund order | 42 | 42 | Nil |
| Non-receipt of dividend warrants | 35 | 35 | Nil |
| Non-receipt of Annual Report | 107 | 107 | Nil |
| SEBI (Scores) | 8 | 8 | Nil |
| TOTAL | 198 | 198 | Nil |

The shareholders may write to the company's exclusive e-mail id for their grievances- shares@polycab.com.

5. General Body Meetings

5.1. Location and time where last three Annual General Meetings (AGMs) were held:

| Year | Venue | Date | Time | Special Resolutions passed |
|---------|--|--------------------|------------|---|
| 2018-19 | Air force Auditorium, Subroto Park, New Delhi - 110010 | June 26, 2019 | 9.00 a.m. | Retention of rights to appoint Director by International Finance Corporation |
| 2017-18 | E-554, Greater Kailash – II, New Delhi – 110 048 | August 09, 2018 | 11.30 a.m. | Conversion of Polycab Wires Private Limited to Polycab Wires Limited and Adoption of new set of Memorandum of Association and Articles of Association and change of name of the Company from Polycab Wires Limited to Polycab India Limited |
| 2016-17 | E-554, Greater Kailash – II, New Delhi – 110 048 | September 28, 2017 | 11.30 a.m. | None |

5.2. Postal Ballot:

Particulars of the Special Resolutions passed through Postal Ballot during 2019-20 are as follows:

| Date of passing of Special Resolution | Particulars | Person who conducted the Postal Ballot exercise |
|---------------------------------------|--|---|
| January 20, 2020 | <ul style="list-style-type: none">Shifting of Registered Office of the Company from the “National Capital Territory (NCT) of Delhi to the State of Gujarat and consequential amendment in the Memorandum of Association of the Company;Ratification / Amendment of Employee Stock Option Plan 2018;Ratification / Amendment of Polycab Employee Stock Option Privilege Scheme 2018;Ratification / Amendment of Polycab Employee Stock Option Performance Scheme 2018;Grant of Employee Stock Options to the Employees of Subsidiary Companies under ‘Polycab Employee Stock Option Plan 2018’ (‘ESOP Plan 2018’) comprising of Polycab Employee Stock Option Privilege Scheme 2018 and Polycab Employee Stock Option Performance Scheme 2018 (‘ESOP Schemes 2018’) | Dilip Bharadiya, Practicing Company Secretary |

Procedure followed by Company for conducting Postal Ballot

After receiving the approval of the Board of Directors and consent of the Scrutinizer, notice of the Postal Ballot containing text of the Resolution and Explanatory Statement to be passed through postal ballot, Postal Ballot Form and self-addressed postage pre-paid envelopes are sent to the shareholders to enable them to consider and vote for or against the proposal within a period of 30 days from the date of dispatch. The Company also provides e-voting facility to enable the shareholders to cast their vote by electronic means. A notice is published in the newspapers regarding dispatch of Postal Ballot notices. After the last date of receipt of Ballots, the Scrutinizer after due verification submits the result to the Chairman. Thereafter the result of postal ballot is declared and same along with Scrutinizer’s Report is submitted to the Stock Exchanges and also displayed on the website of the Company i.e. www.polycab.com.

6. Disclosures

6.1. Statutory Compliance, Penalties/Strictures

The Company has complied with rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India and any other statutory authority relating to capital market.

No penalty or stricture has been imposed on the Company by the Stock Exchanges or SEBI on any matter related to the capital markets, during the last three years.

6.2. Related Party Transactions

The Company had adopted the “Related Party Transaction Policy” which is available on the website of the Company i.e. www.polycab.com and can be accessed through [Weblink](#).

The details of all significant transactions with related parties are periodically placed before the Audit Committee. The Company had entered into related party transactions as set out in Notes to Accounts, which do not have potential conflict with the interests of the Company at large.

6.3. Policy for determining material Subsidiary

The Company had disclosed the “policy for determining material subsidiaries” as per the requirement of Regulation 46(2)(h) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 on its website and can be accessed through [Weblink](#).

6.4. Vigil Mechanism / Whistle Blower Policy

In line with the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Company has formulated a Vigil Mechanism / Whistle Blower Policy to report concerns about unethical behavior, actual or suspected incidents of fraud or violation of Code of Conduct that could adversely impact the Company’s operations, business performance and / or reputation, in a secure and confidential manner.

The Audit Committee of the Company oversees vigil mechanism of the Company pursuant to the provisions of the Companies Act 2013. The Chairman of the Audit Committee has exclusive access to the designated e-mail id viz. acchair@polycab.com for receiving the Complaints under Vigil Mechanism / Whistle Blower Policy.

The Company confirms that no personnel have been denied access to the Audit Committee.

The Whistle Blower Policy had been placed on the website of the Company and can be accessed through [Weblink](#).

7. Compliance with Mandatory and Non-Mandatory Requirements

7.1. The Company had complied with all the mandatory requirements of SEBI (LODR) Regulations, 2015 to the extent applicable.

7.2. Compliance with non-mandatory requirements is detailed below:

| Particulars | Status |
|---|--|
| (i) Board Non-Executive Chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties. | Not Applicable |
| (ii) Shareholders' Right A Half-Yearly declaration of financial performance including summary of significant events in last six-months, may be sent to each household of shareholders | The Company's half-yearly and quarterly results are published in leading English and Hindi newspaper and also uploaded on the website of the Company. The Company also suo moto publishes quarterly condensed standalone and consolidated financial statements that are duly limited reviewed by the statutory auditors. |
| (iii) Modified opinion in audit report The listed entity may move towards a regime of financial statements with unmodified opinion | Complied. There is no qualification in the Audit Report |
| (iv) Reporting of internal auditor The internal auditor may report directly to the Audit Committee | Complied. The Internal Auditors of the Company are present in Audit Committee Meetings and they report to the Audit committee. |

7.3. There are no non-compliances of any requirements of Corporate Governance Report in sub-paras (2) to (10) mentioned in schedule V of the SEBI (LODR) Regulations, 2015.

7.4. The Company had complied with Corporate Governance Requirements specified in Regulation 17 to 27 to the extent applicable and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015.

7.5. As per SEBI Notification dated January 04, 2017, it is confirmed that no employee including Key Managerial Personnel or Director or Promoter of the Company had entered into any agreement for him or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

7.6. Disclosure of Accounting Treatment

The Company prepared its 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 and Consolidated financial statements include Balance Sheet as at March 31, 2020, the Statement of Profit and Loss including Other Comprehensive Income, Cash flows Statement and Statement of changes in equity for the year ended March 31, 2020, and a summary of significant accounting policies and other explanatory information (together hereinafter referred to as "Financial Statements").

7.7. Model Code of Conduct for Directors and Senior Management Team

The Company had adopted a Code of Conduct applicable to all its Directors and members of the Senior Management

which is in consonance with the requirements of SEBI (LODR) Regulations, 2015. The said code is available on the website of the Company and can be accessed through [Weblink](#).

All the Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct of the Company for the year ended March 31, 2020.

8. CEO/CFO Certification

In terms of requirement of Regulation 17(8) of SEBI (LODR) Regulations, 2015, Inder T. Jaisinghani, Managing Director and Shyam Lal Bajaj, Chief Financial Officer & Whole-time Director of the Company have furnished certificate to the Board in the prescribed format certifying that financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of this Report. The certificate has been reviewed by the Audit Committee and taken on record by the Board at the meeting held on May 30, 2020.

9. Directors' Responsibility Statement

The Directors' Responsibility Statement signed by Inder T. Jaisinghani, Chairman & Managing Director which is included in the Board's Report for F.Y.2019-20, has been reviewed by the Audit Committee at its meeting held on May 30, 2020.

10. Reconciliation of Share Capital Audit Report

In terms of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018, Reconciliation of Share Capital Audit is carried out on a quarterly basis by a Practicing Company Secretary with a view to reconcile the total admitted capital with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") and those held in physical form with the total issued, paid up and listed capital of the Company. The audit report, inter alia, confirms that the Register of Members is duly updated and that demat / remat requests were confirmed within stipulated time etc. The said report is also submitted to BSE Limited and National Stock Exchange of India Limited.

11. Risk Management Policy

The Company has in place Risk Management System which takes care of risk identification, assessment and mitigation. There are no risks which in the opinion of the Board threaten the existence of the Company.

12. Code for Prevention of Insider Trading

The Company had adopted a code of conduct to regulate, monitor and report trading by insiders for prevention of Insider Trading in the shares of the Company. The code, inter-alia, prohibits purchase / sale of shares of the Company by Directors and designated persons while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

13. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part

During the year under review, the Company paid total Fees (including reimbursement of expenses) of ₹ 10.06 million (excluding applicable taxes) to M/s. BSR & Co. LLP, Chartered Accountants, Statutory Auditors and ₹ 0.41 million as reimbursement of expenses, (excluding applicable taxes if any) to M/s. SRBC & Co. LLP (erstwhile Statutory Auditors) of the Company.

14. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- (i) Number of Complaints filed during the year – Nil
- (ii) Number of Complaints disposed of during the year – Not Applicable
- (iii) Number of Complaints pending as on end of the financial year – Not Applicable

15. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of SEBI (LODR) Regulations, 2015

Not Applicable, as the Company did not raise any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of SEBI (LODR) Regulations, 2015.

16. Means of Communication

Website: The Company's website www.polycab.com contains, inter alia, the updated information pertaining to quarterly, half-yearly and annual financial results, annual reports, official press releases, the investor/analysts presentations, details of investor calls and meets, shareholding pattern, important announcements. The said information is available in a user friendly and downloadable form.

Financial Results: The quarterly, half yearly and annual financial results of the Company are submitted to BSE Limited and National Stock Exchange of India Limited after approval of the Board of Directors of the Company. The results of the Company are published in one English daily newspaper (Financial Express) and one Hindi newspaper (Jansatta) within 48 hours of approval thereof.

Annual Report: Annual Report containing inter alia Audited Financial Statements, Board's Report, Auditors'

Report, Corporate Governance Report is circulated to the members and others entitled thereto and is also available on website of the Company.

Uploading on NSE Electronic Application Processing System (NEAPS) & BSE Listing Centre: The quarterly results, quarterly compliances and all other corporate communications to the Stock Exchanges are filed electronically on NEAPS for NSE and on BSE Listing Centre for BSE.

17. General Shareholder's information:

| | | |
|--------|---|--|
| (i) | Annual General Meeting - Date time and venue | The 24 th Annual General meeting (AGM) of the Company will be held on Tuesday, July 21, 2020 at 9:00 am through video conferencing. |
| (ii) | Financial Year | Financial Year is April 1 to March 31 of the following year |
| (iii) | Quarterly results will be declared as per the following tentative schedule: | |
| | Financial reporting for the quarter ending June 30, 2020 | On or before August 14, 2020 |
| | Financial reporting for the half year ending September 30, 2020 | On or before November 14, 2020 |
| | Financial reporting for the quarter ending December 31, 2020 | On or before February 14, 2021 |
| | Financial reporting for the year ending March 31, 2021 | On or before May 30, 2021 |
| (iv) | Date of Book Closure | Wednesday, July 15, 2020 to Tuesday, July 21, 2020 (both days inclusive) |
| (v) | Record date for Interim Dividend | Saturday, March 14, 2020 |
| (vi) | Interim Dividend Payment date | Wednesday, March 18, 2020 |
| (vii) | Listing on Stock Exchanges & Payment of Listing Fees | The Company's shares are listed on: <ul style="list-style-type: none"> - BSE Limited ("BSE") Floor 27, P.J. Towers, Dalal Street, Mumbai - 400 001 - National Stock Exchange of India Ltd. C/1, Block G, Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Your Company has paid the annual listing fee to both the exchanges |
| (viii) | Stock Code | - BSE Security Code: 542652 - NSE: POLYCAB - ISIN:INE455K01017 |
| (ix) | Registrars and Transfer Agents | Kfin Technologies Private Limited (formerly Known as Karvy Fintech Private Limited) Kfin Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakarmguda, Hyderabad - 500032 Telephone No. +91 40 6716 2222 Fax No. +91 40 2343 1551 Email: einward.ris@kfintech.com Website: www.kfintech.com |
| (x) | Share Transfer System | The Board had delegated the power of Share Transfer to Stakeholders' Relationship Committee. |

| | |
|--|--|
| (xi) Address for Correspondence | Sai Subramaniam Narayana Company Secretary and Compliance Officer Polycab India Limited 771, Polycab House, Mogul Lane, Mahim (West) – 400016. Tel: +91- 22-67351466 |
| (xii) Dematerialization of Shares and Liquidity | 99.9999% of Company's shares are held in the electronic mode as on March 31, 2020 |
| (xiii) Electronic Clearing Service (ECS) | Members are requested to update their bank account details with their respective depository participants (for shares held in the electronic form) or write to the Company's Registrars and Transfer Agents, Kfin Technologies Private Limited (for shares held in the physical form) |
| (xiv) Investor Complaints to be addressed to | Registrars and Transfer Agents or Sai Subramaniam Narayana, Company Secretary, at the addresses mentioned earlier. |
| (xv) Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, Conversion Date | The Company had not issued any GDRs/ADRs/ Warrants or any Convertible Instruments. |
| (xvi) Details of Demat suspense Account / unclaimed Suspense Account | Not Applicable |
| (xvii) Commodity price risk or foreign exchange risk and hedging activities | The Company deals in commodity and foreign exchange in ordinary course of business and has adequate risk management mechanism. These are reviewed by the risk management and audit committee of the Company. |
| (xviii) List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilization of funds, whether in India or abroad | Not Applicable, as the Company did not issue any debt instrument or any fixed deposit programme or any scheme or proposal involving mobilization of funds, in India or abroad. |

(xix) Details of Plant Locations

| S.No. | Plant Location |
|-----------|---|
| A. | Halol, Gujarat |
| 1. | UH1 - 335,334,339-2-2/1-2, Halol Vadodara Road, Tal Halol, Panchmahal, Gujarat, 389350 |
| 2. | UH2 - Plot No.65-1,30-31,34,42-1,63,1-4, Rameshwara Road, Village Baska, Tal Halol, Panchmahal, Gujarat, 389352; |
| 3. | UH3 - Plot No. 13,15,16A,17,18,19,20p1-1,21,22,23,24,25,26A-B,30,31,32,33,34/1-2, Village Rampura, Halol Vadodara Road, Tal Halol, Panchmahal, Gujarat – 389350 |
| 4. | U4 - Plot NO 67-69, 71-72,75-76,102,103,104/1-2,105,106,106/2, Halol Vadodra Road, Village Nulpura, Tal Halol, Panchmahal, Gujarat, 389350 |
| 5. | U5 - Plot No.49,51-1-2,52-1-3,54, Rameshwara Road, Village Baska, Tal. Halol, Panchmahal, Gujarat, 389352 |
| 6. | U6 - Plot No.79-1-3,80-1-2, Ujeti Road, Village Baska, Tal. Halol, Panchmahal, Gujarat, 389352 |
| 7. | U7- Plot No.74-1,74-1p,74-2-1.74-2-2,80, Village Vaseti, Baska Rameshwara Road, Village Baska, Tal Halol, Panchmahals, Gujarat, 389352 |
| 8. | U8 - 27P,556, Halol Vadodara Road, Village Asoj, Taluka Waghodia, Vadodara, Gujarat, 391510 |
| 9. | U9 - Survey No.147,148,149,150,151,156, Halol Vadodara Road, Village Khandiwada, Taluka Waghodia, Vadodara, Gujarat, 391510. |
| 10. | Engineering Work shop & Store, R.S. No. 63/1, 63/2, 63/3, 63/4, Baska Ujeti Road, Village Baska, Tal Halol, Dist. Panchmahal, Gujarat 389352. |

| |
|---|
| B. Daman |
| 1. PIL-JWPL-1 - Plot No. 74/7, Daman Industrial Estate, Village-Kadaiya Daman-396210 |
| 2. PIL-UNIT-1 - Plot No. 74/8,9, Daman Industrial Estate, Village-Kadaiya Daman-396210 |
| 3. PIL-HT, PCPL JFTC - Plot No. 74/10,11 Additional Area 52/1,2 53/1,3,4, Daman Industrial Estate, Village-Kadaiya Daman-396210 |
| 4. PIL-PID-1, Plot No. 52/5,6,7,8, Daman Industrial Estate, Village-Kadaiya Daman-396210 |
| 5. PIL-UNIT-3 - Plot No. 96/1-7, 100/2-6, Daman Industrial Estate, Village-Kadaiya Daman-396210 |
| 6. PIL-UNIT-2- Plot No. 38/1-6, 41/4-9 & 42/1-3 & 43/1-3,44/1-3& 45/1-2, & 46/5,6,8& 9, Daman Industrial Estate, Village-Kadaiya Daman-396210 |
| 7. PIL-PID2- Plot No. 78-82, Silver Industrial Estate, Village-Bhimpore Daman-396210 |
| 8. PIL-JWPL-2 - Plot No. 353/1,2, Village-Kachigam Daman-396210 |
| 9. PIL-PWIPL - survey No. 353/1,2(First Floor) Village-Kachigam Daman-396211 |
| 10. PIL-PVC Plant- Survey No. 352/3, 355/P, Village-Kachigam, Daman-396210 |
| 11. PIL-BNK2- 35/35A GOA IDC, Ind Estate, Somnath Road, Daman-396210 |
| 12. PIL-BNK1- Shed No. A/2-18, G.D.D.I.D.C Industrial Estate, Somnath Road, Daman - 396210 |
| C. Nashik, Maharashtra |
| 1. S-31, Additional Industrial Area, Opposite Siemens company, MIDC Ambad, Nashik:- 422010 |
| 2. Shed No. 1,2 & 3, Survey No.97, Plot No.2, Mauje Vilholi, Nashik - 422010 |
| D. Roorkee, Uttarakhand |
| 1. Khasra No-124, 1415F-1420F, Village-Raipur, Pargana-Bhagwanpur, Roorkee, Dist-Haridwar, Uttarakhand -247661 |

18. Market Price and Shares Data:

18.1. Market price date - High and Low from April 01, 2019 to March 31, 2020 are mentioned below.

| Month | All prices in ₹ | | | |
|-----------------|-----------------|--------|---------|--------|
| | BSE | | NSE | |
| | High | Low | High | Low |
| April, 2019 | 667.55 | 614.35 | 667.80 | 614.00 |
| May, 2019 | 677.70 | 585.00 | 677.70 | 583.30 |
| June, 2019 | 624.00 | 578.00 | 624.90 | 578.00 |
| July, 2019 | 652.75 | 548.25 | 654.80 | 548.60 |
| August, 2019 | 620.00 | 525.05 | 620.00 | 525.15 |
| September, 2019 | 709.00 | 583.05 | 710.95 | 583.00 |
| October, 2019 | 888.80 | 656.10 | 888.80 | 656.00 |
| November, 2019 | 956.45 | 837.10 | 956.00 | 836.05 |
| December, 2019 | 1090.80 | 919.45 | 1091.70 | 918.55 |
| January 2020 | 1149.00 | 931.25 | 1147.00 | 950.00 |
| February, 2020 | 1180.00 | 951.10 | 1182.00 | 950.00 |
| March, 2020 | 1117.65 | 571.70 | 1120.00 | 570.00 |

18.2. Summary of Shareholding Pattern as on March 31, 2020

| Category of Shareholder | Number of Shareholders | Number of Shares held | Percentage of Shareholding |
|------------------------------|------------------------|-----------------------|----------------------------|
| Promoter & Promoter Group | 20 | 10,21,00,345 | 68.58 |
| Mutual Funds | 13 | 41,98,373 | 2.82 |
| Alternate Investment Funds | 11 | 13,24,997 | 0.89 |
| Foreign Portfolio Investors | 128 | 72,87,327 | 4.89 |
| Financial Institutions/Banks | 1 | 55,075 | 0.04 |
| Foreign Corporate Bodies | 1 | 1,41,16,154 | 9.48 |
| Individual Shareholders | 1,01,715 | 1,47,23,948 | 9.89 |
| NBFCs Registered with RBI | 2 | 77,300 | 0.05 |
| Trusts | 13 | 10,33,969 | 0.69 |
| NRI | 2,426 | 3,92,020 | 0.26 |
| Clearing Members | 160 | 1,81,099 | 0.12 |
| QIB | 8 | 20,42,591 | 1.37 |
| Bodies Corporate | 506 | 13,46,175 | 0.90 |
| Total | *1,05,004 | 14,88,79,373 | 100.00 |

*Note: the total number of shareholders mentioned above is based on Permanent Account Number.

18.3. Distribution of Shareholding as on March 31, 2020

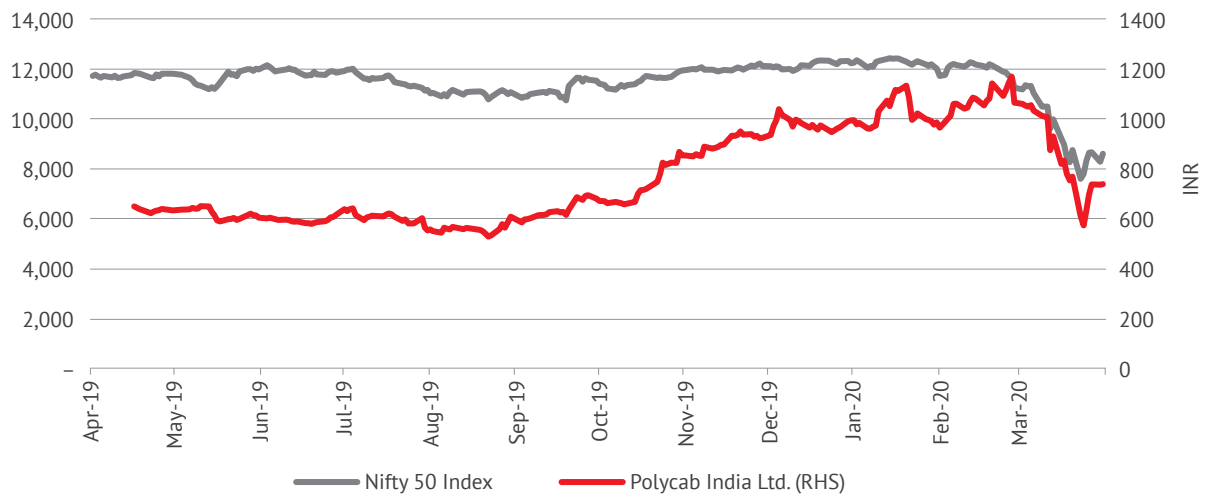
| Category of Shares | Number of Shareholders | Number of Shares held | % of Shareholding |
|--------------------|------------------------|-----------------------|-------------------|
| 1 - 500 | 1,04,614 | 39,99,217 | 2.69 |
| 501 - 1000 | 813 | 5,95,499 | 0.40 |
| 1001 - 2000 | 363 | 5,18,335 | 0.35 |
| 2001 - 3000 | 123 | 3,03,824 | 0.20 |
| 3001 - 4000 | 72 | 2,52,750 | 0.17 |
| 4001 - 5000 | 48 | 2,16,778 | 0.15 |
| 5001 - 10000 | 71 | 5,04,648 | 0.34 |
| 10001 - 20000 | 53 | 7,89,987 | 0.53 |
| 20001 and above | 130 | 14,16,98,335 | 95.18 |
| Total | *1,06,287 | 14,88,79,373 | 100.00 |

*Note: the total number of shareholders mentioned above is based on folio.

18.4. Bifurcation of shares held in physical and demat form as on March 31, 2020

| Particulars | No. of Shares | Percentage (%) |
|---------------------|---------------------|----------------|
| Physical Shares (I) | 6 | 0.00 |
| Sub-Total | 6 | 0.00 |
| Demat Shares (II) | | |
| NSDL (A) | 14,59,33,836 | 98.02 |
| CDSL (B) | 29,45,531 | 1.98 |
| Sub-Total (A+B) | 14,88,79,367 | 100.00 |
| Total (I+II) | 14,88,79,373 | 100.00 |

18.5. Performance in Comparison to Nifty 50 Index as on March 31, 2020.



Note: Share price on daily closing basis

19. USAGE OF ELECTRONIC PAYMENT MODES FOR MAKING CASH PAYMENTS TO THE INVESTORS

SEBI, through its Circular No. CIR/MRD/DP/10/2013, dated March 21, 2013, has mandated the companies to use Reserve Bank of India (RBI) approved electronic payment modes, such as ECS [LECS (Local ECS) / RECS (Regional ECS) / NECS (National ECS)], NEFT and others to pay members in cash.

Recognizing the spirit of the circular issued by the SEBI, Members whose shareholding is in the electronic mode are requested to promptly update change in bank details with the Depository through your Depository Participant for receiving dividends through electronic payment modes.

Members who hold shares in physical form are requested to promptly update change in bank details with the Company/ Registrar and Transfer Agents, M/s. Kfin Technologies Private Limited (Unit: Polycab India Limited) for receiving dividends through electronic payment modes.

The Company had also sent reminders to encash unpaid/unclaimed dividend and IPO refund amount as per records every year.

20. NO DISQUALIFICATION CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

None of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority.

A Certificate to this effect, duly signed by Mr. Dilip Bharadiya, Practicing Company Secretary is annexed to this Report.

21. GREEN INITIATIVE

The Company is concerned about the environment and utilizes natural resources in a sustainable way. The Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011, respectively, had allowed companies to send official documents to their shareholders electronically as a part of its green initiatives in corporate governance.

Further, In view of the continuing restrictions on the movement of persons at several places in the country, due to COVID-19, outbreak, the Ministry of Corporate Affairs vide its circular dated May 05, 2020, has allowed the Company to conduct their AGM through Video Conferencing or other audio visual means. Hence, in order to ensure the effective participation, the members of the Company are requested to update their email address for receiving the link of e-AGM. Further, in accordance with the said circular, Notice convening the 24th Annual General Meeting, Audited Financial Statements, Board's Report, Auditor's Report and other documents are being sent to the email address provided by the Shareholders with the relevant depositories. The shareholders are requested to update their email addresses with their depository participants to ensure that the Annual Report and other documents reaches on their registered email Ids.

22. DECLARATION BY THE CEO ON CODE OF CONDUCT AS REQUIRED BY SCHEDULE V OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

As required under Regulation 34(3) read with Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Directors of the Board and Senior Management Personnel of the Polycab India Limited (the 'Company') have affirmed, compliance with provisions of the applicable Code of Conduct of the Company during the financial year ended March 31, 2020.

For **Polycab India Limited**
(formerly known as Polycab Wires Limited)

Inder T Jaisinghani
Chairman and Managing Director
DIN:00309108

Place: Mumbai
Date: May 30, 2020



NO DISQUALIFICATION CERTIFICATE FROM PRACTICING COMPANY SECRETARY

To,
The Members
POLYCAB INDIA LIMITED (Formerly known as Polycab Wires Limited)

This Certificate is being issued to the Members of Polycab India Limited (Formerly known as Polycab Wires Limited), bearing Corporate Identity Number - L31300DL1996PLC266483, having its registered office address at E-554, Greater Kailash –II, New Delhi, South Delhi-110048 (“the Company”) in terms of Regulation 34(3) read with Schedule V para C Clause 10(i) of the Securities Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

We believe it is the responsibility of the Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act and SEBI Listing Regulations.

We have examined the documents and disclosures provided by the following Directors in electronic mode, pursuant to the requirements under the Act and the SEBI Listing Regulations for the purpose of this Certificate, more particularly as under:

- i) Declaration as on 1st April 2020, as required under Section 164 of the Act, from all the directors confirming their non-disqualifications ;
- ii) Disclosure of their concern/interests as required under section 184 of the Companies Act, 2013 as on 1st April 2020; (hereinafter referred to as relevant documents)

| Directors of the Company | | |
|--------------------------|----------------------|----------|
| Sr. No. | Name of the Director | DIN |
| 1. | Inder T.Jaisinghani | 00309108 |
| 2. | Ajay T.Jaisinghani | 00276588 |
| 3. | Ramesh T.Jaisinghani | 00309314 |
| 4. | Shyam Lal Bajaj | 02734730 |
| 5. | T. P. Ostwal | 00821268 |
| 6. | R.S. Sharma | 00013208 |
| 7. | Hiroo Mirchandani | 06992518 |
| 8. | Pradeep Poddar | 00025199 |

Based on our examination of relevant documents made available to us by the Company and such other verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] carried out by us as deemed necessary and adequate, in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorized representatives, **we certify that as on date of this certificate, none of the directors on the Board of the Company, as listed hereinabove, have been debarred or disqualified from being appointed or continuing as Directors of the Company by Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority.**

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Dilip Bharadiya & Associates**

Dilip Bharadiya

F.C.S No. 7956 C.O.P No. 6740

UDIN:F007956B000301282

Place: Mumbai
Date: May 30, 2020

CEO / CFO CERTIFICATE

Date: May 30, 2020

To
The Board of Directors
Polycab India Limited

Sub: Compliance Certificate under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

1. We have reviewed the Financial Statements and the Cash Flow Statement of Polycab India Limited (the 'Company') for the year ended 31 March 2020 and to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee that:
 - a. there are no significant changes in internal control over financial reporting during the year;
 - b. there are no significant changes in accounting policies during the year; and
 - c. there are no instances of fraud of which we have become aware and the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Polycab India Limited**
(formerly known as Polycab Wires Limited)

Inder T. Jaisinghani
Chairman & Managing Director
DIN:00309108

Shyam Lal Bajaj
CFO & Whole-Time Director
DIN 02734730



Independent Auditor's Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members
POLYCAB INDIA LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated 23 July 2019.
2. This report contains details of compliance of conditions of corporate governance by Polycab India Limited ('the Company') for the year ended 31 March 2020 as stipulated in Regulations 17 to 27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ('Listing Regulations') pursuant to the Listing Agreement of the Company with the National Stock Exchange Limited and the Bombay Stock Exchange Limited (collectively referred to as the 'Stock exchanges').

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's Responsibility

4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the year ended 31 March 2020.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

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

Bhavesh Dhupelia
Partner

Membership No: 042070
UDIN: 20042070AAAABS1042

Place: Mumbai
Date: May 30, 2020

Business Responsibility Report ('BRR')

March 31, 2020

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| S.No. | Particulars | Response |
|-------|---|--|
| 1 | Corporate Identity Number (CIN) of the Company | L31300DL1996PLC266483 |
| 2 | Name of the Company | Polycab India Limited |
| 3 | Registered address | E -554, Greater Kailash –II, New Delhi, South Delhi -110048 India |
| 4 | Website | www.polycab.com |
| 5 | E-mail id | shares@polycab.com |
| 6 | Financial Year reported | 2019-20 |
| 7 | Sector(s) that the Company is engaged in (industrial activity code wise) | Cables and Wires (NIC Code: 31300) Fast Moving Electrical and Consumer Goods (NIC Code: Division: 27, Group: 275 & 279) |
| 8 | List three key products/services that the Company manufactures/provides (as in balance sheet) | Wires Cables Fast moving electrical goods (FMEG) |
| 9 | Total number of locations where business activity is undertaken by the Company | Manufacturing locations: 7 |
| 10 | Number of National Locations | 25 |
| 11 | Number of International Locations | 2 |
| 12 | Markets served by the Company – Local/State/ National/International | The Company's products are available nationally and several products are exported. |

SECTION B: FINANCIAL DETAILS OF THE COMPANY

| S.N. | Particulars | Response |
|------|---|--|
| 1 | Paid up Capital (INR) | ₹1,488.79 million |
| 2 | Total Turnover (INR) | ₹88,069.14 million |
| 3 | Total profit after taxes (INR) | ₹7,609.54 million |
| 4 | Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | ₹2.12% |
| 5 | List of activities in which expenditure in 4 above has been incurred: | Refer Annexure [C] of Board's Report (Annual Report on Corporate Social Responsibility) |

SECTION C: OTHER DETAILS

| S.N. | Particulars | Response |
|------|--|--|
| 1 | Does the Company have any Subsidiary Company / Companies? | Yes, the Company has following Subsidiary Companies: a. Tirupati Reels Private Limited; b. Dowells Cables Accessories Private Limited; c. Polycab Wires Italy SRL (under liquidation); d. Polycab USA LLC; e. Polycab Electricals and Electronics Private Limited f. Ryker Base Private Limited (w.e.f. May 06,2020) |
| 2 | Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s) | No |
| 3 | Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] | No |

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1. Details of Director/Directors responsible for BR and BR Head

a) Details of the Director / Directors responsible for implementation of the BR policy / policies

| S. No. | Particulars | Details |
|--------|---------------------|--|
| 1. | DIN (if applicable) | 00309108 |
| 2. | Name | Inder T. Jaisinghani |
| 3. | Designation | Chairman and Managing Director (CMD) |
| 4. | Telephone number | 022-24327070 |
| 5. | e-mail id | shares@polycab.com |

2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

| | |
|-------------|--|
| Principle 1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability – (Policy accessible through weblink) |
| Principle 2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle (Policy accessible through weblink) |
| Principle 3 | Businesses should promote the well-being of all employees. (Policy accessible through weblink) |
| Principle 4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. (Policy accessible through weblink). |
| Principle 5 | Businesses should respect and promote human rights (policy accessible through weblink). |
| Principle 6 | Businesses should respect, protect, and make efforts to restore the environment (Policy accessible through weblink). |
| Principle 7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner. (No specific policy exists for this principle). |
| Principle 8 | Businesses should support inclusive growth and equitable development. (Policy accessible through weblink). |
| Principle 9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner (Policy accessible through weblink). |

| S. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--------|--|---|----|----|----|----|----|----|----|----|
| 1 | Do you have a Policy/Policies for | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 2 | Has the policy been formulated in consultation with the relevant stakeholders? | Yes | | | | | | | | |
| 4 | Has the policy been approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director? | Yes. The Policy is signed by the CMD. | | | | | | | | |
| 5 | Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy? | Yes | | | | | | | | |
| 6 | Indicate the link for the policy to be viewed online? | Policies are available on the website of the Company i.e. www.polycab.com . Policies which are internal to the Company are available on the intranet of the Company. Link of the policies hosted on the website are given above. | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Yes | | | | | | | | |
| 8 | Does the Company have in-house structure to implement the policy/policies? | Yes | | | | | | | | |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Yes | | | | | | | | |
| 10 | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | The policies have been evaluated internally | | | | | | | | |

2a. If answer to Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| S. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--------|---|----|----|----|----|----|----|----|----|----|
| 1 | The Company has not understood the principles | - | - | - | - | - | - | - | - | - |
| 2 | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles | - | - | - | - | - | - | - | - | - |
| 3 | The Company does not have financial or manpower resources available for the task | - | - | - | - | - | - | - | - | - |
| 4 | It is planned to be done within next six months | - | - | - | - | - | - | - | - | - |
| 5 | It is planned to be done within next one year | - | - | - | - | - | - | - | - | - |
| 6 | Any other reason (please specify) | - | - | - | - | - | - | X* | - | - |

*The Business is not engaged in influencing public and regulatory policy

3. Governance related to BR

- (a) **Indicate the frequency with which the Board of Directors, Committee of the Board to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year?**

Response: The Board of Directors of the Company shall assess various initiatives forming part of the BR performance of the Company at least once a year.

- (b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

Response: This is the first year of voluntarily publication of Business Responsibility Report since the Company got listed on stock exchanges on April 16, 2019. The Company will publish this BRR on its website www.polycab.com on an annual basis.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the Company have Policies relating to ethics, bribery and corruption cover only the Company? Yes/No

Response: No

2. Does it extend to Group/Joint Ventures/subsidiaries/Suppliers/Contractors?

Response: Yes, the Company has a Policy relating to ethics, bribery titled as Code of Conduct. The Code of Conduct serves as the guiding philosophy for all employees, joint ventures and subsidiaries.

3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

Response: During the year under review, 198 Shareholder grievances were satisfactorily resolved and none of the complaints are pending as on March 31, 2020

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Response: The Company manufactures Cables, Wires and Fast Moving Electrical goods. The designs of these products address environmental concerns and risk. The Company has consciously put in efforts to develop sustainable products through its in house R&D team. The Company has developed Green wires which are environment-friendly, lead free and low halogen to meet the growing demand for green products. Materials used are completely recyclable and bio-degradable.

- a. LED bulbs are based on environmental friendly LED technology which are mercury-free and provide 80% higher efficiency compared to GLS bulbs
- b. FS cables provide great advantages over normal PVC cables with high Oxygen index level of 34 to 36, smoke visibility of > 95% and toxicity index <3 while maintaining circuit integrity for up to 3 hours at 750-9500C.

- c. Green wires having higher current carrying capacity lead to energy saving and thereby reducing the carbon footprint. They are RoHS compliant and free from hazardous and carcinogenic substances. They also offer high fire retardancy and low emission of toxic gases with oxygen index > 30% and thereby provide higher protection to life. The need of these kind of products will be more pertinent in future as it prevents gradual degradation of air, soil and water which are essential for our survival.
- d. Halogen free Solar cables manufactured by the Company with electron beam curing are environment friendly.

2. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Response: Majority of Company's inputs by value are sourced from suppliers who adhere to sustainable sourcing principles. The suppliers include market leaders in India and overseas with an impressive track records. A small portion of the Company's needs is sourced from small enterprises and it is difficult for the Company to assert adherence with sustainability norms by such suppliers.

3. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Response: Many products like galvanized wires, various tapes, fillers, maintenance repair and operational parts are sourced from Micro Small Medium Enterprises (MSMEs) located in the vicinity of our factories. With rising demand from the Company, these suppliers are increasing their capacities and capabilities to meet with the requirements of the Company. The Company ensures that undisputed payments are made to MSMEs within the timeframe prescribed under the Micro, Small and Medium Enterprises Development Act, 2006.

4. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Response: The Company recycles copper, aluminum, PVC and XLPE. The percentage of recycling of products and waste is less than 5%.

Principle 3: Businesses should promote employee well-being

1. Please indicate the total number of employees as on March 31, 2020:

Response: 4,695

2. Please indicate the total number of employees hired on temporary/contractual/casual basis as on March 31, 2020

Response: 6,735

3. Please indicate the Number of permanent women employees as on March 31, 2020:

Response: 157

4. Please indicate the Number of permanent employees with disabilities as on March 31, 2020:

Response: 7

5. Do you have an employee association that is recognized by management:

Response: No

6. What percentage of your permanent employees is members of this recognized employee association?

Response: NA

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.

| S. No. | Category | No. of complaints filed during the financial year | No. of Complaints Pending as on the end of the financial year |
|--------|--|---|---|
| 1 | Child labour / forced labour/ involuntary labour | Nil | Nil |
| 2 | Sexual Harassment | Nil | Nil |
| 3 | Discriminatory employment | Nil | Nil |

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

a. Permanent Employees

Response: 71%

b. Permanent Women Employees

Response: 43%

c. Casual/Temporary/Contractual Employees

Response: 73%

d. Employees with Disabilities

Response: 100%

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the Company mapped its internal and external stakeholders? Yes/No

Response: Yes

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders.

Response: Yes

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Response: Yes, please refer Annexure C forming part of the Board's Report (Annual Report on Corporate Social Responsibility)

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Response: Yes

The Company recognizes the human rights and treat others with dignity and respect. It believes that it is one's fundamental rights to live with dignity and respect. The Company has adopted the following policies viz.

- a) Policy on "Prevention of Sexual Harassment of Women at work place"(POSH) seeks to provide safe and healthy work environment to its employees by establishing a guideline to deter any sexual harassment at work.
- b) Code of conduct for all Polycab Group of companies that prohibits discrimination and harassment, and promotes clean safe and ethical work environment
- c) Whistle Blower Policy provides scope to its group companies, joint ventures, suppliers, contractors, others to report serious concerns that could have grave impact on the operations and performance of the business

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Response: There have been no complaints received in the year under review, relating to any human rights issue.

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others

Response: Yes

The Company has adopted an Occupational Health Safety & Environment (OHSE) Policy. The policy covers the Company and all stakeholders.

2. Does the Company have strategies / initiatives to address global environmental issues, such as climate change, global warming, and others? If yes, please give hyperlink for webpage etc.

Response: The Company is committed for continual improvement for optimum utilization of resources to minimize consumption of energy, water, natural resources & CO2 emission while maximizing production volumes in eco-friendly manner.

During the year, The Company has undertaken various projects to reduce energy consumption. Some of the projects undertaken & sustained every year are as follows:

- a) Installation of Variable Frequency Drive (VFD) in Motor.
- b) Replacing of existing Metal Halide (MH) lights and installation of LED light in new projects resulting 20% of energy saving in lighting.
- c) VFD hydro pumping panel in pumps to save 20% of power in energy.
- d) Plants & street lights are equipped with timer which results in 20% power saving.
- e) VRF system are set to auto controlled air conditioning to save energy.

The Company is a member of Bharuch Enviro Infrastructure Ltd (BEIL) for disposal of the hazardous waste.

3. Does the Company identify and assess potential environmental risks? Y/N

Response: Yes.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Response: The Company has undertaken various projects relating to clean development mechanism as mentioned below:

- a) Installed STP and ETP Plant for reducing the water consumption at Halol Factory;

- b) Installed windmills for generating the electricity.
- c) The factories are well equipped with E-waste/ Hazardous waste disposal system.

5. Has the Company undertaken any other initiatives on clean technology, energy, efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Response: The Company has undertaken the following steps on utilising the clean technology and renewable energy as detailed below:

- a) Use of Natural Gas in Manufacturing Plants;
- b) Installation of Solar panels for reducing the power consumption.
- c) Installed wind mills for generation of electricity.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported.

Response: The Emissions/Waste generated by the Company are within the permissible limits given by Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB).

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Response: As on March 31, 2020, there are no show cause/ legal notices received from CPCB/ SPCB which are pending / unresolved.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

- a. The Federation of Indian Chambers of Commerce and Industry
- b. The Associated Chambers of Commerce and Industry of India
- c. Confederation of Indian Industry
- d. Indian Electrical and Electronics Manufacturers Association
- e. Federation of Indian Export Organizations
- f. Bombay Chamber of Commerce and Industry
- g. ASMECHEM Chamber of Commerce and Industry of India

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

Response: No

Principle 8: Businesses should support inclusive growth and equitable development.

1. **Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Response: As a responsible corporate citizen, the Company focuses on community development through its CSR activities. Details of our CSR activities are provided in the Board's Report forming part of this Annual Report

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

Response: The Company undertakes CSR activities through in house and through Polycab Social Welfare Foundation.

3. **Have you done any impact assessment of your initiative?**

Response: Yes

The Company conducts several impact assessment studies internally and following are the some of the observations:

The Company started Mobile Medical Unit (MMU) in FY18 to provide health services in 22 remote villages in Taluka Halol, covering a population of over 22,000 and serving over 2500 patients. Recent survey and found 83.79% people were satisfied with our MMU services.

Study of STEM Laboratory at Javahar Ashram School, Narukot findings suggest:

- Increase of student interest in Science
- Increased confidence of the children with better retention aided by practicals.
- Regular science test scores improved from an average of 55% to 75%.

Finding of Polycab built toilet usage survey conducted in 3 Villages namely Govindpuri, Gadhmahuda and Chachariya suggest:

- 95% of the beneficiaries using the Toilets. Those who are not using, have been counselled.
- Epidemics like Cholera, Malaria etc have reduced.
- Less illness of Stomach complaints.
- Villages have become cleaner.

4. **What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken.**

Response: CSR spend for the year under review is 2019-20. Please refer to 'Annexure C' forming part of the Board's Report (Annual Report on Corporate Social Responsibility)

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

Response: Please refer to Annexure C forming part of the Board's Report (Annual Report on Corporate Social Responsibility)

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

Response: 0.11% of customer calls are pending as on March 31, 2020.*

*Note: Subsequently these pending customer calls were resolved satisfactorily.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws?**

Response: The Company displays product information on the product label as mandated by the law.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

Response: No

4. **Did your Company carry out any consumer survey/consumer satisfaction trends?**

Response: The Company had carried out consumer survey through outbound calling at Polycab call center and achieved 97% customer satisfaction.

For and on behalf of Board of Directors of
Polycab India Limited
(formerly known as Polycab Wires Limited)

Inder T. Jaisinghani

Place: Mumbai
Date: May 30, 2020

Chairman & Managing Director
DIN:00309108

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.

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>Revenue recognition</p> <p>- <i>Wires and cables and Fast-Moving Electrical Goods (FMEG) business and</i></p> <p>- <i>Estimation of contract cost - Engineering Procurement and Construction (EPC) business</i></p> <p>(Refer note 24 Consolidated Financial Statements)</p> <p>A. Wires and cables and FMEG business:</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>A. Our audit procedures over the recognition of revenue included the following:</p> <ul style="list-style-type: none"> Analyzing the Group's revenue recognition accounting policies against applicable accounting standards to identify any inappropriate policy; 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; |

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| <p>Accordingly, timing of recognition of revenue is a key audit matter.</p> <p>B. EPC business: 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"> • 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. • 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. <p>Considering the significant estimate involved in measurement of revenue, we have considered measurement of revenue as a key audit matter.</p> | <ul style="list-style-type: none"> • 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; • 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. <p>B. Our audit procedures over the recognition of construction revenue included the following:</p> <ul style="list-style-type: none"> • 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; • For selected sample of contracts, we inspected key contractual terms with signed contracts and assessed revenue recognized in accordance with Ind AS by: • Observing the approval of percentage of completion workings. • 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. • Sighting Group's internal approvals, on sample basis, for changes in budgeted costs along with the rationale for the changes. • 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; • 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. • 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. |

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| <p>Expected credit loss (ECL) on trade receivables (Refer notes 7 and 39(A) 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>The measurement of ECL involves significant Group's judgement and assumptions, primarily relating to:</p> <ul style="list-style-type: none"> - Historical credit loss experience adjusted for future economic conditions; - Credit risk of customers; - Loss rate in provision matrix depending on days past due. | <p>Our audit procedures over ECL on trade receivables included the following:</p> <ul style="list-style-type: none"> • 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; • Evaluating governance structure over provisioning matrix; • Assessing Group's policy for ECL on trade receivables and credit impaired receivables with applicable accounting standards; • Checking ageing report for days past due. Assessing the classification of trade receivables based on such ageing report. • 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.; • Checking completeness and accuracy of the data used by the Group for computation of assumptions used for computing ECL on trade receivables; • Testing Group's assessment for uncollected receivables in the past years with overdue receivables for verifying accuracy of loss rate used in provision matrix; • Conducting audit procedures on existence of trade receivables. We performed independent checks for outstanding balances, tested subsequent receipts and sales transactions for audit samples. |
| <p>Inventory valuation (Refer note 14 to the Consolidated Financial Statements)</p> <ul style="list-style-type: none"> • 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. • 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. • 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 | <p>Our audit procedures over inventory valuation included the following:</p> <ul style="list-style-type: none"> • Testing the design, implementation and operating effectiveness of key internal financial controls, including controls over valuation of inventory, accounting of derivative and hedging transactions; • 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; • Testing on a sample basis the hedging relationship of eligible hedging instruments and hedged items; • 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. |

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

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

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

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

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

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its joint 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.
- 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.

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 ₹ 823.67 million as at 31 March 2020, total revenue of ₹ 1,281.46 million, and net cash inflows of ₹ 8.05 million and total net profit after tax (and other comprehensive income) of ₹ 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 ₹ 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.

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 paragraph (a) of 'Other Matters', 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 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.
 - 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

Bhavesh Dhupelia
Partner

Mumbai
30 May 2020

Membership No: 042070
UDIN : 20042070AAAAA05426

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.

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.

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

Bhavesh Dhupelia
Partner

Mumbai
30 May 2020

Membership No: 042070
UDIN : 20042070AAAAA05426

Consolidated Balance Sheet

as at 31 March 2020

| | Notes | As at 31 March 2020 | (₹ Million) As at 31 March 2019 |
|--|----------|------------------------|---------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| 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 |
| Financial assets | | | |
| (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 |
| | | 19,116.76 | 17,041.12 |
| Current assets | | | |
| Inventories | 14 | 19,249.54 | 19,957.85 |
| Financial assets | | | |
| (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 |
| | | 40,499.18 | 39,241.61 |
| Non-current assets classified as held for sale | 15 | - | 0.22 |
| TOTAL ASSETS | | 59,615.94 | 56,282.95 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 16 | 1,488.79 | 1,412.06 |
| (b) Other equity | 17 | 36,875.36 | 27,057.49 |
| | | 38,364.15 | 28,469.55 |
| Non-controlling interests | 18 | 150.00 | 84.25 |
| | | 38,514.15 | 28,553.80 |
| Liabilities | | | |
| Non-current liabilities: | | | |
| Financial liabilities | | | |
| (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 |
| | | 1,010.89 | 1,539.73 |
| Current liabilities: | | | |
| Financial liabilities | | | |
| (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 |
| | | 20,090.90 | 26,189.42 |
| TOTAL EQUITY AND LIABILITIES | | 59,615.94 | 56,282.95 |
| Corporate information and summary of significant accounting policies | 1 & 2 | | |
| Contingent liabilities and commitments | 35 | | |
| Other notes to accounts | 36 to 44 | | |

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

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

Bhavesh 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

Inder T. Jaisinghani
Chairman & Managing Director
DIN: 00309108

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

Ajay T. Jaisinghani
Whole Time Director
DIN: 00276588

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

Consolidated Statement of Profit & Loss

for the year ended 31 March 2020

(₹ Million)

| | Notes | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|----------|-----------------------------|-----------------------------|
| INCOME | | | |
| Revenue from operations | 24 | 88,299.55 | 79,855.52 |
| Other income | 25 | 927.92 | 637.80 |
| TOTAL INCOME | | 89,227.47 | 80,493.32 |
| EXPENSES | | | |
| 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 |
| TOTAL EXPENSES | | 79,053.51 | 72,909.42 |
| Profit before share of profit/(loss) of joint ventures | | 10,173.96 | 7,583.90 |
| Share of loss of joint ventures (net of tax) | | (74.08) | (23.26) |
| Profit before tax | | 10,099.88 | 7,560.64 |
| Income tax expenses | 12 | | |
| Current tax | | 2,480.05 | 2,951.12 |
| Adjustment of tax relating to earlier periods | | (34.05) | (73.55) |
| Deferred tax (credit)/charge | | (2.30) | (319.99) |
| Total tax expense | | 2,443.70 | 2,557.58 |
| Profit for the year | | 7,656.18 | 5,003.06 |
| Profit for the quarter attributable to | | | |
| Equity shareholders of parent company | | 7,590.57 | 4,997.03 |
| Non controlling interests | | 65.61 | 6.03 |
| | | 7,656.18 | 5,003.06 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| 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 |
| Items that will be reclassified to profit or loss | | | |
| 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 | - |
| Other comprehensive income for the year, net of tax | | (163.89) | (4.90) |
| Total comprehensive income for the year, net of tax | | 7,492.29 | 4,998.16 |
| Total comprehensive income attributable to | | | |
| Equity shareholders of parent company | | 7,426.54 | 4,992.13 |
| Non controlling interests | | 65.75 | 6.03 |
| | | 7,492.29 | 4,998.16 |
| Earnings Per Share | | | |
| Basic (₹) | 34 | 51.16 | 35.39 |
| Diluted (₹) | 34 | 50.97 | 35.39 |
| Weighted average equity shares used in computing earnings per equity share | | | |
| 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

Bhavesh Dhupelia
Partner
Membership No. 042070

Place: Mumbai
Date: 30 May 2020

Inder T. Jaisinghani
Chairman & Managing Director
DIN: 00309108

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

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

Ajay T. Jaisinghani
Whole Time Director
DIN: 00276588

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

Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

(₹ Million)

| | Equity Share Capital | Share application money pending allotment | Reserves & Surplus | | | Effective portion of Cash Flow Hedges | Foreign Currency translation reserve | Total other equity | Total Equity | Non Controlling Interest | |
|--|----------------------|---|--------------------|-----------------|------------------|---------------------------------------|--------------------------------------|--------------------|------------------|--------------------------|-------------------|
| | | | Securities Premium | 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 |
| As at 31 March 2019 | 1,412.06 | - | 3,057.32 | 614.00 | 149.51 | 23,235.23 | - | 1.43 | 27,057.49 | 28,469.55 | 84.25 |
| Impact on account of adoption of Ind AS 116 (Refer note 4(iii)) | - | - | - | - | - | (26.02) | - | - | (26.02) | (26.02) | - |
| Restated balance as at 1 April 2019 | 1,412.06 | - | 3,057.32 | 614.00 | 149.51 | 23,209.21 | - | 1.43 | 27,031.47 | 28,443.53 | 84.25 |
| 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) | - |
| As at 31 March 2020 | 1,488.79 | 27.15 | 7,149.55 | 614.00 | 241.45 | 28,967.59 | (126.49) | 2.11 | 36,875.36 | 38,364.15 | 150.00 |
| 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

Bhavesht Dhapelia
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

Inder T. Jaisinghani
Chairman & Managing Director
DIN: 00309108

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

Ajay T. Jaisinghani
Whole Time Director
DIN: 00276588

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

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.

| | (₹ Million) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 10,099.88 | 7,560.64 |
| 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 |
| Operating profit before working capital changes | 11,679.72 | 11,059.94 |
| Movements in working capital: | | |
| 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) |
| Cash generated from operations | 5,458.58 | 14,113.15 |
| Income tax paid (including TDS) (net of refunds) | (3,012.23) | (1,813.59) |
| Net cash flows from operating activities (A) | 2,446.35 | 12,299.56 |

(₹ Million)

| | Year ended 31 March 2020 | Year ended 31 March 2019 |
|--|-----------------------------|-----------------------------|
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| 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 |
| Net cash flows used in investing activities (B) | (2,622.46) | (4,077.28) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Share Capital (including Securities Premium) against offer for sale | 4,000.00 | - |
| Share issue expenses | (402.06) | (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) |
| 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) |
| Net cash flows from / (used in) financing activities (C) | 107.14 | (6,514.01) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | (68.97) | 1,708.27 |
| Cash and cash equivalents at the beginning of the year | 1,790.59 | 82.32 |
| Cash and cash equivalents at end of the year (Refer note 10) | 1,721.62 | 1,790.59 |
| Supplemental Information | | |
| Non-Cash Transactions from Investing and Financing Activities: | | |
| Acquisition of Property, Plant and Equipment (PPE) by means of Government Grant | 216.37 | 82.74 |
| Net debt reconciliation | Refer note no. 18 | |
| Corporate information and summary of significant accounting policies | 1 & 2 | |
| Contingent liabilities and commitments | 35 | |
| Other notes to accounts | 36 to 44 | |

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

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

Bhavesh 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

Inder T. Jaisinghani
Chairman & Managing Director
DIN: 00309108

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

Ajay T. Jaisinghani
Whole Time Director
DIN: 00276588

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

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").

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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

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 off 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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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 impracticable to do so.

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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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

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

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

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

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

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

(c) Foreign currency translation

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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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.

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,

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

the Group allocated the portion of the transaction price to goods based on its relative standalone prices. Also, certain contracts of sale includes volume rebates that give rise to variable consideration. In respect of long term contracts significant judgments are used in:

- (a) Determining the revenue to be recognised in case of performance obligation satisfied over a period of time; revenue recognition is done by measuring the progress towards complete satisfaction of performance obligation. The progress is measured in terms of a proportion of actual cost incurred to-date, to the total estimated cost attributable to the performance obligation.
- (b) Determining the expected losses, which are recognised in the period in which such losses become probable based on the expected total contract cost as at the reporting date.

ii. Cost to complete for long term contracts

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

iii. Useful 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

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for the year ended 31 March 2020

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.

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 24 March 2020, the Government of India ordered a nationwide lockdown initially for 21 days which further got extended from time to time till 31 May 2020 to prevent community spread of COVID-19 in India.

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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.

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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 life 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.

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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 sale 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:

| | (₹ Million) | | | | | | | | | | | |
|---|-----------------|-----------------|-----------------|----------------------|--------------------------|------------------------|-------------------|---------------|---------------|-------------------------|------------------|--------------------------|
| | Freehold land | Lease-hold land | Buildings | Plant and equipments | Electrical installations | Furniture and fixtures | Office equipments | Windmill | Vehicles | Lease-hold improvements | Total | Capital Work in progress |
| Gross carrying value (at cost) | | | | | | | | | | | | |
| As at 01 April 2019 | 1,010.00 | 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) |
| As at 31 March 2020 | 1,018.21 | - | 7,168.77 | 10,445.57 | 603.36 | 158.91 | 296.34 | 295.04 | 122.66 | 4.51 | 20,113.37 | 2,411.78 |
| Accumulated depreciation | | | | | | | | | | | | |
| As at 01 April 2019 | - | 14.77 | 765.93 | 3,706.01 | 215.19 | 42.64 | 121.91 | 62.86 | 37.37 | 2.55 | 4,969.23 | - |
| Depreciation charge for the year | - | - | 258.09 | 1,072.68 | 56.94 | 15.02 | 44.28 | 15.72 | 13.48 | 0.43 | 1,476.64 | - |
| Transition impact of Ind AS116 (Refer note g) | - | (14.77) | - | - | - | - | - | - | - | - | (14.77) | - |
| Disposals/Adjustment | - | - | - | (174.53) | - | (0.08) | (5.72) | - | (2.85) | - | (183.18) | - |
| As at 31 March 2020 | - | - | 1,024.02 | 4,604.16 | 272.13 | 57.58 | 160.47 | 78.58 | 48.00 | 2.98 | 6,247.92 | - |
| Net carrying value | | | | | | | | | | | | |
| As at 31 March 2020 | 1,018.21 | - | 6,144.75 | 5,841.41 | 331.23 | 101.33 | 135.87 | 216.46 | 74.66 | 1.53 | 13,865.45 | 2,411.78 |

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for the year ended 31 March 2020

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

| | Freehold land | Lease-hold land | Buildings | Plant and equipments | Electrical installations | Furniture and fixtures | Office equipments | Windmill | Vehicles | Lease-hold improvements | Total | Capital Work in progress |
|---------------------------------------|-----------------|-----------------|-----------------|----------------------|--------------------------|------------------------|-------------------|---------------|---------------|-------------------------|------------------|--------------------------|
| (₹ Million) | | | | | | | | | | | | |
| Gross carrying value (at cost) | | | | | | | | | | | | |
| 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) | - |
| As at 31 March 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 |
| Accumulated depreciation | | | | | | | | | | | | |
| 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) | - |
| As at 31 March 2019 | - | 14.77 | 765.93 | 3,706.01 | 215.19 | 42.64 | 121.91 | 62.86 | 37.37 | 2.55 | 4,969.23 | - |
| Net carrying value | | | | | | | | | | | | |
| As at 31 March 2019 | 1,010.00 | 41.78 | 5,708.59 | 5,112.28 | 313.75 | 99.07 | 128.73 | 232.18 | 73.14 | 1.34 | 12,720.86 | 1,929.97 |

Notes:

- Capital work in progress includes machinery in transit ₹ 71.56 million (31 March 2019 : ₹ 9.27 million).
- 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.
- 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.
- Direct capitalisation of Property, Plant and equipments during the year are given as under:

| | Freehold land | Lease-hold land | Buildings | Plant and equipments | Electrical installations | Furniture and fixtures | Office equipments | Windmill | Vehicles | Lease-hold improvements | Total |
|-------------|---------------|-----------------|-----------|----------------------|--------------------------|------------------------|-------------------|----------|----------|-------------------------|--------|
| (₹ Million) | | | | | | | | | | | |
| 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 |

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

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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 or 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 sale 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.

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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:

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

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for the year ended 31 March 2020

Following are the changes in the carrying value of right of use for the year ended 31 March 2020

(₹ Million)

| | Category of ROU asset | | Total |
|---|-----------------------|---------------|---------------|
| | Leasehold Land | Buildings | |
| Gross carrying value | | | |
| 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) |
| As at 31 March 2020 | 41.78 | 403.41 | 445.19 |
| Accumulated depreciation | | | |
| As at 01 April 2019 | - | - | - |
| Depreciation charge for the year | 0.45 | 113.24 | 113.69 |
| Disposals | - | (6.42) | (6.42) |
| As at 31 March 2020 | 0.45 | 106.82 | 107.27 |
| Net carrying value | | | |
| As at 31 March 2020 | 41.33 | 296.59 | 337.92 |

The 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)

| | 31 March 2020 |
|-------------------------------|---------------|
| Non-current lease liabilities | 301.84 |
| Current lease liabilities | 29.71 |
| | 331.55 |

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

(₹ Million)

| | 31 March 2020 |
|--------------------------------------|---------------|
| 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) |
| | 331.55 |

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

(₹ Million)

| | 31 March 2020 | 31 March 2019 |
|----------------------|---------------|---------------|
| Less than one year | 55.31 | 43.69 |
| One to five years | 93.03 | 79.08 |
| More than five years | 121.36 | 62.56 |
| | 269.70 | 185.33 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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

The following are the amounts recognised in profit or loss:

| | (₹ Million) |
|---|----------------------|
| | 31 March 2020 |
| 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 |
| | 222.59 |

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 life 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 life 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 sale 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.

Notes to Consolidated Financial Statements

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

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

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

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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 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 | Number | 31 March 2020 | Number | 31 March 2019 |
|--|------------------------|--------------------|------------------|--------------------|------------------|
| (₹ Million) | | | | | |
| Investments carried at cost (Unquoted) | | | | | |
| Investment in Equity Instruments of Joint Venture (Fully paid-up) | | | | | |
| Ryker Base Private Limited (Refer below note (a) & (b)) | ₹ 10 | 2,60,10,000 | 205.39 | 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) | 2,60,10,000 | 142.37 | 2,60,10,000 | 205.39 |
| 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) | 8,90,000 | 64.30 | 5,40,000 | 40.36 |
| Goodwill on acquisition | (C) | | 48.10 | | 48.10 |
| | (A+B+C) | | 254.77 | | 293.85 |
| Aggregate amount of unquoted investments - At cost | | | 254.77 | | 293.85 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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 2020 | 31 March 2019 |
| 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.

(₹ Million)

| | TEPL | | Ryker | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| 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) |
| Net Assets | 223.63 | 180.71 | 335.93 | 470.96 |
| Proportion of the Group's ownership | 50% | 50% | 50% | 50% |
| Group's share of net assets | 111.81 | 90.36 | 167.97 | 235.48 |

Summarised statement of profit and loss of the joint ventures :

| | TEPL | | Ryker | |
|--|----------------|---------------|-----------------|----------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| 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) |
| Profit / (Loss) | (28.04) | 49.57 | (136.63) | (82.00) |
| Income tax expense | 2.55 | (14.01) | 10.69 | 19.49 |
| Profit for the period | (25.49) | 35.56 | (125.95) | (62.51) |
| Other comprehensive (income)/expense for the year | 0.21 | (0.05) | (0.15) | - |
| Total comprehensive income for the year | (25.70) | 35.61 | (126.09) | (62.51) |
| 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) |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

| | TEPL | | Ryker | |
|---|---------------|---------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Share of profit/(loss) of joint ventures (Net of tax) carried over to statement of profit and loss | (16.66) | 13.76 | (63.05) | (37.02) |
| Reconciliation of the above mentioned summarised financial information to the carrying amount of interest in the Joint Venture recognised in consolidated financial statements | | | | |
| Group's Share of net assets as above | 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) |
| Amounts Carried to Balance Sheet | 112.40 | 88.46 | 142.37 | 205.39 |

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.

B. Current Investments held for sale

| | (₹ Million) | |
|--|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Investments measured at FVTPL (Quoted) | | |
| Investments in Overnight Mutual Funds | 400.00 | - |
| | 400.00 | - |
| Aggregate amount of quoted investments - At market value | 400.00 | - |

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

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

7. Trade receivables

| | (₹ Million) | |
|---|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Unsecured (at amortised cost) | | |
| Non Current | | |
| Trade receivables- Considered Good | 1,660.47 | 1,351.27 |
| Non-current Trade receivables | 1,660.47 | 1,351.27 |
| Current | | |
| 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 |
| Trade receivables (Gross) | 15,899.07 | 14,793.12 |
| Less: Impairment allowance for trade receivables - Credit Impaired | (1,562.64) | (1,449.96) |
| Current Trade receivables (Net) | 14,336.43 | 13,343.16 |

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

| | (₹ Million) | |
|---------------------------------|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| At the beginning of year | 1,449.96 | 1,215.50 |
| Provision during the year | 256.17 | 541.04 |
| Bad debts written off (net) | (143.49) | (306.58) |
| At the end of the year | 1,562.64 | 1,449.96 |

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 2020 | 31 March 2019 |
| At amortised cost | | |
| 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) | 26.85 |
| | (A+B) | 50.88 |
| | 53.41 | |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

B. Loans - Current

| | | (₹ Million) | |
|--|-------------|---------------|---------------|
| | | 31 March 2020 | 31 March 2019 |
| At amortised cost | | | |
| Security deposits and Earnest money deposits, Unsecured, considered good | (A) | 59.12 | 18.06 |
| Rental deposits, unsecured, considered good | (B) | 9.06 | 11.00 |
| Loans to related party (Refer note - 36) | | | |
| Unsecured, considered good | | 115.21 | 115.11 |
| | (C) | 115.21 | 115.11 |
| 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) | 244.37 | 207.40 |

9. Other financial assets

A. Other financial assets - Non-current

| | | (₹ Million) | |
|--|--|---------------|---------------|
| | | 31 March 2020 | 31 March 2019 |
| Other financial assets (at amortised cost)- Non-current | | | |
| Deposits with bank having maturity period of more than 12 months | | 14.17 | 9.38 |
| | | 14.17 | 9.38 |

B. Other financial assets - current

| | | (₹ Million) | |
|---|---------|-----------------|---------------|
| | | 31 March 2020 | 31 March 2019 |
| At amortised cost | | | |
| Contract asset (Refer below note(a)) | | | |
| 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 | 252.93 |
| Others | | | |
| 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 | 435.48 |
| At FVTPL | | | |
| Derivative Assets (Refer below note (c)) | (C) | 1,084.54 | 7.40 |
| | (A+B+C) | 1,442.00 | 695.81 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

Notes:

(a) Reconciliation of Contract assets:

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| At the beginning of year | 252.93 | 140.26 |
| Unbilled revenue for year | 313.82 | 260.51 |
| Billed to customer revenue from opening balance | (245.73) | (140.26) |
| Impairment allowance | (4.24) | (7.58) |
| At the end of the year | 316.78 | 252.93 |

(b) Change in impairment allowance

| | (₹ Million) | |
|-------------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| At the beginning of year | 7.58 | - |
| Provision during the year | 4.24 | 7.58 |
| At the end of the year | 11.82 | 7.58 |

(c) Derivative Assets

| | (₹ Million) | |
|---------------------------------------|-----------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Embedded derivatives | 1,075.35 | - |
| Interest rate and cross currency swap | 9.19 | 7.40 |
| | 1,084.54 | 7.40 |

10. Cash and cash equivalents

| | (₹ Million) | |
|---|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Cash and cash equivalents (at amortised cost) | | |
| 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 |
| | 1,721.62 | 1,790.59 |

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

11. Bank balance other than cash and cash equivalents

| | (₹ Million) | |
|---|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Bank balance other than cash and cash equivalents (at amortised cost) | | |
| Deposits with original maturity for more than 3 months but less than 12 months* | 1,090.47 | 1,375.00 |
| Earmarked balance | 0.96 | - |
| Margin money deposit | 0.02 | 0.90 |
| | 1,091.45 | 1,375.90 |

*₹ 1,000 million (31 March 2019: ₹ 1,000 million) is restricted for withdrawal, as it is lien against project specific advance.

Notes to Consolidated Financial Statements

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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.

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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Current tax: | | |
| In respect of current year | 2,480.05 | 2,951.12 |
| Adjustments of tax relating to earlier years | (34.05) | (73.55) |
| | 2,446.00 | 2,877.57 |
| Deferred tax: | | |
| 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 | - |
| | (2.30) | (319.99) |
| | 2,443.70 | 2,557.58 |

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

| | (₹ Million) | |
|--|----------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Net loss/(gain) on remeasurements of defined benefit plans | (12.86) | (2.36) |
| Net loss/(gain) on Designated Cash Flow Hedges | (42.54) | - |
| | (55.40) | (2.36) |

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

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| Effect of differential tax impact due to the following (tax benefit)/ tax expenses: | | |
| 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) | - |
| | 2,443.70 | 2,557.58 |

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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | |
|--|-----------------|-------------------|
| | 31 March 2020 | 31 March 2019 |
| 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) |
| Net current income tax asset / (liability) at the end | (999.84) | (1,566.07) |

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

| | (₹ Million) | |
|---|-----------------|-------------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| Net current tax asset / (liability) at the end | (999.84) | (1,566.07) |

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 |
| Deferred tax assets / (liabilities) in relation to | | | | | |
| Property, plant and equipment and intangible assets | (835.26) | 227.35 | - | - | (607.91) |
| Provision for employee benefits | 115.63 | (12.92) | 12.86 | - | 115.57 |
| Cash flow hedges | - | - | 42.54 | - | 42.54 |
| Receivables, financial assets at amortised cost | 550.46 | (124.30) | - | - | 426.16 |
| Lease liabilities | - | - | - | 8.51 | 8.51 |
| Others | (61.85) | (87.83) | - | - | (149.68) |
| Total deferred tax assets / (liabilities) | (231.02) | 2.30 | 55.40 | 8.51 | (164.81) |

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 |
| Deferred tax assets / (liabilities) in relation to | | | | | |
| 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) |
| Total deferred tax assets / (liabilities) | (553.47) | 320.09 | 2.36 | - | (231.02) |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| Net deferred tax asset / (liability) at the end | (164.81) | (231.02) |

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Deferred tax assets (net) | 10.13 | - |
| Deferred tax liabilities (net) | (174.94) | (231.02) |
| Net deferred tax asset / (liability) at the end | (164.81) | (231.02) |

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 2020 | 31 March 2019 |
| Capital advances | | |
| Unsecured, considered good | 264.16 | 386.37 |
| Unsecured, considered doubtful | 65.99 | 65.99 |
| Gross Capital Advances | 330.15 | 452.36 |
| Less : Impairment allowance for doubtful advance | (65.99) | (65.99) |
| Net Capital Advances (A) | 264.16 | 386.37 |
| Advances other than capital advances | | |
| Prepaid expenses | 19.27 | 59.60 |
| Balances with Statutory/government authorities | 16.70 | 98.12 |
| (B) | 35.97 | 157.72 |
| (A)+(B) | 300.13 | 544.09 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

B. Other assets - Current

| | (₹ Million) | |
|---|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Advances other than capital advances, Unsecured, considered good | | |
| Advances for materials and services | 619.93 | 852.93 |
| Others | | |
| 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 |
| | 2,013.77 | 1,870.90 |

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).

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(₹ Million)

| | 31 March 2020 | 31 March 2019 |
|---|------------------|------------------|
| 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 |
| | 19,249.54 | 19,957.85 |

Notes:

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

(₹ Million)

| | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| 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 sale.
- 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 sale. 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 or fair value less cost to sell.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

16. Share capital

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Authorised share capital | | |
| Equity shares, ₹ 10 per value 18,62,50,000 (18,62,50,000) equity shares* | 1,862.50 | 1,862.50 |
| Issued, subscribed and fully paid-up shares | | |
| Equity shares, ₹ 10 per value 14,88,79,373 (14,12,05,838) equity shares | 1,488.79 | 1,412.06 |
| | 1,488.79 | 1,412.06 |

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

Notes:

(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 2020 | | 31 March 2019 | |
|---|---------------------|-----------------|---------------------|-----------------|
| | 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 | 14,88,79,373 | 1,488.79 | 14,12,05,838 | 1,412.06 |

(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 2020 | | 31 March 2019 | |
|---|------------------|--------|------------------|--------|
| | Number of Shares | Amount | Number of Shares | Amount |
| 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:

| 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 |
| | 1,75,82,000 | 74,40,067 | 2,50,22,067 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

Summary of equity shares transferred by selling shareholder under IPO:

| | 16 April 2019 | | 31 March 2019 | |
|---|-------------------------|---------------|------------------------------------|---------------|
| | 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% |
| | 1,75,82,000 | 12.45% | 2,18,17,870 | 15.45% |

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.

(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

| | (₹ Million) | |
|--|-----------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Dividend on equity shares declared and paid during the year | | |
| 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 | - |
| | 1,793.97 | - |

(f) Utilisation of IPO proceeds are as follows:

| | (₹ Million) | | | |
|---|---------------------------|------------------|---------------------------------|-----------------------------|
| Particulars | Planned as per Prospectus | Revised proceeds | Utilisation up to 31 March 2020 | Balance up to 31 March 2020 |
| 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 | - |
| | 3,834.67 | 3,825.80 | 3,825.80 | - |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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/-.

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 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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 2020 | | 31 March 2019 | |
|---------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|
| | Number of options | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) |
| ESOP Performance Scheme | | | | |
| 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 |
| Outstanding at the end | 18,43,318 | 405 | 21,12,500 | 405 |
| ESOP Privilege Scheme | | | | |
| 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 | - | - |
| Outstanding at the end | 33,600 | 405 | 1,42,250 | 405 |

Options Vested

| | (Number of options) | |
|-------------------------|---------------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| ESOP Performance Scheme | 1,08,893 | Nil |
| ESOP Privilege Scheme | 33,600 | Nil |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | |
|--------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Granted to | | |
| KMP | 8.99 | 6.74 |
| Employees other than KMP | 162.00 | 142.77 |
| | 170.99 | 149.51 |

17. Other equity

| | (₹ Million) | |
|---|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| | 36,875.36 | 27,057.49 |

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 2020 | 31 March 2019 |
| 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) |
| | 7,149.55 | 3,057.32 |

(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 2020 | 31 March 2019 |
| Opening balance | 149.51 | - |
| Add: ESOP charge during the year | 170.99 | 149.51 |
| Less: Adjustment for exercise of stock option | (79.05) | - |
| | 241.45 | 149.51 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(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 2020 | 31 March 2019 |
|--|-----------------|---------------|
| Opening balance | - | - |
| Add: Other Comprehensive Income for the year | (126.49) | - |
| | (126.49) | - |

(e) Foreign currency translation reserve

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

(₹ Million)

| | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Opening Balance | 1.43 | 1.94 |
| Add : Exchange Difference during the year on net investment in non-integral foreign operations | 0.68 | (0.51) |
| | 2.11 | 1.43 |

(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.

(₹ Million)

| | 31 March 2020 | 31 March 2019 |
|---------------------------------------|------------------|------------------|
| Opening balance | 23,235.23 | 18,242.59 |
| Add: Profit during the year | 7,552.35 | 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) | - |
| | 28,967.59 | 23,235.23 |

(g) Share application money pending allotment

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

(₹ Million)

| | 31 March 2020 | 31 March 2019 |
|---|---------------|---------------|
| 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) | - |
| | 27.15 | - |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

18. Non-controlling interests

| | (₹ Million) | |
|--|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| Balance as at the end of the year | 150.00 | 84.25 |

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 2020 | 31 March 2019 |
| 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 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| | 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 | - | - |
| | 150.00 | 84.25 | 65.61 | 6.03 | 0.14 | - |

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

| | (₹ Million) | | | |
|---|---------------|---------------|---------------|---------------|
| | TRPL | | DCAPL | |
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| 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 | - | - | - |
| Total Equity | 175.15 | 66.12 | 145.27 | 111.22 |
| Attributable to owners of company | 96.33 | 36.37 | 74.09 | 56.72 |
| Non-control Interest | 78.82 | 29.75 | 71.18 | 54.50 |

| | (₹ Million) | | | |
|--|---------------|---------------|---------------|---------------|
| | TRPL | | DCAPL | |
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Revenue | 919.82 | 595.15 | 360.07 | 246.75 |
| Expenses | (811.23) | (590.88) | (325.91) | (238.37) |
| Profit for the year | 108.59 | 4.27 | 34.16 | 8.38 |
| Attributable to owners of company | 59.72 | 2.34 | 17.42 | 4.28 |
| Non-control Interest | 48.87 | 1.93 | 16.74 | 4.10 |
| Other Comprehensive Income | 0.31 | - | - | - |
| Attributable to owners of company | 0.17 | - | - | - |
| Non-control Interest | 0.14 | - | - | - |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

19. Borrowings

A. Borrowings- non-current

| (₹ Million) | | | | |
|--|------------------------|-----------------|---------------------------------------|---------------------------------------|
| | Rate of Interest | Tenure end date | 31 March 2020 Gross/Carrying Value | 31 March 2019 Gross/Carrying Value |
| At amortised cost | | | | |
| External commercial borrowing (secured) | | | | |
| Foreign currency loan from HSBC Bank (Mauritius) Limited | 3 Months LIBOR + 1.65% | 23 June 2020 | 251.29 | 691.71 |
| Rupee loan (secured) | | | | |
| 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 |
| | | | 456.05 | 1,693.48 |
| Less: Current maturities of long-term borrowings | | | (349.50) | (804.23) |
| | | | 106.55 | 889.25 |

*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 2020 | | 31 March 2019 | |
| | < 1 Year | > 1 Year | < 1 Year | > 1 Year |
| External commercial borrowing (secured) | | | | |
| Foreign currency loan from HSBC Bank (Mauritius) Ltd | 251.29 | - | 460.68 | 231.03 |
| Rupee loan (secured) | | | | |
| 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 |
| | 349.50 | 106.55 | 804.23 | 889.25 |

(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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

B. Borrowings- current

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| At amortised cost | | |
| 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 |
| | 1,114.53 | 1,030.71 |

Notes:

(a) The above loans are secured by way of

- Secured borrowings from banks are secured against pari passu first charge by way of hypothecation of inventories and receivables.
- 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.
- Pari passu first charge by way of hypothecation of all movable fixed assets appearing in balance sheet as on 31 March 2015.
- Pari passu second charge by way of registered mortgage on all movable assets acquired on or after 1 April 2015.
- 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 limit out of these working capital facilities at the year end are given as below:

| | (₹ Million) | |
|----------------|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Fund based | 4,375.00 | 6,487.76 |
| Non fund based | 12,068.24 | 6,720.00 |
| | 16,443.24 | 13,207.76 |

(c) Net Debt Reconciliation*

| | (₹ Million) | | |
|------------------------------|------------------------|--------------------|-----------------|
| | Non-Current Borrowings | Current Borrowings | Total |
| As at 1 April 2018 | 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) |
| As at 31 March 2019 | 1,699.33 | 1,056.09 | 2,755.42 |
| 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) |
| As at 31 March 2020 | 456.87 | 1,137.45 | 1,594.32 |

*For lease liability please refer note 4

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

Breakup of Debt as at period end

| | (₹ Million) | | |
|----------------------------|---------------------------|-----------------------|-----------------|
| | Non-Current Borrowings | Current Borrowings | Total |
| As at 1 April 2018 | | | |
| Borrowing | 2,315.59 | 5,687.45 | 8,003.04 |
| Interest Accrued | 0.38 | 16.94 | 17.32 |
| Total | 2,315.97 | 5,704.39 | 8,020.36 |
| As at 31 March 2019 | | | |
| Borrowing | 1,693.48 | 1,030.71 | 2,724.19 |
| Accrued Interest | 5.85 | 25.38 | 31.23 |
| Total | 1,699.33 | 1,056.09 | 2,755.42 |
| As at 31 March 2020 | | | |
| Borrowing | 456.05 | 1,114.53 | 1,570.58 |
| Accrued Interest | 0.82 | 22.92 | 23.74 |
| Total | 456.87 | 1,137.45 | 1,594.32 |

20. Trade payables

Accounting policy

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

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

| | (₹ Million) | |
|---|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Total outstanding dues of micro and small enterprises | | |
| Trade payables to related parties (Refer Note - 36) | 48.63 | 52.41 |
| Trade payables - Others | 181.37 | 106.00 |
| | 230.00 | 158.41 |
| 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 |
| | 13,306.83 | 15,043.41 |

Notes:

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

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

- (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 2020 | 31 March 2019 |
| (i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act: | | |
| 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 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 | - | - |

21. Other financial liabilities

A. Other financial liabilities- non-current

| | (₹ Million) | |
|--------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| At amortised cost | | |
| Lease liability | 301.84 | - |
| | 301.84 | - |

B. Other financial liabilities- current

| | (₹ Million) | |
|---|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| At Amortised Cost | | |
| 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 |
| At FVTPL | | |
| Derivative liability (Refer below note (a)) | 232.51 | 221.38 |
| | 1,324.38 | 1,775.49 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

Notes:

(a) Derivative Liability

| | (₹ Million) | |
|---------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Put Option | 49.75 | 48.90 |
| Forward contract | 13.73 | 70.94 |
| Commodity contracts | 169.03 | 101.54 |
| | 232.51 | 221.38 |

- (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 2020 | 31 March 2019 |
| Deferred government grant (Refer below note (a)) | 99.55 | 163.29 |
| Deferred liability | 71.69 | 93.75 |
| | 171.24 | 257.04 |

B. Other liabilities- current

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| | 2,685.74 | 6,300.78 |

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 2020 | 31 March 2019 |
| 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 2020 | 31 March 2019 |
| 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 | 1,407.77 | 1,415.23 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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 2020 | 31 March 2019 |
| Provision for employee benefits (Refer note 30) | | |
| Gratuity | 163.16 | 95.71 |
| Compensated absences | 93.16 | 66.71 |
| | 256.32 | 162.42 |

B. Provisions- current

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| | 237.81 | 208.71 |

Reconciliation of Warranty provision:

| | (₹ Million) | |
|------------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 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 | 97.72 | 83.54 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(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.

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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

Revenue from operations

| | (₹ Million) | |
|--|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Revenue from contracts with customers | | |
| Revenue on Sale of Products | | |
| Finished goods | 76,368.72 | 70,785.05 |
| Traded goods | 5,071.25 | 3,684.03 |
| Revenue from Construction Contracts | 4,688.76 | 3,795.50 |
| | 86,128.73 | 78,264.58 |
| Other operating revenue | | |
| Scrap sales | 1,169.68 | 1,242.93 |
| Total revenue from contracts with customers | 87,298.41 | 79,507.51 |
| Export incentives | 202.93 | 52.32 |
| Government grant | 798.21 | 295.69 |
| Total Revenue from operations | 88,299.55 | 79,855.52 |

Notes:

(a) Disaggregated revenue information

| | (₹ Million) | |
|--|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Type of Goods or Services | | |
| 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 |
| Total revenue from contracts with customers | 87,298.41 | 79,507.51 |
| Location of customer | | |
| India | 76,343.21 | 77,025.03 |
| Outside India | 10,955.20 | 2,482.48 |
| Total revenue from contracts with customers | 87,298.41 | 79,507.51 |
| Timing of revenue recognition | | |
| 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 |
| Total revenue from contracts with customers | 87,298.41 | 79,507.51 |

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

| | (₹ Million) | |
|--|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| Total income as per Segment (Refer note 36) | 88,778.42 | 80,365.42 |

Notes:

- (i) Export incentive includes merchandise export from India scheme (MEIS) incentives and duty drawback incentives.
- (ii) Government grant includes advance licence benefits and deferred income released to the statement of profit and loss on fulfilment of export obligation under the export promotion capital goods (EPCG) scheme.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | |
|--|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Revenue as per contracted price | 90,119.24 | 82,418.99 |
| Less : Adjustments | | |
| 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) |
| Add : Adjustments | | |
| Unbilled Revenue - EPC | 328.60 | 260.51 |
| Revenue from contract with customers | 87,298.41 | 79,507.51 |

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

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 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.

- (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

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 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:

| | (₹ Million) | |
|--------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Refund assets | 232.46 | 242.34 |
| Refund liabilities | 360.25 | 318.33 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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.

| | (₹ Million) | |
|--|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| (a) Interest income on financial assets | | |
| Carried at amortised cost | | |
| Bank deposits | 208.13 | 28.33 |
| Others [#] | 58.13 | 98.45 |
| Carried at FVTPL | | |
| Others | 3.71 | 1.12 |
| (b) Income from mutual funds | | |
| Gain on liquid/overnight mutual funds | 179.07 | - |
| Fair valuation on gain on overnight mutual funds | 0.01 | - |
| (c) Fair value gain / loss on financial instruments | | |
| Fair value of put option | - | 6.10 |
| Fair valuation gain on financial asset* Unrealised | 392.91 | - |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| (d) Other non-operating income | | |
| 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 |
| | 927.92 | 637.80 |

* 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

| | (₹ Million) | |
|--|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Inventories at the beginning of the year | 9,803.31 | 5,023.85 |
| Add: Purchases | 55,987.83 | 59,602.65 |
| | 65,791.14 | 64,626.50 |
| Less: Inventories at the end of the year | (7,154.08) | (9,803.31) |
| | 58,637.06 | 54,823.19 |

Notes:

Details of Material Consumed

| | (₹ Million) | |
|-----------------------------------|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| | 58,637.06 | 54,823.19 |

*Others includes Raw material for consumer products

27. Purchases of traded goods

| | (₹ Million) | |
|-------------------------------|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Electrical wiring accessories | 318.90 | 362.20 |
| Electrical appliances | 3,195.27 | 2,838.40 |
| Others | 731.95 | 169.81 |
| | 4,246.12 | 3,370.41 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | |
|---|-------------------|-------------------|
| | 31 March 2020 | 31 March 2019 |
| Inventory at the beginning of the year | | |
| 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 |
| | 9,199.71 | 8,122.73 |
| Inventory at the end of the year | | |
| 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 |
| | 11,571.19 | 9,199.71 |
| Changes in Inventories | (2,371.48) | (1,076.98) |

29. Project bought outs and subcontracting cost

| | (₹ Million) | |
|---------------------------------|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Project bought outs | 1,994.13 | 1,589.57 |
| Subcontracting Expenses for EPC | 1,180.33 | 953.47 |
| | 3,174.46 | 2,543.04 |

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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(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

| | (₹ Million) | |
|---|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| | 3,657.46 | 3,002.48 |

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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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.

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 2020 | Year ended 31 March 2019 |
|-----------------------------|-----------------------------|-----------------------------|
| | (₹ Million) | |
| Current service cost | 51.73 | 46.09 |
| Net interest cost | 14.98 | 14.27 |
| Past service cost | - | - |
| Net benefits expense | 66.71 | 60.36 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| Actuarial (gain) /loss on obligations | 52.68 | 5.95 |
| Return on plan assets, excluding interest income | (1.74) | 0.80 |
| Net (Income)/Expense for the year recognized in OCI | 50.94 | 6.75 |

Balance sheet

Benefits liability

| | (₹ Million) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| Present value of defined benefit obligation | (528.50) | (409.90) |
| Fair value of plan assets | 253.16 | 213.89 |
| Plan liability | (275.34) | (196.01) |

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

| | (₹ Million) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| Opening defined benefit obligation | 409.90 | 352.94 |
| Interest cost | 31.32 | 27.53 |
| Current service cost | 51.73 | 46.09 |
| Benefits paid | (17.12) | (22.61) |
| Due to change in financial assumptions | 39.56 | 4.57 |
| Due to experience | 13.12 | 1.38 |
| Closing defined benefit obligation | 528.51 | 409.90 |

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

| | (₹ Million) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| Opening fair value of plan assets | 213.88 | 170.02 |
| Interest Income | 16.34 | 13.27 |
| Contribution by employer | 38.32 | 54.01 |
| Benefits paid | (17.12) | (22.61) |
| Actuarial gains | 1.74 | (0.80) |
| Closing fair value of plan assets | 253.16 | 213.89 |

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

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | |
|-------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| 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:

| | (₹ Million) | |
|-------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| Investment with insurer | 100% | 100% |

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

| | (₹ Million) | |
|--|--|--|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| 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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

Sensitivity analysis

| | (₹ Million) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| 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 |

Methodology for Defined Benefit Obligation:

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

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

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

Maturity analysis of projected benefit obligation from the fund:

| | (₹ Million) | |
|---------------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| 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 |

(B) Other Defined Benefit and contribution Plans

Provident Fund

The Group contribute towards Provident Fund to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group contributes towards Provident Fund managed by Central Government and has recognised ₹ 83.72 million (31 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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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 it's premium and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

| | (₹ Million) | |
|---|---------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| | 495.35 | 1,167.06 |

*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 2020 | 31 March 2019 |
| 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 |
| | 1,608.87 | 1,414.45 |

33. Other expenses

| | (₹ Million) | |
|----------------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| | 9,605.67 | 7,665.77 |

Notes:

(a) Payments to auditor:

| | (₹ Million) | |
|-----------------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| As auditor | | |
| (i) Audit fee | 10.52 | 13.78 |
| (ii) Certification fees | 0.27 | 0.75 |
| (iii) Reimbursement of expenses * | 0.84 | - |
| | 11.63 | 14.53 |
| (iv) Other services | - | 9.00 |
| | 11.63 | 23.53 |

* 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:

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(₹ Million)

| | | 31 March 2020 | 31 March 2019 |
|--|--------------|---------------|---------------|
| Gross amount required to be spent by the Parent Company during the year as per provisions of section 135 of the Companies Act, 2013 i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013. | (A) | 120.26 | 91.15 |
| Gross amount spent by the Parent Company during the year | | | |
| 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 |
| Total CSR spent in actual | (B) | 127.33 | 34.94 |
| Shortfall/(Excess) | (A-B) | (7.07) | 56.21 |

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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(a) Basic Earnings per share

| | | | 31 March 2020 | 31 March 2019 |
|--|--------------------|--------------|---------------|---------------|
| 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 |
| Earnings per shares - Basic (one equity share of ₹ 10 each) | ₹ per share | (A/B) | 51.16 | 35.39 |

(b) Diluted Earnings per share

| | | | 31 March 2020 | 31 March 2019 |
|--|--------------------|--------------|---------------|---------------|
| 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 |
| Effect of dilution | | | | |
| 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 |
| Earnings per shares - Diluted (one equity share of ₹ 10 each) | ₹ per share | (A/D) | 50.97 | 35.39 |

*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 2020 | 31 March 2019 |
|-------------|--|--|---------------|---------------|
| (₹ Million) | | | | |
| (i) | Outstanding corporate guarantees given on behalf of subsidiaries and Joint venture's | | 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 to Consolidated Financial Statements

for the year ended 31 March 2020

Notes:

- (a) 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.
- (b) In respect of the items above, future cash outflows in respect of contingent liabilities are determinable only on receipt of judgements/decisions pending at various forums/authority. The Group doesn't expect the outcome of matters stated above to have a material adverse effect on the Group's financial conditions, result of operations or cash flows.
- (c) The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organisation and its employees are to contribute towards Provident Fund. The Group believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. Additionally, there is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon. Supreme Court vide its ruling in February 2019, in relation to the scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. the Group will evaluate its position and act, as clarity emerges.

(B) Commitments

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| (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 | - |

Note:

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

| | | (₹ Million) | |
|---|--------------------------|------------------------|---------------|
| | Country of incorporation | Ownership interest (%) | |
| | | 31 March 2020 | 31 March 2019 |
| Joint Ventures | | | |
| Ryker Base Private Limited (Ryker) | India | 50% | 50% |
| Techno Electromech Private Limited (TEPL) | India | 50% | 50% |

(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)

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(C) Key Managerial 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 2020 |
| | | Year ended 31 March 2019 |
| (i) Sale of goods (including GST) | | |
| Ryker Base Private Limited | Joint Venture | 5.21 |
| Techno Electromech Private Limited | Joint Venture | 16.84 |
| (ii) Purchase of goods (including GST) | | |
| Ryker Base Private Limited | Joint Venture | - |
| Techno Electromech Private Limited | Joint Venture | 671.33 |
| Dowells Elektro Werke (DEW) | Enterprises owned or significantly influenced by key managerial personnel | 0.29 |
| Dowells Electricals (DE) | -do- | - |
| D J Electricals Private Limited (DJEPL) | -do- | - |
| Tirupati Tradelinks Private Limited (TTPL) | -do- | 192.55 |
| (iii) Sub-contracting expense (including GST) | | |
| Ryker Base Private Limited | Joint Venture | 660.47 |
| Techno Electromech Private Limited | Joint Venture | 18.55 |
| Tirupati Tradelinks Private Limited (TTPL) | Enterprises owned or significantly influenced by key managerial personnel | - |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

| | | | (₹ Million) | |
|---|---|--|-----------------------------|-----------------------------|
| | | | Year ended 31 March 2020 | Year ended 31 March 2019 |
| (iv) Other Charges | | | | |
| 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 |
| (v) Rent received | | | | |
| Ryker Base Private Limited | Joint Venture | | 3.67 | 2.81 |
| (vi) Interest received | | | | |
| Techno Electromech Private Limited | Joint Venture | | 13.86 | 15.61 |
| (vii) Testing charges paid | | | | |
| Techno Electromech Private Limited | Joint Venture | | 1.42 | - |
| (viii) Sale of Machinery (including GST) | | | | |
| Techno Electromech Private Limited | Joint Venture | | 50.39 | - |
| (ix) Purchase of Machinery (including GST) | | | | |
| 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 | - |
| (x) Investment made | | | | |
| Techno Electromech Private Limited | Joint Venture | | 35.00 | - |
| (xi) Loan given repaid | | | | |
| Techno Electromech Private Limited | Joint Venture | | - | 24.89 |
| (xii) Corporate guarantee given (Refer note below) | | | | |
| Ryker Base Private Limited | Joint Venture | | - | 360.83 |
| (xiii) Fair value Corporate guarantee (Refer note below) | | | | |
| Ryker Base Private Limited | Joint Venture | | - | 3.80 |
| (xiv) Rent paid | | | | |
| AK Enterprises | Enterprises owned or significantly influenced by key managerial personnel | | 29.14 | 29.11 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(E) Outstanding as at the year end :

| | | (₹ Million) | |
|---|---|-----------------------------|-----------------------------|
| | | Year ended 31 March 2020 | Year ended 31 March 2019 |
| (i) Loans | | | |
| Techno Electromech Private Limited | Joint Venture | 115.21 | 115.11 |
| (ii) Trade Receivables | | | |
| Techno Electromech Private Limited | Joint Venture | 74.11 | 29.28 |
| Ryker Base Private Limited | Joint Venture | 0.37 | 17.38 |
| (iii) Interest accrued on loan given | | | |
| Techno Electromech Private Limited | Joint Venture | - | 3.17 |
| (iv) Trade Payables | | | |
| 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 |
| (v) Security Deposits given | | | |
| 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 2020 | | 31 March 2019 | |
|--|--------------------|------------------------------|--------------------|------------------------------|
| | For the year ended | Outstanding for the year end | For the year ended | Outstanding for the year end |
| Executive directors (Includes Salary, Performance Incentive and commission to 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 |
| Non- Executive directors (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 |
| Other (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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(ii) Share based payments to KMP*

(₹ Million)

| | Year ended 31 March 2020 | Year ended 31 March 2019 |
|------------------------------|-----------------------------|-----------------------------|
| 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

(₹ Million)

| | Nature of transaction | Ownership interest (%) | |
|--|--------------------------|-----------------------------|-----------------------------|
| | | Year ended 31 March 2020 | Year ended 31 March 2019 |
| 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:

(₹ Million)

| | 31 March 2020 | | 31 March 2019 | |
|-----------------------------|-----------------------|---------------------------------|-----------------------|---------------------------------|
| | 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*

(₹ Million)

| | Year ended 31 March 2020 |
|-----------------------------|-----------------------------|
| 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 |
| Total | 185.94 |

*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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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

Segment revenue and expenses:

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

Segment assets and liabilities:

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

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

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 trunking basis.

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

| | 31 March 2020 | | | | | 31 March 2019 | | | | |
|---|------------------|-----------------|-----------------|-------------------|------------------|------------------|-----------------|-----------------|-------------------|------------------|
| | Wires & Cables | FMEG | Others | Eliminations | Total | Wires & Cables | FMEG | Others | Eliminations | Total |
| (₹ Million) | | | | | | | | | | |
| Income | | | | | | | | | | |
| 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) | - |
| Total Income | 75,898.39 | 8,355.78 | 5,964.93 | (1,440.68) | 88,778.42 | 70,643.08 | 6,432.94 | 4,637.40 | (1,348.00) | 80,365.42 |
| Segment Results | | | | | | | | | | |
| 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) | - | - | - | - | - | - |
| Segment/Operating results | 9,308.86 | 168.28 | 903.06 | (159.94) | 10,220.26 | 8,350.62 | 74.51 | 197.93 | - | 8,623.06 |
| Un-allocated items: | | | | | | | | | | |
| Finance income | | | | | 449.05 | | | | | 127.90 |
| Finance costs | | | | | 495.35 | | | | | 1,167.06 |
| Share of profit/(loss) of joint venture (Net of tax) | | (11.06) | (63.02) | | (74.08) | | 13.76 | (37.02) | | (23.26) |
| Profit before tax | | | | | 10,099.88 | | | | | 7,560.64 |
| Provision for taxation | | | | | 2,443.70 | | | | | 2,557.58 |
| Profit for the year | | | | | 7,656.18 | | | | | 5,003.06 |
| 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 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(B) Revenue by Geography

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

| | (₹ Million) | |
|---------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| Within India | 77,823.22 | 77,882.94 |
| Outside India | 10,955.20 | 2,482.48 |
| | 88,778.42 | 80,365.42 |

(C) Segment assets

| | 31 March 2020 | | | | | 31 March 2019 | | | | |
|---|-------------------|----------|----------|--------------|------------------|-------------------|----------|----------|--------------|------------------|
| | 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 |
| Unallocated assets: | | | | | | | | | | |
| 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 recoverable from selling shareholders | | | | | - | | | | | 388.77 |
| Other unallocable assets | | | | | 1,174.27 | | | | | 686.49 |
| | | | | | 59,615.94 | | | | | 56,282.95 |

(D) Segment liabilities

| | 31 March 2020 | | | | | 31 March 2019 | | | | |
|--|-------------------|----------|----------|--------------|------------------|-------------------|----------|----------|--------------|------------------|
| | 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 |
| Unallocated liabilities: | | | | | | | | | | |
| 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 |
| | | | | | 21,101.79 | | | | | 27,729.15 |

(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:

| | (₹ Million) | |
|---------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| Within India | 19,116.50 | 17,033.66 |
| Outside India | 0.26 | 7.46 |
| | 19,116.76 | 17,041.12 |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

38. Information for Consolidated Financial Statement pursuant to Schedule III of the Companies Act, 2013 For the Year ended 31 March 2020

(₹ Million)

| | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|---|------------------|---|-----------------|--|-----------------|---|-----------------|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated OCI | Amount | As % of consolidated total comprehensive income | Amount |
| Parent | | | | | | | | |
| Polycab India Limited | 98.50% | 37,935.31 | 99.32% | 7,604.11 | 100.60% | (164.88) | 99.29% | 7,439.23 |
| Subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| Tirupati Reels Private Limited | 0.25% | 96.33 | 0.78% | 59.72 | -0.10% | 0.17 | 0.80% | 59.89 |
| Dowells Cable Accessories Private Limited | 0.19% | 74.09 | 0.23% | 17.42 | 0.00% | - | 0.23% | 17.42 |
| Foreign | | | | | | | | |
| Polycab Wires Italy SRL | 0.01% | 3.65 | -0.22% | (16.60) | -0.41% | 0.68 | -0.21% | (15.92) |
| Joint Venture | | | | | | | | |
| 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) |
| Minority Interest in all subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| Tirupati Reels Private Limited | 0.20% | 78.82 | 0.64% | 48.87 | -0.09% | 0.14 | 0.65% | 49.01 |
| Dowells Cable Accessories Private Limited | 0.18% | 71.18 | 0.22% | 16.74 | 0.00% | - | 0.22% | 16.74 |
| Total | 100.00% | 38,514.15 | 100.00% | 7,656.18 | 100.00% | (163.89) | 100.00% | 7,492.29 |

For the Year ended 31 March 2019

(₹ Million)

| | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|---|------------------|---|-----------------|--|---------------|---|-----------------|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated OCI | Amount | As % of consolidated total comprehensive income | Amount |
| Parent | | | | | | | | |
| Polycab India Limited | 98.28% | 28,061.60 | 100.19% | 5,012.48 | 89.59% | (4.39) | 100.20% | 5,008.09 |
| Subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| 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 |
| Foreign | | | | | | | | |
| Polycab Wires Italy SRL | 0.07% | 20.90 | 0.02% | 1.19 | 10.41% | (0.51) | 0.01% | 0.68 |
| Joint Venture | | | | | | | | |
| 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) |
| Minority Interest in all subsidiaries | | | | | | | | |
| Indian | | | | | | | | |
| 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 |
| Total | 100.00% | 28,553.80 | 100.00% | 5,003.06 | 100.00% | (4.90) | 100.00% | 4,998.16 |

Notes to Consolidated Financial Statements

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

- **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).
- **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) 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.

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- **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.

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 Statement of Profit & Loss.

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for the year ended 31 March 2020

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.

Notes to Consolidated Financial Statements

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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:

- 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 Group.

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

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

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

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

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

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

| | Carrying value | | Fair value | |
|---|----------------|---------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Financial assets | | | | |
| Measured at amortised cost | | | | |
| 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 |

(₹ Million)

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

(₹ Million)

| | Carrying value | | Fair value | |
|--|------------------|------------------|------------------|------------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Measured at fair value through profit or loss account (FVTPL) | | | | |
| Investment in mutual funds | 400.00 | - | 400.00 | - |
| Derivative Assets | 1,084.54 | 7.40 | 1,084.54 | 7.40 |
| | 21,218.69 | 19,118.24 | 21,218.69 | 19,118.24 |
| Financial liabilities | | | | |
| Measured at amortised cost | | | | |
| 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 |
| Measured at fair value through profit or loss account (FVTPL) | | | | |
| Derivative liabilities | 232.51 | 221.38 | 232.51 | 221.38 |
| | 16,384.13 | 18,897.27 | 16,384.13 | 18,897.27 |

- (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.

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

- (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.

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) |
| Assets measured at fair value: | | | | | |
| Units of mutual funds | 31 Mar 20 | 400.00 | 400.00 | - | - |
| Derivative Assets | | | | | |
| Embedded derivatives | 31 Mar 20 | 1,075.35 | - | 1,075.35 | - |
| Interest rate and cross currency swap | 31 Mar 20 | 9.19 | - | 9.19 | - |
| Liabilities measured at fair value: | | | | | |
| Derivative liabilities : | | | | | |
| Commodity contracts | | | | | |
| 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) |
| Assets measured at fair value: | | | | | |
| Derivative Assets | | | | | |
| Interest rate and cross currency swap | 31 Mar 19 | 7.40 | - | 7.40 | - |
| Liabilities measured at fair value: | | | | | |
| Derivative liabilities : | | | | | |
| 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 |

Notes to Consolidated Financial Statements

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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's focus is to foresee the unpredictability and minimize potential adverse effects on the Group's financial performance. The Group's overall risk management procedures to minimise the potential adverse effects of financial market on the Group's performance are as follows:

(A) Market Risk

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

(i) Interest rate risk

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

The Group 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:

| | Exposure to interest rate risk (Principal amount of loan) | Increase/decrease in basis points | (₹ Million) Effect on profit before tax |
|------------------|---|-----------------------------------|--|
| 31 Mar 20 | 741.53 | | |
| Increase | | +100 | (7.42) |
| Decrease | | -100 | 7.42 |
| 31 Mar 19 | 717.68 | | |
| Increase | | +100 | (7.18) |
| Decrease | | -100 | 7.18 |

Notes to Consolidated Financial Statements

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(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:

| Currency | Currency Symbol | 31 March 2020 | | 31 March 2019 | |
|----------------------|-----------------|------------------|---------------|------------------|---------------|
| | | 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

| Currency | Currency Symbol | 31 March 2020 | | 31 March 2019 | |
|----------------------|-----------------|---------------|--------|---------------|--------|
| | | -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.

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(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

(₹ Million)

| Metal | 31 March 2020 | | | | 31 March 2019 | | | |
|-----------|--------------------------|-----------------------|-----------------------------|---------|--------------------------|-----------------------|-----------------------------|---------|
| | 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) |

(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.

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(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 2020 | | | 31 March 2019 | | |
| | < 1 year | > equal to 1 year | Total | < 1 year | > equal to 1 year | Total |
| Non-derivatives | | | | | | |
| 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 |
| | 15,975.74 | 408.39 | 16,384.13 | 18,008.02 | 889.25 | 18,897.27 |

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.

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- (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.

(₹ Million)

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

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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

| Currency | (₹ Million) | | | |
|-----------------------------|--------------------------------|-------------------------|--------------------------|---------------|
| | As at 31 March 2020 | | | |
| | Cash Flow hedge release to P&L | | | |
| | Less than 3 Months | 3 Months to 6 Months | 6 Months to 12 Months | Total |
| Commodity Price risk | | | | |
| Forward Buy Contract | 64.49 | 85.30 | 19.24 | 169.03 |

As at 31 March 2019

| Commodity price risk | (₹ Million) | | | | | | | |
|-------------------------|---|-------------|--------|---------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | Carrying amount | | | Maturity date | Hedge Ratio | Balance sheet classification | Effective portion of Hedge | Ineffective portion of Hedge |
| | Asset | Liabilities | Equity | | | | | |
| Fair Value Hedge | | | | | | | | |
| Hedged item | Inventory of Copper and aluminium | 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 |

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 2020 | 31 March 2019 |
| 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) |
| Net debt | 14,360.67 | 17,106.68 |
| Equity (Refer note 16 and 17) | 38,514.15 | 28,553.80 |
| Total capital | 38,514.15 | 28,553.80 |
| Capital and net debt | 52,874.82 | 45,660.48 |
| Gearing ratio | 27.16% | 37.46% |

Notes to Consolidated Financial Statements

for the year ended 31 March 2020

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

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

Inder T. Jaisinghani
Chairman & Managing Director
DIN: 00309108

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

Ajay T. Jaisinghani
Whole Time Director
DIN: 00276588

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

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.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p>Revenue recognition</p> <p>- <i>Wires and cables and Fast-Moving Electrical Goods (FMEG) business and</i></p> <p>- <i>Estimation of contract cost - Engineering Procurement and Construction (EPC) business</i></p> <p>(Refer note 23 Standalone Financial Statements)</p> <p>A. Wires and cables and FMEG business:</p> <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>A. Our audit procedures over the recognition of revenue included the following:</p> <ul style="list-style-type: none"> Analysing the Company's revenue recognition accounting policies against applicable accounting standards to identify any inappropriate policy; 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; 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; |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| <p>B. EPC business:</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"> • 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. • 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. <p>Considering the significant estimate involved in measurement of revenue, we have considered measurement of revenue as a key audit matter.</p> | <ul style="list-style-type: none"> • 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. <p>B. Our audit procedures over the recognition of construction revenue included the following:</p> <ul style="list-style-type: none"> • 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; • 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"> • Observing the approval of percentage of completion workings. • 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. • Sighting Company's internal approvals, on sample basis, for changes in budgeted costs along with the rationale for the changes. • 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; • 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. • 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. |

| Key audit matter | How our audit addressed the key audit matter |
|--|--|
| <p>Expected credit loss (ECL) on trade receivables (Refer notes 7 and 37(A) 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>The measurement of ECL involves significant judgement and assumptions, primarily relating to:</p> <ul style="list-style-type: none"> - Historical credit loss experience adjusted for future economic conditions; - Credit risk of customers; - Loss rate in provision matrix depending on days past due. | <p>Our audit procedures over ECL on trade receivables included the following:</p> <ul style="list-style-type: none"> • 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; • Evaluating governance structure over provisioning matrix; • Assessing company's policy for ECL on trade receivables and credit impaired receivables with applicable accounting standards; • Checking ageing report for days past due. Assessing the classification of trade receivables based on such ageing report. • 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.; • Checking completeness and accuracy of the data used by the Company for computation of assumptions used for computing ECL on trade receivables; • Testing Company's assessment for uncollected receivables in the past years with overdue receivables for verifying accuracy of loss rate used in provision matrix; • Conducting audit procedures on existence of trade receivables. We performed independent checks for outstanding balances, tested subsequent receipts and sales transactions for audit samples. |
| <p>Inventory valuation (Refer note 14 to the Standalone Financial Statements)</p> <ul style="list-style-type: none"> • 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. • 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. • 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. | <p>Our audit procedures over inventory valuation included the following:</p> <ul style="list-style-type: none"> • Testing the design, implementation and operating effectiveness of key internal financial controls, including controls over valuation of inventory, accounting of derivative and hedging transactions; • 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; • Testing on a sample basis the hedging relationship of eligible hedging instruments and hedged items; • 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. |

Information Other than the Standalone Financial Statements and Auditors' Report thereon

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

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

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

Management's Responsibility for the Standalone Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors' use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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.

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.

- (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 Dhupelia

Partner

Membership No: 042070

UDIN : 20042070AAAABQ9634

Mumbai

30 May 2020

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:

| | (₹ 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.

(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.

- (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 given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, para 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act. Accordingly, para 3(xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, para 3(xvi) of the Order is not applicable to the Company.

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

Chartered Accountants

Firm's Registration No: 101248W/W-100022

Bhavesh Dhupelia

Partner

Membership No: 042070

UDIN : 20042070AAAABQ9634

Mumbai

30 May 2020

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 (₹ Millions) | Amount paid under protest (₹ 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 |

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.

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.

Mumbai
30 May 2020

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

Bhavesh Dhupelia
Partner
Membership No: 042070
UDIN : 20042070AAAABQ9634

Standalone Balance Sheet

as at 31 March 2020

| | Notes | As at 31 March 20 | (₹ Million) As at 31 March 19 |
|--|----------|----------------------|-------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| 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 |
| Financial assets | | | |
| (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 |
| | | 19,029.72 | 16,881.95 |
| Current assets | | | |
| Inventories | 14 | 19,063.20 | 19,804.31 |
| Financial assets | | | |
| (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 |
| | | 40,252.38 | 39,072.00 |
| Non-current assets classified as held for sale | 15 | - | 0.22 |
| TOTAL ASSETS | | 59,282.10 | 55,954.17 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 16 | 1,488.79 | 1,412.06 |
| (b) Other equity | 17 | 36,914.10 | 27,077.38 |
| | | 38,402.89 | 28,489.44 |
| Liabilities | | | |
| Non-current liabilities: | | | |
| Financial liabilities | | | |
| (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 |
| | | 929.37 | 1,432.57 |
| Current liabilities: | | | |
| Financial liabilities | | | |
| (a) Borrowings | 18B | 1,114.53 | 1,023.47 |
| (b) Trade payables | 19 | | |
| Total outstanding dues of micro 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 |
| | | 19,949.84 | 26,032.16 |
| TOTAL EQUITY AND LIABILITIES | | 59,282.10 | 55,954.17 |
| 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 consolidated financial statements.

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

Bhavesh 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

Inder T. Jaisinghani
Chairman & Managing Director
DIN: 00309108

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

Ajay T. Jaisinghani
Whole Time Director
DIN: 00276588

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

Standalone Statement of Profit & Loss

for the year ended 31 March 2020

(₹ Million)

| | Notes | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|----------|-----------------------------|-----------------------------|
| INCOME | | | |
| Revenue from operations | 23 | 88,069.14 | 79,401.22 |
| Other income | 24 | 934.57 | 639.53 |
| TOTAL INCOME | | 89,003.71 | 80,040.75 |
| EXPENSES | | | |
| 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 |
| TOTAL EXPENSES | | 78,969.14 | 72,474.87 |
| Profit before tax | | 10,034.57 | 7,565.88 |
| Income tax expenses | | | |
| Current tax | 12 | 2,449.49 | 2,947.07 |
| Adjustment of tax relating to earlier years | | (34.18) | (73.55) |
| Deferred tax charge/(credit) | | 9.72 | (322.03) |
| Total tax expense | | 2,425.03 | 2,551.49 |
| Profit for the year | | 7,609.54 | 5,014.39 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit or loss | | | |
| 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 |
| Items that will be reclassified to profit or loss | | | |
| Designated Cash Flow Hedges | | (169.03) | - |
| Income tax relating to items that will be reclassified to Profit or Loss | | 42.54 | - |
| Other comprehensive income for the year, net of tax | | (164.88) | (4.39) |
| Total comprehensive income for the year, net of tax | | 7,444.66 | 5,010.00 |
| Earnings Per Share | | | |
| Basic (₹) | 33 | 51.28 | 35.51 |
| Diluted (₹) | 33 | 51.10 | 35.51 |
| Weighted average equity shares used in computing earnings per equity share | | | |
| 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 consolidated financial statements.

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

Bhavesh Dhupelia
Partner
Membership No. 042070

Place: Mumbai
Date: 30 May 2020

Inder T. Jaisinghani
Chairman & Managing Director
DIN: 00309108

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

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

Ajay T. Jaisinghani
Whole Time Director
DIN: 00276588

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

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 |
| As at 31 March 2019 | 1,412.06 | - | 0.13 | 3,057.32 | 650.69 | 149.51 | 23,219.73 | - | 27,077.38 | 28,489.44 |
| Impact on account of adoption of Ind AS 116 (Refer note 4(iii)) | - | - | - | - | - | - | (25.29) | - | (25.29) | (25.29) |
| Restated balance as at 1 April 2019 | 1,412.06 | - | 0.13 | 3,057.32 | 650.69 | 149.51 | 23,194.44 | - | 27,052.09 | 28,464.15 |
| 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) |
| As at 31 March 2020 | 1,488.79 | 27.15 | 0.13 | 7,149.55 | 650.69 | 241.45 | 28,971.62 | (126.49) | 36,914.10 | 38,402.89 |
| 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 consolidated financial statements.

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Bhavesh 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

Inder T. Jaisinghani

Chairman & Managing Director

DIN: 00309108

S. L. Bajaj

CFO & Whole Time Director

DIN: 02734730

Place: Mumbai

Ajay T. Jaisinghani

Whole Time Director

DIN: 00276588

S. S. Narayana

Company Secretary

Membership No. F5221

Date: 30 May 2020

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.

| | (₹ Million) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 10,034.57 | 7,565.88 |
| 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 |
| Operating profit before working capital changes | 11,502.24 | 11,017.76 |
| Movements in working capital: | | |
| 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) |
| Cash generated from operations | 5,337.74 | 14,051.48 |
| Income tax paid (including TDS) (net of refunds) | (2,995.42) | (1,811.91) |
| Net cash flows from operating activities (A) | 2,342.32 | 12,239.57 |

(₹ Million)

| | Year ended 31 March 2020 | Year ended 31 March 2019 |
|--|-----------------------------|-----------------------------|
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| 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 |
| Net cash flows used in investing activities (B) | (2,571.44) | (3,956.67) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Share Capital (including Securities Premium) against offer for sale | 4,000.00 | - |
| Share issue expenses | (402.06) | (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) |
| 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) |
| Net cash flows from / (used in) financing activities (C) | 152.11 | (6,572.96) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | (77.01) | 1,709.94 |
| Cash and cash equivalent at the beginning of the year | 1,777.44 | 67.50 |
| Cash and cash equivalents at end of the year (Refer note 10) | 1,700.43 | 1,777.44 |
| Supplemental Information | | |
| Non-Cash Transactions from Investing and Financing Activities: | | |
| Acquisition of Property, Plant and Equipment (PPE) by means of Government Grant | 216.37 | 82.74 |
| Net debt reconciliation | Refer note no. 18 | |
| Corporate information and summary of significant accounting policies | 1 & 2 | |
| Contingent liabilities and commitments | 34 | |
| Other notes to accounts | 35 to 42 | |

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

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No. 101248W/W-100022

Bhavesh 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

Inder T. Jaisinghani

Chairman & Managing Director

DIN: 00309108

S. L. Bajaj

CFO & Whole Time Director

DIN: 02734730

Place: Mumbai

Ajay T. Jaisinghani

Whole Time Director

DIN: 00276588

S. S. Narayana

Company Secretary

Membership No. F5221

Date: 30 May 2020

Notes to Standalone Financial Statements

for the year ended 31 March 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

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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.

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

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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 life 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

Notes to Standalone Financial Statements

for the year ended 31 March 2020

as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized. Contingent assets are neither recognised nor disclosed in the financial statements.

vii. Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments (Refer note 37 for accounting policy on Fair value measurement of financial instruments).

viii 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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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 24 March 2020, the Government of India ordered a nationwide lockdown initially for 21 days which further got extended from time to time till 31 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.

Notes to Standalone 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 life 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 life 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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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 sale 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 | Lease hold land | Buildings | Plant and equipments | Electrical installations | Furniture and fixtures | Office equipments | Windmill | Vehicles | Lease-hold improvements | Total | Capital Work in progress |
|--|-----------------|-----------------|-----------------|----------------------|--------------------------|------------------------|-------------------|---------------|---------------|-------------------------|------------------|--------------------------|
| | | | | | | | | | | | | (₹ Million) |
| Gross carrying value (at cost) | | | | | | | | | | | | |
| As at 01 April 2019 | 1,009.99 | 56.55 | 6,400.90 | 8,674.17 | 522.35 | 139.94 | 248.36 | 294.99 | 105.25 | 3.89 | 17,456.39 | 1,858.67 |
| Additions | 8.48 | - | 693.58 | 1,749.61 | 74.16 | 17.11 | 50.98 | - | 13.65 | 0.62 | 2,608.19 | 2,709.81 |
| Transfer (Refer below note c) | - | - | - | - | - | - | - | - | - | - | - | (2,158.77) |
| Transition impact of Ind AS 116 (Refer note g) | - | (56.55) | - | - | - | - | - | - | - | - | (56.55) | - |
| Disposals/Adjustments | (0.27) | - | - | (103.00) | - | - | (5.96) | - | (5.34) | - | (114.57) | - |
| As at 31 March 2020 | 1,018.20 | - | 7,094.48 | 10,320.78 | 596.51 | 157.05 | 293.38 | 294.99 | 113.56 | 4.51 | 19,893.46 | 2,409.71 |
| Accumulated depreciation | | | | | | | | | | | | |
| As at 01 April 2019 | - | 14.77 | 759.46 | 3,687.48 | 213.99 | 42.43 | 121.37 | 62.89 | 36.36 | 2.55 | 4,941.30 | - |
| Depreciation charge for the year | - | - | 255.75 | 1,059.89 | 56.42 | 14.83 | 43.70 | 15.72 | 12.61 | 0.43 | 1,459.35 | - |
| Transition impact of Ind AS116 (Refer note g) | - | (14.77) | - | - | - | - | - | - | - | - | (14.77) | - |
| Disposals/Adjustment | - | - | - | (82.94) | - | - | (5.64) | - | (2.85) | - | (91.43) | - |
| As at 31 March 2020 | - | - | 1,015.21 | 4,664.43 | 270.41 | 57.26 | 159.43 | 78.61 | 46.12 | 2.98 | 6,294.45 | - |
| Net carrying value | | | | | | | | | | | | |
| As at 31 March 2020 | 1,018.20 | - | 6,079.27 | 5,656.35 | 326.10 | 99.79 | 133.95 | 216.38 | 67.44 | 1.53 | 13,599.01 | 2,409.71 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | | | | | | | | | | | |
|---------------------------------------|-----------------|-----------------|-----------------|----------------------|--------------------------|------------------------|-------------------|---------------|---------------|-------------------------|------------------|--------------------------|
| | Freehold land | Lease-hold land | Buildings | Plant and equipments | Electrical installations | Furniture and fixtures | Office equipments | Windmill | Vehicles | Lease-hold improvements | Total | Capital Work in progress |
| Gross carrying value (at cost) | | | | | | | | | | | | |
| As at 01 April 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) | - |
| As at 31 March 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 |
| Accumulated depreciation | | | | | | | | | | | | |
| 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) | - |
| As at 31 March 2019 | - | 14.77 | 759.46 | 3,687.48 | 213.99 | 42.43 | 121.37 | 62.89 | 36.36 | 2.55 | 4,941.30 | - |
| Net carrying value | | | | | | | | | | | | |
| As at 31 March 2019 | 1,009.99 | 41.78 | 5,641.44 | 4,986.69 | 308.36 | 97.51 | 126.99 | 232.10 | 68.89 | 1.34 | 12,515.09 | 1,858.67 |

Notes:

- Capital work in progress includes machinery in transit ₹ 71.56 million (31 March 2019 : ₹ 9.27 million).
- 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.
- 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.
- Direct capitalisation of Property, Plant and equipments during the year are given as under:

| | (₹ Million) | | | | | | | | | | | |
|------------|---------------|-----------------|-----------|----------------------|--------------------------|------------------------|-------------------|----------|----------|-------------------------|--------|--|
| | Freehold land | Lease-hold land | Buildings | Plant and equipments | Electrical installations | Furniture and fixtures | Office equipments | Windmill | Vehicles | Lease-hold 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 | |

- 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.
- 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.
- 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
- For capital expenditures contracted but not incurred - Refer note 34(B).

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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 or 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 sale 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 1 April, 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

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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:

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

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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 |
| Gross carrying value | | | |
| 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) |
| As at 31 March 2020 | 41.78 | 399.75 | 441.53 |
| Accumulated depreciation | | | |
| As at 01 April 2019 | - | - | - |
| Depreciation charge for the year | 0.45 | 112.51 | 112.96 |
| Disposals | - | (6.42) | (6.42) |
| As at 31 March 2020 | 0.45 | 106.09 | 106.54 |
| Net carrying value | | | |
| As at 31 March 2020 | 41.33 | 293.66 | 334.99 |

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

The following is the break-up of current and non-current lease liabilities for the year ended 31 March 2020

| | (₹ Million) |
|-------------------------------|----------------------|
| | 31 March 2020 |
| Non-current lease liabilities | 298.89 |
| Current lease liabilities | 28.96 |
| | 327.85 |

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

| | (₹ Million) |
|--------------------------------------|----------------------|
| | 31 March 2020 |
| 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) |
| | 327.85 |

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

| | (₹ Million) | |
|----------------------|----------------------|----------------------|
| | 31 March 2020 | 31 March 2019 |
| Less than one year | 55.31 | 37.33 |
| One to five years | 93.03 | 78.55 |
| More than five years | 121.36 | 62.56 |
| | 269.70 | 178.44 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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) |
|---|----------------------|
| | 31 March 2020 |
| 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 |
| | 221.50 |

Lease contracts entered by the Company majorly pertains for warehouse taken on lease to conduct its business in the ordinary course. The Company does not have any lease restrictions and commitment towards variable rent as per the contract.

5. Intangible assets

Accounting policy

i. Intangible assets acquired separately

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

Amortisation on intangible assets is calculated on pro rata basis on straight-line method using the useful life 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 life 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 sale 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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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

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

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

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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 2020 | Number | (₹ Million) 31 March 2019 |
|--|------------------------|-------------|------------------|-------------|---------------------------------|
| Investments carried at cost (Unquoted) | | | | | |
| Investment in Equity Instruments of Subsidiaries (Fully paid-up) | | | | | |
| 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 |
| | | | 89.79 | | 89.79 |
| Impairment of Investments | | | | | |
| Less: Impairment allowance for investment in Polycab Wires Italy SRL | € 1 | 90,000 | (6.50) | 90,000 | (6.50) |
| | | | 83.29 | | 83.29 |
| Investment in Equity Instruments of Joint Venture (Fully paid-up) | | | | | |
| 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 |
| | | | 378.65 | | 343.65 |
| 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 to Standalone Financial Statements

for the year ended 31 March 2020

Notes:

- (a) The fair value of corporate guarantee has been included in carrying cost of investment in Ryker base Private Limited. The movement of the investment in Ryker base Private Limited is given as under:

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Investment in Ryker | 260.10 | 260.10 |
| Add : Guarantee provided on credit facility | 13.35 | 13.35 |
| | 273.45 | 273.45 |

- (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

- (i) Fifth anniversary of the date on which the Plant commences production;
- (ii) The date failing six years and six months after the completion date at a price being higher of:

- (a) Fair market value of the shares or
- (b) 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.

B. Current Investments held for sale

| | (₹ Million) | |
|--|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Investments measured at FVTPL (Quoted) | | |
| Investments in Overnight Mutual Funds | 400.00 | - |
| | 400.00 | - |
| Aggregate amount of quoted investments - At market value | 400.00 | - |

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

Notes to Standalone Financial Statements

for the year ended 31 March 2020

7. Trade receivables

| | (₹ Million) | |
|---|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Unsecured (at amortised cost) | | |
| Non Current | | |
| Trade receivables- Considered Good | 1,660.47 | 1,351.27 |
| Non-current Trade receivables | 1,660.47 | 1,351.27 |
| Current | | |
| 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 |
| Trade receivables (Gross) | 15,956.41 | 14,865.77 |
| Less: Impairment allowance for trade receivables - Credit Impaired | (1,562.41) | (1,449.86) |
| Current Trade receivables (Net) | 14,394.00 | 13,415.91 |

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

| | (₹ Million) | |
|---------------------------------|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| At the beginning of year | 1,449.86 | 1,215.50 |
| Provision during the year | 256.06 | 540.94 |
| Bad debts written off (net) | (143.49) | (306.58) |
| At the end of the year | 1,562.43 | 1,449.86 |

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

| | (₹ Million) | |
|--|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| At amortised cost | | |
| 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) | 26.85 |
| | (A+B) | 49.59 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

B. Loans - Current

| | | (₹ Million) | |
|--|-----------|---------------|---------------|
| | | 31 March 2020 | 31 March 2019 |
| At amortised cost | | | |
| Security deposits and Earnest money deposits, Unsecured, considered good | (A) | 59.07 | 17.90 |
| Rental deposits, unsecured, considered good | (B) | 9.06 | 11.00 |
| Loans to related party (Refer note - 35) | | | |
| 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 | 126.55 |
| Loans to employees, Unsecured, considered good | (D) | 10.21 | 12.79 |
| | (A+B+C+D) | 198.02 | 168.24 |

9. Other financial assets

A. Other financial assets - Non-current

| | | (₹ Million) | |
|--|--|---------------|---------------|
| | | 31 March 2020 | 31 March 2019 |
| Other financial assets (at amortised cost)- Non-current | | | |
| Deposits with bank having maturity period of more than 12 months | | 3.44 | 3.67 |
| | | 3.44 | 3.67 |

B. Other financial assets - current

| | | (₹ Million) | |
|---|---------|-----------------|---------------|
| | | 31 March 2020 | 31 March 2019 |
| At amortised cost | | | |
| Contract asset (Refer below note(a)) | | | |
| 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 | 252.93 |
| Others | | | |
| 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 |
| At FVTPL | | | |
| Derivative Assets (Refer below note (c)) | (C) | 1,084.54 | 7.40 |
| | (A+B+C) | 1,441.85 | 695.78 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

Notes:

(a) Reconciliation of Contract assets:

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| At the beginning of year | 252.93 | 140.26 |
| Unbilled revenue for year | 313.82 | 260.51 |
| Billed to customer revenue from opening balance | (245.73) | (140.26) |
| Impairment allowance | (4.24) | (7.58) |
| At the end of the year | 316.78 | 252.93 |

(b) Change in impairment allowance

| | (₹ Million) | |
|-------------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| At the beginning of year | 7.58 | - |
| Provision during the year | 4.24 | 7.58 |
| At the end of the year | 11.82 | 7.58 |

(c) Derivative Assets

| | (₹ Million) | |
|---------------------------------------|-----------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Embedded derivatives | 1,075.35 | - |
| Interest rate and cross currency swap | 9.19 | 7.40 |
| | 1,084.54 | 7.40 |

10. Cash and cash equivalents

| | (₹ Million) | |
|---|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Cash and cash equivalents (at amortised cost) | | |
| 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 |
| | 1,700.43 | 1,777.44 |

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

11. Bank balance other than cash and cash equivalents

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Bank balance other than cash and cash equivalents (at amortised cost) | | |
| Deposits with original maturity for more than 3 months but less than 12 months * | 1,069.17 | 1,375.00 |
| Earmarked balance | 0.96 | - |
| Margin money deposit | 0.02 | 0.80 |
| | 1,070.15 | 1,375.80 |

* ₹ 1,000 million (31 March 2019: ₹ 1,000 million) is restricted for withdrawal, as it is lien against project specific advance.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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 Company 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 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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Current tax: | | |
| In respect of current year | 2,449.49 | 2,947.07 |
| Adjustments of tax relating to earlier years | (34.18) | (73.55) |
| | 2,415.31 | 2,873.52 |
| Deferred tax: | | |
| 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 | - |
| | 9.72 | (322.03) |
| | 2,425.03 | 2,551.49 |

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

| | (₹ Million) | |
|--|----------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Net loss/(gain) on remeasurements of defined benefit plans | (12.92) | (2.36) |
| Net loss/(gain) on Designated Cash Flow Hedges | (42.54) | - |
| | (55.46) | (2.36) |

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

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| Effect of differential tax impact due to the following (tax benefit)/ tax expenses: | | |
| 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) | - |
| | 2,425.03 | 2,551.49 |

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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | |
|--|-----------------|-------------------|
| | 31 March 2020 | 31 March 2019 |
| 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) |
| Net current income tax asset / (liability) at the end | (992.69) | (1,572.80) |

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

| | (₹ Million) | |
|---|-----------------|-------------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| Net current tax asset / (liability) at the end | (992.69) | (1,572.80) |

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 |
| Deferred tax assets / (liabilities) in relation to | | | | | |
| Property, plant and equipment and intangible assets | (833.50) | 227.65 | - | - | (605.85) |
| Provision for employee benefits | 115.50 | (12.95) | 12.92 | - | 115.47 |
| Cash flow hedges | - | - | 42.54 | - | 42.54 |
| Receivables, financial assets at amortised cost | 550.43 | (124.30) | - | - | 426.13 |
| Lease liabilities | - | - | - | 8.51 | 8.51 |
| Others | (60.23) | (100.12) | - | - | (160.35) |
| Total deferred tax assets / (liabilities) | (227.80) | (9.72) | 55.46 | 8.51 | (173.55) |

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 |
| Deferred tax assets / (liabilities) in relation to | | | | | |
| 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) |
| Total deferred tax assets / (liabilities) | (552.19) | 322.03 | 2.36 | - | (227.80) |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| Net deferred tax asset / (liability) at the end | (173.55) | (227.80) |

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

| | (₹ Million) | |
|--|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Capital advances | | |
| Unsecured, considered good | 263.92 | 386.37 |
| Unsecured, considered doubtful | 65.99 | 65.99 |
| Gross Capital Advances | 329.91 | 452.36 |
| Less : Impairment allowance for doubtful advance | (65.99) | (65.99) |
| Net Capital Advances (A) | 263.92 | 386.37 |
| Advances other than capital advances | | |
| Prepaid expenses | 19.27 | 59.60 |
| Balances with Statutory/government authorities | 16.68 | 98.10 |
| (B) | 35.95 | 157.70 |
| (A)+(B) | 299.87 | 544.07 |

B. Other assets - Current

| | (₹ Million) | |
|---|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Advances other than capital advances, Unsecured, considered good | | |
| Advances for materials and services | 618.33 | 852.71 |
| Others | | |
| 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 |
| | 1,984.73 | 1,834.52 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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 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 2020 | 31 March 2019 |
| 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 |
| | 19,063.20 | 19,804.31 |

Notes:

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

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 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).

Notes to Standalone Financial Statements

for the year ended 31 March 2020

15. Non-current assets classified as held for sale

Accounting policy

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

- (i) Decision has been made to sale.
- (ii) The assets are available for immediate sale in its present condition.
- (iii) The assets are being actively marketed and
- (iv) Sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.
- (v) Subsequently, such non-current assets or disposal groups classified as 'held for sale' are measured at the lower of its carrying value or fair value less costs to sale. 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 or fair value less cost to sale.

16. Share capital

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Authorised share capital | | |
| Equity shares, ₹ 10 per value 18,62,50,000 (18,62,50,000) equity shares* | 1,862.50 | 1,862.50 |
| Issued, subscribed and fully paid-up shares | | |
| Equity shares, ₹ 10 per value 14,88,79,373 (14,12,05,838) equity shares | 1,488.79 | 1,412.06 |
| | 1,488.79 | 1,412.06 |

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

Notes:

(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 2020 | | 31 March 2019 | |
|---|---------------------|-----------------|---------------------|-----------------|
| | 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 | 14,88,79,373 | 1,488.79 | 14,12,05,838 | 1,412.06 |

(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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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

| | 31 March 2020 | | 31 March 2019 | |
|---|------------------|--------|------------------|--------|
| | Number of Shares | Amount | Number of Shares | Amount |
| 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% |

(₹ Million)

*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 |
| | 1,75,82,000 | 74,40,067 | 2,50,22,067 |

Summary of equity shares transferred by selling shareholder under IPO:

| | 16 April 2019 | | 31 March 2019 | |
|---|-------------------------|---------------|------------------------------------|---------------|
| | 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% |
| | 1,75,82,000 | 12.45% | 2,18,17,870 | 15.45% |

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.

(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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

Dividend on equity share

(₹ Million)

| | 31 March 2020 | 31 March 2019 |
|--|-----------------|---------------|
| Dividend on equity shares declared and paid during the year | | |
| 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 | - |
| | 1,793.97 | - |

(f) Utilisation of IPO proceeds are as follows:

(₹ Million)

| Particulars | Planned as per Prospectus | Revised proceeds | Utilisation up to 31 March 2020 | Balance up to 31 March 2020 |
|---|---------------------------|------------------|---------------------------------|-----------------------------|
| 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 | - |
| | 3,834.67 | 3,825.80 | 3,825.80 | - |

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/-.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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 2020 | | 31 March 2019 | |
|---------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|
| | Number of options | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) |
| ESOP Performance Scheme | | | | |
| 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 |
| Outstanding at the end | 18,43,318 | 405 | 21,12,500 | 405 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

| | 31 March 2020 | | 31 March 2019 | |
|---------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|
| | Number of options | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) |
| ESOP Privilege Scheme | | | | |
| 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 | - | - |
| Outstanding at the end | 33,600 | 405 | 1,42,250 | 405 |

Options Vested

| | (Number of Options) | |
|-------------------------|---------------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| ESOP Performance Scheme | 1,08,893 | - |
| ESOP Privilege Scheme | 33,600 | - |

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

| | (₹ Million) | |
|--------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Granted to | | |
| KMP | 8.99 | 6.74 |
| Employees other than KMP | 162.00 | 142.77 |
| | 170.99 | 149.51 |

17. Other equity

| | (₹ Million) | |
|---|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| 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) | - |
| | 36,914.10 | 27,077.38 |

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 2020 | 31 March 2019 |
| 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) |
| | 7,149.55 | 3,057.32 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(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 2020 | 31 March 2019 |
| Opening balance | 149.51 | - |
| Add: ESOP charge during the year | 170.99 | 149.51 |
| Less: Adjustment for exercise of stock option | (79.05) | - |
| | 241.45 | 149.51 |

(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 2020 | 31 March 2019 |
| Opening balance | - | - |
| Add: Other Comprehensive Income for the year | (126.49) | - |
| | (126.49) | - |

(f) Retained earnings

Retained earnings are the profits that the Company has earned till date less any transfers to General Reserve, dividends or other distributions to shareholders.

| | (₹ Million) | |
|---------------------------------------|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Opening balance | 23,219.73 | 18,209.73 |
| Add: Profit during the year | 7,571.15 | 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) | - |
| | 28,971.62 | 23,219.73 |

(g) Share application money pending allotment

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

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 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) | - |
| | 27.15 | - |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

18. Borrowings

A. Borrowings- non-current

| | Rate of Interest | Tenure end date | 31 March 2020 Gross/Carrying Value | 31 March 2019 Gross/Carrying Value |
|---|------------------------|-----------------|---------------------------------------|---------------------------------------|
| (₹ Million) | | | | |
| At amortised cost | | | | |
| External commercial borrowing (secured) | | | | |
| Foreign currency loan from HSBC Bank (Mauritius) Ltd. | 3 Months LIBOR + 1.65% | 23 June 2020 | 251.29 | 691.71 |
| Rupee loan (secured) | | | | |
| Indian rupee loan from Citibank N.A. | 8.80% | 23 August 2021 | 89.78 | 867.30 |
| | | | 341.07 | 1,559.01 |
| Less: Current maturities of long-term borrowings | | | (311.14) | (773.18) |
| | | | 29.93 | 785.83 |

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 Company.
- 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 2020 | | 31 March 2019 | |
|--|---------------|--------------|---------------|---------------|
| | < 1 Year | > 1 Year | < 1 Year | > 1 Year |
| (₹ Million) | | | | |
| External commercial borrowing (secured) | | | | |
| Foreign currency loan from HSBC Bank (Mauritius) Limited | 251.29 | - | 460.68 | 231.03 |
| Rupee loan (secured) | | | | |
| Indian rupee loan from Citibank N.A. | 59.85 | 29.93 | 312.50 | 554.80 |
| | 311.14 | 29.93 | 773.18 | 785.83 |

(c) Others

- 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))
- 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. Borrowing Current

| | 31 March 2020 | 31 March 2019 |
|--|-----------------|-----------------|
| (₹ Million) | | |
| At amortised cost | | |
| 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 |
| | 1,114.53 | 1,023.47 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

Notes:

(a) The above loans are secured by way of

- Secured borrowings from banks are secured against pari passu first charge by way of hypothecation of inventories and receivables.
- 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.
- Pari passu first charge by way of hypothecation of all movable fixed assets appearing in balance sheet as on 31 March 2015.
- Pari passu second charge by way of registered mortgage on all movable assets acquired on or after 1 April 2015.
- 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:

| | (₹ Million) | |
|----------------|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Fund based | 4,350.00 | 6,470.00 |
| Non fund based | 11,930.00 | 6,720.00 |
| | 16,280.00 | 13,190.00 |

(c) Net Debt Reconciliation*

| | (₹ Million) | | |
|------------------------------|------------------------|--------------------|-----------------|
| | Non-Current Borrowings | Current Borrowings | Total |
| As at 1 April 2018 | 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) |
| As at 31 March 2019 | 1,564.18 | 1,047.70 | 2,611.88 |
| 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) |
| As at 31 March 2020 | 341.29 | 1,137.45 | 1,478.74 |

*For lease liability please refer note 4

Breakup of Debt as at period end

| | (₹ Million) | | |
|---------------------|------------------------|--------------------|-----------------|
| | Non-Current Borrowings | Current Borrowings | Total |
| As at 1 April 2018 | | | |
| Borrowing | 2,221.40 | 5,669.00 | 7,890.40 |
| Accrued Interest | - | 16.94 | 16.94 |
| Total | 2,221.40 | 5,685.94 | 7,907.34 |
| As at 31 March 2019 | | | |
| Borrowing | 1,559.01 | 1,023.47 | 2,582.48 |
| Accrued Interest | 5.17 | 24.23 | 29.40 |
| Total | 1,564.18 | 1,047.70 | 2,611.88 |
| As at 31 March 2020 | | | |
| Borrowing | 341.07 | 1,114.53 | 1,455.60 |
| Accrued Interest | 0.22 | 22.92 | 23.14 |
| Total | 341.29 | 1,137.45 | 1,478.74 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

19. Trade payables

Accounting policy

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

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

| | (₹ Million) | |
|--|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| | 13,268.82 | 14,995.12 |

Notes:

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

| | (₹ Million) | |
|--|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| (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 | - | - |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

20. Other financial liabilities

A. Other financial liabilities- non-current

| | (₹ Million) | |
|--------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| At amortised cost | | |
| Lease liability | 298.89 | - |
| | 298.89 | - |

B. Other financial liabilities- current

| | (₹ Million) | |
|---|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| At Amortised Cost | | |
| 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 |
| At FVTPL | | |
| Derivative liability (Refer below note (a)) | 232.51 | 221.38 |
| | 1,283.95 | 1,736.05 |

Notes:

(a) Derivative Liability

| | (₹ Million) | |
|---------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Put Option | 49.75 | 48.90 |
| Forward contract | 13.73 | 70.94 |
| Commodity contracts | 169.03 | 101.54 |
| | 232.51 | 221.38 |

(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 2020 | 31 March 2019 |
| Deferred government grant (Refer below note (a)) | 99.55 | 163.29 |
| Deferred liability | 71.69 | 93.75 |
| | 171.24 | 257.04 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

B. Other liabilities- current

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| Other statutory dues | | |
| Employee Recoveries and Employer Contributions | 17.10 | 16.25 |
| Taxes Payable (Other than Income tax) | 89.83 | 749.84 |
| | 2,682.24 | 6,294.94 |

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 2020 | 31 March 2019 |
| 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 2020 | 31 March 2019 |
| 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 | 1,407.77 | 1,415.23 |

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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

A. Provisions- non-current

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Provision for employee benefits (Refer note 29) | | |
| Gratuity | 162.60 | 95.19 |
| Compensated absences | 93.16 | 66.71 |
| | 255.76 | 161.90 |

B. Provisions- current

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| | 237.81 | 208.23 |

Reconciliation of Warranty provision:

| | (₹ Million) | |
|------------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 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 | 97.72 | 83.54 |

23. Revenue from operations

Accounting Policy

INDAS 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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(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.

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

| | (₹ Million) | |
|--|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Revenue from contracts with customers | | |
| Revenue on Sale of Products | | |
| Finished goods | 76,362.66 | 70,334.75 |
| Traded goods | 4,856.50 | 3,684.03 |
| Revenue from Construction Contracts | 4,688.76 | 3,795.50 |
| | 85,907.92 | 77,814.28 |
| Other operating revenue | | |
| Scrap sales | 1,160.10 | 1,238.93 |
| Total revenue from contracts with customers | 87,068.02 | 79,053.21 |
| Export incentives | 202.91 | 52.32 |
| Government grant | 798.21 | 295.69 |
| Total Revenue from operations | 88,069.14 | 79,401.22 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

Notes:

(a) Disaggregated revenue information

| | (₹ Million) | |
|--|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Type of Goods or Services | | |
| 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 |
| Total revenue from contracts with customers | 87,068.02 | 79,053.21 |
| Location of customer | | |
| India | 76,112.85 | 76,570.73 |
| Outside India | 10,955.17 | 2,482.48 |
| Total revenue from contracts with customers | 87,068.02 | 79,053.21 |
| Timing of revenue recognition | | |
| 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 |
| Total revenue from contracts with customers | 87,068.02 | 79,053.21 |

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

| | (₹ Million) | |
|--|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| Total income as per Segment (Refer note 36) | 88,554.37 | 79,912.01 |

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 2020 | 31 March 2019 |
| Revenue as per contracted price | 89,888.77 | 81,964.69 |
| Less : Adjustments | | |
| 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) |
| Add : Adjustments | | |
| Unbilled Revenue - EPC | 328.60 | 260.51 |
| Revenue from contract with customers | 87,068.02 | 79,053.21 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 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.

- (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.
- (i) Set out below is the amount of revenue recognised from

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 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:

| | (₹ Million) | |
|--------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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 2020 | 31 March 2019 |
| (a) Interest income on financial assets | | |
| Carried at amortised cost | | |
| Bank deposits | 207.47 | 27.50 |
| Others | 59.08 | 100.12 |
| Carried at FVTPL | | |
| Others | 3.71 | 1.12 |
| (b) Income from mutual funds | | |
| Gain on liquid/overnight mutual funds | 179.07 | - |
| Fair valuation on gain on overnight mutual funds | 0.01 | - |
| (c) Fair value gain / loss on financial instruments | | |
| Fair value of put option | - | 6.10 |
| Fair valuation gain on financial asset*- Unrealised | 392.91 | - |
| (d) Other non-operating income | | |
| 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 |
| | 934.57 | 639.53 |

* 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

| | (₹ Million) | |
|--|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| Inventories at the beginning of the year | 9,720.81 | 4,976.43 |
| Add: Purchases | 56,285.64 | 59,378.59 |
| | 66,006.45 | 64,355.02 |
| Less: Inventories at the end of the year | (7,046.47) | (9,720.81) |
| | 58,959.98 | 54,634.21 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

Notes:

Details of Material Consumed

| | (₹ Million) | |
|-----------------------------------|------------------|------------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| | 58,959.98 | 54,634.21 |

*Others includes Raw material for consumer products

26. Purchases of traded goods

| | (₹ Million) | |
|-------------------------------|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Electrical wiring accessories | 318.90 | 362.20 |
| Electrical appliances | 3,195.27 | 2,838.40 |
| Others | 542.62 | 36.54 |
| | 4,056.79 | 3,237.14 |

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

| | (₹ Million) | |
|---|-------------------|-------------------|
| | 31 March 2020 | 31 March 2019 |
| Inventory at the beginning of the year | | |
| 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 |
| | 9,129.04 | 8,072.20 |
| Inventory at the end of the year | | |
| 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 |
| | 11,497.76 | 9,129.04 |
| Changes in Inventories | (2,368.72) | (1,056.84) |

28. Project bought outs and subcontracting cost

| | (₹ Million) | |
|---------------------------------|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Project bought outs | 1,994.13 | 1,589.57 |
| Subcontracting Expenses for EPC | 1,180.33 | 953.47 |
| | 3,174.46 | 2,543.04 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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.

(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 Company 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)).

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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 2020 | 31 March 2019 |
| 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 |
| | 3,617.25 | 2,969.87 |

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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(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.

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 2020 | Year ended 31 March 2019 |
| Current service cost | 51.36 | 45.57 |
| Net interest cost | 14.94 | 14.27 |
| Past service cost | - | - |
| Net benefits expense | 66.30 | 59.84 |

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

| | (₹ Million) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| Actuarial (gain) /loss on obligations | 53.05 | 5.95 |
| Return on plan assets, excluding interest income | (1.74) | 0.80 |
| Net (Income)/Expense for the year recognized in OCI | 51.31 | 6.75 |

Balance sheet

Benefits liability

| | (₹ Million) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| Present value of defined benefit obligation | (527.94) | (409.38) |
| Fair value of plan assets | 253.16 | 213.89 |
| Plan liability | (274.78) | (195.49) |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| Opening defined benefit obligation | 409.38 | 352.94 |
| Interest cost | 31.28 | 27.53 |
| Current service cost | 51.36 | 45.57 |
| Benefits paid | (17.12) | (22.61) |
| Actuarial (gains)/losses on obligations | | |
| Due to change in financial assumptions | 39.48 | 4.57 |
| Due to experience | 13.57 | 1.38 |
| Closing defined benefit obligation | 527.95 | 409.38 |

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

| | (₹ Million) | |
|--|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| Opening fair value of plan assets | 213.88 | 170.02 |
| Interest Income | 16.34 | 13.27 |
| Contribution by employer | 38.32 | 54.01 |
| Benefits paid | (17.12) | (22.61) |
| Actuarial gains | 1.74 | (0.80) |
| Closing fair value of plan assets | 253.16 | 213.89 |

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 2020 | Year ended 31 March 2019 |
| 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 2020 | Year ended 31 March 2019 |
| Investment with insurer | 100% | 100% |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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

| | (₹ Million) | |
|--|--|--|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| 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

| | (₹ Million) | |
|---|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| 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 |

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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

Maturity analysis of projected benefit obligation from the fund:

| | (₹ Million) | |
|---------------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2020 | Year ended 31 March 2019 |
| 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 |

(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 (31 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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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 2020 | 31 March 2019 |
| 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 |
| | 479.03 | 1,157.72 |

[#] 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 2020 | 31 March 2019 |
| 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 |
| | 1,590.85 | 1,400.71 |

32. Other expenses

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

| | (₹ Million) | |
|--|-----------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| 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 |
| | 9,459.50 | 7,589.02 |

Notes:

(a) Payments to auditor:

| | (₹ Million) | |
|----------------------------------|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| As auditor | | |
| (i) Audit fee | 9.43 | 11.95 |
| (ii) Certification fees | 0.20 | 0.75 |
| (iii) Reimbursement of expenses* | 0.84 | - |
| | 10.47 | 12.70 |
| (iv) Other services | - | 9.00 |
| | 10.47 | 21.70 |

* 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:

- (i) No amount has been spent on construction / acquisition of an asset of the Company.
- (ii) CSR Spent consist of following:

| | | (₹ Million) | |
|--|--------------|---------------|---------------|
| | | 31 March 2020 | 31 March 2019 |
| Gross amount required to be spent by the Company during the year as per provisions of section 135 of the Companies Act, 2013 i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013. | (A) | 120.26 | 91.15 |
| Gross amount spent by the Parent Company during the year | | | |
| 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 |
| Total CSR spent in actual | (B) | 127.33 | 34.94 |
| Shortfall/(Excess) | (A-B) | (7.07) | 56.21 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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 30 August 2018 and our Shareholders on 30 August 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 2020 | 31 March 2019 |
|--|--------------------|--------------|---------------|---------------|
| 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 |
| Earnings per shares - Basic (one equity share of ₹ 10 each) | ₹ per share | (A/B) | 51.28 | 35.51 |

(b) Diluted Earnings per share

| | | | 31 March 2020 | 31 March 2019 |
|--|--------------------|--------------|---------------|---------------|
| 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 |
| Effect of dilution | | | | |
| 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 |
| Earnings per shares - Diluted (one equity share of ₹ 10 each) | ₹ per share | (A/D) | 51.10 | 35.51 |

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

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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)

| | (₹ Million) | |
|--|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| (i) Outstanding corporate guarantees given on behalf of subsidiaries and Joint venture's | 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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(B) Commitments

| | (₹ Million) | |
|---|---------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| (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

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

| | | (₹ Million) | |
|--|--------------------------|------------------------|---------------|
| | Country of incorporation | Ownership interest (%) | |
| | | 31 March 2020 | 31 March 2019 |
| (i) Subsidiaries | | | |
| 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 |
| (ii) Joint Ventures | | | |
| 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 Managerial 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* |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

| | |
|--|--|
| (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 Company till 23 May 2018.

(D) Transactions with group companies

| | | (₹ Million) | |
|--|---------------|-----------------------------|-----------------------------|
| | | Year ended 31 March 2020 | Year ended 31 March 2019 |
| (i) Sale of goods (including GST) | | | |
| 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 |
| (ii) Purchase of goods (including GST) | | | |
| 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 |
| (iii) Sub-contracting expense (including GST) | | | |
| 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 | - |
| (iv) Commission (including GST) | | | |
| Tirupati Reels Private Limited | Subsidiary | 0.22 | - |
| Polycab Wires Italy SRL | Subsidiary | - | 15.74 |
| (v) Rent received | | | |
| Dowells Cable Accessories Private Limited | Subsidiary | 7.50 | 5.00 |
| Ryker Base Private Limited | Joint Venture | 3.67 | 2.81 |
| (vi) Interest received | | | |
| 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 |
| (vii) Testing charges paid | | | |
| Techno Electromech Private Limited | Joint Venture | 1.42 | - |
| (viii) Other charges recovered | | | |
| 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 | - |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(₹ Million)

| | | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|-----------------------------|-----------------------------|
| (ix) Sale of Machinery (including GST) | | | |
| Techno Electromech Private Limited | Joint Venture | 50.39 | - |
| (x) Purchase of Machinery (including GST) | | | |
| Techno Electromech Private Limited | Joint Venture | - | 30.71 |
| Ryker Base Private Limited | Joint Venture | 12.45 | - |
| (xi) Investment made | | | |
| Dowells Cable Accessories Private Limited | Subsidiary | - | 39.27 |
| Techno Electromech Private Limited | Joint Venture | 35.00 | - |
| (xii) Loans given | | | |
| Tirupati Reels Private Limited | Subsidiary | 40.00 | 40.00 |
| Dowells Cable Accessories Private Limited | Subsidiary | - | 4.60 |
| (xiii) Loan given repaid | | | |
| 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 |
| (xiv) Corporate guarantee given (Refer note below) | | | |
| Tirupati Reels Private Limited | Subsidiary | 520.00 | - |
| Ryker Base Private Limited | Joint Venture | - | 360.83 |
| (xv) Fair value Corporate guarantee (Refer note below) | | | |
| Ryker Base Private Limited | Joint Venture | - | 3.80 |
| (xvi) Rent paid | | | |
| AK Enterprises | Enterprises owned or significantly influenced by key managerial personnel | 29.14 | 29.11 |

(E) Outstanding as at the year end :

(₹ Million)

| | | Year ended 31 March 2020 | Year ended 31 March 2019 |
|--|---------------|-----------------------------|-----------------------------|
| (i) Loans | | | |
| 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 |
| (ii) Provision against loans | | | |
| Polycab Wires Italy SRL | Subsidiary | 32.25 | 30.17 |
| (iii) Trade Receivables | | | |
| 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 |
| (iv) Interest accrued on loan given | | | |
| Tirupati Reels Private Limited | Subsidiary | - | 1.21 |
| Dowells Cable Accessories Private Limited | Subsidiary | - | 0.02 |
| Techno Electromech Private Limited | Joint Venture | - | 3.17 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

| | | (₹ Million) | |
|---|---|-----------------------------|-----------------------------|
| | | Year ended 31 March 2020 | Year ended 31 March 2019 |
| (v) Trade Payables | | | |
| 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 |
| (vi) Security Deposits given | | | |
| 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 2020 | | 31 March 2019 | |
|--|--------------------|------------------------------|--------------------|------------------------------|
| | For the year ended | Outstanding for the year end | For the year ended | Outstanding for the year end |
| (₹ Million) | | | | |
| Executive directors (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 |
| Non- Executive directors (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 |
| Other (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 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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(ii) Share based payments to KMP*

(₹ Million)

| | Year ended 31 March 2020 | Year ended 31 March 2019 |
|------------------------------|-----------------------------|-----------------------------|
| 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

(₹ Million)

| | Nature of transaction | Ownership interest (%) | |
|--|-----------------------|-----------------------------|-----------------------------|
| | | Year ended 31 March 2020 | Year ended 31 March 2019 |
| 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:

(₹ Million)

| | 31 March 2020 | | 31 March 2019 | |
|-----------------------------|--------------------|------------------------------|--------------------|------------------------------|
| | 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*

(₹ Million)

| | Year ended 31 March 2020 |
|-----------------------------|-----------------------------|
| 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 |
| Total | 185.94 |

* 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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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

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

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

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

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

| | 31 March 2020 | | | | | 31 March 2019 | | | | |
|----------------------------------|------------------|-----------------|-----------------|-----------------|------------------|------------------|-----------------|-----------------|-----------------|------------------|
| | Wires & Cables | FMEG | Others | Eliminations | Total | Wires & Cables | FMEG | Others | Eliminations | Total |
| Income | | | | | | | | | | |
| 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) | - |
| Total Income | 75,898.39 | 8,355.78 | 4,689.78 | (389.58) | 88,554.37 | 70,647.86 | 6,432.94 | 3,795.50 | (964.29) | 79,912.01 |
| Segment Results | | | | | | | | | | |
| 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) | - | - | - | - | - | - |
| Segment/Operating results | 9,221.96 | 168.28 | 721.66 | (47.64) | 10,064.26 | 8,353.74 | 74.51 | 166.61 | - | 8,594.86 |

(₹ Million)

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(₹ Million)

| | 31 March 2020 | | | | | 31 March 2019 | | | | |
|---|----------------|--------|--------|--------------|------------------|----------------|--------|--------|--------------|-----------------|
| | Wires & Cables | FMEG | Others | Eliminations | Total | Wires & Cables | FMEG | Others | Eliminations | Total |
| Un-allocated items: | | | | | | | | | | |
| Finance income | | | | | 449.34 | | | | | 128.74 |
| Finance costs | | | | | 479.03 | | | | | 1,157.72 |
| Profit before tax | | | | | 10,034.57 | | | | | 7,565.88 |
| Provision for taxation | | | | | 2,425.03 | | | | | 2,551.49 |
| Profit for the year | | | | | 7,609.54 | | | | | 5,014.39 |
| 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:

(₹ Million)

| | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---------------|-----------------------------|-----------------------------|
| Within India | 77,599.20 | 77,429.53 |
| Outside India | 10,955.17 | 2,482.48 |
| | 88,554.37 | 79,912.01 |

(C) Segment assets

(₹ Million)

| | 31 March 2020 | | | | | 31 March 2019 | | | | |
|---|----------------|----------|----------|--------------|------------------|----------------|----------|----------|--------------|------------------|
| | 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 |
| Unallocated assets: | | | | | | | | | | |
| 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 recoverable from selling shareholders | | | | | - | | | | | 388.77 |
| Other unallocable assets | | | | | 1,174.27 | | | | | 686.49 |
| Total assets | | | | | 59,282.10 | | | | | 55,954.17 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(D) Segment liabilities

(₹ Million)

| | 31 March 2020 | | | | | 31 March 2019 | | | | |
|--|----------------|----------|----------|--------------|------------------|----------------|----------|----------|--------------|------------------|
| | 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 |
| Unallocated liabilities: | | | | | | | | | | |
| 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 |
| | | | | | 20,879.21 | | | | | 27,464.73 |

(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:

(₹ Million)

| | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---------------|-----------------------------|-----------------------------|
| Within India | 16,855.29 | 15,054.15 |
| Outside India | - | - |
| | 16,855.29 | 15,054.15 |

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:

- Financial assets at amortised cost
- 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).

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(a) Financial assets carried at amortised cost

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

- **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).
- **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) 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.

• 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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(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.

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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(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:

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

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

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

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

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

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

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

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

(₹ Million)

| | Carrying value | | Fair value | |
|--|------------------|------------------|------------------|------------------|
| | 31 March 2020 | 31 March 2019 | 31 March 2020 | 31 March 2019 |
| Financial assets | | | | |
| Measured at amortised cost | | | | |
| 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 |
| Measured at fair value through profit or loss account (FVTPL) | | | | |
| Investment in mutual funds | 400.00 | - | 400.00 | - |
| Derivative Assets | 1,084.54 | 7.40 | 1,084.54 | 7.40 |
| | 21,382.32 | 19,264.64 | 21,382.32 | 19,264.64 |
| Financial liabilities | | | | |
| Measured at amortised cost | | | | |
| 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 |
| Measured at fair value through profit or loss account (FVTPL) | | | | |
| Derivative liabilities | 232.51 | 221.38 | 232.51 | 221.38 |
| | 16,174.41 | 18,644.35 | 16,174.41 | 18,644.35 |

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- (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 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.
- (f) 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.
- (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 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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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) |
| Assets measured at fair value: | | | | | |
| Units of mutual funds | 31 Mar 20 | 400.00 | 400.00 | - | - |
| Derivative Assets | | | | | |
| Embedded derivatives | 31 Mar 20 | 1,075.35 | - | 1,075.35 | - |
| Interest rate and cross currency swap | 31 Mar 20 | 9.19 | - | 9.19 | - |
| Liabilities measured at fair value: | | | | | |
| Derivative liabilities : | | | | | |
| Commodity contracts | 31 Mar 20 | 169.03 | - | 169.03 | - |
| Foreign exchange forward 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) |
| Assets measured at fair value: | | | | | |
| Derivative Assets | | | | | |
| Interest rate and cross currency swap | 31 Mar 19 | 7.40 | - | 7.40 | - |
| Liabilities measured at fair value: | | | | | |
| Derivative liabilities : | | | | | |
| 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

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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's focus is to foresee the unpredictability and minimize potential adverse effects on the Company's financial performance. The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

(A) Market Risk

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

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term debt obligations with floating interest rates.

The Company 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:

| | Exposure to interest rate risk (Principal amount of loan) | Increase/ decrease in basis points | Effect on profit before tax |
|------------------|---|------------------------------------|-----------------------------|
| | | | (₹ Million) |
| 31 Mar 20 | 741.53 | | |
| Increase | | +100 | (7.42) |
| Decrease | | -100 | 7.42 |
| 31 Mar 19 | 717.68 | | |
| Increase | | +100 | (7.18) |
| Decrease | | -100 | 7.18 |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(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:

| Currency | Currency Symbol | (₹ Million) | | | |
|----------------------|-----------------|------------------|---------------|------------------|---------------|
| | | 31 March 2020 | | 31 March 2019 | |
| | | 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

| Currency | Currency Symbol | (₹ Million) | | | |
|----------------------|-----------------|---------------|--------|---------------|--------|
| | | 31 March 2020 | | 31 March 2019 | |
| | | -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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(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 2020 | | | | 31 March 2019 | | | |
|-----------|--------------------------|-----------------------|-----------------------------|---------|--------------------------|-----------------------|-----------------------------|---------|
| | 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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

(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 2020 | | | 31 March 2019 | | |
|-----------------------------|------------------|----------------------|------------------|------------------|----------------------|------------------|
| | < 1 year | > equal to 1 year | Total | < 1 year | > equal to 1 year | Total |
| Non-derivatives | | | | | | |
| 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 |
| | 15,845.59 | 328.82 | 16,174.41 | 17,858.52 | 785.83 | 18,644.35 |

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.

Notes to Standalone Financial Statements

for the year ended 31 March 2020

- (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 | | | | | |
| Fair Value Hedge | | | | | | | | | |
| 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 | | |
| Cash Flow Hedge | | | | | | | | | |
| Hedged item | Highly probable forecasted purchases | - | - | (169.03) | Range within 1 to 6 months | 1:1 | Cash flow hedge Reserve | (852.14) | (223.21) |
| Hedging instrument | Buy Derivative Position | - | 169.03 | - | | 1:1 | Current financial liabilities | | |
| | Sell Derivative Position | - | - | - | | 1:1 | Current financial liabilities | | |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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

(₹ Million)

| | As at 31 March 2020 | | | |
|-----------------------------|--------------------------------|----------------------|-----------------------|---------------|
| | Cash Flow hedge release to P&L | | | |
| | Less than 3 Months | 3 Months to 6 Months | 6 Months to 12 Months | Total |
| Commodity Price risk | | | | |
| Forward Buy Contract | 64.49 | 85.30 | 19.24 | 169.03 |

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 | | | | | |
| Fair Value Hedge | | | | | | | | |
| 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.

(₹ Million)

| | 31 March 2020 | 31 March 2019 |
|---|------------------|------------------|
| 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) |
| Net debt | 14,175.09 | 16,866.91 |
| Equity (Refer note 16 and 17) | 38,402.89 | 28,489.44 |
| Total capital | 38,402.89 | 28,489.44 |
| Capital and net debt | 52,577.98 | 45,356.35 |
| Gearing ratio | 26.96% | 37.19% |

Notes to Standalone Financial Statements

for the year ended 31 March 2020

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

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

Inder T. Jaisinghani

Chairman & Managing
Director

DIN: 00309108

S. L. Bajaj

CFO & Whole Time Director

DIN: 02734730

Place: Mumbai

Ajay T. Jaisinghani

Whole Time Director

DIN: 00276588

S. S. Narayana

Company Secretary

Membership No. F5221

Date: 30 May 2020

Glossary

| A | Performance Ratios | |
|----------|------------------------------|--|
| | EBITDA/Net Sales % | EBITDA = PBT + Interest + Depreciation - Other Income Net Sales = Revenue from operations |
| | EBIT/Net Sales % | EBIT = PBT + Finance Cost - Other Income |
| | Fixed Assets Turnover ratio | Net Sales/ Total Fixed Assets |
| | Asset Turnover | Net sales/ Total assets |
| | Debtors Turnover | Closing Current Trade Receivables/ Net Sales |
| | Inventory Turnover | Closing Inventory/ Net Sales |
| | Return on Capital Employed % | (PBT+Finance Cost)/Capital Employed |
| | Return on Equity | PAT/ Shareholder's Funds |
| | International Revenue share | International Revenue/ Net Sales |

| B | Leverage Ratios | |
|----------|-------------------------|-------------------------------|
| | Interest Coverage Ratio | EBITD/Interest cost |
| | Debt Equity Ratio | Total Debt/Shareholders Funds |
| | Debt/Total Assets | Total Debt/Total Assets |

| C | Liquidity Ratio | |
|----------|------------------------|---|
| | Current Ratio | Current Assets/ Current Liabilities |
| | Quick Ratio | (Current Assets - Inventories)/ Current Liabilities |

| D | Activity Ratio | |
|----------|-----------------------|---|
| | Inventory days | Inventory / Turnover * 365 |
| | Receivable days | Receivables / Turnover * 365 |
| | Payables days | (Trade Payables + Other Current Liabilities) / Turnover * 365 |
| | Net Cash Cycle days | Inventory days + Receivables days - Payables days |

| E | Investor related Ratios | |
|----------|--------------------------------|---|
| | Price to Earnings Ratio | Period closing share price / EPS |
| | Enterprise Value | Period closing market capitalisation + Debt + Non controlling interest - Cash & Cash equivalents |

| F | Others | |
|----------|---------------------------|--|
| | Cash and cash equivalents | Cash + Bank Balances + Current Investments |
| | CY | Year ending December |
| | FY | Year ending March |



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