KEC INTERNATIONAL LTD.
RPG House
463, Dr. Annie Besant Road
Worli, Mumbai 400030, India
+91 22 66670200
www.kecrpg.com

July 14, 2020

National Stock Exchange of India Limited	**BSE Limited**
Exchange Plaza	Phiroze Jeejeebhoy Towers
Bandra Kurla Complex	Dalal Street, Fort
Bandra (East), Mumbai 400 051	Mumbai – 400 001
Symbol: KEC	**Script Code: 532714**

Ref: Disclosure under Regulation 34 and Regulation 30(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sub: Intimation of Annual General Meeting and Annual Report of FY 2019-20

Dear Sir(s),

This is to inform you that the Fifteenth Annual General Meeting ("AGM") of the Members of the Company will be held on Friday, August 07, 2020 at 3.00 pm (IST) through Video Conferencing (VC) / Other Audio - Visual Means (OAVM), in accordance with the relevant circulars issued by Ministry of Corporate Affairs and Securities and Exchange Board of India, *inter alia*, to transact the businesses stated in the Notice convening the said AGM.

Pursuant to Regulation 34(1) and Regulation 30(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company for the financial year 2019-20 along with the Notice of AGM, which are being sent through electronic mode to the Members of the Company, whose e-mail IDs are registered with Depositories/ the Company/the Registrar and Share Transfer Agent. The Annual Report and Notice of AGM are also available on the website of the Company at https://www.kecrpg.com/agm under the tab "AGM 2020".

The Notice of the AGM of the Company *inter alia* indicates the process and manner of remote e-Voting/ e-voting at the AGM and instructions for participation at the AGM through VC/OAVM.

You are requested to take the same on records.

Thanking you,

Yours faithfully,
For KEC International Limited

Amit Kumar Gupta

Digitally signed by Amit Kumar Gupta
DN: c=IN, o=Personal, 2.5.4.20=b7e8678b2d6b381cb8f4761d9cbb4338253df2c8e93e8fcf768f8e86438a00a1, postalCode=400705, st=Maharashtra, serialNumber=de9bbd80d8994e4be9f0dd2399144eba7e782d70287df6aad1994f0b522fa08a, cn=Amit Kumar Gupta
Date: 2020.07.14 11:13:57 +05'30'

Amit Kumar Gupta
Company Secretary & Compliance Officer

Encl: As above.

KEC






Sustainable Outperformance

KEC International Limited
Annual Report 2019-20

RPG

About RPG Group

Established in 1979, the RPG Group is a diversified conglomerate with interests in the areas of infrastructure, tyres, information technology, pharmaceuticals, energy and plantations. Founded by Dr. R P Goenka, the group's lineage dates back to the early 19th century. Today, the group has several companies in diverse sectors and the most prominent among them being Zensar Technologies, CEAT, KEC International, and RPG Life Sciences. Built on a solid foundation of trust and tradition, the RPG name is synonymous with steady growth and high standards of transparency, ethics and governance.

hello **happiness**

Happiness is intrinsic to life at RPG. Be it in our product innovations, business challenges, people policies or in our community outreach programmes. Our Vision tenets clearly outline the path we collectively traverse – to be an organisation where dreams are not constrained by fences, and each one of us is encouraged to reach for happiness that is within our grasp.

"hello happiness", is a bold statement that helps us open our doors to a world of opportunities and possibilities; a statement that signifies our intent to touch and enrich the lives of others, and work collectively towards a common goal that makes each of us rise beyond our limitations.

Outperformance has been a fundamental building block that permeates all strategies, processes and functions of the company.

Starting from the early 1940s, we have grown from strength to strength and are today amongst the most respected Engineering, Procurement, and Construction companies in the world. Our sustained outperformance is a result of years of shared and enhanced value creation, backed by a strong value proposition and service offerings, robust project management, manufacturing and operational excellence, focus on technology and process innovations, advanced engineering and design capabilities, well-defined growth strategies and an outperformance-oriented mindset.

The Company is committed to delivering excellence and outperformance with unwavering focus on embedding sustainable practices towards improving environment, society, safety and governance. Our diversified presence spanning across six continents and businesses provide us unique opportunities to improve quality of lives across the globe. Our efforts towards building a better world is reflected not only in the businesses we operate but also in our project execution practices, people practices, safety and environment policies, and CSR activities to touch lives of people and communities around us.

We build infrastructure for the world of tomorrow. We power happiness.

On the Cover

765 kV Fatehgarh-Bhadla Transmission Line, Rajasthan

765/400 kV Gas Insulated Substation in Koteshwar, Uttarakhand

Kasganj-Farrukhabad Railway Electrification, Uttar Pradesh

Metro construction works at Kochi, Kerala

Preheater, cement manufacturing plant at Mundwa, Rajasthan

132 kV Underground Cabling works, Oman

150 MWp solar project in Bhadla, Rajasthan

Scan this code with a QR reader app on your smartphones or tablets and know more about us.

www.kecrpg.com

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Company Overview

Statutory Reports

Financial Statements

KEC on Social Media:

@KEC International Ltd.

@KEC_Intl

@KEC International Limited

Highlights FY 2019-20

9,328
Employees

30+
Nationalities

₹ 11,965 crore
Revenue

₹ 20,503 crore
Order Book
(as on March 31, 2020)

Vision Statement

Unleash Talent
Enabling environment for people to unleash their entrepreneurial spirit and realise their full potential

Touch Lives
To understand, care and make a meaningful difference to customers, employees, society and all stakeholders

Outperform
Sustained and clear outperformance relative to all our competitors and industry on financial and non-financial metrics that matter

To have fun by creating a high-energy environment with a keen sense of belonging and smiling faces everywhere

Values

Dedicated to delivering the best while staying true to deep-rooted values

Integrity

Respect

Openness

Courage

Passion

Integrated Report

We are proud to commence our journey of Integrated Reporting this year, in line with our commitment towards transparency and highest standards of corporate governance. Refer page numbers 38 to 46 for the report.

765 kV Banaskantha-Chittorgarh Transmission Line, Rajasthan; part of the Green Energy Corridor

2,052 km
Transmission Lines executed

171
Substation Bays built

1,095 km
25% of India's Railway Tracks electrified

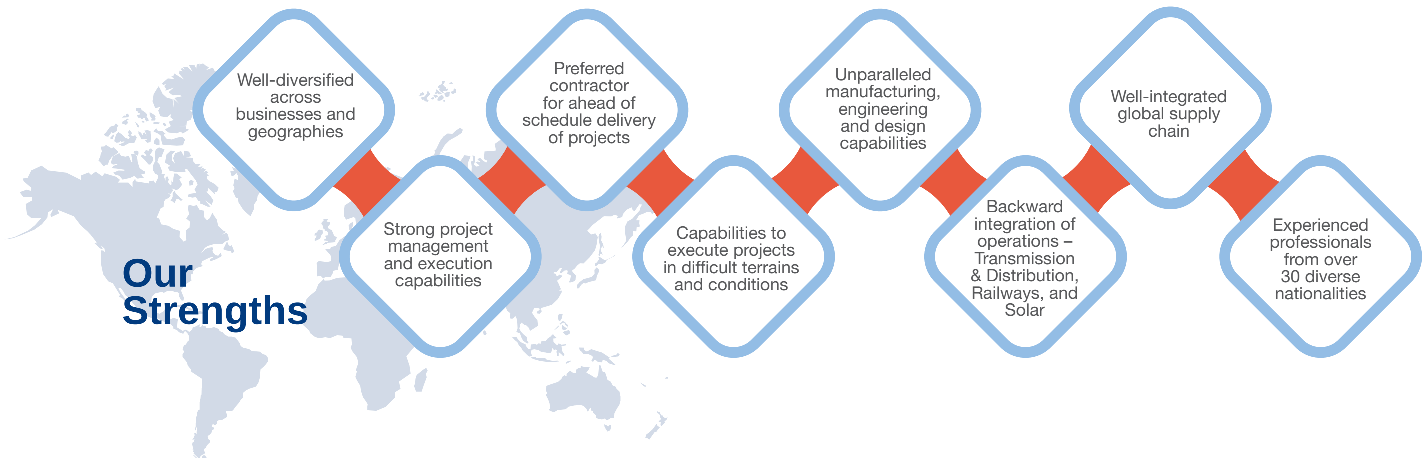
Overhead Electrification between Jhansi-Bhimsen, Uttar Pradesh

KEC International Limited

KEC International, headquartered in Mumbai, India, is the flagship company of the RPG Group. A USD 1.7 billion Engineering, Procurement, and Construction (EPC) major, we deliver projects in key infrastructure sectors such as Power Transmission & Distribution, Railways, Civil, Urban Infrastructure, Solar, Smart Infrastructure, and Cables.

Our robust and integrated capabilities span the entire spectrum of 'concept to commissioning'. We have successfully executed complex projects across some of the world's most difficult terrains and conditions aided by robust project management and execution capabilities. We have unrivalled expertise in manufacturing and testing, with a footprint extending across India, Dubai, Brazil, and Mexico. Our vast global presence has enabled a robust and agile supply chain that extends across six continents in over 100 countries.

For 75 years, we have prided ourselves for our unmatched expertise across EPC, backed by a strong, customer-centric approach, quest for world-class quality, and 'safety-first' attitude. Integrity in our actions and respect for people, environment and our stakeholders are the cornerstones of our corporate responsibility. Empowered by a mindset driven to outperform and excel, we build infrastructure for the world of tomorrow.

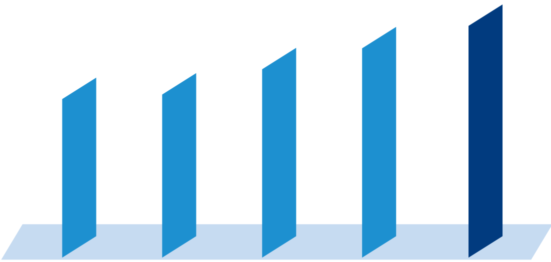


Financial Performance

Revenue

(₹ in crore)

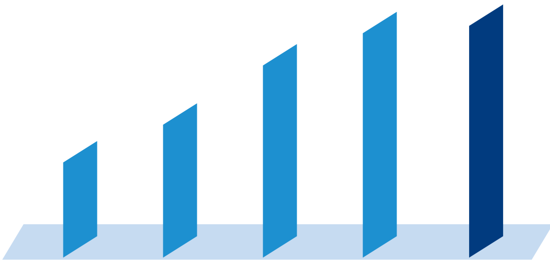
2015-16	2016-17	2017-18	2018-19	2019-20
8,710	8,755	10,091	11,001	**11,965**



Order Book

(₹ in crore)

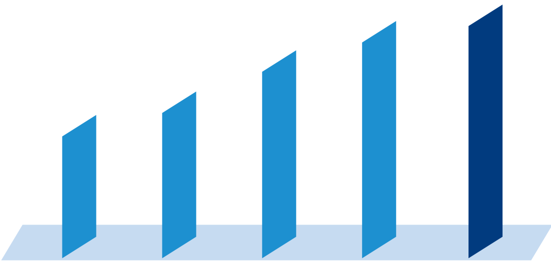
2015-16	2016-17	2017-18	2018-19	2019-20
9,449	12,631	17,298	20,307	**20,503**



EBITDA

(₹ in crore)

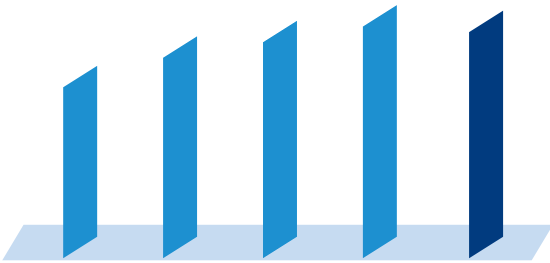
2015-16	2016-17	2017-18	2018-19	2019-20
693	818	1,006	1,150	**1,234**



EBITDA Margin

(%)

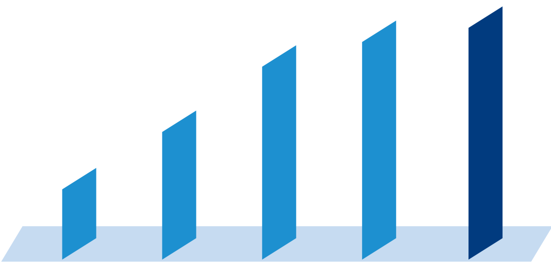
2015-16	2016-17	2017-18	2018-19	2019-20
8.0	9.3	10.0	10.5	**10.3**



PBT

(₹ in crore)

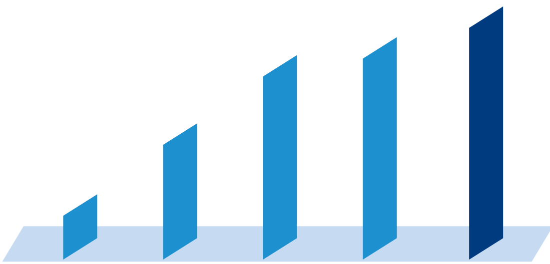
2015-16	2016-17	2017-18	2018-19	2019-20
292	463	690	757	**790**



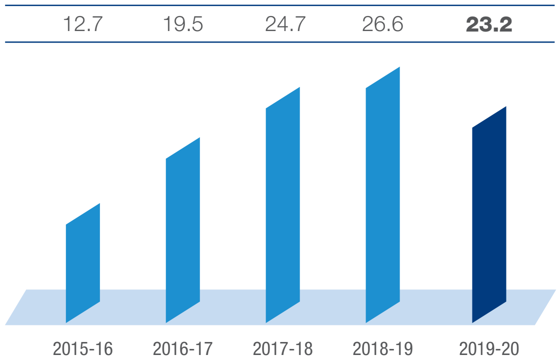
PAT

(₹ in crore)

2015-16	2016-17	2017-18	2018-19	2019-20
148	305	460	496	**566**

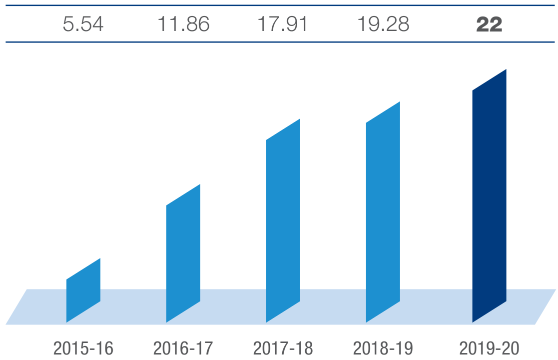


Return on Capital Employed (ROCE) (%)

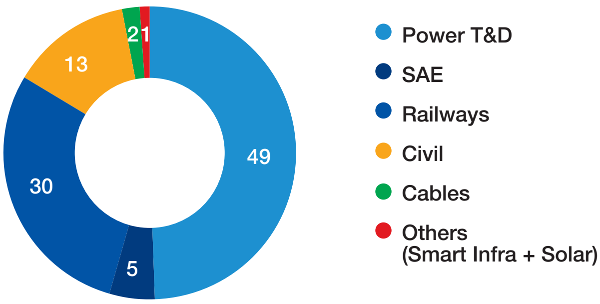


EPS

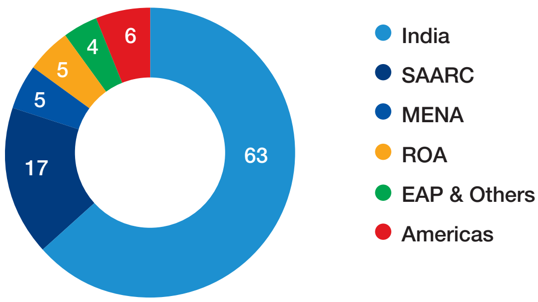
(Face value ₹ 2 each)



Business-wise Order Book (%)



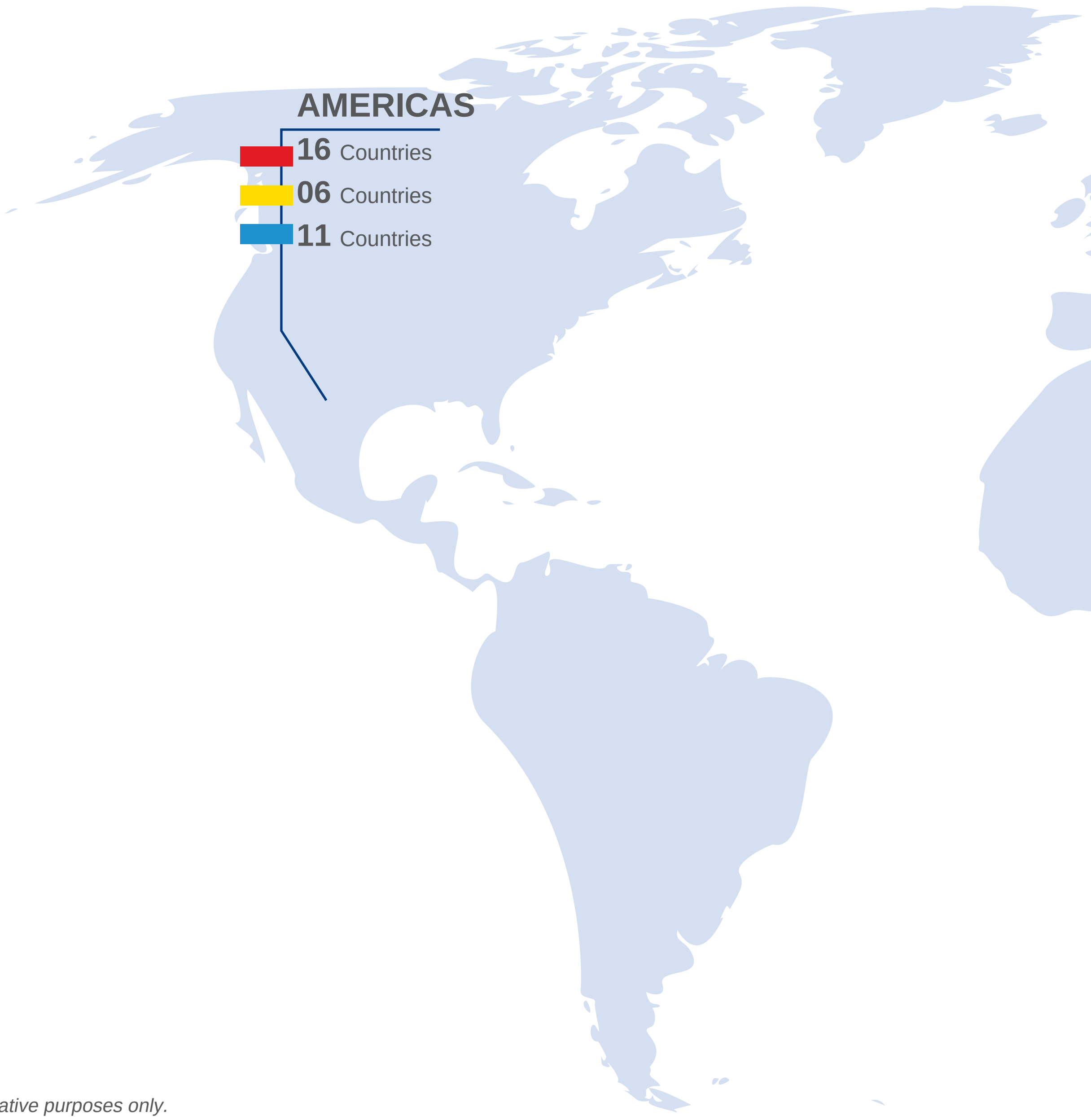
Geography-wise Order Book (%)



Notes:

1. FY 2019-20, FY 2018-19, FY 2017-18, FY 2016-17, and FY 2015-16 numbers are IND AS compliant
2. SAARC – South Asian Association for Regional Cooperation Countries; MENA – Middle East & North Africa; ROA – Rest of Africa; EAP – East Asia Pacific Countries; CIS – Commonwealth of Independent States
3. Graphs are not up to the scale

Diversified Global Footprint



70+
Countries
EPC

80+
Countries
Cables Supply

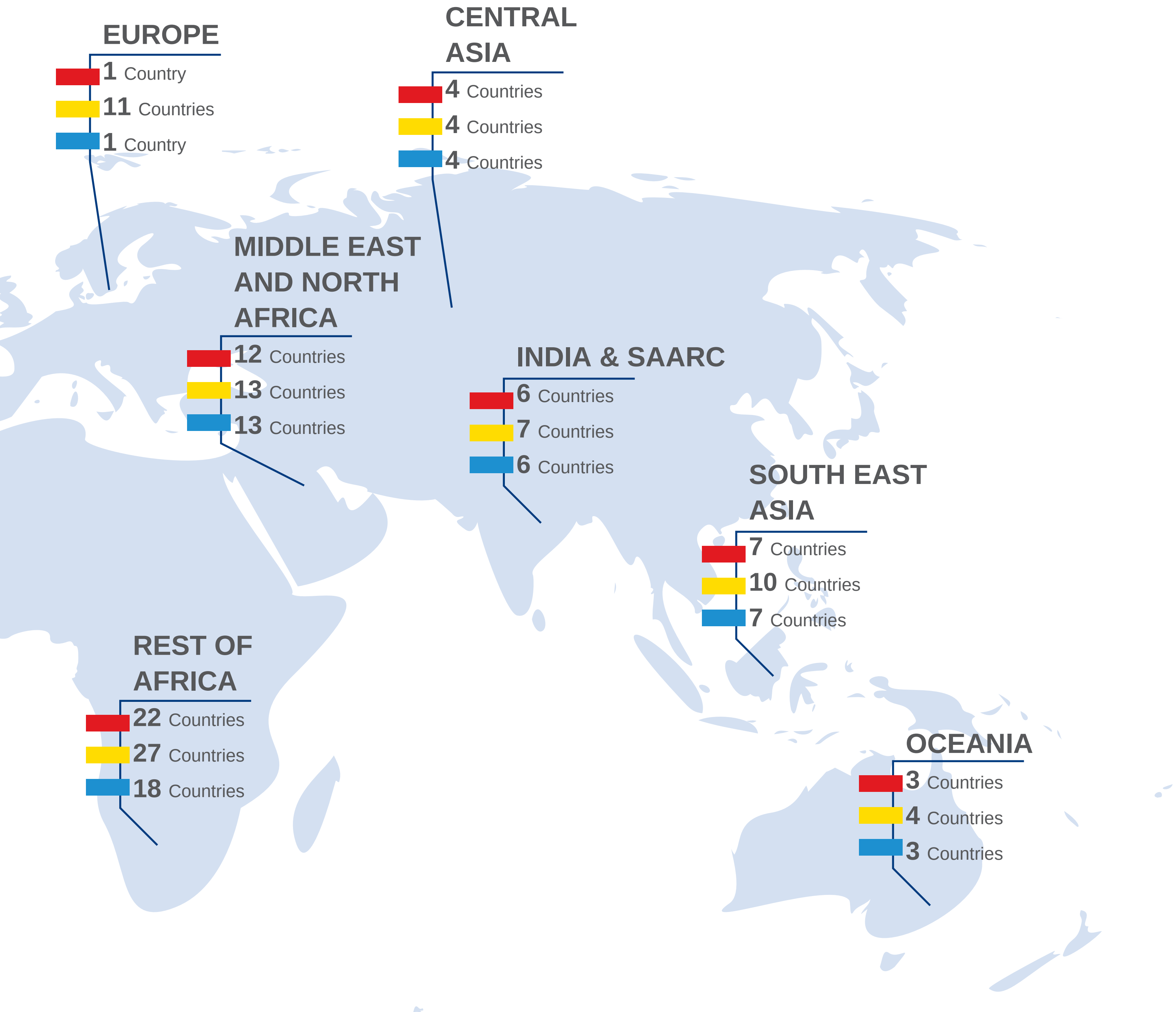
60+
Countries
Tower Supply

Map not to scale. For illustrative purposes only.

100+
Footprint in no. of countries (Includes EPC, Supply of Towers & Cables)

30+ countries
Executed/ executing EPC projects in FY20

50%
Business from outside India



4,22,200 MTPA

Global manufacturing capacity (Includes Towers, Poles, Hardware, Structures for Railways & Solar)

8

Manufacturing plants across India, Dubai, Brazil, and Mexico

2,24,637

Lives impacted through CSR

Corporate Information

REGISTERED OFFICE
RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai 400 030
Ph: 022-66670200
Fax: 022-66670287

MANUFACTURING FACILITIES
Towers and Structures (Substations, Railways & Solar)

India
Butibori:
B-190 Industrial Area,
Butibori 441 108, Maharashtra

Jabalpur:
Deori, P.O. Panagarh,
Jabalpur 483 220, Madhya Pradesh

Jaipur:
Jhotwara Industrial Area,
Jaipur 302 012, Rajasthan

International
Brazil:
R. Moacyr G. Costa, 15- Jd., Piemont Sul 32669-722, Betim/ MG, Brazil

Dubai:
Plot No. 597-653, Dubai Investment Park-2, Jebel Ali Industrial Area, Dubai, UAE

Mexico:
Arco, Vial Saltillo-Nuevo Laredo, Km. 24.1 C.P. 66050-79, Escobedo, N.L., Mexico

Cables
Mysore:
Hebbal Industrial Area, Hootagalli, Belavadi Post, Mysore 571 186, Karnataka

Vadodara:
Village – Godampura (Samlaya), Taluka – Savli, Vadodara 391 520, Gujarat

BANKERS
India
Bank of India
State Bank of India
Export-Import Bank of India
Bank of Baroda
ICICI Bank Limited
IDBI Bank Limited
Punjab National Bank
Axis Bank
Allahabad Bank
(Post Merger: Indian Bank)
Corporation Bank
(Post Merger: Union Bank of India)
Syndicate Bank
(Post Merger: Canara Bank)
Central Bank of India
Standard Chartered Bank
RBL Bank
IDFC First Bank
YES Bank Limited
Kotak Mahindra Bank Limited
Deutsche Bank AG
Société Générale

Middle East
Abu Dhabi Commercial Bank,
Abu Dhabi
Bank Muscat, Saudi Arabia
First Abu Dhabi Bank, Abu Dhabi
Arab Banking Corporation, Bahrain
National Bank of Oman, Muscat
ICICI Bank Ltd., Bahrain
Arab Bank PLC, Bahrain

Mexico
Grupo Financiero BBVA Bancomer
Banco Santander

Brazil
Banco Itau BBA S/A
Banco Bradesco S/A
Banco do Brasil
ABC Bank
China Construction Bank
Banco Safra
BDMG
Banco Intermedium
Banco Daycoval
Banco Semear
Citi Bank

BOARD OF DIRECTORS

H.V. Goenka
Chairman

Vimal Kejriwal
Managing Director & CEO

A.T. Vaswani
Independent Director

D.G. Piramal
Independent Director

G.L. Mirchandani
Independent Director

M.S. Unnikrishnan
Independent Director

Nirupama Rao
Independent Director

Ramesh Chandak
Independent Director

S.M. Trehan
Independent Director

Vikram Gandhi
Independent Director

MANAGEMENT TEAM

Vimal Kejriwal
Managing Director & CEO

Rajeev Agarwal
Chief Financial Officer

Neeraj Nanda
President – South Asia (T&D, Solar & Smart Infra)

Randeep Narang
President – Cables

Anand Kulkarni
Executive Director – Business Operations

Sanjeev Agarwal
Executive Director – International (T&D, Solar)

Kaushal Kodesia
Executive Director – Railways

Nagesh Veeturi
Chief Executive – Civil

Gustavo Cedeno
CEO – SAE Towers

Somraj Roy
Chief Human Resources Officer

Amit Kumar Gupta
Company Secretary

AUDITORS

Price Waterhouse Chartered Accountants LLP
Chartered Accountants

REGISTRAR AND SHARE TRANSFER AGENTS

Link Intime India Private Limited
C 101, 247 Park, LBS Marg, Vikhroli West, Mumbai 400 083
Ph: +91 22 49186270
Fax: +91 22 49186060
Email: rnt.helpdesk@linkintime.co.in

Board of Directors

H.V. Goenka
Chairman
Graduate in Economics, University of Calcutta; MBA, IMD (Switzerland)

Mr. H.V. Goenka is Chairman of RPG Enterprises, one of the largest industrial groups in India, active in key business segments such as tyres, infrastructure, information technology and other diversified segments having an annual turnover of about USD 4 billion. Born in December 1957, Mr. Goenka is a graduate in Economics and MBA from the International Institute of Management Development (IMD), Lausanne, Switzerland and is now on the Foundation Board of IMD, Lausanne. Mr. Goenka, a past President of the Indian Merchants' Chamber, in India, is also a member of the Executive Committee of FICCI and has been the Chairman of Breach Candy Hospital Trust. He has been the Chairman of the Board of the Company since 2006.

Vimal Kejriwal
Managing Director & CEO

Chartered Accountant, ICAI; Company Secretary, ICSI; Advanced Executive Programme, Kellogg School of Management, USA

Mr. Vimal Kejriwal is the MD & CEO of KEC International Ltd. He has successfully led the Company towards profitable growth during his tenure. Mr. Kejriwal has over 37 years of rich global corporate experience in the areas of Power Infrastructure, Oil & Gas, Pharmaceuticals, Fertilisers, and Investment Banking. He also serves on the Boards of SAE Towers Holdings LLC, USA, a wholly-owned subsidiary of KEC, and Raychem RPG Private Limited, an RPG Group company. He is also an Executive Council Member of Indian Electrical and Electronics Manufacturers' Association (IEEMA).

A.T. Vaswani
Independent Director

Chartered Accountant, ICAI; Company Secretary, ICSI

Mr. A.T. Vaswani has 59 years of experience in business and industry. Since 1981, he has served on the Boards of leading multinational companies in both executive and non-executive capacities, including as the Deputy CEO of Metal Box of India Ltd., a leading packaging company, and as the Director & Senior Vice President of Glaxo India Ltd., India's largest and most respected pharmaceutical company. He currently serves as an Independent Director on a few Boards and chairs the Audit Committees of some of these companies.

D.G. Piramal
Independent Director

Bachelor of Commerce, Sydenham College of Commerce and Economics, Mumbai University

Mr. D.G. Piramal serves as the Chairman of VIP Industries Ltd., the flagship luggage company of the Dilip Piramal Group. He is an industrialist with a vast and rich experience. Mr. Piramal is a Past President of the IMC Chamber of Commerce and Industry, the All India Plastic Manufacturers Association (AIPMA) and the Organisation of Plastic Processors of India (OPP).

G.L. Mirchandani
Independent Director

Bachelor of Engineering (Mechanical), BITS Pilani

Mr. G.L. Mirchandani is an eminent industrialist and the Founder Chairman of the Onida Group. Mr. Mirchandani is on the Board of Fractal Analytics. He is also the Chairman of Algorhythm Tech Pvt. Ltd. and is the former Chairman of the Bombay Chapter of the World Presidents' Organisation (WPO). He remains closely involved with the development of corporate strategy & formulation, incubation, and delivery of emerging technologies & services in television and other electronic products.

M.S. Unnikrishnan
Independent Director

Bachelor of Engineering (Mechanical), VNIT Nagpur; Advanced Management Programme, Harvard Business School, USA; Fellow of Indian National Academy of Engineering

Mr. M.S. Unnikrishnan, is the MD & CEO of Thermax Ltd. and chairs the Confederation of India Industries (CII) National Committee of Industrial Relations. Mr. Unnikrishnan has previously chaired the Capital Goods Skill Council under the National Skill Development Corporation and the Skills Working Group of BRICS Business Council. He is a member of the Development Council constituted by the Ministry of Heavy Industries, Government of India, which formulates strategies for industrial development.

Nirupama Rao
Independent Director

Bachelor of Arts, Bangalore University; Master of Arts (English Literature), Marathwada University; Doctor of Letters (Honoris Causa), Pondicherry University

Ms. Nirupama Rao topped the All India Civil Services Examination in 1973 and joined the Indian Foreign Service. She became the first woman spokesperson of the Ministry of External Affairs in 2001 and was assigned to Sri Lanka as High Commissioner for India in 2004. She was India's first woman Ambassador to China in 2006 and was the Foreign Secretary of India from August 2009 to July 2011. She has also served as India's Ambassador to the United States of America from 2011 to 2013.

Ramesh Chandak
Independent Director

Chartered Accountant; Advanced Management Programme, Harvard Business School

Mr. Ramesh Chandak is the CEO of RDC Business Advisory, which provides individualised leadership coaching, strategy, succession planning and management services. Prior to starting his Advisory practice, he had a successful career spanning over 40 years across manufacturing & infrastructure industries in India, Malaysia and USA. He currently serves on the Boards of several listed companies and is a Senior Advisor to McKinsey & Co. He is a recipient of CA Business leader Award in 2008 by the Institute of Chartered Accountants of India. He is a former President of Indian Electrical & Electronics Manufacturers Association.

S.M. Trehan
Independent Director

Bachelor of Engineering, Birla Institute of Technology, Ranchi; Master of Science, State University of New York

Mr. S.M. Trehan is a gold medallist engineering graduate with a rich experience in the engineering field. He is the former CEO & MD of Crompton Greaves Ltd. (now known as CG Power and Industrial Solutions Ltd.). During his tenure, the Company achieved phenomenal growth and received global status through its various acquisitions. He has also served as Chairman of the Board of Governors of Thapar University and is the past Chairman of the CII - Western Region.

Vikram Gandhi
Independent Director

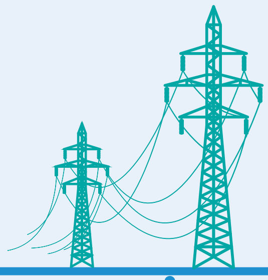
Bachelor of Commerce, University of Mumbai; Chartered Accountant; MBA, Harvard Business School

Mr. Vikram Gandhi is a member of the Faculty of the Harvard Business School (HBS) and is the Founder of Asha Impact, an impact investing platform addressing the critical development challenges in India and other emerging economies. Mr. Gandhi is a Senior Advisor to the Canada Pension Plan Investment Board and is a member of the Young Presidents Organization (YPO) since 1997. In his 23 years in Investment Banking, he has led various global teams at both Credit Suisse and Morgan Stanley.

Delivering Sustainable Growth

The Company, in line with its vision, continues to focus on outperformance across businesses by leveraging the deep expertise of its strong and professional team and touching lives of millions of people across the globe. Over the past seven decades, KEC has delivered several nation-building projects across 70+ countries in the world. Driven by well-defined strategies, excellence in processes and unparalleled execution capabilities, the Company continues to focus on growth of matured businesses such as Transmission & Distribution, Railways and Cables as well as new growth engines such as Civil & Urban Infrastructure, Solar, Smart Infra, and recently Oil & Gas.

During the year, the Company's diverse businesses continued to expand across segments, clients, and geographies.



Power Transmission & Distribution

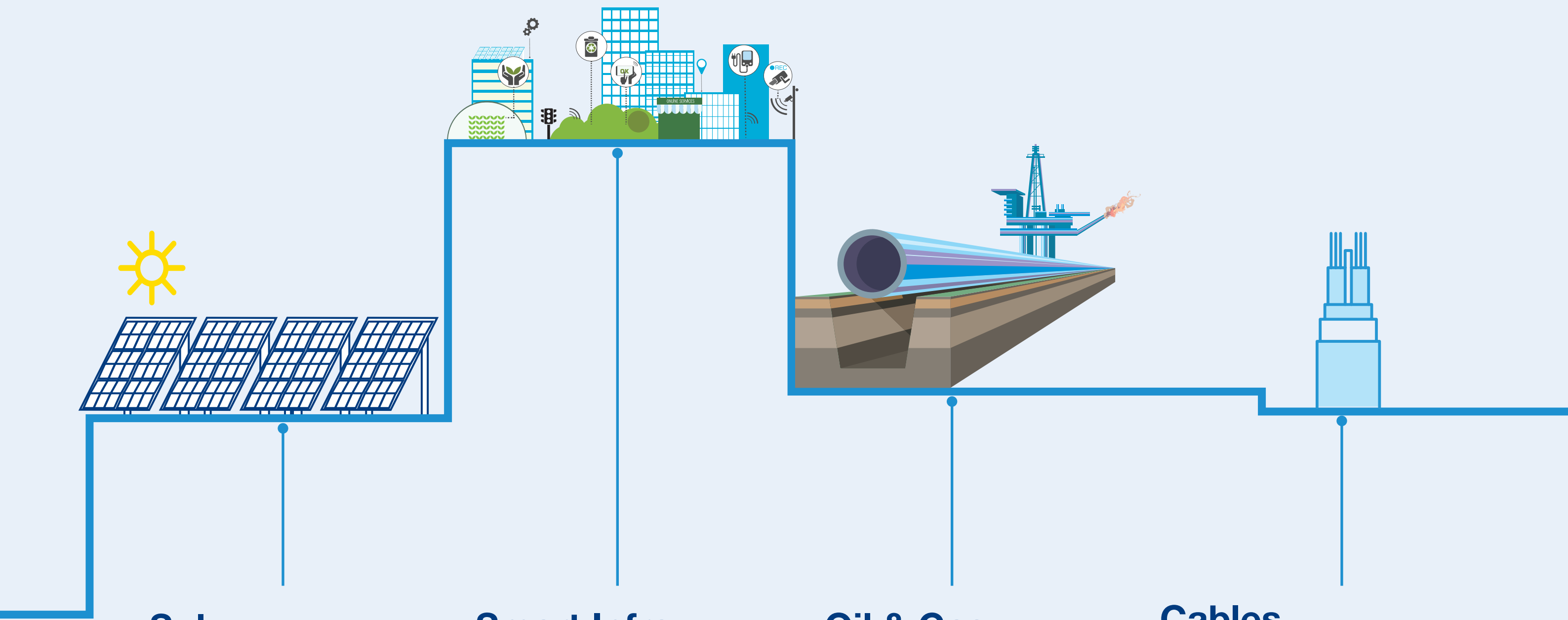
- Acquired sixth tower manufacturing unit, the state-of-the-art 50,000 MTPA facility in Dubai, taking total capacity to 3,62,200 MPTA, making us one of the largest globally operating T&D players
- Expanded footprint to enter three new countries in Africa - Burundi, Togo and Burkina Faso
- Commissioned several milestone projects including the 400 kV Edamon–Kochi Transmission Line for Power Grid Corporation of India, Kerala's first transmission line to be connected to the National Grid, and six 132 kV Air Insulated Substations for Power Grid Company of Bangladesh
- Achieved a three-fold growth in hardware business in Brazil, to deliver a turnover of BRL 100 million during FY20

Railways

- One of the key growth drivers for the Company, with more than 30% increase in revenue over last year
- Diversified order book of more than ₹ 6,000 crore with non-OHE segment contributing about 65%
- Steadily contributing to the Government's mission of 100% railway electrification - executed ~1,095 RKM, which is nearly 25% of the electrification projects executed by the Indian Railways in FY20
- Significantly enhanced backward integration by expanding the range of products manufactured for the railway business; currently developing additional products in this segment
- Embarked on a business transformation programme to enable growth of the business into technology intensive segments and enhance profitability

Civil & Urban Infrastructure

- Significant growth in order inflows with an intake of ₹ 2,600+ crore achieved during the year
- Secured four large orders in the Metro and RRTS (Regional Rapid Transit System) segments, catapulting us into the league of select EPC players capable of executing large, complex and technology intensive urban infrastructure projects
- Cemented position in the industrial and residential markets by securing orders from marquee clients
- Successful entry into the strategic defence sector – secured two orders, including one for building a Data Centre



Solar

- Successfully commissioned our single largest project in terms of installed capacity – the 150 MWp ground mount project in Rajasthan for a private developer
- Achieved accelerated completion of 14 MW ground mount project in Maharashtra within 90 days after land handover
- Secured an order to construct one of the largest carport projects in India
- Expanded the business' presence into newer geographies by tapping into opportunities in the International market

Smart Infra

- Executing two Smart City projects in Bidkin and Aurangabad, Maharashtra, including ICT ecosystem, command and control centres, and solutions for improved governance & citizen engagement services
- L1 in defence packages

Oil & Gas Pipelines

- Forayed into the Oil and Gas cross-country pipeline sector, in line with the Government's thrust of developing a gas-based economy, and bid for our first EPC project in this segment
- Developing people and asset capabilities

Cables

- Strengthened the product portfolio with significant focus on new product development; commercialised production of new products for Railways during the year
- Augmenting capacities of railway contact and catenary conductors
- Leveraged integrated operations at Vadodara to realise efficiencies in manufacturing, procurement, and logistics
- Expanded export footprint to new countries in Africa, the Middle East and SAARC

Transmission & Distribution
Building Icons of Power

We are one of the largest Power Transmission & Distribution EPC companies in the world, with a footprint across 70+ countries. We provide integrated solutions on a turnkey basis for Transmission Lines up to 1,200 kV and large-size Substations – Air insulated up to 1,150 kV, Gas insulated up to 765 kV and Hybrid Substations up to 220 kV.

Our strategic diversification into new countries, regions, clients, and offerings continue to yield positive results. Our robust presence extends from Oceania in the south, all the way to the Americas in the north, spanning raging rivers and oceans, deserts, mountains, snowfields, and cities. Aided by a pool of highly experienced professionals committed to delivering projects ahead of time, our unmatched strength in surveying, design & engineering and execution capabilities has enabled us to execute some of the most difficult projects across the world's harshest terrains and conditions with unparalleled success. We have also mastered the art of seamless execution in politically sensitive regions of the world.

We are at the forefront of building some of the world's most iconic power infrastructure. Last year, we commissioned several milestone projects, including the 400 kV Edamon-Kochi Transmission Line, connecting Kerala to the National Grid, built six substations for Power Grid Company of Bangladesh amidst difficult conditions, and built Tanzania's first 400 kV Substation.

We continuously strive for excellence through adoption of latest digitalisation and mechanisation technologies. Advanced solutions in areas such as Execution (use of Drones for surveys and stringing, LiDAR, Gin Poles, High Capacity Cranes for erection, etc.), Safety (Mobility-enabled safety platform, trainings through Augmented/ Virtual Reality), and Quality (inspection using technology) have earned us appreciation across the industry and bolstered our leadership position.

We acquired our 6th tower manufacturing unit, a state-of-the-art 50,000 MTPA facility in Dubai to serve high-growth potential markets such as the Middle East and other regions and drive deeper connect with customers. This acquisition takes our total tower manufacturing capacity to 3,62,200 MTPA, making us one of the largest globally operating T&D players.

SAE Towers, our wholly-owned subsidiary is one of the most comprehensive in-house resources for transmission structures and related services in the Americas. It is one of the largest producers of steel lattice transmission towers in the region and manufactures an extensive range of products that include poles, hardware, and substation structures. The Company also provides complete end-to-end solutions for building Transmission Lines and Substations across the Americas.

We are committed to delivering world-class quality projects ahead of time. Our success has been a result of:

- Strong project management and execution capabilities
- Bespoke and efficient solutions to meet challenging and ever-changing customer needs
- Ability to work in any condition – be it extreme weather, hostile environment or difficult terrain
- Cutting-edge design and engineering solutions for Transmission Lines and Substations
- Robust and integrated global supply chain
- Partnerships and alliances with global players

765 kV Gas Insulated Substation at Aligarh, Uttar Pradesh

400 kV Overhead Transmission Line at Abu Dhabi, UAE

FY 2019-20 Highlights

SOUTH ASIA BUSINESS (INDIA AND SAARC)

- Delivered substantial revenue growth exceeding 50% in SAARC with strong execution in Bangladesh and Afghanistan
- Continued to diversify presence in India, with several Transmission Line and Substation orders secured across state utilities and Tariff Based Competitive Bidding (TBCB) orders in Madhya Pradesh and Gujarat, in addition to orders from the private sector
- Commercially closed 34 projects and physically completed 28 projects during the year
- Significantly enhanced the utilisation of drones for stringing of power conductors, resulting in improved efficiency and a green footprint
- Received "Infrastructure Project of the Year (Power)" award at Dun & Bradstreet Infra Awards 2019 for the landmark 220 kV Srinagar-Leh KDKL project, amongst several other notable awards and appreciation for excellence in execution, quality and EHS, from industry and clients

INTERNATIONAL BUSINESS (MENA, AFRICA, SOUTH EAST ASIA, CIS, AMERICAS)

- Delivered healthy growth of ~15% in revenue owing to robust project execution across various countries
- Entered three new countries in Africa - Burundi, Togo and Burkina Faso. Successfully entered/ re-entered 17 countries in the last four years
- Executing substation projects in 12 countries across the Middle East, Africa, South East Asia and the Americas
- Physically completed seven projects during the year, including prestigious projects such as 500 kV Transmission Line in Egypt, 115/ 13.8 kV Gas Insulated Substation in Ain Murjan, Saudi Arabia and Schedule 2 of the 230 kV Chumphon-Surat Thani-Lang Suan SS Transmission Line in Thailand
- Received the award for Best Performance in HSE in 2019 from Oman Electricity Transmission Company

SAE Towers

- Delivered healthy growth of ~60% in revenues with execution of EPC orders
- Achieved a three-fold growth in our hardware business in Brazil, to reach a turnover of BRL 100 million, vis-à-vis BRL 31 million in FY19
- On-going exercise to pivot SAE Mexico into an EPC driven business, after achieving success in Brazil
- Presently executing ~800 km of transmission lines in the country

Railways
Engine for Fast-Track Growth

An integrated player with over five decades of expertise in the railway infrastructure EPC sector, we are continuously adapting to the evolving needs of the industry through strategic diversification into adjacent business segments. We continue to remain a leader in Railways Overhead Electrification (OHE) projects and execute complex and technology intensive projects such as track laying, signalling and telecommunication, Road over Bridges (ROB) and other railway infrastructure.

One of the early entrants in the Railway electrification segment, we have electrified over 30% of the Indian Railway network till date, spanning more than 17,500 km. Our consistent focus and investments in building our people, processes, technological capabilities and safety practices has enabled us to significantly enhance efficiencies, fast-track project execution and deliver superior value to our clients.

The business continues its momentum with a revenue growth of over 30% backed by robust execution. During the year, we have executed ~25% of India's railway electrification and have delivered eight railway projects, which were all commissioned ahead of contractual completion date.

We ventured into new areas of civil works such as ROBs and roadbed projects and are targetting technology intensive segments such as Ballast-less tracks, next-generation Signalling & Control systems, etc. Around 60% of our order book now comprises composite and civil work projects for signalling and telecommunication works, doubling and tripling of railway lines, roadbeds, and building stations & bridges.

In order to strengthen the Railway supply chain and enhance our competitiveness, we have enhanced backward integration to manufacture new railway cables such as Railways PIJF, OFC & Signalling cables. Further, we are developing new cables for railways to enhance our product portfolio, in addition to augmenting the capacities for railway contact and catenary conductors at our Cables factories. We continue to manufacture galvanised steel structures for Railways at our tower manufacturing units.

During the year, we have embarked on a business transformation program – Project Excaliber – with a global consultant, to enable the growth of the Railway business, especially in technology intensive segments and significantly improve profitability through redesign of end-to-end business processes, including construction, procurement and manufacturing practices.

Services

- Overhead Electrification for conventional railways
- Signalling & Telecommunication systems
- Traction substations
- Doubling & Tripling of tracks and new railway lines, including earthwork and track laying
- Civil Infrastructure – Road Over Bridge, Bridges, Tunnels, Stations & Platforms
- Electrification and track laying for Metros

Electrification, track and station works at Amethi, Uttar Pradesh

Bridge works across river Penna, Andhra Pradesh

FY 2019-20 Highlights

- Secured orders of over ₹ 3,100 crore, with significant L1 positions and order book exceeding ₹ 6,000 crore
- Eight projects commissioned during the year; all commissioned ahead of contractual schedule
- One of the largest contributors to the Indian Railways' 100% Electrification Mission; commissioned ~25% of India's railway electrification in FY20, totalling to 1,095 route kilometres (RKM)
- Commissioned railway track laying of 62 track kilometres (TKM)
- Secured our largest OHE EPC order of ₹ 869 crore, which is also the largest OHE EPC contract awarded by CORE
- Received recognition and appreciation by the Commissioner of Railway Safety for quality of work during multiple CRS inspections

Civil & Urban Infrastructure
Building a New India

Our Civil business focusses on the construction of factories, residential & commercial buildings, urban infrastructure, warehouses and sewage & water treatment plants, especially in the midsize market segment dominated by small unorganised players and by few large companies. The business continued with diversification in FY20 and forayed into Urban Infrastructure and Defence Civil sectors.

Our consistent efforts to scale-up the Civil business into different segments yielded positive results in FY20. We have entered the fast-growing urban infrastructure sector and secured four large orders; two orders for Delhi Metro, one order for Kochi Metro and one order for the construction of the Delhi-Meerut Regional Rapid Transit System (RRTS). The business has also diversified into the strategic Defence civil segment and is executing two orders, including one for building a Data Centre. Our superior quality of execution and timely delivery, especially in the residential, cement and auto sectors, enabled us to secure repeat orders from marquee clients during the year. These milestones have empowered the business to achieve a significant growth in order inflows, with an intake of ₹ 2,600+ crore, paving the way for significant revenue visibility in FY21.

We have successfully created a niche by integrating advanced construction technologies and equipment with our extensive expertise and capabilities to deliver best-in-class construction to our clients. Our integrated project management competencies led by a pool of over 350 professionals have been a key enabler for us to deliver our projects on or ahead of schedule. Our unwavering focus of adopting globally accepted quality and EHS standards has been recognised by our clients and the industry through awards and appreciations.

Currently, we are executing around 20 turnkey EPC projects comprising metros, factories, data centre, townships and residential buildings for a repertoire of clients in sectors such as Cement, Auto & Auto ancillaries, Metals & Mining, Real Estate, Defence, Metro and RRTS.

CEAT manufacturing plant, Tamil Nadu

Casting Yard at Delhi Metro project

FY 2019-20 Highlights

- Entered the league of select EPC contractors capable of executing large projects in Urban Infrastructure segment
- Strengthened position as preferred contractor for the construction of factories especially Cement, Automobile and Auto ancillary segments, securing several repeat orders
- Executed/ executing eight Cement Silos and Preheaters, taking the total number of Silos, Preheaters and other critical structures delivered to 15 in just under three years
- Won repeat orders for residential high-rise buildings from financially stable developers
- Pioneered the deployment of leading-edge digital technologies such as drones, photogrammetry, BIM and IoT in construction machineries, in addition to several mechanisation tools to improve productivity & timely delivery and to unlock value for clients
- Achieved nine million+ safe person hours across projects

Solar
Enabling a Green Future

We offer comprehensive EPC services across large-scale ground-mounted and rooftop solutions, including Single Axis Tracking projects. KEC is one of the few companies with the capabilities to execute large-scale projects of up to 150 MWp, with significant experience in Single Axis Tracker implementation.

Our clients include government utilities, private solar park developers and industries developing captive power plants. In FY20, we successfully achieved several milestones, including commissioning our single largest project in terms of installed capacity, a 150 MWp ground mount project for a private developer in Rajasthan, completing a 14 MW solar project in under 90 days after land handover and securing an order to construct one of the largest carport projects in India from a private player.

As part of our diversification strategy, we continue to make inroads in the international markets and are partnering with international players in the promising MENA, Africa and South East Asian markets. Additionally, we are assessing EPC opportunities in other markets such as Latin America and South East Asia.

We have always been at the forefront of adopting new technologies. We continue to develop capabilities in emerging technologies such as floating solar, energy storage solutions and use of bifacial modules, etc. Extensive experience in building Transmission lines and Substations across the globe, coupled with strong relationships with utilities, enable us to provide integrated evacuation and construction solutions, helping us carve a niche in the solar industry.

Services

- End-to-end, in-house designing and plant engineering, including project feasibility analysis across large-scale solar photovoltaic power plants
- Supply/ sourcing of key equipment and structures
- Manufacturing capacity of 12,000 MTPA of solar structures at Butibori
- Complete range of civil works and O&M services
- Integrated EPC solutions for solar generation and evacuation

14 MW Ground Mount Solar project, Maharashtra

FY 2019-20 Highlights

- Presently handling Operations and Maintenance of more than 15 projects; exceeding the contractual/ performance guarantees in all projects
- Secured our first international order for supplying Single Axis Tracker equipment for a 30 MW solar plant in the Middle East
- Strengthened partnership with various developers
- Recognised as one of the 10 Most Promising Solar EPC Service Providers by Silicon India Magazine

Smart Infra
Envisioning a Smarter, Digital India

Our Smart Infra business provides sustainable solutions through secure, intelligent and innovative technology offerings, customised to Indian conditions and city-specific needs, aligned with the Government of India's agenda to enhance digital infrastructure and build 100+ Smart Cities.

The business plays the role of a master system integrator and works closely with central and state governments, urban local bodies and utilities for creating digital infrastructure in the areas of Smart Cities, Communication, Mobility, and Smart Utility. In its second year of operations, the business has achieved success in introducing advanced technology-oriented solutions and enhancing current processes at two Smart City projects in Maharashtra, to address on-ground concerns affecting the administration and citizens.

As part of the Bidkin Smart City (AURIC) greenfield project, being developed on the Delhi-Mumbai Industrial Corridor, we are creating the entire ICT ecosystem including Fibre Backbone, Core Networking, Surveillance System, Traffic Management, Wi-Fi, multiple IoT sensors and a command and control centre. Our customised Investor Management Solution and Chatbot is assisting the city administration to attract investments and expedite the development of the futuristic industrial city.

For the brownfield Aurangabad Smart City project, KEC is building two command and control centres in the city's Police headquarters and Municipal administration building respectively. These state-of-the-art facilities will enable improved governance and citizen engagement services such as pan-city surveillance using 700 CCTV cameras, Traffic Management, Vehicle Tracking, pollution monitoring through Environmental Sensors and Solid Waste Management.

The business continues its focus to build a smarter India by providing modern technology-driven interventions, building a strong partner eco-system of reputed players and working in partnership with clients to present tailor-made solutions for long-term benefits to cities and its citizens.

Solutions & Services

- **Smart Cities** - Integrated Command & Control Centre, Surveillance, Smart Poles, Data Centre, Solid Waste Management
- **Communication** - Optic Fibre Cable Network, Network Operations Centre, Operations and support systems
- **Smart Grid** - SCADA and T&D Grid Management, Advanced Metering, Battery Energy Storage, Substation Automation
- **Smart Mobility** - Smart Transport Platforms, Automatic Vehicle Location & Management, Intelligent Traffic Management

Hon'ble Prime Minister of India, Shri Narendra Modi inaugurating the Investor Management Solution and Chatbot designed for Bidkin Smart City

FY 2019-20 Highlights

- Investor Management Solution and Chatbot designed for Bidkin Smart City was inaugurated by the Hon'ble Prime Minister of India, Shri Narendra Modi
- Solutions implemented by KEC for Aurangabad Smart City were showcased and appreciated by the Hon'ble Chief Minister of Maharashtra, Shri Uddhav Thackeray
- L1 in defence packages
- Created a robust technology eco-system by partnering with major global and Indian OEMs and technology start-ups

Cables
Expanding Horizons

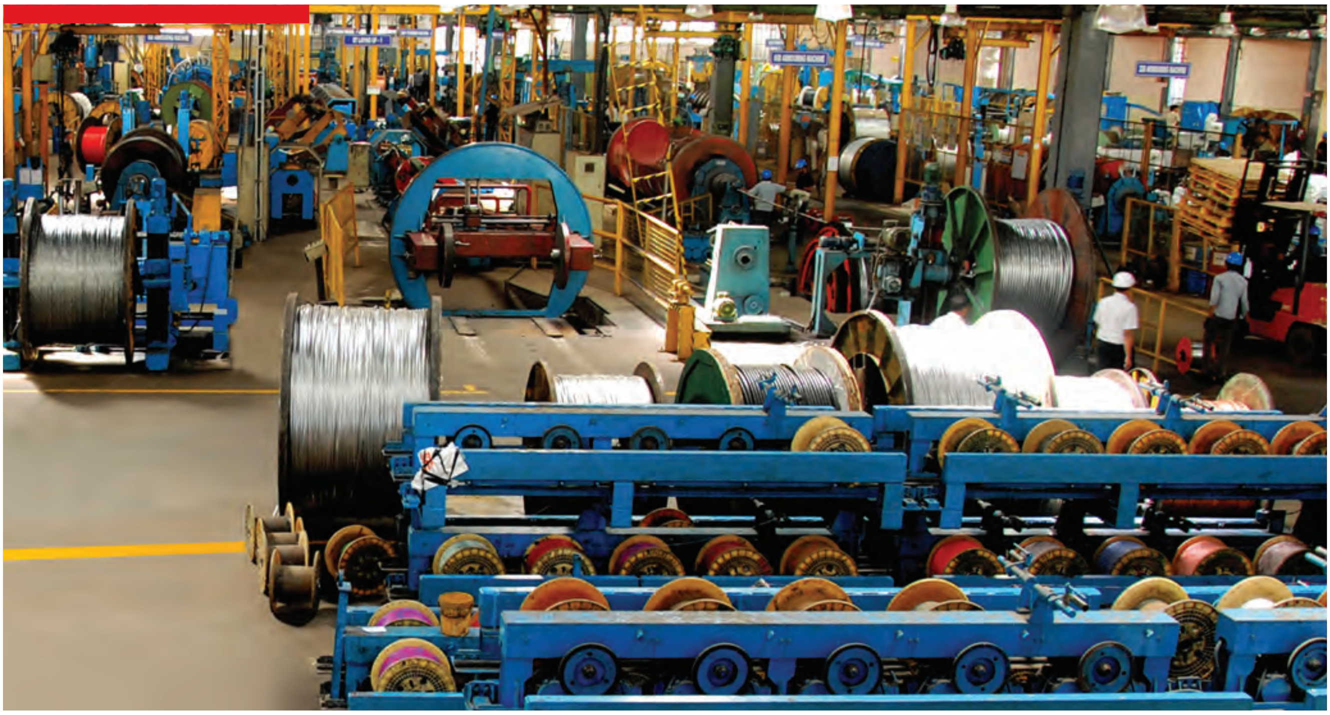
With over six decades of rich experience in the industry, we offer an extensive range of cables and HT & EHV turnkey cabling solutions across 80+ countries. We specialise in manufacturing power, control & instrumentation, telecom & special cables, and are continuously expanding our portfolio with new products to tap into the growing cables market globally. Our cables, marketed under the brand name of RPG Cables and Asian Cables are synonymous with superior quality and reliability in the industry.

Our unique approach of having a state-of-the-art integrated facility at Vadodara as well as another facility in Mysore, both in India, helps establish our presence in the fast-growing markets, enhance our reach to the customers and realise synergies in manufacturing, procurement and logistics operation. During the year, the business improved contribution margins across product segments on the back of innovations in product design, investments in building capacities & capabilities and increased efficiency in manufacturing operations.

The Cables business' strategic focus on new product development in FY20 has resulted in the commercialisation of new products, viz. Railway PIJF, Signalling Cables and Optical Fibre Cables for our Railway business. The Company plans to commercialise additional products in FY21, for Railways as well as for exports, in addition to augmenting capacities for railway contact and catenary conductors. The Company expects significant growth in revenues through these new products.

The business is also focussing on improving its portfolio mix of cabling projects, especially in the EHV segment. Our share of EPC projects in the EHV segment has doubled during the last year. Focus on building Smart Cities and need for reliable power supply is driving the demand for underground power cabling. The Company offers unparalleled expertise to manage and deliver such projects.

Integrated Cables manufacturing plant at Vadodara, Gujarat



Cables manufacturing plant at Mysore, Karnataka

FY 2019-20 Highlights

- Exported cables and cabling solutions to 31 countries across the globe, including five new countries in Africa, the Middle East and SAARC
- Secured our single largest order for the supply of HT and LT cables for a Metro project
- Received approval for ADSS Type 2A/2B cables used in Smart City and BharatNet projects, from BSNL
- Secured pre-qualifications for EHV cables from multiple state and private utilities
- Focussed on enhancing the dealer base; empanelled 20 new dealers across key markets

Product Portfolio

POWER CABLES

- Extra High Voltage: 66 kV to 220 kV
- High Voltage: 3.3 kV to 33 kV
- Low Voltage: Up to 1.1 kV

CONTROL AND INSTRUMENTATION CABLES

- Control Cables: 1.1 kV
- Instrumentation Cables: Up to 1.1 kV

RAILWAY CABLES AND CONDUCTORS

- Contact and Catenary Conductors
- Unscreened Railway Signalling Cables
- 3.3 kV, 25 kV and 33 kV Cables for Metros

TELECOM CABLES

- Optic Fibre Cables
- ADSS Cables
- PIJF Cables

SPECIAL CABLES

- Solar Cables
- CPR Compliant FR Cables
- 110°C FR Cables
- Lead Sheathed LT Power and Instrumentation Cables
- Nylon Sheathed Termite Resistant Cables
- Hybrid Cables

Oil & Gas Pipelines
Building New Avenues of Growth

Leveraging our multi-sectoral EPC strengths and in line with our vision to strategically diversify into adjacencies, we have further expanded our services to include construction of Oil & Gas cross-country pipelines in our business portfolio.

As the demand for crude, petroleum products and gas increase steadily to satisfy the country's energy requirements, there is a continuous need to augment oil & gas pipelines to transport these products from ports to refineries and refineries to consumption centres across the country. Additionally, the Government has earmarked huge investments to substantially increase refinery capacity and the proportion of gas in the energy mix to promote green energy, which will also require enhancements to the existing product and gas pipelines. These developments present lucrative growth opportunities for our Oil & Gas Pipeline business, as we aim to construct a significant portion of these pipelines in the coming years.

We are currently focussing on building our people and asset capabilities for the sector and are confident of achieving success owing to our extensive expertise of working on linear projects, laying underground cables and managing Right of Way (RoW) issues, coupled with our strong project management capabilities. We have already bid for our first EPC cross-country pipeline project in the last quarter of FY20.

Image is for representation purpose only

Steering Operational Excellence

Our continuous quest for operational excellence and impetus on process re-imagining gives us an edge in the industry. Our strategic investments in processes, quality, innovation and technology have bolstered our capabilities in Manufacturing, Engineering & Design, Tower Testing and Supply Chain.

Acquisition of tower manufacturing facility in Dubai, UAE:

KEC has acquired a state-of-the-art automated transmission tower manufacturing facility in mainland Dubai, with a capacity of 50,000 tonnes per annum. The acquisition provides us a strategic foothold to cater to markets with high growth potential in the Middle East and other regions and enables us to leverage our technical know-how to create effective EPC solutions and drive deeper connect with our customers. It also enhances our credentials to expand our business in the MENA region on account of local price preferences and increases our cost competitiveness due to fiscal benefits. The unit's location, in proximity to global logistics hubs such as Jebel Ali Port and Al Maktoum International Airport, allows us cost-benefits in terms of logistics and shipment time. The acquisition further strengthens our positioning as a key global player in the infrastructure space.

Tower manufacturing plant at Dubai, UAE

Manufacturing

Our well diversified manufacturing footprint and presence near the local markets is an important source of our competitive advantage. With the acquisition of the tower manufacturing facility in Dubai, KEC now has eight facilities, manufacturing transmission towers, monopoles, hardware, cables and structures for substation, railways and solar, spread across India, UAE, Brazil, and Mexico.

Our six tower manufacturing facilities possess a consolidated capacity of 3,62,200 MTs per annum, making us one of the largest globally operating T&D player. We have integrated backwards to manufacture galvanised steel structures for our Railway and Solar businesses, with a capacity of 60,000 MTPA, to enable control over the supply chain and enhance our competitiveness.

Towers & Railway structures manufacturing facility at Jaipur, Rajasthan

Our cables manufacturing units located in Vadodara and Mysore, in India, manufacture a wide range of products, viz. power, control & instrumentation, railway, telecom and several special cables. During the year, we have further invested in our integrated state-of-the-art manufacturing facility at Vadodara to manufacture new products and to de-bottleneck and improve operational efficiency of the plant.

We continue to leverage latest technologies and adopt best-in-class equipment to strengthen and augment our manufacturing capabilities year-on-year. Our stringent quality assurance helps us deliver superior products of international quality.

Our Strengths:

- One of the largest globally operating tower manufacturing capacities of 3,62,200 MTPA across six locations
- Railway structures' production capacity of 48,000 MTPA
- Solar structures' manufacturing capacity of 12,000 MTPA
- Cables manufacturing capacity includes power cables (~40,000 km per annum), instrumentation cables (3600 km per annum), optical fibre cables (8 lakh fibre km per annum), copper telecom cables (6 lakh conductor km per annum), catenary conductors (900 MTPA) and contact wire (5400 MTPA)
- All manufacturing units are Integrated Management System (IMS) certified

Engineering & Design

We have a rich pool of 240+ experienced engineers spread across eight locations in India and the Americas, enabling us to deliver innovative engineering & design solutions to our customers. We leverage leading-edge design technology to create custom solutions for complex engineering projects. We possess an unparalleled experience of having designed various types of towers for projects across the globe. During the year, we have also strengthened our engineering capabilities for Railways as well as Civil businesses.

Engineering Centre at Mumbai, Maharashtra

Our Strengths:

- Vast library of Transmission Line design database, including Towers, Hybrid Poles and Monopoles, spanning over 60 years
- Expertise across designing Substations (AIS, GIS, Hybrid) and Solar structures
- Equipped with the latest design, detailing, and profiling software
- Adoption of latest technology – Lidar, Drones, and Photogrammetry to conduct surveys
- Stringent design-to-delivery cycle time

Testing

▲ *Tower Testing Station at Butibori, Maharashtra*

Our four tower testing stations, strategically located near our manufacturing plants in India and the Americas, provide complete testing solutions for all kinds of transmission tower/ pole requirements. These sophisticated facilities have capabilities to test towers of up to 1,200 kV, including Lattice and Guyed Towers, Tubular, and Monopoles.

The testing stations subject proto-towers to various test load conditions and provide an opportunity for customers to verify design and quality parameters of the towers in simulated conditions.

Our Strengths:

- Only Company in the world to have four tower testing stations, three in India and one in Brazil
- The Nagpur facility is one of the largest tower testing stations in the world, with a capability to test towers up to 1,200 kV
- Belo Horizonte testing station in Brazil is the largest tower testing station in the Americas
- Testing stations in India are ISO 17025:2005 accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL)
- Brazil Testing Station is ISO 9001:2015 accredited by Bureau Veritas

Supply Chain Management

At KEC, we focus on building strategic relationships and partnerships with vendors, who are fully integrated into our supply chain processes. Our well-integrated and robust system is backed by a large network of reliable vendors and logistics service providers.

▲ *Custom-designed trailers for Afghanistan shipment*

As part of our process improvement, we have embraced various tools & techniques such as Business Excellence, Lean Six Sigma, Kaizen, Best Practices sharing and Internal/ External benchmarking, amongst others. We use TPM (Total Productive Maintenance) and QBM (Quality Based Management) to improve and monitor our business excellence. We have also implemented IoT solutions to capture real-time operational data from CNC machines at all our manufacturing facilities in India.

Our logistics transformation exercise, undertaken last year, has continued to yield significant benefits. During the year, we have strengthened our capability for ODC (Over Dimensional Cargo) movement, reduced logistics lead time, especially for inaccessible/ difficult locations, reduced costs by improving utilisation ratios and leveraging multimodal transportation, deployed digital technologies to enhance transparency of operations.

Reimagining Digital & Innovation

An early adopter of Digital among Indian EPC players, we continue to build our digital capabilities in leading-edge technologies such as artificial intelligence, computer vision, geo-spatial, BIM, immersive solutions, IoT, and analytics. We have rolled out several initiatives, which have resulted in a quantum leap in productivity, improved estimation accuracy and enhanced compliance to processes.

During the year, we continued our focus on sustenance and horizontal deployment of ongoing initiatives across businesses and explored several new use cases and technologies.

Drones - Go To Work

Drones have emerged as a highly viable commercial tool in the construction space. We have developed various innovative solutions using Drones that can be implemented in several areas of a project lifecycle.

- **Stringing power conductors** – One of the first companies in India to adopt drones for stringing conductors in transmission line projects, this innovation has enabled us to cut down stringing time and enhance safety in operations. We have further developed a smart mechanism to achieve longer flight times and continuous stringing across towers.
- **Surveys using Drones** – We are also leveraging drones to perform periodic surveys, combined with technologies such as LiDAR and photogrammetry, to generate meaningful insights about sight conditions and to reduce the time taken for surveys. Drones are also being leveraged for digital project monitoring.
- **Automated Inspection using Drones** – Drones are being used to capture high resolution imagery of construction structures, helping perform inspections remotely in a safe and efficient manner.

Drone for stringing power conductors

Project Raksha - Digital platform for EHS Management

Ensuring the safety of each worker and employee is foremost at KEC. We have developed Raksha, a one-of-its-kind unique solution for EHS in the EPC industry, using technologies such as Mobility, Analytics, Artificial Intelligence, and Virtual Reality. Raksha provides a comprehensive digital solution for end-to-end EHS management and helps achieve zero incident way of working.

- **Mobility solution** – This mobile solution enables all KEC users and sub-contractors to own EHS compliance themselves. User can report near-miss, unsafe acts, unsafe conditions, work stoppage notices and other safety incidents along with photos, right from a mobile device even when network connectivity is not available. Geo-fencing capabilities are designed to ensure safety of employees working at remote areas.
- **Safety compliance using Artificial Intelligence** – Adoption of AI-enabled platform using CCTV feeds at factories. This platform helps identify potential dangers and eliminates manual intervention for surveillance & monitoring and helps improve accessibility & accuracy.

- **Virtual Reality based EHS Training** – We have adopted immersive technologies such as VR, to design EHS Training modules that focus on detailed instructions on safe and unsafe practices in various construction related activities. To ensure 100% engagement and effectiveness, these training modules have been designed in 12+ Indian languages. We have extended the use of this innovative solution for customers, in addition to our workmen and employees.

Raksha App screenshot

Connected Workforce

We have deployed various digital tools to manage workforce at project sites. Work allocation, EHS induction, and labour compliance is being made available on simplified mobile solutions.

Connected Workforce

Design Automation

We continue to make use of digital platforms such as BIM across the project lifecycle in engineering functions.

The Company continues to enhance utilisation of SAP S/4HANA across all businesses and project sites enabling robust project monitoring, improved transparency, lean processes and real-time financial performance management.

Our innovative HR chatbot, automatically answering employee queries and questions has been reinforced with additional features such as leave application, attendance management and know-how on policies and procedures.

Effective utilisation of key assets is crucial to reduce costs. To avoid unplanned downtimes and improve asset performance, we continue to leverage IoT-based asset monitoring solutions at our factories. Moreover, P&M tracking and monitoring is also enabled with the use of RFID and GPS technologies. We are also implementing Blockchain technology for areas such as LC payments and other financial transactions.

Geo physical analysis

Innovation

"Inspiring Innovation" is one of the key tenets at KEC. We have a dedicated team that continues to work on adopting the industry's latest trends and technologies to suit KEC's needs. Each innovation is directed towards making our process more efficient, improving productivity and competency, and making us agile and profitable. Currently, the team is working on implementing various projects in the areas of Artificial Intelligence, Machine Learning, IoT, GIS, Augmented Reality/ Virtual Reality and Advanced analytics across various businesses of KEC.

We continue to set benchmarks by adopting innovative technologies, especially in transmission, substations, railways and civil businesses, and in our factories. These innovations help us enhance our construction productivity, accelerate project execution, ensure superior quality, improve safety standards and reduce wastage.

Some of the advanced and innovative solutions being implemented across our Company include:

- Enhancing worker safety at sites through technology led detection and warning systems
- Debottlenecking cable production through innovative machine design for achieving parallel processing
- Model-based Engineering by leveraging BIM (Building Information Modeling)

VR Training for Safety compliance

Building a Sustainable Community

Driving the holistic empowerment of our stakeholders is at the core of our corporate philosophy. We are committed to creating maximum positive impact by envisioning a bright future for the communities we operate in. Aligned with the RPG Group's CSR Vision, our CSR projects are aimed at facilitating development and sustainable growth in communities through initiatives focussing on entrepreneurship, education, environment, and health. We encourage our employees to participate in our social responsibility programmes, which remains a key driver for the success of our CSR initiatives.

In FY20, we positively impacted lives of people from all age groups, including children, young students, women, and the lesser privileged communities – the migrant workers and daily wage earners, with the help of over 680 volunteers. We believe that by empowering at the grassroot level, we will fuel progress that permeates every section of the society.

CSR PROJECTS

Netranjali

Our flagship project 'Netranjali' continues to touch lives by providing preventive eye care to communities around our manufacturing units and project sites across India. We continue to create awareness about the importance of eye care through camps, screenings and distribution of spectacles and reading material about preventive eye care practices to beneficiaries ranging from school children, to villagers, bus drivers, and workmen.

Impact:

37,599 people covered, **23,660** spectacles distributed, **9,602** referrals for further care

Pehlay Akshar

Education is an important enabler of empowerment and employment. Through Pehlay Akshar, we adopt unconventional methods of teaching to enhance functional English skills, while also improving infrastructure in government schools across India. The Pehlay Akshar Schooling and Pehlay Akshar Training programme aims to transform public education by helping teachers develop 'magic classrooms', where children feel secure, appreciated, and encouraged to learn.

Impact:

1,127 government school teachers, **115** government & municipal schools, **2,495** children

Saksham

Through community development initiatives, Project Saksham aims to provide essential skills training and employment opportunities to the youth. Additionally, we empower women from local communities to become self-sufficient by imparting them with vocational training and leadership and entrepreneurship development, thus contributing to the betterment of their livelihoods. Beneficiaries receive training in various skill development courses ranging from Industrial Sewing Machine Operation, Automotive Technician, Electrician, to Solar PV Technician, etc.

Impact:

952 students received training, **235** women empowered, **533** candidates placed

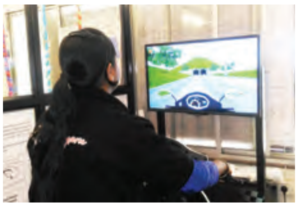
Sanjeevani

Through Sanjeevani, we strive to fill the gap for affordable nursing and homecare staff in the healthcare sector. The programme provides health care and bedside assistance, general duty assistance, first-aid training for bedside assistants and home care assistants at nursing homes and hospitals. During COVID-19 lockdown, our trained healthcare beneficiaries provided their valuable services to hospitals and the community by creating awareness about the pandemic and assisting healthcare workers.

Impact:

836+ women trained, **253** candidates placed

Swayam



Through this project, we aim to provide sustainable opportunities to rural women in the logistics sector by training them to ride/drive two-wheelers, three-wheelers and four-wheelers. The project strives to take a positive step towards uplifting the notion of an employable woman in the society.

Impact:

60 women trained

Jeevan – Community Development

Sanitation, health and hygiene are primary needs for humans. Through Jeevan, we provide clean and safe drinking water to school children and communities in Jaipur, Jabalpur, and Nagpur, to safeguard them from waterborne diseases. We have installed water huts and water ATMs in these cities to provide safe, clean and affordable drinking water to local communities as well. Additionally, the Company has installed a Bio-Community Toilet in Nagpur.

Impact:

9 Drinking Water units installed for **56,500** beneficiaries,
1 Bio-Community Toilet installed for **30,000** beneficiaries,
2 Rainwater Harvesting units installed for **1,000** school children,
198 solar streetlights installed for 20,000 beneficiaries,
250 tree saplings planted for 2,500 beneficiaries

Industrial Training Institute (ITI)

The Company has adopted ITI Ashti, in Wardha, Maharashtra, under the Public Private Partnership (PPP) scheme of the Government of India. We aid in upgradation of technical infrastructure and facilitate on-the-job training, finishing school training, industry visits, soft skills training, standardisation of curriculum, workshops and additional technical training for students. ITI Ashti is also the first ITI in Vidarbha region to receive ISO 9001:2008 Government certification.

Impact:

122 candidates trained, **214%** increase in admission of girls to ITI, **100%** placement

COVID-19 Outreach Initiatives

KEC, under the aegis of RPG Foundation was prompt to lend support to help the section of the society deeply impacted by the COVID crisis - the migrant workers, daily wage earners and the lesser privileged communities. Around 100 volunteers stepped in to provide freshly-cooked hot meals to over 1,500 beneficiaries each day during this crisis, apart from various other outreach initiatives.

1. Distribution of hot meals to the needy and frontline functionaries
   - We have distributed over 75,000 hot meals through our existing staff canteens & partners at our plant locations in Jaipur, Jabalpur and Nagpur
2. Provision of protective gear to our frontline officials (health care professionals, police, etc.)
   - We have donated protective gear for the frontline workers in Maharashtra, including 1.25 lakh gloves, 50,000 N95 masks and 10,000 PPE kits
   - We have provided six Corona Sample Collection Booths to the administration in Halol, Nagpur, Jaipur plants and Aurangabad city
   - Women Self Help Groups, from our project beneficiaries in Nagpur, Jabalpur and Jaipur have produced 1,10,000 cotton facemasks, providing them with a source of livelihood during these unprecedented times
3. Mobilising and maximising support through our COVID-19 Outreach website launched by RPG Foundation, outlining the initiatives undertaken by us (https://covidoutreach.rpggroup.com/)

Distribution of hot meals to migrant workers and daily wage earners

People: Empowering Outperformance

KEC is built on a strong foundation of its 9,328 permanent employees and 27,000+ temporary/contractual workforce. Our diverse, professional and empowered workforce help us create value for our stakeholders, deliver excellence to our clients, and establish our leadership position.

The Vision, Values and Capability tenets laid out by the RPG Group foster an empowering work culture that encourages our people across the Company to learn, transform, and grow. Our value proposition underpins effective employee strategies that accelerate inclusive growth and drive the momentum towards collaborative success.

OPEN & CONTEMPORARY CULTURE

The Company adopts its culture from the overarching RPG Vision of – Unleash Talent, Touch Lives, OutPerform, and 🙂. We promote a culture that aims at meritocracy, openness, mutual care and respect, with a focus on personal and professional learning and progress.

The biggest endorsement of our progressive work culture and contemporary people practices has been our employees who have led us to become one of “Best Workplaces in Construction & Infrastructure” sector in the Great Place to Work® (GPTW) 2020 survey. Our employees continue to endorse areas such as Pride to be associated with KEC, Empowerment, Training & Development, Career Opportunities, Leadership Competence, Performance Management, etc., as the biggest strengths of the Company.

A STRONG & DIVERSE WORKFORCE

KEC is an equal opportunity employer, and embraces diversity across the spectrum – race, nationality, religion, marital status, gender, age, ethnic origin, physical ability, etc. Compensation levels are merit-based, determined by qualification, experience levels, special-skills, and individual performance.

We have a well-defined Diversity and Inclusion committee, which ensures an inclusive environment by rolling out employee-friendly policies and programmes that address gender sensitisation, unconscious bias, etc. All initiatives directed towards Diversity and Inclusion are aligned with the ‘ADMIRE’ i.e., Acquire, Develop, Motivate, Involve, Retain and Empower, framework of the RPG group.

▲ *SAE Mexico team*

EPC is generally considered a tough industry to work in, especially for women, due to the harsh working conditions. But at KEC, we have succeeded in breaking this stereotype and have deployed women employees on shop floors, casting yards, stores and across international and domestic project sites.

We continue to work towards equalising the gender parity at KEC and have launched progressive policies for specialised hiring of women at senior level, mentoring programmes for women employees, discussion circles to help women through major life stages and a focus on security of women employees.

9,328
employees

30+
nationalities

59%
millennials

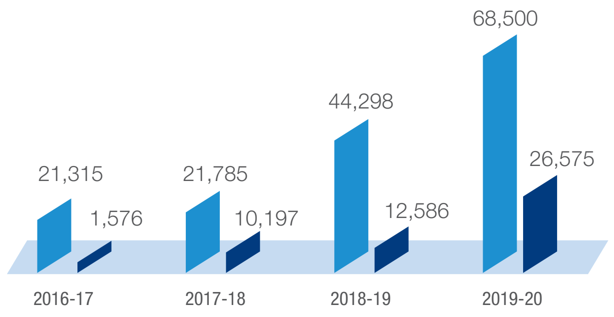
95,075
Total Learning Person Hours

LEARNING ORGANISATION

In our quest for continuous improvement, we endeavour to provide the right development and growth opportunities to our employees, through several bespoke interventions. From ensuring culture assimilation through RPG Way – Capabilities and Values Workshops to building strong technical, functional and behavioural capabilities, we continue to enhance the fungibility of our talent in line with our diversified businesses through blended learning – digital, classroom, experiential and virtual instructor-led learning programmes. We continue to build domain-related capabilities of the organisation by leveraging internal SMEs, who undergo the KEC internal Train-The-Trainer certification process, and by also collaborating with reputed industry partners.

During the year, we have partnered with some of the leading global digital learning content and experience players (LXP) such as Percipio, which provides learning opportunities through multiple learning assets such as eBooks, Audiobooks, Videos, Courses, Certifications, etc.

- Total Learning Person Hours in FY20 - **95,075 vs 56,884** in FY19
- **81% and 99%** permanent employees received skill upgradation & safety training respectively



TALENT AND LEADERSHIP CAPABILITY DEVELOPMENT

The leadership development architecture, a multilevel management development programme, is based on the belief that deploying multiple learning methodologies at multiple levels that reinforce each other have a greater impact on employee experience and development. Key components of the programme include management programme with leading Indian and International business schools, personalised coaching and mentoring, mobility-based learning and development centres.

The Company is focussing on building long-term talent pipeline for leadership succession. Some of them are in the areas of Engineering and Commercial segments, through hiring and developing graduates and post graduates from esteemed academic institutions. Our key Talent Development programmes include:

- **Group Management Resource (GMR):** A flagship programme of the RPG Group, we hire the best minds from India's premier B-schools and groom them into managerial and leadership positions within the Company.
- **Armed Forces Program (AFP):** We hire former Armed Forces personnel as a talent pipeline from India's premiere B-Schools to build our leadership capabilities.
- **Engineering Leadership Program (ELP):** We hire graduates and post-graduates from across India's top engineering campuses and groom them into becoming our backbone, through rigorous training & development, on-the-job & cross-functional exercises across projects, classroom sessions, assessments and certifications.
- **Commercial Leadership Program (CLP):** This programme is aimed at building capabilities and talent pipeline in Commercial, Finance, Accounts, Insurance and Taxation departments. The capabilities developed through CLP helps us nurture young talent and groom them into taking up managerial roles in the future.

Engineering Leadership Program - Batch of 2019-20

Fostering a Culture of Safety

Safety is paramount at KEC. Our continued focus on implementing advanced and customised safety practices, along with enhancing safety awareness amongst the workforce through specialised, tech-enabled training programmes help us achieve high standards of EHS excellence. Much emphasis is given on identifying, evaluating and managing the EHS risks and wherever possible, eliminating the same.

We are rigorously implementing the Fatality Prevention Plan customised and contextualised for different kinds of projects being undertaken. Some of our key EHS initiatives include:

- Installation of Safety Park made mandatory as a part of pre-mobilisation kit for all projects
- Fall Prevention System – A Safety Net designed by KEC's Quality-EHS team, to minimise the impact of an unexpected fall during tower works
- Safety Marshall – To monitor and improve the culture of safety, especially at work-at-height project sites
- Monthly theme based EHS campaigns at all project sites to sensitise employees and workmen on hazards & risks and ways to mitigate them
- QR codification of key Plants and Machineries (P&M) to maintain technical and safety integrity of equipment
- A complete ban on using toxic materials, and replacing them with 100% eco-friendly materials
- Community and well-being initiatives through various campaigns e.g. HIV/ STD prevention campaigns, malaria prevention initiatives, etc., especially in Africa

▲ *Safety park at project site*

EMBRACING THE FUTURE IN SAFETY

We are committed to embed predictive analytics and AI solutions across the entire value chain of the business. Some of our initiatives to improve EHS include:

1. **Project Raksha** - Digital platform for EHS Management. We have developed a one-of-its-kind unique solution for EHS in the EPC industry, that provides a comprehensive digital solution for end-to-end EHS management and helps achieve zero incident way of working.
   - Mobility-based solution for reporting near-miss, unsafe acts, unsafe conditions, work stoppage notices and other safety incidents along with photos
   - PPE Compliance using Artificial Intelligence helps identify potential dangers, eliminates manual intervention for surveillance & monitoring, and helps improve accessibility and accuracy
   - Virtual Reality based EHS Training leverages immersive technologies to design EHS Training modules that focus on detailed instructions on safe and unsafe practices in various construction related activities
2. We have adopted drones across various stages of a project lifecycle, right from stringing to inspection leading to enhanced safety in operations.

EHS TRAININGS

EHS trainings are an integral part of business operations at KEC, with a persistent focus on risk-based safety trainings and skill development. The importance of safety training extends beyond a worker's introduction and encompasses situations when his job changes or when working conditions change. Other than site demonstrations and classroom sessions, virtual and online trainings are conducted throughout the year including through e-learning modules.

1,31,250: Person-hours of safety training for employees during FY20 vs 1,25,000 in FY19

4,56,748: Person-hours of safety training for contractors during FY20 vs 4,34,998 in FY19

KEC is certified under the single umbrella of the latest international standards of Integrated Management System by TUV-Nord in 2019.

▲ *ISO 9001:2015*

▲ *ISO 14001:2015*

▲ *ISO 45001:2018*

AWARDS & RECOGNITION:

Our unrelenting focus on striving towards best Safety and Environment practices has won us recognition from across the industry and various clients:

- T&D South Asia - 18th Annual Greentech Award 2019 in Power sector for outstanding achievement in safety management
- Civil - Gold Award at OHSSAI 4th Annual HSE Excellence & Sustainability Awards 2019
- Best Safety culture appreciation for Safety Park & Best Performance Award in Contractor's HSE Campaign 2019 by Oman Electricity Transmission Company

SAFETY DURING THE COVID-19 CRISIS:

KEC has enforced strict measures in order to protect its workforce and stakeholders from the ongoing COVID-19 crisis. The following key initiatives have been implemented across all project sites and manufacturing plants:

- **COVID Marshall/ Swasth Prahari:** A dedicated member to monitor and ensure compliance of precautionary measures prescribed by the Government and the Management, who has the authority to issue work stoppage notice on failure to adhere to prescribed guidelines
- **Adoption of Digital:** Leveraging digital tools such as the Company's employee chatbot, COVID-19 app, Raksha – Safety App to enable round-the-clock vigilance
- **Post Lockdown operation procedure:** Detailed guidelines applicable to project sites, manufacturing operations and offices for 100% compliance prior to start of operations and governance mechanism on daily basis

▲ *Safety Marshall*

▲ *Work-at-height Training*

Nurturing a Sustainable Environment

At KEC, our approach to promoting natural capital is two-fold. Firstly, we create and nurture businesses that promote environment sustainability and efficient usage of natural resources. Secondly, we focus on reducing our environmental footprint through novel ways of engineering, construction and manufacturing.

TRANSMISSION & DISTRIBUTION

The business focusses on constructing high voltage transmission lines and substations that provide for one of the most effective ways of transporting energy over long distances with minimum carbon footprint and maximum efficiency.

Our focus on Green Energy Corridor (GEC) projects, which aim at integrating electricity produced from renewable sources with conventional power stations in the grid, ensure that clean and reliable renewable energy is transmitted to the length and breadth of the country through transmission lines built by us. During the year, we have constructed 103 ckm of transmission lines and 15 GIS substation bays as part of GEC projects, and are currently executing 290 ckm of transmission lines and 50 GIS substation bays across India.

RAILWAYS

Railways transportation is significantly more efficient than road transportation in terms of energy efficiency, land utilisation and construction intensity. Additionally, as per Central Organization for Railway Electrification (CORE), every 100-route kilometre of electrified section result in savings of millions of litre of diesel oil annually. KEC is proud of its contribution to India's railway electrification mission and towards construction of railway lines and associated infrastructure.

CIVIL & URBAN INFRASTRUCTURE

The business is constructing metros – mass public transportation system that helps reduce traffic on the road; thereby reducing pollution, wastage of motor fuel and carbon footprint. The business also constructs Sewage Treatment Plants (STP) and Effluent Treatment Plants (ETP) that leads to water conservation. We have constructed 5 such treatment facilities till date across India, which collectively recycle 11 MLD of water and 68 MLD of sewage each day and contribute towards water conservation and preserving our natural ecosystem. The business is also focussing on constructing energy efficient factories and residential complexes.

SOLAR

The business undertakes EPC of large solar-based power generation plants, which have one of the lowest lifecycle emissions. Solar renewable energy is one of the mainstays of achieving climate control targets taken across the world. We have commissioned over 500 MWp of solar PV power plants till date.

SMART INFRA

Smart cities are expected to play a pivotal role in reducing the energy consumption through various solutions such as Smart Mobility, Smart Grids, Smart Buildings, Smart Communication, Traffic Management, Smart Lighting, Smart Meters, etc. We possess capabilities to execute and deploy Environmental Sensors, Integrated Command Control Centres, Advanced Metering Infrastructure including Smart Meters, Intelligent Traffic Management Systems, Solid Waste Management solutions, to name a few, all of which encourage efficient use of resources and help us contribute towards sustainable development.

CABLES

This business manufactures XLPE and PVC insulated high voltage HT and EHV Power cables that helps reduce Transmission and Distribution losses leading to improved energy utilisation. The business also undertakes underground cabling that improves reliability of power supply and reduces pilferages.

In addition to the above, KEC is also committed to minimising the environmental impact of its operations across projects sites, manufacturing units and logistics.

REDUCTION IN MATERIAL CONSUMPTION

- We leverage cutting-edge design technology for optimising the weight and size of transmission towers and cables, leading to lower consumption of steel, zinc, aluminium and other natural resources
- **Steel:** Reduction in steel wastage by using customised steel usage optimisation software
- **Zinc:** Development of in-house Zinc recovery mechanism from Zinc Ash, resulting into reduction of hazardous waste generation and its conservation
- **XLPE/ PVC Consumption:** Reduction in setup changeover wastages by clubbing cables of similar properties in a single run, in addition to the use of purging compound at the optimum time
- **Acids:** Installation of an Acid Recovery Plant for Spent Acid treatment at our Butibori plant

▲ *Acid Recovery Plant, Butibori*

REDUCTION IN CARBON EMISSIONS

- Replacement of existing fuel with high calorific value and cleaner combustion fuel, resulting into reduction in carbon emission by 8%
- Upgradation of Auxiliary Galvanising Bath at Jaipur plant with LPG-fired Burner/ Furnace instead of Diesel-fired, resulting into reduction in carbon emission by 35%
- Leveraging drones for stringing power conductors to ensure minimum deforestation and impact on standing crops

CONSERVATION OF ENERGY

- Replacement of high-rated motors with low-rated energy efficient motors
- Maintaining the power factor as Unity at all our manufacturing units
- Installation of timers on machines to automatically shut operations during production idle time

These and many other measures have resulted in a total saving of 7,93,240 kWh in FY20 across our manufacturing units.

WATER-POSITIVE APPROACH

- Recycling of around 35% of trade effluent and domestic wastewater at ETPs and STPs located in our manufacturing plants, resulting in an approximate saving of 89,762 kl of water in FY20
- Zero wastewater discharge from our manufacturing plants
- Installation of 16 rainwater harvesting points at the three tower manufacturing units, leading to an increase in water level by seven to nine feet since installation

▲ *STP plant for waste water treatment*

POWERING THROUGH RENEWABLE ENERGY

We have installed a 100 kW and a 250 kW solar rooftop power plant at our Jaipur and Butibori tower manufacturing units respectively, which generated around 3,28,000 kWh of electricity in FY20, equivalent to 5% of total annual consumption at these plants.

▲ *250 kW solar rooftop power plant, Butibori*

INTRODUCTION OF INTEGRATED REPORT

We have embarked on our journey of Integrated Reporting (IR) this year, in line with our commitment towards transparency and the highest standards of corporate governance. The IR is a wider and broader reporting framework, encapsulating the quantitative and the qualitative aspects, the tangible and intangible factors in an organisation's value-creation process. The IR goes beyond the financial capital and enumerates other forms of capital, called 'multiple capitals' and clearly showcases their interlinkage in the value-creation. The focus of the IR is not just shareholders, but the larger group of stakeholders, to enable them to take a more informed decision.

Being the maiden IR, we have included the key elements of Integrated Reporting as defined by the International Integrated Reporting Council (IIRC). As we continue with our IR journey in the next few years, we will aim to provide our stakeholders with an enhanced understanding of our non-financial objectives and progress made in pursuit of these objectives. This being the first year of Integrated Reporting for us, we have incorporated the principles of the IIRC framework on a best-effort basis.

This report has been structured to provide stakeholders with financial and non-financial information that is relevant. It aims to provide stakeholders with a holistic view of how KEC creates value across stakeholder groups as every stakeholder plays an important role and contributes to the success of the organisation.

Our Six Capitals for Sustainable Value Creation

Financial Capital

It is the pool of funds available to us through debt or equity capital or generated through operations and investments. Financial capital is a medium of exchange that releases its value through conversion into other forms of capital. Our asset-light strategy helps us to deploy our financial capital prudently and efficiently into other forms of capital leading to maximisation of returns.

Manufactured Capital

Our manufactured capital consists of our geographically well-distributed plants and testing stations, machinery and equipment at factories and construction sites, stores and facilities as well as all physical assets that are used to manufacture products and deliver EPC projects. Manufactured capital is dependent upon flow of financial capital to allow resources to be deployed to build it.

Intellectual Capital

Our extensive experience coupled with deep engineering and designing capabilities, well-defined systems and processes, and focus on innovation and digitalisation forms the core of our intellectual capital. Our intellectual capital has been instrumental in sustaining our leadership position in the industry. The intellectual capital, being intangible, is very difficult to replicate and thus is our key differentiator and a source of competitive advantage.

Human Capital

The skills, competencies, know-how and aptitude that our employees develop and contribute to the organisation through their various endeavours are the key to our success. "Unleashing Talent" of the workforce is an important tenet of the Company's vision. Our diverse and empowered workforce across the globe, brings in their best to deliver superior quality projects ahead of time and thus catalysing the growth of the Company.

Social & Relationship Capital

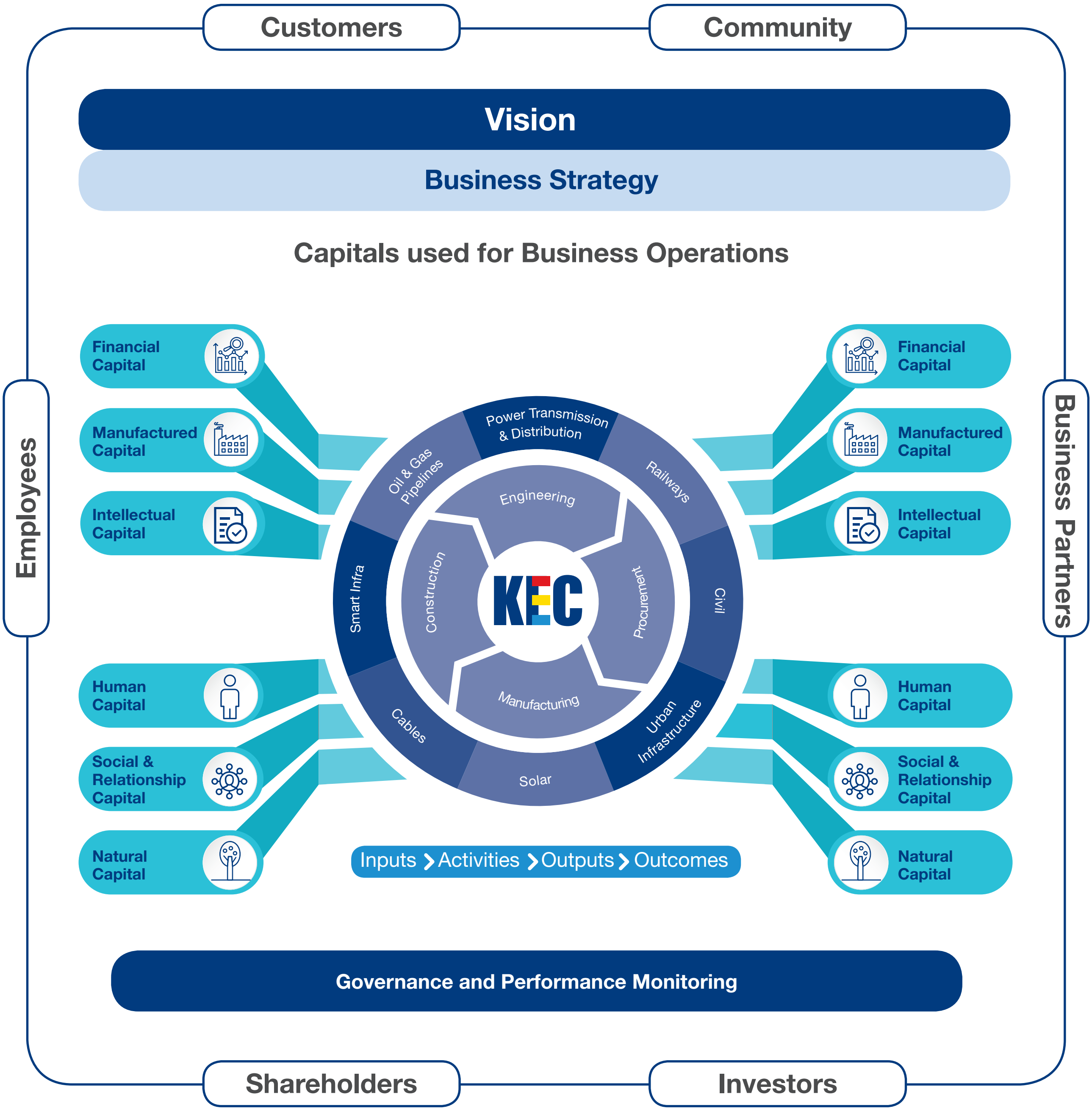
Our strategic and enduring partnerships with various stakeholders such as customers, vendors, sub-contractors, government bodies, investors, etc., form our relationship capital. Our social capital is the impact that we create by touching lives of people in the communities around us through various proactive social initiatives on education, skill development, entrepreneurship, health and well-being.

Natural Capital

Our natural capital is manifested in the businesses that we undertake to promote a sustainable planet and environment. It is also reflected in the actions that we undertake at our factories and project sites to minimise the impact on ecology & environment and to optimise the usage of both renewable & non-renewable resources in our business operations. This includes land, air, water, forest resources as well as metals & minerals.

Value Creation Model

KEC's value creation model is described below, where the six input capitals play a key role, guided by the Company's vision. The input capitals are prudently allocated across all our businesses, with a focus on excellence in Engineering, Procurement, Manufacturing and Construction, thus leading to value creation and outperformance for our esteemed stakeholders.



Materiality Assessment

Materiality assessment is undertaken to identify material parameters and issues that can affect the organisation's ability to create long-term sustainable value for all its stakeholders in line with its vision and purpose. A clear and well-defined materiality assessment helps in the alignment of business strategy and operations with critical issues that impact the performance. The Company regularly interacts and takes feedback from various stakeholders through platforms such as client satisfaction surveys and review meets, employee engagement scores, industry and company reports, etc. The material issues are analysed and right process interventions are designed, implemented and sustained.

STAKEHOLDER ENGAGEMENT

The key element in the process of materiality assessment and value addition through various capitals is Stakeholder Engagement. An elaborate and evolved process of stakeholder engagement has always been at the core of KEC's operations and the effort is to strengthen this aspect as we go forward. Ongoing communication with stakeholders enable us to keep ourselves abreast of the latest industry developments and incorporate the required changes in our materiality assessment model.

	Focus Areas	Platforms for updating on focus areas	Our efforts/initiatives to address focus areas
Investors	▪ Business performance and outlook ▪ ROCE ▪ Working capital	▪ Quarterly Earnings Calls ▪ Annual Investor Meet ▪ Regular interactions with analysts & investor community ▪ Annual Reports, BRR ▪ AGMs, Stock Exchange Announcements/ Filings	▪ Focussing on synergistic diversification ▪ Following asset-light model ▪ Monitoring project progress and working capital
Customers	▪ On-time project completion ▪ Focus on quality ▪ Highest standard of safety	▪ Periodic meetings & reviews ▪ Trade fairs & exhibitions ▪ Customer satisfaction surveys	▪ Focus on timely/ before time completion of projects ▪ Project planning ▪ Compliance to Quality related checklists and processes
Vendors	▪ Credit terms & timely payments ▪ Cost-Quality balancing	▪ Vendor meetings ▪ Vendor plant visits ▪ Relationship building exercises	▪ Releasing timely payments ▪ Vendor financing arrangements for MSME ▪ Cost-quality focus
Employees	▪ Career progression ▪ Employee benefits ▪ Diversity & Inclusion ▪ Employee Engagement	▪ Townhalls ▪ Periodic internal communications ▪ Transparent HR policies	▪ Training programmes and skill development initiatives ▪ Compensation benchmarking ▪ Diversity & Inclusion council ▪ GPTW surveys
Community	▪ Environment protection ▪ Children's education ▪ Water conservation ▪ Community health & sanitation initiatives ▪ Livelihood for women and specially abled	▪ CSR programmes ▪ Volunteering initiatives	▪ Health drives for community benefits ▪ Education/ vocational training facilities for children, youth and women ▪ Village & community development ▪ Setting up drinking water facilities ▪ Employment for specially abled
Government	▪ Fair & ethical business practices	▪ Interaction with relevant government authorities ▪ Membership of industry associations	▪ Transparency in books of accounts ▪ Regular filings as per laws ▪ Abiding by tax laws
Media	▪ Transparency in stakeholder communication	▪ Press releases ▪ Periodic interviews of top management	▪ Timely press releases and management interviews

Our Business Model & Interlinkages of Capital

INPUT CAPITALS FY20

Financial Capital

₹ 5,178 crore
Capital Employed

₹ 20,503 crore
Order Book

₹ 206 crore
Capital Expenditure

₹ 2,380 crore
Gross Debt

Manufactured Capital

8
No. of Manufacturing Units

₹ 5,670 crore
Cost of materials consumed

1,86,78,554
Safe Man Hours

228
Project Sites

Intellectual Capital

₹ 4.68 crore
R&D Spend

2
Patents Applied

7
New Products Development (Cables)

247
Engineering/ Design Team

Human Capital

9,328
Permanent Employees

27,000+
Temporary/Contract/ Casual Employees

44
Unionised Permanent Workmen (%)

₹ 1,104 crore
Employee Benefit Expense

226
Permanent Women Employees

Social & Relationship Capital

₹ 8.37 crore
CSR Investment

680
Employee Volunteers for various services

28,590
Vendor base

82
Dealer base

4,278
Customer base

1,792
MSME Suppliers

₹ 6.34 crore
Environment-related spend

Natural Capital

0.82
% of Renewable Energy

3,27,933
Renewable Energy Generation (In kWh)

4,00,83,365
Total Energy Consumption (In kWh)

2,58,604
Total Water Consumption (In kl)

BUSINESS PORTFOLIO

GLOBAL FOOTPRINT

SYNERGISTICALLY DIVERSIFIED ASSET-LIGHT PORTFOLIO

VERTICAL INTEGRATION THROUGH MANUFACTURING

BUSINESS TRANSFORMATION THROUGH INNOVATION & DIGITALISATION

EPC	Manufacturing
Power Transmission (Overhead & Underground)	Transmission Towers
Substations	Monopoles
Railway Overhead Electrification	Hardware
Railway Infrastructure	Substation Structures
Urban Transportation	Galvanised Steel Structures for Railways
Civil	Solar Structures
Oil & Gas Cross Country Pipelines	Power cables, Control & Instrumentation cables, Railway cables, Telecom cables and several special cables
Solar PV Power Plants	
Smart Infrastructure	

OUTPUT CAPITALS FY20

OUTCOMES

Financial Capital

₹ 11,965 crore Total Revenue	₹ 1,234 crore EBITDA	₹ 566 crore PAT	₹ 105 crore Dividend (including DDT)
23.2% ROCE			

Outcomes:
- Profitable growth
- High ROCE & ROE
- Value accretion for shareholders

Manufactured Capital

2,85,437 Tower Tonnage Manufactured (MTs)	53,738 Cables manufactured (km)	2,052 Transmission Lines executed (km)	171 Substation Bays executed
1,095 Railway Overhead Electrification (RKM)	62 Railway Tracks Commissioned (TKM)	13,40,000 Industrial workshops executed (sq. ft.)	

Outcomes:
- Maintaining leadership position in power T&D business
- Integrated operations
- Increasing footprint in new businesses

Intellectual Capital

₹ 3,053 crore Revenue from new/emerging businesses (Railways, Civil, Solar, Smart Infra)	₹ 135 crore Revenue from New Products	₹ 55.5 crore Savings from Design Improvements

Outcomes:
- Focus on innovation
- Strengthening inhouse engineering capabilities

Human Capital

₹ 1.28 crore Revenue per employee	95,075 Total Training imparted (Hours)	11,884 Total learning Person days	1,261 Staff with tenure more than 10 years

Outcomes:
- High revenue output per employee
- Well trained manpower for cross-functional jobs

Social & Relationship Capital

2,24,637 Lives touched through CSR	2,495 Children educated	1,131 Women empowered	952 Youth trained
37,599 Preventive eye care beneficiaries	105 Villages covered		

Outcomes:
- Community well-being
- Employment generation

Natural Capital

33,692 GHG Emission (Tonnes Carbon emission in total per annum)	0.21 GHG Emission (Tonnes Carbon emission per tonne of production)	0.82 GHG Emission (Tonnes Carbon emission per km of Cables manufactured)	7,93,240 Energy Saved (Units)
89,762 Water Saved (In kl)	70,083 Water Reused (In kl)		

Outcomes:
- Reducing carbon footprint
- Efficient utilisation of natural resources

Delivering Value-based Growth through Six Capitals

SIX INPUT-OUTPUT CAPITALS EXPLAINED:

Financial Capital

Our focus on prudent allocation of capital, diversification across businesses, asset-light strategy and accelerated project execution has helped us deliver outperformance. Our endeavour has been to leverage our financial capital in the most optimal manner to maximise returns for our stakeholders. Our Order Book is a reflection of our diversification strategy where non-T&D business has increased from 15% in 2015 to 46% as on March 31, 2020, majorly contributed by growth in Railways and Civil businesses.

Focussed approach on the utilisation of financial resources, constant monitoring of cash flows and working capital, ensuring on-time/ ahead of time delivery and tapping avenues for low-cost borrowing have helped us generate long-term sustainable economic growth. The Company has delivered a remarkable CAGR of ~40% in profits over the last 5 years.

During the year, the Company has re-balanced domestic and foreign borrowing mix to further optimise its cost of capital. Maintaining a lean balance sheet, focussed EPC approach and a well-diversified business model has enabled us for our next wave of growth.

₹ 20,503 crore
Order Book

₹ 11,965 crore
Total Revenue

₹ 566 crore
PAT

To read more on our Financial Performance, please refer to page number 4.

Interlinkage of Financial capital with other capitals:
Judicious utilisation of financial resources to create manufacturing infrastructure, develop skilled & intellectual workforce, retain talent, conserve environment, plays a key role in providing quality services and products in a timely manner to our clients across markets, thus benefiting all the stakeholders in some form.

Manufactured Capital

Building nations through creation of infrastructure has been the core operation of the Company for over seven decades. We have vertically integrated our operations through in-house manufacturing of transmission towers, monopoles, hardware, cables and structures for substation, railways and solar at our eight state-of-the-art tower and cables manufacturing facilities located in India, Brazil, Mexico and now, Dubai. Adoption of modern technologies and equipment, continued focus on process innovation and stringent quality assurance has enabled us to deliver superior products and services across geographies with utmost customer satisfaction, enhancing trust and credibility amongst our stakeholders.

The Company possesses one of the largest globally operating tower manufacturing capacities of 3,62,200 MTs per annum spread across six locations, in addition to being the only Company in the world to have four tower testing stations, three in India and one in Brazil. The Company is investing in debottlenecking and augmenting capacities at its two Cables manufacturing units to expand its product portfolio and improving efficiencies.

2,85,437 MTs
Towers manufactured in FY20

53,738 km
Cables manufactured in FY20

To read more on our Manufacturing capabilities, please refer to page number 25.

Interlinkage of Manufactured capital with other capitals:
The Company regularly invests in its manufacturing capital to enhance the reliability, quality and efficiency of its supply chain. A well-distributed manufacturing footprint across the world enhances flexibility and leads to time as well as cost advantage during project bidding as well as execution. This further helps in reinforcing our Financial as well as Social and Relationship capital. Further, investments in technological upgradation helps the Company conserve Natural capital through optimisation of material consumption.

Intellectual Capital

As an Engineering, Procurement and Construction (EPC) company, experience and capabilities in developing optimised designs for most complex situations, construction work practices and focus on industry leading innovation & digitalisation forms the core of our Intellectual capital. Our intellectual capital drives us to enhance our market share in the industries we operate in and enables us to deliver unmatched customer experience.

Our team of 240+ engineers across India and the Americas leverage advanced design technologies to create custom solutions for our clients across geographies and optimise material & construction costs. We are deploying innovative digital solutions to further our engineering and design capabilities. During the year, we have undertaken a large transformation programme for our Railways business that helped us to reimagine our processes across the value chain and define new ways of working. We have also developed multiple new cables catering primarily to the Railway segment, helping us with new avenues of growth and improved control on the supply chain.

₹ 55.5 crore	₹ 135 crore
Savings from Design improvements	Overall revenues from new products

To read more on our Engineering & Design, please refer to page number 26.

We are investing in adoption of digital technologies such as artificial intelligence, computer vision, mobility, BIM, and IoT, etc., in our operations to enhance our efficiencies and to deliver cost, quality, time and safety advantage over our industry peers. We have also developed and implemented robust innovation processes across the Company to drive innovation in engineering, supply chain, construction, commercial and human resources work practices.

To read more on Digital & Innovation, please refer to page number 28.

Interlinkage of Intellectual capital with other capitals:

The Company continues to invest in building its engineering & design capabilities and driving adoption of digital & innovation across various aspects of its business. This has enabled us to provide better solutions to the clients, improve safety of our people, optimise our costs of operations and streamline our interactions with stakeholders. Consequentially, it is expected to have a positive impact on Financial capital, Manufactured capital, Natural capital, Human and Social & Relationship capital.

Human Capital

Our employees are our foundation for Outperformance. Built on the vision, values and capability tenets laid out by the RPG Group, we endeavour to build a diverse and qualified workforce, supported by a safe and healthy work environment. We believe that a motivated and committed workforce will help our business achieve new milestones and act as a catalyst to create value for all our stakeholders.

Our progressive work culture adopted from the overarching RPG Vision of Unleash Talent, Touch Lives, OutPerform, and 🙂, coupled with contemporary people practices has recently earned us the recognition of being one of India's Best Workplaces in Construction & Infrastructure by Great Place to Work® (GPTW) in 2020. As an organisation focussed on learning and development, we significantly invest in upgrading & upskilling our people and build their capabilities by offering them multiple online and offline platforms. Our leadership development architecture consisting of multilevel management development programmes, and various talent development programmes for graduates/post-graduates from reputed academic institutions enable us to build a long-term talent pipeline for leadership succession.

9,328	95,075
Permanent Employees	Total Learning Person Hours

To read more on our HR initiatives, please refer to page number 32.

Safety is paramount at KEC. Our successful project deliveries are a result of the strict adherence to safety protocols defined by our EHS (Environment, Health & Safety) team. Our continued focus on implementing advanced and customised safety practices, along with enhancing safety awareness amongst the workforce through specialised, tech-enabled training programmes help us achieve high standards of EHS excellence. Much emphasis is given on identifying, evaluating and managing the EHS risks and wherever possible, eliminating the same.

1,31,250: Person hours of safety training for employees during FY20 vs 1,25,000 in FY19

4,56,748: Person hours of safety training for contractors during FY20 vs 4,34,998 in FY19

To read more on our Safety initiatives, please refer to page number 34.

Interlinkage of Human capital with other capitals:

Human Capital is the key investment for us and we continue to strengthen this asset base every year through various initiatives that enhance employee capabilities and engagement. Focussed development of Human capital in turn has a direct positive impact on Intellectual capital, Social & Relationship capital and a derived positive impact on Financial capital, Manufactured capital & Natural capital.

Social & Relationship Capital

As a global leader in engineering, procurement and construction, the success of our endeavour is largely attributed to how we maintain relationships with our key stakeholders across the business value chain as well as across the communities we operate in. We are engaged with different sections of the society through various programmes, aligned with the RPG Group's CSR Vision, to positively touch lives of the people around us. Our CSR efforts encompass a wide range of initiatives focussing on healthcare, education and entrepreneurship in and around our plant and project locations. Some of these include providing preventive eye care solutions, teaching functional English to children in government schools, providing essential skills training and employment opportunities to youth, with special programmes exclusively for empowering women, amongst others. In FY20, over 680 KEC volunteers positively impacted the lives of children, young students, women, and the lesser privileged communities – the migrant workers and daily wage earners.

37,599
Preventive eye care to beneficiaries

2,495
Children educated

1,131
Women empowered

To read more on our CSR initiatives, please refer to page number 30.

We focus on building strategic relationships with our customers, vendors, sub-contractors, dealers, service providers, etc. We believe that our growth is synergistic to the growth of our stakeholders and thus treat our suppliers and vendors as our partners.

28,590
Vendor base

4,278
Customer base

1,792
MSME Suppliers

Interlinkage of Social & Relationship capital with other capitals:

The Company is constantly building strategic partnerships with its stakeholders to develop unique value proposition for our clients. The Company also engages with different sections of the society by investing in social programmes and initiatives. These have a direct positive impact on the Financial capital, Human capital and a related positive impact on the other capitals.

Natural Capital

The Company operates in businesses, such as Transmission and Distribution, Railways, Solar, etc., that promote environment sustainability. We are helping promote renewable energy not only as part of our Solar business but also as part of construction of Green Energy Transmission corridors. Similarly, Urban Infrastructure such as metro and railway transportation is significantly more environmentally friendly than road transportation. Additionally, railways overhead electrification helps to significantly reduce the overall carbon footprint. The Company is also committed to year-on-year reduction in usage of natural resources through innovative construction practices and methodologies. We have established credibility in effectively delivering products and services by minimising carbon footprint, reducing material consumption and adopting renewable energy. This enables us to ensure that the community and society at large accrue maximum benefits with reduced negative impact on the environment.

7,93,240 units
Energy saved

89,762 kl
Water saved

70,083 kl
Water reused

To read more on our Environment protection initiatives, please refer to page number 36.

Interlinkage of Natural capital with other capitals:

Our businesses are directly reliant upon the need for preserving Natural capital and reducing mankind's negative impact on the environment be it through ensuring availability of clean power through our transmission lines, Green Energy Corridors, Solar plants, Rapid Transport systems, Smart Cities and so on. We also focus on minimising the negative impact that we may have on the natural resources through construction practices that preserve flora and fauna, reduction in our metal/ mineral consumption, emissions and wastage. Our investments in Natural capital has a positive impact on Financial capital, Manufacturing capital, Human capital and Social & Relationship capital.

Delivering Outperformance

We deliver world-class, end-to-end EPC solutions across industry segments. Our extensive and diverse experience built over seven decades, coupled with our expertise in project management enable us to Outperform. We navigate the world's toughest terrains and conditions and leverage cutting-edge technology solutions to deliver projects on and ahead of schedule. We set benchmarks in quality, capability, and speed of execution.

Some of our noteworthy projects executed during FY 2019-20 include:

1. 500 kV Transmission Line, Thailand

500 kV Transmission Line, Thailand

- Revamping of the existing 230 kV Bang Saphan – Surat Thani Transmission Line 2 to 500 kV Transmission Line (39 km)
- Reconfiguration of 115 kV and 230 kV feeder lines connecting the cities of Bang Saphan, Surat Thani, Chumphon, Ranong and Lang Suan to the southern grid

Challenges

Almost all the work had to be done under live-line conditions with minimum outages during construction which required intricate planning and deft execution.

Outperformance

The project team conducted a meticulous pre-construction recce, followed by detailed planning, EHS risk assessment, close coordination and deployment of a highly skilled stringing team. We were able to carefully reconfigure the steps to single out work-items, which could be grouped together for execution. As a result, the entire sectionalising scheme was shortened from 22 steps to 15 steps. Further, we deployed drones to scope out the existing feeder configuration, and condition of conductor, hardware and electrical clearances, and used high capacity cranes for accelerated tower erection during short periods of power outage. All of this led to an improvement in the overall efficiency and minimisation of outages needed during execution.

Project Status

Project completed in December 2019; six months ahead of schedule

2. 132 kV Mpanshya – Chitope Overhead Transmission Line; 33 kV Overhead Lines and LVABC lines; 33/ 11 kV Luangwa Substation, Zambia

132 kV Mpanshya–Chitope Overhead Transmission Line, Zambia

- 132kV Leopards Hill - Mpanshya - Chitope Single Circuit Overhead Transmission Line (211 km)
- Electrification of Mpanshya, Shikabeta, Chitope, Luangwa, Rufunsa Girls Technical High School through the construction of 33 kV Overhead Lines and LVABC lines (DL:260 km & LVABC: 23.5 km)
- Construction of 33/ 11 kV Substation and Area Office at Luangwa Boma

Challenges

The financial conclusion between EXIM & ZESCO, finalisation of scope of works and the approval of variation affected the project execution timelines. KEC inherited the problems in the construction of the line from the previous contractor and resolved all technical and quality issues and successfully completed the line.

Outperformance

KEC ensured the continuity of the project in the midst of approval and fiscal delays that impacted the project execution. Further, when there were problems with two sections of the proposed line, the team proposed to conduct a fresh survey and chart a new route to construct the line using the same materials.

Project Status

Project completed in May 2020

3. 220 kV Underground Cabling, Chandigarh

220 kV Underground Cabling, Chandigarh

- 220 kV Underground Cabling for Power Grid Corporation of India Limited (PGCIL)
- Manufacturing, supply and laying of 220 kV Underground Sheath Bonding cable, Underground Fibre Optic cable, FOC Joint Box, DTS, FODP, Cable Termination kit, Joint Box and Surge Arrestor
- This is one of PGCIL's first D/C project for underground cabling at 220 kV level. It is also one of their longest lines at 9.5 km, from Hallomajra Gas Insulated Substation to Zirakpur, Punjab

Challenges

With maximum portion of the line passing through a high traffic area, the National Highway and overcrowded areas of Zirakpur, seamless execution of the project was a major challenge and the need of the hour. The narrow roads posed yet another problem, causing difficulties to shift the heavy 18 MTs drums in a timely manner.

Outperformance

KEC successfully overcame the challenges and is laying cables through various sections without any incidents so far. The team is liaising with various local authorities and law enforcement agencies to expedite approvals and counter traffic-related challenges.

Project Status

Expected completion in Q2 FY21

4. 230/ 132 kV Transmission Line, Bangladesh

230/ 132 kV Transmission Line (Western Zone), Bangladesh

- Design, Supply, Installation, Testing & Commissioning of 230 kV and 132 kV Transmission Lines in Northern and Western Zones for Power Grid Company of Bangladesh Limited (PGCB). The line is being laid to connect the new 132/ 33 kV Mithapukur Substation to the 132 kV grid in Rangpur District that is crucial for power transmission in the country's northern zone

Challenges

The 105 km long line had three different configurations in three districts - 79 km of 230 kV double circuit transmission line connecting Ishurdi & Rajshahi; 25 km of 132 kV single circuit transmission line connecting Baghabari & Bangura; and 1 km of 132 kV four circuit transmission line.

Several challenges were involved in the construction of these lines including flooding and water logging during monsoons, which posed difficulties for logistics and execution. Additionally, densely populated areas and severe Right of Way issues posed severe impediments to execution.

Outperformance

The team worked towards maintaining an effective relationship with the local population and local administrators, in order to work together and resolve issues in a timely manner. Critical Right of Way issues were resolved with the help of both Bangladesh and Indian governments. Transportation of construction materials and tower materials were done through head loading and completed within six months by adding more local resources and small boats, especially during monsoon. Despite flooding and waterlogging, the team accelerated execution and completed significant foundation work between May and November 2018. Moreover, 65 km of twin conductor double circuit stringing, 17 km of single conductor single circuit stringing, 45 km of OPGW and 33 km of GW stringing, were all completed in just five months. The project was executed with the highest safety standards and zero LTI, earning us appreciation from the client.

Project Status

Project completed in May 2020

5. 220 kV Ghazni to Kandahar Transmission Line, Afghanistan

220 kV Ghazni-Kandahar Transmission Line, Afghanistan

- Design, construction, testing and commissioning of 220 kV DC Twin Conductor Transmission Line, for Da Afghanistan Breshna Sherkat (DABS)

Challenges

This critical 360 km transmission line, connecting the Northern grid to the Southern grid of the country, is being executed in a security sensitive and geo-politically challenging area. Frequent insurgencies and closure of customs and borders has hampered project progress from time to time. Additionally, extreme sub-zero temperatures of -28 to -30°C and closure of roads due to long winters with heavy snowfall further elevated execution challenges.

Outperformance

The project design team completed the entire design within two months of project commencement. The supply of all materials has also been done on-time amongst changing customs regulation and increasing political tension that resulted in closure of customs and borders frequently. Also, in a unique approach, we are monitoring and driving execution progress by training & deploying locally available manpower and remote monitoring of project by leveraging technology, further ensuring that the team will be able to deliver the project as per timelines.

Project Status

Expected completion in Q3 FY21

6. 765 kV Ariyalur Transmission Line, Tamil Nadu

765 kV Ariyalur Transmission Line, Tamil Nadu

- Turnkey construction of 765 kV Hexa zebra conductor from proposed North Chennai 765/ 400 kV GIS pooling station to Ariyalur Substation (113.7 km)

Challenges

85% of the line had manual sections and over 20% was in a water-logged area, both of which posed several execution challenges to the team. Moreover, the project was also plagued with several Right of Way issues, which affected the execution timelines.

Outperformance

The team adopted enhanced stringing methodology to speed up stringing activity and improve gang productivity. In line with the Company's north star goal of fast-track execution, the team set new benchmarks by completing 43 foundations in a single month. In the water-logged areas, the team carried out erection and stringing works by using temporary platforms. Digital interventions were also leveraged to ensure high safety standards, including CCTVs in stores and photographs of inspection uploaded on the cloud, all of which were appreciated by the client.

Project Status

Expected completion in Q2 FY21

7. 765/ 400 kV Gas Insulated Substation in Koteshwar, Uttarakhand

765/ 400 kV Gas Insulated Substation at Koteshwar, Uttarakhand

- Upgradation of the existing 400 kV Gas Insulated Substation to a 765 kV Gas Insulated Substation for Power Grid Corporation of India Limited (PGCIL)

Challenges

The 765 kV GIS Hall & Switchyard and 400 kV GIS Hall & Switchyard are spread over nine levels in the hilly terrains of Uttarakhand. The difference in the levels between the terraces range from 20m to 80m, along different portions of the area. In addition to height, altitude and space constraints, the 765/ 400 kV GIB was to be erected across five different levels, passing over the main road used by villagers for commutation.

Outperformance

Despite the tough geographical topography of the substation, erection of the 765 kV GIS with 11 bays has been completed in a record time of six months. This was done through meticulous planning of resources and material. The required material was shifted just one day in advance in view of small storage area at such heights. Erection of 765/ 400 kV GIB across different levels was done in early morning hours, as during the day, villagers had to use the road for commutation.

Project Status

Phase 1: Commissioned in April 2020. Phase 2: Expected commissioning in Q2 FY21

8. Construction of 3rd railway line between Gudur-Bitragunta, Andhra Pradesh

Construction of 3rd line between Gudur-Bitragunta, Andhra Pradesh

- Construction of 3rd railway line between Gudur-Bitragunta, spanning ~77 km, including formation, bridges, service/ station buildings, P-way works, OHE & general electrification works, and Signalling & Telecommunication works for Rail Vikas Nigam Limited (RVNL). The line route is a part of the Grand Trunk Route connecting northern and southern states.

Challenges

Initially, the target set for completion of the project was 48 months (April 2022), but being an integral part of the Prime Minister's Pragati programme, the timeline was revised to 32 months. The alignment of the project is parallel to the coastal area, resulting in extremely hot and humid working conditions. Additionally, during November-December, all the water bodies were flooded due to incessant rains, leading to severe challenges in execution. Working next to a functional railway line and ensuring minimum disruption of operations with utmost safety was of paramount importance to the team. The collapsible soil on Penna river bridge also increased difficulties.

Outperformance

We were awarded the project in March 2018 and commenced execution in April 2018. Despite severe climatic conditions, we have completed a significant portion of the project. Work on the route is happening across several work fronts simultaneously. We have successfully completed four major bridges and 92 minor bridges over the last 24 months. High capacity piling rig machines were instrumental in ensuring uninterrupted construction of pile-foundations work, especially during monsoon.

Project Status

Expected completion in Q3 FY22

9. Doubling of tracks between Jhansi-Bhimsen, Uttar Pradesh

Doubling of tracks between Jhansi-Bhimsen, Uttar Pradesh

- Doubling of tracks (90 TKM) between Jhansi and Bhimsen for Rail Vikas Nigam Limited (RVNL), along with track linking and other associated works such as construction of roadbed, major & minor bridges, Signalling & Telecommunication work, overhead electrification (113 TKM) and electrification works, and other civil works

Challenges

The project site is situated in the mountainous area of Bundelkhand in Central & Northern India. Transportation of material to these locations is a mammoth task. Additionally, the region's composite climate fluctuates from high temperatures in the summer to extremely low temperatures in the winter and torrential downpour in the monsoons, leading to severe flooding.

Outperformance

Comprehensive project management and execution practices are being deployed by the team to overcome challenges posed by the difficult terrain & extreme climatic conditions and deliver quality execution. The Commissioner of Railway Safety (CRS), during inspection of a part of the project, has appreciated the quality of work done by KEC.

Project Status

Expected completion in Q3 FY21

10. Delhi-Meerut Regional Rapid Transit System (RRTS)

Erection of Launching Girder Box at Delhi-Meerut RRTS project

- Construction of elevated viaduct from Sahibabad RRTS Station to Ghaziabad RRTS Station, including all special spans and the two aforementioned stations

Challenges

Majority of the work was hampered severely due to reasons such as the National Green Tribunal (NGT) ban for 46 days from October 2019 to December 2019 and subsequently Delhi riots. This impediments affected delivery of material to the project site and resulted in stoppage of work.

Outperformance

To recoup the lost time, the entire schedule of the project had to be meticulously re-planned and a catch-up plan was prepared to complete the major works well ahead of schedule.

The productivity of piling work was increased by deploying more machineries and by working at multiple work fronts. Other initiatives include:

- Fourth Launch Girder resource lined up to ensure erection timelines are met
- Additional 210 T-Gantries planned to enhance movement of shutters in casting yard
- Seventh set of long line shutter mould being planned to meet segment casting timelines. Additional segment shutters added to match span completion vis-à-vis segment production in long line

To expedite the Ghaziabad Station, a top-down construction scheme with 80% precast elements has been proposed. The Casting Yard is being established at Ghaziabad Station area and a dedicated logistic team has been formed for the movement of segments from casting yard to all four launching girders, which will help minimise time for pre-cast shifting.

Project Status

Expected completion in Q2 FY22

11. Overhead Electrification at Villupuram, Tamil Nadu

Overhead Electrification at Villupuram, Tamil Nadu

- Overhead Electrification and associated works, Signalling and Telecommunication works, and Civil works i.e., service buildings, quarters, tower wagon siding/ sheds between Villupuram–Mayiladuturai–Thanjavur & Mayiladuturai–Thiruvarur sections, comprising of 286 TKM, for Rail Vikas Nigam Limited (RVNL)

Challenges

The team had to accomplish a huge volume of work in significantly lesser time, without compromising on safety and quality, in line with the ambitious milestones set by the client. Hot and humid weather conditions along with difficult approach roads, waterlogging during monsoon, and shortage of raw materials and resources posed additional challenges for the team.

Outperformance

In order to complete the project well within time, multiple teams were mobilised so that work could be carried out simultaneously. While executing foundation works, the team shifted the foundation aggregates through rail wagons with Jumbo Bags, wherever approach was not available to shift through road transportation. We also ramped up shots of wiring per day and managed to execute a remarkable 52 shots of wiring in a single day.

Excellent coordination between Design & Engineering, Procurement and Execution teams has enabled us to achieve all CRS targets set by the Railway Board till date, earning us appreciation from the Commissioner of Railway Safety.

Project Status

Expected completion in Q2 FY21

12. 150 MWp Ground Mount Solar Project, Rajasthan

150 MWp Ground Mount project at Bhadla, Rajasthan

- Design, Engineering, Manufacturing, Supply, Construction and Commissioning of 150 MWp Ground Mount Grid tied Solar PV project

Challenges

This project was an integral part of 500 MW IL&FS Solar Park and involved construction on highly undulated sand dunes terrain in peak summer (~45 Deg C), posing several challenges for the team.

Outperformance

The team adopted a modular approach to ensure seamless scaling up of project management & execution capabilities. Rigorous planning, monitoring & controlling helped us achieve high levels of productivity; pile foundation - 3,200 in a single day, structure erection - 8 MWp in a single day, module installations - 5.9 MWp in a single day and cabling work - 18.75 km in a single day. These initiatives enabled us to attain an overall leadership position amongst the other EPC companies working on the project and helped us complete the project in record time.

Project Status

Project completed in February 2020

13. Greenfield Cement Manufacturing plant at Mukutban, Maharashtra

▲ *Greenfield cement manufacturing plant at Mukutban, Maharashtra*

- Civil and structural works for a 3.9 million tonne cement plant and a captive power plant

Challenges

The greenfield project presented several challenges for the team owing to the height of the critical 142 metre preheater structure, amongst other tall structures, which required maintaining stringent project timelines, faster construction cycle and strict adherence to safety regulations. Additionally, poor soil condition at the site made movement of manpower and machinery difficult, especially during the monsoon season.

Outperformance

In order to achieve faster mobilisation, we undertook the construction of site infrastructure and labour camp simultaneously, which led to a quicker project startup. We have deployed two exclusive Tower Cranes at the critical preheater structure to maintain the required cycle time, in line with the project requirements. To ensure safety of our workers, we are providing elaborate vertical and horizontal safety solutions with fall protection systems at all major structures at the site, to achieve the highest safety and quality standards with zero incidents.

Project Status

Expected completion in Q3 FY21

14. Construction of a factory for an automobile manufacturer in Pune, Maharashtra

▲ *Construction of a factory for an automobile manufacturer at Pune, Maharashtra*

- Civil and structural works for the construction of Engine shop, Production Technology shed & Paint spare building, Body shop and other infra buildings

Challenges

We commenced the project on the verge of monsoon with a stringent completion deadline. Due to abnormally heavy rainfall stretching for five months, project progress was affected, especially for activities such as fabrication works, sand blasting and painting works, requiring a lot of reworking.

Outperformance

Despite severe climatic conditions and other challenges, the team executed the project on a tight schedule and delivered the required structures as per the client's priorities and satisfaction. As part of adopting innovative construction technologies to enhance productivity, we introduced a sophisticated Laser Screed machine for flooring work, which enabled us to increase the flooring concrete capacity from 300 sq.m. to 1,200 sq.m. The client has appreciated our high safety and quality standards, involving the setup of a Safety Park and achieving 1 million safe person hours.

Project Status

Expected completion in Q2 FY21

Awards

Company of the Year - Infrastructure Development (Power) award at Dun & Bradstreet Infra Awards 2019

Excellence in Infrastructure award at Rail & Metro Awards 2019

Project of the Year (220 kV Srinagar-Leh Transmission System) award at Dun & Bradstreet Infra Awards 2019

Outstanding Achievements in Safety Management (Power sector) at the 18th Annual Greentech Awards

Best Performance in HSE Campaign 2019 award by Oman Electricity Transmission Company

HSE Excellence & Sustainability Leadership award at OHSSAI Annual Awards 2019

Corporate Gold award - Engineering Sector, Medium Business for Nagpur, Jabalpur and Jaipur at Frost & Sullivan's India Manufacturing Excellence Awards 2019

EY-Mint Digital Innovation award for Artificial Intelligence

Operating Model Master – Business Process Impact award at IDC India Digital Transformation Awards 2019

Significant Contribution to Innovation in India Award at Indo American Corporate Excellence Awards

DIRECTORS' REPORT

To the Members of
KEC International Limited

The Directors are pleased to present the Fifteenth Annual Report of the Company together with Consolidated and Standalone Audited Financial Statements of the Company for the financial year ended on March 31, 2020.

1. FINANCIAL RESULTS

(₹ in Crore)

Particulars	Consolidated		Standalone	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Revenue from Operations	11,965.37	11,000.55	10,470.62	10,117.80
EBITDA	1,234.35	1,149.91	1,126.06	1,086.74
Finance Cost	307.98	311.87	276.96	284.15
Depreciation & Amortisation	147.20	117.13	117.69	105.52
Profit Before Tax	790.27	756.94	745.28	735.19
Tax Expenses	224.75	261.17	199.55	237.50
Profit After Tax	565.52	495.77	545.73	497.69
Dividend on equity shares (including tax on dividend)*	105.38	83.68	105.38	83.68

**Interim Dividend declared on February 07, 2020.*

2. PERFORMANCE

Financial Performance

On a consolidated basis, the Company achieved a turnover of ₹ 11,965 Crore in FY 2019-20 with a 9 percent growth over FY 2018-19. The growth would have been higher however, disruption caused by the COVID-19 pandemic affected performance in the latter half of March 2020. Power Transmission & Distribution (T&D) business and Railways business were the primary growth drivers during FY 2019-20. EBITDA margins for FY 2019-20 stood at 10.3 percent, with EBITDA growth of 7 percent over FY 2018-19. The net profit for FY 2019-20 was ₹ 566 Crore as against ₹ 496 Crore in FY 2018-19, a growth of 14 percent. The Company achieved a reduction in Interest costs through better working capital management and reduction of high cost loans. On a standalone basis, the Company achieved a turnover of ₹ 10,471 Crore and a net profit of ₹ 546 Crore.

During the year, the Company secured orders of ₹ 11,331 Crore, ending the year with a robust order book of ₹ 20,503 Crore. The orders were primarily driven by the Non-T&D businesses as the Company forayed into the fast-expanding Urban Transport sector and bagged multiple orders from reputed customers.

Power Transmission & Distribution (T&D) – The Power Transmission and Distribution business continues to be the Company's largest business vertical, which includes turnkey construction of power transmission lines as well as the construction of Gas Insulated Substations (GIS) and Air Insulated Substations (AIS). During the year, the business surpassed turnover of ₹ 8,000 Crore with a growth of 12 percent backed by robust execution in Americas, UAE and SAARC region. In line with the diversification and de-risking strategy, the Company has expanded footprint into three new countries in Africa this year.

Railways – The Railways business continued its growth momentum, as it crossed a turnover of ₹ 2,500 Crore for the first time with a growth of 33 percent over last year. During the year, the business diversified its portfolio to include RRTS (Regional Rapid Transit System) and Road over bridge (ROB) projects in addition to the existing offerings of Overhead Electrification and composite projects.

Civil – During the year, the Civil business faced headwinds on account of muted industrial capex cycle in India and challenges faced by the Realty sector. However, the business has scaled up its order book significantly to over ₹ 2,700 Crore, backed by 3 metro projects for DMRC and Kochi Metro. The business continued its diversification strategy and secured entry into the Defence sector with two orders including one for the construction of a Data Centre.

Solar – During the year, the Company successfully commissioned its single largest project in terms of capacity, a 150 MWp ground mount project in Rajasthan. The business has also secured an order to construct the largest carport project in India. The domestic market continued to remain challenging during the year on account of lower capex.

Smart Infra - In its second year of operations, the business continued execution of two Smart City projects in Maharashtra, secured last year.

Cables - The Cables business witnessed a slowdown during the year, owing to the unprecedented COVID-19 pandemic and decrease in metal and optical fibre prices. However, the business recorded improved margins across product segments, driven by innovation in product design and increased efficiency in manufacturing operations.

3. DIVIDEND

The Board of Directors had during the year approved payment of interim dividend at the rate of ₹ 3.40 per equity share i.e. 170 percent of the nominal value of ₹ 2/- each for the financial year ended March 31, 2020 (previous year final dividend of ₹ 2.70 per equity share of nominal value of ₹ 2/- each). The record date for the payment of interim dividend was fixed as February 15, 2020 and interim dividend was paid on February 24, 2020. This involved a cash outflow of ₹ 87.41 Crore, excluding Dividend Distribution Tax of ₹ 17.97 Crore. The said Dividend Distribution Tax on the dividend has been set off to the extent of the income tax paid by the Company on the dividend received by the Company from its subsidiaries during FY 2019-20.

With a view to conserve resources for future expansion and business growth, the Board of Directors does not recommend any further dividend and that the interim dividend be considered as final dividend for the financial year ended on March 31, 2020.

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations"), the Company has formulated a Dividend Distribution Policy which is enclosed herewith as *Annexure 'A'*, and is also available on the website of the Company at https://www.kecrpg.com/policies.

4. SHARE CAPITAL

The paid-up Equity Share Capital of the Company as on March 31, 2020 was ₹ 51.42 Crore. There was no change in the share capital during the year under review.

5. DEBENTURES

As on March 31, 2020, the Company has 2,500 secured, rated, listed, non-convertible, redeemable, taxable Debentures (Series I, II and III) of the face value of ₹ 10,00,000/- each aggregating to ₹ 250 Crore, issued on a private placement basis. The redemption/repayment is in accordance with the terms of the respective Series of Debentures. These Debentures are listed on BSE Limited. The Company has redeemed 1,500 Debentures (Series I) on April 20, 2020, being the due date of redemption.

6. DEPOSITS

The Company has not accepted any deposits within the meaning of sub-section (31) of Section 2 and Section 73 of the Companies Act, 2013 ("the Act") and the Rules framed thereunder. As on March 31, 2020, there were no deposits lying unpaid or unclaimed.

7. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The loans given, investments made and guarantees given & securities provided during the year under review, are in compliance with the provisions of the Section 186 of the Act and Rules made thereunder and details thereof are given in the Notes to the Standalone Financial Statements.

8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT, CORPORATE GOVERNANCE REPORT AND BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34 of SEBI Listing Regulations, a separate section on Management Discussion and Analysis, Business Responsibility Report and Corporate Governance Report together with a certificate from a Practicing Company Secretary confirming compliance with the Regulations relating to Corporate Governance of SEBI Listing Regulations are set out and form part of this Annual Report.

9. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of sub-section (3) of Section 129 of the Act and SEBI Listing Regulations, the Consolidated Financial Statements of the Company, including the financial details of all the subsidiary companies, forms part of this Annual Report. The Consolidated Financial Statements have been prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act.

10. SUBSIDIARY AND ASSOCIATE COMPANIES

The Company has seventeen subsidiaries as on March 31, 2020 comprising of eight direct subsidiaries and nine step-down subsidiaries. It also has one associate company in India. During the year under review, the Company has acquired 100 percent shareholding of its step-down subsidiary KEC International (Malaysia) SDN. BHD, thereby making it a direct subsidiary of the Company. The Company has liquidated an inoperative step-down Joint Venture company in Malaysia.

During the year under review, the Company has incorporated a wholly owned subsidiary in Dubai namely KEC Towers LLC on November 24, 2019. The Company, through this subsidiary has acquired its eighth manufacturing unit, a state-of-the-art 50,000 MTPA tower manufacturing facility in Dubai, taking its total tower manufacturing capacity to 4,22,200 MTPA, making the Company one of the largest globally operating T&D player. The facility is yet to start operations.

Performance Highlights

The Company has six operating subsidiaries, three subsidiaries functioning as special purpose vehicles and eight subsidiaries are non-operating companies. Further, the Company has one associate company which is a company incorporated under Section 8 of the Act for the welfare of the past employees.

The performance highlights of operating subsidiaries and their contribution to the overall performance of the Company during the financial year ended March 31, 2020 are as under:

Subsidiary	Performance during FY 2019-20 (₹ In Crore)		Contribution to overall performance of the Company (%)	
	Revenue	Profit After Tax	Revenue	Profit After Tax
Al Sharif Group & KEC Ltd. Co.	235.02	5.23	1.96	0.92
SAE Towers Brazil Torres de Transmisao Ltda.	1,227.20	33.44	10.26	5.91
SAE Towers Mexico, S de RL de CV	304.28	(2.81)	2.54	(0.50)
SAE Prestadora de Servicios Mexico, S de RL de CV	56.37	0.70	0.47	0.12
SAE Towers Ltd.	201.99	0.40	1.69	0.07
KEC International (Malaysia) SDN. BHD	87.74	4.48	0.73	0.79

Pursuant to the provisions of sub-section (3) of Section 129 of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, the salient features of the Financial Statements of each of the subsidiaries and associate companies are set out in the prescribed Form AOC-1, which forms part of the Financial Statements section of the Annual Report. Pursuant to the provisions of Section 136 of the Act, the Financial Statements of these subsidiaries are uploaded on the website of the Company i.e. www.kecrpg.com under 'Investors' tab.

Pursuant to SEBI Listing Regulations, the Company has formulated a policy for determining its 'material subsidiaries'. The said Policy is uploaded on the website of the Company at https://www.kecrpg.com/policies.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of clause (c) of sub-section (3) and sub-section (5) of Section 134 of the Act, the Board of Directors of the Company hereby confirm that:

1. in the preparation of the annual accounts for the financial year ended on March 31, 2020, the applicable Accounting Standards have been followed and no material departures have been made from the same;

2. we have selected such accounting policies and applied 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 as at March 31, 2020 and of the profit of the Company for the year ended on March 31, 2020;

3. we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. we have prepared the annual accounts for the financial year ended on March 31, 2020 on a going concern basis;

5. we have laid down internal financial controls and the same have been followed by the Company and that such internal financial controls are adequate and were operating effectively; and

6. we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

12. DIRECTORS & KEY MANAGERIAL PERSONNEL

12.1 Directors

Retirement/ Cessation:

During the year under review, Mr. S. M. Kulkarni, Independent Director retired from the Board of the Company with effect from July 27, 2019. Further, Ms. Manisha Girotra and Mr. Vinayak Chatterjee, Independent Directors of the Company ceased to be Directors of the Company pursuant to their resignation from the directorship of the Company with effect from the close of business hours on June 11, 2019 and August 12, 2019 respectively, on account of their professional commitments. They have confirmed that there was no material reason other than that mentioned above.

The Board has placed on record its appreciation for the valuable contributions made by Mr. Kulkarni, Ms. Girotra and Mr. Chatterjee during their association as Directors of the Company.

Appointment / Re-appointment:

During the year under review, Mr. G. L Mirchandani, Mr. D. G. Piramal and Mr. S. M. Trehan were re-appointed as "Independent Directors" for the second term of five consecutive years commencing from July 28, 2019 up to July 27, 2024. Mr. Ramesh Chandak was also made as an Independent Director on the Board with effect from May 08, 2019 for the first term of 5 years. Mr. Vimal Kejriwal, Managing Director and CEO was re-appointed as "Managing Director and CEO" of the Company with effect from April 01, 2020 for a further period of two years.

All the above appointment/re-appointments were approved by the Members of the Company at the last Annual General Meeting by passing the requisite resolutions in this regard.

With a view to further strengthen the Board of the Company, pursuant to the provisions of Section 149 of the Act and the SEBI Listing Regulations, the Board appointed Mr. Vikram Gandhi and Mr. M. S. Unnikrishnan as Additional and Independent Directors of the Company for a period of five years with effect from August 07, 2019 and

November 08, 2019 respectively, subject to the approval of the Members of the Company at the ensuing Annual General Meeting.

Mr. A. T. Vaswani and Ms. Nirupama Rao, who were appointed as "Independent Directors" by the Members at the Tenth Annual General Meeting of the Company effective July 29, 2015 for a period of five years up to July 28, 2020, will be completing their first term as Independent Directors and are eligible for re-appointment for a second term of five years.

The evaluation of Independent Directors was conducted by the entire Board of Directors (excluding the Director being evaluated). Based on the evaluation, the Nomination and Remuneration Committee and the Board of Directors of the Company at their respective meetings held on May 28, 2020 and May 29, 2020 have recommended the re-appointment of Mr. A. T. Vaswani and Ms. Nirupama Rao, as Independent Directors, not liable to retire by rotation, for a second term of five consecutive years commencing from July 29, 2020 upto July 28, 2025, subject to approval of the Members by special resolution at the ensuing Annual General Meeting of the Company. The said Directors have given their consent for re-appointment and have also confirmed that they retain the status as Independent Directors and do not suffer from any disqualifications for re-appointment.

Pursuant to the provisions of sub-section (6) of Section 152 of the Act, Mr. H. V. Goenka, Chairman, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

In compliance with sub-regulation (3) of Regulation 36 of SEBI Listing Regulations, brief resume, expertise and other details of the Director(s) proposed to be appointed/re-appointed are given in the Notice convening the ensuing Annual General Meeting.

The Board recommends the appointment/re-appointment of Directors as stated above in the ensuing Annual General Meeting.

12.2 Key Managerial Personnel

Pursuant to the provisions of sub-section (51) of Section 2 and Section 203 of the Act read with the Rules framed thereunder, the following persons were Key Managerial Personnel of the Company as on March 31, 2020:

1. Mr. Vimal Kejriwal, Managing Director & CEO;
2. Mr. Rajeev Aggarwal, Chief Financial Officer; and
3. Mr. Amit Kumar Gupta, Company Secretary.

12.3 Declaration by Independent Directors

In terms of the provisions of sub-section (6) of Section 149 of the Act and Regulation 16 of SEBI Listing Regulations including amendments thereof, the Company has received declarations from all the Independent Directors of the Company that they meet with the criteria of independence, as provided in the Act and SEBI Listing Regulations. There has been no change in the circumstances affecting their status as an Independent Director during the year. Further, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses, if any, incurred by them for the purpose of attending meetings of the Company.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity.

The Independent Directors have confirmed that they have registered their names in the data bank maintained with the Indian Institute of Corporate Affairs ('IICA'). In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors are required to undertake online proficiency self-assessment test conducted by the IICA within a period of one year from the date of inclusion of their names in the data bank. The Independent Directors to whom the provisions of proficiency test are applicable, will take the said online proficiency self-assessment test in due course.

12.4 Board Evaluation

The Board has carried out annual performance evaluation of its own performance, the Directors individually and of its Committees as mandated under the Act and SEBI Listing Regulations. In order to have a fair and unbiased view of all the Directors, the Company engaged the services of an external agency to facilitate the evaluation process.

The Directors were provided with an electronic platform to record their views and a consolidated report was generated by the agency based on the views expressed by all the Directors. The reports generated out of the evaluation process were placed before the Board at its meeting and noted by the Directors.

Further, a meeting of Independent Directors was held on May 27, 2020 to review the performance of the Chairman, Non-Independent Director of the Company and the performance of the Board as a whole as mandated by Schedule IV of the Act and SEBI Listing Regulations. The Directors also discussed the quality, quantity and timeliness of flow of information between the Company management and the Board, which is necessary for the Board to effectively and reasonably perform their duties. The feedback of the meeting was shared with the Chairman of the Company.

12.5 Familiarisation Programme for Independent Directors

The details of the induction and familiarisation programme are explained in the Report on Corporate Governance and are also available on the Company's website i.e. www.kecrpg.com under 'Investors' tab.

12.6 Policy on Appointment and Remuneration of Directors, Key Managerial Personnel and Senior Management Personnel

The Board of Directors has adopted a Nomination and Remuneration Policy in terms of the provisions of sub-section (3) of Section 178 of the Act and SEBI Listing Regulations dealing with appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel.

The policy covers criteria for determining qualifications, positive attributes, independence and remuneration of its Directors, Key Managerial Personnel and Senior Management Personnel. The said Policy is annexed to this Report as *Annexure 'B'*.

12.7 Meetings of the Board of Directors

During the year under review the Board of Directors met four times. The details are given in the Corporate Governance Report which forms a part of the Annual Report.

12.8 Meetings of the Audit Committee

During the year under review, the Audit Committee met seven times. The details of the meetings, composition and terms of the reference of the Committee are given in the Corporate Governance Report which forms a part of the Annual Report.

13. AUDITORS

13.1 Statutory Auditors

Price Waterhouse Chartered Accountants LLP, Chartered Accountants (Firm's Registration No. 012754N/N500016) ("PwC"), were appointed as the Statutory Auditors of the Company to hold office for a period of five years from the conclusion of the Twelfth Annual General Meeting until the conclusion of the Seventeenth Annual General Meeting. The requirement of seeking ratification of appointment of the Statutory Auditors by the Members at every Annual General Meeting has been done away with effective May 07, 2018 by making amendment to the provisions of the Companies Act, 2013 by the Ministry of Corporate Affairs and accordingly PwC continue to hold the office of Statutory Auditors for FY 2020-21.

The Statutory Auditors' Report for the FY 2019-20 does not contain any qualifications, reservations, adverse remarks or disclaimer and no frauds were reported by the Auditors to the Company under sub-section (12) of Section 143 of the Act.

13.2 Branch Auditors

In terms of provisions of sub-section (8) of Section 143 of the Act read with Rule 12 of the Companies (Audit and Auditors) Rules, 2014, the audit of the accounts of the branch offices of the Company located outside India is required to be conducted by the person(s) or firm(s) qualified to act as Branch Auditors in accordance with laws of that country. The Board of Directors seek approval of the Members to authorise the Board of Directors/Audit Committee to appoint Auditors for the branch offices of the Company and also to fix their remuneration. The Board of Directors recommends to the Members the resolution, as stated in Item No.4 of the Notice convening the ensuing Annual General Meeting.

13.3 Cost Auditors

In terms of the provisions of Section 148 of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the cost records, in respect of manufacturing of Steel towers and Cables, are required to be audited by a qualified Cost Accountant. The Cost Auditors' Report does not contain any qualifications, reservations, adverse remarks or disclaimer. The Board of Directors, upon the recommendation of the Audit Committee, has appointed M/s. Kirit Mehta and Associates, Cost Accountants (Firm's Registration No.: 000353) to conduct audit of the cost records of the Company for the FY 2019-20. In accordance with the above provisions, the remuneration payable to the Cost Auditor is required to be ratified by the Members in a General Meeting. Accordingly, the Board of Directors recommends to the Members, the resolution as stated in Item No.5 of the Notice convening the ensuing Annual General Meeting.

The Company has filed the Cost Audit Report for the FY 2018-19 with the Ministry of Corporate Affairs on September 05, 2019.

13.4 Secretarial Auditors

In terms of the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. Parikh Parekh & Associates, Practicing Company Secretaries, as Secretarial Auditors to conduct Secretarial Audit for the FY 2019-20. The Secretarial Audit Report in Form MR-3 is annexed to this report as *Annexure 'C'*. The said Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks and no frauds were reported by the Secretarial Auditors to the Company under sub-section (12) of Section 143 of the Act.

14. CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility ("CSR") Committee of the Directors *inter alia* gives strategic direction to the CSR initiatives, formulates and reviews annual CSR plans and programmes, formulates annual budget for the CSR programmes and monitors the progress on various CSR activities. Details of the composition of the CSR Committee have been disclosed separately as part of the Corporate Governance Report. The CSR Policy of the Company adopted in accordance with Schedule VII of the Act, outlines various CSR activities to be undertaken by the Company in the areas of health, water, sanitation, promoting education, skill development etc. The CSR policy of the Company is available on the Company's website i.e. www.kecrpg.com under 'Investors' tab.

During the year under the review, the Company was required to spend 2 percent of the average net profits for the preceding three financial years calculated in terms of the provisions of Section 198 of the Act and has therefore made contributions to the Implementing Agency. The report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as *Annexure 'D'*.

15. POLICY ON CODE OF CONDUCT & ETHICS AND SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has adopted the RPG Code of Corporate Governance & Ethics ("RPG Code") applicable to all the Directors and employees of the Company. The Code provides for the matters related to governance, compliance, ethics and other matters.

In accordance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has adopted a Policy on Prevention of Sexual Harassment at Workplace ("the Policy") to ensure prevention, prohibition and redressal of sexual harassment at workplace. The Policy has been formed to prohibit, prevent and deter the commission of the acts of sexual harassment at workplace and to provide the procedure for redressal of complaints pertaining to sexual harassment. The Company provides an equal employment opportunity and is committed for creating a healthy working environment that enables employees to work without fear of prejudice, gender bias and sexual harassment. The Company also believes that all employees of the Company have the right to be treated with dignity.

An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this Policy and the Policy is gender neutral. During the year under review, no complaints of any nature were received.

16. VIGIL MECHANISM//WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy and has established the necessary vigil mechanism, as envisaged under the provisions of sub-section (9) of Section 177 of the Act, the Rules framed thereunder and Regulation 22 of SEBI Listing Regulations for the Directors, its employees to voice their concerns or observations without fear, or raise reports of instance of any unethical or unacceptable business practice or event of misconduct/unethical behavior, actual or suspected fraud and violation of RPG Code etc. to the Corporate Ethics and Governance Committee.

The Policy provides for protecting confidentiality of those reporting violation(s) and restricts any discriminatory practices against them. The Policy also provides for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. The Policy can be accessed on the Company's website i.e. www.kecrpg.com under 'Investors' tab.

17. RISK MANAGEMENT POLICY

The Company is engaged in Engineering, Procurement and Construction ("EPC") business and is exposed to various risks in the areas it operates. The Company has a well-defined risk management framework in place which works at various levels across the enterprise. The risk management mechanism forms an integral part of the business planning and review cycle of the Company and it is designed to provide reasonable assurances that goals are achieved by integrating management control into daily operations, by ensuring compliance with legal requirements and by safeguarding the integrity of the Company's financial reporting and its related disclosures. The identification, analysis and putting in place the process for mitigation of these risks is an ongoing process. The Company has a mechanism in place to inform the Risk Management Committee and Board members about risk assessment, minimization procedures and periodical review thereof.

The Risk Management Committee of Directors constituted by the Board *inter alia* reviews Enterprise Risk Management functions of the Company and is responsible for framing, implementing, monitoring and reviewing Risk Management framework of the Company. The Committee on periodical basis, validates, evaluates and monitors key risks and reviews the measures taken for risk management and mitigation and effectiveness thereof. The key business risks faced by the Company and the various measures taken by the Company are detailed in Management Discussion and Analysis section.

18. INTERNAL FINANCIAL CONTROL

Details in respect of adequacy of internal financial controls with reference to the Financial Statements are stated in Management Discussion and Analysis section.

19. RELATED PARTY TRANSACTIONS

All transactions entered into by the Company with related parties were in the ordinary course of business and at arm's length basis. The Audit Committee grants omnibus approval for the transactions that are in the ordinary course of the business and repetitive in nature. For other transactions, the Company obtains specific approval of the Audit Committee before entering into any such transactions. A statement giving details of all Related Party Transactions are placed before the Audit Committee on a quarterly basis. Disclosures as required under Indian Accounting Standards ("IND AS") - 24 have been made in the Note No. 54 to the Standalone Financial Statements.

There are no materially significant related party transactions entered into by the Company with its Directors/Key Managerial Personnel or their respective relatives, the Company's Promoter(s), its subsidiaries / joint ventures / associates or any other related party, that may have a potential conflict with the interest of the Company at large. The Policy on related party transactions, as formulated by the Board is available on the Company's website i.e. www.kecrpg.com under 'Investors' tab.

20. ANNUAL RETURN

Pursuant to the provisions of sub-section (3) of Section 92 and sub-section (3) of Section 134 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as on March 31, 2020 in the prescribed Form MGT-9 is enclosed as *Annexure 'E'* and the full Annual Return of the Company will be available on the website of the Company i.e., www.kecrpg.com under 'Investors' tab.

21. ENVIRONMENT HEALTH AND SAFETY (EHS)

The Company is committed to achieving its EHS objective of providing a safe workplace for its stakeholders and has undertaken various EHS management processes and implemented them under the EHS system. The Company is successfully leveraging modern technology and analytics to enable data driven decisions, improve safety, and ensure strict adherence to safety rules and procedures.

The Company continues to invest in imparting industry specific EHS training with a focus on risk-based safety and skill development to its employees and workmen to ensure that all its stakeholders become more safety conscious and thereby improve the organization's approach towards prevention of loss.

During the year, the Company has bagged various EHS awards and appreciation from its prestigious customers and independent agencies. A separate section has been added to this Annual Report with details on EHS objectives of the Company and various awards received by the Company.

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

The Company has strong commitment towards conservation of energy, natural resources and adoption of latest technology in its areas of operation. The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under clause (m) of sub-section (3) of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, are provided in the prescribed format and is enclosed as *Annexure 'F'*.

23. PARTICULARS OF EMPLOYEES

In terms of the requirements of sub-section (12) of Section 197 of the Act read with sub-rule (1) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, the disclosures pertaining to the remuneration and other details, are given in *Annexure 'G'*.

In terms of the provisions of sub-rules (2) and (3) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other details of the employees drawing remuneration in excess of the limits set out in these Rules forms part of the Annual Report. In terms of Section 136 of the Act, this report is being sent to the Members and others entitled thereto, excluding the aforesaid information. In terms of Section 136 of the Act, the said annexure is open for inspection and any Member interested in obtaining a copy of the same may write to the Company.

24. HUMAN RESOURCE / INDUSTRIAL RELATIONS

The Company understands that its diverse employees are its most vital and valuable assets. The Company recognises people as the primary source of its competitiveness and continues its focus on people development through digital and bespoke interventions. The Company has developed a continuous learning human resource base to unleash potential and fulfill the aspirations of the employees. The strategic thrust of Human Resource has been on improvement of the performance of employees through training & development and also to identify outperformers who have the potential for taking higher responsibilities.

The employee relations remained cordial throughout the year. The Company (excluding subsidiaries) had 5,713 permanent employees on its rolls as on March 31, 2020. The Board places on record its sincere appreciation for the valuable contribution made by employees across all levels whose enthusiasm, team efforts, devotion and sense of belonging has always made the Company proud.

25. OTHER DISCLOSURES

The Directors state that no disclosures or reporting is required in respect of the following items, as the same is either not applicable to the Company or relevant transactions/events have not taken place during the year under review:

a. The Company has not issued any equity shares with differential rights as to dividend, voting or otherwise.

b. The Company has not issued shares (including sweat equity shares) to employees under any scheme.

c. There was no revision in the financial statements.

d. There has been no change in the nature of business of the Company as on the date of this report.

e. The Managing Director & CEO of the Company did not receive any remuneration or commission from any of its subsidiaries.

f. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

g. There have been no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.

h. The Company has been in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India, during the financial year.

26. ACKNOWLEDGEMENT

The Directors take this opportunity to thank the Central and State Government Departments, Organizations and Agencies for their continued support and co-operation. The Directors are also thankful to all valuable stakeholders viz., customers, vendors, suppliers, banks, financial institutions, joint venture partners and other business associates for their continued co-operation and excellent support provided to the Company during the year. The Directors acknowledge the unstinted commitment and valuable contribution of all employees of the Company.

The Directors also appreciate and value the trust reposed in them by Members of the Company.

27. ANNEXURES

The following annexures, form part of this Report:

a. Dividend Distribution Policy - *Annexure 'A'*

b. Nomination and Remuneration Policy - *Annexure 'B'*

c. Secretarial Audit Report - *Annexure 'C'*

d. Annual Report on Corporate Social Responsibility - *Annexure 'D'*

e. Extract of Annual Return - *Annexure 'E'*

f. Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo - *Annexure 'F'*

g. Information under sub-rule (1) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 - *Annexure 'G'*

For and on behalf of the Board of Directors

H. V. Goenka
Chairman
(DIN: 00026726)

Place: Mumbai
Date: May 29, 2020

ANNEXURE 'A' TO DIRECTORS' REPORT

Dividend Distribution Policy

PREAMBLE

The Securities and Exchange Board of India vide its Notification No. SEBI/LAD-NRO/GN/201617/008 dated July 08, 2016, inserted Regulation 43A in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') requires the formulation of a Dividend Distribution Policy for the top 500 listed entities based on their market capitalisation calculated on March 31 of every financial year. In compliance with Regulation 43A of the Listing Regulations, the Company has framed Dividend Distribution Policy which will be effective from the date of adoption of the same by the Board of Directors (the Board).

I Objective

This Policy intends to assist investors and stakeholders for their investing decisions.

II Regulatory Framework

The Dividend, if any, declared by the Company (including Interim Dividend) shall be governed by the provisions of the Companies Act, 2013 and the Rules framed thereunder and the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the provisions in Company's Articles of Association.

III Parameters to be considered for declaration of dividend

A General

- The Company shall ensure that distribution of dividend protects the rights of minority shareholders.
- The Board shall not recommend dividend if it is of the opinion that it is financially not prudent to do so.

B Financial and Internal Parameters

The Board would consider the following financial and internal parameters before declaring or recommending dividend to shareholders:

- Stand-alone net operating profit after tax;
- Working capital requirements;
- Capital expenditure requirements and loan repayments;
- Resources required to fund acquisitions and in-organic growth;
- Cash flow required to meet contingencies;
- Outstanding borrowings and total debt equity ratio;
- Past dividend payment trends of the Company;
- Change in capital structure of the Company.

C External Parameters

- Regulatory restrictions, if any and the prevalent statutory requirements;
- Provisions of Tax laws governing dividend; and
- Economic environment and state of the capital markets.

IV Circumstances under which the shareholders may or may not expect dividend

The Company has been consistently paying out dividends to its shareholders and can be reasonably expected to continue declaring in future as well unless the Company is restrained to declare dividend due to insufficient profits or due to any of the internal or external factors listed above.

Further, though the Company endeavors to declare the dividend to the shareholders, the management may propose lower dividend or may propose not to recommend dividend after analysis of various financial parameters, cash flow position and funds required for future growth and capital expenditure or in case of a proposal to utilize surplus profit for buy-back of existing share capital.

V Policy as to how the retained earnings shall be utilized

The profits being retained in the business shall continue to be deployed for augmentation of working capital, repayment of term loans, capital expenditure, to fund acquisitions, to fund in-organic growth and thus contributing to the growth of business and operations of the Company.

VI Parameters that shall be adopted with regard to various classes of shares

The Authorised Share Capital of the Company is divided into equity share of face value ₹ 2 each and Preference shares of face value ₹ 100 each.

At present, however, the issued and paid-up share capital of the Company comprises of only equity shares.

The Company shall first declare dividend on outstanding preference shares if any, as per the terms of issue of such preference shares, and thereafter, the dividend would be declared on equity shares.

The equity shareholders of the Company, as on the record date to be decided, shall be entitled to receive dividends.

VII Procedure for deciding quantum of dividend

- The Chief Financial Officer (CFO) after considering the parameters mentioned above and in consultation with the Managing Director (MD) may propose the rate of final dividend to be recommended by the Board to Shareholders or the rate of interim dividend to be declared by the Board.
- The Board upon perusing the rationale for such pay-out may recommend the final dividend or declare the interim dividend.
- The final dividend recommended by the Board is subject to approval by the shareholders in the ensuing Annual General Meeting.
- The interim dividend declared by the Board requires confirmation by the shareholders in the ensuing Annual General Meeting.
- In case of inadequacy of profits in any financial year, the Board may consider recommendation of final dividend out of accumulated profits as may be permitted under the applicable laws and Regulations from time to time.

VIII Disclosure

The Company shall make appropriate disclosures as required under the Listing Regulations.

IX Amendments

The Board reserves the right to amend, modify or review this Policy in whole or in part, at any point of time, as may be deemed necessary.

X Effective Date

This policy shall be effective from January 31, 2017.

ANNEXURE 'B' TO DIRECTORS' REPORT

Nomination and Remuneration Policy

1. INTRODUCTION

This policy on Nomination and Remuneration of Directors, Key Managerial Personnel ("KMP"), Senior Management Personnel ("SMP") and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time, in order to pay equitable remuneration to Directors, KMP, SMP and other employees of the Company.

2. OBJECTIVE

The Policy sets out the guiding principles on:

i. Appointment and remuneration of the Directors, KMP and SMP;

ii. Determining qualifications, positive attributes and independence for appointment of a Director (Executive/ Non-Executive/Independent) and recommend to the Board a policy relating to the remuneration for the Directors, KMP and SMP;

iii. Formulating the criteria for performance evaluation of all Directors;

iv. Board diversity.

3. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

The Board has constituted the Nomination and Remuneration Committee (NRC) on April 08, 2014 as per Companies Act, 2013.

4. DEFINITIONS

"Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

"Board" means Board of Directors of the Company.

"Company" means KEC International Limited.

"Directors" means Directors of the Company.

"Independent Director" (ID) means a Director referred to in Section 149 (6) of the Companies Act, 2013 and Rules made thereunder.

"Key Managerial Personnel" (KMP) means

1. Chief Executive Officer or the Managing Director or the Manager;
2. Whole-time Director(s);
3. Chief Financial Officer;
4. Company Secretary; and
5. Such other officer, not more than one level below the directors who is in whole time employment and designated as KMP by the Board.

"Senior Management Personnel" (SMP) means officers/ personnel of the Company, who are members of its core management team excluding Board of Directors and shall comprise all members of management one level below the Chief Executive Officer/Managing Director/Whole Time Director/Manager (including Chief Executive Office/ Manager, in case they are not part of the Board) and shall include Company Secretary and Chief Financial Officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 and, as may be amended from time to time, shall have the meaning respectively assigned to them therein.

5. MATTERS TO BE DEALT WITH AND RECOMMENDED BY NRC TO THE BOARD

The following matters shall be dealt by the Committee:

a) Directors

Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommending candidates to the Board, when circumstances warrant the appointment of a new Director, having regard to the variety of skills, experience and expertise on the Board and who will best complement the Board.

b) Evaluation of performance

Making recommendations to the Board on appropriate performance criteria for the Directors. Formulate criteria and framework for evaluation of every Director's performance.

c) Familiarization

Identifying familiarization and training programs for the Board to ensure that Non-Executive Directors are provided adequate information regarding the operations of the business, the industry and their duties and legal responsibilities.

d) Remuneration framework and policies

NRC is responsible for reviewing and making recommendations to the Board on the following:

i. The remuneration of MD/CEO, KMP and SMP.

ii. Remuneration of Non-Executive Directors and Chairman.

iii. Remuneration Policy for all employees including KMP and SMP which requires:

   a. Attract and motivate talent to accomplish Company's long term growth.

   b. Demonstrate a clear link between executive compensation and performance.

6. BOARD DIVERSITY

NRC shall ensure a transparent nomination process to the Board of Directors with the diversity of gender, thought, experience, qualification, knowledge and perspective in the Board.

7. POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SMP

A. Appointment criteria and qualifications

NRC shall identify a person and criteria for the qualification, expertise and experience of the person for appointment as Director, KMP or SMP and recommend to the Board his/ her appointment.

B. Term /Tenure

1. Managing Director / CEO

Term of appointment or re-appointment of Managing Director or CEO not to exceed five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director

An Independent Director shall hold office on the Board of the Company for a term as may be determined by the Board but in any case not exceeding five years and shall not hold office for more than two consecutive terms.

C. Retirement

The Director, KMP and SMP shall retire as per the provisions of the applicable Act, and the prevailing policy of the Company. On the recommendation of the NRC, the Board if it considers to be in the Company's interest, shall have the discretion to retain Director, KMP and SMP even after attaining the retirement age.

D. Removal

In case any Director or KMP or SMP incurs any disqualification as provided under the Act or Rules made thereunder or is in breach of Code of Governance and Ethics adopted by the Company, the NRC may recommend to the Board removal of such Director or KMP or SMP.

8. POLICY FOR REMUNERATION TO MD/CEO, NEDs, KMP & SMP

MD/CEO

i. The remuneration to be paid to the MD/CEO at the time of his/her appointment shall be recommended by the NRC and approved by the Board of Directors and the shareholders of the Company

ii. Annual increment /subsequent variation in remuneration to the MD/CEO shall be approved by the NRC/Board of Directors, within the overall limits approved by the shareholders of the Company.

NEDs

i. NEDs shall be entitled to sitting fees as may be decided by the Board of Directors from time to time for attending the Meeting of the Board and sub Committees of the Board.

ii. Commission as may be recommended by NRC and subsequently approved by the Board of Directors and wherever required approval of the shareholders of the Company shall be obtained.

iii. The NEDs shall be eligible for remuneration of such professional services rendered if in the opinion of the NRC, the NED possesses the requisite qualification for rendering such professional services.

KMP & SMP

i. The remuneration to be paid to the KMP and SMP, at the time of his/her appointment shall be recommended by the NRC and approved by the Board considering relevant qualification, experience and performance of the individual as well as the prevailing market conditions. The remuneration may be combination of fixed and variable pay;

ii. Annual increment /subsequent variation in remuneration to the KMP/SMP shall be approved by the NRC/Board of Directors.

9. DIRECTOR AND OFFICER LIABILITY INSURANCE

Where Insurance Policy is taken by the Company for its Directors, KMP, SMP and employees indemnifying them against any liability, the premium paid by the Company for such insurance cover shall not be treated as part of the remuneration payable to such personnel. However, if such person is proved to be guilty, the premium paid on such insurance shall be recovered from such persons.

10. GENERAL

This policy is framed based on the provisions of the Companies Act, 2013 and Rules framed thereunder and the requirements of Listing Regulations, as amended from time to time. In case of any subsequent changes in the provisions of the Companies Act, 2013 or any other Regulations which makes any of the provisions in the policy inconsistent with the Act or Regulations, then the provisions of the Act or Regulations would prevail over the policy and the provisions in the policy would be modified in due course to make it consistent with law.

ANNEXURE 'C' TO DIRECTORS' REPORT

Secretarial Audit Report

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 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,
KEC International Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KEC International 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.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, to the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) 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;

(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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (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;(Not applicable to the Company during the audit period)

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;(Not applicable to the Company during the audit period)

(vi) Other laws applicable specifically to the Company, namely:

  1. The Electricity Act, 2003
  2. The Indian Electricity Rules, 1956

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. mentioned above.

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.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings, 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.

Decisions at the Board Meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company had no events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For Parikh Parekh & Associates
Company Secretaries

Jigyasa N. Ved
FCS No: 6488 CP No: 6018
UDIN: F006488B000296536

Place: Mumbai
Date : May 29, 2020

This Report is to be read with our letter of even date which is annexed as Annexure 'A' and Forms an integral part of this report.

'Annexure A'

To,
The Members
KEC International 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process 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. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we 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. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Parikh Parekh & Associates
Company Secretaries

Jigyasa N. Ved
FCS No: 6488 CP No: 6018
UDIN: F006488B000296536

Place: Mumbai
Date : May 29, 2020

ANNEXURE 'D' TO DIRECTORS' REPORT

Annual Report on CSR Activities for Financial Year 2019-20

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	As part of KEC's initiatives under Corporate Social Responsibility ("CSR") and KEC's vision to drive 'holistic empowerment' of the community around the local vicinity of our plants and the society at large, the following projects have been undertaken through RPG Foundation in accordance with CSR Policy of the Company, read with Schedule VII of the Companies Act, 2013.

(i) **Netranjali -** Vision/Eye Care: KEC and RPG Foundation, began the Netranjali program in FY 2014-15, with the objective to reduce the incidence of avoidable blindness in India. In FY 2019-20 the program pivoted its target to focus on bus drivers specifically, to enhance safe working conditions and prolong employability, while continuing to engage with vulnerable communities such as the elderly and school children. Our comprehensive three stage (promotive, preventive and curative) intervention module impacted bus drivers and other communities across Jaipur, Jabalpur, Nagpur, Gurgaon, Vadodara and 63 project sites across India. In FY 2019-20, we screened 37,599 beneficiaries for refractive errors through 264 eye check-up camps. Out of this, 17,316 were bus drivers. To prevent avoidable blindness, we distributed 23,660 free spectacles and referred 9,602 beneficiaries to eye-care hospitals for severe cases.

(ii) **Pehlay Akshar-** Schooling (Education): Pehlay Akshar teaches students in government schools - functional English through its "magic classrooms" ideology. The intervention helps in improving students English learning outcomes and communication skills. Thereby making them more employable in the global market. In FY 2019-20, this project benefited over 2,495 children across 24 schools.

(iii) **Pehlay Akshar -**Training (Education): Pehlay Akshar- Training is a unique intervention that trains government school teachers and encourages them to create 'Magic Classrooms', where children feel safe, appreciated, motivated and more engaged towards their learning. This year through workshops and weekly sessions we trained approx. 1,127 government school teachers.

(iv) **Community Development -** Interventions under this initiative focuses on holistic development in and around KEC's plant locations. Interventions are in the area of skilling/employability, clean drinking water, sanitation and nutrition.

In FY 2019-20, as a part of Community Development Initiatives, Project Saksham ensured to provide essential skills training to youth in the communities near by the KEC plants to facilitate employability amongst the youth and ensure social and economic development of the communities. 952 beneficiaries were trained in various skill development courses ranging from Industrial Sewing Machine Operator, Automotive Technician, Electrician, Solar PV technician etc, out of which 533 beneficiaries were provided with employment opportunity. Project Saksham was undertaken in Nagpur, Jaipur, Jabalpur and Savli KEC Plant Locations.

In FY 2019-20, we undertook various interventions in the area of clean drinking water, sanitation and nutrition for the development of communities around our factory locations:

- In order to facilitate access to clean drinking water, we installed 9 Clean Drinking Water units (Nagpur-2, Savli-3, Jaipur-2 and Jabalpur-2). These units are benefiting around 56,500 people across locations.
- 2 Rainwater Harvesting Systems were installed in Nagpur district in Maharashtra. Around 1,000 beneficiaries are benefited
- To promote access to hygiene and sanitation, we constructed one community toilet at Butibori Block, Nagpur District. Around 30,000 people residing near the area, mostly labourers are benefited. In addition to this, one school toilet was also renovated at Butibori, Nagpur district.
- 198 solar streetlights were installed in Jaipur (109) and Jabalpur (89). Approximately 20,000 beneficiaries are benefited.
- 250 tree saplings were planted in two villages near the KEC Plant at Butibori, Nagpur; this will benefit around 2,500 beneficiaries.

		(v) **Women Empowerment Program -** Project Sanjeevani and Swayam are run as part of this initiative. The projects focus on skill training in the healthcare and commercial driving sector respectively. This enables women from marginalized communities to be financially independent or supplement family income. Both programs provide training through the partner organizations and provide employment once the training is complete. A total of 836 candidates were trained in Sanjeevani project, out of which 253 beneficiaries were provided with employment opportunities. Under Project Swayam, 60 candidates were trained during FY 2019-20. (vi) **Heritage Conservation -** This year, we also initiated a new project to restore and revive sites of cultural and historical significance. • The Sacred Banganga Tank was adopted under the Vaibhav Maharashtra scheme, to promote heritage, cleanliness for the community and revive it as a tourist site. Under this, we engaged in promotion of sanitation and waste segregation and management through street plays, focus group discussions, information dissemination to students and community members. • RPGF received permission from BMC, to install informative signage at the Victorian Gothic and Art Deco Ensemble around the FORT area, in Mumbai, which is a designated UNESCO World Heritage site. These signage boards, in the UNESCO prescribed design, will spread information and build pride in citizens, leading to better maintenance and cleanliness of the area. The design, format and content of the signage has been approved by all stakeholders involved. The CSR Policy is available at the Company's website and can be accessed at http://www.kecrpg.com/KEC%20data/Investor%20relations/policies/CSR%20Policy.pdf
2.	The Composition of the CSR Committee	1. Mr. Ramesh Chandak, Chairman 2. Mr. S. M. Trehan, Member 3. Mr. A. T. Vaswani, Member
3.	Average net profit of the Company for last three financial years	₹ 418.28 crore
4.	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹ 8.37 Crore
5.	Details of CSR spent during the financial year.	
	(a) Total amount to be spent for the financial year	₹ 8.37 Crore
	(b) Amount unspent, if any	Nil*
	(c) Manner in which the amount spent during the financial year	As per the details enclosed herewith
6.	Reason for shortfall in spent, if any	NA
7.	Responsibility statement of CSR Committee	We hereby confirm that the implementation and monitoring of the CSR Policy is in Compliance with the CSR objectives and policies of the Company.

**The Company has contributed ₹ 8.37 Crore to RPG Foundation, the Implementing Agency. Out of this, ₹ 1.83 Crore remained unspent by RPG Foundation as at the end of FY 2019-20, due to outbreak of pandemic COVID-19. The said amount shall be spent during the current FY 2020-21.*

Vimal Kejriwal
Managing Director & CEO
(DIN: 00026981)

Ramesh Chandak
Director & Chairman of the CSR Committee
(DIN: 00026581)

Place : Mumbai
Date : May 29, 2020

DETAILS OF CSR ACTIVITIES OF THE COMPANY FOR THE FY 2019-20:

(₹ in Crore)

(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)
Sr. No.	CSR Project or Activity Identified	Sector in Which the Project is Covered	Location of Projects or Programmes undertaken		Amount Outlay (Budget) Project or Programme- wise	Amount Spent on Projects or Programmes Direct Expenses	Cumulative Expenditure up to the reporting period	Amount Spent: Direct or through implementing Agency
			Local Area or Other	District (State)				
1.	Netranjali	Vision- Eye Care	Butibori Jaipur Jabalpur Savli Gurgaon Project locations at various places in India	Nagpur (Maharashtra) Jaipur (Rajasthan) Jabalpur (MP) Vadodara (Gujarat) Gurgaon (Haryana) Various district and states in India	1.00	1.01	1.01	RPG Foundation
2.	Pehlay Akshar	Education	Butibori Jaipur Jabalpur Mumbai	Nagpur (Maharashtra) Jaipur (Rajasthan) Jabalpur (MP) Mumbai (Maharashtra)	1.54	1.23	1.23	RPG Foundation
3	Community Development	Health, Water & Sanitation, Entrepreneurship and Skill Development	Butibori Jaipur Jabalpur Gurgaon Savli Halol Project locations at various places in India	Nagpur(Maharashtra) Jaipur (Rajasthan) Jabalpur(MP) Gurgaon (Haryana) Vadodara and Panchmahal (Gujarat) Various district and states in India	2.15	2.08	2.08	RPG Foundation
4	Women Empowerment	Healthcare Skilling and Driving Training for women	Butibori Jaipur Jabalpur Gurgaon Vadodara Halol	Nagpur (Maharashtra) Jaipur (Rajasthan) Jabalpur (MP) Gurgaon (Haryana) Vadodara and Panchmahal (Gujarat)	1.35	1.08	1.08	RPG Foundation
5	RPG Heritage	Heritage Conservation, Promotion of Art & Culture	Mumbai Aurangabad	Mumbai (Maharashtra) Aurangabad (Maharashtra)	2.33	1.14	1.14	RPG Foundation
Total Amount Spent on CSR (A)					**8.37**	**6.54**	**6.54**	
Amount remained unspent by Implementing Agency at the end of FY 2019-20 (B)					**-**	**1.83**	**1.83**	
Total (A + B)					**8.37**	**8.37**	**8.37**	

ANNEXURE 'E' TO DIRECTORS' REPORT

Extract of Annual Return

FORM NO. MGT-9

As on the Financial Year Ended March 31, 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L45200MH2005PLC152061
ii)	Registration Date	March 18, 2005
iii)	Name of the Company	KEC International Limited
iv)	Category/Sub-Category of the Company	Company limited by shares/Indian Non- Government Company
v)	Address of the Registered office and contact details	RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai – 400 030. Tel: 022 - 66670200; Fax: 022 - 66670287
vi)	Whether listed company	Yes - BSE Limited and National Stock Exchange of India Limited
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, L.B.S Marg, Vikhroli (W), Mumbai – 400 083. Tel: 022 - 49186270; Fax: 022 - 49186060 Email: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 percent or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Construction of Utility Projects	422	59
2	Construction of Railways	421	24

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section of Companies Act, 2013
1	**KEC Power India Private Limited** RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai – 400 030, India	U40102MH2008PTC179720	Subsidiary	100	2(87)
2	**RPG Transmission Nigeria Limited** 23 Bamako Street, Wuse Zone 1 Abuja, Nigeria	Foreign Company	Subsidiary	100	2(87)
3	**KEC Global FZ LLC** Ras Al Khaimah, United Arab Emirates	Foreign Company	Subsidiary	100	2(87)
4	**KEC Investment Holdings** C/o IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port-Louis, 11324, Mauritius	Foreign Company	Subsidiary	100	2(87)
5	**KEC Global Mauritius** C/o IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port-Louis, 11324, Mauritius	Foreign Company	Subsidiary	100	2(87)
6	**SAE Towers Holdings LLC** Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	Foreign Company	Subsidiary	100	2(87)
7	**SAE Towers Brazil Subsidiary Company LLC** Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	Foreign Company	Subsidiary	100	2(87)

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section of Companies Act, 2013
8	**SAE Towers Mexico Subsidiary Holding Company LLC** Corporation Trust Center,1209 Orange Street, Wilmington, DE 19801, USA	Foreign Company	Subsidiary	100	2(87)
9	**SAE Towers Mexico S de RL de CV** Km. 24 Arco Vial Saltillo - Nuevo Laredo, 66050, General Escobedo, Nuevo León, Mexico	Foreign Company	Subsidiary	100	2(87)
10	**SAE Towers Brazil Torres de Transmission Ltda** Rua Moacyr Gonçalves Costa nº 15, Jardim Piemont, Brazil	Foreign Company	Subsidiary	100	2(87)
11	**SAE Prestadora de Servicios Mexico S de RL de CV** Km. 24 Arco Vial Saltillo - Nuevo Laredo, 66050, General Escobedo, Nuevo León Mexico	Foreign Company	Subsidiary	100	2(87)
12	**SAE Towers Limited** Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	Foreign Company	Subsidiary	100	2(87)
13	**SAE Engenharia E Construcao Ltda.** State of Minas Gerais, at Rua Moacyr Gonsalves Costa, No. 15, Bairro Jardim Piemont, CEP, Brazil	Foreign Company	Subsidiary	100	2(87)
14	**KEC Engineering & Construction Services S de RL de CV** (1) Km. 24 Arco Vial Saltillo - Nuevo Laredo, 66050, General Escobedo, Nuevo León, Mexico	Foreign Company	Subsidiary	100	2(87)
15	**KEC International (Malaysia) SDN. BHD.** Unit D-3-5, Level 5, Block D Setiawalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan, Malaysia	Foreign Company	Subsidiary	100	2(87)
16	**Al Sharif Group & KEC Ltd. Co.** Floor # 3, Unit # 4, Najah Administrative Center, P.O. Box-51953, Building # 3592, Muhammad Al Tawel Street, Near NCB Quick pay, Mishrifah District, Jeddah-23332, Kingdom of Saudi Arabia.	Foreign Company	Subsidiary	51.10	2(87)
17	**KEC Towers LLC**(2) P.O. Box No. 392774, Plot No. 597-653, Dubai Investment Park-2, Jebal Ali Industrial Area, Dubai - UAE	Foreign Company	Subsidiary	100	2(87)
18	**RP Goenka Group of Companies Employees** Welfare Association 8th Floor, Building No. 9A, DLF Cyber City Phase – III, Gurgaon – 122 002, India	U93000HR2012NPL046012	Associate	49	2(6)

Note :

(1) Formerly known as SAE Engineering & Construction Services, S de RL de CV, Mexico.

(2) KEC Towers LLC was incorporated on November 24, 2019.

(3) KEC GHCS (Malaysia) SDN. BHD. joint venture was liquidated on October 29, 2019.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Shareholding

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) Promoters									
(1) Indian									
a) Individual/ HUF	5,058,090	-	5,058,090	1.97	5,083,120	-	5,083,120	1.98	0.01
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	126,950,759	-	126,950,759	49.38	127,740,787	-	127,740,787	49.69	0.31
e) Banks/FIs	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-	**132,008,849**	**-**	**132,008,849**	**51.35**	**132,823,907**	**-**	**132,823,907**	**51.66**	**0.31**
(2) Foreign									
a) NRIs –Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	**132,008,849**	**-**	**132,008,849**	**51.35**	**132,823,907**	**-**	**132,823,907**	**51.66**	**0.31**
(B) Public Shareholding									
(1) Institutions									
a) Mutual Funds	57,800,971	41,545	57,842,516	22.50	60,580,831	34,045	60,614,876	23.58	1.08
b) Banks/FIs	821,446	10,465	831,911	0.32	84,765	7,540	92,305	0.04	(0.28)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	4,360,311	-	4,360,311	1.70	9,873,899	-	9,873,899	3.84	2.14
g) FIIs	16,956,252	44,625	17,000,877	6.61	22,335,734	40,125	22,375,859	8.70	2.09
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others:									
Foreign Banks	5,480	-	5,480	0.00	5,480	-	5,480	0.00	-
Sub-total (B)(1):-	**79,944,460**	**96,635**	**80,041,095**	**31.13**	**92,880,709**	**81,710**	**92,962,419**	**36.16**	**5.03**

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	
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	7,614,936	1,207,245	8,822,181	3.43	3,755,606	1,206,925	4,962,531	1.93	(1.50)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	26,223,160	2,883,883	29,107,043	11.32	18,918,198	2,495,025	21,413,223	8.33	(2.99)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	1,894,487	-	1,894,487	0.74	1,003,981	-	1,003,981	0.39	(0.35)
c) Others:									
NRIs/OCBs	1,626,176	14,675	1,640,851	0.64	945,869	12,585	958,454	0.37	(0.27)
Clearing Members	409,423	-	409,423	0.16	157,263	-	157,263	0.06	(0.10)
Trusts	65,251	393,050	458,301	0.18	1,095	393,050	394,145	0.15	(0.03)
Directors and Relatives	5	-	5	0.00	5	-	5	0.00	-
Foreign Nationals	75	-	75	0.00	1,600	-	1,600	0.00	0.00
Foreign Companies	-	46,425	46,425	0.02	-	46,425	46,425	0.02	-
Hindu Undivided Family	1,001,701	315	1,002,016	0.39	585,094	315	585,409	0.23	(0.16)
IEPF	1,616,564	-	1,616,564	0.63	1,778,183	-	1,778,183	0.69	0.06
NBFCs registered with RBI	41,055	-	41,055	0.01	825	-	825	0.00	(0.01)
Sub-total (B)(2) :-	**40,492,833**	**4,545,593**	**45,038,426**	**17.52**	**27,147,719**	**4,154,325**	**31,302,044**	**12.18**	**(5.34)**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**120,437,293**	**4,642,228**	**125,079,521**	**48.65**	**120,028,428**	**4,236,035**	**124,264,463**	**48.34**	**(0.31)**
(C) Shares held by Custodian for GDRs & ADRs	N.A.	N.A.	N.A.	N.A.	N.A.	N. A	N. A	N. A	N. A
Grand Total (A+B+C)	**252,446,142**	**4,642,228**	**257,088,370**	**100.00**	**252,852,335**	**4,236,035**	**257,088,370**	**100.00**	**0.00**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Share holding during the year
		No. of 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	Swallow Associates LLP	67,756,616	26.36	-	67,756,616	26.36	-	-
2	Summit Securities Limited	27,910,754	10.86	-	27,910,754	10.86	-	-
3	Instant Holdings Limited	21,647,691	8.42	-	22,014,759	8.56	-	0.14
4	STEL Holdings Limited	4,848,891	1.89	-	5,011,891	1.95	-	0.06
5	Carniwal Investments Limited	2,970,981	1.16	-	2,970,981	1.16	-	-
6	Chattarpati Apartments LLP	1,790,785	0.70	-	1,790,785	0.70	-	-
7	RPG Ventures Limited	-	-	-	284,950	0.11	-	0.11
8	Atlantus Dwellings and Infrastructure LLP	25,000	0.01	-	10	0.00	-	(0.01)
9	Ektara Enterprises LLP	10	0.00	-	10	0.00	-	-
10	Malabar Coastal Holdings LLP	10	0.00	-	10	0.00	-	-
11	Sofreal Mercantrade Pvt Ltd.	10	0.00	-	10	0.00	-	-
12	Vayu Udaan Aircraft LLP	10	0.00	-	10	0.00	-	-
13	Sudarshan Electronics and TV Limited	1	0.00	-	1	0.00	-	-
14	Mr. Harsh Vardhan Goenka Mrs. Mala Goenka Mr. Anant Vardhan Goenka	3,914,482	1.52	-	3,914,482	1.52	-	-
15	Mr. Harsh Vardhan Goenka(1)	100	0.00	-	100	0.00	-	-
16	Mr. Harsh Vardhan Goenka	933,943	0.36	-	933,943	0.36	-	-
17	Mr. Harsh Vardhan Goenka(2)	169,500	0.07	-	169,500	0.07	-	-
18	Mr. Anant Vardhan Goenka	40,000	0.02	-	40,000	0.02	-	-
19	Mrs. Mala Goenka Mr. Harshvardhan Ramprasad Goenka Mr. Anant Vardhan Goenka	50	0.00	-	50	0.00	-	-
20	Mr. Harsh Vardhan Goenka(3)	1	0.00	-	24,991	0.01	-	0.01
21	Mr. Harsh Vardhan Goenka(4)	1	0.00	-	1	0.00	-	-
22	Mr. Harsh Vardhan Goenka(5)	1	0.00	-	1	0.00	-	-
23	Mr. Harsh Vardhan Goenka(6)	1	0.00	-	1	0.00	-	-
24	Mr. Harsh Vardhan Goenka(7)	1	0.00	-	1	0.00	-	-
25	Mr. Anant Vardhan Goenka(8)	-	-	-	10	0.00	-	0.00
26	Mr. Anant Vardhan Goenka(9)	-	-	-	10	0.00	-	0.00
27	Mr. Harsh Vardhan Goenka(10)	-	-	-	10	0.00	-	0.00
28	Mr. Harsh Vardhan Goenka(11)	-	-	-	10	0.00	-	0.00
29	Ms. Radha Anant Goenka	10	0.00	-	10	0.00	-	-
	Total	**132,008,849**	**51.35**	**-**	**132,823,907**	**51.66**	**-**	**0.31**

Note(s)

(1) Held as a trustee of Stellar Energy Trust
(2) Held as Karta of Harsh Anant Goenka HUF
(3) Held as a trustee of Crystal India Tech Trust
(4) Held as a trustee of Nucleus Life Trust
(5) Held as a trustee of Monitor Portfolio Trust
(6) Held as a trustee of Secura India Trust
(7) Held as trustee of Prism Estates Trust
(8) Held as trustee of RG Family Trust
(9) Held as trustee of AVG Family Trust
(10) Held as trustee of Ishaan Goenka Trust
(11) Held as trustee of Navya Goenka Trust

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

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year/end of the year: No. of shares	Shareholding at the beginning of the year/end of the year: % of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year: No. of shares	Cumulative shareholding during the year: % of total shares of the Company
1	Swallow Associates LLP	67,756,616	26.36	01.04.2019	No change			
		67,756,616	26.36	31.03.2020			67,756,616	26.36
2	Summit Securities Limited	27,910,754	10.86	01.04.2019	No change			
		27,910,754	10.86	31.03.2020			27,910,754	10.86
3	Instant Holdings Limited	21,647,691	8.42	01.04.2019				
		21,769,641	8.46	05.09.2019	121,950			
		21,824,322	8.49	06.09.2019	54,681			
		21,824,919	8.49	13.03.2020	597			
		21,863,044	8.50	16.03.2020	38,125	Market Purchase		
		21,882,044	8.51	17.03.2020	19,000			
		21,905,259	8.52	18.03.2020	23,215			
		22,014,759	8.56	19.03.2020	109,500			
		22,014,759	8.56	31.03.2020			22,014,759	8.56
4	STEL Holdings Limited	4,848,891	1.89	01.04.2019				
		5,011,891	1.95	05.09.2019	163,000	Market Purchase		
		5,011,891	1.95	31.03.2020			5,011,891	1.95
5	Carniwal Investments Limited	2,970,981	1.16	01.04.2019	No change			
		2,970,981	1.16	31.03.2020			2,970,981	1.16
6	Chattarpati Apartments LLP	1,790,785	0.70	01.04.2019	No change			
		1,790,785	0.70	31.03.2020			1,790,785	0.70
7	RPG Ventures Limited	-	-	01.04.2019				
		69,100	0.03	09.09.2019	69,100			
		252,450	0.10	11.09.2019	183,350	Market Purchase		
		284,950	0.11	20.09.2019	32,500			
		284,950	0.11	31.03.2020			284,950	0.11
8	Atlantus Dwellings and Infrastructure LLP	25,000	0.01	01.04.2019				
		(24,990)	0.01	27.09.2019	(24,990)	Inter -se transfer		
		10	0.00	31.03.2020			10	0.00
9	Sudarshan Electronics and TV Limited	1	0.00	01.04.2019	No change			
		1	0.00	31.03.2020			1	0.00
10	Mr. Harsh Vardhan Goenka (Trustee of Stellar India Trust)	100	0.00	01.04.2019	No change			
		100	0.00	31.03.2020			100	0.00
11	Mr. Harsh Vardhan Goenka	3,914,482	1.52	01.04.2019	No change			
		3,914,482	1.52	31.03.2020			3,914,482	1.52
12	Mr. Harsh Vardhan Goenka (Karta of Harsh Anant Goenka HUF)	169,500	0.07	01.04.2019	No change			
		169,500	0.07	31.03.2020			169,500	0.07

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year/end of the year – No. of shares	Shareholding at the beginning of the year/end of the year – % of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year – No. of shares	Cumulative shareholding during the year – % of total shares of the Company
13	Mr. Anant Vardhan Goenka	40,000	0.02	01.04.2019		No change		
		40,000	0.02	31.03.2020			40,000	0.02
14	Mrs. Mala Goenka	50	0.00	01.04.2019		No change		
		50	0.00	31.03.2020			50	0.00
15	Mr. Harsh Vardhan Goenka	933,943	0.36	01.04.2019		No change		
		933,943	0.36	31.03.2020			933,943	0.36
16	Mr. Harsh Vardhan Goenka (Trustee of Crystal India Tech Trust)	1	0.00	01.04.2019				
		24,991	0.01	27.09.2019	24,990	Inter -se transfer		
		24,991	0.01	31.03.2020			24,991	0.01
17	Mr. Harsh Vardhan Goenka (Trustee of Nucleus Life Trust)	1	0.00	01.04.2019		No change		
		1	0.00	31.03.2020			1	0.00
18	Mr. Harsh Vardhan Goenka (Trustee of Monitor Portfolio Trust)	1	0.00	01.04.2019		No change		
		1	0.00	31.03.2020			1	0.00
19	Mr. Harsh Vardhan Goenka (Trustee of Secura India Trust)	1	0.00	01.04.2019		No change		
		1	0.00	31.03.2020			1	0.00
20	Mr. Harsh Vardhan Goenka (Trustee of Prism Estates Trust)	1	0.00	01.04.2019		No change		
		1	0.00	31.03.2020			1	0.00
21	Ms. Radha Anant Goenka	10	0.00	01.04.2019		No change		
		10	0.00	31.03.2020			10	0.00
22	Ektara Enterprises Limited	10	0.00	01.04.2019		No change		
		10	0.00	31.03.2020			10	0.00
23	Malabar Coastal Holdings LLP	10	0.00	01.04.2019		No change		
		10	0.00	31.03.2020			10	0.00
24	Sofreal Mercantrade Pvt Ltd.	10	0.00	01.04.2019		No change		
		10	0.00	31.03.2020			10	0.00
25	Vayu Udaan Aircraft LLP	10	0.00	01.04.2019		No change		
		10	0.00	31.03.2020			10	0.00
26	Mr. Anant Vardhan Goenka (Trustee of AVG Family Trust)	-	-	01.04.2019				
		10	0.00	20.06.2019	10	Market Purchase		
		10	0.00	31.03.2020			10	0.00
27	Mr. Anant Vardhan Goenka (Trustee of RG Family Trust)	-	-	01.04.2019				
		10	0.00	20.11.2019	10	Market Purchase		
		10	0.00	31.03.2020			10	0.00
28	Mr. Harsh Vardhan Goenka (Trustee of Ishaan Goenka Trust)	-	-	01.04.2019				
		10	0.00	20.11.2019	10	Market Purchase		
		10	0.00	31.03.2020			10	0.00
29	Mr. Harsh Vardhan Goenka (Trustee of Navya Goenka Trust)	-	-	01.04.2019				
		10	0.00	20.11.2019	10	Market Purchase		
		10	0.00	31.03.2020			10	0.00

(iv) Shareholding Pattern of Top 10 Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	HDFC Trustee Company Ltd.	23,066,897	8.97	23,769,697	9.25
2	Kotak Standard Multicap Fund	6,800,000	2.64	8,199,999	3.19
3	Aditya Birla Sun Life Trustee Private Limited	9,061,630	3.52	7,760,736	3.02
4	Reliance Capital Trustee Co. Ltd.	7,620,538	2.96	7,579,565	2.95
5	Life Insurance Corporation of India	4,360,311	1.70	7,034,678	2.74
6	IDFC Sterling Value Fund	4,982,401	1.94	5,848,141	2.27
7	Abu Dhabi Investment Authority	2,191,129	0.85	2,700,000	1.05
8	FIL Investments (Mauritius) Ltd	2,170,256	0.84	2,170,256	0.84
9	Government Pension Fund Global	-	-	1,948,425	0.76
10	ITPL - Invesco India Contra Fund	-	-	1,924,849	0.75
11	L & T Mutual Fund Trustee Ltd.	1,576,041	0.61	1,576,041	0.61
12	TATA AIA Life Insurance Company Ltd.	1,698,252	0.66	1,486,641	0.58

Note: *The above shareholders are holding the shares in multiple folios which have been combined based on the Permanent Account Number (PAN) of the shareholder(s). The shares of the Company are traded frequently by the top ten shareholders and hence the date wise increase/decrease data is not provided.*

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year/ end of the year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	Mr. Harsh Vardhan Goenka*	3,914,482	1.52	01.04.2019	No Change			
		3,914,482	1.52	31.03.2020			3,914,482	1.52
2	Mr. Harsh Vardhan Goenka	933,943	0.36	01.04.2019	No Change			
		933,943	0.36	31.03.2020			933,943	0.36
3	Mr. Vimal Kejriwal#	875	0.00	01.04.2019	No Change			
		875	0.00	31.03.2020			875	0.00
4	Mr. Ramesh Chandak	5	0.00	01.04.2019	No Change			
		5	0.00	31.03.2020			5	0.00

Notes :

**Held jointly with Mrs. Mala Goenka and Mr. Anant Vardhan Goenka*

 # Held as second holder jointly with Mrs. Sunita Kejriwal

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,577.42	-	-	1,577.42
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4.66	-	-	4.66
Total (i+ii+iii)	**1,582.08**	**-**	**-**	**1,582.08**
Change in Indebtedness during the financial year				
• Addition	672.64	-	-	672.64
• Reduction	(74.02)	-	-	(74.02)
Net Change	**598.62**	**-**	**-**	**598.62**
Indebtedness at the end of the financial year				
i) Principal Amount	2,175.93	-	-	2,175.93
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4.77	-	-	4.77
Total (i+ii+iii)	**2,180.70**	**-**	**-**	**2,180.70**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:-

(₹ in Crore)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager Mr. Vimal Kejriwal (MD & CEO)
1.	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of Income tax Act, 1961	4.95
	(b) Value of perquisites u/s 17(2) of Income tax Act, 1961	0.16
	(c) Profits in lieu of salary u/s 17(3) of Income tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as % of profit	-
	- others, specify	-
5.	Others, please specify	
	- Performance Bonus	1.56
	- Provident & other Fund	0.14
	Total (A)	**6.81**
	Ceiling as per the Act (Being 5 percent of Net Profits of the Company calculated as per section 198 of the Act)	39.06

B. Remuneration to other Directors:

(₹ in Crore)

Particulars of Remuneration	Name of Directors											Total Amount
1. Independent Directors	**Mr. A. T. Vaswani**	**Mr. R.D. Chandak**	**Mr. D. G. Piramal**	**Mr. G. L. Mirchandani**	**Ms. Manisha Girotra**	**Mrs. Nirupama Rao**	**Mr. S. M. Kulkarni**	**Mr. S. M. Trehan**	**Mr. Vinayak Chatterjee**	**Mr. Vikram Gandhi**	**Mr. M.S. Unnikrishnan**	
• Fee for attending Board/Committee Meetings	0.08	0.09	0.04	0.04	0.01	0.03	0.02	0.08	0.02	0.02	0.02	0.45
• Commission#	0.10	0.10	0.10	0.10	0.03	0.10	0.03	0.10	0.05	0.08	0.05	0.84
• Others, please specify	-	-	-	-	-	-	-	-	-	-	-	-
Total (1)												**1.29**
2. Other Non-Executive Directors	**Mr. H. V. Goenka**											
• Fee for attending Board/Committee meetings	0.04											0.04
• Commission	6.25											6.25
• Others, please specify:-	-											-
Total (2)												**6.29**
Total (B)=(1+2)												**7.58**
Total Managerial Remuneration (A+B)												**14.39**
Overall Ceiling as per the Act#												**78.12**

 # Sitting fees not included as a component for computation of overall ceiling

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

(₹ in Crore)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel Mr. Rajeev Aggarwal Chief Financial Officer	Mr. Amit Kumar Gupta Company Secretary	Total
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of Income tax Act, 1961	2.55	0.53	3.08
	(b) Value of perquisites u/s 17(2) of Income tax Act, 1961	0.00*	-	0.00*
	(c) Profits in lieu of salary under Section 17(3) of Income tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others:			
	- Performance Bonus	0.74	0.08	0.82
	- Provident Fund	0.09	0.02	0.11
	Total	**3.38**	**0.63**	**4.01**

**Less than the rounding off norms*

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			None		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					

ANNEXURE 'F' TO DIRECTORS REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo (In terms of Section 134(3)(m) of the Companies Act, 2013 read with Rules 8(3) of the Companies Accounts) Rules, 2014).

(A) CONSERVATION OF ENERGY

During the financial year under review, following specific actions were taken by the Company at its various locations, which resulted in saving of energy consumption:

1. Installation of LED Lights in the plants and surrounding area alongwith deployment of light sensing devices for auto switching on-off at various locations resulting in saving of energy.
2. With continuous monitoring maintained power factor and maximum demand average of electricity which resulted in energy conservation.
3. Replacement of old motors with energy efficient motors.
4. Installation of timer on bending and notching machines resulting in saving of energy during production idle time.
5. Change of bearing of motors resulting in energy saving.
6. Use of V belts in various places to avoid electricity transmission losses.
7. Compressor screw element refurbished to increase the efficiency of the compressor resulting in energy saving.
8. Reduction in air leakages by optimization of compressed air pressure.

(B) TECHNOLOGY ABSORPTION

Research & Development ("R&D")

I. Specific areas in which R&D is carried out by the Company

Low cost automation across various factories including redesigning of various production process.

II. Benefits derived as a result of the above R&D

The R&D efforts have resulted in power cost saving for the Company.

III. Information regarding imported technology (imported during the last 3 years reckoned from the beginning of the financial year) is furnished

a. Technology imported: No technology has been imported in the last 3 years

b. Year of import - Not Applicable

c. Has the technology been fully absorbed? - Not Applicable

d. If not fully absorbed, areas where this has not taken place, reasons hereof and future plans of action - Not Applicable

IV. Expenditure on R&D

i. Capital : Nil

ii. Recurring : ₹ 28.33 Crore

iii. Total : ₹ 28.33 Crore

iv. Total R&D expenditure as a percentage of total turnover 0.24 percent.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Following are the details of total foreign exchange earned and used during the last financial year:

₹ in Crore

Particulars	FY 2019-20	FY 2018-19
Foreign exchange earned	4,533.32	3,572.32
Foreign exchange used	2,593.40	2,683.16

ANNEXURE 'G' TO DIRECTORS' REPORT

Information required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

	Ratio of the remuneration of each Director to the median remuneration of the employees in FY 2019-20	Increase in remuneration in FY 2019-20 (%)
Mr. H. V. Goenka	92.54	(0.32)
Mr. Vimal Kejriwal	100.10	10.35
Mr. A. T. Vaswani	2.65	(8.84)
Mr. D. G. Piramal	2.06	(12.50)
Mr. G. L. Mirchandani	2.06	(6.67)
Ms. Nirupama Rao	1.91	(7.14)
Mr. Ramesh Chandak	2.77	(9.16)
Mr. S. M. Trehan	2.66	13.13
Mr. Vikram Gandhi(1)	-	-
Mr. M. S. Unnikrishnan(1)	-	-
Ms. Manisha Girotra(1)	-	-
Mr. S. M. Kulkarni(1)	-	-
Mr. Vinayak Chatterjee(1)	-	-
Mr. Rajeev Aggarwal, Chief Financial Officer	-	6.56
Mr. Amit Kumar Gupta(2), Company Secretary	-	-
The percentage increase in the median remuneration of employees in the financial year	7.80 percent	
The number of permanent employees on the rolls of Company	5,713 (as on March 31, 2020)	
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	The average increase in salaries of employees during the financial year 2019-20 was 9.52 percent as against an increase of 10.35 percent in the salary of the Managing Director & CEO (managerial personnel as defined under the Act). The increment given to each individual employee is based on the employees' potential, experience, performance and contribution to the Company's growth over a period of time and also benchmarked against Industry standard. The percentile increase in managerial remuneration was higher in comparison with percentile increase of other employees. Under the leadership of MD & CEO, the Company had achieved significant improvement in its overall performance in terms of turnover and profitability.	
Affirmation that the remuneration is as per the remuneration policy of the Company	The Company affirms that remuneration to employees of the Company is as per the remuneration policy of the Company.	

Note(s):

1. *Since the remuneration is only for part of the year, the ratio of their remuneration to median remuneration and percentage increase in remuneration is not comparable and hence, not mentioned.*
2. *Remuneration in FY 2020 is not comparable with remuneration received in FY 2019 as the concerned KMP was only for the part of the previous financial year and hence, not mentioned.*

MANAGEMENT DISCUSSION & ANALYSIS

KEC International Limited (the Company or KEC) is an infrastructure Engineering, Procurement & Construction (EPC) major with operations in the areas of Power Transmission & Distribution (T&D), Railways, Civil, Solar, Urban Infrastructure, Smart Infrastructure, Oil & Gas Pipelines, and Cables. The Company has established its footprint in 100+ countries across the globe.

500 kV HVDC Ethiopia-Kenya Electricity Highway project, first ever 500 kV HVDC transmission line in Africa

OVERVIEW

Global economy

The world economy likely grew at 2.9 percent, as per International Monetary Fund (IMF) estimates, during the year 2019. Growth momentum started to pick up in the second half of the year, helped by a shift towards broad based accommodative monetary policy, favourable news on US-China trade war and certainty around Brexit. Factors that slowed down global manufacturing started to improve and these early signs of stabilisation raised the expectations that global growth would increase to 3.3 percent in 2020.

The global economy which had started indicating signs of recovery, went through a huge setback after the outbreak of COVID-19 pandemic. With the eventual impact of the coronavirus outbreak being uncertain, the global economy is projected to contract sharply by 4.9 percent in 2020, as per IMF estimates. Assuming the pandemic fades in the second half of 2020 and containment efforts gradually unwind restoring investors' confidence, the IMF expects the global economy to grow by 5.4 percent in 2021. The IMF has also indicated about the possibility of a deeper contraction in 2020 and a slow recovery in 2021, if effects of the pandemic exaggerate further this year.

Governments and central banks all over the world have gone to extraordinary lengths to reduce the economic damage caused by the pandemic. The IMF believes that swift and sizeable fiscal stimulus can pre-empt a steeper decline in confidence, lift aggregate demand and avert a deeper downturn. The significant actions of large central banks include monetary stimulus and liquidity facilities for reducing systemic stress. These actions have infused confidence and contributed to limiting the magnification of the shock. These synchronised actions can increase their impact on individual economies, ensuring that the economy is better placed to recover once the pandemic ends. Since several economies have slowly resumed operations from May 2020, it seems likely that with the help of the stimulus global economy can see some green shoots by the end of this year.

The world is getting better prepared to prevent the spread further with adequate precautionary measures. Given the firm backing of government authorities and monetary support from central banks, the pandemic should hopefully be behind us and economic activities will likely gain pace in the second half of 2020.

Indian economy

India's economic growth in FY20 has been subdued. After a growth rate of 6.1 percent in FY19, India's GDP decelerated to 4.2 percent in FY20. This was mainly led by predicaments in the financial sector, slowdown in industrial growth and nationwide lockdown imposed in the last week of March. With the outbreak of Coronavirus, the hopes of an economic recovery in FY21 reduced further. RBI has announced the possibility of GDP contraction in FY21, since the lockdown in the country was extended by more than two months.

The Government has taken multiple measures on both fiscal and monetary fronts to kickstart economic growth. The Government had initially announced ₹ 1.7 trillion to help the worst-affected sections of people in the pandemic. The Government then announced a major fiscal package of ₹ 20 trillion accounting to 10 percent of GDP for reform measures in various sectors. These measures are focussed on scaling up capabilities of the small players in the system and making way for significant improvements in certain sectors. Reform measures announced for several sectors such as Coal, Power, Aviation, Social Infrastructure, Defence, etc. can have significant long-term potential. The Government also introduced reforms for MSME (Micro, Small and Medium Enterprises), which will likely help in business continuity and revival to a large extent. All these measures will largely benefit the economy in the medium to long term. On the monetary policy front, the RBI lowered the policy rates substantially and also announced various measures to encourage lending by banks and comfort the regulatory burden for banks. These actions will help provide liquidity in the system to help economic recovery.

The substantial investment in infrastructure, focus on digitalisation, liberalisation of FDI rules and various sector specific measures should help India move towards its goal of becoming a USD 5 trillion economy.

The rupee, which had weakened against the dollar due to unsatisfactory economic performance remained volatile post the outbreak of Coronavirus. The pandemic resulted in heavy foreign investment outflows leading to depreciation in the rupee. However, several factors are working in favour of the currency, such as lower oil prices, manageable current account balance and sufficient FX reserves.

CONSTRUCTION SECTOR OVERVIEW

The global construction industry was anticipated to grow by an average of 3-4 percent by 2022 with Asia Pacific and Latin America contributing more than 55 percent, i.e., half of the world's construction. The key trend in the global construction industry is the significant growth of large-scale infrastructure projects in Power, Transport, Telecom, Smart Cities, etc., in emerging markets such as India, China, Middle East, Africa, Australia, and Indonesia.

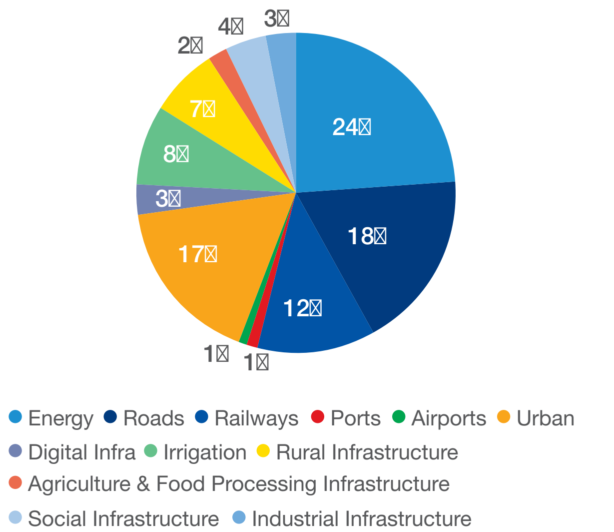
Post the disruption caused by COVID-19, it is expected that advance spending on infrastructure projects by governments may further gain momentum in order to reinvigorate the economy as well as the industry. Construction sectors employs large percentage of labour population and thus driving investment in the sector will be imperative to promote employment at grassroot levels.

The construction industry in India is one of its key growth drivers contributing nearly 8 percent to the country's GDP. Over the last few years, the domestic construction industry has received a major thrust from the government sector, with initiatives such as urban infrastructure development, world-class highways and shipping infrastructure, railways, airports, housing, water, etc. attracting huge investments through Government, Private and overseas entities.

Various factors such as inadequate infrastructure for the mushrooming urban population, Government's new urban development mission, and 100 percent FDI in construction development projects (housing, townships, hospitals, hotels, education institutes, etc.) and developing industrial parks are further expected to boost the growth of the domestic construction sector.

The Government has laid out expansive plans in its National Infrastructure Plan to spend ₹ 111 lakh crore on building infrastructure in the next five years, especially focussing on energy, road, urban infrastructure and railways.

Sector-wise break-up of capital expenditure of ₹ 111 lakh crore during fiscals 2020-2025



Source: National Infrastructure Pipeline - Report of the Task Force, Department of Economic Affairs, Ministry of Finance

The construction sector has a labour intensity of more than 80 percent (total labour deployed/ total manpower), employing millions of workers and thus it is expected that the Government will prioritise investments in the sector to revive economic growth. The Government's goal of catapulting India to a USD 5 trillion economy rests on the completion of critical infrastructure projects under the National Infrastructure Pipeline. This investment is expected to provide a huge fillip to the construction sector, especially in areas such as Energy (Generation & Transmission), Railways and Urban Infrastructure.

BUSINESS SCENARIO AND INDUSTRY OUTLOOK & OPPORTUNITIES

POWER TRANSMISSION & DISTRIBUTION BUSINESS

Overview

KEC is a global leader in the Power Transmission & Distribution (Power T&D) industry and offers integrated solutions ranging from design, manufacturing, supply, installation, and commissioning of Transmission Lines, Substations and Underground Cabling (Power and Optical Fibre Cables) in both domestic and international markets. Power T&D is the largest segment of the Company, contributing over 65 percent to the overall revenue mix and over 50 percent to the order book.

KEC's T&D business has a footprint in 70+ countries, across Asia (South Asia, South East Asia, Central Asia, the Middle East), Africa, the Americas, and Oceania. It is among the few companies to own and operate six tower manufacturing units spread across India, Brazil, Mexico, and UAE, and four tower testing stations spread across India and Brazil. The Company has set a benchmark in the industry with its ahead of schedule deliveries, world-class engineering and design capabilities, integrated supply chain and deployment of the latest digital technologies.

In a significant development during the year, the Company acquired its sixth manufacturing unit in Dubai. This facility is expected to enhance KEC's competitiveness and provides strategic foothold to serve the high growth markets in MENA and other regions. This addition makes KEC one of the largest globally operating tower manufacturing companies supplying over 3.6 lakh tonne of tower components annually.

The Company's region-wise outlook and opportunities are highlighted below:

I) South Asia Business (India and SAARC)

During the year, the Company continued its momentum and was successful in fortifying its leadership position in the market. The India T&D business, in line with its strategy, has strengthened its order book from state utilities and bagged substantial opportunities in Tariff Based Competitive Bidding (TBCB) projects from private as well as government clients. SAARC business has continued to deliver substantial growth across various countries.

The overall market for India T&D in FY20 has remained almost flat as compared to FY19. Despite the subdued market, the Company secured several major order wins across state utilities, Power Grid Corporation of India Limited (PGCIL) as well as private players, thus maintaining its large order book. The Company continues to maintain a strong presence across several states such as West Bengal, Bihar, Tamil Nadu, and Karnataka and is targeting entry into a few more financially stable states with proven payment track record for projects.

In SAARC, the Company has delivered revenue growth of more than 50 percent backed by strong execution in Bangladesh and Afghanistan. The Company is executing 20+ projects in the region and has an order book of ₹ ~3,500 crore. With order wins in Nepal and L1 in Sri Lanka, the Company further cemented its footprint in the region and strengthened its leadership position. Apart from the traditional T&D projects, the Company is targeting entry into underground cabling and renewable energy projects in SAARC through strategic partnerships.

During the year, the business successfully delivered over 25 projects and commercially closed 34 projects. Some of the key projects commissioned include the 765 kV Vemagiri Transmission Line, PGCIL's first TBCB project in southern India and 400 kV Edamon–Kochi Transmission Line, also for PGCIL, connecting Kerala to the national grid, completed amidst difficult terrain and several execution challenges. The Company continued to garner appreciation from its clients in India and SAARC for demonstrating high quality in execution and excellence in EHS practices.

With a healthy orderbook and a strong outlook of T&D tender pipeline, the Company is well poised to sustain its leadership position in the South Asian market.

Region-Wise Outlook & Opportunities

a. India

With a generation of 1,561 terawatt-hour (TWh), India is the third largest producer and consumer of electricity in the world. Installed power generation capacity has reached ~370 GW as of April 2020. During FY20, the power sector witnessed limited growth in both generation as well as transmission owing to economic slowdown, funding and liquidity challenges, issues related to land acquisition, etc.

Nevertheless, India's focus on becoming a USD 5 trillion economy, building industries to drive manufacturing-led growth and goals on sustainable energy will ensure significant investments in the power sector. India's generation capacity is expected to reach 469 GW by 2022 and the development of high voltage transmission grid will need to keep pace with the generation capacity. Other factors that will drive growth in the T&D sector are the need for setting-up of inter-regional grid capacity to ensure seamless flow

400 kV Edamon-Kochi Transmission Line for PGCIL, Kerala; First line in the state to be connected to the National Grid

Shri Pinarayi Vijayan, Hon'ble Chief Minister of Kerala along with ministers & KSEB officials inaugurating the project

of power from one region to another, evacuation infrastructure for renewables, and cross-border interconnections with SAARC countries.

With the setup of cross-country national grid, huge investments are being planned by states to improve connectivity, reliability and affordability. The Company is witnessing an increase in large-size transmission line as well as substation tenders from state utilities. In line with the changing business dynamics, the Company is focussing on enhancing its footprint across states on a selective basis.

The renewable capacity is expected to increase to 450 GW by FY30 (~54 percent of total installed capacity) from 87 GW as of March 31, 2020. However, the lack of transmission infrastructure has been a major concern for several solar and wind developers in the country. Under the Union Budget 2019-20, the Government of India has allocated ₹ 5 billion to increase capacity of Green Energy Corridor projects along with ₹ 9.2 billion for wind and ₹ 30 billion for solar power projects, all of which will augur several opportunities to build transmission line/ substation projects.

Public-Private collaboration is gaining strong ground over the last few years. Enabling policy and regulatory framework has led to significant growth in private investment in power transmission. Since 2017, there has been a shift towards award of projects from cost plus basis to private competitive bidding under TBCB, with more than 70 percent projects awarded under private bidding (from 30 percent in 2011). The central and state governments are targeting to award most new projects through the TBCB route, driving participation and ownership from private players. This trend is beneficial to the industry, especially for players like KEC with mature processes and capabilities and a proven track record for ahead of schedule deliveries.

New and advanced technologies for bulk power transmission are being worked upon, and High Capacity Power Transmission Corridors (HCPTCs) are being developed. Monopoles and innovative conductor technologies such as HTLS Conductors, Covered Conductors, etc., are playing a crucial role in resolving issues related to Right of Way (RoW). Advanced technologies such as Static Synchronous Compensator (STATCOMs), apart from Gas Insulated Substations (GIS) are being embarked upon in substation projects. Project timelines continue to shrink, leading to a greater emphasis on adoption of technologies with high degree of mechanisation and digitalisation during construction, along with the adoption of innovative designs and solutions. The Company has built significant technological capabilities and is well-positioned in terms of preparedness to cater to the varied requirements of its clients and execute projects of diverse complexities ensuring high quality and safety standards.

Additionally, the Company envisages that the share of investments in substations will rise to about 40-45 percent of the total investments in the sector, with a push towards GIS Technology at voltages of 220/ 400 kV levels. In line with this trend, the Company has built deep expertise and forged strategic partnerships to be successful in this segment.

b. SAARC

The SAARC region has been a key growth driver for the Company and has been offering substantial business opportunities consistently for the last few years. The business' outlook is well poised with Bangladesh and Nepal being the key growth drivers for KEC.

Bangladesh continues to drive the SAARC market with its high trajectory economic growth and electricity need for its increasing population.

Its government plans to construct 9,500 km of transmission lines and 140 substations by 2030. The expected investment over the next 10 years in the power sector amounts to USD 80 billion, with 15-20 percent being in T&D.

Nepal is emerging as the Company's second largest market in SAARC region, with planned capacity addition of 4.6 GW by 2025. About 4,300 km of transmission lines and 59 substations are expected to be built by 2035 in the country. Several investments such as the Millennium Challenge Corporation (MCC) funding amounting to USD 500 million for 300 km of transmission lines and gas insulated substations have also been planned in the country, auguring well for EPC companies like KEC.

The Afghanistan government continues to focus on improving power infrastructure in the country and has planned the construction of nearly 1,500 km of transmission lines and 34 substations between FY 2020-25. Cross-border projects in the region, funded by Asian Development Bank, also provides a lucrative opportunity for the Company.

The Sri Lankan government's target of making the country self-sufficient in energy by 2030 bodes well for EPC players like KEC. The country plans to enhance its power generation capacity from 4,043 MW to 6,900 MW by 2025 with significant contribution coming from renewable energy. Additionally, Asian Development Bank has committed USD 800 million per year for the next four years towards various infrastructure projects in the country.

Bhutan, rich in hydropower resources, has an estimated potential of 30,000 MW of which it has only been able to harness 1.6 percent (~1,490 MW) of its total capacity. The country continues to work in close cooperation with the Indian Government to harness its hydropower, with hydropower exports contributing more than 40 percent of Bhutan's domestic revenues and constituting 25 percent of its gross domestic product (GDP). This provides several lucrative opportunities for the establishment of critical transmission & distribution infrastructure in the country.

Myanmar also offers potential opportunities in line with the government's initiative of 'Electricity for All' by 2030 by way of 3,000 km of transmission lines and linked substation projects for 500/ 220 kV to be built in the coming years. However, the dominance of a large number of Chinese contractors makes the market extremely competitive and tough to enter.

The SAARC region is witnessing a growth in bilateral as well as multilateral funding from agencies such as Japan International Cooperation Agency, World Bank, Islamic Development Bank, KfW Bank, Asian Development Bank, European Investment Bank, USAID, and Government of India line of credit to strengthen power networks and grid connectivity. There is also an enhanced focus on inter-regional energy connectivity by governments of India, Bangladesh, Nepal and Bhutan. It is expected that the SAARC T&D market will continue to grow and remain a key focus area for the Company in the coming years.

▲ *132 kV Air Insulated Substation at Chowddagram, Bangladesh; part of the six substation package for PGCB*

II) International Business (The Middle East, Africa, South East Asia, Central Asia, the Americas)

The Company's International T&D business has witnessed a healthy growth over FY19 owing to robust project execution across various countries in MENA (Middle East & North Africa), Africa, the Americas and Oceania. The Company's long-term strategy of strengthening foothold in areas such as substations and tower supply projects across geographies has yielded positive results. Currently, the business is executing substation projects in eight countries, contributing to around 25 percent of the overall business' revenue.

In line with its objective of driving growth through diversification, the Company has been able to successfully enter/ re-enter 17 new countries across regions in the last four years. The Company will continue its focus to penetrate new countries in Africa, Asia Pacific and the Americas. This year, the Company entered three new countries, namely, Togo, Burkina Faso & Burundi in Africa.

In the Middle Eastern market, the Company has strengthened its portfolio with new orders in Abu Dhabi and Saudi Arabia. With a pick-up in tendering activity across the region, especially in countries such as Oman and UAE, the Company is confident to re-establish the region as a significant driver of its growth.

The Company is certain that the acquisition of a tower manufacturing facility in Dubai will make it more competitive in the Middle East and other regions. The acquisition enhances the credentials to secure additional business in some regions on account of local price preferences/ fiscal benefits. Further, this enables the Company to leverage its technical know-how to create effective EPC solutions and drive deeper connect with customers.

The Company continues to execute projects in Malaysia and Thailand and has reinforced its presence in East Asia Pacific with new order wins in the region. Similarly, projects in Papua New Guinea and Nicaragua saw robust execution despite severe RoW issues and execution challenges.

After the successful pivoting of SAE Brazil to an EPC company, KEC is currently focussed on pivoting its SAE Mexico business from a manufacturing to an EPC driven company. The business is currently executing ~800 km of transmission lines in Brazil.

Region-Wise Outlook & Opportunities

a. Middle East and North Africa (MENA)

The power sector in MENA is expected to see an investment of around USD 209 billion over the next five years. The region needs to continue investing in the power sector to meet the urgent demand from increasing population and diversification of economies to reduce dependency on oil-based revenues. The emergence of COVID-19 pandemic leading to record drop in oil prices may have some consequences but as the effect of COVID-19 subsides, the investments in Power sector should return to normal. The MENA region will require an additional capacity of around 88 GW by 2023 to meet the growing demand, with work on most of the projects having begun and in early execution stage. This will require an investment of USD 142 billion for power generation and around USD 68 billion for transmission and distribution (T&D). (Source: APICORP - MENA Power Investment Outlook 2019-2023).

▲ *115/ 13.8 kV Gas Insulated Substation at Ain Murjan, Saudi Arabia*

After a slowdown in tendering activities for the last few years, the MENA region has once again witnessed an uptick, especially in transmission and distribution projects. The transition towards alternative and cleaner forms of energy will be the prominent theme in the region's electricity sector in the coming years. The growing adoption of renewables through the region for diversifying its energy needs, particularly in GCC countries, is expected to give a major boost to the sector. Major solar and wind projects are expected in Saudi Arabia, UAE, Oman, Morocco, Egypt, and Jordan.

In Saudi Arabia, the energy demand is expected to grow at 8-10 percent from 2019-2024. The country plans to increase its power generation capacity from 90 GW in 2018 to 156 GW by 2040. The expected investment is around USD 5 billion for electricity generation and USD 4 billion for transmission and distribution. Saudi Arabia remains an important market for the Company in the region.

UAE has witnessed strong growth in electricity consumption in the last 5 years driven by strong economic activity, population growth, infrastructure and industrial development. UAE plans to invest USD 50 billion by 2022 in its energy sector. The inclusion of renewable energy in the power mix is expected to drive the transmission and distribution sector. The country has several upcoming transmission and distribution network projects including expansion and refurbishment of existing infrastructure. This factor is expected to drive T&D infrastructure related markets in the coming years. Nuclear and waste-to-energy projects are gradually gaining momentum in the country apart from solar power, which, in turn is expected to create ample opportunities for the power sector as new projects come online.

Oman's electricity demand is expected to increase at a CAGR of 8.39 percent over the next 10 years and reach 14 GW in 2027. According to Oman's future transmission capability statement, between 2017–21, around 685 km of new transmission lines, 15,251 MVA of transformer capacity and 18 new substations are expected to be added to the country's grid. Qatar has signed an agreement with French energy giant Total and Japan's Marubeni to build a solar power plant capable of producing 800 megawatts, a tenth of the country's peak energy demand as part of the Gulf state's energy transition process. Meanwhile in Iraq, there continues to be a gap between demand growth and available generating capacity. The country still faces power outages, and hence providing reliable electricity is at the heart of the government's plans. It is expected that Iraq will need to invest USD 21 billion in generation over the next five years to take its capacity up to 30 GW.

North Africa too is expected to see a considerable investment in power generation, and transmission and distribution. Morocco is planning to implement electricity projects worth USD 2.6 billion under its new 2019-23 strategy to improve electricity access across the country. The electricity demand in the country is expected to increase from 39 GW in 2018 to about 66 GW in 2027. The country is also focussing on renewable energy development aided by multilateral funding institutions, further necessitating the investments in transmission networks. Egypt is expected to invest around USD 20 billion in power generation and USD 10 billion in transmission and distribution to increase capacity to 63 GW by 2023.

KEC will continue to maintain its focus in the region and aims to further increase its market share especially in Saudi Arabia, UAE, Oman and North African countries.

▲ *330 kV Kintampo-Tamale II Transmission Line, Ghana*

b. Africa (excluding North Africa)

Electricity remains unaffordable to a large part of the population in Africa and its access is limited by irregular distribution of transmission lines. Today, on an average, 600 million people do not have access to electricity in the region. Despite progress in several countries including Kenya, Senegal, Rwanda, Ghana, and Ethiopia, current and planned efforts to provide access to modern energy services barely outpace population growth. Rapid growth, both in terms of economy and population will have significant implications for the energy sector in the region.

It is estimated that around USD 80 billion in transmission infrastructure will be invested by 2040 in Africa to absorb current and planned power generation. This amounts to investments of USD 3-4 billion annually between 2019-2040 for transmission network expansion, primarily from private players. (Source: McKinsey & Company - The growth potential of the Sub-Saharan electricity sector)

Countries such as Mozambique, Tanzania, Kenya, Guinea, Nigeria, South Africa, and Mali are expected to invest heavily in transmission and distribution projects in the coming years. Mozambique is expected to implement USD 200 million World Bank funded Temane Regional Electricity project to enhance transmission capacity for domestic and regional markets and increase electricity generation capacity through private sector participation. World Bank is also planning to fund USD 300 million Guinea-Mali interconnection project to increase electricity supply to the Eastern part of Guinea and enable electricity trade between Guinea and Mali. Nigeria plans to add over 190 new projects to boost power transmission, generation and distribution. South Africa plans to add 6,500 km of high voltage transmission lines in the country. Countries such as Ethiopia, Kenya, Tanzania, and Uganda are expected to see a pick-up in renewable energy capacity addition under hydro and geothermal power.

Africa remains an important market for KEC and the Company continues to work in close collaboration with the local authorities to play a pivotal role in the region's developing energy sector.

c. South East Asia

South East Asia's power sector is in a very dynamic phase of development, both for generation and transmission. The region's electricity demand, growing at an average of 6 percent per year, has been among the fastest in the world. Around 45 million people in the region are still without access to electricity, but the region is well on its way to achieving universal access to electricity by 2030.

T&D projects in Malaysia are likely to be driven by replacement and refurbishment needs. Also, in order to reinforce the grid, few projects have been earmarked for 2020-2022 to increase the distribution capacity between 200 to 400 MW. The total cost of these projects is expected to be USD 190 million. Malaysia plans to add about 29 GW of generation capacity from 2018-2025 along with corresponding investments in domestic and regional grid networks.

The Electricity Generating Authority of Thailand (EGAT) is expected to invest over USD 6 billion to strengthen the transmission infrastructure in Thailand over the next four years. In addition, EGAT is also planning to develop floating hydro-solar hybrid projects at nine dams by 2037 and seek approval from the government to develop eight fossil fuel-fired power plants. The country is also focussing on expanding its cross-border links with neighbouring countries to complement the ongoing effort to create ASEAN power grid.

Countries such as Vietnam, Philippines and Indonesia are focussing on 100 percent electrification and are expected to invest significantly in both generation and distribution. Vietnam is expected to invest around USD 13.2 billion in transmission and distribution projects between 2020-2025. Indonesia is likely to register electricity unit demand growth of about 5 percent with the state electricity company, PLN, likely to spend USD 5.5 billion annually on generation and distribution projects. In Philippines, the country is looking to add more of renewable capacity with various solar and wind energy projects planned in the next couple of years. Philippines is expected to add around 2,097 km of transmission lines and 24,350 MVA of transformer capacity during 2018-2025.

KEC has made significant inroads into this market and continues to strengthen its position in the region, especially in Malaysia and Thailand.

d. Central Asia

Central Asia is expected to see bulk of the power projects, including transmission and distribution, in replacement and rehabilitation of existing systems. Georgia is expected to implement four transmission lines project in the country with an investment of USD 120 million. Ukraine will see an investment of more than USD 200 million to upgrade the country's existing transmission system. Uzbekistan is expected to see significant investment in power generation and distribution with several power plants planned to enhance hydroelectric power sector in the country. Uzbekistan has also announced plans to increase renewable installed capacity by 4,000 MW over the next five to six years. Tajikistan, too, is expected to see significant investment in energy generation and transmission, with the World Bank providing USD 134 million to support the country's power sector. All these investments provide opportunities for KEC to expand its presence in the region.

e. North America

North America's transmission grid needs an estimated investment of USD 210-230 billion between 2018-2027 to upgrade the existing infrastructure, integrate new renewable and distributed energy resources and to respond to a rapidly changing energy mix. About 44,119 km of lines at 115 kV and above voltage levels are planned to be added to the North American power grid by 2027. (Source: Global Electricity Transmission Report 2018)

Several individual states in the U.S. have made commitments to invest greater in renewable sources of energy in order to enhance transmission from areas rich in renewables to areas of high demand.

Canadian Utilities are expected to invest an average of CAD 4.5 billion every year over the next 4-5 years. The key factor supporting the growth of electricity transmission in Canada is the need to connect new renewable generation capacity and several cross-border projects between Canada and U.S. However, delays are likely as has been witnessed in the last few years.

In Mexico, the new government is working towards changing the existing power market strategies in order to strengthen the state-owned power utility Comision Federal de Electricidad (CFE). The government aims to present a new national electricity programme with the key objectives of promoting renewable energy generation, supplying low cost clean electricity, empowering CFE, and establishing a decentralised electricity network. It currently generates 15 percent of its power from clean sources and aims to generate 35 percent by 2024 and 50 percent by 2050. The country is also making large-scale investments in capacity addition - 19,868 circuit-km of line length is expected to be added during 2019–32, with an investment of MXN 99,975 million, MXN 98,366 million on transformer capacity, and MXN 15,604 million on reactive power capacity during 2019-2032.

In Nicaragua, the power demand is likely to increase at over 4.6 percent per year till 2027. Over 2,300 km of transmission lines and corresponding transmission capacities are required to be added between 2018 and 2027. The Company continues to explore opportunities in rest of the fast-evolving Central American region also.

f. South America

The South American Transmission industry is undergoing a phase of regulatory changes to open the sector for private participation, increased integration of renewable energy and boosting growth in the sector. These regulatory measures are expected to spur transmission grid development in the region. More than 90 percent of the investment is expected in countries such as Brazil, Chile, Argentina, and Peru.

In Brazil, the Ministry of Mines and Energy (MME) has launched the 10-Year Energy Expansion Plan 2029 (PDE 2029), which projects an estimated investment of BRL 2.3 trillion during the period 2020-2029 by the government. Of the total investments, 77.4 percent will be absorbed by the oil and gas sector and 19.6 percent for electricity generation and transmission (including distributed generation). There is a huge emphasis on upgrading the ageing transmission network in the country, along with the upcoming clean energy capacity addition. Under PDE, MME has envisaged investment of about BRL 103 billion in power transmission segment, with BRL 73 billion in lines and BRL 30 billion in substations, including border facilities. 49,000 km of transmission line network and about 162 GVA of transformer network is expected to be built in the next decade.

In December 2019, ANEEL, the Brazilian Electricity Regulatory Agency hosted transmission auction and allotted 12 transmission lots in various areas including Minas Gerais, Rio de Janeiro, Rio Grande do Sul, and São Paulo states with an investment of BRL 4.2 billion. These projects will add a total line length of 2,470 km and 7,800 MVA capacity to

230 kV Rio Grande – Barreiras I – Barreiras II Transmission Line, Brazil the Brazilian grid. The country is expected to host a large power transmission auction before the end of 2020.

Chile is focussing on expanding its national and regional grids through construction of about 5000 km of transmission lines and associated transformer capacity. The country has set a target to generate 60 percent of electricity through renewables by 2035 thus necessitating the need for building new transmission lines. The Argentine government has identified large number of projects under its national budget to be developed through a public–private partnership (PPP) model, with 3,300 km of transmission lines expected to be awarded through PPPs.

Peru is investing significantly in building up generation and transmission capacity driven by increasing demand from the mining sector and the growing middle-class. The country has prioritised investment in transmission infrastructure to ensure that it meets its energy goals. The government plans to add 6,205 MW of power generation capacity during 2018-2028 and has approved the 10-year transmission development plan for the period 2019-2028, which includes the development of 13 projects at an investment of USD 511 million.

All of these are expected to unfold substantial opportunities in South America for the Company.

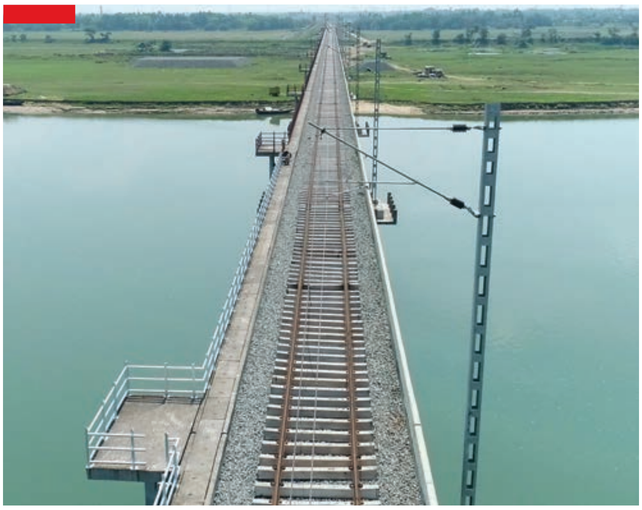
RAILWAY BUSINESS

Overview

KEC is one of the leading engineering, procurement, and construction (EPC) players with a vast experience in various works for Railways such as overhead electrification, traction power supply, track laying and linking, doubling and tripling of tracks, gauge conversion, signalling and telecommunication, and civil works, viz. railway stations, bridges, residential quarters, depots/ workshops, etc.

Railways has been one of the biggest drivers of growth for KEC. During the year, the Company delivered a growth of more than 30 percent in the Railway business. The business continued to contribute to the Government's mission of 100 percent electrification and completed overhead electrification of 1,095 km, which is nearly 25 percent of the country's overhead electrification projects commissioned during the year and executed total track commissioning of 62 track kilometres (TKM). The Company remains the leader in Overhead Electrification segment having delivered over 30 percent of India's overall railway electrification till date. During the year, the Company received its single largest Railways Overhead Electrification EPC order worth ₹ 869 crore, which is the largest ever awarded by CORE.

KEC continued to successfully diversify its project portfolio. The Company has bolstered its leadership position in



▲ *Track laying over Mahanadi River, part of Kendrapara - Paradeep project, Odisha*

the business by building an orderbook of over ₹ 6,000 crore. The Company has ventured into new areas such as Road over Bridges and roadbed projects and is targeting technology intensive segments such as Ballast-less tracks, next-generation Signalling & Control systems, etc. Today, over 60 percent of its order book comprises orders other than Overhead Electrification projects.

The Company has significantly enhanced its capabilities of fast-track execution by strengthening its project management practices, by bolstering its supply chain through backward integration and by deploying mechanisation and digitalisation practices. Early on, with increasing focus of the Government on building Railway infrastructure, the Company has identified the sector's dependence upon a handful of vendors and a fragile supply chain as one of the major risks and constraints to the growth of the business. Over the last three years, the Company has integrated backward into manufacturing of Overhead Electrification structures, contact and catenary conductors, signalling control cables and Railways OFC & PIJF cables leading to enhanced certainty of supplies and better control over costs and quality. During the year, the Company commissioned eight overhead electrification projects ahead of schedule.

▲ *Station works at Gauriganj, Uttar Pradesh*

KEC continues to constantly reinvent itself to stay ahead of the competition. During the year, the Company embarked on a business transformation exercise with dual objectives. The first objective was to redesign end-to-end business processes, including construction practices, leading to enhanced win-rates, optimisation of cost and fast-track project execution. The second objective was to increase its share of wallet in Railways and Metros, especially in technology intensive areas.

Additionally, the Company is targeting international markets with a focus on countries with large Transmission and Distribution presence.

Outlook & Opportunities

The outlook for the Railway sector remains positive, with clear plans set by the Government for conventional railways such as 100 percent railway electrification by 2022, speed upgradation of existing/ conventional lines to enhance speed of passenger trains, and rolling out semi high-speed railways to connect various cities within a state. Further, the sector received a budgetary allocation of ₹ 70,000 crore and an outlay for capital expenditure amounting to ₹ 1.61 lakh crore for FY21. The report on National Infrastructure Pipeline has projected an investment of ₹ 13.67 lakh crore for Railways capital expenditure from FY20 to FY25. This offers promising business opportunities for the Company.

The Company expects significant opportunities in new areas such as Third Rail, Railways Power Supply Substations, Ballast-less Track, advanced Overhead Electrification, Signalling & Telecommunication, etc., in both Conventional as well as Urban Infra segments. The Company is also exploring international projects from countries in SAARC, Africa and other regions where lines of credit have been extended by the Government of India through EXIM Bank.

The Government has identified Railways as an essential sector where no spending curbs are anticipated despite COVID-19 related challenges. Given the key developments in both domestic and international markets, the Railway business has emerged as a major growth driver for the Company and we expect the momentum to continue in the years ahead.

CIVIL BUSINESS

Overview

The Company forayed into the Civil construction business a few years ago to drive growth and adjacently expand its business portfolio. The Civil business is focussing on high growth areas such as large industrial and infrastructure projects, viz. industrial plants, residential buildings, railway stations, commercial buildings, airports, and water segments.

The Company's strategy to target the midsize market segment is delivering results. It has successfully established itself in the industrial sector, especially in cement, automobile, auto-ancillaries, and metals & mining segments. During the year, the Company has also strengthened its portfolio of high-rise residential projects and diversified its presence across fast growing cities such as Mumbai, Bangalore, Pune, and Goa. It continues to win repeat orders from residential and industrial clients, as a testament to its efforts towards delivering quality projects.

In FY20, the Company successfully made its entry into the strategic Defence segment. It has won two projects in this segment from large clients such as Military Engineer Services (MES) and Defence Research and Development Organisation (DRDO). This also marks the Company's foray into the fast emerging and technology intensive area of Data Centres.

▲ *Cement plant for a reputed client in Mundwa, Rajasthan*

The Company is successfully creating a niche by bringing in leading technologies, cutting-edge construction equipment, professional project management expertise, intense focus on safety and quality into the midsize market segment. The Company is pioneering deployment of leading-edge digital technologies such as drones, photogrammetry, BIM, IoT in construction machineries to unlock value for its clients and differentiate itself from the competition. In recognition of its efforts, two of the Company's projects have bagged top honours from the National Safety Council of India (NSCI).

Currently, the Company is also looking for opportunities in growth sectors of Oil & Gas refineries, Water, and commercial segments such as hospitals, airports and warehouses.

Outlook & Opportunities

Infrastructure sector, especially the Construction industry is a key driver for the Indian economy. India's goal of becoming a USD 5 trillion economy rests on the completion of critical infrastructure under the National Infrastructure Plan laid down by the Government.

While the COVID-19 pandemic may affect investments in the short term, the medium to long term India growth story and infrastructure development plan should remain intact. The pandemic may impact some sectors more than the others and accordingly, the Company is realigning itself to the changing business environment and dynamics.

The slew of reforms and initiatives taken by the Government to attract foreign investments for the development of alternative global supply chains, counter the slowdown and bolster growth, strengthen industrial infrastructure and further improve ease of doing business in the country have been very encouraging. These reforms may lead to opportunities in development of industrial clusters along state and national highways, building of health infrastructure, mining and associated supply chain infrastructure, Defence, Airports, Warehouses, etc. The Government is making several efforts towards decentralising the industry, especially in cities such as Mumbai, Delhi-NCR, Bengaluru, and Chennai, and hopes to attract large-scale investments for these initiatives.

With the long-term trend of rapid urbanisation, consumption driven growth, and Government's focus on building world-class infrastructure, the future looks promising for the sector. The business is entering an exciting phase aided by a dynamic market scenario, strengthening of internal capabilities, Company's financial strength and ability to withstand and come out stronger from disruptions.

The following is the sector-wise outlook and opportunities for the Civil business:

a. Industrial Plants

The Government's efforts to attract global companies and to improve ease of doing business under the 'Make in India' initiative can put India in a favourable position to act as a major manufacturing hub for exports in several Global Value Chains. India is on the path to become the hub for hi-tech manufacturing, as global giants have either set up or are in the process of setting up manufacturing plants in India, attracted by a market of more than a billion consumers. The Company is already associated with several major clients in the industrial space and has created a favourable position in the market, which is expected to bring in more orders.

High Rise Residential Towers, Karnataka

The Company is also exploring new areas of growth arising out of Government initiatives to overcome the COVID-19 disruption. Development & upgradation of industrial clusters and associated common infrastructure facilities and connectivity to nearby national and state highways may be fast-tracked. industrial warehousing is expected to mushroom as manufacturing shifts out of China, and India is preparing to take advantage of this boom. Similarly, the pharmaceutical sector may attract more investments as the sector comes out of a prolonged go-slow period over the last 3–5 years. Over the next few years, all these opportunities will bode well for the Company.

b. Residential and Commercial Buildings

Residential segment has already been going through a slowdown, which is now compounded by the COVID-19 crisis. Similarly, investments may get delayed in the commercial segments till the time the threat of the virus persists. The Company's strategy of working with financially stable developers only is proving to be a boon. As a testament to this strategy, the Company has received repeat orders from its prestigious clients and faced limited execution and cash flow challenges. The Company will continue to be selective and work with only marquee clients to minimise the risks.

The Company is exploring new opportunities from investments in health infrastructure and data centres as technology and analytics take centrestage.

c. **Airports**

The long-term trend of growth in the sector should continue post the current COVID-19 setback. India's civil aviation market is expected to become the third largest in a year or so, and possibly largest in the world by 2030. The Government under its UDAN scheme has proposed the launch of 100 airports by 2024 to improve regional connectivity. New projects, especially in growing Tier – II & III cities in Maharashtra, Karnataka, Kerala, Arunachal Pradesh, and Rajasthan are going to gain traction. As part of the stimulus, the Government has decided to add 12 more airports to be developed under PPP route, which can be a boon for EPC players like KEC.

d. **Defence**

The Government's target of expanding capabilities in Defence and enhancing self-reliance in Defence equipment manufacturing through indigenisation of imported spares and increasing FDI limit to 74 percent, from the existing 49 percent, may provide abundant civil construction opportunities for the Company. Last year, the Company secured two defence projects for civil construction work and is L1 in other defence packages in the Smart Infrastructure segment. The Company is now an enlisted contractor with most of the defence departments.

e. **Water**

With India's rising population, erratic rainfall patterns and contaminated reservoirs, ensuring clean and reliable water supply for household consumption as well as for irrigation is becoming a major priority. The Government has proposed an outlay of ₹ 3.6 lakh crore towards piped water supply to households under the Jal Jeevan Mission in the 2020-21 Union Budget. This will be used to augment local water resources and laying cross country water pipelines as well as distribution infrastructure to ensure adequate water supply to every corner of the country. The Government is also planning an investment of ₹ 8.9 lakh crore towards Irrigation infrastructure, such as lift and surface irrigation, as highlighted in the National Infrastructure Pipeline. Additionally, several states have begun to implement water and sewage treatment plants in the metros to counter the rampant issue of increasing wastewater volume and deteriorating water table. The Company is confident to establish itself in this critical infrastructure segment.

SOLAR BUSINESS

Overview

The Solar business offers comprehensive state-of-the-art engineering, procurement and construction services across ground mounted and rooftop solutions. Launched in 2016, KEC's solar business has grown to be among the few companies in India with capabilities to execute large-scale projects of 150 MWp.

During the year, the Company successfully commissioned its single-largest project in terms of capacity, the 150 MWp ground mount project at Bhadla in Rajasthan. The project has been commissioned on time in a tough terrain involving several design and execution challenges. The business also successfully completed a 14 MW project within 90 days after land handover, setting a benchmark for project completion.

The Company continues to build significant capabilities in both domestic and international markets. Due to the continuing uncertainties in the domestic market, the Company has increased its focus on the international market and is well poised to tap opportunities in SAARC, the Middle East, Africa, EAP, and CIS regions. In a significant development, the Company has won an order for the construction of one of India's largest Solar Carport from a reputed automobile client. This project may open doors for similar opportunities from large industrial clients.

Currently, the Company is handling Operations and Maintenance of more than 15 projects and is exceeding the contractual/ performance guarantees in all projects. The Company has developed significant control on the supply chain through backward integration into manufacturing of solar structures & various types of cables and through strategic partnerships with inverter as well as tracker manufacturers. Additionally, the Company is leveraging the well spread out presence of its T&D business across various regions and countries to fast-track mobilisation as well as construction, enabling it to accelerate project execution and delivery.

Outlook & Opportunities

The Indian solar market has added about 5.7 GW of capacity during FY 2019-20. While this is less than the target of 7.5 GW for the year and 7.3 GW added in FY 2018-19, India remains one of the top destinations for solar investments in the world. India has over 40 GW of solar capacity in operation, which places it at fifth place in the world.

▲ *130 MWp Ground Mount Solar project, Andhra Pradesh*

Over the last few years, Indian solar market has slowed down owing to multiple factors such as PPA renegotiations by states, tariff caps in auctions, liquidity and financing issues, poor health of DISCOMs, and increase in costs owing to safeguard duties, etc. These issues are also impacting the margins of EPC players. The sector is looking for relief measures and government support to solve issues such as safeguard duty, impending BCD, GST, and implement favourable policies to invest and aid in building domestic solar manufacturing capacity to make the country self-sustainable and to take on a larger role as a global solar exporter.

The Indian Government's enhanced push for Renewable Energy (RE) may help re-accelerate growth in the sector. The Government remains committed to achieve the renewable energy target capacity of 175 GW by 2022, including 100 GW of Solar power by 2022. India's renewable energy sector is expected to attract investments of up to USD 80 billion in the next few years. Additionally, the Government's plan to build the largest solar park (~7.5 GW) in Ladakh region, will bring significant opportunities for players like KEC, both for Solar as well as T&D businesses.

In the international markets, global solar installations are expected to continue near double-digit growth rates into the new decade, according to a 2020 Global Photovoltaic (PV) Demand forecast. While China constituted nearly 50 percent of all the capacity addition for the past few years, its dominance is set to reduce with nearly two-thirds of the addition expected to happen outside China. The Middle East is expected to drive growth along with Europe and the Americas beyond 2020. Africa demonstrates great potential in the off-grid segment. The region will continue to evince interest from stakeholders due to good quality of solar irradiation. Amongst neighbouring countries, there has been a keen interest in expanding power generation through Solar in the SAARC region. Bangladesh plans to install 2 GW renewable energy with an aim of adding 10 percent renewables in its energy mix by 2021. All these opportunities augur well for the Company.

URBAN INFRASTRUCTURE BUSINESS

Overview

The Company forayed into the fast-expanding Urban Infrastructure sector during the year and bagged multiple orders in the elevated viaduct segment from reputed customers. This includes two orders from Delhi Metro Rail Corporation (DMRC) for phase IV of the Delhi Metro, one from National Capital Region Transport Corporation (NCRTC) for the construction of the Delhi-Meerut Regional Rapid Transit System (RRTS) and one from Kochi Metro Rail Corporation (KMRL) for extension of phase I. These orders have catapulted the Company into a league of elite players capable of executing large, complex and technology intensive projects.

▲ *Pier cap erection at Kochi Metro project, Kerala*

The Company is leveraging its vast experience in project management, execution and technical capabilities to drive innovation and operational efficiency in this sector. The Company is excited to venture into this new area of growth and is currently focussed on ahead of time execution of the projects secured during the year, while continuing to build its people, assets and technology capabilities for the sector.

The Company is confident of ahead of time/ timely execution of all these projects and delivering highest customer experience and delight. These projects will not only contribute to the Company's revenue and profits but will also help the Company build robust credentials required to participate in similar large infrastructure projects on its own.

Outlook & Opportunities

The Government continues to be committed to upgrade and develop India's fast evolving transport infrastructure, the backbone for economic growth and sustainability.

In a bid to accommodate the growing urban population, decongest roads, and provide safer and faster transport solutions, governments of several major states have announced new metro/ elevated corridor projects. The 2020-21 Union Budget also outlays ₹ 1.7 lakh crore for transport infrastructure. Over 60 percent of this investment will be utilised in making elevated metros and the remaining for the construction of underground metro lines. In addition to metro lines, projects such as the 148 km Bangalore Suburban Transport, with an estimated outlay of ₹ 18,600 crore, are also envisaged in the near future.

Both state and central governments are committed to easing the infrastructure roadblocks resulting from a growing urban population. An investment of close to ₹ 3 trillion is expected over the next five years to build a robust network of 1,500 km of MRTS/ RRTS projects across various cities. This is expected to provide significant opportunities for the Company's Urban Infrastructure business, especially in areas such as track laying, signalling & telecommunication, civil works, etc.

SMART INFRASTRUCTURE BUSINESS

Overview

The Company ventured into the Smart Infrastructure business in 2018, focussing on the development of digital infrastructure in the country. The primary target segments are Smart Cities, Communication, Mobility, and Smart Utility. The business plays the role of a master system integrator and works closely with central and state governments, urban local bodies and utilities for creating digital infrastructure.

The business, in its second year of operations has achieved key milestones in the execution of its first two projects in its core domain of Smart Cities. An Investor Management Solution designed for Bidkin Smart City (AURIC) in Maharashtra was inaugurated by the Hon'ble Prime Minister, Shri Narendra Modi during his visit to the site in September 2019. A cutting-edge digital security solution has been built to be integrated with all existing solutions of the customer to streamline and improve business processes and operations. Other Business Intelligence driven software solutions are being developed for the customer to help them grow in their digital journey. This has been possible due to the emphasis of the business in identifying and addressing real-world concerns of our clients and devising a technology driven solution to mitigate issues and improve existing processes, keeping the holistic view of the clients' business in picture.

The Company is also building its first command and control centre in the Police Headquarters in Aurangabad. This control centre will help enhance police surveillance using 700 cameras across the city. Another command and control centre is being planned for enabling improved governance and citizen engagement services such as Vehicle Tracking, Environmental Sensors, and Solid Waste Management. The Vehicle Tracking System will enable real-time tracking of buses and other public vehicles and the environment sensors will provide information on Air Quality Index and pollution levels of the city.

In a significant development, the Company is L1 in Defence-related smart infrastructure projects using modern technological solutions. Execution and commissioning of these projects will help the Company build significant capabilities to target similar projects in PSU and Defence establishments.

The key to the Company's successful venture in this business has been its unwavering focus on providing the latest technology-oriented solution, building partner eco-system with large international and Indian players, working closely with customers to create customised solutions, and creating the right value proposition.

Outlook & Opportunities

The major areas seeing growth globally in Smart Infrastructure are smart governance, smart cities, smart energy, smart mobility, smart healthcare, smart buildings, and smart education. In India, the main initiatives of the Government are 'Smart City Programme', 'Digital India Initiative' that is focussed on setting up a pan-city and state-wide digital network and infrastructure, and 'National Smart Grid Mission'. With the results of the already executed Smart City projects coming to the fore, the focus will be to implement global technologies customised to Indian conditions and city specific needs. The Company will continue to work closely with various city administrations and develop specific solutions for them.

In Communication, several projects are expected to be launched under the Digital India BharatNet – II initiative. A few major states are expected to roll out large-scale tenders for pan-state networks with IP/ MPLS and GPON network technology. New-age technologies such as Smart Poles, EV charging infrastructure and smart mobility continue to gain traction. The Company has identified strategic long-term opportunities in urban mobility such as Intelligent Traffic Control System.

In the Smart Grids domain, the Government is focussed on improving grid infrastructure through analytics enabled on ICT infrastructure. The Company plans to leverage its existing competencies in utilities to expand it to grid automation and identifies it as a key area of growth.

Smart Infrastructure is expected to receive a push in the post-COVID environment. The need for mass scale monitoring and surveillance is being felt to control the spread of the virus. One of the sectors that has emerged stronger in this pandemic is Smart Mobility and Telecommunication. Similarly, real-time analytics in various industrial, non-industrial, social and environmental sectors may necessitate setting up of large Data Centres. All of these present several opportunities for the Company.

OIL & GAS PIPELINES BUSINESS

Overview

In line with its vision of growth through strategic diversification, the Company has entered into Engineering, Procurement and Construction of Oil & Gas cross-country pipelines. The Company is confident of its success in the sector owing to its extensive expertise of working on linear projects, laying underground cables, managing Right of Way (RoW) issues and strong project management capabilities.

India is largely dependent upon imported crude and gas to satisfy its energy needs. The crude needs to be transported from ports to refineries and similarly petroleum products and gas needs to be transported to consumption centres. The cross-country pipelines for Crude, Petroleum Products and Gas offers the most convenient, efficient and economical mode of transportation, which is also safe, accident-free and environment-friendly.

The Company is excited to venture into this new area of growth and is currently focussing on building its people and asset capabilities for the sector. The Company has already bid for its first project in the sector in the last quarter of FY20.

Outlook & Opportunities

Oil & Gas cross-country pipelines offer interesting growth opportunities for the Company. The sector will attract investments buoyed by the Government's target to increase refinery capacity to 440 MMTPA by 2030 as against 248 MMPTA currently, and to increase gas in the energy mix from 6 percent to 15 percent.

The Government has identified the need to increase the cross-country Gas pipelines to 35,000 km, over the next 3-4 years, from the current length of ~17,000 km under the National Gas Grid project. The Centre has decided to spend ₹ 70,000 crore to enhance the network of gas pipelines under One Nation – One Grid programme. Similarly, it is expected that 800 – 1,000 km of crude and product pipelines will be laid every year. These investments shall offer almost ₹ 5,000 crore of market opportunity for a Company like KEC.

The Company believes that there is a good window of opportunity available to enter the segment given the fall in gas prices and keen interest of the Government to promote green energy, which will see a surge in pipelines being laid across the country. Given the lack of focus and paucity of projects in this sector earlier, several players have exited the market. The sector is now seeing a sharp revival with huge investment plans made by large central and state enterprises.

CABLES BUSINESS

Overview

The Cables business offers a wide range of cables, railway conductors along with turnkey cabling solutions across 80+ countries. The business specialises in manufacturing Power Cables, Control and Instrumentation Cables, Telecom Cables, Railway Contact, Catenary Conductors, Signalling Cables and Cabling solutions for EHV cable installations. The Company boasts of a strong international footprint aided by a rich experience of over 70 years in quality-driven manufacturing and expertise in project execution. The Company has two fully integrated manufacturing facilities at Vadodara and Mysore, both in India.

In alignment with the strategy, the Company's focus on new product development is beginning to bear fruits with the commercialisation of new products for Railway segment, in addition to augmentation of capacities for contact and catenary conductor business during the year. The Company has also developed capabilities for manufacturing of All Dielectric Self-Supporting (ADSS) cables used as advancement to regular OFC cables. Starting this year, it is expected that these new products will offer significant additional potential to the Company. The Company plans to commercialise more products in FY21, for Railways as well as for Exports segments. The addition of Railway quad cables & Railway signalling power cables will complete

▲ *Integrated Cables Manufacturing Plant in Vadodara, Gujarat*

KEC's comprehensive offerings for the Railway segment. The Company expects significant boost in the business through these new products.

The Company continues to build capacities in manufacturing and expanding product portfolio and improving efficiencies. The integrated manufacturing facility at Vadodara continues to yield benefits in terms of improved efficiencies across manufacturing operations, logistics, capacity utilisation, etc.

Product-Wise Outlook & Opportunities

During FY20, the Cables market has largely remained flat owing to growth slowdown in the domestic economy. Decreasing metal LME and optical fibre prices also posed an adverse impact on the market on account of reduced realisations across power and telecom segments. Yet, the Company has performed well in terms of increased order booking during the pre-COVID period. The business has recorded improved margins across product segments such as LT, HT, EHV, and Telecom on the back of innovations in product design and increased efficiency in manufacturing operations.

Exports business remained subdued during the year due to low offtake in key targeted markets. During the year, the business has secured various approvals from key industrial customers as well as utilities, both government and private.

a. Power Cables

The segment has been growing at over 10 percent over the last few years. Post the COVID-19 setback, the Company expect that industries will restart capex cycle in H2 FY21 in anticipation of turnaround in economy as the Government has introduced several measures for impacted sectors. Some sectors such as Railways and Extra High voltage distribution will continue to have growth in demand due to the Government's focus and planned spending. Medium to long-term outlook for power sector continues to be bright as can be gauged from per capita power usage – 1,181 kWh for India as compared with world average of 2,674 kWh and that of China's 4,475 and USA's 12,071. The Company's product portfolio and manufacturing capabilities are well poised to capture this demand.

b. Telecom Cables

The demand for Optic Fibre cables witnessed a pause in FY20 due to the stress in Indian Telecom industry along with the uncertainty caused due to technology transition (4G to 5G). New projects under Bharatnet, which are driven by both Central PSU and States were delayed. Additionally, CATV (cable television) demand in retail segment was largely muted. It is expected that the growth in ARPU (Average revenue per unit) of telecom players, further accentuated by COVID-19 crisis will kickstart the much-needed investments in Fiberisation and 5G-related cabling.

c. Railway Cables and Conductors

The Government plans to electrify the entire Indian Railway network, in addition to commissioning track doubling and tripling. This will lead to increased demand for the new products that the Company has developed during the year. The Company has already received approvals for Catenary and Contact conductors, Signalling Control cables, Railways OFC and PIJF cables and is in advanced stages of approvals for Signalling Power cables as well as Quad cables. With capacity enhancements planned to be completed by H1 FY21, the Company is advantageously placed to address these upcoming opportunities.

d. Cabling Business

Rapid urbanisation, 'Power for All' and the need for enhanced reliability in power supply, especially in severe weather conditions is driving the demand for underground cabling. Several underground cabling projects have been proposed under the Smart Cities Mission to enable reliable power supply and enhance aesthetics. Underground distribution cabling projects are also being envisaged under other state and central government schemes for network improvements such as the Andhra Pradesh Disaster Recovery project, National Cyclone Risk Mitigation Programme, and the North Eastern Region Power System Improvement project.

This trend is expected to increase the demand for EHV cables and turnkey cabling solutions segment. The Company offers unparalleled expertise to manage and deliver these projects.

FINANCIAL PERFORMANCE

Analysis of Profit and Loss statement and Balance Sheet including the key ratios based on consolidated results is mentioned as follows:

PROFIT AND LOSS STATEMENT ANALYSIS

Our Revenue increased by 9 percent Y-o-Y to ₹ 11,965 crore on the back of strong performance demonstrated by Power Transmission & Distribution (T&D) and Railways businesses. The growth could have been higher, but for the disruption caused by the COVID-19 pandemic.

We have grown our EBITDA by 7 percent Y-o-Y to ₹ 1,234 crore with EBITDA margins at 10.3 percent.

Depreciation increased in FY20 to ₹ 147 crore from ₹ 117 crore in FY19 on account of change in lease accounting policy under IND AS 116 "Leases" and growth capex.

A better management of working capital during the year resulted in reduction in interest costs to ₹ 308 crore in FY20 from ₹ 312 crore in FY19. Interest costs to sales ratio reduced to 2.6 percent as against 2.8 percent in FY19.

Net profit increased to ₹ 566 crore as against ₹ 496 crore in FY19, a Y-o-Y growth of 14 percent.

Earnings per Share (EPS) increased to ₹ 22.0 in FY20 from ₹ 19.3 in FY19.

Dividend for the year is 170 percent of face value of equity share (₹ 3.4 per equity share), reflecting an outgo of ₹ 105 crore (including dividend distribution tax).

BALANCE SHEET ANALYSIS

Net Worth increased to ₹ 2,798 crore from ₹ 2,435 crore in FY19. The Company has not raised any Equity Capital during the year, keeping the Equity Share Capital unchanged at ₹ 51.42 crore. Reserves and Surplus increased to ₹ 2,746 crore from ₹ 2,384 crore recorded in FY19.

Book Value per share increased to ₹ 109 from ₹ 95 in FY19.

Gross Borrowings increased to ₹ 2,380 crore from ₹ 1,845 crore in FY19, due to deferment of certain collections from customers as a result of COVID-19 and interim dividend paid in February 2020. These collections were subsequently made in April 2020.

The Company's Net Working Capital days have increased to 119 days from 103 days in FY19.

Return on Capital Employed (before tax) decreased to 23.2 percent in FY20 as compared to 26.6 percent in FY19.

KEY FINANCIAL RATIOS

Key Financial Ratios [1]	2019-20	2018-19	Change (%)
Debtors Turnover	2.2	2.3	-2.60
Inventory Turnover	15.4	17.2	-10.10
Interest Service Coverage Ratio	4	3.8	6.30
Current Ratio	1.1	1.2	-4.50
Debt Equity Ratio	0.1	0.2	-75.40
Operating Profit Margin %	10.30	10.50	-1.30
Net Profit Margin %	4.70	4.50	4.90
Return on Net Worth %	21.60	22.40	-3.40

- Debt Equity Ratio has improved due to increase in Net Worth, reclassification of current portion of Debentures in current maturities and reduction of debt on account of repayment of term loans from banks
- Change in Return on Net Worth is mainly on account of payment of interim dividend in FY20
- There were no other significant changes (25 percent or more) in any of the above key financial ratios

[1] Assessment of key ratios have been derived at as follows:

(Debtors Turnover = Revenue from Operations/Trade Receivables)

(Inventory Turnover = Revenue from Operations/Inventories)

(Interest Service Coverage Ratio = Profit Before Depreciation and Amortisation, Interest and Tax/Interest)

(Current Ratio = Current Assets/Current Liabilities)

(Debt Equity Ratio = Long Term Loans and Debentures/Total Equity including all reserves)

(Operating Profit Margin % = EBITDA/Revenue from Operations)

(Net Profit Margin % = Net Profit after Tax/Revenue from Operations)

(Return on Net Worth % = Net Profit After Tax/Average Net Worth (Total Equity including all reserves))

ADEQUACY OF INTERNAL CONTROL

At KEC, Internal Controls are a key pillar of Corporate Governance. The Company has an internal control mechanism, which is aligned with its evolving needs. It operates through ERP system – SAP and has implemented adequate internal controls, which safeguards the Company's resources and ensures efficiency in operations, effective monitoring systems, and compliance with laws and regulations.

The Internal Control system is commensurate with the nature, size, and complexity of the business, both at entity and process levels. The system assures integrated, objective and reliable financial information. The Internal Audit department conducts audits at its various locations and covers all the major functions, with a focus on various operational areas and internal control systems. The department has been set up as a multi-disciplinary unit that delivers assurance across all areas of risk including strategic, commercial, safety, operational, compliance, control, and financial risks across all the Company's businesses. Suggestions, recommendations and implementation are placed before the Management and the Audit Committee of the Board of Directors periodically. The Audit Committee periodically reviews the adequacy of the internal control systems and provides direction and guidance, including external benchmarking of best practices for further action, if any.

During FY 2019-20, the findings of the Internal Control system were shared with the Audit Committee by way of presentations from time to time. The Audit Committee was satisfied with the adequacy of the Internal Control systems and procedures of the Company in respect to monitoring these systems.

Employees are guided by the 'Code of Conduct', which reflects and reinforces the unique corporate culture and values prescribed by KEC and RPG Group. Whistleblower mechanism, an important element of the internal control system, encourages both employees and the Management to report genuine concerns, misconduct or fraud without any fear of unfair treatment or punishment.

ENTERPRISE RISK MANAGEMENT AND INTERNAL AUDITS BY EXTERNAL SPECIALISTS

The Company engages external specialists for audits and reviews of various critical functions, such as Enterprise Risk Management (ERM), Information Technology (IT), and internal audit of certain manufacturing facilities and project sites. ERM review includes identification and assessment of risks across the Company, review of mitigation plans, and presentation of risk profile to the Audit Committee and the Board of Directors.

RISK MANAGEMENT

The Company works predominantly in the Engineering Procurement and Construction (EPC) business and has developed robust risk management processes. With widespread operations across 30+ countries, the Company faces various risks associated with turnkey projects, whose long-term success largely depends on the existence of a robust risk identification and management system that helps identify and mitigate various risks.

KEC's robust risk management framework works at various levels across the Company and reviews its systems periodically to ensure they are in line with current internal and external environments.

Some of the enterprise-level risks identified by the Company and the mitigation measures being implemented are:

1. **Environment, Health and Safety (EHS):** The Company is primarily involved in construction and manufacturing, there is a high-risk of its employees and workers being adversely impacted by unsafe conditions and practices.

   Mitigation: The safety of its employees and all its stakeholders is foremost to the Company and forms an essential part of its DNA. EHS is included in the Key Responsibilities of the main stakeholders of each project and region. While sub-contarctors are provided training and made to sign the EHS Code of Conduct before beginning a project. Additionally, a detailed Standard Operating Procedure (SOP) is documented for each activity and Hazard Identification and Risk Assessment (HIRA) is also completed. Each site is manned by a supervisor, who monitors the work done as per the SOP, along with a Safety Officer deployed at each site. Additionally, the Company's Corporate Safety Audit team conducts regular audits, which are reviewed in the EHS Steering Committee meeting on a monthly basis and actions are taken accordingly.

2. **Execution challenges:** The Company faces execution challenges such as geological surprises, land acquisition and Right of Way (RoW) issues, pending approvals and clearances from Government agencies, working in difficult weather conditions, manpower issues, etc.

   Mitigation: The Company closely monitors the risks for each project and deploys suitable strategies to effect timely mitigation.

3. **Commodity price variations and currency fluctuations:** The Company deals with various commodities, such as steel, zinc, copper, and aluminium. Fixed price contracts can have a negative impact on the Company's profits if input costs rise without proper hedging mechanisms. Additionally, with operations in several countries, adverse movement in any particular currency can negatively impact financials.

   Mitigation: The Company believes in keeping its commodity and currency exposures hedged to optimum levels and measures and manages these risks centrally. It carries out periodic reviews of these risks at appropriate levels.

4. **Geopolitical risks:** Unexpected political unrest or change in some of the developed/ developing countries, trade barriers, increasing conflict in the Middle East are some of the risks that the Company faces.

   Mitigation: The Company monitors such risks and develops suitable mitigation strategies addressing the feasibility of operating in the country, strategic sourcing options, and regularly monitoring international sanctions and funding to cover its exposure in the local markets.

5. **Demand risk:** Infrastructure investment slowdown can lead to lower order intake and lower sales.

   Mitigation: The Company's robust global presence helps it minimise the impact on business during a slowdown in investment in a country or region. It has a significant presence in several underdeveloped and emerging economies, where infrastructure investment remains a key priority for sustainable growth. Further, the Company has diversified its business portfolio to include Substations, Railways, Civil, Solar, Urban Infrastructure, Oil & Gas Pipelines, Smart Infrastructure, and Cables, all of which provide ample growth opportunities in the future.

6. **Succession Planning risk:** Risk of inadequate succession planning for key personnel posing challenges to long-term sustainability and growth.

   Mitigation: Top talent and critical positions are identified annually in the organisational management review. The leadership pipeline has been strengthened and proper processes are implemented for hiring and retaining the best talent. Additionally, the Company periodically reviews the succession plan for its senior management team to ensure continuity in leadership.

HUMAN RESOURCES

The ability to attract, motivate and retain talent is critical to KEC's continued success. The People Practices in the Company have significantly evolved over the last few years and the Company has effectively strengthened its position as a contemporary, open and safe place to work. Progressive policies, continual investment in upgrading employee skills and empowering individuals to realise their potential have made KEC's HR processes and outcomes an industry benchmark.

The Company has launched and revamped several employee-friendly policies to effectively address the areas of improvement that emanated from the Great Place to Work 2019 engagement survey. Some of its revamped polices include reward and recognition initiatives such as gift vouchers to celebrate the personal milestones of an employee, like marriage and childbirth, leave policies that ensure a healthy work-life balance, especially for nursing mothers, new recruits, employees with ailments, etc. The results of the latest annual engagement survey launched by the Company in collaboration with Great Place to Work® reinforce the Company's belief that its employee associate the brand with pride, empowerment, fair opportunities, competence in leadership, and opportunities for training & development. Owing to the endorsement by its diverse employees, the Company has been recognised as one of India's Best Workplaces in Construction and Infrastructure by the Great Place to Work® organisation.

KEC continues to work towards fostering a self-development culture throughout the organisation. The Company launched its 4th edition of the Digital Learning Championship, an intra-business competition for eLearning. The gamified championship not only enhanced employee experience, but also yielded significant impact with the annual eLearning adoption. The Company focusses on building employee capabilities in technical, behavioural, and functional aspects. From programmes on various technologies such as Substation, Signalling & Telecommunication to building People Management, and enhancing capabilities in Sales, along with regular learning interventions, the learning engagement duration in the year increased by over 1.5x from the previous year.

The Company continues to advance in its digital agenda. It continued to further develop its 24x7 HR digital chatbot, Electra, launched in 2018 to solve employee queries. The chatbot has now been integrated with other HR tools such as Leave Management, Appreciation, and Grievance Management. In the next phase, the Company plans to integrate Digital Onboarding with the chatbot to enhance joining experience of new recruits.

KEC's talent acquisition strategy is to hire the right competencies required by the business at the right time, a judicious mix of lateral hires and trainees. The Company continues to remain the preferred employer at leading engineering and B-School campuses across India. The Company's flagship Engineering Leadership Program entered its 5th year, as it onboarded 200+ graduate and post graduate engineering trainees from IITs, NITs and NICMARs across India. KEC continues to strengthen its Group Management Resource program, which hires B-school graduates from India's premier institutes and Armed Forces Program, aimed at strengthening its leadership capabilities. During FY20, the Company also launched a new Commercial Leadership Program to hire commerce graduates from campuses across India.

The Company recognises and embraces the importance of a diverse workforce as a stepping-stone to success. KEC firmly believes that a truly diverse workforce will leverage difference in thoughts, perspective, competence, experience, cultural and geographical backgrounds, age, race, gender and ethnicity, and will help retain its competitive advantage. Some of the prominent initiatives that the Company has been taking to promote diversity, especially in gender include deputing a larger percentage of female employees at international locations, ensuring good female representation in its Future Leaders Board, which develops and grooms future leaders within the Company, and constant sensitisation and awareness training programmes for its large workforce.

Employee Count as on March 31, 2020: KEC has 9,328 employees (including subsidiaries)

CAUTIONARY STATEMENT

Statements in this report describing the Company's objectives, expectations, predictions and assumptions may be 'forward-looking' within the meaning of applicable Securities Laws and Regulations. Actual results may differ materially from those expressed herein. Important factors that could influence the Company's operations include global and domestic economic conditions affecting demand, supply, price conditions, natural calamities, change in Government's regulations, tax regimes, other statutes and factors such as litigation and industrial relations.

BUSINESS RESPONSIBILITY REPORT

[Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

As a responsible Corporate citizen, the Company views itself as an important component of the society. It considers itself accountable to all its stakeholders, including investors, shareholders, employees, customers and vendors. It believes in adoption and implementation of responsible business practices in the interests of the society and environment. The Company has always taken keen interest in creating sustainable value for all its stakeholders in a responsible manner. Besides, the organisation has been actively enabling the communities (where it operates) in enhancing the quality of life.

This Business Responsibility Report ("BRR") is aligned to the National Voluntary Guidelines ("NVGs") on social, environmental and economic responsibilities of business, released by the Ministry of Corporate Affairs, Government of India which contains 9 principles and Core elements for each of those 9 principles. It is also in accordance with the Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations"), as amended from time to time. The report provides information on the Company's initiatives from an environmental, social and governance perspective, in the format given under the SEBI Listing Regulations.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identification Number (CIN) of the Company:** L45200MH2005PLC152061
2. **Name of the Company:** KEC International Limited
3. **Registered address:** RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai – 400 030
4. **Website:** www.kecrpg.com
5. **E-mail id:** investorpoint@kecrpg.com
6. **Financial Year reported:** April 01, 2019 to March 31, 2020
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

Group	Class	Sub-Class	Industrial Activity
422	4220	42202	Construction or erection and maintenance of power and transmission lines
421	4210	42102	Construction of railways
273	2732	27320	Manufacture of electric wires and cables
251	2511	25112	Manufacture of metal frameworks or skeletons for construction and parts thereof (power transmission and telecom towers, among others)
429	4290	42901 42909	Construction of industrial facilities and other civil engineering projects

8. **List three key products/ services that the Company manufactures/ provides (as in balance sheet)**
   - Engineering, Procurement & Construction (EPC) services with complete turnkey solutions for Power Transmission and Distribution (T&D) projects in 70+ countries.
   - EPC services for Railways including overhead electrification, track laying, doubling & tripling of tracks, signaling & telecommunication, and civil works relating to Metro rail, bridges, platforms and stations.
   - Manufacturing of Cables; power, telecom, control & instrumentation, railway signalling, and solar.
9. **Total number of locations where business activity is undertaken by the Company**

a) International Locations	Project sites at thirty-one locations across the world
b) National Locations	Five manufacturing facilities at Jaipur, Jabalpur, Butibori, Mysore, Vadodara, Registered Office in Mumbai, Project sites and regional offices at various locations across India

10. **Markets served by the Company (Local / State/ National/International) –** All

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital:** ₹ 51.42 Crore
2. **Total Turnover:** ₹ 10,470.62 Crore (Standalone)
3. **Total profit after taxes:** ₹ 545.73 Crore
4. **Total spending on Corporate Social Responsibility ("CSR") as a percentage of profit after tax (%):**

   The Company has contributed ₹ 8.37 Crore, being 2 percent of the average net profit (calculated in terms of Section 198 and other provisions of the Companies Act, 2013) in the preceding three financial years to RPG Foundation, the Implementing Agency for its CSR activities. The details of such CSR activities for FY 2019-20 are given in *Annexure 'D'* to the Directors Report.
5. **List of activities in which expenditure in 4 above has been incurred:**

   The Company has established the following CSR Projects in line with its CSR Policy:
   - Netranjali – Vision-eye care
   - Pehlay Akshar – Education & Training
   - Community Development – Entrepreneurship Development, Skill Development, Water & Sanitation and Healthcare
   - Sanjeevani and Swayam – Women Empowerment
   - RPG Heritage - Heritage Conservation, Promotion of Art & Culture

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

The Company has seventeen subsidiaries (including step down subsidiaries) in India and abroad as on March 31, 2020.

2. Does the Subsidiary Company/ Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

The Company, along with all its subsidiaries, is guided by RPG Code of Corporate Governance & Ethics ("RPG Code") to conduct their business in an ethical, transparent and accountable manner. The Company encourages its subsidiaries to carry out Business Responsibility ("BR") initiatives. The BR policies of foreign subsidiaries are in line with their respective local requirements and laws.

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 percent, 30-60 percent, More than 60 percent]

Other entities such as suppliers, clients and others with whom the Company does its business, do not participate in BR initiatives of the Company.

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

1. Details of Director/ Directors responsible for BR

a) Details of the Director/ Directors responsible for implementation of the BR policy/ policies:

Mr. Vimal Kejriwal, Managing Director & CEO, DIN - 00026981

b) Details of the BR head:

Mr. Vimal Kejriwal, Managing Director & CEO
DIN – 00026981
Tel No.: 022-66670200
Email id: brr@kecrpg.com

2. Principle-wise (as per NVGs) BR Policy/ Policies

a) Details of compliance (Reply in Y/ N)

Sr. No.	Questions	Principle Numbers								
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/ policies for these principles?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Yes, the policies conform to the principles of NVGs, the Companies Act, 2013 and International Standards of ISO 9001, ISO 14001, ISO 45001 as applicable to the respective polices.								
4.	Has the policy been approved by the Board? If yes, has it been signed by the MD/owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	All the policies except HR policies can be viewed at https://www.kecrpg.com/policies. HR policies are restricted to employees of the Company and uploaded on Company's Intranet.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	Principle Numbers								
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The Company has not understood the Principles	Not Applicable								
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 6 months									
5	It is planned to be done within the next one year									
6	Any other reason (please specify)									

3. Governance related to BR

a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, three to six months, Annually, More than 1 year.**

The Management Committee meets to review the BR performance of the Company on need basis. The CSR Committee of the Board generally meets atleast twice 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?**

BR Report of the Company forms part of Annual Report and the same can be accessed on the website of the Company i.e. https://www.kecrpg.com/agm

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - (Businesses should conduct and govern themselves with Ethics, Transparency and Accountability)

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

The RPG Code has been adopted by the Company which *inter alia* covers the issues, related to ethics, conflict of interest and so on. Besides, the RPG Code ensures that every transaction is transparent. Every employee of the Company and its subsidiaries are required to mandatorily adhere to the RPG Code. In the case of foreign subsidiaries and Joint Venture, the RPG Code is applicable in line with the local requirements prevailing in the respective countries of operations. It does not extend to suppliers/ contractors/ NGOs/ others.

2. **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.**

During the financial year 2019-20, the Company has received fifteen complaints from investors and four complaints from suppliers. These complaints were resolved to the satisfaction of the Stakeholders. Investors' grievances are reviewed by Stakeholders' Relationship Committee periodically. The Company has also in place a Whistle Blower Mechanism, which enables Directors and employees to voice their concerns or observations without fear. It allows reporting of instance of any unethical or unacceptable business practice or event of misconduct/ unethical behaviour, actual or suspected fraud and violation of RPG Code, among others. Instances can be directly reported to the Corporate Governance and Ethics Committee. The policy provides adequate safeguards against victimisation of persons who use such mechanism.

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.**

The Company's green product and services portfolio consists of efficient power transmission & distribution systems, metro rail projects, electrification of India's vast railway network, solar-PV-based power plants, water treatment & distribution infrastructure, among others. Across its various businesses, the Company endeavours to provide products and services that are focused on minimising environmental impact such as reduced water consumption and material consumption, and reduced waste generation, along with being sustainable throughout their life cycle.

The Company leverages leading-edge design technology to optimise the weight and size of transmission towers manufactured at its plants. It has developed a steel optimization software to aid in reduction of wastage and reduce the end-cut margin on CNC machines. The Company's design and project planning teams ensure no adverse impact is caused to the environment. Designs are optimised to cause minimum deforestation and reduce impact on standing crops. In fact, modern technological tools such as drones are adopted to string power conductors in hilly regions to avoid felling of trees.

Enhanced project management and execution capabilities also enable the Company to consistently deliver projects ahead of time, to cope with increasing demands in infrastructure development, in India and other developing countries, thus benefiting societies at large.

The global thrust on renewable energy continues to gain momentum, with countries increasing their infrastructure spend on renewable energy in order to achieve sustainable and responsible development. Over the past few years, the Company has significantly built its capabilities in both domestic and international markets and has cumulatively commissioned over 486 MWp of Solar projects, including 65 MWp on single axis tracking in India. Additionally, the Company has installed solar rooftops at its various offices, project sites and manufacturing plants to maximize the usage of clean and green energy.

The Company's Smart Infra business provides modern, intelligent and sustainable solutions using innovative technology in the areas of Smart Cities, Smart Communications, Smart Grid and Smart Mobility. The Company has the capabilities to execute and deploy Environment Sensors, Integrated Command Control Centres, Advanced Metering Infrastructure including Smart Meters, Intelligent Traffic Management Systems, Solid Waste Management solutions, all of which encourage efficient use of resources and helps contribute towards the sustainable development of the nation.

Aided by superior talent, processes and technology, the Company continues to set new benchmarks in the industry, across design, execution, quality, and safety. It has established credibility in delivering products and services with minimum carbon footprint, while also ensuring that the society at large ensues maximum benefits without causing negative impact on the environment. As a recognition of its efforts towards contributing to Environmental, Health, Safety and Quality through sustained practices, the Company has received the IMS certification ISO 9001, ISO 14001, ISO 45001 for businesses (products and services).

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   a) **Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?**

   The Company adopts Innovations, Digitalization & Manufacturing Excellence to create a sustainable value chain across the business model. It has successfully driven the projects to generate the economic value which is derived from optimize use of our natural resources, process innovation lead by its skilled employees and practicing Lean manufacturing.

   Cross Functional teams are attaining the new milestone year on year resulting into reduction on environmental impact, saving of natural resources & making the Company stand as outperformer. Steel is a 100 percent recyclable material and can be used repeatedly to create new steel products, without losing the inherent properties of steel which helps reduce the use of natural resources as well as leads to low CO_2 emissions. Similarly the Company identifies significant business KPIs as improvement in Yield (Zinc, PVC, XLPE, Steel, Cu & Al) by optimizing the usage and reduction in wastages, reduction in reprocessing & rework, Energy (Power & Fuel) & water conservation, reduction in consumables, develop Environment friendly packaging material, and so on across all its manufacturing units.

   Encouraging results have been achieved on continual basis:

   - Reduced the index Steel wastage by more than 2.58 percent of LFY;
   - Reduced the Fossil Fuel consumption per MT of production by 2.51 percent from LFY;
   - Sustain the Gross zinc consumption index with variation below 0.02 percent;
   - Recycling the generated Zinc Oxide (Ash) to recover the zinc and reduce the hazardous wastages;
   - Development of In-House PLC system to control the zinc coating on product;
   - Enhance reuse of recyclable material e.g. use of flexi packing material like Poly Propylene bags instead of wood-based packaging

   Environment sustainability has been ensured by adopting the new technology, using recycling process to conserve the water across all its towers and cables manufacturing plants

   - **Water effluent discharge:** Striving towards future readiness by investing & adopting new technology in Effluent Treatment plants & sewage treatment plants and creating rainwater harvesting structures. All the manufacturing plants are ZERO DISCHARGE plants having wastewater treatment facilities with advanced technology.
   - **Water Consumption & Harvesting:** Galvanized steel structure and Cables manufacturing plants use the water for pretreatment process, quenching & cooling. Complete water mapping is being carried out to identify the process of high consumption to drive the water conservation initiatives. The Company is investing in new technology absorption, developing innovative products and conservation of natural resources. Designed cables with minimum copper tape thickness, Cooling tower in place of evaporation pond, closed loop pre-flux regeneration plant, Acid recovery plant, elimination of boiler by using flue gas heat in drying oven and awareness campaign on importance of water conservation.

The Company has also created rainwater harvesting structures inside the plants as well as beyond the fence as part of it's community initiatives. Manufacturing plants having sixteen rainwater harvesting points where approximate increase in water level by 7-9 feet has been observed at all locations. The Company's unit at Vadodara is IGBC certified green building which ensures conservation of all-natural resources.

- **Other initiatives undertaken:**

i. Optimizing the design of cables and enhance process efficiency to minimize overconsumption of material that was essentially a waste;

ii. Enhance reuse of recyclable material. e.g. use of flexi packing material instead of wood-based packaging.

b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The Company takes the significant steps for reducing energy usage and minimizing our environmental footprint across the value chain. Product(s) Innovation is the key enabler to provide the energy efficient & environment sustainable products to the customers.

The Company continues to consistently focus on product(s), which provide energy efficiency at the customer end. It, thus, designs innovative products. For example, it has developed conductors used in cable manufacturing with minimal resistance. These provide substantial benefits to consumers.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company takes care of Sustainable sourcing through effective Supplier evaluation on quality, financial, reliability grounds before awarding business. Methodology of awarding involves equitable RFQ management and contracting which encourages higher participation and trust between the Company and supplier. The Company believes in long term partnership with major suppliers rather than one time business focus.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company consistently endeavors to develop vendors near its worksites unless under exceptional circumstances. It's tower manufacturing facilities have introduced small fabricator vendors to work inside the plant premises, which enables the Company to receive quality products on time. Besides, it has helped the Company to effectively control steel wastage, processes and product quality. Moreover, the vendors are also made a part of the TPM journey along with the Company's assets. This strategy has directly supported the Company to reduce cost and has paved the way for a flexible manufacturing system.

5. 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 percent, 5-10 percent, >10 percent)? Also, provide details thereof, in about 50 words or so.

Reduce, Reuse and Recycle is the way to drive optimal resource efficiently. The Company has a "Focus" strategy for continual reduction of natural resources usage, recycling the waste and ensure embedding sustainability across the value chain.

The Metal scrap (Steel, Copper, Aluminium) from the manufacturing plants are sold to authorize foundries to recycle the waste to use again as raw material. The other polymer waste, the Company reprocesses the material for further use as substitute filler material.

The Company also invested to develop the technology to recover the zinc from the hazardous waste as Zinc Oxide resulting into improving the yield of Zinc & also reduce the quantity of hazardous waste.

Further it has developed innovative packaging solutions as recyclable packing material for reduction of Wooden packaging. Recyclable Polypropylene bags are being used in place of Wooden Boxes 100 percent in domestic supplies and recently started for Export supplies.

The Company is also replacing wooden drums by returnable and recyclable steel drums. Also, wooden battens have been replaced by recyclable PE flexi sheets to great extent.

The Company recycles 100 percent of the water used either as a process or rainwater harvesting and does not discharge any water outside.

Principle 3 – (Businesses should promote the well-being of all employees)

1. Please indicate the total number of employees:

The Company has 5,713 permanent employees (excluding subsidiaries) as on March 31, 2020.

2. Please indicate the total number of employees hired on a temporary/contractual/casual basis:

The Company has a total of more than 27,000 employees hired on temporary/contractual/casual basis as on March 31, 2020.

3. **Please indicate the number of permanent women employees:**

   The Company has 226 permanent women employees as on March 31, 2020.

4. **Please indicate the number of permanent employees with disabilities:**

   The Company has 31 permanent employees in the above category as on March 31, 2020.

5. **Do you have an employee association that is recognised by management?**

   Yes, there are employee associations, which are recognised by the management.

6. **What percentage of your permanent employees is members of these recognised employee association?**

   ~10 percent.

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.**

Sr. No.	Category	Number of complaints filed during the financial year	Number of complaints pending as on 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 training and skill updation training in the last year?**

Type of Employees	Skill upgradation training	Safety training
Permanent Employees	81%	99%
Permanent Women Employees	86%	100%
Casual/Temporary/ Contractual Employees	*100%	100%
Employees with Disabilities	45%	100%

**On-the-job training is given to all the casual/temporary/ contractual employees.*

Principle 4 – (Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised)

1. **Has the Company mapped its internal and external stakeholders? Yes/ No**

   Yes, the Company has mapped its internal and external stakeholders. It recognises employees, clients, customers, suppliers, contractors, shareholders, bankers, various government authorities, among others, as its key internal and external stakeholders. As a continuous process, the Company regularly reviews its internal and external stakeholders.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?**

   Yes, the Company has identified the underprivileged communities in and around its plants, business locations and project sites. The Company conducts various activities, which upholds its philosophy and values towards underprivileged communities and serving the wider interests of society. This helps in social and economic development of the communities.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.**

   The Company has undertaken special initiatives for the development of underprivileged communities in and around its plants, business locations and project sites. These initiatives are in the areas of preventive healthcare, education, drinking water, sanitation, employability, skill development, health care skilling and digital literacy.

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?**

   Human rights are given utmost respect and promoted in the Company. These rights are covered in the RPG Code and various human resource practices and policies. Equal opportunity is given to all the employees of the Company based on merits. The Company treats its employees with dignity, apart from maintaining a congenial work environment free from all sorts of harassment (physical, verbal or psychological). The Code covers the Company and all its subsidiaries.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

   The Company has not received any complaint of human rights violation.

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.**

   The Environment Health and Safety ("EHS") policy covers the Company, its subsidiaries and contractors.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/ N. If yes, please give hyperlink for webpage etc.**

   The Company has always been committed to sustainable growth, which includes it's responsibility towards its customers as well as towards the environment. It works towards optimizing the use of natural resources and reducing the impact on the environment. The Company's EHS policy is embedded with the objectives of reduction in environmental degradations and promotion of 3Rs (Reduce, Reuse and Recycle) to help combat the perils of climate change. The Company ensures the use of technology for protection of environment through focus on carbon emission, water, air pollution, waste management, use of renewable and clean energy. The Environment goals are cascaded from Top to bottom as a part of the employees KRA / PMS.

   The Company's Plant at Jaipur & Jabalpur has started to use cleaner fuel to reduce the Carbon Emission & also conservation of Fuel. CBFS / VXA Fuel is replaced with C9 fuel having High Calorific value and cleaner fuel resulting into low consumption & Low Carbon Emission. Capital investment was done on Auxiliary Galvanizing Bath at Jaipur plant to restore it with LPG Fired Burner /Furnace resulting into Low Carbon Emission & Low Consumption.

   Focus initiatives have been taken on harnessing clean and renewable energy and adopting waste heat recovery technology. Energy Audits by third party is conducted to funnel down the actionable areas for conservation of energy & scope for generation of renewable energy. The Company's plant at Mysore has utilized green power (solar) 80 percent of its annual power consumption to reduce the carbon foot print.

   The details of the initiatives undertaken are provided in 'Conservation of Energy and Technology Absorption' in the *Annexure 'F'* to the Directors' Report.

3. **Does the Company identify and assess potential environmental risks? Y/ N**

   The Company strives for excellence in environmental performance and resource efficiency to mitigate our ecological footprint and continues to invest in upgrading existing technologies to minimize its potential environmental risks.

   The Company closely monitors air quality, effluent discharge and other environmental parameters to ensure compliance with all existing regulations. There are periodic environment audits and checks to sustain the same.

   An integrated Health, Safety & Environment risk management system was rolled out across the organization to identify hazards and assess and mitigate risks. There are policies and processes in place for reducing energy usage and minimizing the environmental footprint across the value chain. The Company has set stringent targets for energy intensity, greenhouse gas emission, and water conservation. The efforts also focus on reducing waste, enabling a sustainable supply chain and understanding the impact of our products on the environment through lifecycle assessments.

   The Company's plant at Butibori has successfully installed the Acid Recovery Plant to precipitate the $FeCl_2$ from spent acid.

   The Jabalpur plant has also developed an in-house mechanism for Zinc recovery from Zinc Ash resulting into reduction in Zinc Ash disposal to authorized recycler.

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?**

   The Company adheres to all rules, regulations, standards framed by Central Pollution Control Board ("CPCB") and State Pollution Control Board ("SPCB") of respective states where the Company's plants are situated. Compliances of these rules, regulations and standards are being checked by internal auditors. Moreover, independent assessors review these wherever needed. Periodical compliance reports, as applicable, are submitted to CPCB and SPCB. This year the Company's Jaipur plant received their "Consent to Operate" with expansion capacity whereas Butibori plant also received the state pollution approval for increased capacity.

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.**

   The Company focusses on energy efficiency through process optimization initiatives such as waste heat recovery systems and by-product flue gas utilization, installation of renewable power plants at its factory locations. The Company has worked on three themes viz., Energy Conservation (Technology Adoption, Technology Upgradation & Process Modification), Energy Management (Process Monitoring & Pricing/Fuel Selection) and Energy Generation (Solar Plant).

   During the year, the Company continued to receive appreciation from its clients and the industry for its exemplary EHS (Environment, Health and Safety) practices. It's International T&D business received the Best Performance in HSE Campaign 2019 from Oman Electricity Transmission Company (OETC) and Civil business received the HSE Excellence and Sustainability Leadership Award at OHSSAI Annual Awards 2019. The Company's Jaipur Plant won the GOLD Award in September 2019 under SEEM National Energy Management Awards 2019 for the sustainable energy & environment conservation initiatives. All of the Company's Transmission Tower Plants are adjudged for "Corporate GOLD Award" in Indian Manufacturing Excellence Award 2019 governed by FICCI & Frost & Sullivan. The manufacturing plants are evaluated on 12 vertices including Sustainability & EHS performance.

The Company has signed a bilateral agreement for the purchase of green energy (for about 48 lakh units per annum). It has undertaken various initiatives to reduce the consumption of fossil fuels. It has deployed smart drip irrigation systems (microprocessor based central shut-off valve monitors) for garden maintenance, low-flow faucets and flush systems, among others. These result in controlled water usage and diminished water consumption. Factory premises display awareness messages across boards, posters and signage on energy saving, water conservation, best EHS practices and so on. These are put up at all prominent locations to ensure the message reaches employees.

6. **Are the emissions/ waste generated by the Company within permissible limits given by CPCB/ SPCB for the financial year being reported?**

   The emission levels were within the permissible limits given by CPCB and respective SPCB for the financial year ended on March 31, 2020.

7. **Number of show cause/ legal notices received from CPCB/ SPCB which are pending (not resolved to satisfaction) as on end of Financial Year.**

   The Company has not received any show cause/ legal notices either from CPCB or SPCB which is pending as on March 31, 2020.

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.**

   The Company is a member of the following major Trade/ Chamber or Association:

   1. Indian Electrical and Electronics Manufacturing Association (IEEMA)
   2. CII Transmission Line Division
   3. CII Western and Northern India Region
   4. Engineering Export Promotion Council (EEPC)
   5. Project Exports Promotion Council
   6. Bombay Chamber of Commerce & Industry
   7. Central Board of Irrigation & Power

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)**

   The matters concerning taxation and other economic policies affecting the industry as a whole are advocated by the Company through above associations.

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.**

   In pursuit of its Corporate Social Responsibility (CSR) Policy, the Company has identified various programmes and initiatives. Brief details of these programmes are as under:

   A. **Netranjali (Vision-Eye Care**) – The Company takes this special initiative to work towards the cause of preventing avoidable blindness through early stage interventions. In the last financial year the focus was on bus drivers specifically besides others to enhance their safe working conditions and prolong employability. Under this project, various eye check-up camps and awareness sessions were conducted as well as free spectacles were distributed.

   B. **Pehlay Akshar (Schooling Education)** – This project is undertaken for students in government schools to positively impact education with a special focus on practical English speaking and reading skills. By improving their English language skills, it helps enhance their employability, thereby giving these children an equal opportunity for making their lives brighter.

   C. **Pehlay Akshar (Training Education)** – In this program, work is undertaken with teachers in Government schools through workshops and weekly sessions to train them on creating a 'Magic Classroom' - a place where children feel safe, appreciated, motivated and are engaged to continue learning.

   D. **Community Development (Community Development and Employability)** – This is an integrated community project, which focuses on improving the quality of life and enhancing livelihoods. It is focused on access to clean drinking water, sanitation, overall health and providing relevant skills for employment.

   There are various skill development courses undertaken among the youth for the Community Development.

   E. **Women Empowerment (Healthcare Skilling and Drivers training for employment)** – This program focuses on providing skills and employment opportunities to women, helping them progress on the path to financial independence. Healthcare and driving skill training are imparted, and employment linkages are also provided. This enables women from marginalized communities to be financially independent.

   F. **RPG Heritage** – This program is undertaken to promote conservation of heritage monuments, revive heritage sites and promote art and culture.

2. **Are the programmes/ projects undertaken through inhouse team/ own foundation/ external NGO/ government structures/ any other organisation?**

   All the programmes of the Company are undertaken through RPG Foundation.

3. **Have you done any impact assessment of your initiative?**

   The Company undertakes impact assessment on a continuous basis and monitors gains to the community arising out of all its CSR activities.

4. **What is your Company's direct contribution to community development projects? Amount in INR and the details of the projects undertaken.**

   The Company has contributed ₹ 8.37 Crore to RPG Foundation, the Implementing Agency for its CSR activities. The details of such CSR activities for FY 2019-20 are given in *Annexure 'D'* to the Directors Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   The Company has taken adequate steps to ensure that the development initiatives are successfully adopted by the community. Data provided in *Annexure 'D'* (CSR Section) of Directors' Report endorses successful adoption of initiatives by the community

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?**

   Out of total 90 complaints received during the year, 11 complaints (12.22 percent) were pending as on March 31, 2020, due to outbreak of COVID-19.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A./ Remarks (additional information).**

   The Company displays customer specified information viz., customer name, project name for which the product is being supplied as per contractual agreement.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   In the last five years, no such case has been filed against the Company on the above referred matters.

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   The Company has carried out consumer survey/ consumer satisfaction surveys in FY 2019-20. It also regularly receives certificates/ awards from its customers, recognising its products and services.

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's Corporate Governance philosophy encompasses not only regulatory and legal requirements in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as amended, but also several inherent core values at a superior level of business ethics, effective supervision and enhancement of shareholders' value. These core values are central to the business philosophy of the Company and act as the guiding inspiration for the day-to-day business operations. The Company strives to be a customer-first, quality-obsessed, socially- sensitive Corporate entity.

The Company believes that timely disclosures, transparent accounting policies and a strong and independent Board go a long way in protecting the shareholders' interest while maximizing long term corporate values.

The Company is in compliance with the requirements stipulated under provisions of SEBI Listing Regulations as applicable, with regards to Corporate Governance.

II. BOARD OF DIRECTORS

The Board of Directors is entrusted with the ultimate superintendence, control and responsibility of the affairs of the Company.

Composition of the Board of Directors

The Company has an optimum combination of Executive and Non-Executive Directors, including an Independent Woman Director in line with the relevant provisions of the Companies Act, 2013 ("the Act") and the SEBI Listing Regulations. The Board of Directors comprises of personalities with adequate experience, qualifications, knowledge and diversified expertise relevant to the diversified business operations of the Company. The Company's Managing Director and CEO is the only Executive Director on the Board.

As on March 31, 2020, the Board of the Company comprised of ten Directors, with eight Independent Directors, one Non-Executive Director and one Managing Director & Chief Executive Officer (CEO). The Chairman is a Non-Executive Director. The composition of the Board is reviewed from time to time for ensuring that it remains aligned with statutory as well as business requirements. The Company also has a succession plan in place for the Board, Key Managerial Personnel and Senior Management of the Company. The Directors are appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the provisions of the law. The Independent Directors are appointed for a fixed term not exceeding five years.

All the Independent Directors of the Company have confirmed that they meet with the criteria of independence laid down under the Act and the SEBI Listing Regulations. Further in terms of the Regulation 25(8), they have confirmed that they are not aware of any circumstances or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. The Independent Directors have confirmed that they have registered their names in the data bank maintained with the Indian Institute of Corporate Affairs ('IICA'). All such confirmations of Independent Directors are placed before the Board. Based on such confirmations, in the opinion of the Board, all Independent Directors of the Company fulfill the conditions specified under the Act and SEBI Listing Regulations and are independent of the management of the Company. The Independent Directors on the Board are senior, highly competent individuals having vast experience in their respective fields. This brings an ideal blend of professionalism, knowledge and experience to the table.

Pursuant to Section 164(2) of the Act, all the Directors have also provided annual declarations that they have not been disqualified to act as Directors. The number of Directorship(s), Committee Membership(s) / Chairmanship(s) of all Directors is within respective limits prescribed under the Act and SEBI Listing Regulations as amended from time to time.

M/s. Parikh Parekh & Associates, Practicing Company Secretaries has issued a certificate as required under the SEBI Listing Regulations, confirming that none of the Directors on the Board of the Company are debarred or disqualified from being appointed or continuing as directors of the Company by the SEBI/Ministry of Corporate Affairs or any such statutory authority. The same was placed before the Board at its meeting held on May 29, 2020 and also forms part of this Annual Report. None of the Directors have any inter-se relationship among themselves in terms of the definition of 'relative' given under the Act.

Board Meetings

The Board meets at least four times in a year in accordance with the applicable laws. Additional meetings are held as and when required. The Company plans and schedules the meetings of the Board and its Committee(s) well in advance. Agenda and detailed notes on agenda are circulated to the Directors in advance along with detailed supporting documents.

As a green initiative, the Agenda of the Board and Committee meetings are circulated to the Directors through a secured cloud based software and accessible by all Directors through their individual login credential on

IPads, Laptop etc. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meetings. Where it is not feasible to attach any document to the agenda, being an Unpublished Price Sensitive Information, the same is placed before the meeting with the general consent of the Directors obtained at the beginning of the financial year. In special and exceptional circumstances, additional item(s) on the agenda is/are taken up with due permission.

The members of the Board have access to all the information of the Company and are free to recommend inclusion of any matter in the agenda for discussion. It is ensured that the relevant information prescribed to be provided under the SEBI Listing Regulations along with such other information, as may be deemed necessary for effective decision making, is presented to the Board.

The meetings of the Board are generally held at the Company's registered office at Mumbai. The facility to participate in the meeting through video conferencing or other audio-visual means is made available to the Directors to enable them to join the meeting from other locations as well, except in respect of such items of business which are prohibited / restricted by law. The Company adheres to the Secretarial Standards as prescribed by the Institute of Company Secretaries of India.

The Board met four times during the financial year 2019 - 20 on May 08, 2019, August 07, 2019, November 08, 2019 and February 07, 2020. As stipulated, the gap between two consecutive Board meetings did not exceed one hundred and twenty days. The Board has also approved proposals through circulation in case of exigencies.

Details of Directors during the year along with the attendance of each Director at the Board meetings/Annual General Meeting ("AGM"), their Directorship(s), Committee(s) Membership(s)/Chairmanship(s) in other companies as on March 31, 2020 (as applicable) are given below:

Particulars of Directors	Attendance at		Directorship(s) in other companies and other membership(s)/ Chairmanship(s) in committee(s)		
	Board Meeting	Last AGM held on July 23, 2019	Other Directorship(s)(1)	Committee Membership(s)(2)	Committee Chairmanship(s)(2)
Promoter Director					
Mr. H. V. Goenka, Chairman (DIN: 00026726)	4	Yes	6	-	-
Executive Director					
Mr. Vimal Kejriwal Managing Director & CEO (DIN: 00026981)	4	Yes	1	1	-
Independent Directors					
Mr. A. T. Vaswani (DIN: 00057953)	4	Yes	2	4	4
Mr. D. G. Piramal (DIN: 00032012)	4	No	6	2	-
Mr. G. L. Mirchandani (DIN: 00026664)	4	Yes	3	2	-
Ms. Nirupama Rao (DIN: 06954879)	3	Yes	3	1	-
Mr. Ramesh Chandak (DIN: 00026581)	4	Yes	5	7	4
Mr. S. M. Trehan (DIN: 00060106)	4	Yes	-	-	-
Mr. Vikram Gandhi(3) (DIN: 05168309)	2	NA	1	1	-
Mr. M. S. Unnikrishnan(3) (DIN: 01460245)	2	NA	2	1	-
Mr. S. M. Kulkarni(4) (DIN:00003640)	1	No	NA	NA	NA
Ms. Manisha Girotra(5) (DIN: 00774574)	1	No	NA	NA	NA
Mr. Vinayak Chatterjee(6) (DIN: 00008933)	2	No	NA	NA	NA

Note(s):

(1) *Excluding Directorships in private companies, foreign companies and companies which are formed under Section 25 of the Companies Act, 1956/Section 8 of the Act.*

(2) *Membership/Chairpersonship in Audit Committee and Stakeholders' Relationship Committee only has been considered. Number of Committee Membership includes Committee Chairpersonship.*

(3) *Mr. Vikram Gandhi and Mr. M. S. Unnikrishnan have been appointed as Additional (Independent) Directors of the Company w.e.f. August 07, 2019 and November 08, 2019 respectively.*

(4) *Mr. S.M. Kulkarni retired as a director w.e.f. July 27, 2019.*

(5) *Ms. Manisha Girotra resigned as a director w.e.f. June 11, 2019.*

(6) *Mr. Vinayak Chatterjee resigned as a director w.e.f. August 12, 2019.*

Details of Directorships held by Directors of the Company in other listed entities are given below:

Name of Director	Directorship in other listed entities	Category of Directorship
Mr. H. V. Goenka	CEAT Limited	Chairman, Non-Executive Director
	Zensar Technologies Limited	
	RPG Life Sciences Limited	
	Bajaj Electricals Limited	Independent Director
Mr. Vimal Kejriwal	Nil	Nil
Mr. A. T. Vaswani	Zensar Technologies Limited	Independent Director
Mr. D. G. Piramal	V I P Industries Limited	Chairman
	Alkyl Amines Chemicals Limited	Independent Director
Mr. G. L. Mirchandani	MIRC Electronics Limited	Chairman and Managing Director
Ms. Nirupama Rao	ITC Limited	Independent Director
	JSW Steel Limited	Independent Director
	Adani Ports and Special Economic Zone Limited	Independent Director
Mr. Ramesh Chandak	Summit Securities Limited	Chairman & Independent Director
	Parag Milk Foods Limited	Independent Director
	Ram Ratna Wires Limited	Independent Director
	Prince Pipes and Fittings Limited	Independent Director
Mr. S. M. Trehan	Nil	Nil
Mr. Vikram Gandhi	Jana Small Finance Bank Limited (Debt Listed)	Independent Director
Mr. M.S. Unnikrishnan	Thermax Limited	Managing Director

Skills/expertise/competence of the Board

The Directors on the Board are eminent industrialists/ professionals and have expertise in their respective functional areas, which bring with them the reputation of independent judgement and experience which adds value to the Company's business. Directors are inducted on the Board basis the possession of the skills identified by the Board and their special skills with regards to the industries/ fields they come from.

The Board has identified the skills/expertise/ competencies fundamental for the effective functioning of the Company, which are currently available with the Board members stated hereinafter:

Global Business - Understanding of global business dynamics across various geographies, industry verticals and regulatory jurisdictions.

Strategy and Planning - Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.

Governance - Experience in developing governance framework, serving the best interests of all stakeholders, driving board and management accountability, building long-term effective stakeholder engagements and sustaining corporate ethics and values.

The skills/expertise/ competencies have been further elaborated as under:

Name of Director	Skills/expertise/competence
Mr. H.V. Goenka	Global Business, EPC & Infrastructure, General Management, Strategy, M&A, Thought Leadership, Senior Management Experience, Risk Management, Corporate Governance, Human Resources, Public Policy
Mr. Vimal Kejriwal	Global Business, EPC & Infrastructure, Business Development, General Management, Strategy, M&A, Thought Leadership, Senior Management Experience, Risk Management, Corporate Governance, Accounting, Finance, Legal, Human Resources, Public Policy
Mr. A. T. Vaswani	EPC & Infrastructure, General Management, Strategy, M&A, Thought Leadership, Senior Management Experience, Risk Management, Corporate Governance, Accounting, Finance, Legal
Mr. D. G. Piramal	Global Business, Business Development, General Management, Strategy, M&A, Thought Leadership, Senior Management Experience, Risk Management, Corporate Governance, Accounting, Finance, Legal, Human Resources, Public Policy
Mr. G. L. Mirchandani	Global Business, EPC & Infrastructure, Business Development, General Management, Strategy, M&A, Thought Leadership, Senior Management Experience, Risk Management, Corporate Governance, Accounting, Finance, Legal, Human Resources, Public Policy

Name of Director	Skills/expertise/competence
Mr. Ramesh Chandak	Global Business, EPC & Infrastructure, Business Development, General Management, Strategy, M&A, Thought Leadership, Senior Management Experience, Risk Management, Corporate Governance, Accounting, Finance, Legal
Mr. S. M. Trehan	Global Business, EPC & Infrastructure, Business Development, General Management, Strategy, M&A, Thought Leadership, Senior Management Experience, Risk Management, Corporate Governance, Accounting, Finance, Legal, Human Resources, Public Policy
Ms. Nirupama Rao	Global Business, General Management, Thought Leadership, Human Resources, Public Policy
Mr. M. S. Unnikrishnan	Global Business, EPC & Infrastructure, Business Development, General Management, Strategy, M&A, Thought Leadership, Senior Management Experience, Risk Management, Corporate Governance, Human Resources, Public Policy
Mr. Vikram Gandhi	Business Development, General Management, Strategy, M&A, Thought Leadership, Senior Management Experience, Accounting, Finance, Legal

Board's Responsibilities

The Board of Directors play a primary role in ensuring good governance, in the creation of Stakeholders' value and in smooth functioning of the Company. As the Board's primary role is fiduciary in nature, it is responsible for ensuring that the Company runs on sound ethical business practices and that the resources of the Company are utilised in a manner so as to create sustainable growth and value for the Company's shareholders and the other stakeholders, and simultaneously to fulfill the aspirations of the society and the communities in which it operates. The Board's mandate is to oversee the Company's strategic direction, review and monitor performance, ensure regulatory compliance and safeguard the interest of the stakeholders. The Board has complete access to any information within the Company. As a part of its function, the Board periodically reviews all the relevant information, which is required to be placed before it, pursuant to the SEBI Listing Regulations and, in particular, reviews and approves financial statements, business plans, corporate strategies, annual budgets, projects and capital expenditure. The Board discharges all its responsibilities, functions, duties and obligations in timely and effective manner in accordance with applicable laws, keeping close watch on the business operations of the Company. The day-to-day affairs are managed by the Managing Director & CEO of the Company under the overall supervision of the Board.

Role of Independent Directors

The Independent Directors play an essential role in ensuring transparency in the working mechanism of the Company and enrich decision making. They play a significant role in governance processes of the Board which results in ethical business practices, functional operational matters, address various business challenges and monitor implementation of decisions taken. Alongwith independent judgment, they also bring to the Company their expertise in the fields of business, commerce, finance, management, law and public policy which enriches the decision making process at the Board.

A formal Letter of Appointment, which *inter alia* covers their role, responsibilities, duties and remunerations, was issued to each Independent Director at the time of their appointment in the manner provided under the Act and SEBI Listing Regulations. The terms and conditions of appointment of Independent Directors has been disclosed on the website of the Company i.e. www.kecrpg.com

Criteria for performance evaluation of Independent Directors

Performance evaluation of Independent Directors is done by the entire Board, excluding the Independent Director being evaluated. The Nomination and Remuneration Committee has laid down the evaluation criteria for performance evaluation of Independent Directors of the Company, which *inter alia* includes active and consistent participation in the Board Meetings, sharing of knowledge and experience which has bearing on the performance of the Company, positive and constructive discussion, ethical practices etc.

Separate Meeting of Independent Directors

Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the SEBI Listing Regulations, mandates the Independent Directors of the Company to hold at least one meeting in a financial year without the attendance of Non-Independent Directors and members of the management. Considering the lockdown imposed in the Country due to outbreak of pandemic COVID-19, the Independent Directors have held their meeting on May 27, 2020. The meeting was chaired by Mr. A. T. Vaswani, Lead Independent Director wherein the Independent Directors *inter alia* discussed the following:

a. Evaluation of the performance of Non-Independent Director and the Board as a whole;

b. Evaluation of the performance of Chairperson of the Company, taking into account the views of Executive and Non-Executive Directors; and

c. Assessment of the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at this meeting through Video Conferencing.

Familiarization Programme for Independent Directors

Newly appointed Directors are provided with an appointment letter along with an induction kit setting out their roles, function, duties and responsibilities and copies of the Code of Business Conduct, Insider Trading Code and other policies as may be applicable to them. Presentations are made by Senior Management Personnel of the Company to the Independent Directors covering nature of industry, business model, business performance and operations, challenges & opportunities available, etc. Certain programmes are merged with the Board/ Committee meetings for the convenience of the Directors. Separate programs are also conducted for them as per their requirement. In order to familiarize the Independent Directors with the business of the Company, presentations are being made by the Strategic Business Unit ("SBU") Heads at every Board Meeting in respect of the business under their SBUs.

On an on-going basis, periodic presentations are made at the Board and Committee meetings on performance updates of the Company, industry scenario, business strategy operational review of major operating subsidiaries, forex and commodity exposure, updates on capital expenditure, internal control and strategic and operational risks involved and its mitigation plan, major litigations, major achievements, etc.

Further, as a part of Familiarization Programme, regular updates on relevant statutory and regulatory changes encompassing important laws are presented to the Directors. Further, the Directors are encouraged to attend the training programmes being organized by various regulators/bodies/institutions. As a part of deeper engagement, the Board Members also interact with the senior management team on various critical issues having impact on the Company's operations.

The Board has adopted a Policy on Familiarization Programme for the Independent Directors which aims to provide significant insight into the business of the Company. The details of familiarization programme imparted to Independent Directors during the financial year 2019-20 are available at the Company's website and can be accessed at https://www.kecrpg.com/KEC%20data/Investor%20relations/Familiarization%20Programme%20for%20Independent%20Directors.pdf

Information placed before the Board

All the information that is required to be made available to the Directors in terms of provisions of the SEBI Listing Regulations and the Act, so far as applicable to the Company, is made available to the Board.

Key decisions taken by the Board and its Committees are promptly communicated to the concerned departments or divisions. Action taken/ status reports on decisions of the previous meeting(s) are placed at the next meeting(s) for information and further recommended actions, if any.

Details of Director(s)

In compliance with Regulation 36(3) of the SEBI Listing Regulations, the brief resume, expertise in specific functional areas, disclosure of relationships between directors *inter-se*, details of other Directorships, Membership in Committees of Directors of other listed companies and shareholding in the Company, of the Director(s) proposed to be appointed/ re-appointed are given in the Notice convening the ensuing Annual General Meeting.

Code of Conduct

The Board has laid down a Code of Conduct for all Board members and Senior Management Personnel of the Company, which helps them to observe the highest standards of ethical conduct along with integrity and to work to the best of their ability and judgment for ethical conduct of the business and compliance of the applicable laws. The Code incorporates the duties of Independent Directors as laid down in the Act.

The said Code is available at the Company's website www.kecrpg.com under 'Investors' tab. Further, Senior Management Personnel are also required to disclose to the Board relating to all material financial and commercial transactions, if any, where they have personal interest that may have a potential conflict with the interest of the Company at large. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct on an annual basis. A declaration to this effect duly signed by the Managing Director & CEO forms part of this Annual Report.

Prevention of Insider Trading

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, and amendments thereof, the Board has formulated and adopted the Code of Fair Disclosure, Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders ("the Code"). The Code lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company. The Code aims at preserving and preventing misuse of Unpublished Price Sensitive Information ('UPSI'). All Directors, functional employees and their immediate relatives as well as connected persons of the Company are covered under the Code, which provides *inter alia* for disclosures and obtaining pre-clearances for trading in securities of the Company by the Directors, functional employees and connected persons of the Company. The Code provides for the formulation of a trading plan subject to certain conditions and requires pre-clearance for dealing in the Company's shares. It also prohibits the purchase or sale of Company's shares by the Directors, functional employees and connected persons, while in possession of UPSI in relation to the Company and during the period when the trading window is closed. The Code was communicated to all concerned. Trading window closures, i.e. when the concerned persons are not permitted to trade in the securities of the Company, are intimated in advance, on a timely basis and the same is also intimated to the Stock Exchanges on a periodic basis. The Code is intended to serve as a guideline to all persons connected with the Company, which they should imbibe and practice, both in letter and spirit, while trading in the securities of the Company.

The Company has set forth procedures and implementation of the Code for trading in Company's securities. PAN based online tracking mechanism for monitoring of the trade in the Company's securities by the "Designated Employees" and their relatives has also been put in place to ensure real time detection and taking appropriate action, in case of any violation / non-compliance of the Company's Insider Trading Code.

Directors and functional employees of the Company provide disclosure on an annual basis about the number of shares held by them along with their immediate relatives in the Company. Further, they also declare that they have not traded in the shares of the Company based on the UPSI and on buying/ selling any number of shares, they have not entered into an opposite transaction i.e. sell/ buy during the six months from the date of erstwhile transaction as per the provisions of the Code.

Board Committees

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted a set of Committees with specific terms of reference/ scope. The Board has established various Committees such as Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee and Finance Committee.

Each Committee is guided by its Charter or Terms of Reference, which provides for the composition, scope, powers and duties and responsibilities. The terms of reference of these Board Committees are reviewed and determined by the Board, from time to time.

The recommendations of the Committee(s) are submitted to the Board for its approval. The Chairman of respective Committee updates the Board regarding the discussions held / decisions taken at the Committee Meeting. The Board of Directors have confirmed that during the year, all recommendations of the Committee(s) were duly considered and approved by the Board of Directors and none of the recommendation made by any of the Committees has been rejected by the Board. The minutes of the meetings of all Committees are circulated to the Board for discussion/ noting/ ratification.

(A) Audit Committee

Composition

The Audit Committee comprises of 3 Independent Directors as its members, with requisite financial, legal and management expertise. The Committee composition as on March 31, 2020 is as under:

Name of the Member	Position	Category
Mr. A. T. Vaswani	Chairman	Independent Director
Mr. Ramesh Chandak	Member	Independent Director
Mr. S.M. Trehan	Member	Independent Director

All members of Audit Committee are financially literate and the Chairman of the Audit Committee has accounting and related financial management expertise and the composition of the Committee is in compliance with the requirements of Section 177 of the Act and the Regulation 18(1) of the SEBI Listing Regulations.

Representatives of the Statutory Auditors are invited to attend meetings of the Committee. The Committee also invites the Managing Director & CEO, Chief Financial Officer, Internal Auditors and Cost Auditors as and when their presence at the meeting of the Committee is considered appropriate. On some occasions, it also meets without the presence of any Executives of the Company.

The Company Secretary of the Company acts as the Secretary to the Committee.

Meetings

During the year under review, seven meetings of the Audit Committee were held on May 07, 2019, July 08, 2019, August 07, 2019, September 27, 2019, November 07, 2019, January 07, 2020 and February 07, 2020. These meetings of Audit Committee were attended by all the members of the Committee. The Chairman of the Audit Committee was present at the Fourteenth Annual General Meeting to answer shareholders' queries.

Terms of reference

The role and terms of reference of the Audit Committee, specified by the Board, are in conformity with the requirements of Schedule II Part C of the SEBI Listing Regulations and Section 177 of the Act. The Committee acts as a link between the Statutory and Internal Auditors and the Board.

The Audit Committee assists the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes to ensure fairness, adequate disclosures and credibility of financial statements, recommendation of appointment and removal of Statutory Auditors, Branch Auditors, Cost Auditors, reviewing systems of internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The Audit Committee reviews independence of Statutory Auditors and adequacy of the Internal Audit at regular intervals.

The Audit Committee has reviewed management discussion and analysis of financial condition and results of operations, statement of related party transactions as submitted by the management, and other information as mentioned in Part C of Schedule II of SEBI Listing Regulations.

The Audit Committee is authorized to:

1. investigate any activity within its terms of reference;
2. seek information from any employee of the Company or its subsidiaries;
3. obtain outside legal or other professional advice; and
4. secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

The role of Audit Committee includes the following:

1. Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment, remuneration and terms of appointment of auditors of the Company and, if required, their replacement or removal.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Review with the management, the annual financial statements and Auditors' Report thereon before submission to the Board for approval, with particular reference to:
    a) matters required to be included in the Directors' Responsibility Statement to be

included in the Board's Report in terms of sub-section 5 of Section 134 of the Act;

b) changes, if any, in accounting policies and practices, and reasons for the same;

c) major accounting entries involving estimates based on the exercise of judgment by management;

d) significant adjustments made in the financial statements arising out of audit findings;

e) compliance with listing and other legal requirements relating to financial statements;

f) disclosure of any related party transactions; and

g) modified opinions in the draft audit report.

5. Review with the management, the quarterly financial statements before submission to the Board for approval.

6. Review of management discussion and analysis of financial condition and results of operations.

7. Review with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, qualified institutional placement etc.), and making appropriate recommendations to the Board to take up steps in this matter.

8. Review the quarterly statement of deviation(s) including report of monitoring agency, if applicable, in terms of Regulation 32(1) of the SEBI Listing Regulations, being submitted to the Stock Exchange(s).

9. Review the annual statement of funds utilized for purpose other than those stated in the offer document / prospectus in terms of Regulation 32(7) of the SEBI Listing Regulations.

10. Review and monitoring the auditor's independence and performance and effectiveness of audit process.

11. Approval or any subsequent modification, ratification of transactions of the Company with related parties including review of statement of significant related party transactions submitted by the management.

12. Scrutiny of inter-corporate loans and investments.

13. Review financial statements, in particular the investments made by the Company's unlisted subsidiaries.

14. Review the utilization of loans and /or advances from/investment made by the Company in its subsidiary exceeding ₹ 100 crore or 10 percent of the total gross assets of the subsidiary, whichever is lower including existing loans/ advances /investment or such other limit as may be prescribed from time to time.

15. Valuation of undertakings or assets of the Company, wherever it is necessary.

16. Evaluation of internal financial controls and risk management systems.

17. Review with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

18. Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

19. Review internal audit reports relating to internal control weaknesses and discussion with internal auditors regarding any significant findings and follow up thereon.

20. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

21. Review management letters/ letters of internal control weaknesses issued by the statutory auditors.

22. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

23. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

24. Review the functioning of vigil mechanism/ whistle blower mechanism for the Directors and employees to report their genuine concerns or grievances and provide mechanism for adequate safeguards against victimization.

25. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate.

26. Review the appointment, removal and terms of remuneration of the chief internal auditor.

27. Review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively.

28. Carry out all the functions as may be entrusted (i) by the Board of Directors, from time to time; and (ii) by the virtue of applicable provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 and any other applicable provisions of Laws, as amended from time to time.

(B) Nomination and Remuneration Committee

Composition

The Nomination and Remuneration Committee comprises of 3 Independent Directors as its members. The Committee composition as on March 31, 2020 is as under:

Name of the Member	Position	Category
Mr. S. M. Trehan	Chairman	Independent Director
Mr. A. T. Vaswani	Member	Independent Director
Mr. Ramesh Chandak	Member	Independent Director

The composition of the Nomination and Remuneration Committee is in compliance with the requirements of Section 178 of the Act and Regulation 19(1) of the SEBI Listing Regulations.

Meetings

During the year under review, the Committee met four times during the year on May 07, 2019, June 21, 2019, August 07, 2019 and September 27, 2019 and all the members of the Committee were present at the meetings. The Committee has also approved proposals through circulation in case of exigencies.

The Chairperson of the Nomination and Remuneration Committee was present at the Fourteenth Annual General Meeting of the Company, to answer the shareholders' queries.

Terms of Reference:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel (KMP), Senior Management Personnel (SMP) and other employees.
2. Identify persons who are qualified to become Directors and recommend their appointment to the Board.
3. Recommend to the Board, appointment and removal of KMPs or SMPs in accordance with the criteria laid down.
4. Recommend to the Board, remuneration payable to Directors, KMPs and SMPs in accordance with the Nomination and Remuneration Policy.
5. Formulate the criteria for effective evaluation of performance of Board of Directors, its Committees and individual Directors, to be carried out either by the Board or by NRC or through an independent external agency and review its implementation and compliance.
6. Determine whether to extend or continue the term of appointment of the Independent Director, based on the report of performance evaluation of Independent Directors.
7. Devise a policy on diversity of Board of Directors.
8. Opine whether the Director possess the requisite qualification, as required under Section 197(4)(b).
9. Carry out functions as may be entrusted (i) by the Board of Directors from time to time; and (ii) by the virtue of applicable provisions of the Companies Act, 2013 (iii) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable provisions of Laws, as may be amended from time to time.

Remuneration Policy and other terms of appointment of Directors

Executive Director

The remuneration payable to the Managing Director & CEO is recommended by the Nomination and Remuneration Committee and approved by the Board of Directors and Members of the Company. The remuneration structure of Managing Director & CEO comprises of salary, perquisites, allowances, performance bonus, and contribution to provident, superannuation and gratuity funds. Payment of remuneration to the Managing Director & CEO is governed by the Agreement executed between him and the Company. The Agreement may be terminated by either party, by giving a notice in writing of not less than four months or by paying the basic salary in lieu thereof.

Details of remuneration paid to the Managing Director & CEO during financial year 2019-20

(₹ in Crore)

Name	Salary and Allowance	Performance Bonus[1]	Perquisites[2]	Contribution to Provident and other Funds	Total[3]
Mr. Vimal Kejriwal	4.95	1.56	0.16	0.14	6.81

Note(s):

(1) Based on performance of financial year 2018-19.

(2) Value of perquisites u/s 17(2) of the Income Tax Act, 1961.

(3) Excludes provision for gratuity and compensated absences, which is determined on the basis of actuarial valuation done on overall basis for the Company.

Non-Executive Directors

The Non-Executive Directors ("NEDs") including Independent Directors are paid remuneration by way of commission. They are also paid sitting fees on a uniform basis for attending various meetings of the Board and the Committees thereof.

Commission paid to the NEDs

The NEDs of the Company are having diversified & rich knowledge and experience and have contributed in a very significant way in the growth process of the Company. They add substantial value to the Company through their contribution to the Management of the Company and thereby they safeguard the interests of the investors at large by playing an appropriate control role. In view of valuable contributions being made by the NEDs (including Independent Directors) in running the business affairs of the Company, the Board of Directors at its meeting held on May 29, 2020, has approved the payment of commission to NEDs of 0.91 percent of net profits in the financial year 2019-20, computed in accordance with the Section 198 of the Act. The commission is generally paid on a uniform basis, to reinforce the principles of collective responsibility of the Board. The Nomination and Remuneration Committee has recommended a higher commission for the Chairman of the Board of Directors, taking into consideration his overall responsibility, involvement in reviewing the operations and performance of the Company, interaction with senior leadership, his role diversifying the Company's business etc. In determining the commission payable, the Committee also takes into consideration overall performance and achievements of the Company and onerous responsibilities required to be shouldered by the Directors. The policy framed by the Nomination and Remuneration Committee of the Board of Directors including the criteria for making payments to the NEDs is set out as Annexure to the Directors' Report.

Details of sitting fees and commission paid to Non-Executive Directors are given below:

(₹ in Crore)

Name of the Director	Financial Year 2019-20	
	Sitting Fees	Commission[1]
Mr. H. V. Goenka	0.04	6.25
Mr. A. T. Vaswani	0.08	0.10
Mr. D. G. Piramal	0.04	0.10
Mr. G. L. Mirchandani	0.04	0.10
Ms. Manisha Girotra	0.01	0.03
Mr. M. S. Unnikrishnan	0.02	0.05
Ms. Nirupama Rao	0.03	0.10
Mr. Ramesh Chandak	0.09	0.10
Mr. S. M. Kulkarni	0.02	0.03
Mr. S. M. Trehan	0.08	0.10
Mr. Vikram Gandhi	0.02	0.08
Mr. Vinayak Chatterjee	0.02	0.05

Note:

(1) Commission for financial year 2019-20 is being paid in financial year 2020-21. Commission to Mr. H.V. Goenka is subject to approval by the Members at the ensuing AGM.

The Non- Executive Directors were paid sitting fees of ₹ 1,00,000 for each Board meeting, ₹ 50,000/- for Audit Committee meeting, ₹ 25,000/- for other Committee meetings, except for Finance Committee where ₹ 5,000/- is paid for each meeting. The Managing Director & CEO was not paid any sitting fees for any of the meetings of Board or Committee attended by him.

Equity Shares held by the Directors

Except as stated hereunder, none of the Directors hold any shares in the Company as on March 31, 2020:

Name of the Director	No. of shares held
Mr. H. V. Goenka[1]	4,848,425
Mr. H. V. Goenka, Trustee of Stellar Energy Trust	100
Mr. H. V. Goenka, Karta of Harsh Anant Goenka HUF	169,500
Mr. H. V. Goenka, Trustee of Crystal India Tech Trust	24,991
Mr. H. V. Goenka, Trustee of Nucleus Life Trust	1
Mr. H. V. Goenka, Trustee of Monitor Portfolio Trust	1
Mr. H. V. Goenka, Trustee of Secura India Trust	1
Mr. H. V. Goenka, Trustee of Prism Estates Trust	1
Mr. H. V. Goenka, Trustee of Ishaan Goenka Trust	10
Mr. H.V. Goenka, Trustee of Navya Goenka Trust	10
Mr. H.V. Goenka, Trustee of AVG Family Trust	10
Mr. H.V. Goenka, Trustee of RG Family Trust	10
Mr. H.V. Goenka [2]	3,750
Mr. Vimal Kejriwal[3]	875
Mr. Ramesh Chandak	5

(1) 3,914,482 shares held jointly with Mrs. Mala Goenka and Mr. Anant Vardhan Goenka.

(2) Held in trust on behalf of certain shareholders against their rights of Equity Shares of the erstwhile RPG Transmission Limited, since merged with the Company in the year 2007-08, kept in abeyance under Section 206A(b) of the erstwhile Companies Act, 1956, due to pending court cases/issues. These shares were initially held by Mr. J. M. Kothary and transferred to Mr. H. V. Goenka, upon cessation of directorship of Mr. J. M. Kothary

(3) Held as second holder jointly with his spouse Mrs. Sunita Kejriwal

The Company does not have any Stock Option Scheme.

(C) Stakeholders' Relationship Committee

Composition

The composition of Stakeholders' Relationship Committee and its terms of reference comply with the requirement of the SEBI Listing Regulations and with the provisions of Section 178 of the Act. The Committee composition as on March 31, 2020 is as under:

Name of the Member	Position	Category
Mr. Ramesh Chandak	Chairman	Independent Director
Mr. S. M. Trehan	Member	Independent Director
Mr. Vimal Kejriwal	Member	MD & CEO

Meetings

During the year under review, four meetings of the Stakeholders' Relationship Committee were held on May 07, 2019, August 07, 2019, November 07, 2019 and February 07, 2020. These meetings were attended by all members of the Committee. The Committee has also approved proposals through circulation in case of exigencies.

The Chairperson of the Stakeholders' Relationship Committee was present at the Fourteenth Annual General Meeting of the Company, to answer the shareholders' queries.

The Stakeholders' Relationship Committee is responsible for transfer/transmission of shares, satisfactory redressal of investors' complaints and recommends measures for overall improvement in the quality of investor services.

Terms of Reference

1. Consider and resolve the grievances of the security holders *inter alia* consisting of shareholders, debenture-holders, deposit holders, etc. of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review measures taken for effective exercise of voting rights by shareholders.
3. Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
5. Consider and approve issue of duplicate share certificates in lieu of those lost or destroyed.
6. Approve and/or reject the transfer or transmission of securities of the Company and authorizing the Compliance officer and / or the Registrar & Share Transfer Agent of the Company for the same
7. Issue of duplicate certificates, Remat Share Certificates, and certificates to be issued in accordance with Sub-rule 3 of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time.
8. Oversee compliances in respect of transfer of unclaimed amounts and shares to and from the Investor Education and Protection Fund.
9. Carry out all the functions as may be entrusted by (i) the Board of Directors from time to time; and (ii) by virtue of applicable provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable provisions of Laws, as amended from time to time.

The work relating to share transfer etc. is being looked after by Link Intime India Private Limited, Registrar and Share Transfer Agent.

Name and Designation of the Compliance Officer

Mr. Amit Kumar Gupta, Company Secretary acts as Compliance Officer of the Company in terms of Regulation 6 of the SEBI Listing Regulations. He is also appointed as the Nodal Officer of the Company in terms of Investor Education and Protection Fund Rules.

Statement of Investors' Grievance

No. of complaints pending at the beginning of the financial year 2019-20	Nil
No. of complaints received during the financial year 2019-20	15
No. of complaints resolved to the satisfaction of shareholders during the financial year 2019-20	15
No. of complaints pending to be resolved at the end of the financial year 2019-20	Nil

(D) Corporate Social Responsibility Committee

Composition

In terms of Section 135 of the Act, the Board has constituted the Corporate Social Responsibility ("CSR") Committee. The Committee composition as on March 31, 2020 is as under:

Name of the Member	Position	Category
Mr. Ramesh Chandak	Chairman	Independent Director
Mr. S M. Trehan	Member	Independent Director
Mr. A. T. Vaswani	Member	Independent Director

Meetings

During the year under review, one meeting of the CSR Committee was held on May 07, 2019, and the same was attended by all the members of the Committee.

Terms of Reference

1. The CSR Committee shall formulate and recommend to the Board of Directors, a CSR Policy which shall, *inter alia*, include the list of CSR projects or programs, falling within the purview of Schedule VII to the Companies Act, 2013, which a Company proposes to undertake.
2. To recommend the amount of expenditure to be incurred on the CSR activities undertaken by the Company.
3. To monitor the CSR policy of the Company from time to time.

(E) Risk Management Committee

Composition

The Company has a well-defined risk management framework in place which works at various levels across the Company. This framework is periodically reviewed to ensure that executive management controls risks by means of a properly defined framework. The Company also has a risk management policy to mitigate the risks in commodities and foreign exchange. In terms of Regulation 21 of the SEBI Listing Regulations, the Board has constituted a Risk Management Committee which consist of the following directors as on March 31, 2020:

Name of the Member	Position	Category
Mr. A.T. Vaswani	Chairman	Independent Director
Mr. S. M. Trehan	Member	Independent Director
Mr. Ramesh Chandak	Member	Independent Director

Meetings:

During the year, two meetings of the Committee were held on July 08, 2019 and February 07, 2020 and the same were attended by all the members of the Committee.

Terms of Reference

The function and powers of the Committee *inter alia* includes:

1. Framing, implementing, monitoring and reviewing Risk Management plan, policies, systems and framework of the Company.
2. Validating, evaluating and monitoring key risks including strategic, operational, financial, cyber security and compliance risks.
3. Reviewing the measures taken for risk management and mitigation plan and monitor effectiveness thereof.
4. Carrying out all the functions as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

(F) Finance Committee

Composition

The Committee as on March 31, 2020 consists of three Directors as follows:

Name of the Member	Position	Category
Mr. Ramesh Chandak	Chairman	Independent Director
Mr. S. M. Trehan	Member	Independent Director
Mr. Vimal Kejriwal	Member	MD & CEO

Meetings

During the year under review, eight meetings of the Finance Committee were held on April 30, 2019, June 21, 2019, July 29, 2019, September 10, 2019, October 31, 2019, December 02, 2019, February 04, 2020 and March 16, 2020.

These meetings were attended by all the members of the Committee except for the meeting held on December 02, 2019 wherein leave of absence was granted to Mr. S. M. Trehan.

The Finance Committee is formed to authorize grant of Power of Attorney to executives, to approve various facilities as and when granted by the Banks within the overall borrowing limits as approved by shareholders of the Company and execution of documents for these facilities.

Terms of Reference

1. Issue power of attorney(ies) to authorize the representatives/employees of the Company in relation to tenders, branch offices(s) or project site office(s) operational requirements, execution and/or operations of contracts/ projects, excise, customs and shipping matters, financial and taxation matters, matters related to income tax, service tax, sales tax and excise matters and other Central and State laws and such other purposes relating to day to day operations of the Company.
2. Approve issuance of corporate guarantees as may be required in the ordinary course of business of the Company.
3. Approve the opening/closure of Branch Office(s) of the Company in India or outside India in connection with the business of the Company and to do all such other acts in relation to the Branch Office(s) of the Company.
4. Approve and pass necessary Resolutions relating to following matters:
   a) To open, authorize to operate, modify the operating authorities, issue necessary

instructions to banks and close various Bank Account(s) in the name of the Company as per the business requirements;

b) To transact foreign exchange swaps, options, futures, forwards and any other derivatives, as permissible under "Forex and Commodity Risk Management Policy" adopted by the Board of Directors, that may from time to time be used as tools to hedge the Company's interest and foreign exchange exposures arising in the ordinary course of the business of the Company;

c) Enter into one or more transactions / agreements with Banks and / or Exchange Houses in domestic and international market(s) relating to futures, forward, options, swaps etc., and combination(s) thereof in Steel, Aluminum, Zinc, Copper or any other commodities, as per the requirements in the ordinary course of the business of the Company and in accordance with provisions of the Reserve Bank of India Act, 1945 and any other laws as may be applicable and guidelines, notifications, circulars, regulations or approval(s) etc. issued from time to time by any regulatory authority and as permissible under "Forex and Commodity Risk Management Policy" adopted by the Board of Directors;

d) To approve borrowing by way of long term or short term loans, inter corporate deposits or any kind of financial assistance and fund and / or non fund based working capital credit facility(ies) repayable on demand / temporary or otherwise, in any currency, from bank(s) and / or institution(s) and / or other lenders from time to time and to create charge / security / mortgage on the immovable / movable properties of the Company to secure such loans/ inter corporate deposits/ financial assistance/ credit facility (ies) as may be required in terms of each of the sanctions by the said bank(s) and/or financial institution(s) and / or other lenders, subject to an overall limit of ₹ 20,000 Crore (Rupees Twenty Thousand Crore only);

e) To approve investment in the shares of subsidiary(ies) (including stepdown subsidiary(ies)) and/or Joint Venture(s) of the Company, granting of loans to them, issuing guarantees or providing any security in respect of financial assistance availed by them, within the overall limit of ₹ 4,000 Crore and subject to recommendation of Managing Director & CEO or Chief Financial Officer, and to authorise employee(s) / representative(s) of the Company for executing various deeds, documents, papers, undertakings as may be required for the purpose of implementing the decisions in this regard.

f) To invest in the equity shares or equity convertible instruments of the Bodies Corporate, for the purpose of undertaking the projects on BOOM, BOLT, BOT, BOOST and BOOT or any such other basis, (within the overall limit as stated above) and to sell/transfer the equity shares/ equity convertible instruments invested/ purchased/acquired by the Company for the above purpose;

g) To authorise the employee(s)/ representative(s) for the purpose of bidding and execution of the project(s) undertaken in consortium, joint venture and also to authorise the employee(s) / representative(s) to sign Memorandum of Understanding, Consortium Agreement, Joint Venture agreement, such other documents required to be signed on behalf of the Company and enter into liability against the Company and/or do any other act on behalf of the Company, required for the above said purpose.

5. Approve all other matters & issues of urgent nature arising in the ordinary course of the business of the Company.

Subsidiary Companies

The Company has the following three unlisted material subsidiaries as on March 31, 2020 as per Regulation 16 (1) (c) of SEBI Listing Regulations:

a) SAE Towers Holdings LLC

b) Al Sharif Group & KEC Ltd. Co.

c) KEC Investment Holding

The Company has formulated a Policy for determining Material Subsidiaries, which is disclosed on the Company's website and can be accessed at: https://www.kecrpg.com/KEC%20data/Investor%20relations/Policy%20for%20determining%20material%20subsidiaries.pdf

In accordance with Regulation 24(1) of SEBI Listing Regulations, Mr. Ramesh Chandak, Independent Director of the Company has been nominated as an Independent Member of the Managing Committee of SAE Towers Holdings LLC and as an Independent Manager of Al Sharif Group & KEC Ltd. Co. w.e.f May 08, 2019.

The Company has Seventeen subsidiaries as on March 31, 2020, comprising of eight direct subsidiaries and nine step down subsidiaries. During the year under review the Company has incorporated KEC Towers LLC, a wholly owned subsidiary in Dubai on November 24, 2019.

The Company has acquired 100 percent shareholding of KEC International (Malaysia) SDN. BHD, a step down subsidiary of the Company, from KEC Global Mauritius, a wholly owned subsidiary of the Company, thereby making KEC International (Malaysia) SDN. BHD. a direct subsidiary of the Company.

During the financial year 2019-20, KEC GHCS (Malaysia) SDN. BHD has ceased to be a Joint Venture Company w.e.f. October 29, 2019.

The minutes of Board Meetings as well as the statements of all significant transactions of unlisted subsidiary companies are being placed before the Board of Directors of the Company for its review from time to time. The Audit Committee reviews the financial statements of the subsidiary companies.

General Body Meetings

Location and time of Annual General Meetings

Financial Year	Date	Time	Location
2018-19	July 23, 2019	03:30 p.m.	Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025
2017-18	July 30, 2018	03:00 p.m.	
2016-17	July 26, 2017	02:30 p.m.	

Special Resolutions passed in the last three Annual General Meetings

In AGM held on July 23, 2019, eight Special Resolutions were passed as under:

1. Appointment of Mr. Ramesh Chandak (DIN: 00026581) as an Independent Director.
2. Re-appointment of Mr. G. L. Mirchandani (DIN: 00026664) as an Independent Director.
3. Re-appointment of Mr. D. G. Piramal (DIN: 00032012) as an Independent Director.
4. Re-appointment of Mr. S. M. Trehan (DIN: 00060106) as an Independent Director.
5. Re-appointment of Mr. Vinayak Chatterjee (DIN: 00008933) as an Independent Director.
6. Re-appointment of Mr. Vimal Kejriwal (DIN: 00026981) as Managing Director & CEO.
7. Approval of Commission to Mr. H.V. Goenka, Non- Executive Chairman.
8. Approval for payment of Commission to Non-Executive Directors.

In AGM held on July 30, 2018, four Special Resolutions were passed as under:

1. Continuation of Directorship of Mr. A. T. Vaswani (DIN: 00057953) post attainment of age of seventy-five years.
2. Continuation of Directorship of Mr. S. M. Kulkarni (DIN: 00003640) post attainment of age of seventy-five years.
3. Continuation of Directorship of Mr. G. L. Mirchandani (DIN: 00026664) post attainment of age of seventy-five years.
4. Issuance of Non-Convertible Debentures on Private Placement Basis.

In AGM held on July 26, 2017, one Special Resolution was passed as under:

1. Adoption of Articles of Association as per the provisions of the Companies Act, 2013.

Postal Ballot

No Special Resolutions were passed by way of Postal Ballot in the last three financial years.

Further, none of the businesses proposed to be transacted at the ensuing AGM require passing a Special Resolution through postal ballot.

III. DISCLOSURES

Related Party Transactions

The Company has formulated a Policy on Related Party Transaction and the same is available at the Company's website and can be accessed at https://www.kecrpg.com/KEC%20data/Investor%20relations/Policy%20on%20Related%20Party%20Transactions.pdf

Transactions with related parties entered in the ordinary course of business have been disclosed in Note No. 54 of the Standalone Financial Statements of the Company.

Material Significant Related Party Transactions

There were no materially significant transactions made by the Company with its Promoters, Directors or Management, and their relatives etc. that may have potential conflict with the interest of the Company at large.

Whistle Blower Policy / Vigil Mechanism

In line with the provisions of the SEBI Listing Regulations, the Act and other SEBI Regulations and principles of good governance the Company has formulated a robust Vigil Mechanism for reporting of concerns through the Whistle Blower Policy of the Company. The Policy provides for framework and process to encourage and facilitate its employees and Directors to voice their concerns or observations without fear, or raise reports to the Management, of instance of any unethical or unacceptable business practice or event of misconduct/unethical behaviors, actual or suspected fraud and violation of Company's Code of Conduct etc. The Policy provides for adequate safeguards against victimization of persons who avail such mechanism and provides for direct access to the Chairperson of the Audit Committee in appropriate or exceptional cases.

During the year under review, none of the personnel has been denied access to the Chairperson of the Audit Committee.

The policy is placed on the website of the Company at www.kecrpg.com under 'Investors' tab.

Commodity price risk and hedging activities

Exposure of the Company to commodity and commodity risks throughout the financial year 2019- 20 were as under:

a) Total exposure to commodities: ₹ 4,494.28 crore

Exposure to various commodities were as under:

Commodity Name	Exposure (₹ in Crore)	Exposure in Quantity (MT)	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
Steel	944	225,129	-	-	-	-	-
Aluminium	494	37,144	-	-	80	-	80
Copper	421	9,143	-	-	77	-	77

** Note: The derivatives does not include 72,924 MTs of Steel, 6,595 MTs of Aluminium and 2,175 MTs of Copper pertaining to projects which have a price variation clause.*

b) Commodity risks faced and managed by the Company during the year

The Company is exposed to movement in metal commodity prices of Steel, Copper, Aluminium, Zinc and Lead. Most of our contracts with the Indian customers are backed by a price variation for most of these metals. However, profitability in case of firm price orders is impacted by movement in the prices of these metals. The Company has a well-defined hedging policy approved by Board of Directors of the Company, which to a large extent takes care of the commodity price fluctuations and minimises the risk. For base metals like Aluminium, Copper, Zinc and Lead, the Company either places a firm order on the supplier or hedges its exposure on the London Metal Exchange (LME) directly.

Credit Ratings

List of credit ratings obtained by the Company along with any revisions thereto during FY 2019-20 are given below:

Instruments/Facilities	Ratings			
	ICRA	CARE Ratings Ltd.	CRISIL	India Ratings & Research
Long Term Facilities	AA-/ Stable	AA- / Stable	AA-/Stable	-
Short Term Facilities	A1+	A1+	A1+	IND A1+

Note(s):

1) *Rating symbol's definition (ICRA/CARE/CRISIL/India Ratings)*
2) *Rating "AA" (Long term facilities) - High degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.*
3) *Rating "A1+" & "IND A1+" (Short term facilities) - Very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.*

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network entity of which the Statutory Auditor is a part are given below:

Name of Statutory Auditor and network entity	Type of Services	Name of Company or its subsidiaries obtaining the service	Amount (₹ in Crore)
Price Waterhouse Chartered Accountants LLP	Audit Service	KEC International Limited	1.17
	Other Services (Tax audit, Certification & reimbursement)	KEC International Limited	1.35
Pricewaterhouse Coopers, Jordan	Audit Service	KEC International Limited Jordan Branch	0.15
TOTAL			**2.67**

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has formulated a Policy for Prevention of Sexual Harassment at Workplace which is in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to ensure prevention, prohibition and redressal against sexual harassment. Awareness programmes are organized by the Company to sensitize employees. During the year under review, no complaints of any nature were received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Details of non-compliance by the Company, penalties and strictures imposed, if any

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by SEBI or by any other Statutory Authorities on any matters related to capital markets during the last three years, except a penalty of ₹ 2.00 Lakh imposed by SEBI vide its order dated November 29, 2017. The said penalty which was imposed due to failure on the part of Registrar and Transfer Agent (RTA), Link Intime India Private Limited, were recovered by the Company from RTA.

Apart from complying with the mandatory requirements prescribed by the SEBI Listing Regulations, the Company has complied with the following non-mandatory requirements:

- The Company has appointed separate persons to the post of Chairperson and Managing Director & CEO.
- The Chairman, being a Non-Executive Director, entitled to maintain a Chairperson's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.
- The Company's Financial Statements for the year ended March 31, 2020 are with unmodified audit opinion.
- The Internal Auditor reports directly to the Audit Committee in all matters relating to Internal Audit.

The requirement to provide details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) is not applicable to the Company.

CEO/CFO certification

Certificate from Mr. Vimal Kejriwal, Managing Director & CEO and Mr. Rajeev Aggarwal, Chief Financial Officer, in terms of Regulation 17(8) of the SEBI Listing Regulations, for the financial year 2019-20 was placed before the Board at its meeting held on May 29, 2020, and also forms part of this Annual Report.

IV. MEANS OF COMMUNICATION

Quarterly Results

As on March 31, 2020, the Company's shares are listed on BSE Limited and National Stock Exchange of India Limited.

The Company from time to time and as may be required, communicates with its investors through multiple channels of communications such as dissemination of information on the website of the Stock Exchanges, the Annual Reports, Press Releases and uploading relevant information on its website.

The quarterly financial results are announced through Press Releases sent to leading media publications. The results along with the notes are furnished on a quarterly basis to the Stock Exchanges as per the format prescribed and within the time period stipulated under Regulation 33(3) of the SEBI Listing Regulations. The Company discloses all information required to be disclosed under Regulation 30 read with Part 'A' and Part 'B' of Schedule III of the SEBI Listing Regulations including material information having bearing on the performance/operations of the Company and other price sensitive information. Information to Stock Exchanges is filed electronically on the online portals of BSE Limited i.e. BSE Corporate Compliance & Listing Centre (Listing Centre) and National Stock Exchange of India Limited i.e. NSE Electronic Application Processing System (NEAPS).

Newspapers wherein financial results are being published

Financial Results	Un-audited/Audited	Newspapers
First Quarter	Un-audited	Business Standard, Free Press Journal and Nav Shakti
Second Quarter	Un-audited	Business Standard, Free Press Journal and Nav Shakti
Third Quarter	Un-audited	Business Standard, Free Press Journal and Nav Shakti
Fourth Quarter/ Full Year*	Un-audited/Audited	-

**The results were not published in the newspaper in accordance with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, granting relaxation from the provisions of Regulation 47 of the SEBI Listing Regulations.*

The financial results are also displayed on the Company's website www.kecrpg.com under 'Investors' tab.

Company's Website

The Company's corporate website www.kecrpg.com depicts comprehensive information about the business activities of the Company. The website contains a separate dedicated section "Investors" where shareholder related information disseminated to the Stock Exchange is available such as financial results, Annual Reports, shareholding patterns, quarterly compliance reports on Corporate Governance, schedule of analyst or institutional investor meet and presentations made by the Company on the quarterly financial results.

Information available also includes credit ratings, the policies framed by the Company under various laws and regulations, contact information of the Nodal Officer and Designated Officials responsible for assisting and handling investor grievances, email address for grievance and redressal and other relevant details, details of familiarization programs imparted to Independent Directors, and such other information as may be required to be uploaded on the website of the Company in compliance / accordance with Regulation 46 of the SEBI Listing Regulations as amended from time to time.

The achievements and important events such as receipt of major orders by the Company etc. are announced through press & electronic media and also posted on the Company's website.

All other press coverage and news release are communicated by the Company through its corporate website. Corporate presentations made to Institutional Investors/Analysts at Investor Meets organized by the Company are also hosted on the website for wider dissemination. The means of communication between the Company and the shareholders are transparent and investor friendly and the Company takes all possible endeavors to inform its stakeholders about every material information having bearing on the performance and operations of the Company and other price sensitive information.

The Company has also uploaded Frequently Asked Questions (FAQs) giving information about the Company and the procedure to be followed by the Investors for transmission, dematerialisation, rematerialisation, procedure to claim shares and dividend transferred to IEPF etc. for the convenience of the Investors.

V. GENERAL SHAREHOLDERS INFORMATION

Date, time and venue of Annual General Meeting	August 07, 2020 at 3:00 p.m. Through Video Conferencing
Financial Year	April 01 - March 31
Financial Calendar:	
First quarter results	By second week of August 2020*
Second quarter results	By second week of November 2020*
Third quarter results	By second week of February 2021*
Results for the year ending March 2021	By the end of May 2021*

** Tentative*

Status of Listing on Stock Exchanges

The Equity Shares of the Company are listed on the BSE Limited (BSE) and the National Stock Exchange of India Ltd. (NSE) and annual listing fees have been paid to both the stock exchanges.

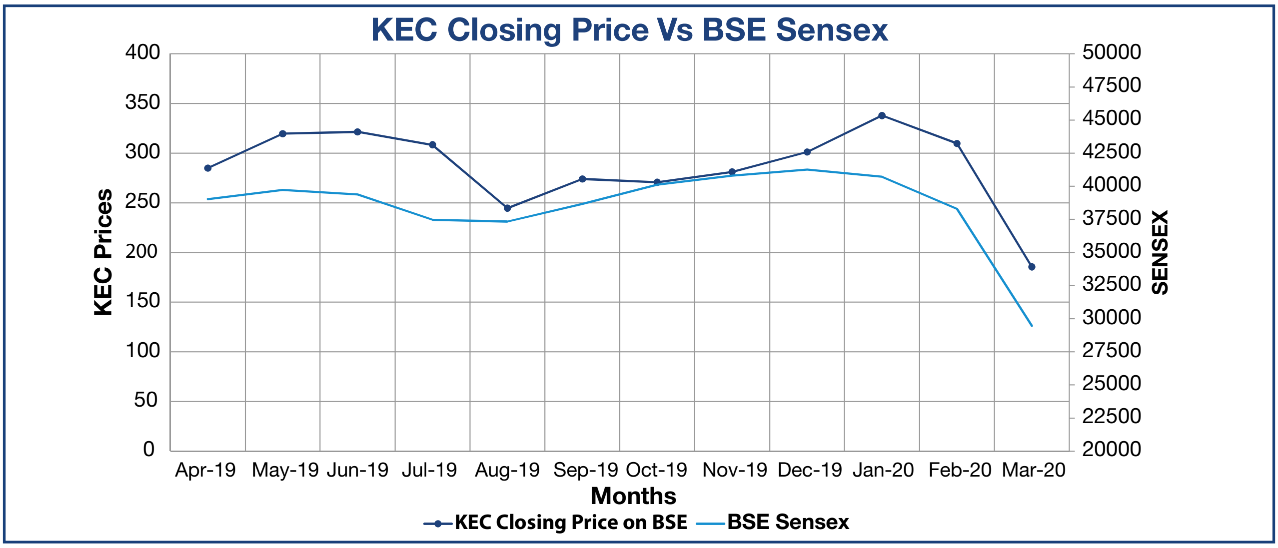
Name and address of the Stock Exchanges	Stock Code
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532714
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051	KEC

The Company has listed its Non- Convertible Debentures and Commercial Papers on BSE Limited.

Market price Data -BSE & NSE

Month	BSE		NSE		BSE Sensex
	High (₹)	Low (₹)	High (₹)	Low (₹)	Closing
April 2019	306.70	281.60	306.90	281.55	39,031.55
May 2019	336.15	270.90	336.70	270.65	39,714.20
June 2019	329.50	303.00	329.45	302.45	39,394.64
July 2019	340.50	305.10	340.95	305.00	37,481.12
August 2019	311.65	230.35	312.00	230.00	37,332.79
September 2019	295.10	240.40	295.30	240.25	38,667.33
October 2019	285.75	259.05	285.80	258.80	40,129.05
November 2019	294.20	263.50	294.50	263.10	40,793.81
December 2019	308.90	265.80	308.40	265.70	41,253.74
January 2020	352.95	295.05	353.00	295.05	40,723.49
February 2020	358.30	298.20	358.90	298.10	38,297.29
March 2020	329.00	162.45	326.15	161.80	29,468.49

Performance of Company's Equity Share's price in comparison to BSE Sensex



Registrar and Share Transfer Agent

Link Intime India Private Limited is the Company's Registrar and Share Transfer Agent. Their contact details are as follows:

Link Intime India Private Limited
(Unit: KEC International Limited)
C 101, 247 Park, LBS Marg, Vikhroli West,
Mumbai - 400 083
Tel: 022 - 49186270
Fax: 022 - 49186060
Email ID: rnt.helpdesk@linkintime.co.in

Contact Address for Investors

Shareholders can send their queries regarding Transmission/ Dematerialisation of shares and any other correspondences relating to the shares of the Company to the abovementioned address of the Company's Registrar and Share Transfer Agent. Shareholders holding shares in electronic mode should address all correspondences to their respective depository participants.

Share Transfer System

The Stakeholders' Relationship Committee meets on a periodic basis and as an when necessary.

As per direction of Securities and Exchange Board of India, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository. This measure has come into effect from April 01, 2019. The transfer deed(s) once lodged prior to deadline and returned due to deficiency in the document may be re-lodged for transfer even after the deadline of April 01, 2019. Shareholders who are still holding share certificate(s) in physical form are advised to dematerialise their shareholding to facilitate transfers and avail other benefits of dematerialisation, which include easy liquidity, electronic transfer and elimination of any possibility of loss of documents and bad deliveries.

The Company has obtained the half yearly certificates from a Company Secretary in Practice for due compliance of share transfer formalities as per the requirement of Regulation 40(9) of the SEBI Listing Regulations. These certificates have been submitted to the Stock Exchanges.

As stipulated by SEBI, a Company Secretary in Practice carried out an Audit, on quarterly basis, to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited and the total issued & listed capital. Such reconciliation of share capital audit report was submitted to Stock Exchanges on quarterly basis.

Distribution of Shareholding

Distribution of shares according to size of holding as on March 31, 2020

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-500	82,738	89.86	8,972,033	3.49
501-1,000	5,496	5.97	4,197,772	1.63
1,001-2,000	2,084	2.26	3,033,848	1.18
2,001-3,000	690	0.75	1,731,626	0.67
3,001-4,000	249	0.27	882,106	0.35
4,001-5,000	215	0.23	995,365	0.39
5,001-10,000	298	0.33	2,160,971	0.84
10,001 & above	307	0.33	235,114,649	91.45
Total	**92,077**	**100.00**	**257,088,370**	**100.00**

Categories of Shareholders as on March 31, 2020

Category	No. of Shares Held	% of Shareholding
Promoters	132,823,907	51.66
Mutual Funds/UTI	58,932,140	22.92
Financial Institutions, Insurance Companies and Banks (including Foreign Banks)	9,971,684	3.88
Foreign Institutional Investors	40,250	0.02
Foreign Portfolio Investors	22,336,109	8.69
Foreign Companies	46,425	0.02
General Public	22,417,204	8.73
NRIs/OCBs	957,954	0.37
Other Bodies Corporate	4,962,531	1.93
Clearing Members	157,263	0.06
Trusts	394,145	0.15
Foreign Nationals	1,600	0.00
Alternate Investment Funds	1,682,736	0.65
Hindu Undivided Family	585,409	0.23
Directors and Relatives	5	0.00
Investor Education and Protection Fund	1,778,183	0.69
NBFCs Registered with RBI	825	0.00
Total	**257,088,370**	**100.00**

Unclaimed Shares

As per Regulation 39 read with Schedule VI of the SEBI Listing Regulations, a listed company is required to transfer the unclaimed shares, if any, of its shareholders to an Unclaimed Suspense Account with a depository participant upon serving three reminders to the shareholders. Accordingly, the Company, in compliance of the requirement and after giving three reminders, transferred unclaimed shares to an Unclaimed Suspense Account in dematerialised mode. The voting rights on the shares in the suspense account shall remain frozen till the rightful owners claim the shares. During the financial year 2019-20, few requests to claim these shares were received, which were released after a thorough due diligence. Following are the details of the unclaimed shares at the beginning and at the end of the year and the requests processed during the year:

Particulars	No. of Shareholders	No. of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 01, 2019	919	188,420
Shareholders who approached the Company for transfer of shares from suspense account during the year	34	8,910
Shareholders to whom shares were transferred from the suspense account during the year	34	8,910
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	297	52,980
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2020	588	126,530

Dematerialisation of Shares and Liquidity

The Company has executed agreement with both the depositories of the Country i.e. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for admission of its securities under dematerialised mode. The

International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE389H01022. As on March 31, 2020, total Equity Shares representing 98.35 percent are held in dematerialised form.

Outstanding GDRs/ADRs/Warrants or any convertible instruments or options, conversion date and likely impact on Equity

There are no outstanding GDRs/ADRs/Warrants or any convertible instruments or options.

Transfer of Unpaid/Unclaimed amounts and shares to Investor Education and Protection Fund (IEPF)

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, dividends, if not claimed 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").

Further, shares in respect of such dividends which have not been claimed for a period of 7 consecutive years are also liable to be transferred to the demat account of the IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

The Company had sent a reminder to the shareholders to claim their dividends in order to avoid transfer of dividends /shares to IEPF Authority. Notices in this regard were also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, were also uploaded on the Company's website www.kecrpg.com under the 'Investor' Tab.

In light of the aforesaid provisions, the Company has during the year, transferred to IEPF the unclaimed dividends which were outstanding for more than 7 consecutive years. Further, shares of the Company, in respect of which dividend has not been claimed for 7 consecutive years or more, have also been transferred to the demat account of IEPF Authority.

The Company had dispatched new share certificates to the shareholders of the Company pursuant to the sub-division of each equity share of face value of ₹ 10/- each into 5 equity shares of ₹ 2/- each in the year 2011. Subsequently, in accordance with erstwhile Clause 5A of the Listing Agreement, such shares which remained unclaimed, were transferred to "Unclaimed Suspense Account" ("Suspense Account") of the Company in the year 2013. The Company sent reminders to these shareholders requesting them to claim their shares in order to avoid transfer of their respective shares to IEPF account. During the year, such shares in respect of which dividend remained unclaimed for more than 7 consecutive years have also been transferred to IEPF.

The details of unclaimed dividends and shares transferred to IEPF during the financial year 2019-20 are as follows:

Particulars	Amount of unclaimed dividend transferred (₹)	Number of shares transferred
2011-12	3,369,025.20	166,969*

**52,980 Equity Shares represent the shares which were lying in the Unclaimed Suspense Account of the Company and transferred to demat account of IEPF Authority. The dividend in respect of these shares remained unclaimed for more than 7 consecutive years.*

The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and following the procedure to submit their claims, which is available on the website of the Company.

Following are the details of Dividends paid by the Company and their respective due dates of transfer to the IEPF if they remain unclaimed/unencashed by the Members.

Dividend for the year	Date of declaration of dividend	% of dividend declared	Last date up to which Members are entitled to claim the dividend
2012-13	August 21, 2013	25	September 22, 2020
2013-14	July 28, 2014	30	September 04, 2021
2014-15	July 29, 2015	45	August 30, 2022
2015-16 (Interim Dividend)	March 30, 2016	50	April 15, 2023
2016-17	July 26, 2017	80	August 27, 2024
2017-18	July 30, 2018	120	August 31, 2025
2018-19	July 23, 2019	135	August 28, 2026
2019-20 (Interim Dividend)	February 07, 2020	170	March 10, 2027

Registered Office/Correspondence Address of the Company

KEC International Limited
RPG House, 463, Dr. Annie Besant Road
Worli, Mumbai - 400 030
Tel No.: 022 - 66670200; Fax No.: 022 - 66670287
Email Id: investorpoint@kecrpg.com
Corporate Identification Number (CIN):
L45200MH2005PLC152061

Debenture Trustee

IDBI Trusteeship Services Limited
1105, Arunachal Building,
Barakhamba Road,
New Delhi – 110 001
Tel No.: 011-45138885

Plants' Locations			
Transmission Towers	Jaipur Jhotwara Industrial Area Jaipur - 302 012 Rajasthan	Butibori B-190 Industrial Area Butibori - 441 108 Maharashtra	Jabalpur Deori, P. O. Panagarh Jabalpur - 483 220 Madhya Pradesh
Cables	Mysore Hebbal Industrial Area Hootagalli, Belavadi Post Mysore - 571 186 Karnataka	Vadodara Village: Godampura (Samlaya) Taluka: Savli - 391 520 Gujarat	
KEC Towers	KEC Towers LLC[(1)] Plot No 597-653 Dubai Investment Park – 2 Jebal Ali Industrial Area Dubai – UAE		
SAE Towers	SAE Towers Mexico S de RL de CV[(2)] Arco Vial Saltillo-Nuevo Laredo Km. 24.1 C.P. 66050-79 Escobedo, N. L. Mexico	SAE Towers Brazil Torres de Transmissao Ltda[(2)] R. Moacyr G. Costa, 15 - Jd. Piemont Sul 32669-722, Betim/MG, Brazil	
Tower Testing Stations	Jaipur Jhotwara Industrial Area Jaipur - 302 012, Rajasthan	Butibori B-215 Industrial Area Butibori - 441 108, Maharashtra	Jabalpur Deori, P. O. Panagarh Jabalpur - 483 220, Madhya Pradesh
	SAE Towers Brazil Torres de Transmissao Ltda[(2)] R. Moacyr G. Costa, 15 - Jd. Piemont, Sul 32669-722, Betim/MG, Brazil		

Notes:

(1) Has not commenced operations

(2) Wholly owned stepdown subsidiaries of KEC International Limited

DECLARATION – CODE OF CONDUCT

All Board members and Senior Management personnel have, for the year ended March 31, 2020, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Vimal Kejriwal
Managing Director & CEO
(DIN: 00026981)

Place: Mumbai
Date: May 29, 2020

CEO/CFO CERTIFICATE

The Board of Directors
KEC International Limited

We certify to the Board that:

A. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2020 and that to the best of our knowledge and belief:

 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

 2) 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.

B. 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.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operations of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit Committee:

 1) significant changes, if any, in internal control over financial reporting during the year;

 2) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

 3) instances of significant 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.

Vimal Kejriwal
Managing Director & CEO
(DIN: 00026981)

Rajeev Aggarwal
Chief Financial Officer

Place: Mumbai
Date: May 29, 2020

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON DEBARMENT OR DISQUALIFICATION OF DIRECTORS

To
The Members of
KEC INTERNATIONAL LIMITED
RPG House, 463, Dr. Annie Besant Road,
Worli, Mumbai 400030

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **KEC INTERNATIONAL LIMITED** having **CIN L45200MH2005PLC152061** and having registered office at RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai 400030 (hereinafter referred to as 'the Company'), produced before me/us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name of Director	DIN	Date of Appointment in Company *
1.	H.V. Goenka	00026726	January 12, 2006
2.	Vimal Kejriwal	00026981	April 01, 2015
3.	A.T. Vaswani	00057953	January 12, 2006
4.	D.G. Piramal	00032012	January 12, 2006
5.	G.L. Mirchandani	00026664	January 12, 2006
6.	Nirupama Rao	06954879	October 31, 2014
7.	Ramesh Chandak	00026581	December 26, 2005
8.	S.M. Trehan	00060106	October 30, 2012
9.	M.S. Unnikrishnan	01460245	November 08, 2019
10.	Vikram Gandhi	05168309	August 07, 2019

**the date of appointment is as per the MCA Portal.*

Ensuring the eligibility of 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 Parikh Parekh & Associates
Practising Company Secretaries

Jigyasa N. Ved
FCS: 6488 CP: 6018
UDIN: F006488B000296437

Place : Mumbai
Date : May 29, 2020

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
KEC INTERNATIONAL LIMITED

We have examined the compliance of the conditions of Corporate Governance by KEC International Limited ('the Company') for the year ended on March 31, 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2020.

We further state that such compliance 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 Parikh Parekh & Associates
Practising Company Secretaries

P. N. Parikh
FCS: 327 CP: 1228
UDIN: F000327B000301177

Place : Mumbai
Date : May 29, 2020

INDEPENDENT AUDITORS' REPORT

To the Members of KEC International Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

1. We have audited the accompanying consolidated financial statements of KEC International Limited (the "Parent") which includes 26 jointly controlled operations consolidated on a proportionate basis and the Return of the Company's 41 branches at Abu Dhabi, Afghanistan, Algeria, Bangladesh, Bhutan, Burundi, Cameroon, Congo, Egypt, Ethiopia, Georgia, Ghana, Guinea, Indonesia, Ivory Coast, Jordan, Kazakhstan, Kenya, Kuwait, Laos, Lebanon, Libya, Malaysia, Mali, Mozambique, Nepal, Nicaragua, Nigeria, Oman, Papua New Guinea, Philippines, Senegal, Sierra Leone, South Africa, Srilanka, Tanzania, Thailand, Togo, Tunisia, Uganda and Zambia and its 16 subsidiaries (Parent, branches, jointly controlled operations and its subsidiaries together referred to as "the Group"), (refer Note 3.3 and 51 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the 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, as at March 31, 2020, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards 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 in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI 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 we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 18 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

4. We draw attention to Note 67 of the consolidated financial statements, regarding delays in recovery of receivable amounting to ₹ 148 crore from a customer. The recovery of the amount is dependent upon transfer of contract from the customer to a new sponsor.

   Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

5. 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
Estimation of contract cost and revenue recognition (Refer to note 3.8 and 40 to the Consolidated financial statements) Contract revenue amounting to ₹ 9,907.83 crores for engineering, procurement and construction contracts which usually extends over a period of 2-3 years, contract prices are fixed / subject to price variance clauses. The contract revenue is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. This method requires the Company to perform an initial assessment of total estimated cost and further, reassess the total construction cost at each reporting period to determine the appropriate percentage of completion. We considered the estimation of construction contract cost as a key audit matter given the involvement of significant management judgement which has consequential impact on revenue recognition. This matter was also reported as Key audit Matter in relation to a Branch in Srilanka and a Jointly controlled operation in Saudi Arabia by the respective auditors.	Our procedures over the recognition of construction revenue included the following: • Understood and evaluated the design and tested effectiveness of key internal financial controls, including those related to review and approval of estimated project cost and review of provision for estimated loss by the authorised representatives. • For sample of contracts, we obtained the percentage of completion calculations, agreed key contractual terms back to signed contracts, tested the mathematical accuracy of the cost to complete calculations and re-performed the calculation of revenue recognized during the year based on the percentage of completion. • For costs incurred to date, we tested samples to appropriate supporting documentation and performed cut off procedures. • To test the forecasted cost to complete, we obtained the breakdown of forecasted costs and tested elements of the forecast by obtaining executed purchase orders and agreements, evaluating reasonableness of management's judgements (including those related to contract performance under the lockdown and other restrictions imposed by Government of India) / and assumptions using past trends and comparing the estimated costs to the actual costs incurred for the similar completed projects. • Checked the implications and related disclosures in the consolidated financial statements pursuant to applicability of Ind AS 115. Based on the procedures performed above, we considered manner of estimation of contract cost and recognition of revenue to be reasonable.

Key audit matter	How our audit addressed the key audit matter
Valuation of accounts receivable in view of risk of credit losses (Refer Note 10 and 17 to the consolidated financial statements) Accounts receivables amounting to ₹ 5,444.78 crores (including retention receivables) is a significant item in the Parent's financial statements as at March 31, 2020 and assumptions used for estimating the credit loss on receivables is an area which is influenced by management's judgment. The Parent makes an assessment of the estimated credit losses basis credit risk, project status, past history, latest discussion/ correspondence with the customer. Given the relative significance of these receivables to the consolidated financial statements and the nature and extent of audit procedures involved to assess the recoverability of receivables, we determined this to be a key audit matter.	Our audit incorporated the following procedures with regards to provisioning of receivables: • Understood and evaluated the accounting policy of the company. • We evaluated the design and tested the operating effectiveness of key controls in relation to determination of estimated credit loss. • Inquired with senior management regarding status of collectability of the receivable. • For material balances, the basis of provision was discussed with the audit committee. • Assessed and challenged the information used by the Management to determine the expected credit losses by considering credit risk of the customer, cash collection, performance against historical trends and the level of credit loss charges over time; Based on our work as stated above, no significant deviations were observed in respect of management's assessment of valuation of accounts receivables.

6. The following Key Audit Matter was included in the audit report dated May 20, 2020, containing an unmodified audit opinion on the consolidated financial statements of SAE Tower Holdings, LLC (SAE), a subsidiary of the Parent issued by an independent firm of Chartered Accountants reproduced by us as under:

Key audit matter	How our audit addressed the key audit matter
Valuation of accounts receivable (Refer to Note 40 - Financial risk management objectives and policies and Note 9 - Trade receivables of the SAE's financial statement) The Company's trade receivables amount to INR 270.17 crores as at 31 March 2020. The Company has significant overdues from various customers/parties for which expected credit loss provision is measured by the management based on past trends using practical expedients as prescribed by Ind AS 109: 'Financial Instruments'. This involves significant management estimates and judgements. The recoverable amount was estimated by management based on their specific recoverability assessment on individual debtor with reference to ageing profile, historical pattern and the past record of default of the customer. The Company makes an assessment of the credit losses basis past history and latest discussion/correspondence with the customer. Given the relative significance of these receivables to the special purpose consolidated financial information and the nature and extent of audit procedures involved to assess the recoverability of receivables, we determined this to be a key audit matter.	Our audit incorporated the following procedures with regards to provisioning of receivables; Evaluated the design, implementation and operating effectiveness of the Group's key internal controls over the processes of collection of trade receivables; follow up of overdue balances; assessing provisions for receivables and controls relating to litigations. Reviewed the Company's credit policy outlining the authority for approving and responsibility to manage credit limits. Tested the expected credit loss model for appropriateness of past data and provisioning matrix used and reasons for other long outstanding balances were also obtained from the management. Obtained an understanding of the basis of management's judgements about the recoverability of trade receivable balances and evaluated the allowance for doubtful debts made by management for these individual balances with reference to correspondence between the Group and the debtors, the recovery plan and corroborated the inputs with our understanding of the matter and externally available information. Considered payments received subsequent to year-end, past payment history and unusual patterns to identify potentially impaired balances. Obtained confirmation from attorney to ensure recoverability of the receivable amount in case of litigations Also, ensured that the appropriate disclosures in accordance with Ind AS 32 have been made in the special purpose consolidated financial information.

OTHER INFORMATION

7. The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the consolidated financial statements and our auditor's report thereon. The Board report is expected to be made available to us after the date of this auditor's report.

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

9. 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. When we read the Board report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

10. The Parent's Board of Directors is 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 financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 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 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 Parent, as aforesaid.

11. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

12. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

13. 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.

14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 Parent has adequate internal financial controls with reference to 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 and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 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 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 the entities including branches and jointly controlled operations and business activities within the Group to express an opinion on the consolidated financial statements. The entities including branches and jointly controlled operations 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.

15. We communicate with those charged with governance of the Parent 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.

16. 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.

17. 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 auditor's 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

18. We did not audit the financial statements/financial information of;

    i) 26 jointly controlled operations (refer note 51 to the consolidated financial statements) and 41 branches (Abu Dhabi, Afghanistan, Algeria, Bangladesh, Bhutan, Burundi, Cameroon, Congo, Egypt, Ethiopia, Georgia, Ghana, Guinea, Indonesia, Ivory Coast, Jordan, Kazakhstan, Kenya, Kuwait, Laos, Lebanon, Libya, Malaysia, Mali, Mozambique, Nepal, Nicaragua, Nigeria, Oman, Papua New Guinea, Philippines, Senegal, Sierra Leone, South Africa, Srilanka, Tanzania, Thailand, Togo, Tunisia, Uganda and Zambia) considered in the preparation of the consolidated financial statements which constitute total assets of ₹ 3,116 crore and net assets of ₹ 254 crore as at March 31, 2020, total revenue of ₹ 2,258 crore, and net cash flows amounting to ₹ 14 crore for the year then ended; and

    ii) 16 subsidiaries (refer note 3.3 to the consolidated financial statements) whose financial statements/ financial information reflect total assets of ₹ 1,600 crore and net assets of Rs 575 crore as at March 31, 2020, total revenue of ₹ 1,624 crore, and net cash flows amounting to ₹ 39 crore for the year ended on that date, as considered in the consolidated financial statements.

    These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, branches and jointly controlled operations our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries incorporated in India and branches is based solely on the reports of the other auditors.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

20. As required by Section 143(3) of the Act, 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), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors of the Parent as on March 31, 2020 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the companies incorporated in India of the Group are disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

    (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

    (g) 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:

        i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group – Refer Note 59 to the consolidated financial statements.

        ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2020 – Refer Note 22.1 to the consolidated financial statements in respect of such items as it relates to the Group

iii. There were no delays in transferring amount required to be transferred to the Investor Education and Protection Fund by the Parent during the year ended March 31, 2020;

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.

21. The Parent has provided for/paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Sarah George
Partner
Membership Number 045255
UDIN: 20045255AAAAES7680

Place: Mumbai
Date: May 29, 2020

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 20(f) of the Independent Auditors' Report of even date to the members of KEC International Limited on the consolidated financial statements for the year ended March 31, 2020

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. We have audited the internal financial controls with reference to consolidated financial statements of KEC International Limited (hereinafter referred to as "Parent") as of March 31, 2020 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date, which includes the internal financial controls over financial reporting of the Company's 41 branches and its 1 subsidiary company, which is a Company incorporated in India.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The respective Board of Directors of the Parent and its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to consolidated financial statements, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting 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 (ICAI). 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 Act.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on the Parent's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 internal control 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.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors 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 Parent's internal financial controls system with reference to consolidated financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

6. A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control 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 consolidated financial statements in accordance with generally accepted accounting principles,

and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

7. 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 control 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.

OPINION

8. In our opinion, the Parent including its 41 Branches and its 1 subsidiary company which is a Company incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting 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.

OTHER MATTERS

9. 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 the 41 branches of the Parent and 1 subsidiary company, which is a Company incorporated in India, is based on the corresponding report of the auditors of the branches and report of the auditor of the Subsidiary Company which is a Company incorporated in India. Our opinion is not qualified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Sarah George
Partner
Membership Number 045255
UDIN: 20045255AAAAES7680

Place: Mumbai
Date: May 29, 2020

CONSOLIDATED BALANCE SHEET

as at March 31, 2020

₹ in Crore

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Non-current Assets			
(a) Property, plant and equipment	5	894.23	866.56
(b) Right-of-use Asset	6	147.00	-
(c) Capital work-in-progress (Refer note 68)		83.96	7.32
(d) Goodwill	7	222.56	203.71
(e) Intangible assets	8	87.99	112.12
		1,435.74	**1,189.71**
(f) Financial assets			
(i) Investments	9	★	★
(ii) Trade receivables	10	18.90	-
(iii) Loans	11	10.95	8.82
(iv) Other financial assets	12	-	4.76
		29.85	**13.58**
(g) Deferred tax assets (net)	31	22.37	31.32
(h) Non-current tax assets (net)	13	155.81	119.68
(i) Other non-current assets	14	212.04	189.08
Total Non -Current Assets		**1,855.81**	**1,543.37**
(2) Current assets			
(a) Inventories	15	775.82	641.01
(b) Financial assets			
(i) Investments	16	22.50	13.21
(ii) Trade receivables	17	5,425.88	4,875.26
(iii) Cash and cash equivalents	18	152.68	175.23
(iv) Bank balances other than (iii) above	19	10.99	100.94
(v) Loans	20	102.01	33.57
(vi) Other financial assets	21	6.07	105.73
		5,720.13	**5,303.94**
(c) Contract Assets	22	3,664.77	3,331.26
(d) Current tax assets (net)	23	23.01	13.62
(e) Other current assets	24	837.41	861.25
Total Current Assets		**11,021.14**	**10,151.08**
Total Assets		**12,876.95**	**11,694.45**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	25	51.42	51.42
(b) Other equity	26	2,746.16	2,383.68
Equity attributable to owners of the Company		2,797.58	2,435.10
(c) Non-controlling interests	27	-	★
Total Equity		**2,797.58**	**2,435.10**
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	28	152.66	541.06
(ii) Lease liabilities	29	111.08	-
		263.74	**541.06**
(b) Provisions	30	16.87	13.92
(c) Deferred tax liabilities (net)	31	75.08	149.65
Total Non-Current Liabilities		**355.69**	**704.63**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	32	1,909.14	1,155.75
(ii) Lease liabilities	33	34.55	-
(iii) Trade payables			
- total outstanding dues of micro and small enterprises	34	137.20	71.19
- total outstanding dues other than micro and small enterprises		4,870.05	4,729.75
(iv) Other financial liabilities	35	368.21	159.34
		7,319.15	**6,116.03**
(b) Contract Liabilities	36	2,210.27	2,252.19
(c) Other current liabilities	37	86.74	100.35
(d) Provisions	38	59.25	50.33
(e) Current tax liabilities (net)	39	48.27	35.82
Total Current Liabilities		**9,723.68**	**8,554.72**
Total Equity And Liabilities		**12,876.95**	**11,694.45**

★ less than rounding off norms adopted by the company.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

SARAH GEORGE
Partner
Membership Number: 045255

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman
DIN: 00026726

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 29, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

₹ in Crore

	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
	Continuing Operations			
I	**Revenue from operations**	40	11,965.37	11,000.53
II	**Other income**	41	11.10	22.59
III	**Total Income (I+II)**		**11,976.47**	**11,023.12**
IV	**Expenses**			
	(i) Cost of materials consumed	42	5,669.62	5,344.45
	(ii) Changes in inventories of finished goods and work-in-progress	43	(78.03)	65.23
	(iii) Erection and sub-contracting expenses	44	2,826.65	2,713.36
	(iv) Employee benefits expense	45	1,104.36	832.19
	(v) Finance costs	46	307.98	311.86
	(vi) Depreciation and amortisation expense	47	147.20	117.13
	(vii) Other expenses	48	1,208.42	895.39
	Total expenses		**11,186.20**	**10,279.61**
V	**Profit before tax from continuing operations(III - IV)**		**790.27**	**743.51**
VI	**Tax expense :**	49		
	(i) Current tax		285.43	251.93
	(ii) Deferred tax		(60.68)	5.14
			224.75	257.07
VII	**Profit for the year from continuing operations(V-VI)**		**565.52**	**486.44**
VIII	**Discontinued Operations**	53		
	Profit from discontinued operations		-	13.43
	Tax expense of discontinued operations		-	4.10
IX	**Profit from discontinued operations**		**-**	**9.33**
X	**Profit for the year (VII + IX)**		**565.52**	**495.77**
XI	**Other Comprehensive Income**			
	A Items that will not be reclassified to profit or loss			
	(i) Remeasurement of defined benefit obligations	57	2.03	0.57
	(ii) Income tax relating to these items	49.2	(1.02)	(0.22)
	B Items that will be reclassified to profit or loss	26		
	(i) Exchange differences on translation of joint operations and subsidiaries		19.31	17.66
	(ii) Net gain/(losses) on cash flow hedges		(43.10)	8.44
	(iii) Income tax relating to these items	49.2	8.59	(10.65)
	Total Other Comprehensive Income		**(14.19)**	**15.80**
XII	**Total Comprehensive Income for the year (X+XI)**		**551.33**	**511.57**
	Profit for the year attributable to :			
	Owners of the Company		551.33	511.57
	Non-controlling interests	27	-	★
	Other Comprehensive Income attributable to:			
	Owners of the Company		(14.19)	15.80
	Non-controlling interests		-	★
	Total Other Comprehensive Income attributable to:			
	Owners of the Company		551.33	511.57
	Non-controlling interests		-	★
XIII	**Earnings per equity share for continuing operations (of ₹ 2 each)**			
	(i) Basic	50	22.00	18.92
	(ii) Diluted		22.00	18.92
XIV	**Earnings per equity share for discontinued operation (of ₹ 2 each)**			
	(i) Basic	50	-	0.36
	(ii) Diluted		-	0.36
XV	**Earnings per equity share (for continuing and discontinued operations (of ₹ 2 each)**			
	(i) Basic	50	22.00	19.28
	(ii) Diluted		22.00	19.28

★ less than rounding off norms adopted by the company.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

SARAH GEORGE
Partner
Membership Number: 045255

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman
DIN: 00026726

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 29, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

A. EQUITY SHARE CAPITAL

₹ in Crore

Particulars	Notes	Amount
Balance as at April 1, 2019		51.42
Changes in equity share capital during the year	25	-
Balance as at March 31, 2020		51.42

B. OTHER EQUITY

₹ in Crore

Particulars	Other items (Share issue expenses)	Reserves and Surplus								Other Comprehensive Income			Total
		Capital Reserve	Capital Reserve on consolidation	Securities Premium	Capital Redemption Reserve	Debenture Redemption Reserve	Statutory Reserve	General Reserve	Retained Earnings	Effective portion of cash flow hedges	Exchange differences on translation of foreign operations	Other items of other comprehensive income (Remeasurement of defined benefit obligations)	
Notes	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
Balance as at April 1, 2018	**(0.33)**	**84.98**	**0.04**	**86.75**	**14.28**	**22.77**	**0.95**	**152.98**	**1,584.18**	**(2.49)**	**7.35**	**(5.42)**	**1,946.04**
Profit for the year	-	-	-	-	-	-	-	-	495.77	-	-	-	495.77
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	5.45	10.00	0.35	15.80
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**495.77**	**5.45**	**10.00**	**0.35**	**511.57**
Transactions with owners in their capacity as owner													
Dividends	-	-	-	-	-	-	-	-	(61.70)	-	-	-	(61.70)
Dividend distribution tax	-	-	-	-	-	-	-	-	(12.56)	-	-	-	(12.56)
Transfer from retained earnings	-	-	-	-	-	15.98	-	-	(15.98)	-	-	-	-
Trasnferred on disposal of subsidiary	0.33	-	-	-	-	-	-	-	-	-	-	-	0.33
Balance as at March 31, 2019	**-**	**84.98**	**0.04**	**86.75**	**14.28**	**38.75**	**0.95**	**152.98**	**1,989.71**	**2.96**	**17.35**	**(5.07)**	**2,383.68**
Balance as at April 1, 2019	**-**	**84.98**	**0.04**	**86.75**	**14.28**	**38.75**	**0.95**	**152.98**	**1,989.71**	**2.96**	**17.35**	**(5.07)**	**2,383.68**
Profit for the year	-	-	-	-	-	-	-	-	565.52	-	-	-	565.52
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	(31.82)	16.62	1.01	(14.19)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**565.52**	**(31.82)**	**16.62**	**1.01**	**551.33**
Transactions with owners in their capacity as owner													
Dividends	-	-	-	-	-	-	-	-	(156.61)	-	-	-	(156.61)
Dividend distribution tax	-	-	-	-	-	-	-	-	(32.24)	-	-	-	(32.24)
Balance as at March 31, 2020	**-**	**84.98**	**0.04**	**86.75**	**14.28**	**38.75**	**0.95**	**152.98**	**2,366.38**	**(28.86)**	**33.97**	**(4.06)**	**2,746.16**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

SARAH GEORGE
Partner
Membership Number: 045255

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman
DIN: 00026726

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 29, 2020

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2020

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit after income tax from				
Continuing operations	565.52		486.44	
Discontinued operations	-		9.33	
Profit for the year after tax		**565.52**		**495.77**
Adjustments for:				
Income tax expense	224.75		261.17	
Depreciation and amortisation expense	147.20		117.13	
Profit on sale of property, plant and equipment (net)	(0.06)		(1.08)	
Loss on property, plant and equipment discarded & intangible assets derecognised	0.50		0.59	
Gain on sale of subsidiary	-		(7.25)	
Finance costs	307.98		311.86	
Interest income	(3.27)		(14.80)	
Bad debts, loans and advances written off (net)	27.60		35.78	
Allowance for bad and doubtful debts, loans and advances (net)	26.80		1.87	
Mark to market loss on forward and commodity contracts	92.11		(96.53)	
Net loss arising on financial assets mandatorily measured at FVTPL	-		1.84	
Net unrealised exchange (gain) / loss	(85.39)		(31.23)	
		738.22		**579.35**
		1,303.74		**1,075.12**
Changes in assets and liabilities				
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(134.81)		(13.60)	
Trade receivables	(475.64)		(80.50)	
Loans	(71.18)		26.92	
Other financial assets & contract assets	(286.14)		(1,008.56)	
Other current assets	21.74		(254.62)	
Other non-current assets	(24.99)		39.16	
		(971.02)		**(1,291.20)**
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	156.71		165.27	
Other current liabilities & contract liabilities	(56.46)		597.82	
Other financial liabilities	(10.11)		(14.26)	
Provisions	13.90		(36.33)	
		104.04		**712.50**
Cash Generated From Operations		**436.76**		**496.42**
Taxes paid (net of refunds)		(349.31)		(297.68)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)		**87.45**		**198.74**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2020

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on property, plant and equipment & intangible assets (after adjustment of increase/decrease in capital work-in-progress and advances for capital expenditure)	(206.45)		(113.44)	
Proceeds from sale of property, plant and equipment	4.49		5.16	
(Purchase) / sale of short-term investments	(545.65)		(595.43)	
Proceeds from disposal of short term investment	536.36		621.52	
Proceeds from sale of subsidiary	-		57.37	
Interest received	3.36		14.77	
Bank balances (including non-current) not considered as Cash and cash equivalents (net)	89.95		(59.40)	
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)		**(117.94)**		**(69.45)**
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from other than short-term borrowings (including debentures)	81.44		62.64	
Repayments of other than short-term borrowings (including debentures)	(326.36)		(103.56)	
Repayment of finance lease obligations	(31.60)		(5.69)	
Net increase / (decrease) in short-term borrowings	703.78		274.80	
Finance costs paid	(268.90)		(316.74)	
Dividend paid	(155.84)		(61.36)	
NET CASH FLOW GENERATED / (USED) IN FINANCING ACTIVITIES (C)		**2.52**		**(149.91)**
NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		**(27.97)**		**(20.62)**
Cash and cash equivalents at the beginning of the year (Refer Note 18)		175.23		193.00
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		5.42		2.85
Cash and cash equivalents at the end of the year (Refer Note 18)		**152.68**		**175.23**

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES:

Particulars	As at March 31, 2019	Cash flows	Recognised on adoption of IndAS 116	Foreign exchange movement	Interest movement during the year	As at March 31, 2020
Debentures including interest	313.19	-	-	-	30.59	343.78
Long term borrowings including current maturities of long term debts (other than debentures and lease liabilities)	367.76	(244.92)	-	-	(0.04)	122.80
Short term borrowings	1,158.92	703.78	-	49.61	1.11	1,913.42
Lease liabilities	-	(31.60)	171.71	(0.34)	5.86	145.63
Total liabilities from financing activities	**1,839.87**	**427.26**	**171.71**	**49.27**	**37.52**	**2,525.62**

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

SARAH GEORGE
Partner
Membership Number: 045255

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman
DIN: 00026726

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 29, 2020

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

1. GENERAL INFORMATION

KEC International Limited ("the Company") is a public limited company incorporated and domiciled in India. The registered office of the Company is located at RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai- 400 030.

The Company together with its subsidiaries (as detailed in note 3.3) is herein after referred to as the 'Group'.

The Group is primarily engaged in Engineering, Procurement and Construction business (EPC) relating to infrastructure interalia products, projects and systems and related activities for power transmission, distribution, Railway and other EPC businesses.

2. NEW STANDARDS ADOPTED BY THE COMPANY

New standards adopted by the Group:

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing April 1, 2019:

- Ind AS 116, Leases
- Long-term interest in Associates and Joint Ventures – Amendments to Ind AS 28, Investments in Associates and Joint Ventures
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or settlement – Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 103, Business Combinations and Ind AS 111, Joint Arrangements
- Amendment to Ind AS 23, Borrowing costs

Amendments listed above did not have any material impact on the current period and are not expected to significantly affect the future period.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements comply in all material aspects with Ind AS notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the act.

3.2 Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and employee benefit obligations that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 'Inventories' or value in use in Ind AS 36 'Impairment of Assets', or net present value of lease payments in Ind AS 116 'Leases', as applicable.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Operating Cycle

Assets and liabilities other than those relating to long-term contracts (i.e. supply or construction contracts) are classified as current if it is expected to realize or settle within 12 months after the balance sheet date.

In case of long-term contracts, the time between acquisition of assets for processing and realisation of the entire proceeds under the contracts in cash or cash equivalent exceeds one year. Accordingly, for classification of assets and liabilities related to such contracts as current, duration of each contract is considered as its operating cycle, except for amounts with respect to legal cases or long pending disputes.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:-

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses 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 listed above.

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Profit and Loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component's other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of the Company and its Subsidiary Companies have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Company.

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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless transaction provides evidence of an impairment of the transferred asset.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

The following subsidiaries have been considered in preparation of the consolidated financial statements:

	Country of Incorporation	% of ownership interest either directly or through subsidiaries	
		As at March 31, 2020	As at March 31, 2019
Direct Subsidiaries			
RPG Transmission Nigeria Limited	Nigeria	100	100
KEC Global FZ–LLC–Ras UL Khaimah	UAE	100	100
KEC Towers LLC*	UAE	100	-
KEC Investment Holdings, Mauritius	Mauritius	100	100
KEC Global Mauritius	Mauritius	100	100
KEC International (Malaysia) SDN BHD**	Malaysia	100	100
KEC Power India Private Limited	India	100	100
Indirect Subsidiaries			
SAE Towers Holdings LLC	USA	100	100
SAE Towers Brazil Subsidiary Company LLC	USA	100	100
SAE Towers Mexico Subsidiary Holding Company LLC	USA	100	100
SAE Towers Mexico S de RL de CV	Mexico	100	100
SAE Towers Brazil Torres de Transmission Ltda	Brazil	100	100
SAE Prestadora de Servicios Mexico, S de RL de CV	Mexico	100	100
SAE Towers Ltd	USA	100	100
SAE Engenharia E Construcao Ltda	Brazil	100	100
KEC Engineering & Construction Services, S de RL de CV	Mexico	100	100
KEC GHCS (Malaysia) SDN BHD#	Malaysia	-	49

* Incorporated on November 24, 2019

** Became direct subsidiary from March 16, 2020

\# Liquidated on October 29, 2019

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

3.4 Business combinations

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 3.4 above) less accumulated impairment losses, if any. Goodwill is not amortised but it is tested for impairment.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

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

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. 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.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

1. its assets, including its share of any assets held jointly;
2. its liabilities, including its share of any liabilities incurred jointly;
3. its revenue from the sale of its share of the output arising from the joint operation;
4. its expenses including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the Ind AS applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3.7 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale and are presented

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

separately from the other assets in the balance sheet. The liabilities related to the assets held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss from discontinued operations in the statement of profit or loss.

3.8 Revenue recognition

The Group derives revenue principally from following streams:

- Sale of products (towers and cables)
- Sale of services
- Construction contracts
- Other Operating Revenue

3.8.1 Sale of products:

Revenue from sale of products is recognised upon satisfaction of performance obligations, i.e. at a point of time, which occurs when the control is transferred to the customer.

Customers obtain control as per the incoterms. In determining the transaction price for sale of product, the Group considers the effects of variable consideration, if any. Invoices are issued according to contractual terms and are usually payable as per the credit period agreed with the customer.

3.8.2 Sale of services:

Services rendered include tower testing and designing, operating and maintenance and other services.

Revenue from providing services is recognised in the accounting period in which the services are rendered.

Invoices are issued according to contractual terms and are usually payable as per the credit period agreed with the customer.

3.8.3 Construction contracts:

The Group recognises revenue from engineering, procurement and construction contracts ('EPC') over the period of time, as performance obligations are satisfied over time due to continuous transfer of control to the customer. EPC contracts are generally accounted for as a single performance obligation as it involves complex integration of goods and services.

The performance obligations are satisfied over time as the work progresses. The Group recognises revenue using input method (i.e. percentage-of-completion method), based primarily on contract cost incurred to date compared to total estimated contract costs. Changes to total estimated contract costs, if any, are recognised in the period in which they are determined as assessed at the contract level. If the consideration in the contract includes price variation clause or there are amendments in contracts, the Group estimates the amount of consideration to which it will be entitled in exchange for work performed.

Due to the nature of the work required to be performed on many of the performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgement. Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, discounts, if any. The Group considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be constrained. The Group includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Progress billings are generally issued upon completion of certain phases of the work as stipulated in the contract. Billing terms of the over-time contracts vary but are generally based on achieving specified milestones. The difference between the timing of revenue recognised and customer billings result in changes to contract assets and contract liabilities. Payment is generally due upon receipt of the invoice, payable within 90 days or less. Contractual retention amounts billed to customers are generally due upon expiration of the contract period.

The contracts generally result in revenue recognised in excess of billings which are presented as contract assets on the statement of financial position. Amounts billed and

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

due from customers are classified as receivables on the statement of financial position. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component since it is usually intended to provide customer with a form of security for Company's remaining performance as specified under the contract, which is consistent with the industry practice. Contract liabilities represent amounts billed to customers in excess of revenue recognised till date. A liability is recognised for advance payments and it is not considered as a significant financing component because it is used to meet working capital requirements at the time of project mobilization stage. The same is presented as contract liability in the statement of financial position.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to management.

For construction contracts the control is transferred over time and revenue is recognised based on the extent of progress towards completion of the performance obligations. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The percentage of completion is based primarily on contract cost incurred to date compared to total estimated contract cost for each contract in order to reflect the effective completion of the project. This percentage of completion could be based on technical milestones or as per the contractual terms specified. A construction contract is considered completed when the last technical milestone is achieved, which occurs upon contractual transfer of ownership of the asset.

3.8.4 Other Operating Revenue

Export benefits under Mercantile Export from India Incentive Scheme (MEIS), Service Export from India Scheme (SEIS) and Duty Drawback benefits are accounted as revenue on accrual basis as and when export of goods take place.

3.9 Leasing

Effective from April 1, 2019, the Company has adopted Ind AS 116 "Leases" and accordingly accounted for leases as below:

As a lessee:

Leases are recognised as right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on present value basis. Lease liabilities include the net present value of the following lease payments:

- Lease payments less any lease incentives receivable
- Variable lease payments, if any
- Amounts expected to be payable by the Group under residual value guarantees, if any
- Exercise price of the purchase option, if the Group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using incremental borrowing rate (since the interest rate implicit in the lease cannot be readily determined). Incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on any key variable / condition, are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as on expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

As a lessor

Lease income from operating leases where the Group is lessor is recognised in income on a straight line basis over

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the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

Upto March 31, 2019:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations (net of finance charges) to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are accounted in the year in which it is incurred. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.10 Foreign currency translation

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates (functional currency). The group's functional and presentation currency is Indian Rupees (INR) and these consolidated financial statements are presented in Indian rupees. For each entity (subsidiaries), the group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

In preparing these consolidated financial statements, the Group has applied following policies:

A) Foreign Branches of the Company:-

1. Income and expense items are translated at the exchange rates at the dates of the transactions and all resulting exchange differences are are recognised in the Statement of Profit and Loss.
2. Non-monetary assets and liabilities are measured in terms of historical cost in foreign currencies and are not translated at the rates prevailing at the reporting period. Monetary assets and liabilities are translated at the rates prevailing at the end of each reporting period. Exchange differences on translations are recognised in the Consolidated Statement of Profit and Loss.

B) Joint Operations and subsidiaries outside India with functional currency other than presentation currency:

1. Assets and liabilities, both monetary and non-monetary are translated at the rates prevailing at the end of each reporting period.
2. Income and expense items are translated at exchange rates at the dates of the transactions and all resulting exchange differences are accumulated in the foreign currency translation reserve in the statement of changes in equity.

C) Other foreign currency transactions:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gain and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currency at the year end exchange rate are generally recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

In case of consideration paid or received in advance for foreign currency denominated contracts, the related expense or income is recognised using the rate on the date of transaction on initial recognition of a related asset or liability.

Exchange differences on monetary items are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 3.25 below for hedging accounting policies); and

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the

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Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Forward Exchange Contracts:

The forward exchange contracts are marked to market and gain/loss on such contracts are recognised in the Consolidated Statement of Profit and Loss at the end of each reporting period, except for those contracts which are designated as hedge instruments.

The net foreign exchange difference reported in statement of profit and loss has been disclosed in Note 48.

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Finance expenses are recognised immediately in the Consolidated Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

All other borrowing costs are recognised in the Consolidated Statement of Profit and Loss in the period in which they are incurred.

3.12 Employee benefits

3.12.1 Long Term Employee Benefits :

(a) Defined Contribution Plans:

Payments to defined contribution retirement benefit scheme for eligible employees in the form of superannuation fund and provident fund are recognised as expense when employees have rendered service entitling them to the contributions. The group has no further payment obligation once the contribution have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses when they are due.

(b) Defined Benefit Plans:

The Company has established 'KEC International Limited Provident Fund' in respect of employees other than factory workers, to which both the employee and the employer make contribution equal to 12% of the employee's basic salary. The Company's contribution to the provident fund for all employees are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company.

The defined benefit plan of Company i.e. gratuity plan, provides for lump sum payment to vested employees on retirement / termination of an amount equivalent to 15 days salary and on death while in employment or on death of an employee an amount equivalent to one month salary, payable for each completed year of service or part thereof in excess of six months in terms of Gratuity scheme of the Company or as per payment of the Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service.

In case of jointly controlled operation at Saudi, the defined benefit plan i.e. End Service Benefit (ESB), provides for lump sum payment to vested employees on resignation/ termination or retirement on an amount equivalent to 15 days salary upto 5 years and one month salary from 6th year onwards for each completed year of service or part thereof on proportionate basis according to the law applicable in Saudi. Vesting occurs upon completion of two years of service. In case of subsidiary at Malaysia, the defined benefit plan i.e. Gratuity Plan, provides for lump sum payment to vested employees on resignation/ termination or retirement and on death while in employment, an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months in terms of gratuity scheme provided by the subsidiary company or as per law of Malaysia whichever is higher. Vesting occurs upon completion of 10 years of service.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements, comprising actuarial gains and losses, the effect of the changes to the return on plan assets (excluding net interest), is reflected immediately

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in the consolidated balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the Consolidated Statement of Profit and Loss. Past service cost is recognised in the Consolidated Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

In case of subsidiary at US, it has a post employment scheme for pension, which is unfunded. The liability recognized in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligations are determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Group presents the first two components of defined benefit costs in the Consolidated Statement of Profit and Loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

3.12.2 Short-term employee benefits:

Liabilities for wages & salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of period in which the employees rendered the related services are recognised in respect of employee services upto the end of reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits obligations in the balance sheet.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit and loss. The obligations are presented as current liabilities in the balance sheet, if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

3.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.13.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

3.13.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference

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will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements 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.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and credits only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

3.13.3 Current and deferred tax for the year

Current and deferred tax are recognised in the Consolidated 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.14 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Freehold land is not depreciated. Leasehold land is amortised over the remaining period of the lease.

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

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation on other items of Property, Plant and Equipment has been provided on the straight-line method as per the useful life as estimated by the Management. The estimate of the useful life of the assets has been based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, etc. The estimated useful life of these Property, Plant and Equipment is mentioned below:

Particulars	Estimated useful life (in years)
Buildings (including roads and temporary structures)	3-60
Plant and Equipment/ Office Equipment	5-23
Erection tools	3-5
Furniture and Fixtures	10
Vehicles	6-8
Computers	3-6

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An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Profit and Loss.

3.15 Intangible assets

3.15.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.15.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.15.3 Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

3.15.4 Derecognition 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 Consolidated Statement of Profit and Loss when the asset is derecognised.

3.15.5 Useful lives of intangible assets

Brand in respect of the power transmission business acquired under the High Court approved Composite Scheme of Arrangement in an earlier year is amortised by the Company in terms of the said Scheme over its useful life, which based on an expert opinion is estimated to be of 20 years. Brand in respect of the railway signalling business transferred to the Company pursuant to the High Court approved Scheme of Amalgamation is amortised over 10 year being its useful life, as estimated by the management.

Computer Software are amortised on straight line basis over the estimated useful life ranging between 4-6 years.

3.16 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. For the purpose of assessing impairment, assets are grouped at the lowest level, for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or group of assets (cash-generating unit).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Consolidated Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Profit and Loss.

3.17 Investment

The Company classifies its financial assets in the measurement categories as those to be measured subsequently at fair value (through other comprehensive income or through profit and loss) and those measured at amortised cost. The classification depends on the

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Company's business model for managing the financial asset and the contractual terms of the cash flows. (Refer 3.21)

3.18 Inventories

Inventories (raw material, work-in-progress, finished goods, stores and spares and erection material) are stated at the lower of cost and net realisable value. Cost of purchased material is determined on the weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Scrap is valued at net realisable value.

Cost of work-in-progress and finished goods includes material cost, labour cost, and manufacturing overheads absorbed on the basis of normal capacity of production.

3.19 Provisions and contingencies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation in respect of which a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Warranty Provision: Provisions for warranty related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

Contingent assets: A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised but disclosed only when an inflow of economic benefits is probable.

3.20 Financial instruments

Financial assets and financial liabilities are recognised when a group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities [other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)]. are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Consolidated Statement of Profit and Loss.

Purchases or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3.21 Financial assets

3.21.1 Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognised in the Consolidated Statement of Profit and Loss.

3.21.2 Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair

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value through other comprehensive income on initial recognition. Gains or losses arising on remeasurement are recognised in the Consolidated Statement of Profit and Loss. The net gain or loss recognised in the Consolidated Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

3.21.3 Dividend income is recognised when the right to receive payment has been established.

3.21.4 Impairment of financial assets

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for all financial assets is measured at an amount equal to lifetime ECL. The Group has used practical expedient by computing expected credit loss allowance for trade receivable by taking into consideration historical credit loss experience and adjusted for forward looking information. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized as an impairment gain or loss in the Consolidated Statement of Profit and Loss.

3.21.5 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party and does not retain control of the asset. The Company continues to recognise the asset to the extent of Company's continuing involvement.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Consolidated Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Consolidated Statement of Profit and Loss on disposal of that financial asset.

3.21.6 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost, the exchange differences are recognised in the Consolidated Statement of Profit and Loss except for those which are designated as hedging instruments in a hedging relationship.

3.22 Financial liabilities and equity instruments

3.22.1 Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.22.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.22.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

3.22.3.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

3.22.3.2 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair value and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109, 'Financial Instruments'; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115, 'Revenue from Contract with Customers'.

3.22.3.3 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are included in the Consolidated Statement of Profit and Loss.

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The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

3.22.3.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a new lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Consolidated Statement of Profit and Loss.

3.23 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks and commodity price risks, including foreign exchange forward contracts and commodity contracts-Over the Counter (OTC) derivatives. Derivatives are only used for economic hedging purposes and not as a speculative investment. Further, details of derivative financial instruments are disclosed in Note 55.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Consolidated Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Consolidated Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

3.23.1 Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3.24 Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, commodity price risk as cash flow hedges. Hedges of foreign exchange risk and commodity price risk for highly probable forecast transactions are accounted for as cash flow hedges. Hedges of the fair value of recognised assets or liabilities or a firm commitment are accounted for as fair value hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 55 sets out details of the fair values of the derivative instruments used for hedging purposes.

3.24.1 Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to the Consolidated Statement of Profit and Loss in the periods when the hedged item affects the Consolidated Statement of Profit and Loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Consolidated Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Consolidated Statement of Profit and Loss.

Where the hedged item subsequently results in the recognition of a non-financial asset, both the deferred hedging gains and losses and the deferred time value of the option contracts, if any, are included within the initial

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cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss through cost of material consumed.

3.24.2 Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss is recognised in profit or loss.

3.25 Cash and cash equivalents

For the purpose of presentation in statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of 3 months or less that are readily convertible to known amount of cash and which are subject to a insignificant risk of change in value.

3.26 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

3.27 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crore as per the requirement of Schedule III, unless otherwise stated.

4. CRITICAL ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical estimates and judgements, that have the significant effect on the amounts recognized in the consolidated financial statements.

4.1 Classification of Joint Arrangement as a Joint Operation

In terms of Ind AS 111, 'Joint Arrangement' the Company has classified its joint arrangements as joint operations in the Standalone Financial Statements of the Company as the contractual arrangements between the parties specify that parties have rights to the assets, and obligations for the liabilities, relating to the arrangement (Refer note 51 for the list of joint arrangements).

4.2 Revenue recognition for construction contracts

Refer note 3.8.3 and Note 52.

4.3 Useful lives of property, plant and equipment and intangible assets

As described in Notes 3.14 and 3.15 above, the Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. There was no change in the useful life of property, plant and equipment and intangible assets as compared to previous year.

4.4 Determination of lease term

In determining lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Most extension options in office leases have not been included in lease liability, because the Group could replace the asset without significant cost or business disruption. The lease term is reassessed if an option is actually exercised (or not exercised). The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

4.5 Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Guarantees are also given in the normal course of business. There are certain obligations which management has concluded based on all available facts and circumstances are treated as contingent liabilities

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and disclosed in the Notes but are not provided for in the consolidated financial statements. Although there can be no assurance of the final outcome of the legal proceedings in which the company is involved it is not expected that such contingencies will have a material effect on its financial position or profitability.

4.6 Income Taxes

In preparing the consolidated financial statements, the Group recognises income taxes in each of the jurisdictions in which it operates. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. The uncertain tax positions are measured at the amount expected to be paid to taxation authorities when the Company determines that the probable outflow of economic resources will occur. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4.7 Impairment of trade receivables

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

4.8 Defined benefit obligations

The present value of defined benefit obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period that have terms approximating to the terms of the related obligation.

4.9 Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

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NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

₹ in Crore

Particulars	Freehold Land ^	Leasehold Land	Buildings^	Plant and Equipment	Plant and Equipment (under finance lease)	Erection Tools	Furniture and Fixtures	Vehicles	Vehicles (under finance lease)	Office Equipment	Computers	Total
Gross Carrying Amount												
As at April 1, 2018	**136.07**	**50.08**	**243.47**	**639.14**	**28.14**	**88.46**	**28.02**	**46.10**	**13.43**	**11.06**	**35.98**	**1,319.95**
Additions	-	-	22.42	75.41	1.47	22.01	0.32	0.99	-	0.70	3.53	126.85
Disposal	-	-	0.02	7.85	1.49	8.71	0.31	5.81	-	0.34	0.43	24.96
Adjustments	2.41	-	2.60	(0.77)	1.06	(0.63)	0.15	14.61	(13.43)	0.06	(0.55)	5.51
As at March 31, 2019	**138.48**	**50.08**	**268.47**	**705.93**	**29.18**	**101.13**	**28.18**	**55.89**	**-**	**11.48**	**38.53**	**1,427.35**
Adjustments for Implementation of IND AS 116	-	-	-	-	(29.18)	-	-	-	-	-	-	(29.18)
Restated gross carrying Amount	**138.48**	**50.08**	**268.47**	**705.93**	**-**	**101.13**	**28.18**	**55.89**	**-**	**11.48**	**38.53**	**1,398.17**
Additions	-	-	3.93	61.73	-	47.22	0.52	1.14	-	1.40	4.62	120.56
Transfer In	-	-	-	29.19	-	-	-	-	-	-	-	29.19
Disposal	-	-	0.17	3.02	-	3.16	0.15	1.16	-	0.27	0.31	8.24
Adjustments	3.74	-	4.91	(3.29)	-	1.41	0.41	1.72	-	0.15	(0.25)	8.80
As at March 31, 2020	**142.22**	**50.08**	**277.14**	**790.54**	**-**	**146.60**	**28.96**	**57.59**	**-**	**12.76**	**42.59**	**1,548.48**
Accumulated depreciation:												
As at April 1, 2018	-	9.62	73.18	288.50	0.67	40.29	11.26	26.42	9.66	7.39	24.21	491.20
Depreciation expense (Refer note 47)	-	0.78	6.02	47.45	0.44	20.10	3.03	6.46	-	1.21	4.63	90.12
Disposal	-	-	0.02	6.12	0.45	7.57	0.20	5.38	-	0.16	0.39	20.29
Adjustments	-	-	1.07	(0.67)	(0.44)	(0.91)	0.14	10.75	(9.66)	0.04	(0.56)	(0.24)
As at March 31, 2019	**-**	**10.40**	**80.25**	**329.16**	**0.22**	**51.91**	**14.23**	**38.25**	**-**	**8.48**	**27.89**	**560.79**
Adjustments for Implementation of IND AS 116	-	-	-	-	(0.22)	-	-	-	-	-	-	(0.22)
Restated Accumulated Depreciation	**-**	**10.40**	**80.25**	**329.16**	**-**	**51.91**	**14.23**	**38.25**	**-**	**8.48**	**27.89**	**560.57**
Transfer In	-	-	-	0.22	-	-	-	-	-	-	-	0.22
Depreciation Expenses (Refer note 47)	-	0.78	12.18	50.68	-	20.27	2.65	3.86	-	1.26	4.69	96.37
Disposal	-	-	0.16	2.12	-	3.04	0.13	0.92	-	0.25	0.27	6.89
Adjustments	-	-	3.06	(2.35)	-	1.40	0.16	1.72	-	0.14	(0.15)	3.98
As at March 31, 2020	**-**	**11.18**	**95.33**	**375.59**	**-**	**70.54**	**16.91**	**42.91**	**-**	**9.63**	**32.16**	**654.25**
Net carrying amount												
As at March 31, 2019	**138.48**	**39.68**	**188.22**	**376.77**	**28.96**	**49.22**	**13.95**	**17.63**	**-**	**3.00**	**10.64**	**866.56**
As at March 31, 2020	**142.22**	**38.90**	**181.81**	**414.95**	**-**	**76.06**	**12.05**	**14.68**	**-**	**3.13**	**10.43**	**894.23**

Note 5.1

^The title deeds of freehold land and buildings, having gross carrying amount aggregating ₹ 26.35 crore (as at March 31, 2019 ₹ 26.35 crore) and net carrying amount aggregating ₹ 25.70 crore (as at March 31, 2019 ₹ 25.74 crore), have been transferred to and vested in the Company, pursuant to the Schemes of Amalgamation/Arrangement in earlier years and the procedural formalities for transfer in the name of the parent Company is pending.

Note 5.2

For details of Property, plant and equipment having gross carrying amount aggregating ₹ 696.82 crore (As at March 31, 2019 ₹ 711.35 crore), which are pledged as security for borrowings - Refer Notes 28 and 32.

Note 5.3

Adjustments represents foreign currency exchange translation adjustment on account of jointly controlled operations and subsidiary which have different functional currency

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NOTE 6 - RIGHT OF USE ASSETS (REFER NOTE 54 (I))

₹ in Crore

Description	Buildings	Land	Plant & Machinery	Vehicles	Total
Gross Carrying Amount					
As at April 01, 2019	**83.81**	**0.14**	**29.19**	**-**	**113.14**
Additions	4.70	68.99	3.99	1.63	79.31
Transfer Out	-	-	(29.19)	-	(29.19)
Disposal	-	-	-	-	-
Adjustments	5.35	3.05	0.05	-	8.45
As at March 31, 2020	**93.86**	**72.18**	**4.04**	**1.63**	**171.71**
Accumulated Depreciation					
As at April 01, 2019	**-**	**-**	**0.22**	**-**	**0.22**
Transfer Out	-	-	(0.22)	-	(0.22)
Depreciation expense (Refer note 47)	22.34	1.34	0.22	0.17	24.07
Disposal	-	-	-	-	-
Adjustments	0.59	0.05	0.00	-	0.64
As at March 31, 2020	**22.93**	**1.39**	**0.22**	**0.17**	**24.71**
Net carrying amount					
As at March 31, 2020	**70.93**	**70.79**	**3.82**	**1.46**	**147.00**

NOTE 7 - GOODWILL

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	203.71	191.98
Effect of foreign currency exchange difference recognised in other comprehensive income (OCI)	18.85	11.73
Balance at the end of year	**222.56**	**203.71**

The Company through its wholly owned subsidiaries, has paid the purchase consideration to obtain the control of business of SAE Tower Holdings LLC and its subsidiaries (SAE).

On acquisition of SAE, goodwill amounting to ₹ 134.63 crore was recognised on the acquisition date. This goodwill represents the future economic benefits that shall enable the Group to enter more geographies and help its overseas business growth by acquisition of SAE business.

Goodwill is tested for impairment annually in accordance with the Group's procedure for determining the recoverable amount of such assets. For the purpose of impairment testing, SAE entire business is considered as one Cash Generating Unit.

The recoverable amount of this Cash Generating Unit is based on value in use. The value in use is determined based on discounted cash flow projections. The fair value measurement has been categorised as level 3 fair value based on the inputs to the valuation technique used.

The key assumptions used in the estimation of value in use are set out below.

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	12.60%	11.50%
Terminal value growth rate	3%	3%
Period considered for discounting	5 years	5 years

The cash flow projections include specific estimates for five years and terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the EBITDA margins at SAE level.

Based on the above, no impairment was identified as of March 31, 2020 and March 31, 2019 as the recoverable value of the cash generating unit exceeded the carrying value.

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NOTE 8 - INTANGIBLE ASSETS

₹ in Crore

Particulars	Brands (Refer Note 8. 1)	Computer softwares	Total
Gross carrying amount			
As at April 1, 2018	**246.95**	**34.34**	**281.29**
Additions	-	47.85	47.85
Disposal	-	0.02	0.02
Adjustments (Refer 8.2)	-	(0.16)	(0.16)
As at March 31, 2019	**246.95**	**82.01**	**328.96**
Additions	-	2.67	2.67
Disposal	-	-	-
Adjustments (Refer 8.2)	-	(0.45)	(0.45)
As at March 31, 2020	**246.95**	**84.23**	**331.18**
Accumulated amortisation			
As at April 1, 2018	**161.26**	**28.58**	**189.84**
Amortisation expense (Refer note 47)	12.68	14.34	27.02
Disposal	-	0.02	0.02
Adjustments (Refer 8.2)	-	-	-
As at March 31, 2019	**173.94**	**42.90**	**216.84**
Amortisation expense (Refer note 47)	12.68	14.08	26.76
Disposal	-	-	-
Adjustments (Refer 8.2)	-	(0.41)	(0.41)
As at March 31, 2020	**186.62**	**56.57**	**243.19**
Net carrying amount			
As at March 31, 2019	**73.01**	**39.11**	**112.12**
As at March 31, 2020	**60.33**	**27.66**	**87.99**

Note 8.1

Brands include brand of the power transmission business amounting ₹ 240 crore which was acquired by the Company under the High Court approved Composite Scheme of Arrangement (the 'Scheme') in an earlier year. In terms of the Scheme, the brand is being amortised by the Company over its useful life, which based on an expert opinion is estimated to be of 20 years. The carrying amount of the brand as on March 31, 2020 ₹ 60 crore (as at March 31, 2019 ₹ 72 crore) and the remaining amortisation period is 5 years (as at March 31, 2019 - 6 years).

Note 8.2

Adjustments represents foreign currency exchange translation adjustment on account of jointly controlled operations and subsidiary which have different functional currency.

NOTE 9 - INVESTMENTS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current:		
Investment in equity shares (at fair value through other comprehensive income)		
Unquoted		
4900 Fully paid Equity Shares of ₹ 10 each of RP Goenka Group of Companies Employees Welfare Association	★	★
	★	★
Aggregate book value of quoted investments and market value thereof	-	-
Aggregate book value of unquoted investments	★	★
Aggregate provision for diminution in value of investments less than rounding off norms adopted by the company.	-	-

★ less than rounding off norms adopted by the company.

As per Article of Association of the 'RP Goenka Group of Companies Employees Welfare Association (Company)', no portion of income or property shall be paid or transferred directly or indirectly, by way of dividend, bonus or otherwise by way of profit to members of the Company. Any surplus upon winding up or dissolution of the Company shall not be distributed amongst the members of the Company but shall be given or transferred to such other Companies having objects similar to the objects of this Company, to be determined by the members of the Company at or before the time of dissolution or in default thereof, by the High Court of Judicature that has or may acquire jurisdiction in the matter.

As, there are significant restrictions on the ability of the Company to transfer funds to the Group in the form of cash dividends, the fair value of the Group's interest in the Company is concluded to be equal to cost.

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NOTE 10 - TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current trade receivables - Unsecured		
(i) Considered good	26.95	-
(ii) Having significant increase in credit risk	-	-
(iii) Credit impaired	0.41	0.80
	27.36	**0.80**
Less: Allowance for bad and doubtful receivables (expected credit loss allowance)*	8.46	0.80
	18.90	**-**

*** Movement in the allowance for bad and doubtful receivables (expected credit loss allowance) - Also refer Note - 55.9**

Particulars	₹ in Crore
Balance as at March 31, 2018	**11.69**
Add: Created during the year	-
Less: Released during the year	10.89
Balance as at March 31, 2019	**0.80**
Add: Created during the year	8.05
Less: Released during the year	0.39
Balance as at March 31, 2020	**8.46**

NOTE 11 - LOANS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Security deposits, Secured		
(a) Considered good	10.95	8.82
(b) Having significant increase in credit risk	-	-
(c) Credit impaired	0.76	0.76
	11.71	**9.58**
Less: Allowance for bad and doubtful security deposits *	0.76	0.76
	10.95	**8.82**

*** Movement In The Allowance For Bad And Doubtful Deposits (Expected Credit Loss) - Refer Note 55.9**

Particulars	₹ in Crore
Balance as at March 31, 2018	**0.76**
Add: Created during the year	-
Less: Released during the year	-
Balance as at March 31, 2019	**0.76**
Add: Created during the year	-
Less: Released during the year	-
Balance as at March 31, 2020	**0.76**

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NOTE 12 -OTHER FINANCIAL ASSETS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Amount withheld by customers [Refer Note 59(i)(9)]		
(a) Considered good	-	-
(b) Having significant increase in credit risk	-	-
(c) Credit impaired	17.61	17.61
	17.61	**17.61**
Less: Allowance for bad and doubtful receivables (expected credit loss allowance) *	17.61	12.85
	-	**4.76**

* Movement in the allowance for bad and doubtful receivables (Expected Credit Loss) - Refer Note 55.9

Particulars	₹ in Crore
Balance as at March 31, 2018	**12.85**
Add: Created during the year	-
Less: Released during the year	-
Balance as at March 31, 2019	**12.85**
Add: Created during the year	5.83
Less: Released during the year	1.07
Balance as at March 31, 2020	**17.61**

NOTE 13 - NON-CURRENT TAX ASSETS (NET)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax payments less provisions	155.81	119.68
	155.81	**119.68**

NOTE 14 - OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2020		As at March 31, 2019	
(a) Capital Advances		9.90		12.04
(b) Others				
– Excise duty recoverable from Government authorities	24.45		24.45	
– VAT Credit / WCT /Service tax receivables	83.21		97.45	
– Prepaid expenses	13.73		3.28	
– Export benefits	47.61		9.26	
– Sales tax/ excise duty/service tax/ entry tax, etc. paid under protest	15.83		19.92	
– Others (includes amounts towards judicial deposits)	17.31		22.68	
		202.14		**177.04**
		212.04		**189.08**

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NOTE 15 - INVENTORIES

₹ in Crore

Particulars	As at March 31, 2020		As at March 31, 2019	
Inventories (lower of cost and net realisable value)				
(a) Raw materials				
(i) in stock	457.39		406.16	
(ii) in-transit	1.25		0.14	
		458.64		**406.30**
(b) Work-in-progress (Refer Note 15.1)		124.67		87.64
(c) Finished goods		160.34		119.34
(d) Stores and spares		22.50		14.44
(e) Scrap		9.67		13.29
		775.82		**641.01**

15.1 Details of inventory of work-in-progress :

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Towers and structurals	93.49	62.95
Cables	31.18	24.69
	124.67	**87.64**

NOTE 16 - INVESTMENTS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Unquoted - Other investments :		
Investments in Commercial Papers	22.50	13.21
(Carried at fair value through profit or loss)		
	22.50	**13.21**
Notes: Unquoted investments		
Aggregate book value of unquoted investments	22.50	13.21
Aggregate book value of unquoted investments and market value thereof	22.50	13.21

NOTE 17 - TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables - Unsecured (Refer Note 17.1, 17.2 and 55.9)		
(a) Considered good	5,470.28	4,910.27
(b) Having significant increase in credit risk	-	-
(c) Credit impaired	-	-
Total	**5,470.28**	**4,910.27**
Less: Allowance for bad and doubtful debts (expected credit loss allowance)*	44.40	35.01
	5,425.88	**4,875.26**

***Movement in the allowance for bad and doubtful receivables (expected credit loss allowance). (Refer Note 55.9)**

₹ in Crore

Particulars	As at March 31, 2020
Balance as at March 31, 2018	**57.59**
Add: Created during the year	1.87
Less: Released during the year	24.45
Balance as at March 31, 2019	**35.01**
Add: Created during the year	13.99
Less: Released during the year	4.60
Balance as at March 31, 2020	**44.40**

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17.1: Transfer of financial assets

During the current year, the Company has discounted trade receivables with an aggregate carrying amount of ₹ 56.30 crore with banks for cash proceeds of ₹ 55.88 crore. These arrangements are "non-recourse" to the Company and accordingly, the Company has derecognised these receivables as at March 31, 2020. Amount of interest charged to profit and loss with respect to the underlying debtors (purchased by bank) is ₹ 0.42 Crores.

Further the Company has discounted certain trade receivables with the banks "with recourse" to the Company. The carrying amount of such receivables as at March 31, 2020 ₹ 322.47 crore (As at March 31, 2019 ₹ 100.84 crore) are recognised as trade receivables and corresponding carrying amount of associated liabilities of ₹ 269.88 crore (As at March 31, 2019 ₹ 93.20 crore) are recognised as secured borrowings (Note 28) and there are restriction on further selling and pledging of these receivables.

17.2 Receivable from related parties is ₹ 1.07 crore (As at March 31, 2019 ₹ 0.22 crore).

NOTE 18 - CASH AND CASH EQUIVALENTS

₹ in Crore

Particulars			As at March 31, 2020		As at March 31, 2019	
(a)	Balances with banks					
	(i)	In current accounts	128.25		148.24	
	(ii)	In deposit accounts	13.08		19.25	
				141.33		167.49
(b)	Cheques on hand			4.93		-
(c)	Cash on hand			6.42		7.74
				152.68		175.23

NOTE 19 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ in Crore

Particulars		As at March 31, 2020	As at March 31, 2019
(i)	Earmarked balances with banks - unpaid dividend accounts	3.20	2.43
(ii)	Bank deposit with original maturity of more than 3 months but less than 12 months	0.40	0.38
(iii)	Margin Money deposit with maturity less then 12 months	0.75	0.75
(iv)	Balances with banks to the extent held as margin money or security against the borrowings, guarantees and other commitments.	6.64	97.38
		10.99	100.94

NOTE 20 - LOANS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
- Loans and advances to Joint operations (net of the Group's share)	30.59	5.06
- Security deposits	71.42	28.51
	102.01	33.57

Loans and advances to Joint Operations have been provided by the Group to meet the short term working capital requirements for execution of projects by the joint operations.

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NOTE 21 - OTHER FINANCIAL ASSETS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Margin money (bank deposits) with original maturity more than 12 months	-	3.28
(ii) Interest accrued on fixed deposits	0.05	0.14
(iii) Insurance claims	1.03	0.31
(iv) Mark to market gain on forward and commodity contracts (Refer Note 55.7 and Note 55.8)	4.96	101.37
(v) Others	0.03	0.63
	6.07	**105.73**

NOTE 22 - CONTRACT ASSETS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Contractually reimbursable expenses	149.58	49.37
(ii) Amount due from customers for contract work (Refer Note 61)	3,518.02	3,289.20
Less: Provision for expected loss on construction contracts (Refer Note 22.1)	2.83	7.31
	3,664.77	**3,331.26**

Note 22.1 - Provision for expected loss on construction contracts

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	7.31	42.83
Additions	4.65	3.79
Reversals	9.20	39.37
Effect of translation adjustment gain / (loss)	0.07	0.06
Closing balance	**2.83**	**7.31**

NOTE 23 - CURRENT TAX ASSETS (NET)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax payments less provisions	23.01	13.62
	23.01	**13.62**

NOTE 24 - OTHER CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Advances to suppliers	216.65	160.41
Employee advances	9.29	7.36
Cenvat / Service tax input credit receivable	0.40	0.97
Amount due as refund of custom duty	3.70	3.70
Excise duty recoverable from Government authorities	1.26	1.26
VAT credit / WCT receivables	132.21	165.31
GST receivable	233.46	243.99
GST/Excise rebate receivable on exports	43.26	102.76
Prepaid expenses	116.29	102.48
Export benefits	78.44	70.56
Assets classified as held for sale (Refer Note 24.1)	2.45	2.45
	837.41	**861.25**

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Note 24.1 - Details of assets classified as held for sale

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Leasehold Land	**2.45**	2.45

The Company has signed Memorandum of understanding (MOU) against which the Company had received sales consideration amounting to ₹ 9.41 crore (as at March 31, 2019 ₹ 9.41 crore) (Refer Note 37). However, the title and possession of the land is yet to be transferred due to pending approvals from regulatory authorities.

NOTE 25 - SHARE CAPITAL

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos.	₹ in crore	Nos.	₹ in crore
Authorised:				
Equity Shares:				
Equity Shares of Rs.2 each	570,000,000	114.00	570,000,000	114.00
Preference Shares:				
Redeemable Preference Shares of ₹ 100 each	1,500,000	15.00	1,500,000	15.00
Issued, Subscribed and Paid-up				
Equity Shares:				
Equity Shares of ₹ 2 each fully paid up	257,088,370	51.42	257,088,370	51.42
Total	**257,088,370**	**51.42**	**257,088,370**	**51.42**

Note 25.1 - Reconciliation of number of Equity Shares of the Company and amount outstanding at the beginning and at the end of the year

Particulars	Nos.	₹ in crore
Equity Shares Outstanding as at April 1, 2018	257,088,370	51.42
Add: Shares issued during the year	-	-
Equity Shares Outstanding as at March 31, 2019	257,088,370	51.42
Add: Shares issued during the year	-	-
Equity Shares Outstanding as at March 31, 2020	**257,088,370**	**51.42**

Note 25.2 - Shareholders holding more than 5% Equity Shares in the Company as at the end of the year

Sr. No.	Name of the shareholder*	As at March 31, 2020		As at March 31, 2019	
		Nos. of Shares Held	Percentage of Shares held	Nos. of Shares Held	Percentage of Shares held
1	Swallow Associates LLP	67,756,616	26.36	67,756,616	26.36
2	Summit Securities Limited	27,910,754	10.86	27,910,754	10.86
3	HDFC Trustee Company Limited	23,769,697	9.25	23,066,897	8.97
4	Instant Holdings Limited	22,014,759	8.56	21,647,691	8.42

*Shares held in multiple folios have been combined.

Note 25.3 - 3,750 fully paid up Equity Shares of ₹ 2 each were allotted to a trustee against 1,688 equity shares of the erstwhile RPG Transmission Limited (RPGT), since merged in the Company in 2007-08, where rights were kept in abeyance by RPGT. On settlement of the relevant court cases/issues, the Equity Shares issued to the trustee will be transferred.

Note 25.4 - The Company has only one class of Equity Shares having a face value of ₹ 2 each. Every member shall be entitled to be present, and to speak and vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid- up equity share capital of the Company. The Company in General Meeting may declare dividends to be paid to members, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

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.

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NOTE 26 OTHER EQUITY

₹ in Crore

Particulars	Other items (Share issue expenses)	Reserves and Surplus								Other Comprehensive Income			Total
		Capital Reserve	Capital Reserve on consolidation	Securities Premium	Capital Redemption Reserve	Debenture Redemption Reserve	Statutory Reserve	General Reserve	Retained Earnings	Effective portion of cash flow hedges	Exchange differences on translation of foreign operations	Other items of other comprehensive income (Remeasurement of defined benefit obligations)	
Notes	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
Balance as at April 1, 2018	**(0.33)**	**84.98**	**0.04**	**86.75**	**14.28**	**22.77**	**0.95**	**152.98**	**1,584.18**	**(2.49)**	**7.35**	**(5.42)**	**1,946.04**
Profit for the year		-	-	-	-	-	-	-	495.77	-	-	-	495.77
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	5.45	10.00	0.35	15.80
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**495.77**	**5.45**	**10.00**	**0.35**	**511.57**
Transactions with owners in their capacity as owner													
Dividends	-	-	-	-	-	-	-	-	(61.70)	-	-	-	(61.70)
Dividend distribution tax	-	-	-	-	-	-	-	-	(12.56)	-	-	-	(12.56)
Transfer from retained earnings	-	-	-	-	-	15.98	-	-	(15.98)	-	-	-	-
Transferred on disposal of subsidiary	0.33	-	-	-	-	-	-	-	-	-	-	-	0.33
Balance as at March 31, 2019	**-**	**84.98**	**0.04**	**86.75**	**14.28**	**38.75**	**0.95**	**152.98**	**1,989.71**	**2.96**	**17.35**	**(5.07)**	**2,383.68**
Balance as at April 1, 2019	**-**	**84.98**	**0.04**	**86.75**	**14.28**	**38.75**	**0.95**	**152.98**	**1,989.71**	**2.96**	**17.35**	**(5.07)**	**2,383.68**
Profit for the year		-	-	-	-	-	-	-	565.52	-	-	-	565.52
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	(31.82)	16.62	1.01	(14.19)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**565.52**	**(31.82)**	**16.62**	**1.01**	**551.33**
Transactions with owners in their capacity as owner													
Dividends	-	-	-	-	-	-	-	-	(156.61)	-	-	-	(156.61)
Dividend distribution tax	-	-	-	-	-	-	-	-	(32.24)	-	-	-	(32.24)
Balance as at March 31, 2020	**-**	**84.98**	**0.04**	**86.75**	**14.28**	**38.75**	**0.95**	**152.98**	**2,366.38**	**(28.86)**	**33.97**	**(4.06)**	**2,746.16**

Note (a) Other items was created on account of share issue expenses of KEC Bikaner Sikar Transmission Private Limited.

Note (b) Capital reserve was created on account of merger of RPG Cables Limited (RPGCL) with the Company pursuant to the Scheme of Amalgamation in the financial year 2009-2010.

Note (c) Capital Reserve on consolidation Created on acquisition of two subsidiaries, where the net assets were more than the consideration paid in earlier years

Note (d) Securities premium is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Companies Act 2013.

Note (e) Capital Redemption Reserve was created for redemption of preference shares. The preference shares were redeemed in the financial years 2007-08 and 2008-09.

Note (f) Debentures redemption reserve is created towards redemption of debentures referred to in Note 28.1

Note (g) Statutory reserve pertains to the Joint Operation at Saudi Arabia. In accordance with the Saudi Arabian Companies law and the Articles of Association, 10 % of the annual net income is required to be transferred to the Statutory Reserve until the reserve reaches 50 % of the capital of the Joint Operation.

Note (h) General reserve is created from time to time by way of transfer of profits from retained earnings. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

Note (i) Retained earnings represents cumulative profit of the Group. The reserve can be utilised in accordance with the provision of the Companies Act, 2013.

Note (j) The cashflow hedging reserve is used to recognize the effective portion of gains or losses on derivative that are designated and qualify as cashflow hedges, as described in accounting policy note 3.24.

Note (k) Foreign currency translation reserve pertains to exchange difference arising on translation of the foreign operation are recognised in other comprehensive income as described in accounting policy note 3.10 and accumulated in a separate reserve within equity. The cumulative amount reclassified to profit or loss when the net investment is disposed-off.

Note (l) Reserve for remeasurement of defined benefit obligations represents the effects of remeasurement of defined benefit obligations on account of actuarial gains and losses.

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NOTE 27 - NON-CONTROLLING INTERESTS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	-	*
Share of profit/(loss) for the year	-	*
Balance at the end of the year (Refer Note 27.1)	**-**	*

* less than rounding off norms adopted by the company.

Note 27.1 - During the previous year Group had disposed off its entire stake in the subsidiary "KEC Bikaner Sikar Transmission Private Limited". (Refer Note 53)

NOTE 28 - BORROWINGS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current:		
Measured at amortised cost,		
I Debentures		
Secured (Refer Note 28.1)	343.78	313.19
Less : Current maturities of debentures	(206.27)	-
	137.51	**313.19**
II Term loans		
(a) From banks		
Secured [Refer Note 28.2 (a)]	18.28	293.17
Less : Current maturities of long-term debt [Refer Note 35 (a)]	(17.03)	(96.54)
	1.25	196.63
Unsecured [Refer Note 28.2 (b)]	102.11	72.14
Less : Current maturities of long-term debt [Refer Note 35 (a)]	(88.21)	(40.90)
	13.90	**31.24**
III Long term maturities of finance lease obligations [Refer Note 28.3 and Note 54]	**-**	**5.19**
Less : Current maturities of finance lease obligations [(Refer Note 35 (b)]	-	(5.19)
	152.66	**541.06**

Note 28.1 - Debentures :

2,500, Secured, Rated, Listed, Redeemable Non-Convertible Debentures ("NCD") of face value of ₹ 0.10 crore each aggregating ₹ 250 crore issued by the Company during the earlier year are secured by first charge on the immovable properties at Vadodara and Mysore and further secured by hypothecation of movable fixed assets of the Company situated at Mysore and Vadodara. 500 NCD ₹ 0.10 crore each aggregating ₹ 50 crore are repayable on December 20, 2021, 500 NCD ₹ 0.10 crore each aggregating ₹ 50 crore are repayable on April 20, 2021 and 1,500 NCD of ₹ 0.10 crore each aggregating ₹ 150 crore are repayable on April 20, 2020. Debentures are Zero Coupon with yield on maturity of 9.33% p.a. monthly compounded and payable at maturity (with a yield to maturity @ 9.74% p.a.)

Note 28.2 - Term loans

(a) From banks: Secured

(i) ₹ 15.78 crore (As at March 31, 2019 ₹ 87.12 crore) loan of a jointly controlled operation at Saudi Arabia, secured by irrevocable Corporate Guarantee from the Company. Repayment terms is 10 equal quarterly instalments starting from December 2018. The interest rate is 3.97% p.a. (previous year 4.86% p.a.)

(ii) Nil (As at March 31, 2019 ₹ 33.27 crore) loan of a jointly controlled operation at Saudi Arabia, secured by irrevocable Corporate Guarantee from the Company. The interest rates are in the ranges from Nil (previous year ranges from 4.54% to 5.14% p.a.)

(iii) ₹ 0.08 crore (As at March 31, 2019 Rs 0.35 crore) secured by first charge, on plant and machinery of Brazil subsidiary of SAE Tower Holdings, LLC repayable in Brazilian Real (BRL). These loans bear fixed interest rates ranging from 1.47% to

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5.50% p.a. (previous year ranges from 1.47% to 5.50% p.a.) and repayable in monthly principal payaments during 2020 to 2022.

(iv) Nil (As at March 31, 2019 ₹ 168.04 crore) secured by exclusive charge on fixed deposits with a bank amounting to ₹ 3.28 crore (As at March 31, 2019 ₹ 3.28 crore) of two subsidiaries in USA and exclusive charge on assets of and investments in certain subsidiary companies in USA, Brazil and Mexico. The term loan bears floating interest of Nil (previous year LIBOR plus 4.5% margin).The loan has been repaid during the year.

(v) ₹ 2.42 crore (As at March 31, 2019 ₹ 4.39) secured against inventory and trade receivables of Brazil subsidiary. The loan bear interest rates 9.50% p.a. (previous year 12.35% p.a.) and repayable in monthly principal payments with interest during 2020 to 2023.

(b) From Banks: unsecured:

(i) Nil (As at March 31, 2019 ₹ 13.90 crore) pertains to a subsidiary at Brazil and repayable in monthly structured installments by June 2019. The interest rates are in the ranges from Nil (previous year ranges from 10.41% to 16.67% p.a.). These loans are repayable in Brazilian Real (BRL)

(ii) ₹ 20.67 crore (As at March 31, 2019 ₹ 58.24) pertains to a subsidiary at Brazil and repayable in monthly structured installments during from 2020 to 2022. The interest rates are in the ranges from 7.25% to 13.42% p.a. (previous year ranges from 9.28 % to 13.86% p.a.)

(iii) ₹ 81.44 crore (As at March 31, 2019 Nil) pertains to a subsidiary at Brazil and repayable in monthly structured installments during from 2020 to 2022. The interest rates are in the ranges from 6.09% to 7.21% p.a. (previous year Nil)

Note 28.3 - Finance Lease Obligations :

Nil (As at March 31, 2019 ₹ 5.19 crore) secured against certain plant and machinery of a subsidiary at Mexico. The lease obligations are to be settled in monthly installments through Frebruary 2020. The interest rates are in the ranges Nil (previous year ranges around 5%)

NOTE 29 - LEASE LIABILITIES

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Lease liabilities (Refer Note 54)	111.08	-
	111.08	**-**

NOTE 30 - PROVISIONS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current:		
Provision for employee benefits		
- Gratuity, post employment benefits (Refer Note 57)	13.03	11.14
- Others (includes provision towards judicial deposits of a subsidiary) (Refer Note 30.1)	3.84	2.78
	16.87	**13.92**

Note 30.1 Provision towards judicial deposits*

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	2.78	3.45
Additions	0.77	-
Reversals	-	0.67
Effect of translation adjustment (gain) / loss	0.29	-
Closing balance	**3.84**	**2.78**

* These represents provision created for Judicial deposits kept with labour authorities of foreign subsidiaries related to various ongoing labour cases.

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NOTE 31 - DEFERRED TAX LIABILITIES / ASSETS (NET)

Note - 31.1 Significant components of deferred tax liabilities (net) of the Company and its subsidiaries are as follows:

₹ in Crore

Particulars	Opening Balance (As at April 1, 2019)	Recognised in Consolidated Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2020)
Deferred tax (liabilities) recognised in P&L in relation to :					
Property, plant and equipment and Intangible assets	(90.81)	27.25	-	(2.97)	(66.53)
Undistributed earnings of joint operations	(66.95)	17.70	-	-	(49.25)
Mark to Market adjustments on derivatives measured at Fair Value through Profit or Loss (FVTPL)	(31.00)	28.72	-	1.56	(0.72)
(A)	**(188.76)**	**73.67**	**-**	**(1.41)**	**(116.50)**
Deferred tax assets recognised in P&L in relation to:					
Allowance for doubtful debts, loans and advances	16.53	0.68	-	0.04	17.25
Remeasurement of defined obligation through Other Comprehensive Income (OCI)	1.95	-	(0.96)	0.87	1.86
Amalgamation Expenses	(1.26)	-	-	1.26	-
VRS Expenditure u/s 35DDA of the Income Tax Act, 1961	1.26	-	-	(1.26)	-
Expenses debited to the Consolidated Statement of Profit and Loss of the Company allowable in subsequent years	15.47	3.36	-	2.10	20.93
Provision for expected loss on construction contracts, etc.	(0.97)	(0.48)	-	1.52	0.07
Tax loss carry forward*	2.43	(3.03)	-	0.60	-
Asset held for sale	0.76	0.06	-		0.82
Deferred tax on account of 1st time adoption of IND AS 116	-	0.22			0.22
Others	2.94	(1.83)	8.59	(9.44)	0.26
(B)	**39.11**	**(1.03)**	**7.63**	**(4.31)**	**41.42**
Deferred Tax Liabilities (net)	**(149.65)**	**72.64**	**7.63**	**(5.72)**	**(75.08)**

Significant components of deferred tax assets (net) of subsidiaries are as follows:

₹ in Crore

Particulars	Opening Balance (As at April 1, 2019)	Recognised in Consolidated Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2020)
Deferred tax (liabilities) in relation to :					
Property, plant and equipment and Intangible assets	(1.26)	0.10	-	0.50	(0.66)
(A)	**(1.26)**	**0.10**	**-**	**0.50**	**(0.66)**
Deferred tax asset in relation to :					
Remeasurement of defined benefit obligations recognised through Other Comprehensive Income (OCI)	(0.34)	-	(0.06)	0.40	-
Expenses debited to the Consolidated Statement of Profit and Loss allowable in subsequent years	6.99	4.19	-	0.74	11.92
Tax loss carry forward*	25.36	(16.25)	-	2.00	11.11
Others	0.57	-	-	(0.57)	-
(B)	**32.58**	**(12.06)**	**(0.06)**	**2.57**	**23.03**
Deferred Tax Assets (net)	**31.32**	**(11.96)**	**(0.06)**	**3.07**	**22.37**

* Recognised in view of confirmed profitable orders secured by an overseas subsidiary.

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Note 31.2 - Significant components of deferred tax liabilities (net) of the Company and its subsidiaries as at March 31, 2019 are as follows:

₹ in Crore

Particulars	Opening Balance (As at April 1, 2018)	Recognised in Consolidated Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2019)
Deferred tax (liabilities) in relation to :					
Property, plant and equipment and Intangible assets	(98.26)	7.45	-	-	(90.81)
Undistributed earnings of joint operations	(92.26)	25.31	-	-	(66.95)
Mark to Market adjustments on derivatives measured at Fair Value through Profit or Loss (FVTPL)	5.46	(36.46)	-	-	(31.00)
(A)	**(185.06)**	**(3.70)**	**-**	**-**	**(188.76)**
Deferred tax assets recognised in P&L in relation to :					
Allowance for doubtful debts, loans and advances	22.85	(6.32)	-	-	16.53
Remeasurement of defined obligation through Other Comprehensive Income (OCI)	1.92	-	0.03	-	1.95
Amalgamation Expenses	(1.25)	(0.01)	-	-	(1.26)
VRS Expenditure u/s 35DDA of the Income Tax Act, 1961	1.26	-	-	-	1.26
Expenses debited to the Consolidated Statement of Profit and Loss of the Company allowable in subsequent years	15.48	(0.01)	-	-	15.47
Provision for expected loss on construction contracts, etc.	2.27	(3.24)	-	-	(0.97)
Tax loss carry forward*	-	2.43	-	-	2.43
Asset held for sale	0.76	-	-	-	0.76
Others	14.57	0.57	(10.65)	(1.55)	2.94
(B)	**57.86**	**(6.58)**	**(10.62)**	**(1.55)**	**39.11**
Deferred Tax Liabilities (net)	**(127.20)**	**(10.28)**	**(10.62)**	**(1.55)**	**(149.65)**

Significant components of deferred tax assets (net) of subsidiaries as at March 31, 2019 are as follows:

₹ in Crore

Particulars	Opening Balance (As at April 1, 2018)	Recognised in Consolidated Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2019)
Deferred tax (liabilities) in relation to :					
Property, plant and equipment and Intangible assets	(2.20)	0.94	-	-	(1.26)
(A)	**(2.20)**	**0.94**	**-**	**-**	**(1.26)**
Deferred tax in relation to :					
Remeasurement of defined benefit obligations recognised through Other Comprehensive Income (OCI)	(0.09)	-	(0.25)	-	(0.34)
Expenses debited to the Consolidated Statement of Profit and Loss allowable in subsequent years	11.53	(4.54)	-	-	6.99
Tax loss carry forward*	16.63	8.73	-	-	25.36
Others	0.63	-	-	(0.06)	0.57
(B)	**28.70**	**4.19**	**(0.25)**	**-**	**32.58**
Deferred Tax Assets (net)	**26.50**	**5.13**	**(0.25)**	**-**	**31.32**

Foot Note:

Deferred tax liabilities/ assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries 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.

* Recognised in view of confirmed profitable orders secured by an overseas subsidiary.

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Note 31.3 - Unrecognised deductible temporary differences, unused tax losses and unused tax credits

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following :		
- Unused tax credits for an overseas subsidiary (refer note below)	11.12	27.80
	11.12	**27.80**

Note : The unrecognised tax credits will expire in 2025-2026

NOTE 32 - BORROWINGS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
I Loans repayable on demand		
From Banks		
- Secured [Refer Note 32.1 (a)]	464.50	240.25
- Unsecured [Refer Note 32.1 (b)]	87.54	8.93
	552.04	**249.18**
II Other short term borrowings		
From Banks		
- Secured [Refer Note 32.2 (a)]	1,084.55	497.84
From other parties		
- Secured [Refer Note 32.2 (b)]	272.55	408.73
	1,909.14	**1,155.75**

Note 32.1 - Loans repayable on demand from banks :

(a) Secured

(i) ₹ 413.80 crore (As at March 31, 2019 ₹ 225.49 crore) secured by first charge on the entire current assets of the Company, both present and future (except specific export receivables financed by financial institutions and banks), second charge on fixed assets of the Company's manufacturing facilities situated at Jaipur, Jabalpur and Nagpur factories and further secured by first charge on flat situated at Juhu, Mumbai in favour of working capital consortium bankers. The interest rates are in the ranges from 7.55% to 12.85% p.a. (previous year ranges from 7.90% to 12.85% p.a.)

(ii) Nil (As at March 31, 2019 ₹ 11.78 crore) secured by assignment of certain book debts of the Company. The interest rates are in the ranges from Nil (previous year ranges from 4.20% p.a. to 7.90% p.a.)

(iii) ₹ 5.61 crore (As at March 31, 2019 ₹ Nil crore) secured by assignment of certain book debts and irrevocable Corporate Guarantee from the Company.The interest rates are in the ranges from 4.20% p.a. to 7.90% p.a. (previous year Nil)

(iv) ₹ 45.09 crore (As at March 31, 2019 ₹ Nil), pertains to a jointly controlled operation at Saudi Arabia secured by assignment of certain book debt and irrevocable Corporate Guarantee from the Company. The interest rates are in the ranges from 3.91% p.a to 5.86% p.a. (previous year Nil)

(v) Nil (As at March 31, 2019 ₹ 2.98 crore) pertains to a subsidiary at Mexico secured against trade receivables. The interest rates are in the ranges from Nil (previous year ranges from 3.05% to 4.05 % p.a.). The loan has been repaid during the year.

(b) Unsecured

(i) ₹ 87.35 crore (As at March 31, 2019 ₹ 8.93 crore) pertains to subsidiaries at Brazil. The interest rates are in the ranges from 3.05% to 4.05 % p.a. (previous year ranges from 3.05% to 4.05 % p.a.)

(ii) ₹ 0.19 crore (As at March 31, 2019 Nil) pertains to subsidiaries at Mexico. The interest rates are in the ranges from 3.05% to 4.05 % p.a. (previous Nil)

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Note 32.2 - Other short-term borrowings

(a) From Banks-Secured

(i) ₹ 991.55 crore (As at March 31, 2019 ₹ 404.64 crore) secured by security stated against Note 32.1 (a) (i) above. The interest rates are in the ranges from 1.00% to 4.50% p.a. (previous year ranges from 1.00% to 4.30% p.a.)

(ii) ₹ 41.68 crore (As at March 31, 2019 ₹ 93.20 crore) loan of a jointly controlled operation at Saudi Arabia secured by assignment of certain book debt and irrevocable Corporate Guarantee from the Company. The interest rates are in the ranges from 4.54% to 5.86 % p.a. (previous year ranges from 4.54% to 4.87% p.a.)

(iii) ₹ 46.09 crore (As at March 31, 2019 ₹ Nil) loan consist of Rs 45.61 crore secured by assignment of certain book debt at Abu Dhabi projects. Further loans of ₹ 0.48 crore secured by assignment of certain book debt at Oman projects and irrevocable Corporate Guarantee from the Company.The interest rates are in the ranges from 4.54% to 5.68 % p.a. (previous year Nil)

(iv) ₹ 5.23 crore (As at March 31, 2019 ₹ Nil) secured by irrevocable Corporate Guarantee from the Company. The interest rates are in the ranges from 3.50% p.a. to 4.50% p.a. (previous year Nil).

(b) From Other Parties-secured

(i) ₹ 98.79 crore (As at March 31, 2019 ₹ 247.34 crore) being listed commercial papers (unsecured) issued on standalone basis. Said Commercial papers carries interest rate of 7.15% p.a. (previous year 7.55%).

(ii) ₹ 173.76 crore (As at March 31, 2019 ₹ 161.39 crore) secured by security stated against Note 32.1 (a) (i) above. The interest rates are in the ranges from 3.50% to 5.30% p.a. (previous year ranges from 4.28% to 5.30% p.a.).

NOTE 33 - LEASE LIABILITIES

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Lease liabilities (Refer Note 54)	34.55	-
	34.55	**-**

NOTE 34 - TRADE PAYABLES

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
(i) Total outstanding dues of micro and small enterprises (Refer Note 34.1)	137.20	71.19
(ii) Total outstanding dues of creditors other than micro and small enterprises	3,759.11	3,530.56
(iii) Acceptances	1,110.94	1,199.19
	5,007.25	**4,800.94**

Note 34.1- Following disclosures required for Micro and Small Enterprises has been determined on the basis of information available with the company

₹ in Crore

(a)	The principal amount remaining unpaid to supplier as at the end of accounting year	127.30	66.43
(b)	The interest due thereon remaining unpaid to supplier as at the end of accounting year.	1.65	3.14
(c)	The amount of interest paid in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
(d)	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 this Act.	6.64	1.62
(e)	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year	5.14	4.76
(f)	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.	9.90	-

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NOTE 35 - OTHER FINANCIAL LIABILITIES

₹ in Crore

Particulars			As at March 31, 2020		As at March 31, 2019	
(a)	Current maturities of long-term debt (Refer Note 28)			311.51		137.44
(b)	Current maturities of finance lease obligations [Refer Note 28 and Note 54]			-		5.19
(c)	Interest accrued but not due on borrowings			6.69		5.62
(d)	Unpaid / unclaimed dividends #			3.20		2.43
(e)	Other payables					
	-	Interest accrued on acceptances and customer advance	0.37		0.56	
	-	Payable towards purchase of property plant and equipment	1.26		1.63	
	-	Mark to market loss on forward and commodity contracts (Refer Note 55.7 and Note 55.8)	38.81		0.03	
	-	Directors' commission	6.37		6.44	
				46.81		8.66
				368.21		159.34

The figures reflect the position as at year end. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates.

NOTE 36 - CONTRACT LIABILITIES

₹ in Crore

Particulars		As at March 31, 2020	As at March 31, 2019
(i)	Amount due to customers for contract works	773.59	647.70
(ii)	Advance from customer	1,428.09	1,597.65
(iii)	Interest on customer advance	8.59	6.84
		2,210.27	2,252.19

NOTE 37 - OTHER CURRENT LIABILITIES

₹ in Crore

Particulars			As at March 31, 2020		As at March 31, 2019	
(a)	Advances against assets classified as held for sale (Refer Note 24.1)			9.41		9.41
(b)	Other payables					
	-	Statutory remittances (contribution to PF and ESIC, withholding tax, Excise Duty, VAT, TDS, GST, Service Tax, etc.)	67.09		85.91	
	-	Others	10.24		5.03	
				77.33		90.94
				86.74		100.35

NOTE 38 - PROVISIONS

₹ in Crore

Particulars			As at March 31, 2020		As at March 31, 2019	
(a)	**Provision for employee benefits**					
	-	Compensated absences (Refer Note 57)	25.81		21.61	
	-	Gratuity, post employment benefits (Refer Note 57)	3.02		3.17	
				28.83		24.78
(b)	**Provision - others :**					
	-	Warranty provisions (Refer Note 38.1)	4.84		3.95	
	-	Provision for litigation claims (Refer Note 38.2 and Note 38.3)	25.58		21.60	
				30.42		25.55
				59.25		50.33

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Note 38.1- Warranty provisions

The Group bases its estimates of warranty cost on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

The warranty provisions for various years are as follows: ₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	3.95	4.38
Additions	1.29	1.04
Utilisations /(reversals)	(0.64)	(1.68)
Effect of translation adjustment (gain) / loss	0.24	0.21
Closing balance	**4.84**	**3.95**

Note 38.2 - Provision for litigation claims represents liabilities that are expected to materialise on completion of negotiation/matters in appeals with judicial authorities.

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	21.60	13.65
Additions	9.92	8.49
Reversals	5.94	0.54
Closing balance	**25.58**	**21.60**

Note 38.3 - It includes provision of ₹ 12.63 crore related to an arbitration award passed against the company. The same is challenged by the company before Hon'ble Delhi High Court. The balance provision relate to various sales tax matters and civil suits. The cashflows against the said matters are dependent upon conclusion of the litigations.

NOTE 39 - CURRENT TAX LIABILITIES (NET)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax liabilities less payments	48.27	35.82
	48.27	**35.82**

NOTE 40 - REVENUE FROM OPERATIONS

₹ in Crore

Particulars	For the Year ended March 31, 2020		For the Year ended March 31, 2019	
(a) Sale of products (Refer Note 52)				
- Towers and structurals	1,071.39		786.39	
- Cables	753.67		915.19	
		1,825.06		**1,701.58**
(b) Construction contracts revenue (Refer Note 52)				
- Transmission and distribution	6,849.12		5,995.50	
- Other EPC	3,058.71		3,066.14	
		9,907.83		**9,061.64**
(c) Sale of services (Refer Note 52)				
- Tower testing and design revenue	26.15		38.44	
- Operating and maintance revenue	5.88		1.01	
		32.03		**39.45**
(d) Other operating revenue				
- Scrap sales	113.91		134.67	
- Export incentives	81.58		59.20	
- Others	4.96		3.99	
		200.45		**197.86**
		11,965.37		**11,000.53**

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NOTE 41 - OTHER INCOME

₹ in Crore

Particulars			For the Year ended March 31, 2020		For the Year ended March 31, 2019	
(a)	Interest income earned on financial assets that are not designated at fair value through profit or loss:					
	(i)	Bank deposits (at amortised cost)	1.40		6.06	
	(ii)	Other financial assets carried at amortised cost	1.37		0.58	
				2.77		6.64
(b)	Interest income earned on financial assets that are designated at fair value through profit or loss:					
	-	Interest on Commercial Paper	0.50		1.03	
				0.50		1.03
(c)	Other Interest Income					
	(i)	Excise and VAT refund	1.73		-	
	(ii)	Income tax refund	0.04		7.13	
				1.77		7.13
(d)	Government Grant*			0.79		-
(e)	Other non-operating income					
	-	Guarantee charges	0.53		0.74	
	-	Profit on sale of property, plant and equipment	0.06		1.08	
	-	Miscellaneous income	4.68		5.97	
				5.27		7.79
				11.10		22.59

Note: *Government grant are related to asset acquired under EPCG scheme. There are no unfulfilled conditions and other contingencies attached to this grant.

NOTE 42 - COST OF MATERIALS CONSUMED

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Cost of materials consumed (including project bought outs)	5,669.62	5,344.45
	5,669.62	5,344.45

NOTE 43 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Opening stock		
Finished goods	119.34	51.97
Work-in-progress	87.64	220.24
	206.98	272.21
Less: Closing stock		
Finished goods	160.34	119.34
Work-in-progress	124.67	87.64
	285.01	206.98
	(78.03)	65.23

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NOTE 44 - ERECTION AND SUB-CONTRACTING EXPENSES

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Erection / construction materials consumed	526.44	403.44
Stores consumed	31.61	16.17
Sub-contracting expenses	1,934.30	1,990.02
Power, fuel and water charges	30.27	30.78
Construction transport	82.94	149.25
Others	221.09	123.70
	2,826.65	**2,713.36**

NOTE 45 - EMPLOYEE BENEFITS EXPENSE

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Salaries and wages	992.49	739.19
Contribution to provident fund and other funds	41.05	32.18
Staff welfare expenses	70.82	60.82
	1,104.36	**832.19**

NOTE 46 - FINANCE COSTS

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Interest expense for financial liabilities not classified at FVTPL (including yield on debentures)	300.29	306.65
Other borrowing costs (processing fees, etc.)	7.69	5.21
	307.98	**311.86**

NOTE 47 - DEPRECIATION AND AMORTISATION EXPENSE

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Depreciation of property, plant and equipment (Refer Note 5)	96.37	90.11
Depreciation on Right of Use Assets (Refer Note 6)	24.07	-
Amortisation of intangible assets (Refer Note 8)	26.76	27.02
	147.20	**117.13**

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NOTE 48 - OTHER EXPENSES

₹ in Crore

Particulars	For the Year ended March 31, 2020		For the Year ended March 31, 2019	
Tools, non-erection stores and maintenance spares		19.25		24.49
Power and fuel		61.39		62.12
Rent		34.44		48.84
Rates and taxes, excluding taxes on income (net)		56.42		58.79
Insurance		81.77		56.59
Bank (guarantee, letter of credit and other) charges		95.10		86.28
Commission		86.01		33.96
Freight and forwarding (net)		384.30		273.46
Repairs to buildings		6.27		4.83
Repairs to plant and equipment		19.08		19.60
Repairs to other property, plant and equipment		13.60		13.27
Travelling and conveyance		101.41		92.16
Payment to statutory auditors (net of service tax input credit, where applicable)				
- as auditors (for audit, limited reviews and audit of financial statements)	1.17		1.17	
- for tax audit	0.08		0.08	
- for certification work	1.14		0.89	
- for reimbursement of expenses	0.13		0.09	
		2.52		**2.23**
Professional fees		107.85		77.59
Bad debts, loan and advances written off	32.51		72.18	
Less: Adjusted against allowance for bad and doubtful debts, loans and advances	(4.91)		(36.40)	
		27.60		**35.78**
Allowance for bad and doubtful debts, loans and advances (net)		26.80		1.87
Directors' fees		0.49		0.68
Loss on property, plant and equipment discarded		0.50		0.59
Net (gain)/loss on foreign currency transactions (Refer Note 48.2)		(115.96)		(163.96)
Net loss arising on financial assets mandatorily measured at FVTPL		-		1.84
Corporate Social Responsibility (Refer Note 63)		8.37		6.08
Miscellaneous expenses (Refer Note 48.1)		191.21		158.30
		1,208.42		**895.39**

Note 48.1- Miscellaneous expenses shown above include fees of ₹ 1.73 crore (Previous Year ₹ 1.85 crore) paid to branch auditors, fees of ₹ 0.22 crore for auditors of joint operations (Previous Year of ₹ 0.39 crore) and fees of ₹ 0.07 crore (Previous Year ₹ 0.07 crores) paid to the cost auditors and ₹ 2.21 crore (Previous Year ₹ 2.30 crores) paid to the auditor of subsidiaries.

Note 48.2 - Net (gain)/loss on foreign currency transactions includes gain on derivative instruments ₹ 4.96 crore (Previous year gain ₹ 96.53 crore)

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NOTE 49 - INCOME TAX RECOGNIZED IN CONSOLIDATED STATEMENT OF PROFIT AND LOSS

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Current tax		
In respect of the current year	256.17	251.85
In respect of prior years	29.26	0.08
	285.43	**251.93**
Deferred tax		
In respect of the current year	(60.68)	5.14
	(60.68)	**5.14**
Total income tax expense recognised in the Consolidated Statement of Profit and Loss	**224.75**	**257.07**

Note 49.1 - The reconciliation of estimated income tax expense at Indian Statutory income tax rate to income tax expense reported in Consolidated Statement of Profit and Loss is as follows :

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Profit before tax from continuing operations	790.27	743.51
Indian Statutory income tax rate	25.17%	34.94%
Income tax expense	198.91	259.81
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	9.67	2.96
Corporate social responsibility expenditure	1.05	1.06
Donation	0.12	0.05
Net effect of different tax rates of joint operations operating in other jurisdictions	-	(5.97)
Effect of unused tax losses and tax offsets of the subsidiaries not recognised as deferred tax assets earlier	-	(3.13)
Effect of different tax rates of subsidiaries operating in other jurisdictions	4.76	1.06
Effect of deferred tax assets created on losses by subsidiaries	-	(1.16)
Foreign Tax credit not available	2.88	0.29
Reduction in Tax Rate	(22.36)	-
Others	0.46	2.02
	195.49	**256.99**
Adjustments recognised in the current year in relation to the current tax of prior years	29.26	0.08
Income tax expense in the Consolidated Statement of Profit and Loss	**224.75**	**257.07**

(i) The tax rate used for the financial years 2019-20 and 2018-19 reconciliations above is the corporate tax rate of 25.17% and 34.94% payable by the corporate entities in India on taxable profits under the Indian tax law.

(ii) The Company has elected to exercise the option permitted under section 115BBA of the Income Tax Act. 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has created provision for Current year and remeasured its Deferred Tax Liability basis the rate prescribed in this section. The impact of this change as recognised in the Statement of Profit and Loss is ₹ 22.75 crore and in Other Comprehensive Income is ₹ 0.86 crore.

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Note 49.2 - Income tax recognised in other comprehensive income

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
- Translation of foreign joint operations and subsidiaries	(2.69)	(7.66)
- Net gain on designated portion of hedging instruments	11.28	(2.99)
- Remeasurement of defined obligations	(1.02)	(0.22)
	7.57	**(10.87)**
Total income tax recognised in other comprehensive income	**7.57**	**(10.87)**
Bifurcation of the income tax recognised in other comprehensive income into :		
- Items that will not be reclassified to profit or loss	(1.02)	(0.22)
- Items that will be reclassified to profit or loss	8.59	(10.65)
	7.57	**(10.87)**

NOTE 50 - EARNINGS PER SHARE

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Continuing operations	(₹ Per Share)	(₹ Per Share)
(a) Basic earnings per share	22.00	18.92
(b) Diluted earnings per share	22.00	18.92
Discontinued operations		
(a) Basic earnings per share	-	0.36
(b) Diluted earnings per share	-	0.36
For discontinued and continuing operations		
(a) Basic earnings per share	22.00	19.28
(b) Diluted earnings per share	22.00	19.28

Basic/diluted earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic/diluted earnings per share are as follows:

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Continuing operations		
Profit for the year attributable to the equity share holders of the Company	565.52	486.44
Earnings used in the calculation of basic/diluted earnings per share	**565.52**	**486.44**
Discontinued operations		
Profit for the year attributable to the equity share holders of the Company	-	9.33
Earnings used in the calculation of basic/diluted earnings per share	**-**	**9.33**
Continuing and discontinued operations		
Profit for the year attributable to the equity share holders of the Company	565.52	495.77
Earnings used in the calculation of basic/diluted earnings per share	**565.52**	**495.77**

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Weighted average number of equity shares for the purposes of basic/diluted earnings per share	257,088,370	257,088,370

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NOTE 51 - JOINT OPERATIONS

Details of the Company's Joint Operations are as under:

Particulars		Ownership Interest As at March 31, 2020	Ownership Interest As at March 31, 2019
a)	Joint Operations		
i	Al-Sharif Group and KEC Ltd Company, Saudi Arabia (Al Sharif JV) [Refer Note 46 (b)]	51.10%	51.10%
ii	EJP KEC Joint Venture, South Africa	50.00%	50.00%
iii	KEC – ASSB JV, Malaysia	67.00%	67.00%
iv	KEC – ASIAKOM – UB JV	60.00%	60.00%
v	KEC – ASIAKOM JV	51.00%	51.00%
vi	KEC – DELCO – VARAHA JV	80.00%	80.00%
vii	KEC – VARAHA – KHAZANA JV	80.00%	80.00%
viii	KEC – VALECHA – DELCO JV	51.00%	51.00%
ix	KEC – SIDHARTH JV	80.00%	80.00%
x	KEC – TRIVENI – KPIPL JV	55.00%	55.00%
xi	KEC – UNIVERSAL JV	80.00%	80.00%
xii	KEC – DELCO – DUSTAN JV	51.00%	51.00%
xiii	KEC – ANPR – KPIPL JV	60.00%	60.00%
xiv	KEC – PLR – KPIPL JV	55.00%	55.00%
xv	KEC-BJCL JV	51.00%	51.00%
xvi	KEC-KEIL JV	90.00%	90.00%
xvii	KEC-ABEPL JV	90.00%	90.00%
xviii	KEC-TNR INFRA JV	51.00%	51.00%
xix	KEC-SMC JV	51.00%	51.00%
xx	KEC-WATERLEAU JV	51.00%	51.00%
xxi	KEC GHCS (Malaysia) SDN BHD#	-	49.00%
xxii	KEC-CCECCJV	74.00%	-
xxiii	KEC-CCECCJV	74.00%	-
xxiv	CCECC - KEC JV	98.50%	-
xxv	LONGJIAN - KEC JV	98.50%	-
xxvi	MBPL-KEC JV	49.00%	-

considered as subsidiary as per Ind AS and liquidated on October 29,2019

b) i) KEC International Limited (the Company) holds 51.10% share capital in 'Al-Sharif Group and KEC Limited', located in Saudi Arabia (Al Sharif JV), having a joint arrangement with the JV partner Power Line Contracting Company which hold 48.90% in Al Sharif JV. Al Sharif JV is “Subsidiary” of the Company under the Companies Act, 2013. However, based on the control assessment under Ind AS, considering the nature of arrangement, Al Sharif JV has been classified as jointly controlled operation.

In addition to this, Al Sharif JV is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the Company itself, the internal agreements (contractual arrangements) entered into between the parties to the joint arrangements for execution of projects (turnkey contracts) reverses or modifies the rights and obligations conferred by the legal form and establishes and define their respective rights and obligations on these projects. As per these contractual arrangements, the parties to the joint arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

ii) The Company accounts for assets, liabilities, revenue and expenses relating to its interest in joint operations based on the internal agreements/ arrangements entered into between the parties to the joint arrangements for execution of projects, which in some cases are different than the ownership interest disclosed above. Accordingly, the Company has recognised its share in total income from operations ₹ 486.60 crore (for the year ended March 31, 2019 ₹ 522.30 crore), total expenditure (including tax) ₹ 480.32 crore (for the year ended March 31, 2019 ₹ 476.88 crore), total assets as at March 31, 2020 ₹ 909.60 crore (as at March 31, 2019 ₹ 1,146.16 crore) and total liabilities as at March 31, 2020 ₹ 720.57 crore (as at March 31, 2019 ₹ 763.55 crore) in Jointly Controlled Operations.

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forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

NOTE 52 - REVENUE FROM CONTRACTS WITH CUSTOMERS

52.1 Disaggregation of revenue from contracts with customers

The Company has determined the categories for disaggregation of revenue considering the types / nature of contracts. The Company derives revenue from the transfer of goods and services over time in the following major product lines and geographical regions:

₹ in Crore

As on March 31, 2020	Transmission & distribution	Railways	Civil	Cables	Solar	Smart Infra	Total
Segment revenue							
- India	2,129.64	2,544.67	375.99	863.88	57.03	69.15	6,040.36
- Brazil, Mexico & USA	1,447.33	-	-	-	-	-	1,447.33
- Geographies other than above	4,610.95	-	-	100.81	-	-	4,711.76
Inter-segment (SBU) revenue							
- India	1.47	-	-	157.17	-	-	158.64
- Brazil, Mexico & USA	11.14	-	-	-	-	-	11.14
- Geographies other than above	264.75	-	-	-	-	-	264.75
Revenue from external customers	**7,910.56**	**2,544.67**	**375.99**	**807.52**	**57.03**	**69.15**	**11,764.92**
Timing of revenue recognition							
- At a point in time	1,097.61	-	3.00	753.67	2.88	-	1,857.16
- Over time	6,812.95	2,544.67	372.99	53.85	54.15	69.15	9,907.76
	7,910.56	**2,544.67**	**375.99**	**807.52**	**57.03**	**69.15**	**11,764.92**

As on March 31, 2019	Transmission & distribution	Railways	Civil	Cables	Solar	Smart Infra	Total
Segment revenue							
- India	2,802.17	1,906.38	497.59	984.18	340.80	-	6,531.12
- Brazil, Mexico & USA	1,000.54	-	-	-	-	-	1,000.54
- Geographies other than above	3,351.22	-	-	173.13	-	-	3,524.35
Inter-segment (SBU) revenue							
- India	31.31	-	9.00	159.77	-	-	200.08
- Brazil, Mexico & USA	53.26	-	-	-	-	-	53.26
- Geographies other than above	-	-	-	-	-	-	-
Revenue from external customers	**7,069.36**	**1,906.38**	**488.59**	**997.54**	**340.80**	**-**	**10,802.67**
Timing of revenue recognition							
- At a point in time	803.10	-	-	915.19	-	-	1,718.29
- Over time	6,266.26	1,906.38	488.59	82.35	340.80	-	9,084.38
	7,069.36	**1,906.38**	**488.59**	**997.54**	**340.80**	**-**	**10,802.67**

The Company recognised revenue amounting to ₹ 297.17 crore (for the year ended March 31, 2019, ₹ 264.22 crore) in the current reporting period that was included in the contract liability balance as of March 31, 2019.

52.2 Unsatisfied performance obligations

The aggregate amount of transaction price allocated to performance obligations that are unsatisfied as at the end of reporting period March 31, 2020 is ₹ 20,503 crore (for the year ended March 31, 2019, ₹ 20,307 crore). On an average, transmission, distribution and railway composite contracts have a life cycle of 2-3 years and other businesses performance obligations are met over a period of one or less than one year. Management expects that around 50% to 60% of the transaction price allocated to unsatisfied contracts as of March 31, 2020 will be recognised as revenue during next reporting period depending upon the progress on each contracts.

The remaining amount is expected to be recognised in subsequent years, with largely in year 2.

The amount disclosed above does not include variable consideration.

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52.3 There are no reconciliation items of revenue recognised from contracts with customers and contract price.

52.4 In case of transmission and distribution projects, where the goods are procured from a third party, the Company makes an assessment on the impact of revenue recognition with respect to uninstalled materials. Considering the Company is significantly involved in designing and manufacturing the procured material and there is no significant time gap involved between transfer of control and installation, there is no impact on revenue recognized. There is significant judgement involved in making this assessment.

NOTE 53 - DISCONTINUED OPERATION

(a) Description

On November 03, 2018 the Group announced its intention to dispose off its entire stake in the subsidiary "KEC Bikaner Sikar Transmission Private Limited". The subsidiary was subsequently sold on February 8, 2019 after receiving all requisite approvals and has been reported as a discontinued operation. Financial information relating to the discontinued operation is set out below.

(b) Financial performance and cash flow information

The Financial performance and cash flow information for the year ended March 31, 2019, as considered for consolidation as below:

₹ in Crore

Particulars	For the Year ended March 31, 2019
Revenue	21.47
Expenses	15.29
Profit before income tax	**6.18**
Income tax expenses	1.73
Profit after income tax	**4.45**
Gain on sales of the subsidiary after income tax (see (c) below)	4.88
Profit from discontinued operation	**9.33**
Net cash inflow (outflow) from operating activities	4.45
Net cash inflow from investing activities	57.37
Net cash inflow from financing activities	-
Net increase in cash generated from discontinued operation	**61.82**

(c) Details of the sale of the subsidiary

₹ in Crore

Particulars	Amount
Consideration received :	
Value of subsidiary	227.50
Less : Amount towards Banks & Financial Institution loans	167.58
Add : Cash Balance Taken over	0.10
Net Cash Consideration received	**60.02**
Less : Amount towards KEC International Ltd (Holding Co) loan	2.65
Net Cash Consideration received	**57.37**
Carrying amount of net assets sold	49.80
Gain on sales of the subsidiary before income tax	**7.57**
Reclassification of other reserves	**(0.32)**
Income tax expenses on gain	2.37
Gain on sale after income tax	**4.88**

The carrying amounts of assets and liabilities over which the control has been transferred:

₹ in Crore

Particulars	Amount
Trade Receivable	219.72
Other current assets	1.00
Total assets	**220.72**
Borrowing	170.23
Other current liabilities	0.69
Total liabilities	**170.92**
Net assets	**49.80**

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NOTE 54 - LEASES

₹ in Crore

	Particulars	As at March 31, 2020
(i)	**The Balance sheet shows the following amounts relating to leases:**	
	Right of use assets (Refer Note 6)	
	Buildings	70.93
	Plant & Machinery	3.82
	Vehicles	1.46
	Land	70.79
		147.00
	Lease liabilities	
	Current (Refer Note 33)	34.55
	Non-current (Refer Note 29)	111.08
		145.63

₹ in Crore

	Particulars	For the year ended March 31, 2020
(ii)	**Amounts recognised in statement of profit and loss**	
	Depreciation charge on Right of use assets (Refer Note 6)	
	Buildings	22.34
	Plant & Machinery	0.22
	Vehicles	0.17
	Land	1.34
		24.07
(iii)	Interest expense included in finance cost	5.86
(iv)	Expense relating to short-term leases (included in other expenses)	34.44
(v)	Expense relating to leases of low-value assets that are not shown above as short-term leases	-
(vi)	Expense relating to variable lease payments not included in lease liability	0.02

Total cash outflow for leases during current financial year is ₹ 31.60 crore

Additions to the right to use assets during the current financial year is ₹ 171.71 crore

There are no sale & leaseback transactions.

Payments associated with short-term leases of equipment, vehicles and all leases of low-value assets are recognised on straight line basis as an expense in profit or loss.

Short term leases are leases with a lease of 12 months or less. There are no low value assets during the current year.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at April 01, 2019.

The weighted average incremental borrowing rate applied is 6.02%

NOTE NO. 55 - FINANCIAL INSTRUMENTS

55.1 Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity.

The capital structure of the Company consists of net debt (borrowings as detailed in Notes 28 and 32 offset by cash and bank balances in Notes 18 and 19) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

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Gearing ratio

The gearing ratio at end of the reporting period is as follows. ₹ in Crore

Particulars		As at March 31, 2020	As at March 31, 2019
Debt*	A	2,380.00	1,845.06
Cash and bank balances	B	163.67	276.17
Net debt (C)	C=A-B	2,216.33	1,568.89
Total equity	D	2,797.58	2,435.10
Net debt to equity ratio (E)	**E=C/D**	**0.79**	**0.64**

* Debt is defined as long-term and short-term borrowings (excluding derivative and financial guarantee contracts), as described in Notes 28 and 32 and includes interest accrued but not due on borrowings.

55.2 Categories of financial instruments

₹ in Crore

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Non-current investment						
- Investment in equity instruments	-	★	-	-	★	-
- Investment in commercial Paper	22.50	-	-	13.21	-	-
Trade receivables#	-	-	5,444.78	-	-	4,875.26
Cash and bank balances	-	-	163.67	-	-	276.17
Loans	-	-	112.96	-	-	42.39
Other financial assets						
- Derivative instruments						
i) Forward exchange contracts	4.96	-	-	96.53	-	-
ii) Over the counter (OTC) commodity derivative contracts	-	-	-	-	4.84	-
- Others	-	-	1.11	-	-	9.11
Financial liabilities						
Borrowings	-	-	2,380.00	-	-	1,845.06
Trade payables	-	-	5,007.25	-	-	4,800.94
Other financial liabilities						
- Derivative instruments						
i) Forward exchange contracts%	-	4.63	-		-	-
ii) Over the counter (OTC) commodity derivative contracts	-	34.18	-	-	0.03	-
- Others	-	-	156.83	-	-	11.06

★Less than rounding off norms adopted by the Company

Trade receivable pledged as collateral for borrowings - Refer Notes 23 and 26

% Includes impairment loss on MTM on forward contract amounting to ₹ 0.09 crores

' FVPL - Fair Value Through Profit or Loss

' FVOCI - Fair Value Through Other Comprehensive Income

55.3 Financial risk management objectives

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of currency risk and commodity price risk by using derivative and non derivative financial instruments to hedge risk exposures. The Company has Risk Management Policies to mitigate the risks in commodity and foreign exchange. The use of financial derivatives and non-derivatives is governed by the Company's policies approved by the Board of Directors (BOD), which provide written principles to use financial derivatives and non-derivative financial instruments, to hedge currency risk and commodity price risk. The Company does not enter into or trade financial instruments, including derivative financial instruments and non-derivative financial instruments, for speculative purposes.

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The Treasury Department prepares and submits the report on performance along with the other details relating to forex and commodity transaction to the Risk Management Committee. The periodical forex management report and commodity risk report as reviewed and approved by the Risk Management Committee is placed before the Audit Committee for review.

55.4 Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see Notes 55.5 and 55.10 below) and commodity price (see Note 55.8 below). The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, interest rate risk and commodity price risk including:

- forward foreign exchange contracts to hedge the exchange rate risk arising from execution of international projects.
- Commodity Over the Counter (OTC) derivative contracts to hedge the Price Risk for base metals such as Copper, Aluminium, Zinc and Lead.

Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the approved guidelines set by the Board of Directors .

55.5 Foreign currency risk management

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions in various currencies. Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimize the volatility of the INR cash flows.

Following is the foreign currency exposure of the Company: ₹ in Crore

Particulars	USD	BRL	SAR	EUR	AED	Others	Total
As at March 31, 2020							
Assets	1,545.43	221.36	355.91	516.03	235.96	600.91	3,475.60
Liabilities	(1,678.38)	(422.36)	(79.98)	(326.66)	(382.07)	(429.51)	(3,318.96)
As at March 31, 2019							
Assets	1,457.79	134.70	668.43	149.64	201.45	454.91	3,066.92
Liabilities	(1,388.06)	(205.59)	(175.03)	(299.72)	(87.73)	(256.10)	(2,412.23)

55.6 Sensitivity for above exposures:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from financial instruments in the books of jointly controlled operations, packing credit in foreign currency (PCFC) instruments and forward contracts denominated in hedge relationship.

5% appreciation / depreciation in the functional currency of the Company, with respect to foreign currency, will have following impact on profit / (loss) before tax and equity [gains / (losses)]:

₹ in Crore

Exposure to currencies	Change in rate	Impact on profit before tax		Impact on equity	
		For the Year ended March 31, 2020	For the Year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
USD	+5%	2.01	(19.36)	4.63	15.87
	-5%	(2.01)	19.36	(4.63)	(15.87)
BRL	+5%	-	-	10.05	3.54
	-5%	-	-	(10.05)	(3.54)
SAR	+5%	(0.03)	(0.20)	(13.76)	(24.47)
	-5%	0.03	0.20	13.76	24.47
AED	+5%	(0.08)	(5.68)	7.38	(0.01)
	-5%	0.08	5.68	(7.38)	0.01

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₹ in Crore

Exposure to currencies	Change in rate	Impact on profit before tax		Impact on equity	
		For the Year ended March 31, 2020	For the Year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
EUR	+5%	(9.50)	7.43	0.03	0.08
	-5%	9.50	(7.43)	(0.03)	(0.08)
Others	+5%	(12.27)	(8.56)	3.70	(1.38)
	-5%	12.27	8.56	(3.70)	1.38

55.7 Forward exchange contracts

The Company has adopted a Risk Management Policy approved by the Board of Directors of the Company for managing foreign currency exposure. The policy enumerates the mechanism for Risk Identification, Risk Measurement and Risk Monitoring. The policy has approved a set of financial instruments for hedging foreign currency risk. The Company mainly uses forward contracts to manage the foreign currency risk.

The following table details the forward foreign currency (FC) contracts outstanding at the end of the reporting period:

Outstanding contracts	Foreign currency (FC in Crore)		Nominal amounts (₹ in Crore)		Change in fair value assets /(liabilities) (₹ in Crore)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Buy USD/INR						
Less than 3 months	0.20	0.38	14.45	26.82	0.52	(0.73)
3 to 6 months	-	0.17	-	12.33	-	(0.16)
Sell USD/INR						
Less than 3 Months	0.94	2.14	68.44	152.60	(3.42)	3.67
3 to 6 months	-	6.87	-	512.29	-	28.46
More than 6 Months	3.85	9.36	294.12	707.47	(2.29)	39.94
Sell EURO/ USD						
Less than 3 Months	1.10	0.85	94.06	67.28	3.03	1.16
3 to 6 months	-	1.00	-	81.40	-	2.74
More than 6 Months	1.84	1.70	156.69	139.97	3.46	5.34
Sell EURO/ INR						
Less than 3 Months	0.64	0.65	52.40	55.80	(0.67)	4.75
3 to 6 months	-	0.90	-	80.97	-	8.56
More than 6 Months	1.38	0.36	116.97	31.98	0.02	2.55
Buy EURO/ INR						
Less than 3 Months	0.01	-	0.59	-	-	-
Buy USD/MYR						
Less than 3 months	-	1.41	-	23.24	-	(0.59)
3 to 6 months	-	-	-	-	-	-
More than 6 Months	1.29	-	23.56	-	1.10	
Buy JPY/INR						
Less than 3 months	6.40	-	4.38	-	0.10	-
More than 6 Months	35.06	58.42	24.13	38.35	0.97	(0.05)
Buy USD/ BRL						
Less than 3 Months	0.13	0.42	9.82	29.30	1.92	0.82
3 to 6 months	-	0.06	-	4.20	-	0.06
More than 6 Months	-	0.06	-	3.84	-	0.01
Buy EUR / BRL						
Less than 3 Months	0.01	-	1.17	-	0.22	-
Total					**4.96**	**96.53**

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The line-items in the balance sheet that include the above instruments are “Other financial assets” and “Other financial liabilities”.

For the year ended March 31, 2020, the aggregate amount of realised gain under forward foreign exchange contracts recognised in the Statement of Profit and Loss is ₹ 90.95 Crore (for the year ended March 31, 2019: ₹ 42.95 Crore).

In respect of the Company’s foreign currency forward contract (buy), a 5% appreciation/depreciation of the foreign currency underlying such contracts would have resulted in an approximate gain/(loss) of ₹ 3.96 crore / (Rs 0.77 crore) and ₹ 3.80 crore / (₹ 3.80 crore) for the year ended March 31, 2020 and the year ended March 31, 2019 respectively, in the Company’s Statement of Profit and Loss.

In respect of the Company’s foreign currency forward contract (sell), a 5 % appreciation/depreciation of the foreign currency underlying such contracts would have resulted in an approximate (loss) /gain of (Rs 37.36 crore) / ₹ 38.34 crore and (Rs.8.58 crore) / Rs.8.58 crore for the year ended March 31, 2020 and the year ended March 31, 2019 respectively, in the Company’s Statement of Profit and Loss.

The Company has designated following forward contracts as cash flow hedges which arre outstanding as under:

Outstanding contracts	Foreign currency (FC in Crore)		Nominal amounts (₹ in Crore)		Change in fair value assets / (liabilities) (₹ in Crore)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Sell USD/INR						
Less than 3 months	0.20	-	14.73	-	(0.52)	-
More than 6 Months	3.50	-	267.90	-	(5.33)	-
Sell EUR/INR						
More than 6 Months	0.80	-	70.30	-	1.32	-
Total					**(4.53)**	**-**

The line-items in the balance sheet that include the above instruments is “Cash-flow hedge reserve”.

The effect of cash flow hedge in the statement of profit and loss and other comprehensive income is as follows:

Year	Risk Hedged	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
March 31, 2020	Foreign exchange risk	(4.53)	-	(5.80)	Revenue
March 31, 2019	-	-	-	-	-

There is no ineffectiveness due to matching maturity profile of financial derivative contract and underlying transaction.

In respect of the Company’s foreign currency forward contract (sell), a 5 % appreciation/depreciation of the foreign currency underlying such contracts would have resulted in an approximate (loss) /gain of (₹ 22.48 crore) / ₹ 13.28 crore for the year ended March 31, 2020 (Nil for the year ended March 31, 2019), in the Company’s Statement of Other Comprehensive Income.

55.8 Commodity price risk

The Company is exposed to movement in metal commodity prices of Copper, Aluminium, Zinc and Lead. Most of our contracts with the Indian customers are backed by a price variation for most of these metals. However, profitability in case of firm price orders is impacted by movement in the prices of these metals. The Company has a well defined hedging policy approved by Board of Directors of the Company, which to a large extent takes care of the commodity price fluctuations and minimizes the risk. For base metals like Aluminium, Copper, Zinc and Lead, the Company either places a firm order on the supplier or hedges its exposure on the London Metal Exchange (LME) directly.

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Outstanding commodity contracts :

Cash flow hedges		Foreign currency (USD in Crore)				Nominal Amount (₹ in Crore)				Fair value assets / (liabilities) (₹ in Crore)			
		Aluminium	Copper	Zinc	Lead	Aluminium	Copper	Zinc	Lead	Aluminium	Copper	Zinc	Lead
As at March 31, 2020	**Less than 3 months**	**2.03**	**0.74**	**0.34**	**0.16**	**144.09**	**52.45**	**24.00**	**11.11**	**(17.55)**	**(4.19)**	**(3.35)**	**0.08**
	3 to 6 months	**0.42**	**0.45**	**0.42**	**0.01**	**29.90**	**31.88**	**30.05**	**0.70**	**(1.37)**	**(3.96)**	**(3.87)**	**0.03**
	More than 6 months	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
As at March 31, 2019	Less than 3 months	1.38	0.50	0.08	0.06	97.04	35.42	5.35	3.91	2.25	1.03	0.90	(0.06)
	3 to 6 months	0.20	-	0.03	-	14.13	-	1.81	-	0.27	-	0.23	-
	More than 6 months	-	-	0.03	-	-	-	1.78	-	-	-	0.22	-

Outstanding commodity contracts in subsidiary's books :

Cash flow hedges		Foreign currency (USD in Crore)	Nominal Amount (₹ in Crore)	Fair value assets / (liabilities) (₹ in Crore)
		Aluminium	Aluminium	Aluminium
As at March 31, 2020	**Less than 3 months**	**-**	**-**	**-**
	3 to 6 months	**-**	**-**	**-**
	More than 6 months	**-**	**-**	**-**
As at March 31, 2019	Less than 3 months	0.01	0.96	(0.0051)
	3 to 6 months	0.02	1.61	(0.0148)
	More than 6 months	0.01	0.64	(0.0062)

In respect of the Company's commodity derivative contracts, a 10% appreciation/depreciation of all commodity prices underlying such contracts, would have resulted in an approximate gain/(loss) of ₹ 3.14 crore / (₹ 65.23 crore) and an approximate gain/(loss) of ₹ 20.92 crore / (₹ 11.24 crore) in the Statement of other comprehensive income for the year ended March 31, 2020 and for the year ended March 31, 2019 respectively.

The effect of cash flow hedge in the statement of profit and loss and other comprehensive income is as follows:

Year	Risk Hedged	Change in the value of the hedging instrument recognised in other comprehensive income/(loss)	Hedge ineffectiveness recognised in profit or (loss)	Amount reclassified from cash flow hedging reserve to profit or (loss)	Line item affected in statement of profit and loss because of the reclassification
March 31, 2020	Commodity price risk	(34.04)	(0.14)	(24.15)	Cost of goods sold
March 31, 2019	Commodity price risk	4.54	0.70	(0.14)	Cost of goods sold

55.9 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The Company's major customers includes government bodies and public sector undertakings. Further, many of the International projects are funded by the multilateral agencies such as World Bank, African Development Bank, Asian Development Bank, etc. For private customers, the Company evaluates the creditworthiness based on publicly available financial information and the Company's historical experiences. The Company's exposure to its counterparties are continuously reviewed and monitored by the Chief operating decision maker (CODM).

Credit period varies as per the contractual terms with the customers.

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The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The amounts of financial assets are net of an allowance for doubtful accounts, estimated by the Company and based, in part, on the age of specific receivable balance and the current and expected collection trends. When assessing the credit risk associated with its receivables, the Company also considers the other financial and non-financial assets and liabilities recognized within the same project to provide additional indications on the Company's exposure to credit risk. As such, in addition to the age of its Financial Assets, the Company also considers the age of its contracts in progress, as well as the existence of any deferred revenue or down payments on contracts on the same project or with the same client. The Company has used practical expedient by computing expected credit loss allowance for trade receivable by taking into consideration payment profiles of sales over a period of 36 months before the reporting date and the corresponding historical credit loss experiences within this period. The historical loss rates are adjusted to reflect current and forward looking information on macro economic factors affecting the ability of the customers to settle the receivables. The expected credit loss is based on the ageing of the days, the receivables due and the expected credit loss rate. In addition, in case of event driven situation as litigations, disputes, change in customer's credit risk history, specific provisions are made after evaluating the relevant facts and expected recovery.

Refer Note No.10, 11, 12 and 17 for ECL provisioning and its movement on financial assets carried at amortised cost.

Concentration of credit risk to any customer did not exceed 10% of the trade receivables as on March 31, 2020

In addition the Company is exposed to credit risk in relation to financial guarantees given by the Company on behalf of its subsidiaries and joint operations (net of Company's share). The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on (net of Company's share in joint operations), as at March 31, 2020 ₹ 105.67 crore (as at March 31, 2019; ₹ 133.04 crore). These financial guarantees have been issued to the banks / customers on behalf of the subsidiaries and joint operations under the agreements entered into by the subsidiaries/ Joint operations with the banks / customers. Based on management's assessment as at the end of the reporting period, the Company considers the likelihood of any claim under the guarantee is remote.

Cash and cash equivalents:

As at the year end, the Company held cash and cash equivalents of ₹152.68 crore (March 31, 2019 ₹ 175.23 crore). The cash and cash equivalents are held with bank and financial institution counterparties with good credit rating.

Other Bank Balances:

Other bank balances are held with bank and financial institution counterparties with good credit rating.

Derivatives:

The derivatives are entered into with bank and financial institution counterparties with good credit rating.

Other financial assets:

Other financial assets are neither past due nor impaired.

55.10 Interest rate risk management

The Company is exposed to interest rate risk because the Company borrows funds at both fixed and floating interest rates.

The Company's exposures to interest rates changes at the end of the reporting period are as follows.

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate borrowing (including interest bearing acceptances)	2,570.16	2,109.17
Fixed rate borrowing	914.09	935.08
Total borrowings	**3,484.25**	**3,044.25**

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55.11 Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used for the purpose of sensitivity analysis.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's :

Profit for the year ended March 31, 2020 would decrease/increase by ₹ 12.85 Crore (for the year ended March 31, 2019: decrease/increase by ₹ 10.72 Crore). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

During the year, the Company's sensitivity in interest rate has increased due to increase in variable debt instruments compared to last year.

55.12 Liquidity risk management

The Board of Directors of the Company have established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are linked to floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

₹ in Crore

Particulars	Less than 1 year	1-3 Years	3-5 Years	Total	Carrying Amount
As at March 31, 2020					
Interest bearing liabilities	3,171.27	312.98	-	3,484.25	3,484.25
Lease liabilities	34.55	64.29	46.79	145.63	145.63
Trade payables	3,896.31	-	-	3,896.31	3,896.31
Other financial liabilities	56.70	-	-	56.70	56.70
Total	**7,158.83**	**377.27**	**46.79**	**7,582.89**	**7,582.89**
As at March 31, 2019					
Interest bearing liabilities	3,106.91	440.76	297.68	3,845.35	3,845.35
Trade payables	2,581.45	-	-	2,581.45	2,581.45
Other financial liabilities	40.64	-	-	40.64	40.64
Total	**5,729.00**	**440.76**	**297.68**	**6,467.44**	**6,467.44**

The Company has access to various fund/non-fund based bank financing facilities. The amount of unused borrowing facilities (fund and non-fund based) available for future operating activities and to settle commitments is ₹ 7,203.89 crore as at March 31, 2020 (₹ 6,631.89 crore as at March 31, 2019).

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55.13 Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities. Fair value of the Company's financial assets and financial liabilities are measured on a recurring basis.

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

₹ in Crore

Financial assets/ financial liabilities	Fair values as at March 31, 2020	Fair values as at March 31, 2019	Fair value hierarchy	Valuation technique(s) and key input(s)
1) Investment in commercial paper	Asset - ₹ 22.50	Asset - ₹ 13.21	Level 2	Use of quoted market prices
2) Foreign currency forward contracts not designated in hedge accounting relationships	Asset - ₹ 4.96	Asset - ₹ 96.53	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at Reuters' closing rates and discounted at a INR funding rate.
3) Derivative instruments (Derivative instruments in designated hedge accounting relationships (Hedges of Highly Forecasted Sales using foreign currency forward contracts)	Liability - ₹ 4.53	-	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at Reuters' closing rates and discounted at a INR funding rate.
4) Derivative instruments (Derivative instruments in designated hedge accounting relationships (Hedges of Highly Forecasted Purchases using Over the Counter (OTC) Derivative Commodity Contracts)	Liability - ₹ 34.18	Asset - ₹ 4.84	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at LME forward prices and discounted at a USD funding rate.
5) Derivative instruments (derivative instruments that are not designated in hedge accounting relationship)	-	Liability - ₹ 0.03	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at forward exchange rates available on bloomberg/Reuters' platform.

NOTE 56 - RESEARCH AND DEVELOPMENT EXPENSES

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Revenue expenses charged to Statement of Profit and Loss (including depreciation on Property, plant and equipment)	28.33	27.61
Expenditure capitalised during the year	-	0.15

NOTE 57 EMPLOYEE BENEFIT PLANS

Brief description of the plans

1 Defined contribution plans

(A) Superannuation

All eligible employees are entitled to benefits under Superannuation, a defined contribution plan. The Group makes yearly contributions until retirement or resignation of the employee. The Group recognises such contributions as an expense when incurred. The Group has no further obligations beyond its yearly contribution.

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(B) Provident Fund

The Group makes contribution to respective regional provident fund commissioners in relation to the workers employed at factories located at Butibori, Jaipur, Jabalpur, Mysore and Vadodara. The Group recognises such contributions as an expense when incurred. The Group has no further obligations beyond its yearly contribution.

(C) Foreign Defined Contribution Plan

All eligible employees at Overseas subsidiaries are entitled under Foreign Defined Pension Fund. The Group recognises such contributions as an expense when incurred. The Group has no further obligations beyond its yearly contribution.

2 Defined Benefit Plans

(A) Gratuity

(i) Company

The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days / one month salary, as applicable, payable for each completed year of service or part thereof in excess of six months in terms of Gratuity scheme of the Company or as per payment of the Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service.

The Company has set up an income tax approved trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The Company makes contribution to the plan. There are no minimum funding requirement for the plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Besides this, if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

(ii) Jointly Controlled operation in Saudi

The Jointly Controlled Operation has an obligation towards an unfunded defined benefit retirement plan (akin to gratuity) covering eligible employees. The benefits payable are as under:

For Service Less Than 5 years	1/2 * Service * Applicable salary
For Service more Than 5 years	First Five Years: 1/2 * Service * Applicable Salary Beyond 5 Years: Service * Applicable Salary

In respect of the plan in India and jointly controlled operation in Saudi, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2020 by an actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

(iii) Overseas subsidiaries (SAE)

The subsidiaries have an unfunded retirement benefit and severance benefit plan, as per the requirement of Local Federal Labor Law. The benefit consists of amount to be paid to employees in case of death, disability and separation from the subsidiaries, according to the Articles 49, 50 and 162 of the Local Federal Labor Law.

(iv) Overseas subsidiary (Malaysia)

The defined benefit plan i.e. Gratuity Plan, provides for lump sum payment to vested employees on resignation/ termination or retirement and on death while in employment, an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months in terms of gratuity scheme provided by the subsidiary company or as per law of Malaysia whichever is higher. Vesting occurs upon completion of 10 years of service.

(B) Provident Fund

The Company has established 'KEC International Limited Provident Fund' in respect of employees other than factory workers to which both the employee and the employer make contribution equal to 12% of the employee's basic salary respectively. The Company's contribution to the provident fund for all employees, are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company.

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These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently, for the plan in India, it has a relatively balanced mix of investments in Insurance related products.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Details of defined contribution plan

The Company has recognised following amounts in the statement of profit and loss: ₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Superannuation Fund	1.03	0.96
Provident Fund	3.26	2.58
Foreign Defined Contribution Plan	1.73	2.32

Details of defined benefit plan

(A) Gratuity

₹ in Crore

	Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
I	**Components of defined benefit cost**		
1	Current service cost	7.00	7.47
2	Interest cost on benefit obligation (Net)	0.48	0.87
3	Total expenses included in Statement of Profit and Loss (P&L)	7.48	8.34
4	Actuarial changes arising from changes in demographic assumptions	(0.25)	(0.58)
5	Actuarial changes arising from changes in financial assumptions	1.20	(0.52)
6	Actuarial changes arising from changes in experience assumptions	(0.85)	(0.44)
7	Return on Plan Assets (excluding interest income)	(2.13)	0.96
8	Total recognized in Other Comprehensive Income (OCI)	(2.03)	(0.57)
9	Total defined benefit cost recognized in P&L and OCI	5.45	7.76
II	**Actual Contribution and Benefits Payments for the year**		
1	Actual Benefits Payments	(5.76)	(6.20)
2	Actual Contributions	4.01	10.46
III	**Net asset/(liability) recognized in the Balance Sheet**		
1	Present Value of Defined Benefit Obligations	55.88	51.34
2	Fair Value of Plan Assets	41.49	38.37
3	Exchange fluctuation on account of conversion of Jointly Controlled operation	1.66	1.34
4	Net asset / (liability) recognized in the Balance Sheet	(16.05)	(14.31)
IV	**Change in Present Value of Defined Benefit Obligation during the year**		
1	Present Value of Defined Benefit Obligation as at the beginning of the year	51.34	48.15
2	Current Service Cost	7.00	7.47
3	Interest Cost	3.20	3.47
4	Benefits paid	(5.76)	(6.20)

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₹ in Crore

Particulars		For the Year ended March 31, 2020	For the Year ended March 31, 2019
5	Settlement / Curtailment effect		
6	Actuarial changes arising from changes in demographic assumptions	(0.25)	(0.58)
7	Actuarial changes arising from changes in financial assumptions	1.20	(0.52)
8	Actuarial changes arising from changes in experience assumptions	(0.85)	(0.44)
9	Present Value of Defined Benefit Obligations as at the end of the year	55.88	51.34
V	**Change in Fair Value of Plan Assets during the year**		
1	Plan Assets as at the beginning of the year	38.37	32.47
2	Interest Income	2.72	2.60
3	Actual Company Contributions	4.01	10.46
4	Benefits paid	(5.76)	(6.20)
5	Expected return on Plan Assets (excluding interest income)	2.15	(0.96)
6	Plan Assets as at the end of the year	41.49	38.37

Particulars			As at March 31, 2020	As at March 31, 2019
VI-A	**Actuarial Assumptions (Considered for the Company)**			
1	Discount Rate		6.60%	7.30%
2	Expected Return on plan assets		6.60%	7.30%
3	Salary escalation Rate		8.00%	8.00%
4	Mortality Table		**Indian Assured Lives Mortality (IALM) (2006-08) (Modified) Ult**	
5	Disability		**5% of Mortality Rate**	**5% of Mortality Rate**
6	Withdrawal (Rate of Employee Turnover)	Upto 30 years	17.00%	19.97%
		31-44 years	12.00%	10.35%
		45 years and above	11.00%	11.55%
VI-B	**Actuarial Assumptions (Considered for Joint Operation in Saudi)**			
1	Discount Rate		3.00%	2.30%
2	Salary escalation Rate		7.00%	7.00%
3	Mortality Table		**Implicit in Withdrawal**	
4	Disability		**Implicit in Withdrawal**	
5	Withdrawal (Rate of Employee Turnover)	Managers (M0 to M6)	10.00%	10.00%
		Others	15.00%	15.00%
VI-C	**Actuarial Assumptions (Considered for overseas subsidiary at Mexico)**			
1	Discount Rate		9.28%	9.28%
2	Salary escalation Rate		5.60%	5.60%
VI-D	**Actuarial Assumptions (Considered for overseas subsidiary at Malaysia)**			
1	Discount Rate		3.80%	9.28%
2	Salary escalation Rate		7.00%	5.60%
VII	The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.			
VIII	**The major categories of Plan Assets of the Company as a percentage of the total plan assets**			
	Equity		4.16%	5.80%
	Debt		14.16%	48.31%
	Money Market Investments		68.34%	35.34%
	Mutual Fund		13.34%	10.55%
IX	**Contribution expected to be paid to the Plan of the Company during the year ended March 31, 2021 ₹ 57,734,365 crore**			
X	**Weighed Average duration of the Plan**			
	Considered for the Company		6 years	6 years
	Considered for Joint Operation in Saudi		7 years	7 years

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₹ in Crore

Maturity profile of defined benefit obligation		As at March 31, 2020	As at March 31, 2019
1	Year 1	7.39	6.62
2	Year 2	10.30	11.47
3	Year 3	8.73	6.78
4	Year 4	8.47	7.45
5	Year 5	8.60	7.77
6	Next 5 years	42.71	39.36

₹ in Crore

Financial assumptions sensitivity analysis	As at March 31, 2020	As at March 31, 2019
A. Discount rate		
Discount rate - 50 basis points	56.50	51.66
Discount rate + 50 basis points	52.96	48.71
B. Salary increase rate		
Salary rate - 50 basis points	53.62	48.94
Salary rate + 50 basis points	55.83	51.39
Demographic assumptions sensitivity analysis		
C. Withdrawal Rate		
Withdrawal Rate - 100 basis points	55.31	50.74
Withdrawal Rate + 100 basis points	54.11	49.60

Sensitivity analysis method

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumption may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years and same data, method and assumptions have been used in preparing the sensitivity analysis which are used to determine period end defined benefit obligation.

XI The following table shows a breakdown of the defined benefit obligation and plan assets by the Group :

₹ in Crore

Description	As at March 31, 2020					As at March 31, 2019				
	Gratuity				Total	Gratuity				Total
	India	Saudi	US	Malaysia		India	Saudi	US	Malaysia	
(A) Present value of obligation	45.57	9.12	2.84	0.01	57.54	40.06	9.42	3.20	-	52.69
(B) Fair value of plan assets	41.63	-	(0.14)	-	41.49	38.37	-	-	-	38.37
(C) Total liability = (A) - (B)	3.94	9.12	2.98	0.01	16.05	1.69	9.42	3.20	-	14.31

(B) Provident Fund

The Company has established 'KEC International Limited Provident Fund' in respect of employees other than factory workers to which both the employee and the employer make contribution equal to 12% of the employee's basic salary respectively. The Company's contribution to the provident fund for all employees, are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company. In accordance with the recent actuarial valuation, there is no deficiency in the interest cost as the present value of expected future earnings of the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest.

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Company's contribution to the provident fund	7.00	5.48

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Assumptions used in determining the present value obligation of the interest rate guarantee are as follows:

₹ in Crore

Particulars		As at March 31, 2020	As at March 31, 2019
a.	Approach used	Deterministic	Deterministic
b.	Increase in compensation levels	8.00%	8.00%
c.	Discount Rate	6.60%	7.30%
d.	Attrition Rate		
	Upto 30 years	17.00%	19.97%
	31 - 44 years	12.00%	10.35%
	45 years and above	11.00%	11.55%
e.	Weighted Average Yield	7.15%	8.50%
f.	Weighted Average YTM	7.15%	8.50%
g.	Reinvestment Period on Maturity	6 years	6 years
h.	Mortality Rate	Indian Assured Lives Mortalilty (IALM) (2006-08) (modified) Ultimate	Indian Assured Lives Mortalilty (IALM) (2006-08) (modified) Ultimate

3 Short term employee benefit (Compensated Absences)

The short term employee benefit cover the Group's liability for sick and earned leave.

The amount of the provision of ₹ 25.76 crore (as at 31st March, 2019 ₹ 21.61 crore) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

NOTE 58 - RELATED PARTY DISCLOSURES

Related party disclosures as required by IND AS 24 "Related Party Disclosures" are given below:

(A) List of related parties

Key Management Personnel (KMP)

Mr. H. V. Goenka- Chairman

Mr. Vimal Kejriwal - Managing Director and CEO

Mr. A. T. Vaswani - Non - Executive Director

Mr. D. G. Piramal - Non - Executive Director

Mr. G.L. Mirchandani - Non - Executive Director

Ms. Nirupama Rao - Non - Executive Director

Mr. R. D. Chandak - Non - Executive Director

Mr. S. M. Kulkarni - Non - Executive Director (upto July 27, 2019)

Mr. S. M. Trehan - Non - Executive Director

Ms. Manisha Girotra - Non - Executive Director (upto June 10, 2019)

Mr.Vinayak Chatterjee - Non - Executive Director (upto August 12, 2019)

Mr. Vikram Gandhi (w.e.f. August 7, 2019)

Mr. M. S. Unnikrishnan (w.e.f. November 8, 2019)

List of other related parties

Post - employment benefit plan

KEC International Ltd. Employees' Group Gratuity Scheme

KEC International Limited - Provident Fund

KEC International Ltd. Superannuation Scheme

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Entities where control / significant influence by KMPs and their relatives exists and with whom transactions have taken place

CEAT Limited

B. N. Elias & Co. LLP

Palacino Properties LLP

RPG Life Sciences Limited

RPG Enterprises Limited

Raychem RPG Private Limited

Ceat Speciality Tyres Limited

Harrisons Malayalam Limited

Spencers and Company Limited

Swallow Associates LLP (holds 26.36 percent Equity Shares of the Company)

Summit Securities Ltd. (holds 10.86 percent Equity Shares of the Company)

(B) Transactions with the Related Parties

₹ in Crore

Transactions	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total
Sale of Products		**2.24**		**2.24**		**14.53**		**14.53**
CEAT Limited		2.21		2.21		13.74		13.74
Raychem RPG Private Limited		0.03		0.03		0.79		0.79
Sale under Turnkey Contracts		**33.59**		**33.59**		**49.82**		**49.82**
CEAT Limited		33.59		33.59		49.82		49.82
Services rendered		**0.23**		**0.23**				
CEAT Specialty Tyres Limited		0.02		0.02				
CEAT Limited		0.07		0.07				
RPG Life Sciences Limited		0.01		0.01				
Swallow Associates LLP		0.02		0.02				
Summit Securities Ltd.		0.05		0.05				
RPG Enterprises Limited		0.06		0.06				
Services received		**20.98**		**20.98**		**12.31**		**12.31**
CEAT Limited		6.06		6.06				
RPG Enterprises Limited		14.92		14.92		12.31		12.31
Purchase of goods		**11.13**		**11.13**		**10.23**		**10.23**
Raychem RPG Private Limited		10.96		10.96		10.16		10.16
CEAT Limited		0.17		0.17		0.07		0.07
Rent & maintenance charges paid		**4.47**		**4.47**		**9.14**		**9.14**
Palacino Properties LLP		0.25		0.25		0.21		0.21
Spencer and Company Limited		4.14		4.14		3.87		3.87
B N Elias & Co. LLP				-		0.04		0.04
Raychem RPG Private limited		0.08		0.08				
CEAT Limited				-		5.02		5.02

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₹ in Crore

Transactions	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total
Compensation to Key Management Personnel								
Mr.Vimal Kejriwal - Managing Director & CEO	**6.81**			**6.81**	**6.17**			**6.17**
short-term employee benefits (including Bonus and value of perquisites)	6.52			6.52	5.92			5.92
post-employment benefits # $	0.29			0.29	0.25			0.25
other long-term benefits								
termination benefits								
share-based payment								
Sitting fees & Commission paid to Non-Executive Directors	**7.57**			**7.57**	**7.84**			**7.84**
Mr. H. V. Goenka	6.29			6.29	6.31			6.31
Mr. A. T. Vaswani	0.18			0.18	0.20			0.20
Mr. D. G. Piramal	0.14			0.14	0.16			0.16
Mr. G.L. Mirchandani	0.14			0.14	0.15			0.15
Ms. Nirupama Rao	0.13			0.13	0.14			0.14
Ms. Manisha Girotra (upto June 10, 2019)	0.04			0.04	0.15			0.15
Mr. R. D. Chandak	0.19			0.19	0.21			0.21
Mr. S. M. Kulkarni (upto July 27, 2019)	0.04			0.04	0.21			0.21
Mr. S. M. Trehan	0.18			0.18	0.16			0.16
Mr.Vinayak Chatterjee (upto August 12, 2019)	0.07			0.07	0.15			0.15
Mr. Vikram Gandhi (w.e.f. August 7, 2019)	0.10			0.10				
Mr. M. S. Unnikrishnan (w.e.f. November 8, 2019)	0.07			0.07				
Payments made/expenses incurred on behalf of related party						**0.07**		**0.07**
CEAT Specialty Tyres Limited						0.07		0.07
Advance received towards project execution		**11.79**		**11.79**		**22.10**		**22.10**
CEAT Limited		11.79		11.79		22.10		22.10
Contribution made			**10.28**	**10.28**			**14.50**	**14.50**
KEC International Limited Employee's Gratuity Fund			2.25	2.25			8.00	8.00
KEC International Limited Provident Fund			7.00	7.00			5.48	5.48
KEC International Limited Superannuation Fund			1.03	1.03			1.02	1.02

As the liability for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.

$ Including PF and other benefits.

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(C) Balances outstanding as at the year end

₹ in Crore

Balances	As at March 31, 2020				As at March 31, 2019			
	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total
Amount receivable/ (payable)	**(7.09)**	**11.24**	**(3.94)**	**0.21**	**(6.44)**	**(0.33)**	**(1.68)**	**8.45)**
RPG Life Sciences Limited		*		*		0.03		0.03
Raychem RPG Private Limited		(2.47)		(2.47)		(1.43)		(1.43)
Palacino Properties LLP		0.09		0.09		0.07		0.07
B N Elias & Co. LLP		0.01		0.01		0.01		0.01
CEAT Limited		0.70		0.70		(3.52)		(3.52)
CEAT Specialty Tyres Limited		0.02		0.02		0.07		0.07
Spencer and Company Limited		2.70		2.70		2.70		2.70
Swallow Associates LLP		*		*				
Summit Securities Ltd.		*		*				
Zensar Technologies						0.06		0.06
Harrisons Malayalam Limited		9.84		9.84		9.84		9.84
RPG Enterprises Limited		0.35		0.35		(8.16)		(8.16)
KEC International Ltd. Employees' Group Gratuity Scheme			(3.94)	(3.94)			(1.68)	(1.68)
Mr. H. V. Goenka	(6.25)			(6.25)	(5.63)			(5.63)
Mr. A. T. Vaswani	(0.10)			(0.10)	(0.09)			(0.09)
Mr. D. G. Piramal	(0.10)			(0.10)	(0.09)			(0.09)
Mr. G.L. Mirchandani	(0.10)			(0.10)	(0.09)			(0.09)
Ms. Nirupama Rao	(0.10)			(0.10)	(0.09)			(0.09)
Ms. Manisha Girotra (upto June 10, 2019)	(0.03)			(0.03)	(0.09)			(0.09)
Mr. R. D. Chandak	(0.10)			(0.10)	(0.09)			(0.09)
Mr. S. M. Kulkarni (upto July 27, 2019)	(0.03)			(0.03)	(0.09)			(0.09)
Mr. S. M. Trehan	(0.10)			(0.10)	(0.09)			(0.09)
Mr.Vinayak Chatterjee (upto August 12, 2019)	(0.05)			(0.05)	(0.09)			(0.09)
Mr. Vikram Gandhi (w.e.f. August 7, 2019)	(0.08)			(0.08)				
Mr. M. S. Unnikrishnan (w.e.f. November 8, 2019)	(0.05)			(0.05)				

*less than rounding off norms adopted by the Company

Note: The sales / provision to and purchase / provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions.

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

NOTE 59 - CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(i) Contingent Liabilities

Claims against the Company not acknowledged as debt: ₹ in Crore

Sr. No.	Particulars	Relating to various years comprise in the period	As at March 31, 2020	As at March 31, 2019
1	Sales Tax /Value Added Tax* (Tax/Penalty/Interest)	1994-2017	25.17	
		1994-2017		87.38
2	Excise Duty * (Tax/Penalty/Interest)	1994-2017	30.39	
		1994-2017		38.36
3	Service Tax * (Tax/Penalty/ Interest)	2003-2013	148.08	
		2003-2013		294.33
4	Entry Tax* (Tax/Penalty/Interest)	2001-2016	6.80	
		2001-2016		1.74
5	Goods & Services Tax* (Tax/Penalty/Interest)	2018-2019	0.10	
		2018-2019		0.07
6	(i) Contingent liability of Income Tax taken over by the Company in terms of the Composite Scheme of Arrangement under which the Power Transmission Business was acquired by the Company.	A.Y. 2005-2006	1.88	
		A.Y. 2005-2006		1.88
	(ii) Income Tax matters of the Company mainly on disallowance of depreciation and Tax levied on guarantees given to Associated Enterprises, etc.	A.Y 2012-13 A.Y 2013-14 A.Y 2014-15 A.Y 2015-16 A.Y 2016-17	53.67	
		A.Y 2007-08 A.Y 2008-09 A.Y 2012-13 A.Y 2013-14 A.Y 2014-15 A.Y 2015-16		30.66
	(iii) Income Tax matters at overseas unit/s of the Company**	2002-2008	34.82	
		2002-2014		42.78
	(iv) Income Tax matters of a joint operation (Company's share)**	2013-2017	4.39	
		2000-2016		9.03
7	Customs Duty^	1995-1996	0.60	
		1995-1996		0.60
8	Civil Suits^^	1993-2019	20.02	
		1993-2018		17.51
9	Claims including amounts withheld by the Customers of the Company and an overseas subsidiary		-	4.76
10	Guarantees excluding financial guarantees - surety bonds obtained by Group's Subsidiaries in Brazil, Mexico and the United States for certain customer contracts.		626.64	652.29

*These claims mainly relate to the issues of applicability, issue of disallowance of cenvat / VAT credit and in case of Sales Tax / Value added tax, also relate to the issue of submission of relevant forms and the Company's claim of exemption for MVAT on export sales and services.

** These claims mainly relate to the issues of appropriate jurisdiction for tax applicability at overseas locations.

^ These claims mainly relate to the issues of clearance of goods from customs within time limit.

^^ These suits includes Civil suits as well as Industrial relations & labour laws cases.

excluding financial guarantees referred to in Note 55.9

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

Footnote for Note 59 (i) above :

Future ultimate outflow of resources embodying economic benefits in respect of the above matters are uncertain as it depends on the final outcome of the matters involved.

(ii) Commitments

₹ in Crore

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	61.47	28.63
2	Derivative related commitments	Refer Notes 55.7 and 55.8	

NOTE 60 - SEGMENT REPORTING

The Group is primarily engaged in Engineering, Procurement and Construction business (EPC) relating to infrastructure interalia products, projects and systems and related activities for power transmission, distribution, railway and other EPC business. Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e. Managing Director for the purpose of resource allocation and assessing performance focuses on the business as a whole. The CODM reviews the Group's performance on the analysis of profit before tax at an overall level. Accordingly, there is no other separate reportable segment as defined by Ind AS 108 "Operating Segments".

Information about geographical areas are as under :

₹ in Crore

Particulars	Revenue from External customers		Non-current assets	
	Year ended March 31, 2020	Year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
India	6,145.84	6,617.94	1,029.16	939.67
Brazil, Mexico and USA	1,538.79	967.30	542.57	484.43
Geographies other than above	4,280.74	3,415.29	231.86	74.36
Total	**11,965.37**	**11,000.53**	**1,803.59**	**1,498.46**

Information about major customers

During the current year ended March 31, 2020, revenue of ₹ 1,968.17 crore arising from a customer in India is contributing to more than 10% of the group's revenue, whereas in previous year, ended March 31, 2019 another customer in India contributed more than 10% of group's revenue ₹ 1,187.11 crore.

No other customer outside India, individually contributed 10% or more to the Group's revenue for the year ended March 31, 2020 and for the year ended March 31, 2019.

NOTE 61 - THE DETAILS OF AMOUNTS WHICH ARE EXPECTED BY THE COMPANY TO BE RECOVERED OR SETTLED AFTER TWELVE MONTHS IN RESPECT OF ASSETS AND LIABILITIES RELATING TO LONG-TERM CONTRACTS WHICH ARE CLASSIFIED AS CURRENT ARE AS UNDER:

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables (Note 17)	1,356.43	1,003.28
Contract Assets (Note 22)	324.05	421.01
Contract Liabilities (Note 36)	228.62	557.30

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

NOTE 62 - ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO DIVISION II TO SCHEDULE III TO THE COMPANIES ACT, 2013

Name of the entity in Consolidated Financial Statements of KEC International Limited, its subsidiary companies (together 'KEC Group')	Net Assets i.e. Total Assets - Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As % of Consolidated Net Assets	Amount (₹ in Crore)	As % of Consolidated Profit or Loss	Amount (₹ in Crore)	As % of Consolidated OCI	Amount (₹ in Crore)	As % of Consolidated TCI	Amount (₹ in Crore)
1	2	3	4	5	6	7	8	9
Parent								
KEC International Limited	**72.11**	**2,017.12**	**96.44**	**545.30**	**91.92**	**(13.04)**	**96.54**	**532.26**
(Including joint operations and net of consolidation adjustments)								
Subsidiaries								
Indian								
1 KEC Power India Private Limited	0.01	0.35	0.00	0.01	-	-	0.00	0.01
Foreign								
1 RPG Transmission Nigeria Limited, Nigeria	0.01	0.21	(0.00)	(0.00)	0.12	(0.02)	(0.00)	(0.02)
2 KEC Global FZ – LLC - Ras UL Khaimah, UAE	-	0.10	(0.03)	(0.19)	(0.05)	0.01	(0.03)	(0.18)
3 KEC Investment Holdings, Mauritius	(0.03)	(0.77)	(0.02)	(0.11)	(0.47)	0.07	(0.01)	(0.04)
4 KEC Global Mauritius, Mauritius	0.15	4.30	(0.03)	(0.17)	0.11	(0.02)	(0.03)	(0.19)
5 KEC International (Malaysia) SDN BHD	0.21	5.99	0.79	4.48	0.50	(0.07)	0.80	4.41
6 KEC Tower LLC	(0.09)	(2.43)	(0.52)	(2.97)	0.28	(0.04)	(0.55)	(3.01)
7 SAE Towers Holdings LLC, Delaware (USA) (Refer below note)	20.28	567.19	3.37	19.17	7.59	(1.08)	3.28	18.09
Add: Net effect of Intra group elimination of above all Subsidaries	7.35	205.52	-	-	-	-	-	-

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

Footnote

The information has been furnished based on the Audited Consolidated Financial Statement of SAE Towers Holdings LLC and its subsidiaries (SAE Group). The requisite additional information for SAE Group based on the information considered in the Audited Consolidated Financial Statement of SAE Group are as under:

Name of the entity in Consolidated Financial Statements of SAE Group	Net Assets i.e. Total Assets - Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As % of Consolidated Net Assets of KEC Group	Amount (₹ in Crore)	As % of Consolidated Profit or Loss of KEC Group	Amount (₹ in Crore)	As % of Consolidated OCI of KEC Group	Amount (₹ in Crore)	As % of Consolidated TCI of KEC Group	Amount (₹ in Crore)
1 SAE Towers Holdings LLC, Delaware (USA)	34.21	957.06	0.64	3.62	-	-	0.66	3.62
2 SAE Towers Brazil Subsidiary Company LLC, Delaware (USA)	-	-	-	-	-	-	-	-
3 SAE Towers Mexico Subsidiary Company LLC, Delaware (USA)	-	0.02	-	-	-	-	-	-
4 SAE Towers Mexico S de RL de CV, Mexico	3.43	95.95	(0.50)	(2.82)	-	-	(0.51)	(2.82)
5 SAE Towers Brazil Torres de Transmission Ltda, Brazil	5.32	148.78	5.91	33.44	-	-	6.06	33.44
6 SAE Prestadora de Servicios Mexico, S de RL de CV, Mexico	0.43	11.99	0.12	0.70	-	-	0.13	0.70
7 SAE Towers Ltd, Delaware (USA)	0.67	18.67	0.07	0.41	-	-	0.07	0.41
8 SAE Engenharia E Construcao Ltda, Brazil	-	-	-	-	-	-	-	-
9 KEC Engineering & Construction Services S de RL de CV, Mexico	(0.08)	(2.18)	(0.03)	(0.15)	-	-	(0.03)	(0.15)
Less: Net effect of Intra group elimination	(23.70)	(663.10)	(2.84)	(16.03)	7.59	(1.08)	(3.10)	(17.11)
Total	**20.28**	**567.19**	**3.37**	**19.17**	**7.59**	**(1.08)**	**3.28**	**18.09**

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

NOTE 63 - EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

₹ in Crore

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
(a)	Gross amount required to be spent by the Company during the year	8.37	6.08
(b)	Amount spent during the year (in cash) on:	-	-
	(i) Construction/acquisition of any asset	-	-
	(ii) On purposes other than (i) above	8.37	6.08

NOTE 64 - The Board of Directors of the Company at its meeting held on February 07, 2020 have approved Interim Dividend of ₹ 3.40/- per equity share, of face value of ₹ 2/- each fully paid up, for the financial year 2019-20.

NOTE 65 - The Company has implemented the decision given in the Supreme Court Judgement in case of “Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal” and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees’ Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of “basic wages” of the relevant employees for the purposes of determining contribution to provident fund under the Employees’ Provident Funds & Miscellaneous Provisions Act, 1952 w.e.f. April 01, 2019. Basis the assessment of the management, which is supported by legal advice, the aforesaid matter is not likely to have significant impact in respect of earlier periods.

NOTE 66 - The review petition filed by the Joint Venture (JV) in South Africa against the adverse order passed by the sole arbitrator reversing the favourable adjudication award of ₹ 62 crore, has been disposed off by the High Court of South Africa, in favour of the JV, directing a fresh arbitration for certain claims to be carried out by a new arbitrator. Meanwhile, Eskom has filed its appeal (in the Supreme Court of Africa) against the aforementioned order of the High Court.

NOTE 67 - The Company was in 2017 awarded a contract to complete an 880 km 765 KV and 400 KV transmission line. This project is of strategic importance for grid connectivity and stability of the southern grid. The Company has completed approximately 50% of the work involving critical activities including foundation, tower supply and erection. The project construction has been temporarily suspended since January 2019, due to liquidity issues being faced by the current sponsors of the project. As on March 31, 2020, the Company has an exposure of ₹ 148 crore. The consortium of lenders, have identified a new credible sponsor for the project and have filed a petition with the Central Electricity Regulatory Commission (CERC) for getting the name of the new sponsor approved. Management is confident of restarting the project shortly, post approval from CERC.

NOTE 68 - Details of previous and next due date of interest & principal of Listed Commercial Papers outstanding as on March 31, 2020 are as follows:

Sr. No	ISIN	Previous due date	Next due date
		Interest and Principal	Interest and Principal
1	INE389H14FC2	N.A.	3-Jun-20

Credit Rating for the Commercial Papers - IND A1+ and CRISIL A1+.

During the half year ended March 31, 2020, the Company has repaid interest and principal of all Commercial Papers on their respective due dates.

NOTE 69 - Capital work in process mainly comprises factory building and machineries amounting to ₹ 74.32 Crores related to acquisition of power transmission tower manufacturing facility in Dubai through its wholly owned subsidiary, KEC Towers LLC. This facility is not yet commissioned / put to use as on reporting date.

NOTE 70 - The operations of the Group were impacted due to the shutdown of factories, project sites and offices following the lockdown imposed in India from March 25, 2020 and in some international locations due to COVID-19. The Group has subsequently commenced its operations in a phased manner, starting from April 12, 2020, in line with the directives from the relevant government authorities. The Management and the Board of Directors, have evaluated the impact of the pandemic on its business operations under various scenarios. The Group currently has a strong order book and L1 position in excess of ₹ 24,000 crore, leading to a clear visibility of revenue over the next 18-24 months. Collection from customers have been normal during the lockdown period and in fact better than normal in certain cases enabling the Group to meet all its liabilities (including employee payables) in a timely manner and

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2020

without availing any moratorium as announced by the Reserve Bank of India. The Group has on April 20, 2020 (the due date) repaid NCDs aggregating to ₹ 207 crore. The Group has adequate unutilized fund-based credit facilities available, to take care of any urgent requirement of funds. The Group has had a very marginal impact on its revenues and profits in FY 2019-2020 due to the lockdown, and the same will accrue in FY 2020-2021 considering that these are project-based revenues. The Group through the lockdown period and even subsequently has been able to maintain adequate control of its assets and there have been no significant changes to its control environment during the period.

Based on the above assessment, the Group strongly believes that there is no material impact on the financial results or positions of the Group due to the pandemic. Further, the timely steps announced by the Government of India, allowing extension of contract delivery period up to six months, additional liquidity through TLTRO and additional investment in infrastructure projects, will enable the Group to further consolidate its position. However, the Group will continue to monitor any material changes to future economic conditions, as and when they arise.

NOTE 71 - The Auditors of Branches located in Abu Dhabi, Sri Lanka, South Africa and a jointly controlled operation at South Africa have given an Emphasis of matter paragraph, in relation to going concern assumption used for preparation of financial statements. Basis Company's assessment, Company can adequately source the funding required at mentioned branches and JCO.

NOTE 72 - The Company has approved its financial statements in its board meeting dated May 29, 2020.

Signatures to Notes 1 to 72 which form an integral part of financial statements.

In terms of our report attached
For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

SARAH GEORGE
Partner
Membership Number: 045255

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman
DIN: 00026726

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 29, 2020

FORM AOC - 1

Annexure pursuant to first proviso to sub section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

₹ in Crore

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & surplus	Total Assets	Total Liabilities (excluding Capital and Reserves)	Investments (except in case of Investment in the Subsidiaries)	Turnover **	Profit/ (Loss) before Taxation **	Provision for Taxation **	Profit/ (Loss) after Taxation **	Proposed Dividend (excluding dividend paid)	% of Shareholding (either directly or through subsidiaries)
1	SAE Towers Holdings LLC, USA*	INR	860.60	96.46	1,045.86	88.80	-	-	3.72	0.11	3.61	-	100%
		USD(000)	1,13,911.19	12,768.26	1,38,432.63	11,753.18	-	-	523.75	15.00	508.75	-	
2	SAE Towers Brazil Subsidiary Company LLC, USA*	INR	-	-	-	-	-	-	-	-	-	-	100%
		USD(000)	-	-	-	-	-	-	-	-	-	-	
3	SAE Towers Mexico Subsidiary Holding Company LLC, USA*	INR	-	0.02	0.02	-	-	-	-	-	-	-	100%
		USD(000)	-	2.13	2.13	-	-	-	-	-	-	-	
4	SAE Towers Mexico S de RL de CV, Mexico*	INR	-	95.95	206.44	110.49	-	304.28	8.50	11.31	(2.81)	-	100%
		USD(000)	-	12,700.46	27,324.96	14,624.50	-	42,783.06	1,194.52	1,590.46	(395.94)	-	
5	SAE Towers Brazil Torres de Transmission Ltda, Brazil*	INR	36.06	112.72	659.57	510.79	-	1,227.20	45.82	12.38	33.44	-	100%
		USD(000)	4,773.32	14,919.73	87,302.23	67,609.18	-	1,72,552.36	6,442.42	1,741.18	4,701.24	-	
6	SAE Prestadora de Servicios Mexico, S de RL de CV, Mexico*	INR	-	11.99	22.91	10.92	-	56.37	1.81	1.11	0.70	-	100%
		USD(000)	-	1,586.64	3,032.51	1,445.87	-	7,925.64	254.16	156.05	98.11	-	
7	SAE Towers Ltd, USA*	INR	15.12	3.55	84.21	65.54	-	201.99	0.83	0.43	0.40	-	100%
		USD(000)	2,001.00	470.52	11,146.10	8,674.58	-	28,401.07	116.77	60.00	56.77	-	
8	SAE Engenharia E Construcao Ltda, Brazil*	INR	-	-	-	-	-	-	-	-	-	-	100%
		USD(000)	-	-	-	-	-	-	-	-	-	-	
9	KEC Engineering & Construction Services S de RL de CV, Mexico*	INR	-	(2.18)	(2.15)	0.03	-	-	(0.15)	-	(0.15)	-	100%
		USD(000)	-	(287.96)	(284.45)	3.51	-	-	(20.90)	-	(20.90)	-	
10	KEC Investment Holdings, Mauritius	INR	548.87	112.81	701.12	39.44	-	-	(0.11)	-	(0.11)	-	100%
		USD(000)	72,650.38	14,931.35	92,801.95	5,220.22	-	-	(15.26)	-	(15.26)	-	
11	KEC Global Mauritius, Mauritius	INR	2.80	1.51	14.59	10.28	-	-	(0.18)	-	(0.18)	-	100%
		USD(000)	370.00	199.61	1,930.43	1,360.82	-	-	(25.65)	-	(25.65)	-	

₹ in Crore

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & surplus	Total Assets	Total Liabilities (excluding Capital and Reserves)	Investments (except in case of Investment in the Subsidiaries)	Turnover **	Profit/ (Loss) before Taxation **	Provision for Taxation **	Profit/ (Loss) after Taxation **	Proposed Dividend (excluding dividend paid)	% of Shareholding (either directly or through subsidiaries)
12	KEC International (Malaysia) SDN.BHD (Refer note 4)	INR	1.78	4.20	81.11	75.13	-	87.74	5.92	1.44	4.48	-	100%
		MYR(000)	1,021.74	2,411.21	46,522.35	43,089.40	-	49,281.03	3,325.06	809.38	2,515.68	-	
13	RPG Transmission Nigeria Limited, Nigeria	INR	0.21	(0.00)	0.21	0.00	-	-	(0.00)	-	(0.00)	-	100%
		Naira(000)	10,000.00	(60.39)	10,002.11	62.50	-	-	(50.00)	-	(50.00)	-	
14	KEC Global FZ – LLC, Ras UL Khaimah, UAE	INR	2.05	(1.96)	0.59	0.50	-	-	(0.19)	-	(0.19)	-	100%
		AED(000)	1,000.00	(953.51)	290.31	243.82	-	-	(103.34)	-	(103.34)	-	
15	Al-Sharif Group and KEC Ltd. Company, Saudi Arabia (Refer Note 2)	INR	6.01	275.44	641.81	360.36	-	235.02	6.57	1.34	5.23	-	51.10%
		SAR(000)	3,000.00	1,37,437.46	3,20,250.84	1,79,813.38	-	1,23,412.68	7,805.61	1,589.41	6,216.20	-	
16	KEC Tower LLC (Refer Note 1)	INR	0.62	(3.04)	156.49	158.91	-	-	(2.97)	-	(2.97)	-	100%
		AED(000)	300.00	(1,482.30)	76,223.19	77,405.49	-	-	(1,482.30)	-	(1,482.30)	-	
17	KEC Power India Private Limited, India	INR	0.22	0.12	0.35	0.01	-	-	0.02	0.01	0.01	-	100%

The figures reported above are without considering elimination

Exchange rates as at year end considered for conversion:

1USD = Rs. 75.55

1AED = Rs.20.53

1NAIRA= Rs.0.2086

1SAR = 20.041

1 MYR=Rs. 17.437

* Based on the information considered in the audited consolidated financial statements of SAE Towers Holdings, LLC

** Average exchange rates for the year considered for conversion

Footnotes:

1 KEC Towers LLC, Subsidiary, incorporated on November 24, 2019, is yet to commence operations.

2 KEC International Limited (the Company) holds 51.10% share capital in 'Al-Sharif Group and KEC Limited', located in Saudi Arabia (Al Sharif JV), having a joint arrangement with the JV partner Power Line Contracting Company which hold 48.90% in Al Sharif JV. Al Sharif JV is “Subsidiary” of the Company under the Companies Act, 2013. In terms of Indian Accounting Standard (Ind AS- 111) the financial of Al Sharif JV continues to be forming part of standalone accounts due to Joint Operation Control between the shareholders.

3 There are no Subsidiaries which have been liquidated or sold during the year.

4 During the year KEC International Ltd acquired all shares of KEC International (Malaysia) SDN. BHD. a step down subsidiary, from KEC Global Mauritius, a wholly owned subsidiary thereby making KEC International (Malaysia) SDN. BHD its direct Subsidiary.

Part "B" : Associates and joint ventures

₹ in Crore

Name of Associates / joint ventures		KEC GHCS (Malaysia) SDN Bhd.	RP Goenka Group of Companies Employees Welfare Association
1.	Latest audited balance sheet date	-	31/03/2020
2.	Shares of Associate / joint ventures held by the company on the year end		
	No.	-	-
	Amount of Investment in Associates / joint ventures	-	-
	Extend of Holding %	49	49
3.	Description of how there is significant influence	By virtue of shareholding	By virtue of shareholding
4.	Reason why the associate / joint ventures is not consolidated	-	Refer foot note no-2
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	-	-
6.	Profit / Loss for the year	-	-
	i. Considered in Consolidation	Yes -Refer foot note no-1	No
	ii. Not considered in Consolidation	-	-

The figures reported above are without considering elimination

Footnotes:

1. KEC GHCS (Malaysia) SDN Bhd., joint venture, liquidated on October 29, 2019.
2. As there are significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends, the carrying value of the Group's interest in the Associate are not considered in the consolidated financial statements.

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman
DIN: 00026726

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 29, 2020

INDEPENDENT AUDITORS' REPORT

To the Members of KEC International Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

1. We have audited the accompanying standalone financial statements of KEC International Limited ("the Company"), which includes 26 jointly controlled operations consolidated on a proportionate basis (refer Note 48 to the attached Standalone Financial Statements) and the Return of the Company's 41 branches at Abu Dhabi, Afghanistan, Algeria, Bangladesh, Bhutan, Burundi, Cameroon, Congo, Egypt, Ethiopia, Georgia, Ghana, Guinea, Indonesia, Ivory Coast, Jordan, Kazakhstan, Kenya, Kuwait, Laos, Lebanon, Libya, Malaysia, Mali, Mozambique, Nepal, Nicaragua, Nigeria, Oman, Papua New Guinea, Philippines, Senegal, Sierra Leone, South Africa, Srilanka, Tanzania, Thailand, Togo, Tunisia, Uganda and Zambia, which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

2. 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 ("the 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 March 31 2020, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 14 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

4. We draw your attention to Note 63 of the standalone financial statements, regarding delays in recovery of receivable amounting to ₹ 148 Crores from a customer. The recovery of the amount is dependent upon transfer of contract from the customer to a new sponsor.

   Our opinion is not modified in respect of this matters.

KEY AUDIT MATTERS

5. 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
Estimation of contract cost and revenue recognition (Refer note 3.5 and 37 to the standalone financial statements) Contract revenue amounting to ₹ 9,141.03 crores For engineering, procurement and construction contracts which usually extends over a period of 2-3 years, contract prices are fixed / subject to price variance clauses. The contract revenue is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. This method requires the Company to perform an initial assessment of total estimated cost and further, reassess the total construction cost at each reporting period to determine the appropriate percentage of completion. We considered the estimation of construction contract cost as a key audit matter given the involvement of significant management judgement which has consequential impact on revenue recognition. This matter was also reported as Key audit Matter in relation to a Branch in Srilanka and a Jointly controlled operation in Saudi Arabia by the respective auditors.	Our procedures over the recognition of construction revenue included the following: • Understood and evaluated the design and tested effectiveness of key internal financial controls, including those related to review and approval of estimated project cost and review of provision for estimated loss by the authorised representatives. • For sample of contracts, we obtained the percentage of completion calculations, agreed key contractual terms back to signed contracts, tested the mathematical accuracy of the cost to complete calculations and re-performed the calculation of revenue recognized during the year based on the percentage of completion. • For costs incurred to date, we tested samples to appropriate supporting documentation and performed cut off procedures • To test the forecasted cost to complete, we obtained the breakdown of forecasted costs and tested elements of the forecast by obtaining executed purchase orders and agreements, evaluating reasonableness of management's judgements (including those related to contract performance under the lockdown and other restrictions imposed by Government of India) / and assumptions using past trends and comparing the estimated costs to the actual costs incurred for the similar completed projects. • Checked the implications and related disclosures in the standalone financial statements pursuant to applicability of Ind AS 115. Based on the procedures performed above, we considered manner of estimation of contract cost and recognition of revenue to be reasonable.

Key audit matter	How our audit addressed the key audit matter
Valuation of accounts receivable in view of risk of credit losses (Refer to Note 9 and 15 to the standalone financial statement) Accounts receivables amounting to ₹ 5,242.31 crores (including retention receivables) is a significant item in the Company's standalone financial statements as at March 31, 2020 and assumptions used for estimating the credit loss on receivables is an area which is influenced by management's judgment. The Company makes an assessment of the estimated credit losses basis credit risk, project status, past history, latest discussion/ correspondence with the customer. Given the relative significance of these receivables to the standalone financial statements and the nature and extent of audit procedures involved to assess the recoverability of receivables, we determined this to be a key audit matter.	Our audit incorporated the following procedures with regards to provisioning of receivables; • Understood and evaluated the accounting policy of the company. • We evaluated the design and tested the operating effectiveness of key controls in relation to determination of estimated credit loss. • Inquired with senior management regarding status of collectability of the receivable • For material balances, the basis of provision was discussed with the audit committee. • Assessed and challenged the information used by the Management to determine the expected credit losses by considering credit risk of the customer, cash collection, performance against historical trends and the level of credit loss charges over time; Based on our work as stated above, no significant deviations were observed in respect of management's assessment of valuation of accounts receivables.

OTHER INFORMATION

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the Standalone financial statements and our auditor's report thereon. The Board report is expected to be made available to us after the date of this auditor's report.

   Our opinion on the standalone financial statements does not cover the other information and we will 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 identified above when it becomes available 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. When we read the Board report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

7. The Company's Board of Directors is 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 financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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.

8. In preparing the standalone financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those 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

9. 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.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 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 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the branches or jointly controlled operations or business activities within the Company to express an opinion on the standalone financial statements. The other branches or jointly controlled operations included in the standalone 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.

11. 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.

12. 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.

13. 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 auditor's 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

14. We did not audit the financial statements/financial information of 26 jointly controlled operations (refer Note 48 to the attached standalone financial statements) and 41 branches (Abu Dhabi, Afghanistan, Algeria, Bangladesh, Bhutan, Burundi, Cameroon, Congo, Egypt, Ethiopia, Georgia, Ghana, Guinea, Indonesia, Ivory Coast, Jordan, Kazakhstan, Kenya, Kuwait, Laos, Lebanon, Libya, Malaysia, Mali, Mozambique, Nepal, Nicaragua, Nigeria, Oman, Papua New Guinea, Philippines, Senegal, Sierra Leone, South Africa, Srilanka, Tanzania, Thailand, Togo, Tunisia, Uganda and Zambia) whose financial statements reflect total assets of ₹ 3,116 crore and net assets of ₹ 254 crore as at March 31, 2020 and total revenue of ₹ 2,258 crore and cash flows (net) of ₹ 14 crore for the year ended on that date. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the standalone financial statements insofar as it relates to the amounts and disclosures included in respect of these branches and jointly controlled operations is based solely on the reports of the other auditors.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

16. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

17. 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

    c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report

    d) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.

    e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

    g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

h) With respect to the other matters to be included in the Auditor's 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 on its financial position in its financial statements – Refer Note 55 to the standalone financial statements;

ii. The Company has made provision as at March 31, 2020, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2020- Refer Note 20.1 to the standalone financial statements;

iii. There were no delays in transferring amount required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020;

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

18. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Sarah George
Partner
Membership Number 045255
UDIN: 20045255AAAAER5513

Place: Mumbai
Date: May 29, 2020

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 17(g) of the Independent Auditors' Report of even date to the members of KEC International Limited on the standalone financial statements for the year ended March 31, 2020

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. We have audited the internal financial controls with reference to standalone financial statements of KEC International Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date, which includes the internal financial controls over financial reporting of the Company's 41 branches.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 (ICAI). 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.

AUDITORS' RESPONSIBILITY

3. 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control 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.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors 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 Company's internal financial controls system with reference to standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

6. 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 standalone 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 standalone 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; and (3) 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 standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

7. 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 control 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.

OPINION

8. In our opinion, the Company including 41 branches has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting 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.

OTHER MATTER

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to standalone financial statements insofar as it relates to 41 Branches of the Company, is based on the corresponding reports of the auditors of such Branches of the Company. Our opinion is not qualified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Sarah George
Partner
Membership Number 045255
UDIN: 20045255AAAAER5513

Place: Mumbai
Date: May 29, 2020

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 16 of the Independent Auditors' Report of even date to the members of KEC International Limited on the standalone financial statements as of and for the year ended March 31, 2020

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, other than for self-constructed buildings, as disclosed in Note 5 on Property, plant and equipment to the Standalone financial statements, are held in the name of the Company, except in respect of Industrial plots situated at Gandhinagar, Gujarat, admeasuring to 4,891.45 sq. meters, Industrial plot situated at Mysore, Karnataka, admeasuring to 80,773 sq. meters, land and building situated at Jabalpur, Madhya Pradesh, admeasuring to 9,000 Sq. feet and a flat at Worli, Mumbai, admeasuring to 1,088.22 sq. feet, having Gross carrying amount aggregating ₹ 26.35 Crore and Net carrying amount aggregating ₹ 25.70 Crore as at Balance Sheet date, the titles of which have been transferred to and vested in the Company, pursuant to schemes of amalgamation/ arrangement in the earlier years and the procedural formalities for transfer in the name of the Company in the relevant documents are in process.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

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 regular in depositing the undisputed statutory dues including provident fund, income tax, employees' state insurance, duty of customs, duty of excise and goods and service tax, with the appropriate authorities. Also refer note 61 to the standalone financial statements regarding management's assessment on certain matters relating to provident fund.

Further, for the month of March 2020, the company has paid Goods and Service Tax and filed GSTR 3B after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs, under the Notification No.31/2020- Central Tax, dated April 3, 2020 on fulfilment of conditions specified therein.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of good and service tax, which have not been deposited on account of any dispute. The particulars of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax as at March 31, 2020 which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (in crores)*	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales tax and value added tax	0.51	1999-2000 to 2015-2016	Appellate Tribunal
		0.41	1994-1995 to 1997-1998 and 2008-2009	Rajasthan Tax Board, Ajmer
		2.36	2003-2004 to 2011-2012	Commercial Tax Appellate Board, Madhya Pradesh
		18.82	2006-2007 to 2013-2014	Revisionary Board of Madhya Pradesh & West Bengal
		25.04	1995-1996 to 2016-2017	Appellate Authority – up to Commissioner's level
The Finance Act, 1994	Service Tax	296.19	2004-2005 to 2016-2017	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
The Customs Act, 1962	Customs Duty	0.60	1995-1996	High Court
The Central Excise Act, 1944	Excise Duty	0.71	1994-1995 to 2016-2017	Appellate Authority – up to Commissioner's level
		25.68	1988-1989 to 1993-1994, 2004-2005 to 2016-2017	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
		0.62	2001-2002 to 2005-2006	Mumbai High Court
		0.13	2008-2009 to 2009-2010	Supreme Court of India
The Income- Tax Act, 1961	Income-Tax	4.02	Assessment Year 2015-2016	Commissioner of Income Tax
The Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Entry Tax	5.97	1995-1996, 2004-2005, 2008-2009 to 2013-2014	Appellate Authority – up to Commissioner's level
Entry Tax Act, 1976, Madhya Pradesh	Entry Tax	0.23	2001-2002 to 2002-2003, 2009-2010 to 2011-2012, 2015-2016	Appellate Authority – up to Deputy Commissioner's level, Board of Appeals, Madhya Pradesh

*Net of amounts paid including under protest

Note: For above purpose, only statutory dues payable in India have been considered

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ 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. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections

177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Sarah George
Partner
Membership Number 045255
UDIN: 20045255AAAAER5513

Place: Mumbai
Date: May 29, 2020

BALANCE SHEET

as at March 31, 2020

₹ in Crore

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	5	646.99	616.77
(b) Right-of-use Asset	6	22.65	-
(c) Capital work-in-progress		8.64	5.27
(d) Intangible assets	7	87.21	110.96
		765.49	**733.00**
(e) Financial assets			
(i) Investments	8	615.52	435.98
(ii) Trade receivables	9	18.90	-
(iii) Loans	10	10.95	8.82
(iv) Other financial assets	11	-	4.76
		645.37	**449.56**
(f) Non-current tax assets (net)	12	155.81	114.49
(g) Other non-current assets	13	194.31	166.40
Total Non -Current Assets		**1,760.98**	**1,463.45**
(2) Current assets			
(a) Inventories	14	597.16	469.23
(b) Financial assets			
(i) Trade receivables	15	5,223.41	4,734.49
(ii) Cash and cash equivalents	16	85.51	146.69
(iii) Bank balances other than (ii) above	17	10.68	100.65
(iv) Loans	18	226.42	67.37
(v) Other financial assets	19	3.91	101.53
		5,549.93	**5,150.73**
(c) Contract Assets	20	3,481.33	3,226.01
(d) Current tax assets (net)	21	19.72	13.61
(e) Other current assets	22	711.02	777.20
Total Current Assets		**10,359.16**	**9,636.78**
Total Assets		**12,120.14**	**11,100.23**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	23	51.42	51.42
(b) Other equity	24	2,786.76	2,442.92
Total Equity		**2,838.18**	**2,494.34**
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	25	137.51	377.92
(ii) Lease liabilities	26	9.99	-
		147.50	**377.92**
(b) Provisions	27	12.20	10.27
(c) Deferred tax liabilities (net)	28	69.56	143.57
Total Non-Current Liabilities		**229.26**	**531.76**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	29	1,816.37	1,143.84
(ii) Lease liabilities	30	14.02	-
(iii) Trade payables	31		
- total outstanding dues of micro and small enterprises		137.20	71.19
- total outstanding dues other than micro and small enterprises		4,598.84	4,545.75
(iv) Other financial liabilities	32	276.83	71.38
		6,843.26	**5,832.16**
(b) Contract Liabilities	33	2,055.14	2,086.14
(c) Other current liabilities	34	58.55	81.03
(d) Provisions	35	52.20	44.05
(e) Current tax liabilities (net)	36	43.55	30.75
Total Current Liabilities		**9,052.70**	**8,074.13**
Total Equity And Liabilities		**12,120.14**	**11,100.23**

The above balance sheet should be read in conjunction with the accompanying notes.

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

SARAH GEORGE
Partner
Membership Number: 045255

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman
DIN: 00026726

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 29, 2020

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

₹ in Crore

	Particulars		Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
I	Revenue from operations		37	10,470.62	10,117.80
II	Other income		38	13.87	38.12
III	Total Income (I+II)			**10,484.49**	**10,155.92**
IV	Expenses				
	(i)	Cost of materials consumed	39	4,776.64	4,910.58
	(ii)	Changes in inventories of finished goods and work-in-progress	40	(71.44)	20.36
	(iii)	Erection and sub-contracting expenses	41	2,822.53	2,713.36
	(iv)	Employee benefits expense	42	742.69	629.96
	(v)	Finance costs	43	276.96	284.15
	(vi)	Depreciation and amortisation expense	44	117.69	105.52
	(vii)	Other expenses	45	1,074.14	756.80
		Total expenses		**9,739.21**	**9,420.73**
V	Profit before tax (III - IV)			**745.28**	**735.19**
VI	Tax expense :		46		
	(i)	Current tax		265.93	229.68
	(ii)	Deferred tax		(66.38)	7.82
				199.55	237.50
VII	Profit for the the year (V-VI)			**545.73**	**497.69**
VIII	Other Comprehensive Income				
	A	Items that will not be reclassified to profit or loss			
		(i) Remeasurement of defined benefit obligations	53	1.83	(0.25)
		(ii) Income tax relating to these items	46.2	(0.96)	0.03
	B	Items that will be reclassified to profit or loss			
		(i) Exchange differences on translation of Foreign joint operations	24	20.60	34.69
		(ii) Net gain/(losses) on cash flow hedges	24	(43.10)	8.44
		(iii) Income tax relating to these items	46.2	8.59	(10.65)
		Total Other Comprehensive Income		**(13.04)**	**32.26**
IX	Total Comprehensive Income for the year (VII + VIII)			**532.69**	**529.95**
X	Earnings per equity share (of ₹ 2 each)				
	(i)	Basic	47	21.23	19.36
	(ii)	Diluted		21.23	19.36

The above statement of profit and loss should be read in conjunction with the accompanying notes.

In terms of our report attached
For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

SARAH GEORGE
Partner
Membership Number: 045255

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman
DIN: 00026726

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 29, 2020

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2020

A. EQUITY SHARE CAPITAL

₹ in Crore

Particulars	Notes	Amount
Balance as at April 1, 2019		51.42
Changes in equity share capital during the year	23	-
Balance as at March 31, 2020		51.42

B. OTHER EQUITY

₹ in Crore

Particulars	Reserves and Surplus							Other Comprehensive Income			Total
	Capital Reserve	Securities Premium	Capital Redemption Reserve	Debenture Redemption Reserve	General Reserve	Statutory Reserve	Retained Earnings	Effective portion of cash flow Hedges	Exchange differences on translation of foreign operations	Other items of other comprehensive income (Remeasurement of defined benefit obligations)	
Balance as at April 1, 2018	**84.98**	**86.75**	**14.28**	**22.77**	**152.98**	**0.95**	**1,643.46**	**(2.49)**	**(10.83)**	**(5.62)**	**1,987.23**
Profit for the year	-	-	-	-	-	-	497.69	-	-	-	497.69
Other Comprehensive Income for the year	-	-	-	-	-	-	-	5.45	27.03	(0.22)	32.26
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**497.69**	**5.45**	**27.03**	**(0.22)**	**529.95**
Transactions with owners in their capacity as owner											
Dividends	-	-	-	-	-	-	(61.70)	-	-	-	(61.70)
Dividend distribution tax	-	-	-	-	-	-	(12.56)	-	-	-	(12.56)
Transfer from retained earnings	-	-	-	15.98	-	-	(15.98)	-	-	-	-
Balance as at March 31, 2019	**84.98**	**86.75**	**14.28**	**38.75**	**152.98**	**0.95**	**2,050.91**	**2.96**	**16.20**	**(5.84)**	**2,442.92**
Balance as at April 1, 2019	**84.98**	**86.75**	**14.28**	**38.75**	**152.98**	**0.95**	**2,050.91**	**2.96**	**16.20**	**(5.84)**	**2,442.92**
Profit for the year	-	-	-	-	-	-	545.73	-	-	-	545.73
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(31.82)	17.91	0.87	(13.04)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**545.73**	**(31.82)**	**17.91**	**0.87**	**532.69**
Transactions with owners in their capacity as owner											
Dividends	-	-	-	-	-	-	(156.61)	-	-	-	(156.61)
Dividend distribution tax	-	-	-	-	-	-	(32.24)	-	-	-	(32.24)
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	**84.98**	**86.75**	**14.28**	**38.75**	**152.98**	**0.95**	**2,407.79**	**(28.86)**	**34.11**	**(4.97)**	**2,786.76**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

SARAH GEORGE
Partner
Membership Number: 045255

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman
DIN: 00026726

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 29, 2020

CASH FLOW STATEMENT

for the year ended March 31, 2020

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit for the year after tax		**545.73**		**497.69**
Adjustments for:				
Income tax expense	199.55		237.50	
Depreciation and amortisation expense	117.69		105.52	
Profit on sale of property, plant and equipment (net)	(0.06)		(1.08)	
Loss on property, plant and equipment discarded & intangible assets derecognised	0.50		0.43	
Gain on sale of subsidiary	-		(9.98)	
Finance costs	276.96		284.15	
Interest income	(7.43)		(18.01)	
Adjustment on account of fair value of financial guarantees	(0.46)		(2.33)	
Bad debts, loans and advances written off (net)	27.60		35.77	
Allowance for bad and doubtful debts, loans and advances (net)	26.04		1.87	
Mark to market loss on forward and commodity contracts	93.36		(95.94)	
Net loss arising on financial assets mandatorily measured at FVTPL	-		(4.70)	
Net unrealised exchange (gain) / loss	(92.59)		(37.71)	
		641.15		**495.49**
		1,186.88		**993.18**
Changes in assets and liabilities				
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(127.93)		(21.33)	
Trade receivables	(410.98)		77.37	
Loans	(62.79)		24.87	
Other financial assets & contract assets	(211.22)		(1,152.30)	
Other current assets	68.33		(262.22)	
Other non-current assets	(29.94)		39.13	
		(774.52)		**(1,294.48)**
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	88.99		195.75	
Other current liabilities & contract liabilities	(54.51)		581.17	
Other financial liabilities	(4.89)		1.65	
Provisions	11.91		(36.39)	
		41.50		**742.18**
Cash Generated From Operations		**453.86**		**440.88**
Taxes paid (net of refunds)		(334.00)		(269.79)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)		**119.86**		**171.09**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on property, plant and equipment & intangible assets (after adjustment of increase/decrease in capital work-in-progress and advances for capital expenditure)	(113.19)		(88.91)	
Proceeds from sale of property, plant and equipment	0.58		4.17	
Payment towards investments in subsidiaries (including share application money)	(179.08)		-	
Proceeds from sale of subsidiary	-		57.37	
Loans given to a subsidiary	(138.95)		(36.27)	
Loans repaid by a subsidiary including interest	44.67		18.86	
Interest received	4.11		13.30	
Bank balances (including non-current) not considered as Cash and cash equivalents (net)	89.97		(62.48)	
		(291.89)		**(93.96)**
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)		**(291.89)**		**(93.96)**

CASH FLOW STATEMENT

for the year ended March 31, 2020

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	₹ in Crore	₹ in Crore	₹ in Crore	₹ in Crore
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from other than short-term borrowings (including debentures)	-		-	
Repayments of other than short-term borrowings (including debentures)	(104.61)		(34.71)	
Repayment of lease liabilities	(14.38)		(0.91)	
Net increase / (decrease) in short-term borrowings	622.92		278.52	
Finance costs paid	(242.69)		(289.60)	
Dividend paid	(155.84)		(61.36)	
		105.40		(108.06)
NET CASH FLOW GENERATED / USED IN FINANCING ACTIVITIES (C)		**105.40**		**(108.06)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(66.63)**		**(30.93)**
Cash and cash equivalents at the beginning of the year (Refer Note 16)		146.69		176.31
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		5.45		1.31
Cash and cash equivalents at the end of the year (Refer Note 16)		**85.51**		**146.69**

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES:

Particulars	As at March 31, 2019	Cash flows	Recognised on adoption of IndAS 116	Foreign exchange movement	Interest movement during the year	As at March 31, 2020
Debentures (including accrued interest)	313.19	-	-	-	30.59	343.78
Long term borrowings (including accured interest)	122.84	(104.61)	-	-	(0.04)	18.19
Short term borrowings	1,146.05	622.92	-	49.61	0.15	1,818.73
Lease liabilities	-	(14.38)	36.08	0.30	2.01	24.01
Total liabilities from financing activities	**1,582.08**	**503.93**	**36.08**	**49.91**	**32.71**	**2,204.71**

The above cash flow statement should be read in conjunction with the accompanying notes.

In terms of our report attached
For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

SARAH GEORGE
Partner
Membership Number: 045255

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman
DIN: 00026726

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 29, 2020

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

1. GENERAL INFORMATION

KEC International Limited (“the Company”) is a public limited company incorporated and domiciled in India. The registered office of the Company is located at RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai- 400 030.

The Company is primarily engaged in Engineering, Procurement and Construction business (EPC) relating to infrastructure interalia products, projects and systems and related activities for power transmission, distribution, railway and other EPC businesses.

2. NEW STANDARDS ADOPTED BY THE COMPANY

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing April 1, 2019:

- Ind AS 116, Leases
- Long-term interest in Associates and Joint Ventures – Amendments to Ind AS 28, Investments in Associates and Joint Ventures
- Uncertainty over Income Tax Treatments – Appendix C to Ind AS 12, Income Taxes
- Plan Amendment, Curtailment or settlement – Amendments to Ind AS 19, Employee Benefits
- Amendment to Ind AS 103, Business Combinations and Ind AS 111, Joint Arrangements
- Amendment to Ind AS 23, Borrowing costs

Amendments listed above did not have any material impact on the current period and are not expected to significantly affect the future period.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements comply in all material aspects with Ind AS notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the act.

3.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments and employee benefit obligations, that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2, ‘Inventories’ or value in use in Ind AS 36 ‘Impairment of Assets’ or net present value of lease payments in Ind AS 116 ‘Leases’, as applicable.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

Operating Cycle

Assets and liabilities other than those relating to long-term contracts (i.e. supply or construction contracts) are classified as current if it is expected to realize or settle within 12 months after the balance sheet date.

In case of long-term contracts, the time between acquisition of assets for processing and realisation of the entire proceeds under the contracts in cash or cash equivalent exceeds one year. Accordingly, for classification of assets and liabilities related to such contracts as current, duration of each contract is considered as its operating cycle, except for amounts with respect to legal cases or long pending disputes.

3.3 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. 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.

When a Company undertakes its activities under joint operations, the Company as a joint operator recognises in relation to its interest in a joint operation:

1. its assets, including its share of any assets held jointly;

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

2. its liabilities, including its share of any liabilities incurred jointly;
3. its revenue from the sale of its share of the output arising from the joint operation;
4. its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the Ind AS applicable to the assets, liabilities, revenues and expenses.

When a Company transacts with a joint operation in which a Company is a joint operator (such as a sale or contribution of assets), the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Company's financial statements only to the extent of other parties' interests in the joint operation.

When a Company transacts with a joint operation in which a Company is a joint operator (such as a purchase of assets), the Company does not recognise its share of the gains and losses until it resells those assets to a third party.

3.4 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale and are presented separately from the other assets in the balance sheet. The liabilities related to the assets held for sale are presented separately from other liabilities in the balance sheet.

3.5 Revenue recognition

The Company derives revenue principally from following streams:

- Sale of products (towers and cables)
- Sale of services
- Construction contracts
- Other Operating Revenue

3.5.1 Sale of products:

Revenue from sale of products is recognised upon satisfaction of performance obligations, i.e. at a point of time, which occurs when the control is transferred to the customer.

Customers obtain control as per the incoterms. In determining the transaction price for sale of product, the Company considers the effects of variable consideration, if any. Invoices are issued according to contractual terms and are usually payable as per the credit period agreed with the customer.

3.5.2 Sale of services:

Services rendered include tower testing and designing, operating and maintenance and other services.

Revenue from providing services is recognised in the accounting period in which the services are rendered.

Invoices are issued according to contractual terms and are usually payable as per the credit period agreed with the customer.

3.5.3 Construction contracts:

The Company recognises revenue from engineering, procurement and construction contracts ('EPC') over the period of time, as performance obligations are satisfied over time due to continuous transfer of control to the customer. EPC contracts are generally accounted for as a single performance obligation as it involves complex integration of goods and services.

The performance obligations are satisfied over time as the work progresses. The Company recognises revenue using input method (i.e percentage-of-completion method), based primarily on contract cost incurred to date compared to total estimated contract costs. Changes to total estimated contract costs, if any, are recognised in the period in which they are determined as assessed at the contract level. If the consideration in the contract includes price variation clause or there are amendments in contracts, the Company estimates the amount of consideration to which it will be entitled in exchange for work performed.

Due to the nature of the work required to be performed on many of the performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgement. Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, discounts, if any. The Company considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be constrained. The Company includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

variable consideration are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Progress billings are generally issued upon completion of certain phases of the work as stipulated in the contract. Billing terms of the over-time contracts vary but are generally based on achieving specified milestones. The difference between the timing of revenue recognised and customer billings result in changes to contract assets and contract liabilities. Payment is generally due upon receipt of the invoice, payable within 90 days or less. Contractual retention amounts billed to customers are generally due upon expiration of the contract period.

The contracts generally result in revenue recognised in excess of billings which are presented as contract assets on the statement of financial position. Amounts billed and due from customers are classified as receivables on the statement of financial position. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component since it is usually intended to provide customer with a form of security for Company's remaining performance as specified under the contract, which is consistent with the industry practice. Contract liabilities represent amounts billed to customers in excess of revenue recognised till date. A liability is recognised for advance payments and it is not considered as a significant financing component since it is used to meet working capital requirements at the time of project mobilization stage. The same is presented as contract liability in the statement of financial position.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to management.

For construction contracts the control is transferred over time and revenue is recognised based on the extent of progress towards completion of the performance obligations. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The percentage of completion is based primarily on contract cost incurred to date compared to total estimated contract cost for each contract in order to reflect the effective completion of the project. This percentage of completion could be based on technical milestones or as per the contractual terms specified. A construction contract is considered completed when the last technical milestone is achieved, which occurs upon contractual transfer of ownership of the asset.

3.5.4 Other Operating Revenue:

Export benefits under Mercantile Export from India Incentive Scheme (MEIS), Service Export from India Scheme (SEIS) and Duty Drawback benefits are accounted as revenue on accrual basis as and when export of goods take place.

3.6 Leasing

Effective from April 1, 2019, the Company has adopted Ind AS 116 "Leases" and accordingly accounted for leases as below:

As a lessee:

Leases are recognised as right-of-use assets and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on present value basis. Lease liabilities include the net present value of the following lease payments:

- Lease payments less any lease incentives receivable
- Variable lease payments, if any
- Amounts expected to be payable by the Company under residual value guarantees, if any
- Exercise price of the purchase option, if the Company is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using Company's incremental borrowing rate (since the interest rate implicit in the lease cannot be readily determined). Incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on any key variable / condition, are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability

- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as on expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

As a lessor

Lease income from operating leases where the Company is lessor is recognised in income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

Upto March 31, 2019:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations (net of finance charges) to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are accounted in the year in which it is incurred. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.7 Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (functional currency). The Company's functional and presentation currency is Indian Rupees (INR) and the financial statements are presented in Indian rupees (INR)

In preparing these financial statements, the Company has applied following policies:

A) Foreign Branches:-

1. Income and expense items are translated at the exchange rates at the dates of the transactions and all resulting exchange differences are recognised in the Statement of Profit and Loss.

2. Non-monetary assets and liabilities are measured in terms of historical cost in foreign currencies and are not translated at the rates prevailing at the end of each reporting period. Monetary assets and liabilities are translated at the rates prevailing at the end of each reporting period. Exchange differences on translations are recognised in the Statement of Profit and Loss.

B) Joint Operations outside India with functional currency other than presentation currency:

1. Assets and liabilities, both monetary and non-monetary are translated at the rates prevailing at the end of each reporting period.

2. Income and expense items are translated at the exchange rates at the dates of the transactions and all resulting exchange differences are accumulated in the foreign currency translation reserve in the statement of changes in equity.

C) Other foreign currency transactions:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gain and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currency at the year end exchange rate are generally recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

In case of consideration paid or received in advance for foreign currency denominated contracts, the related expense or income is recognised using the rate on the

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date of transaction on initial recognition of a related asset or liability.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 3.21 below for hedging accounting policies); and

Forward Exchange Contracts:

The forward exchange contracts are marked to market and gain/loss on such contracts are recognised in the Statement of Profit and Loss at the end of each reporting period, except for those contracts which are designated as hedge instruments.

The net foreign exchange difference reported in statement of profit and loss has been disclosed in Note 45.

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Finance expenses are recognised immediately in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

3.9 Employee benefits

3.9.1 Long Term Employee Benefits:

(a) Defined Contribution Plans:

Payments to defined contribution retirement benefit scheme for eligible employees in the form of superannuation fund and provident fund are recognised as expense when employees have rendered services entitling them to the contributions. The Company has no further payment obligation once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses when they are due.

(b) Defined Benefit Plans:

The Company has established 'KEC International Limited Provident Fund' in respect of employees other than factory workers, to which both the employee and the employer make contribution equal to 12% of the employee's basic salary. The Company's contribution to the provident fund for all employees are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company.

The defined benefit plan of Company i.e. gratuity plan, provides for lump sum payment to vested employees on retirement / termination of an amount equivalent to 15 days salary and on death while in employment or on death of an employee an amount equivalent to one month salary, payable for each completed year of service or part thereof in excess of six months in terms of Gratuity scheme of the Company or as per payment of the Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service.

In case of jointly controlled operation at Saudi, the defined benefit plan i.e. End Service Benefit (ESB), provides for lump sum payment to vested employees on resignation/ termination or retirement on an amount equivalent to 15 days salary upto 5 years and one month salary from 6th year onwards for each completed year of service or part thereof on proportionate basis according to the law applicable in Saudi. Vesting occurs upon completion of two years of service.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the Statement of Profit and Loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

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- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in Statement of Profit and Loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

3.9.2 Short-term employee benefit:

Liabilities for wages & salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of period in which the employees rendered the related services are recognised in respect of employee services upto the end of reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefits obligations in the balance sheet.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit and loss. The obligations are presented as current liabilities in the balance sheet, if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

3.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.10.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period in the countries where the Company, it's branches and jointly controlled operations operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretations. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

3.10.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in joint operations except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and

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liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when entity has legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and credits only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

3.10.3 Current and deferred tax for the year

Current and deferred tax are recognised in the 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.11 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Freehold land is not depreciated. Leasehold land is amortised over the remaining period of the lease.

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

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation on other items of Property, Plant and Equipment has been provided on the straight-line method as per the useful life as estimated by the Management. The estimate of the useful life of the assets has been based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, etc. The estimated useful life of these Property, Plant and Equipment is mentioned below:

Particulars	Estimated useful life (in years)
Buildings (including roads and temporary structures)	3- 60
Plant and Equipment / Office Equipment	5-23
Erection tools	3-5
Furniture and Fixtures	10
Vehicles	6-8
Computers	3-6

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

3.12 Intangible assets

3.12.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.12.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, if any on the same basis as intangible assets that are acquired separately.

3.12.3 Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset

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- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

3.12.4 Derecognition 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, and are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.12.5 Useful lives of intangible assets

Brand in respect of the power transmission business acquired under the High Court approved Composite Scheme of Arrangement in an earlier year is amortised by the Company in terms of the said Scheme over its useful life, which based on an expert opinion is estimated to be of 20 years. Brand in respect of the railway signalling business transferred to the Company pursuant to the High Court approved Scheme of Amalgamation is amortised over 10 year being its useful life, as estimated by the management.

Computer Software are amortised on straight line basis over the estimated useful life ranging between 4-6 years.

3.13 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. For the purpose of assessing impairment, assets are grouped at the lowest level, for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or group of assets (cash-generating unit).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

3.14 Investments

Investment in equity shares of subsidiaries are measured at cost. Investments in equity instruments are measured at fair value through other comprehensive income.

The Company classifies its financial assets in the measurement categories as those to be measured subsequently at fair value (through other comprehensive income or through profit and loss) and those measured at amortised cost. The classification depends on the Company's business model for managing the financial asset and the contractual terms of the cash flows. (Also refer 3.17)

3.15 Inventories

Inventories (Raw material, work-in-progress, finished goods, stores and spares and erection material) are stated at the lower of cost and net realisable value. Cost of purchased material is determined on the weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Scrap is valued at net realisable value.

Cost of work-in-progress and finished goods includes material cost, labour cost, and manufacturing overheads absorbed on the basis of normal capacity of production.

3.16 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that the Company will be required to settle the obligation in respect of which a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

Contingent assets: A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised but disclosed only when an inflow of economic benefits is probable.

3.17 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities [other than financial assets and financial liabilities at Fair value through Profit or loss (FVTPL)] are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Purchases or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3.18 Financial Assets

3.18.1 Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognised in the Statement of Profit and Loss.

3.18.2 Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. Gains or losses arising on remeasurement are recognised in the Statement of Profit and Loss. The net gain or loss recognised in the Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

3.18.3 Dividend income is recognised when the right to receive payment has been established.

3.18.4 Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for all financial assets is measured at an amount equal to lifetime ECL. The Company has used practical expedient by computing expected credit loss allowance for trade receivable by taking into consideration historical credit loss experience and adjusted for forward looking information. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognized as an impairment gain or loss in the Statement of Profit and Loss.

3.18.5. Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party and does not retain control of the asset. The Company continues to recognise the asset to the extent of Company's continuing involvement.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

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3.18.6 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost, the exchange differences are recognised in the Statement of Profit and Loss except for those which are designated as hedging instruments in a hedging relationship.

3.19 Financial liabilities and equity instruments

3.19.1 Classification as debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.19.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3.19.3. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

3.19.3.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

3.19.3.2 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair value and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109, 'Financial Instruments'; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115, 'Revenue from contract with customers'.

The Financial guarantees issued to third parties on behalf of subsidiaries are recorded at fair value. The same is added in the cost of investment of a subsidiary and corresponding amount is recognised as Other income in the statement of Profit and Loss.

3.19.3.3 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are included in the Statement of Profit and Loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

3.19.3.4 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a new lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

3.20 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks and commodity price risks, including foreign exchange forward contracts, and commodity contracts - Over the Counter (OTC) derivatives. Derivatives are only used for economic hedging purposes and not as a speculative investments. Further, details of derivative financial instruments are disclosed in Note 51.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends

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on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3.21 Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, commodity price risk as cash flow hedges. Hedges of foreign exchange risk and commodity price risk for highly probable forecast transactions are accounted for as cash flow hedges. Hedges of the fair value of recognised assets or liabilities or a firm commitment are accounted for as fair value hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 51 sets out details of the fair values of the derivative instruments used for hedging purposes.

3.21.1 Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit and Loss.

Where the hedged item subsequently results in the recognition of a non-financial asset, both the deferred hedging gains and losses and the deferred time value of the option contracts, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss through cost of material consumed.

3.21.2 Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss is recognised in profit or loss.

3.22 Cash and cash equivalents

For the purpose of presentation in statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturities of 3 months or less that are readily convertible to known amount of cash and which are subject to a insignificant risk of change in value.

3.23 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

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3.24 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crore as per the requirement of Schedule III, unless otherwise stated.

4. CRITICAL ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical estimates and judgements, that have the significant effect on the amounts recognised in the financial statements.

4.1 Classification of Joint Arrangement as a Joint Operation

In terms of Ind AS 111, 'Joint Arrangement', the Company has classified its joint arrangements as joint operations as the contractual arrangements between the parties specify that parties have rights to the assets, and obligations for the liabilities, relating to the arrangement (Refer note 48 for the list of joint arrangements).

4.2 Revenue recognition for construction contracts

Refer Note 3.5.3 and Note 49.

4.3 Useful lives of property, plant and equipment and intangible assets

As described in Notes 3.11 and 3.12 above, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. There was no change in the useful life of property, plant and equipment and intangible assets as compared to previous year.

4.4 Determination of lease term

In determining lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Most extension options in office leases have not been included in lease liability, because the Company could replace the asset without significant cost or business disruption. The lease term is reassessed if an option is actually exercised (or not exercised). The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

4.5 Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Guarantees are also given in the normal course of business. There are certain obligations which management has concluded based on all available facts and circumstances are treated as contingent liabilities and disclosed in the Notes but are not provided for in the financial statements. Although there can be no assurance of the final outcome of the legal proceedings in which the company is involved it is not expected that such contingencies will have a material effect on its financial position or profitability.

4.6 Income taxes

In preparing the financial statements, the Company recognises income taxes in each of the jurisdictions in which it operates. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. The uncertain tax positions are measured at the amount expected to be paid to taxation authorities when the Company determines that the probable outflow of economic resources will occur. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4.7 Impairment of trade receivables

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

4.8 Defined benefit obligations

The present value of defined benefit obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period that have terms approximating to the terms of the related obligation.

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

₹ in Crore

Particulars	Freehold Land ^	Leasehold Land	Buildings^	Plant and Equipment	Erection Tools	Furniture and Fixtures	Vehicles Owned	Office Equipment	Computers	Total
Gross Carrying Amount										
As at March 31, 2018	**65.90**	**50.08**	**141.29**	**545.35**	**88.45**	**25.41**	**59.04**	**10.96**	**28.41**	**1,014.89**
Additions	-	-	22.42	53.37	22.01	0.32	0.99	0.70	3.20	103.01
Disposal	-	-	0.02	7.28	8.71	0.09	5.81	0.34	0.43	22.68
Adjustments	-	-	0.34	0.94	(0.63)	0.25	1.18	0.10	0.10	2.28
As at March 31, 2019	**65.90**	**50.08**	**164.03**	**592.38**	**101.12**	**25.89**	**55.40**	**11.42**	**31.28**	**1,097.50**
Additions	-	-	3.93	51.05	47.22	0.52	1.14	1.40	3.70	108.96
Disposal	-	-	0.17	2.28	3.16	0.15	1.16	0.27	0.31	7.50
Adjustments	-	-	0.52	1.20	1.41	0.37	1.67	0.16	0.16	5.49
As at March 31, 2020	**65.90**	**50.08**	**168.31**	**642.35**	**146.59**	**26.63**	**57.05**	**12.71**	**34.83**	**1,204.45**
Accumulated depreciation:										
As at March 31, 2018	-	9.62	42.60	255.62	40.29	10.29	35.74	7.30	18.03	419.49
Depreciation expenses (Refer note 44)	-	0.78	7.49	36.13	20.10	2.74	6.35	1.20	4.13	78.92
Disposal	-	-	0.02	5.58	7.57	0.06	5.38	0.16	0.39	19.16
Adjustments	-	-	0.27	0.68	(0.91)	0.18	1.09	0.08	0.09	1.48
As at March 31, 2019	**-**	**10.40**	**50.34**	**286.85**	**51.91**	**13.15**	**37.80**	**8.42**	**21.86**	**480.73**
Depreciation expenses (Refer note 44)	-	0.78	7.87	37.32	20.26	2.37	3.84	1.26	4.18	77.87
Disposal	-	-	0.16	1.73	3.04	0.13	0.92	0.25	0.26	6.48
Adjustments	-	-	0.50	1.11	1.40	0.36	1.67	0.15	0.15	5.34
As at March 31, 2020	**-**	**11.18**	**58.55**	**323.55**	**70.53**	**15.75**	**42.39**	**9.58**	**25.93**	**557.46**
Net carrying amount										
As at March 31, 2019	**65.90**	**39.68**	**113.69**	**305.53**	**49.21**	**12.74**	**17.60**	**3.01**	**9.43**	**616.77**
As at March 31, 2020	**65.90**	**38.90**	**109.76**	**318.80**	**76.06**	**10.88**	**14.66**	**3.13**	**8.90**	**646.99**

Note 5.1

^The title deeds of freehold land and buildings, having gross carrying amount aggregating ₹ 26.35 crore (as at March 31, 2019 ₹ 26.35 crore) and net carrying amount aggregating ₹ 25.70 crore (as at March 31, 2019 ₹ 25.74 crore) have been transferred to and vested in the Company, pursuant to the Schemes of Amalgamation/Arrangement in earlier years and the procedural formalities for transfer in the name of the Company is pending.

Note 5.2

For details of Property, plant and equipment having gross carrying amount aggregating ₹ 694.17 crore (As at March 31, 2019 ₹ 671.61 crore), which are pledged as security for borrowings - Refer Notes 25 and 29.

Note 5.3

Adjustments represents foreign currency exchange translation adjustment on account of jointly controlled operations which have different functional currency.

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 6 - RIGHT OF USE ASSETS (REFER NOTE 50 (I))

₹ in Crore

Description	Buildings	Land	Plant & Machinery	Vehicles	Total
Gross Carrying Amount					
As at April 01, 2019	**26.07**	**0.14**	**-**	**-**	**26.21**
Additions	4.59	0.40	3.25	1.63	9.87
Disposal	-	-	-	-	-
Adjustments	-	-	-	-	-
As at March 31, 2020	**30.66**	**0.54**	**3.25**	**1.63**	**36.08**
Accumulated Depreciation					
As at April 01, 2019	**-**	**-**	**-**	**-**	**-**
Depreciation expense (Refer note 44)	12.92	0.19	0.15	0.17	13.43
Disposal	-	-	-	-	-
As at March 31, 2020	**12.92**	**0.19**	**0.15**	**0.17**	**13.43**
Net carrying amount					
As at March 31, 2020	**17.74**	**0.35**	**3.10**	**1.46**	**22.65**

NOTE 7 - INTANGIBLE ASSETS

₹ in Crore

Particulars	Brands (Refer Note 7.1)	Computer softwares	Total
Gross carrying amount			
As at April 1, 2018	**246.95**	**26.45**	**273.40**
Additions	-	46.96	46.96
Disposal	-	0.02	0.02
As at March 31, 2019	**246.95**	**73.39**	**320.34**
Additions	-	2.64	2.64
Disposal	-	-	-
As at March 31, 2020	**246.95**	**76.03**	**322.98**
Accumulated amortisation			
As at April 1, 2018	**161.26**	**21.54**	**182.80**
Amortisation expense (Refer note 44)	12.68	13.92	26.60
Disposal	-	0.02	0.02
As at March 31, 2019	**173.94**	**35.44**	**209.38**
Amortisation expense (Refer note 44)	12.68	13.71	26.39
Disposal	-	-	-
As at March 31, 2020	**186.62**	**49.15**	**235.77**
Net carrying amount			
As at March 31, 2019	**73.01**	**37.95**	**110.96**
As at March 31, 2020	**60.33**	**26.88**	**87.21**

Note 7.1

Brands include brand of the power transmission business amounting ₹ 240 crore which was acquired by the Company under the High Court approved Composite Scheme of Arrangement (the 'Scheme') in an earlier year. In terms of the Scheme, the brand is being amortised by the Company over its useful life, which based on an expert opinion is estimated to be of 20 years. The carrying amount of the brand as on March 31, 2020 ₹ 60 crore (as at March 31, 2019 ₹ 72 crore) and the remaining amortisation period is 5 years (as at March 31, 2019 - 6 years).

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 8 - INVESTMENTS

₹ in Crore

Particulars			As at March 31, 2020	As at March 31, 2019
Non-current :				
(A)	**Investment in Equity Instruments: (measured at cost)**			
	Unquoted			
(a)	**Subsidiaries - wholly owned**			
	10,000,000	Fully paid Ordinary Shares of Naira 1 each of RPG Transmission Nigeria Limited	0.35	0.35
	1,000	Fully paid Equity Shares of AED 1,000 each of KEC Global FZ-LLC-Ras UL Khaimah, United Arab Emirates	1.19	1.19
	42,650,382	(As at March 31, 2019, 25,527,094) Fully paid Ordinary Shares of US $ 1 each of KEC Investment Holdings, Mauritius (Refer Note 8.1)	^412.23	^237.86
	30,000,000	4% Non Cumulative convertible preference shares US $ 1 each of KEC Investment Holdings, Mauritius (Refer Note 8.2 and 8.3)	193.39	193.39
	3,000	Fully paid Equity Shares of AED 100 each of KEC Towers-LLC, Dubai, United Arab Emirates (Refer Note 8.4)	0.58	-
	1,021,744	Fully paid Ordinary Shares of RM 1 each of KEC International Malaysia SDN BHD, Malaysia (Refer Note 8.5)	4.58	-
	370,000	Fully paid Ordinary Shares of US $ 1.00 each of KEC Global, Mauritius	2.33	2.33
	221,022	Fully paid Equity Shares of ₹ 10 each of KEC Power India Private Limited	0.86	0.86
			615.51	**435.98**
(B)	**Investment in equity shares (at fair value through other comprehensive income)**			
	Unquoted			
	4,900	Fully paid Equity Shares of ₹ 10/- each of RP Goenka Group of Companies Employees Welfare Association (Refer note 8.6)	★	★
		★ less than rounding off norms adopted by the company.	**615.52**	**435.98**
Aggregate book value of quoted investments and market value thereof			-	-
Aggregate book value of unquoted investments			615.52	435.98
Aggregate amount of impairment in the value of investments			-	-

Notoe 8.1 : During the year, Company has acquired 17,123,288 shares of USD 1 each at a premium of 0.46 per share of KEC Investment Holding, Mauritius, on June 18, 2019.

Notoe 8.2 : This represents investment in preference shares of KEC Investment Holdings, Mauritius. These shares are compulsorily convertible into equity shares with a conversion ratio of one is to four. The issuer has the option of early conversion as well with above fixed ratio. These is no mandatory dividend payout year on year. Considering the said terms, the investment has been classified as equity.

Notoe 8.3 : These shares were offered on a private placement basis and it carries a fixed non-cumulative dividend at a rate of 1% per annum. The Company has an option to convert each OCPS into one equity shares of Rs 10 each and to demand for the redemption of these shares after a lock in period of 5 years.

Notoe 8.4 : During the year Company has incorporated a wholly owned subsidiary named KEC Towers LLC in Dubai.

Notoe 8.5 : During the year company had acquired shares of KEC International Malaysia SDN BHD from its subsidiary KEC Global Mauritius at a premium of ₹ 0.55 crores. Since the transaction is under common group control, the effect of the same is given in reserves.

Notoe 8.6 : As per Article of Association of the 'RP Goenka Group of Companies Employees Welfare Association (Company)', no portion of income or property shall be paid or transferred directly or indirectly, by way of dividend, bonus or otherwise by way of profit to members of the Company. Any surplus upon winding up or dissolution of the Company shall not be distributed amongst the members of the Company but shall be given or transferred to such other Companies having objects similar to the objects of this Company, to be determined by the members of the Company at or before the time of dissolution or in default thereof, by the High Court of Judicature that has or may acquire jurisdiction in the matter.

As, there are significant restrictions on the ability of the Company to transfer funds to the Group in the form of cash dividends, the fair value of the Group's interest in the Company is concluded to be equal to cost.

^ Includes ₹ 12.27 crore (As at March 31, 2019 ₹ 11.80 crore) towards adjustment on account of fair value of financial guarantees issued to subsidiaries and step down subsidiaries, as applicable.

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 9 - TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current trade receivables - Unsecured		
(i) Considered good	26.95	-
(ii) Having significant increase in credit risk	-	-
(iii) Credit impaired	0.41	0.80
	27.36	**0.80**
Less: Allowance for bad and doubtful receivables (expected credit loss allowance)*	8.46	0.80
	18.90	**-**

***Movement in the allowance for bad and doubtful receivables (expected credit loss allowance). Refer Note 51.9**

Particulars	₹ in Crore
Balance as at March 31, 2018	**11.68**
Add: Created during the year	-
Less: Released during the year	10.88
Balance as at March 31, 2019	**0.80**
Add: Created during the year	8.05
Less: Released during the year	0.39
Balance as at March 31, 2020	**8.46**

NOTE 10 - LOANS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Security deposits, Secured		
(a) Considered good	10.95	8.82
(b) Having significant increase in credit risk	-	-
(c) Credit impaired	0.76	0.76
	11.71	**9.58**
Less: Allowance for bad and doubtful security deposits *	0.76	0.76
	10.95	**8.82**

***Movement in the allowance for bad and doubtful deposits (expected credit loss allowance) - Refer Note 51.9.**

Particulars	₹ in Crore
Balance as at March 31, 2018	**0.76**
Add: Created during the year	-
Less: Released during the year	-
Balance as at March 31, 2019	**0.76**
Add: Created during the year	-
Less: Released during the year	-
Balance as at March 31, 2020	**0.76**

NOTE 11 -OTHER FINANCIAL ASSETS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Amount withheld by customers [Refer Note 55(i)(9)]		
(a) Considered good	-	-
(b) Having significant increase in credit risk	-	-
(c) Credit impaired	17.61	17.61
	17.61	**17.61**
Less: Allowance for bad and doubtful receivables (expected credit loss allowance) *	17.61	12.85
	-	**4.76**

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

***Movement in the allowance for bad and doubtful receivables (expected credit loss allowance) - Refer Note 51.9.**

Particulars	₹ in Crore
Balance as at March 31, 2018	**12.85**
Add: Created during the year	-
Less: Released during the year	-
Balance as at March 31, 2019	**12.85**
Add: Created during the year	5.83
Less: Released during the year	1.07
Balance as at March 31, 2020	**17.61**

NOTE 12 - NON-CURRENT TAX ASSETS (NET)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax payments less provisions	155.81	114.49
	155.81	**114.49**

NOTE 13 - OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars			As at March 31, 2020		As at March 31, 2019	
(a)	Capital Advances			9.90		12.04
(b)	Others					
	–	Excise duty recoverable from Government authorities	24.45		24.45	
	–	VAT Credit / WCT /Service tax receivables	83.21		100.77	
	–	Prepaid expenses	13.31		3.28	
	–	Export benefits	47.61		9.26	
	–	Sales tax/ excise duty/service tax/ entry tax, etc. paid under protest	15.83		16.60	
				184.41		**154.36**
				194.31		**166.40**

NOTE 14 - INVENTORIES

₹ in Crore

Particulars			As at March 31, 2020		As at March 31, 2019	
Inventories (lower of cost and net realisable value)						
(a)	Raw materials					
	(i)	in stock	346.82		295.88	
	(ii)	in-transit	1.25		0.14	
				348.07		**296.02**
(b)	Work-in-progress (Refer Note 14.1)			56.58		33.22
(c)	Finished goods			160.34		112.16
(d)	Stores and spares			22.50		14.44
(e)	Scrap			9.67		13.29
				597.16		**469.23**

Note 14.1 : Details of inventory of work-in-progress :

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Towers and structurals	25.40	8.63
Cables	31.18	24.69
	56.58	**33.32**

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 15 - TRADE RECEIVABLES

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivables - Unsecured (Refer Note 15.1, 15.2 and 51.9)		
(a) Considered good	5,266.34	4,768.70
(b) Having significant increase in credit risk	-	-
(c) Credit impaired	-	-
	5,266.34	**4,768.70**
Less: Allowance for bad and doubtful receivables (expected credit loss allowance)*	42.93	34.21
	5,223.41	**4,734.49**

*Movement in the allowance for bad and doubtful receivables (expected credit loss allowance) (Refer Note 51.9)

₹ in Crore

Particulars	As at March 31, 2020
Balance as at March 31, 2018	**41.40**
Add: Created during the year	1.87
Less: Released during the year	9.06
Balance as at March 31, 2019	**34.21**
Add: Created during the year	13.24
Less: Released during the year	4.52
Balance as at March 31, 2020	**42.93**

Note 15.1 : Transfer of financial assets

During the current year, the Company has discounted trade receivables with an aggregate carrying amount of ₹ 56.30 crore with banks for cash proceeds of ₹ 55.88 crore. These arrangements are “non-recourse” to the Company and accordingly, the Company has derecognised these receivables as at March 31, 2020. Amount of interest charged to profit and loss with respect to the underlying debtors (purchased by bank) is ₹ 0.42 Crores.

Further the Company has discounted certain trade receivables with the banks “with recourse” to the Company. The carrying amount of such receivables as at March 31, 2020 ₹ 322.47 crore (As at March 31, 2019 ₹ 100.84 crore) are recognised as trade receivables and corresponding carrying amount of associated liabilities of ₹ 269.88 crore (As at March 31, 2019 ₹ 93.20 crore) are recognised as secured borrowings (Note 29) and there are restriction on further selling and pledging of these receivables.

Note 15.2 : Receivable from related party is ₹ 47.78 crore (As at March 31, 2019 ₹ 41.12 crore).

NOTE 16 - CASH AND CASH EQUIVALENTS

₹ in Crore

Particulars	As at March 31, 2020		As at March 31, 2019	
(a) Balances with banks				
(i) In current accounts	61.10		121.24	
(ii) In deposit accounts	13.08		19.25	
		74.18		**140.49**
(b) Cheques on hand		4.93		-
(c) Cash on hand		6.40		6.20
		85.51		**146.69**

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 17 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ in Crore

	Particulars	As at March 31, 2020	As at March 31, 2019
(i)	Earmarked balances with banks - unpaid dividend accounts	3.20	2.43
(ii)	Bank deposit with original maturity of more than 3 months but less than 12 months	0.09	0.09
(iii)	Balances with banks to the extent held as margin money or security against the borrowings, guarantees and other commitments	6.63	97.38
(iv)	Margin Money deposit with maturity less then 12 months	0.76	0.75
		10.68	**100.65**

NOTE 18 - LOANS

₹ in Crore

	Particulars	As at March 31, 2020	As at March 31, 2019
	Unsecured, considered good		
(i)	Loans to related parties - KEC Investment Holdings, Mauritius (wholly owned subsidiary)	39.40	34.35
(ii)	Loans to related parties - KEC Global Mauritius (wholly owned subsidiary)	10.25	1.45
(iii)	Loans to related parties - KEC TOWER LLC (wholly owned subsidiary)	93.24	-
(iv)	Loans to related parties - KEC Global FZ LLC (wholly owned subsidiary)	0.41	-
(v)	Loans and advances to Joint operations (net of the Company's share)	30.59	5.20
(vi)	Security deposits	52.53	26.37
		226.42	**67.37**

Note 18.1 : The Company has provided short term loans to wholly owned subsidiary for the purpose of providing loans to and/or making strategic investments in the step down subsidiaries. These loans are given at rates comparable to the average commercial rate of interest.

Note 18.2 : Loans and advances to Joint operations have been provided by the Company to meet the short term working capital requirements for execution of projects by the joint operations.

Note 18.3 : Disclosure required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(i) Loans and advances in the nature of loans given to the wholly owned subsidiary. ₹ in Crore

Name of Subsidiary	Loans (interest bearing) outstanding	Maximum amount outstanding during the year
KEC Investment Holdings Mauritius		
As at March 31, 2020	**39.40**	**39.40**
As at March 31, 2019	34.35	154.75
KEC Global Mauritius		
As at March 31, 2020	**10.25**	**30.82**
As at March 31, 2019	1.45	1.45
KEC Bikaner Sikar Transmission Private Limited		
As at March 31, 2020	**-**	**-**
As at March 31, 2019	-	6.27
KEC TOWER LLC		
As at March 31, 2020	**93.24**	**93.24**
As at March 31, 2019	-	-
KEC Global FZ LLC		
As at March 31, 2020	**0.41**	**0.41**
As at March 31, 2019	-	-

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 19 - OTHER FINANCIAL ASSETS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Interest accrued on fixed deposits	0.03	0.11
(ii) Insurance claims	1.03	0.31
(iii) Mark to market gain on forward and commodity contracts (Refer Note 51.7 and Note 51.8)	2.82	100.48
(iv) Others	0.03	0.63
	3.91	**101.53**

NOTE 20 - CONTRACT ASSETS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Contractually reimbursable expenses	149.58	49.37
(ii) Amount due from customers for contract works (Refer Note 56)	3,334.58	3,183.95
Less: Provision for expected loss on construction contracts (Refer Note 20.1)	2.83	7.31
	3,481.33	**3,226.01**

Note 20.1 : Movement in Provision for expected loss on construction contracts

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	7.31	42.83
Additions	4.65	3.79
Reversals	9.20	39.36
Effect of translation adjustment gain / (loss)	0.07	0.05
Closing balance	**2.83**	**7.31**

NOTE 21 - CURRENT TAX ASSETS (NET)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax payments less provisions	19.72	13.61
	19.72	**13.61**

NOTE 22 - OTHER CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Advances to suppliers	153.68	150.48
Employee advances	7.20	6.27
Cenvat / Service tax input credit receivable	0.40	0.97
Amount due as refund of custom duty	3.70	3.70
Excise duty recoverable from Government authorities	1.26	1.26
VAT credit / WCT receivables	83.36	99.84
GST receivables	233.46	243.99
GST/Excise rebate receivable on exports	43.26	102.76
Prepaid expenses	103.81	94.92
Export benefits	78.44	70.56
Assets classified as held for sale (Refer Note 22.1)	2.45	2.45
	711.02	**777.20**

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

Note 22.1 : Details of assets classified as held for sale

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Leasehold Land	2.45	2.45
	2.45	**2.45**

The Company has signed Memorandum of understanding (MOU) against which the Company had received sales consideration amounting to ₹ 9.41 crore (as at March 31, 2019 ₹ 9.41 crore) [Refer Note 34 (a)]. However, the title and possession of the land is yet to be transferred due to pending approvals from regulatory authorities.

NOTE 23 - SHARE CAPITAL

Particulars	As at March 31, 2020		As at March 31, 2019	
	Nos.	₹ in crore	Nos.	₹ in crore
Authorised:				
Equity Shares:				
Equity Shares of ₹ 2 each	570,000,000	114.00	570,000,000	114.00
Preference Shares:				
Redeemable Preference Shares of ₹ 100 each	1,500,000	15 .00	1,500,000	15.00
Issued, Subscribed and Paid-up				
Equity Shares:				
Equity Shares of ₹ 2 each fully paid up	257,088,370	51.42	257,088,370	51.42
	257,088,370	**51.42**	**257,088,370**	**51.42**

Note 23.1 : Reconciliation of number of Equity Shares of the Company and amount outstanding at the beginning and at the end of the year

Particulars	Nos.	₹ in crore
Equity Shares Outstanding as at April 1, 2018	257,088,370	51.42
Add: Shares issued during the year	-	-
Equity Shares Outstanding as at March 31, 2019	257,088,370	51.42
Add: Shares issued during the year	-	-
Equity Shares Outstanding as at March 31, 2020	**257,088,370**	**51.42**

Note : 23.2 Shareholders holding more than 5% Equity Shares in the Company as at the end of the year

Sr. No.	Name of the shareholder*	As at March 31, 2020		As at March 31, 2019	
		Nos. of Shares Held	Percentage of Shares held	Nos. of Shares Held	Percentage of Shares held
1	Swallow Associates LLP	67,756,616	26.36	67,756,616	26.36
2	Summit Securities Limited	27,910,754	10.86	27,910,754	10.86
3	HDFC Trustee Company Limited	23,769,697	9.25	23,066,897	8.97
4	Instant Holdings Limited	22,014,759	8.56	21,647,691	8.42

*Shares held in multiple folios have been combined.

Note 23.3: 3,750 fully paid up Equity Shares of ₹ 2 each were allotted to a trustee against 1,688 equity shares of the erstwhile RPG Transmission Limited (RPGT), since merged in the Company in 2007-08, where rights were kept in abeyance by RPGT. On settlement of the relevant court cases/issues, the Equity Shares issued to the trustee will be transferred.

Note 23.4: The Company has only one class of Equity Shares having a face value of ₹ 2 each. Every member shall be entitled to be present, and to speak and vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid- up equity share capital of the Company. The Company in General Meeting may declare dividends to be paid to members, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

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.

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 24 - OTHER EQUITY

₹ in Crore

Particulars	Reserves & Surplus							Other Comprehensive Income			
	Capital Reserve	Securities Premium	Capital Redemption Reserve	Debenture Redemption Reserve	General Reserve	Statutory Reserve	Retained Earnings	Effective portion of cash flow Hedges	Exchange differences on translation of foreign operations	Other items of other comprehensive income (Remeasurement of defined benefit obligations)	Total
Notes	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
Balance as at April 1, 2018	**84.98**	**86.75**	**14.28**	**22.77**	**152.98**	**0.95**	**1,643.46**	**(2.49)**	**(10.83)**	**(5.62)**	**1,987.23**
Profit for the year	-	-	-	-	-	-	497.69	-	-	-	497.69
Other Comprehensive Income for the year	-	-	-	-	-	-	-	5.45	27.03	(0.22)	32.26
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**497.69**	**5.45**	**27.03**	**(0.22)**	**529.95**
Transactions with owners in their capacity as owner											
Dividends	-	-	-	-	-	-	(61.70)	-	-	-	(61.70)
Dividend distribution tax	-	-	-	-	-	-	(12.56)	-	-	-	(12.56)
Transfer from retained earnings	-	-	-	15.98	-	-	(15.98)	-	-	-	-
Balance as at March 31, 2019	**84.98**	**86.75**	**14.28**	**38.75**	**152.98**	**0.95**	**2,050.91**	**2.96**	**16.20**	**(5.84)**	**2,442.92**
Balance as at April 1, 2019	**84.98**	**86.75**	**14.28**	**38.75**	**152.98**	**0.95**	**2,050.91**	**2.96**	**16.20**	**(5.84)**	**2,442.92**
Profit for the year	-	-	-	-	-	-	545.73	-	-	-	545.73
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(31.82)	17.91	0.87	(13.04)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**545.73**	**(31.82)**	**17.91**	**0.87**	**532.69**
Transactions with owners in their capacity as owner											
Dividends	-	-	-	-	-	-	(156.61)	-	-	-	(156.61)
Dividend distribution tax	-	-	-	-	-	-	(32.24)	-	-	-	(32.24)
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	**84.98**	**86.75**	**14.28**	**38.75**	**152.98**	**0.95**	**2,407.79**	**(28.86)**	**34.11**	**(4.97)**	**2,786.76**

Note (a) Capital reserve was created on account of merger of RPG Cables Limited (RPGCL) with the Company pursuant to the Scheme of Amalgamation in the financial year 2009-2010.

Note (b) Securities premium is used to record the premium on issue of shares. It is utilized in accordance with the provisions of the Companies Act, 2013.

Note (c) Capital redemption reserve was created for redemption of preference shares. The preference shares were redeemed in the financial years 2007-08 and 2008-09.

Note (d) Debentures redemption reserve is created towards redemption of debentures referred to in Note 25.

Note (e) General reserve is created from time to time by way of transfer of profits from retained earnings. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

Note (f) Statutory reserve pertains to the Joint Operation at Saudi Arabia. In accordance with the Saudi Arabian Companies law and the Articles of Association, 10 % of the annual net income is required to be transferred to the Statutory Reserve until the reserve reaches 50 % of the capital of the Joint Operation.

Note (g) Retained earnings represents cumulative profit of the company . The reserve can be utilised in accordance with the provision of the Companies Act, 2013.

Note (h) The cash flow hedging reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in accounting policy Note 3.21.

Note (i) Foreign currency translation reserve pertains to exchange difference arising on translation of the foreign operation are recognised in other comprehensive income as described in accounting policy note 3.7 and accumulated in a separate reserve within equity. The cumulative amount reclassified to profit or loss when the net investment is disposed-off.

Note (j) Reserve for remeasurement of defined benefit obligations represents the effects of remeasurement of defined benefit obligations on account of acturial gains and losses.

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 25 - BORROWINGS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current:		
Measured at amortised cost,		
I Debentures		
Secured (Refer Note 25.1)	343.78	313.19
Less : Current maturities of long-term debt [Refer Note 32 (a)]	(206.27)	-
	137.51	**313.19**
II Term loans		
From banks		
Secured (Refer Note 25.2)	15.78	120.39
Less : Current maturities of long-term debt [Refer Note 32 (a)]	(15.78)	(55.66)
	-	64.73
	137.51	**377.92**

Note : 25.1 Debentures :

2,500, Secured, Rated, Listed, Redeemable Non-Convertible Debentures ("NCD") of face value of ₹ 0.10 crore each aggregating ₹ 250 crore issued by the Company during the earlier year are secured by first charge on the immovable properties at Vadodara and Mysore and further secured by hypothecation of movable fixed assets of the Company situated at Mysore and Vadodara. 500 NCD ₹ 0.10 crore each aggregating ₹ 50 crore are repayable on December 20, 2021, 500 NCD ₹ 0.10 crore each aggregating ₹ 50 crore are repayable on April 20, 2021 and 1,500 NCD of ₹ 0.10 crore each aggregating ₹ 150 crore are repayable on April 20, 2020. Debentures are Zero Coupon with yield on maturity of 9.33% p.a. monthly compounded and payable at maturity (with a yield to maturity @ 9.74% p.a.)

Note : 25.2 Term loans from banks:

(a) ₹ 15.78 crore (As at March 31, 2019 ₹ 87.12 crore) loan of a jointly controlled operation at Saudi Arabia, secured by irrevocable Corporate Guarantee from the Company. Repayment terms is 10 equal quarterly instalments starting from December 2018. The interest rate is 3.97% p.a. (previous year 4.86%)

(b) Nil (As at March 31, 2019 ₹ 33.27 crore) loan of a jointly controlled operation at Saudi Arabia, secured by irrevocable Corporate Guarantee from the Company.The interest rates are in the ranges of 4.54% to 5.14% p.a. (previous year ranges from 4.54% to 5.14% p.a.)

NOTE 26 - LEASE LIABILITIES

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
Lease liabilities (Refer Note 50(i))	9.99	-
	9.99	**-**

NOTE 27 - PROVISIONS

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current:		
Provision for employee benefits		
- Gratuity (Refer Note 53)	12.20	10.27
	12.20	**10.27**

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 28 - DEFERRED TAX LIABILITIES (NET)

Note 28.1 : Significant components of deferred tax liabilities (net) are as follows:

₹ in Crore

Particulars	Opening Balance (As at April 1, 2019)	Recognised in Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Closing Balance (As at March 31, 2020)
Deferred tax (liabilities) recognised in P&L in relation to :				
Property, plant and equipment and intangible assets	(72.85)	22.12	-	(50.73)
Undistributed earnings of joint operations	(66.95)	17.70	-	(49.25)
Mark to Market losses / (gain) on derivatives	(29.54)	29.54	-	-
(A)	**(169.34)**	**69.36**	**-**	**(99.98)**
Deferred tax assets recognised in P&L in relation to:				
Allowance for doubtful debts, loans and advances	16.57	0.68	-	17.25
Expenses debited to the Statement of Profit and Loss allowable in subsequent years	11.80	(4.00)	-	7.80
Provision for expected loss on construction contracts, etc.	0.55	(0.48)	-	0.07
Lease Depreciation , Interest and Rent expense	-	0.22	-	0.22
Asset held for sale	0.76	0.06	-	0.82
Others	-	0.54	-	0.54
(B)	**29.68**	**(2.98)**	**-**	**26.70**
Deferred tax (liabilities) recognised in P&L (A)+(B)	**(139.66)**	**66.38**	**-**	**(73.28)**
Deferred tax (liabilities) in relation to OCI:				
Net (Gain) / Losses on Cash flow hedges	(1.57)	-	11.28	9.71
Exchange differences on translation of foreign joint operations	(5.16)	-	(2.69)	(7.85)
(C)	**(6.73)**	**-**	**8.59**	**1.86**
Deferred tax assets in relation to OCI:				
Remesurement of defined benefit obligations	2.82	-	(0.96)	1.86
(D)	**2.82**	**-**	**(0.96)**	**1.86**
Deferred tax assets recognised OCI: (C)+(D)	**(3.91)**	**-**	**7.63**	**3.72**
Deferred Tax Liabilities (net)	**(143.57)**	**66.38**	**7.63**	**(69.56)**

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

Note 28.2 : Significant components of deferred tax liabilities (net) as at March 31, 2019 are as follows:

₹ in Crore

Particulars	Opening Balance (As at April 1, 2018)	Recognised in Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Closing Balance (As at March 31, 2019)
Deferred tax (liabilities) recognised in P&L in relation to :				
Property, plant and equipment and intangible assets	(82.01)	9.15	-	(72.85)
Undistributed earnings of joint operations	(92.26)	25.31	-	(66.95)
Mark to Market losses / (gain) on derivatives	4.63	(34.17)	-	(29.54)
(A)	**(169.64)**	**0.29**	**-**	**(169.34)**
Deferred tax assets recognised in P&L in relation to:				
Amalgamation Expenses	0.01	(0.01)	-	-
Allowance for doubtful debts, loans and advances	22.88	(6.32)	-	16.57
Expenses debited to the Statement of Profit and Loss allowable in subsequent years	8.07	3.73	-	11.80
Provision for expected loss on construction contracts, etc.	3.79	(3.24)	-	0.55
Fair valuation of Preference shares	2.29	(2.29)	-	-
Asset held for sale	0.76	-	-	0.76
(B)	**37.80**	**(8.13)**	**-**	**29.68**
Deferred tax (liabilities) recognised in P&L (A)+(B)	**(131.83)**	**(7.84)**	**-**	**(139.66)**
Deferred tax (liabilities) in relation to OCI:				
Net (Gain) / Losses on Cash flow hedges	1.41	-	(2.98)	(1.57)
Exchange differences on translation of foreign joint operations	2.50	-	(7.66)	(5.16)
(C)	**3.91**	**-**	**(10.64)**	**(6.73)**
Deferred tax assets in relation to OCI :				
Remeasurement of defined benefit obligations	2.79	-	0.03	2.82
(D)	**2.79**	**-**	**0.03**	**2.82**
Deferred tax assets recognised OCI : (C)+(D)	**6.70**	**-**	**(10.62)**	**(3.91)**
Deferred Tax Liabilities (net)	**(125.13)**	**(7.84)**	**(10.62)**	**(143.57)**

NOTE 29 - BORROWINGS

₹ in Crore

	Particulars		As at March 31, 2020	As at March 31, 2019
I	**Loans repayable on demand**			
	From Banks			
	-	Secured [Refer Note 29.1]	464.50	237.27
II	**Other short term borrowings**			
	From Banks			
	-	Secured [Refer Note 29.2 (a)]	1,079.32	497.84
	From other parties			
	-	Secured [Refer Note 29.2 (b)]	272.55	408.73
			1,816.37	**1,143.84**

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

Note 29.1 : Loans repayable on demand from banks :

Secured:

(i) ₹ 413.80 crore (As at March 31, 2019 ₹ 225.49 crore) secured by first charge on the entire current assets of the Company, both present and future (except specific export receivables financed by financial institutions and banks), second charge on fixed assets of the Company's manufacturing facilities situated at Jaipur, Jabalpur and Nagpur factories and further secured by first charge on flat situated at Juhu, Mumbai in favour of working capital consortium bankers. The interest rates are in the ranges from 7.55% to 12.85% p.a. (previous year ranges from 7.90% to 12.85% p.a.)

(ii) Nil (As at March 31, 2019 ₹ 11.78 crore) secured by assignment of certain book debts of the Company. The interest rates are in the ranges 4.20% p.a. to 7.90% p.a. (previous year ranges from 4.20% to 7.90% p.a.)

(iii) ₹ 5.61 crore (As at March 31, 2019 ₹ Nil crore) secured by assignment of certain book debts and irrevocable Corporate Guarantee from the Company.The interest rates are in the ranges from 4.20% p.a. to 7.90% p.a. (previous year Nil)

(iv) ₹ 45.09 crore (As at March 31, 2019 ₹ Nil), pertains to a jointly controlled operation at Saudi Arabia secured by assignment of certain book debt and irrevocable Corporate Guarantee from the Company. The interest rates are in the ranges from 3.91% p.a to 5.86% p.a. (previous year Nil)

Note : 29.2 Other short-term borrowings

(a) From Banks-secured

(i) ₹ 991.55 crore (As at March 31, 2019 ₹ 404.64 crore) secured by security stated against Note 29.1 (i) above. The interest rates are in the ranges from 1.00% to 4.50% p.a. (previous year ranges from 1.00% to 4.30% p.a.)

(ii) ₹ 41.68 crore (As at March 31, 2019 ₹ 93.20 crore) loan of a jointly controlled operation at Saudi Arabia secured by assignment of certain book debt and irrevocable Corporate Guarantee from the Company.The interest rates are in the ranges from 4.54% to 5.86 % p.a. (previous year ranges from 4.54% to 4.87% p.a.)

(iii) ₹ 46.09 crore (As at March 31, 2019 ₹ Nil) loan consist of Rs 45.61 crore secured by assignment of certain book debt at Abu Dhabi projects. Further loans of ₹ 0.48 crore secured by assignment of certain book debt at Oman projects and irrevocable Corporate Guarantee from the Company. The interest rates are in the ranges from 4.54% to 5.68 % p.a. (previous year Nil)

(b) From Other Parties-secured

(i) ₹ 98.79 crore (As at March 31, 2019 ₹ 247.34 crore) being listed commercial papers (unsecured) issued on standalone basis. Said Commercial papers carries interest rate of 7.15% p.a. (previous year 7.55% p.a.)

(ii) ₹ 173.76 crore (As at March 31, 2019 ₹ 161.39 crore) secured by security stated against Note 29.1 (i) above. The interest rates are in the ranges from 3.50% to 5.30% p.a. (previous year ranges from 4.28% to 5.30% p.a.)

NOTE 30 - LEASE LIABILITIES

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Lease liabilities (Refer Note 50 (i))	14.02	-
	14.02	**-**

NOTE 31 - TRADE PAYABLES

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
(i) Total outstanding dues of micro and small enterprises (Refer note 31.1)	137.20	71.19
(ii) Total outstanding dues of creditors other than micro and small enterprises	3,487.90	3,346.56
(iii) Acceptances	1,110.94	1,199.19
	4,736.04	**4,616.94**

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

Note 31.1 : Following disclosures required for Micro and Small Enterprises has been determined on the basis of information available with the company.

₹ in Crore

(a)	The principal amount remaining unpaid to supplier as at the end of accounting year	127.30	66.43
(b)	The interest due thereon remaining unpaid to supplier as at the end of accounting year.	1.65	3.14
(c)	The amount of interest paid in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
(d)	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 this Act.	6.64	1.62
(e)	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year	5.14	4.76
(f)	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.	9.90	-

NOTE 32 - OTHER FINANCIAL LIABILITIES

₹ in Crore

Particulars		As at March 31, 2020		As at March 31, 2019	
(a)	Current maturities of long term-debts (Refer Note 25)		222.05		55.66
(b)	Interest accrued but not due on borrowings		4.77		4.66
(c)	Unpaid / unclaimed dividends#		3.20		2.43
(d)	Other payables				
	- Interest accrued on acceptances and customer advance	0.37		0.56	
	- Payable towards purchase of property, plant and equipment	1.26		1.63	
	- Mark to market loss on forward contracts (Refer note 51.7 and note 51.8)	38.81		-	
	- Directors' commission	6.37		6.44	
			46.81		**8.63**
			276.83		**71.38**

The figures reflect the position as at year end. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates.

NOTE 33 - CONTRACT LIABILITIES

₹ in Crore

Particulars		As at March 31, 2020	As at March 31, 2019
(i)	Amount due to customers for contract works	760.30	647.67
(ii)	Advance from customer	1,286.25	1,431.63
(iii)	Interest on customer advance	8.59	6.84
		2,055.14	**2,086.14**

NOTE 34 - OTHER CURRENT LIABILITIES

₹ in Crore

Particulars		As at March 31, 2020	As at March 31, 2019
(a)	Advances against assets classified as held for sale (Refer Note 22.1)	9.41	9.41
(b)	Other payables		
	- Statutory remittances (contribution to PF and ESIC, withholding tax, Excise Duty, VAT, TDS, GST, Service Tax, etc.)	49.14	71.62
		58.55	**81.03**

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 35 - PROVISIONS

₹ in Crore

Particulars		As at March 31, 2020		As at March 31, 2019	
(a)	**Provision for employee benefits**				
	- Compensated absences (Refer Note 53)	25.76		21.61	
	- Gratuity (Refer Note 53)	0.86		0.84	
			26.62		**22.45**
(b)	**Provision - others :**				
	- Provision for litigation claims (Refer Note 35.1 and Note 35.2)	25.58		21.60	
			25.58		**21.60**
			52.20		**44.05**

Note : 35.1

Provision for litigation claims represents liabilities that are expected to materialise on completion of negotiation/matters in appeals with judicial authorities.

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance	21.60	13.65
Additions	9.92	8.49
Reversals	5.94	0.54
Closing balance	**25.58**	**21.60**

Note : 35.2

It includes provision of ₹ 12.63 crore related to an arbitration award passed against the company. The same is challenged by the company before Hon'ble Delhi High Court. The balance provision are relate to various cases of Income Tax, Indirect taxes and civil suits. The cashflows against the said matters are dependent upon conclusion of the litigations.

NOTE 36 - CURRENT TAX LIABILITIES (NET)

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Income tax liabilities less payments	43.55	30.75
	43.55	**30.75**

NOTE 37 - REVENUE FROM OPERATIONS

₹ in Crore

Particulars		For the Year ended March 31, 2020		For the Year ended March 31, 2019	
(a)	Sale of products (Refer Note 49)				
	- Towers and structurals	374.79		73.07	
	- Cables	753.67		915.19	
			1,128.46		**988.26**
(b)	Construction contracts revenue (Refer Note 49)				
	- Transmission and distribution	6,082.32		5,856.35	
	- Other EPC	3,058.71		3,066.14	
			9,141.03		**8,922.49**
(c)	Sale of services (Refer Note 49)				
	- Tower testing and design revenue	19.21		28.20	
	- Operating and maintance revenue	5.88		1.01	
			25.09		**29.21**
(d)	Other operating revenue				
	- Scrap sales	89.50		114.65	
	- Export incentives	81.58		59.20	
	- Others	4.96		3.99	
			176.04		**177.84**
			10,470.62		**10,117.80**

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 38 - OTHER INCOME

₹ in Crore

Particulars			For the Year ended March 31, 2020		For the Year ended March 31, 2019	
(a)	Interest income earned on financial assets that are not designated at fair value through profit or loss:					
	(i)	Bank deposits (at amortised cost)	1.36		5.97	
	(ii)	Other financial assets carried at amortised cost	4.30		4.91	
				5.66		10.88
(b)	Interest income earned on other assets					
	(i)	Excise and VAT refund	1.73		0.01	
	(ii)	Income tax refund	0.04		7.12	
				1.77		7.13
(d)	Government Grant★★			0.79		-
(e)	Other non-operating income					
	-	Guarantee charges	1.74		3.08	
	-	Profit from Sale of Subsidiary★	-		9.98	
	-	Profit on sale of property, plant and equipment (net)	0.06		1.08	
	-	Miscellaneous income	3.85		5.97	
				5.65		20.11
				13.87		**38.12**

Note:

★ During the previous year the Company had disposed off its entire stake in the subsidiary "KEC Bikaner Sikar Transmission Private Limited" for net sale consideration of ₹ 57.37 crore and accordingly, ₹ 9.98 crore has been recognised as profit on sale of subsidiary.

★★ Government grant are related to asset acquired under EPCG scheme. There are no unfulfilled conditions and other contingencies attached to this grant.

NOTE 39 - COST OF MATERIALS CONSUMED

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Cost of materials consumed (including project bought outs)	4,776.64	4,910.58
	4,776.64	**4,910.58**

NOTE 40 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Opening stock		
Finished goods	112.16	39.58
Work-in-progress	33.32	126.26
	145.48	**165.84**
Less: Closing stock		
Finished goods	160.34	112.16
Work-in-progress	56.58	33.32
	216.92	145.48
	(71.44)	**20.36**

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 41 - ERECTION AND SUB-CONTRACTING EXPENSES

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Erection / construction materials consumed	526.44	403.44
Stores consumed	31.58	16.17
Sub-contracting expenses	1,930.42	1,990.02
Power, fuel and water charges	30.08	30.78
Construction transport	82.94	149.25
Others	221.07	123.70
	2,822.53	**2,713.36**

NOTE 42 - EMPLOYEE BENEFITS EXPENSE

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Salaries and wages	671.35	570.64
Contribution to provident fund and other funds	39.16	29.86
Staff welfare expenses	32.18	29.46
	742.69	**629.96**

NOTE 43 - FINANCE COSTS

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Interest expense for financial liabilities not classified at FVTPL (including yield on debentures)	272.93	280.08
Other borrowing costs (processing fees, etc.)	4.03	4.07
	276.96	**284.15**

NOTE 44 - DEPRECIATION AND AMORTISATION EXPENSE

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Depreciation of property, plant and equipment (Refer Note 5)	77.87	78.92
Depreciation on Right of Use Assets (Refer Note 6)	13.43	-
Amortisation of intangible assets (Refer Note 7)	26.39	26.60
	117.69	**105.52**

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NOTE 45 - OTHER EXPENSES

₹ in Crore

Particulars	For the Year ended March 31, 2020		For the Year ended March 31, 2019	
Tools, non-erection stores and maintenance spares		17.16		22.81
Power and fuel		43.49		46.77
Rent		32.11		36.35
Rates and taxes, excluding taxes on income (net)		53.58		56.97
Insurance		79.17		54.62
Bank (guarantee, letter of credit and other) charges		91.60		82.06
Commission		78.76		28.45
Freight and forwarding (net)		337.54		227.34
Repairs to buildings		1.79		2.06
Repairs to plant and equipment		8.21		11.68
Repairs to other property, plant and equipment		13.00		11.66
Travelling and conveyance		96.56		88.19
Payment to statutory auditors (net of service tax input credit, where applicable)				
- as auditors (for audit, limited reviews and audit of financial statements)	1.17		1.17	
- for tax audit	0.08		0.08	
- for certification work	1.14		0.89	
- for reimbursement of expenses	0.13		0.09	
		2.52		**2.23**
Professional fees		98.16		63.59
Bad debts, loan and advances written off	32.51		55.72	
Less: Adjusted against allowance for bad and doubtful debts, loans and advances	(4.91)		(19.95)	
		27.60		**35.77**
Allowance for bad and doubtful debts, loans and advances (net)		26.04		1.87
Directors' fees		0.49		0.68
Loss on property, plant and equipment discarded		0.50		0.43
Net (gain)/loss on foreign currency transactions (Refer Note 45.2)		(122.05)		(165.43)
Net loss arising on financial assets mandatorily measured at FVTPL		-		(4.70)
Corporate Social Responsibility (Refer Note 58)		8.37		6.08
Miscellaneous expenses (Refer Note 45.1)		179.54		147.32
		1,074.14		**756.80**

Note : 45.1

Miscellaneous expenses shown above include fees of ₹ 1.73 crore (Previous Year ₹ 1.85 crore) paid to branch auditors, fees of ₹ 0.22 crore for auditors of joint operations (Previous year of ₹ 0.39 crore) and fees of ₹ 0.07 crore (Previous year ₹ 0.07 crores) paid to the cost auditors.

Note : 45.2

Net (gain)/loss on foreign currency transactions includes gain on derivative instruments ₹ 2.82 crore (Previous year gain ₹ 95.64 crore)

NOTES

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NOTE 46 - INCOME TAX RECOGNISED IN STATEMENT OF PROFIT AND LOSS

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Current tax		
In respect of the current year	237.70	239.68
In respect of prior years	28.23	(10.00)
	265.93	**229.68**
Deferred tax		
In respect of the current year	(66.38)	7.82
	(66.38)	**7.82**
Total income tax expense recognised in the Statement of Profit and Loss	**199.55**	**237.50**

Note 46.1 : The reconciliation of estimated income tax expense at Indian Statutory income tax rate to income tax expense reported in Statement of Profit and Loss is as follows :

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Profit before tax from continuing operations	745.28	735.19
Indian Statutory income tax rate	25.17%	34.94%
Income tax expense	187.59	256.91
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	2.03	(0.50)
Corporate social responsibility expenditure	1.05	1.06
Donation	0.12	0.05
Net effect of different tax rates of joint operations operating in other jurisdictions	-	(9.04)
Long Term Capital Gain on sale of Investment	-	(1.16)
Foreign Tax credit not available	2.88	0.29
Reduction in Tax Rate	(22.35)	-
Others	-	(0.11)
	171.32	**247.50**
Adjustments recognised in the current year in relation to the current tax of prior years	28.23	(10.00)
Income tax expense in Statement of Profit and Loss	**199.55**	**237.50**

(i) The tax rate used for the financial years 2019-20 and 2018-19 reconciliations above is the corporate tax rate of 25.17 % and 34.94% respectively payable by the corporate entities in India on taxable profits under the Indian tax law.

(ii) The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has created provision for Current year and remeasured its Deferred Tax Liability basis the rate prescribed in this section. The impact of this change as recognised in the Statement of Profit and Loss is ₹ 22.75 crore and in Other Comprehensive Income is ₹ 0.86 crore.

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Note 46.2 : Income tax recognised in other comprehensive income

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
- Translation of foreign joint operations	(2.69)	(7.66)
- Net gain on designated portion of hedging instruments	11.28	(2.99)
- Remeasurement of defined benefit obligations	(0.96)	0.03
Total income tax recognised in other comprehensive income	**7.63**	**(10.62)**
Bifurcation of the income tax recognised in other comprehensive income into :		
- Items that will not be reclassified to profit or loss	(0.96)	0.03
- Items that will be reclassified to profit or loss	8.59	(10.65)
	7.63	**(10.62)**

NOTE 47 - EARNINGS PER SHARE

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
	(₹ Per Share)	(₹ Per Share)
(a) Basic earnings per share	21.23	19.36
(b) Diluted earnings per share	21.23	19.36

Basic/diluted earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic/diluted earnings per share are as follows:

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Profit for the year attributable to the equity share holders of the Company	545.73	497.69
Earnings used in the calculation of basic/ diluted earnings per share	**545.73**	**497.69**

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Weighted average number of equity shares for the purposes of basic / diluted earnings per share	257,088,370	257,088,370

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NOTE 48 - JOINT OPERATIONS

Details of the Company's Joint Operations are as under:

	Particulars	Ownership Interest	
		As at March 31, 2020	As at March 31, 2019
i	Al-Sharif Group and KEC Ltd Company, Saudi Arabia (Al Sharif JV) [Refer Note 48 (b)]	51.10%	51.10%
ii	EJP KEC Joint Venture, South Africa	50.00%	50.00%
iii	KEC – ASSB JV, Malaysia	67.00%	67.00%
iv	KEC – ASIAKOM – UB JV	60.00%	60.00%
v	KEC – ASIAKOM JV	51.00%	51.00%
vi	KEC – DELCO – VARAHA JV	80.00%	80.00%
vii	KEC – VARAHA – KHAZANA JV	80.00%	80.00%
viii	KEC – VALECHA – DELCO JV	51.00%	51.00%
ix	KEC – SIDHARTH JV	80.00%	80.00%
x	KEC – TRIVENI – KPIPL JV	55.00%	55.00%
xi	KEC – UNIVERSAL JV	80.00%	80.00%
xii	KEC – DELCO – DUSTAN JV	51.00%	51.00%
xiii	KEC – ANPR – KPIPL JV	60.00%	60.00%
xiv	KEC – PLR – KPIPL JV	55.00%	55.00%
xv	KEC-BJCL JV	51.00%	51.00%
xvi	KEC-KEIL JV	90.00%	90.00%
xvii	KEC-ABEPL JV	90.00%	90.00%
xviii	KEC-TNR INFRA JV	51.00%	51.00%
xix	KEC-SMC JV	51.00%	51.00%
xx	KEC-WATERLEAU JV	51.00%	51.00%
xxi	KEC GHCS (Malaysia SDN BHD)#	-	49.00%
xxii	KEC-CCECC JV	74.00%	-
xxiii	KEC-CCECC JV	74.00%	-
xxiv	CCECC - KEC JV	98.50%	-
xxv	LONGJIAN - KEC JV	98.50%	-
xxvi	MBPL-KEC	49.00%	-

considered as subsidiary as per Ind AS and liquidated on October 29, 2019

b) i) KEC International Limited (the Company) holds 51.10% share capital in ‘Al-Sharif Group and KEC Limited’, located in Saudi Arabia (Al Sharif JV), having a joint arrangement with the JV partner Power Line Contracting Company which hold 48.90% in Al Sharif JV. Al Sharif JV is “Subsidiary” of the Company under the Companies Act, 2013. However, based on the control assessment under Ind AS, considering the nature of arrangement, Al Sharif JV has been classified as jointly controlled operation.

In addition to this, Al Sharif JV is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the Company itself, the internal agreements (contractual arrangements) entered into between the parties to the joint arrangements for execution of projects (turnkey contracts) reverses or modifies the rights and obligations conferred by the legal form and establishes and define their respective rights and obligations on these projects. As per these contractual arrangements, the parties to the joint arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

ii) The Company accounts for assets, liabilities, revenue and expenses relating to its interest in joint operations based on the internal agreements/ arrangements entered into between the parties to the joint arrangements for execution of projects, which in some cases are different than the ownership interest disclosed above. Accordingly, the Company has recognised its share in total income from operations ₹ 486.60 crore (for the year ended March 31, 2019 ₹ 522.30 crore), total expenditure (including tax) ₹ 480.32 crore (for the year ended March 31, 2019 ₹ 476.88 crore), total assets as at March 31, 2020 ₹ 909.60 crore (as at March 31, 2019 ₹ 1,146.16 crore) and total liabilities as at March 31, 2020 ₹ 720.57 crore (as at March 31, 2019 ₹ 763.55 crore) in Jointly Controlled Operations.

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NOTE 49 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Note 49.1 : Disaggregation of revenue from contracts with customers

The Company has determined the categories for disaggregation of revenue considering the types / nature of contracts. The Company derives revenue from the transfer of goods and services over time in the following major product lines and geographical regions:

₹ in Crore

As on March 31, 2020	Transmission & distribution	Railways	Civil	Cables	Solar	Smart Infra	Total
Segment revenue							
- India	2,129.64	2,544.67	375.99	863.88	57.03	69.15	6,040.36
- Brazil, Mexico & USA	11.14	-	-	-	-	-	11.14
- Geographies other than above	4,447.16	-	-	100.81	-	-	4,547.97
Inter-segment (SBU) revenue							
- India	1.47	-	-	157.17	-	-	158.64
- Brazil, Mexico & USA	-	-	-	-	-	-	-
- Geographies other than above	146.25	-	-	-	-	-	146.25
Revenue from external customers	**6,440.22**	**2,544.67**	**375.99**	**807.52**	**57.03**	**69.15**	**10,294.58**
Timing of revenue recognition							
- At a point in time	394.08	-	3.00	753.67	2.88	-	1,153.63
- Over time	6,046.14	2,544.67	372.99	53.85	54.15	69.15	9,140.95
	6,440.22	**2,544.67**	**375.99**	**807.52**	**57.03**	**69.15**	**10,294.58**

As on March 31, 2019	Transmission & distribution	Railways	Civil	Cables	Solar	Smart Infra	Total
Segment revenue							
- India	2,802.17	1,906.38	497.59	984.18	340.80	-	6,531.12
- Brazil, Mexico & USA	53.26	-	-	-	-	-	53.26
- Geographies other than above	3,351.22	-	-	173.13	-	-	3,524.35
Inter-segment (SBU) revenue							
- India	-	-	9.00	159.77	-	-	168.77
- Brazil, Mexico & USA	-	-	-	-	-	-	-
- Geographies other than above	-	-	-	-	-	-	-
Revenue from external customers	**6,206.65**	**1,906.38**	**488.59**	**997.54**	**340.80**	**-**	**9,939.96**
Timing of revenue recognition							
- At a point in time	89.78	-	-	915.19	-	-	1,004.97
- Over time	6,116.87	1,906.38	488.59	82.35	340.80	-	8,934.99
	6,206.65	**1,906.38**	**488.59**	**997.54**	**340.80**	**-**	**9,939.96**

The Company recognised revenue amounting to ₹ 297.14 crore (for the year ended March 31, 2019, ₹ 263.99 crore) in the current reporting period that was included in the contract liability balance as of March 31, 2019.

Note 49.2 - Unsatisfied performance obligations

The aggregate amount of transaction price allocated to performance obligations that are unsatisfied as at the end of reporting period March 31, 2020 is ₹ 19,451 crore (for the year ended March 31, 2019, ₹ 18,204 crore). On an average, transmission, distribution and railway composite contracts have a life cycle of 2-3 years and other businesses performance obligations are met over a period of one or less than one year. Management expects that around 50% to 60% of the transaction price allocated to unsatisfied contracts as of March 31, 2020 will be recognised as revenue during next reporting period depending upon the progress on each contracts.

The remaining amount is expected to be recognised in subsequent years, with largely in year 2.

The amount disclosed above does not include variable consideration.

Note 49.3 - There are no reconciliation items of revenue recognised from contracts with customers and contract price.

Note 49.4 - In case of transmission and distribution projects, where the goods are procured from a third party, the Company makes an assessment on the impact of revenue recognition with respect to uninstalled materials. Considering the Company is significantly involved in designing and manufacturing the procured material and there is no significant time gap involved between transfer of control and installation, there is no impact on revenue recognized. There is significant judgement involved in making this assessment.

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NOTE 50 - LEASES

₹ in Crore

Particulars	As at March 31, 2020
(i) **The Balance sheet shows the following amounts relating to leases:**	
Right of use assets (Refer Note 6)	
Buildings	17.74
Plant & Machinery	3.10
Vehicles	1.46
Land	0.35
	22.65
Lease liabilities	
Current (Refer Note 30)	14.02
Non-current (Refer Note 26)	9.99
	24.01

₹ in Crore

Particulars	For the year ended March 31, 2020
(ii) **Amounts recognised in statement of profit and loss**	
Depreciation charge on Right of use assets (Refer Note 6)	
Buildings	12.92
Plant & Machinery	0.15
Vehicles	0.17
Land	0.19
	13.43
(iii) Interest expense included in finance cost	2.01
(iv) Expense relating to short-term leases (included in other expenses)	32.11
(v) Expense relating to leases of low-value assets that are not shown above as short-term leases	-
(vi) Expense relating to variable lease payments not included in lease liability	0.02

Total cash outflow for leases during current financial year is ₹ 14.38 crore

Additions to the right of use assets during the current financial year is ₹ 36.08 crore

There are no sale and leaseback transactions.

Payments associated with short-term leases of equipment, vehicles and all leases of low value assets are recognised on straight line basis as an expense in profit or loss.

Short term leases are leases with a lease of 12 months or less. There are no low value assets during the current year.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019.

The weighted average incremental borrowing rate applied is 8.91%

NOTE 51 - FINANCIAL INSTRUMENTS

Note 51.1 : Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity.

The capital structure of the Company consists of net debt (borrowings as detailed in Notes 25 and 29 offset by cash and bank balances in Notes 16 and 17) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital.

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The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Gearing ratio

The gearing ratio at end of the reporting period is as follows.

₹ in Crore

Particulars		As at March 31, 2020	As at March 31, 2019
Debt *	A	2,180.70	1,584.71
Cash and bank balances	B	96.19	247.34
Net debt (C)	C=A-B	2,084.51	1,337.37
Total equity	D	2,838.18	2,442.92
Net debt to equity ratio (E)	**E=C/D**	**0.73**	**0.55**

* Debt is defined as long-term and short-term borrowings (excluding derivative and financial guarantee contracts), as described in Notes 25 and 29 and includes interest accrued but not due on borrowings.

Note 51.2 : Categories of financial instruments

₹ in Crore

Particulars	As at March 31, 2020			As at March 31, 2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
Non-current investment						
- Investment in equity instruments	-	★	-	-	★	-
Trade receivables#	-	-	5,242.31	-	-	4,734.49
Cash and bank balances	-	-	96.19	-	-	247.34
Loans	-	-	237.37	-	-	67.37
Other financial assets						
- Derivative instruments						
i) Forward exchange contracts	2.82	-	-	95.64	-	-
ii) Over the counter (OTC) commodity derivative contracts	-	-	-	-	4.84	-
- Others	-	-	1.09	-	-	14.63
Financial liabilities						
Borrowings	-	-	2,180.70	-	-	1,582.08
Trade payables	-	-	4,736.04	-	-	4,616.94
Other financial liabilities						
- Derivative instruments						
i) Forward exchange contracts%	-	4.63	-	-	-	-
ii) Over the counter (OTC) commodity derivative contracts	-	34.18	-	-	-	-
- Others	-	-	35.21	-	-	11.06

★less than rounding off norms adopted by the Company

Trade receivable pledged as collateral for borrowings - Refer Notes 25 and 29

% Includes impairment loss on MTM on forward contract amounting to ₹ 0.09 crores

‘ FVPL - Fair Value Through Profit or Loss

‘ FVOCI - Fair Value Through Other Comprehensive Income

Note 51.3 : Financial risk management objectives

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of currency risk and commodity price risk by using derivative and non derivative financial instruments to hedge risk exposures. The Company has Risk Management Policies to mitigate the risks in commodity and foreign exchange. The use of financial derivatives and non-derivatives is governed by the Company's policies approved by the Board of Directors (BOD), which provide written principles to use financial derivatives and non-derivative financial instruments, to hedge

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currency risk and commodity price risk. The Company does not enter into or trade financial instruments, including derivative financial instruments and non-derivative financial instruments, for speculative purposes.

The Treasury Department prepares and submits the report on performance along with the other details relating to forex and commodity transaction to the Risk Management Committee. The periodical forex management report and commodity risk report as reviewed and approved by the Risk Management Committee is placed before the Audit Committee for review.

Note 51.4 : Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see Notes 51.5 and 51.10 below) and commodity price (see Note 51.8 below). The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, interest rate risk and commodity price risk including:

- forward foreign exchange contracts to hedge the exchange rate risk arising from execution of international projects.
- Commodity Over the Counter (OTC) derivative contracts to hedge the Price Risk for base metals such as Copper, Aluminium, Zinc and Lead.

Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the approved guidelines set by the Board of Directors .

Note 51.5 : Foreign currency risk management

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions in various currencies. Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimize the volatility of the INR cash flows.

Following is the foreign currency exposure of the Company: ₹ in Crore

Particulars	USD	SAR	EUR	AED	Others	Total
As at March 31, 2020						
Assets	1,496.29	355.91	516.03	317.83	620.00	3,306.06
Liabilities	(1,580.51)	(79.98)	(326.66)	(316.31)	(423.04)	(2,726.50)
As at March 31, 2019						
Assets	1,382.73	668.43	149.64	201.28	454.90	2,856.98
Liabilities	(1,180.81)	(175.03)	(299.72)	(87.71)	(256.31)	(1,999.58)

Note 51.6 : Sensitivity for above exposures:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from financial instruments in the books of jointly controlled operations, packing credit in foreign currency (PCFC) instruments and forward contracts denominated in hedge relationship. 5% appreciation / depreciation in the functional currency of the Company, with respect to foreign currency, will have following impact on profit / (loss) before tax and equity [gains / (losses)]:

₹ in Crore

Exposure to currencies	Change in rate	Impact on profit before tax		Impact on equtiy	
		For the Year ended March 31, 2020	For the Year ended March 31, 2019	As at March 31, 2020	As at March 31, 2019
USD	+5%	2.01	(19.36)	2.20	9.26
	-5%	(2.01)	19.36	(2.20)	(9.26)
SAR	+5%	(0.03)	(0.20)	(13.76)	(24.47)
	-5%	0.03	0.20	13.76	24.47
EUR	+5%	(9.50)	7.43	0.03	0.08
	-5%	9.50	(7.43)	(0.03)	(0.08)
AED	+5%	(2.30)	(5.68)	2.22	-
	-5%	2.30	5.68	(2.22)	-
Others	+5%	(10.05)	(8.56)	0.20	(1.37)
	-5%	10.05	8.56	(0.20)	1.37

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Note 51.7 : Forward exchange contracts

The Company has adopted a Risk Management Policy approved by the Board of Directors of the Company for managing foreign currency exposure. The policy enumerates the mechanism for Risk Identification, Risk Measurement and Risk Monitoring. The policy has approved a set of financial instruments for hedging foreign currency risk. The Company mainly uses forward contracts to manage the foreign currency risk.

The following table details the forward foreign currency (FC) contracts outstanding at the end of the reporting period:

Outstanding contracts	Foreign currency (FC in Crore)		Nominal amounts (₹ in Crore)		Change in fair value assets /(liabilities) (₹ in Crore)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Buy USD/INR						
Less than 3 months	0.20	0.38	14.45	26.82	0.52	(0.73)
3 to 6 months	-	0.17	-	12.33	-	(0.16)
Sell USD/INR						
Less than 3 Months	0.94	2.14	68.44	152.60	(3.42)	3.67
3 to 6 months	-	6.87	-	512.29	-	28.46
More than 6 Months	3.85	9.36	294.12	707.47	(2.29)	39.94
Sell EURO/ USD						
Less than 3 Months	1.10	0.85	94.06	67.28	3.03	1.16
3 to 6 months	-	1.00	-	81.40	-	2.74
More than 6 Months	1.84	1.70	156.69	139.97	3.46	5.34
Sell EURO/ INR						
Less than 3 Months	0.64	0.65	52.40	55.80	(0.67)	4.75
3 to 6 months	-	0.90	-	80.97	-	8.56
More than 6 Months	1.38	0.36	116.97	31.98	0.02	2.55
Buy EURO/ INR						
Less than 3 Months	0.01	-	0.59	-	-	-
Buy USD/MYR						
Less than 3 months	-	1.41	-	23.24	-	(0.59)
3 to 6 months	-	-	-	-	-	-
More than 6 Months	1.29	-	23.56	-	1.10	
Buy JPY/INR						
Less than 3 months	6.40	-	4.38	-	0.10	-
More than 6 Months	35.06	58.42	24.13	38.35	0.97	(0.05)
Total					**2.82**	**95.64**

The line-items in the balance sheet that include the above instruments are "Other financial assets" and "Other financial liabilities".

For the year ended March 31, 2020, the aggregate amount of realised gain under forward foreign exchange contracts recognised in the Statement of Profit and Loss is ₹ 90.95 Crore (for the year ended March 31, 2019: ₹ 42.95 crore).

In respect of the Company's foreign currency forward contract (buy), a 5% appreciation/depreciation of the foreign currency underlying such contracts would have resulted in an approximate gain/(loss) of ₹ 3.85 crore / (₹ 0.66 crore) and ₹ 3.76 crore / (₹ 3.76 crore) for the year ended March 31, 2020 and the year ended March 31, 2019 respectively, in the Company's Statement of Profit and Loss.

In respect of the Company's foreign currency forward contract (sell), a 5 % appreciation/depreciation of the foreign currency underlying such contracts would have resulted in an approximate (loss) /gain of (₹ 37.36 crore) / ₹ 38.34 crore and (₹ 8.58 crore) / ₹ 8.58 crore for the year ended March 31, 2020 and the year ended March 31, 2019 respectively, in the Company's Statement of Profit and Loss.

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The Company has designated following forward contracts as cash flow hedges which are outstanding as under:

Outstanding contracts	Foreign currency (FC in Crore)		Nominal amounts (₹ in Crore)		Change in fair value assets / (liabilities) (₹ in Crore)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Sell USD/INR						
Less than 3 months	0.20	-	14.73	-	(0.52)	-
More than 6 Months	3.50	-	267.90	-	(5.33)	-
Sell EUR/INR						
More than 6 Months	0.80	-	70.30	-	1.32	-
Total					**(4.53)**	**-**

The line-items in the balance sheet that include the above instruments is "Cash-flow hedge reserve".

The effect of cash flow hedge in the statement of profit and loss and other comprehensive income is as follows:

Year	Risk Hedged	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
March 31, 2020	**Foreign exchange risk**	**(4.53)**	**-**	**(5.80)**	**Revenue**
March 31, 2019	-	-	-	-	-

There is no ineffectiveness due to matching maturity profile of financial derivative contract and underlying transaction.

In respect of the Company's foreign currency forward contract (sell), a 5 % appreciation/depreciation of the foreign currency underlying such contracts would have resulted in an approximate (loss) /gain of (₹ 22.48 crore) / ₹ 13.28 crore for the year ended March 31, 2020 (Nil for the year ended March 31, 2019), in the Company's Statement of Other Comprehensive Income.

Note 51.8 : Commodity price risk

The Company is exposed to movement in metal commodity prices of Copper, Aluminium, Zinc and Lead. Most of our contracts with the Indian customers are backed by a price variation for most of these metals. However, profitability in case of firm price orders is impacted by movement in the prices of these metals. The Company has a well defined hedging policy approved by Board of Directors of the Company, which to a large extent takes care of the commodity price fluctuations and minimizes the risk. For base metals like Aluminium, Copper, Zinc and Lead, the Company either places a firm order on the supplier or hedges its exposure on the London Metal Exchange (LME) directly.

Outstanding commodity contracts :

Cash flow hedges		Foreign currency (USD in Crore)				Nominal Amount (₹ in Crore)				Fair value assets / (liabilities) (₹ in Crore)			
		Aluminium	Copper	Zinc	Lead	Aluminium	Copper	Zinc	Lead	Aluminium	Copper	Zinc	Lead
As at March 31, 2020	**Less than 3 months**	**2.03**	**0.74**	**0.34**	**0.16**	**144.09**	**52.45**	**24.00**	**11.11**	**(17.55)**	**(4.19)**	**(3.35)**	**0.08**
	3 to 6 months	**0.42**	**0.45**	**0.42**	**0.01**	**29.90**	**31.88**	**30.05**	**0.70**	**(1.37)**	**(3.96)**	**(3.87)**	**0.03**
	More than 6 months	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
As at March 31, 2019	Less than 3 months	1.38	0.50	0.08	0.06	97.04	35.42	5.35	3.91	2.25	1.03	0.90	(0.06)
	3 to 6 months	0.20	-	0.03	-	14.13	-	1.81	-	0.27	-	0.23	-
	More than 6 months	-	-	0.03	-	-	-	1.78	-	-	-	0.22	-

In respect of the Company's commodity derivative contracts, a 10% appreciation/depreciation of all commodity prices underlying such contracts, would have resulted in an approximate gain/(loss) of ₹ 3.14 crore / (₹ 65.23 crore) and an approximate gain/(loss) of

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₹ 20.92 crore / (₹ 11.24 crore) in the Statement of other comprehensive income for the year ended March 31, 2020 and for the year ended March 31, 2019 respectively.

The effect of cash flow hedge in the statement of profit and loss and other comprehensive income is as follows:

Year	Risk Hedged	Change in the value of the hedging instrument recognised in other comprehensive income/(loss)	Hedge ineffectiveness recognised in profit or (loss)	Amount reclassified from cash flow hedging reserve to profit or (loss)	Line item affected in statement of profit and loss because of the reclassification
March 31, 2020	Commodity price risk	(34.04)	(0.14)	(24.15)	Cost of goods sold
March 31, 2019	Commodity price risk	4.54	0.70	(0.14)	Cost of goods sold

Note 51.9 : Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The Company's major customers including government bodies and public sector undertakings. Further, many of the International projects are funded by the multilateral agencies such as World Bank, African Development Bank, Asian Development Bank, etc. For private customers, the Company evaluates the creditworthiness based on publicly available financial information and the Company's historical experiences. The Company's exposure to its counterparties are continuously reviewed and monitored by the Chief operating decision maker (CODM).

Credit period varies as per the contractual terms with the customers.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The amounts of financial assets are net of an allowance for doubtful accounts, estimated by the Company and based, in part, on the age of specific receivable balance and the current and expected collection trends. When assessing the credit risk associated with its receivables, the Company also considers the other financial and non-financial assets and liabilities recognized within the same project to provide additional indications on the Company's exposure to credit risk. As such, in addition to the age of its Financial Assets, the Company also considers the age of its contracts in progress, as well as the existence of any deferred revenue or down payments on contracts on the same project or with the same client. The Company has used practical expedient by computing expected credit loss allowance for trade receivable by taking into consideration payment profiles of sales over a period of 36 months before the reporting date and the corresponding historical credit loss experiences within this period. The historical loss rates are adjusted to reflect current and forward looking information on macro economic factors affecting the ability of the customers to settle the receivables. The expected credit loss is based on the ageing of the days, the receivables due and the expected credit loss rate. In addition, in case of event driven situation as litigations, disputes, change in customer's credit risk history, specific provisions are made after evaluating the relevant facts and expected recovery.

Refer Note No.9, 10, 11 and 15 for ECL provisioning and its movement on financial assets carried at amortised cost.

Concentration of credit risk to any customer did not exceed 10% of the trade receivables as on March 31, 2020.

In addition the Company is exposed to credit risk in relation to financial guarantees given by the Company on behalf of its subsidiaries and joint operations (net of Company's share). The Company's maximum exposure in this respect is the maximum amount the Company could have to pay if the guarantee is called on (net of Company's share in joint operations), as at March 31, 2020 ₹ 468.04 crore (as at March 31, 2019; ₹ 301.09 crore). These financial guarantees have been issued to the banks / customers on behalf of the subsidiaries and joint operations under the agreements entered into by the subsidiaries/ Joint operations with the banks / customers. Based on management's assessment as at the end of the reporting period, the Company considers the likelihood of any claim under the guarantee is remote.

Cash and cash equivalents:

As at the year end, the Company held cash and cash equivalents of ₹ 85.51 crore (March 31, 2019 ₹ 146.69 crore). The cash and cash equivalents are held with bank and financial institution counterparties with good credit rating.

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Other Bank Balances:

Other bank balances are held with bank and financial institution counterparties with good credit rating.

Derivatives:

The derivatives are entered into with bank and financial institution counterparties with good credit rating.

Other financial assets:

Other financial assets are neither past due nor impaired.

Note 51.10 : Interest rate risk management

The Company is exposed to interest rate risk because the Company borrows funds at both fixed and floating interest rates.

The Company's exposures to interest rates changes at the end of the reporting period are as follows.

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Variable rate borrowing (including interest bearing acceptances)	2,372.85	1,940.16
Fixed rate borrowing	914.02	841.11
Total borrowings	**3,286.87**	**2,781.27**

Note 51.11 : Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used for the purpose of sensitivity analysis.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Company's:

Profit for the year ended March 31, 2020 would decrease/increase by ₹ 11.86 Crore (for the year ended March 31, 2019: decrease/increase by ₹ 9.71 Crore). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

During the year, the Company's sensitivity in interest rate has increased due to increase in variable debt instruments compared to last year.

Note 51.12 : Liquidity risk management

The Board of Directors of the Company have established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are linked to floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

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₹ in Crore

Particulars	Less than 1 year	1-3 Years	3-5 Years	Total	Carrying Amount
As at March 31, 2020					
Interest bearing liabilities	2,989.03	297.84	-	3,286.87	3,286.87
Lease liabilities	14.02	9.60	0.39	24.01	24.01
Trade payables	3,625.10	-	-	3,625.10	3,625.10
Other financial liabilities	54.78	-	-	54.78	54.78
Total	**6,682.93**	**307.44**	**0.39**	**6,990.76**	**6,990.76**
As at March 31, 2019					
Interest bearing liabilities	2,327.28	453.99	-	2,781.27	2,781.27
Trade payables	3,417.75	-	-	3,417.75	3,417.75
Other financial liabilities	11.06	-	-	11.06	11.06
Total	**5,756.09**	**453.99**	**-**	**6,210.08**	**6,210.08**

The Company has access to various fund/non-fund based bank financing facilities. The amount of unused borrowing facilities (fund and non-fund based) available for future operating activities and to settle commitments is ₹ 7,071.51 crore as at March 31, 2020 (₹ 6,312.47 crore as at March 31, 2019).

Note 51.13 : Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities. Fair value of the Company's financial assets and financial liabilities are measured on a recurring basis.

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

₹ in Crore

Financial assets/ financial liabilities	Fair values as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	March 31, 2020	March 31, 2019		
1) Foreign currency forward contracts not designated in hedge accounting relationships	Asset- ₹ 2.82	Asset- ₹ 95.64	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at Reuters' closing rates and discounted at a INR funding rate.
2) Derivative instruments (Derivative instruments in designated hedge accounting relationships) (Hedges of Highly Forecasted Sales using foreign currency forward contracts)	Liability- ₹ 4.53	-	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at Reuters' closing rates and discounted at a INR funding rate.
3) Derivative instruments (Derivative instruments in designated hedge accounting relationships) (Hedges of Highly Forecasted Purchases using Over the Counter (OTC) Derivative Commodity Contracts)	Liability- ₹ 34.18	Asset - ₹ 4.84	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at LME forward prices and discounted at a USD funding rate.

NOTE 52 - RESEARCH AND DEVELOPMENT EXPENSES

₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Revenue expenses charged to Statement of Profit and Loss (including depreciation on Property, plant and equipment)	28.33	27.61
Expenditure capitalised during the year	-	0.15

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NOTE 53 - EMPLOYEE BENEFIT PLANS

Brief description of the plans

1 Defined contribution plans

(A) Superannuation

All eligible employees are entitled to benefits under Superannuation, a defined contribution plan. The Company makes yearly contributions until retirement or resignation of the employee. The Company recognises such contributions as an expense when incurred. The Company has no further obligations beyond its yearly contribution.

(B) Provident Fund

The Company makes contribution to respective regional provident fund commissioners in relation to the workers employed at factories located at Butibori, Jaipur, Jabalpur, Mysore and Vadodara.The Company recognises such contributions as an expense when incurred. The Company has no further obligations beyond its yearly contribution.

2 Defined Benefit Plans

(A) Gratuity

(i) Company

The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days / one month salary, as applicable, payable for each completed year of service or part thereof in excess of six months in terms of Gratuity scheme of the Company or as per payment of the Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service.

The Company has set up an income tax approved trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The Company makes contribution to the plan. There are no minimum funding requirement for the plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Besides this, if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

(ii) Jointly Controlled operation in Saudi

The Jointly Controlled Operation has an obligation towards an unfunded defined benefit retirement plan (akin to gratuity) covering eligible employees. The benefits payable are as under:

For Service Less Than 5 years	1/2 * Service * Applicable salary
For Service more Than 5 years	First Five Years: 1/2 * Service * Applicable Salary Beyond 5 Years: Service * Applicable Salary

In respect of the plan in India and jointly controlled operation in Saudi, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2020 by an actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

(B) Provident Fund

The Company has established 'KEC International Limited Provident Fund' in respect of employees other than factory workers to which both the employee and the employer make contribution equal to 12% of the employee's basic salary respectively. The Company's contribution to the provident fund for all employees, are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company.

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These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability (denominated in Indian Rupee) is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently, for the plan in India, it has a relatively balanced mix of investments in Insurance related products.
Interest rate risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Details of defined contribution plan

The Company has recognised following amounts in the statement of profit and loss: ₹ in Crore

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Superannuation Fund	0.25	0.96
Provident Fund	3.26	2.58

Details of defined benefit plan

(A) Gratuity

₹ in Crore

		Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
I		**Components of defined benefit cost**		
	1	Current service cost	6.69	6.57
	2	Interest cost on benefit obligation (Net)	0.26	0.13
	A	Total expenses included in Statement of Profit and Loss (P&L)	6.95	6.70
	3	Actuarial changes arising from changes in demographic assumptions	(0.27)	(0.37)
	4	Actuarial changes arising from changes in financial assumptions	1.33	(0.23)
	5	Actuarial changes arising from changes in experience assumptions	(0.76)	(0.11)
	6	Return on Plan Assets (excluding interest income)	(2.13)	0.96
	B	Total recognized in Other Comprehensive Income (OCI)	(1.83)	0.25
	C	Total defined benefit cost recognized in P&L and OCI	5.12	6.95
II		**Actual Contribution and Benefits Payments for the year**		
	1	Actual Benefits Payments	(5.62)	(6.20)
	2	Actual Contributions	4.01	10.46
III		**Net asset/(liability) recognized in the Balance Sheet**		
	1	Present Value of Defined Benefit Obligations	53.32	48.96
	2	Fair Value of Plan Assets	41.63	38.37
	3	Exchange fluctuation on account of conversion of Jointly Controlled operation	1.37	0.52
	4	Net asset / (liability) recognized in the Balance Sheet	(13.06)	(11.11)
IV		**Change in Present Value of Defined Benefit Obligation during the year**		
	1	Present Value of Defined Benefit Obligation as at the beginning of the year	48.96	46.58
	2	Current Service Cost	6.69	6.57
	3	Interest Cost	2.99	2.73
	4	Benefits paid	(5.62)	(6.20)

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₹ in Crore

Particulars		For the Year ended March 31, 2020	For the Year ended March 31, 2019
5	Actuarial changes arising from changes in demographic assumptions	(0.27)	(0.37)
6	Actuarial changes arising from changes in financial assumptions	1.33	(0.23)
7	Actuarial changes arising from changes in experience assumptions	(0.76)	(0.11)
8	Present Value of Defined Benefit Obligations as at the end of the year	53.32	48.96
V	**Change in Fair Value of Plan Assets during the year**		
1	Plan Assets as at the beginning of the year	38.37	32.47
2	Interest Income	2.72	2.60
3	Actual Company Contributions	4.01	10.46
4	Benefits paid	(5.62)	(6.20)
5	Expected return on Plan Assets (excluding interest income)	2.15	(0.96)
6	Plan Assets as at the end of the year	41.63	38.37

Particulars				As at March 31, 2020	As at March 31, 2019
VI-A	**Actuarial Assumptions (Considered for the Company)**				
	1	Discount Rate		6.60%	7.30%
	2	Expected Return on plan assets		6.60%	7.30%
	3	Salary escalation Rate		8.00%	8.00%
	4	Mortality Table		Indian Assured Lives Mortality (IALM) (2006-08) (Modified) Ult	
	5	Disability		5% of Mortality Rate	5% of Mortality Rate
	6	Withdrawal (Rate of Employee Turnover)	Upto 30 years	17.00%	19.97%
			31-44 years	12.00%	10.35%
			45 years and above	11.00%	11.55%
VI-B	**Actuarial Assumptions (Considered for Joint Operation in Saudi)**				
	1	Discount Rate		3.00%	2.30%
	2	Salary escalation Rate		7.00%	7.00%
	3	Mortality Table		Implicit in Withdrawal	
	4	Disability		Implicit in Withdrawal	
	5	Withdrawal (Rate of Employee Turnover)	Managers (M0 to M6)	10.00%	10.00%
			Others	15.00%	15.00%
VII	The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.				
VIII	**The major categories of Plan Assets of the Company as a percentage of the total plan assets**				
	Equity			4.16%	5.80%
	Debt			14.16%	48.31%
	Money Market Investments			68.34%	35.34%
	Mutual Fund			13.34%	10.55%
IX	**Contribution expected to be paid to the Plan of the Company during the year ended March 31, 2021 ₹ 57,734,365**				
X	**Weighted Average duration of the Plan**				
	Considered for the Company			6 years	6 years
	Considered for Joint Operation in Saudi			7 years	7 years

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₹ in Crore

Particulars		As at March 31, 2020	As at March 31, 2019
Maturity profile of defined benefit obligation			
1	Year 1	6.63	5.83
2	Year 2	9.69	10.84
3	Year 3	8.24	6.27
4	Year 4	8.07	7.04
5	Year 5	8.27	7.43
6	Next 5 years	40.11	36.69

₹ in Crore

Particulars		As at March 31, 2020	As at March 31, 2019
Financial assumptions sensitivity analysis			
A.	Discount rate		
	Discount rate - 50 basis points	56.29	51.64
	Discount rate + 50 basis points	53.16	48.72
B.	Salary increase rate		
	Salary rate - 50 basis points	53.34	48.92
	Salary rate + 50 basis points	56.09	51.40
Demographic assumptions sensitivity analysis			
C.	Withdrawal Rate		
	Withdrawal Rate - 100 basis points	55.31	50.74
	Withdrawal Rate + 100 basis points	54.11	49.60

Sensitivity analysis method

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumption may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years and same data, method and assumptions have been used in preparing the sensitivity analysis which are used to determine period end defined benefit obligation.

XI The following table shows a breakdown of the defined benefit obligation and plan assets by company:

₹ in Crore

Description	As at March 31, 2020			As at March 31, 2019		
	Gratuity		Total	Gratuity		Total
	India	Saudi		India	Saudi	
(A) Present value of obligation	45.57	9.12	54.69	40.06	9.42	49.48
(B) Fair value of plan assets	41.63	-	41.63	38.37	-	38.37
(C) Total liability = (A) - (B)	3.94	9.12	13.06	1.69	9.42	11.11

(B) Provident Fund

The Company has established 'KEC International Limited Provident Fund' in respect of employees other than factory workers to which both the employee and the employer make contribution equal to 12% of the employee's basic salary respectively. The Company's contribution to the provident fund for all employees, are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company. In accordance with the recent actuarial valuation, there is no deficiency in the interest cost as the present value of expected future earnings of the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest.

₹ in Crore

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Company's contribution to the provident fund	**7.00**	5.48

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Assumptions used in determining the present value obligation of the interest rate guarantee are as follows:

	Particulars	As at March 31, 2020	As at March 31, 2019
a.	Approach used	Deterministic	Deterministic
b.	Increase in compensation levels	8.00%	8.00%
c.	Discount Rate	6.60%	7.30%
d.	Attrition Rate		
	Upto 30 years	17.00%	19.97%
	31 - 44 years	12.00%	10.35%
	45 years and above	11.00%	11.55%
e.	Weighted Average Yield	7.15%	8.50%
f.	Weighted Average YTM	7.15%	8.50%
g.	Reinvestment Period on Maturity	6 years	6 years
h.	Mortality Rate	Indian Assured Lives Mortalilty (IALM) (2006-08) (modified) Ultimate	Indian Assured Lives Mortalilty (IALM) (2006-08) (modified) Ultimate

3 Short term employee benefit (Compensated Absences)

The short term employee benefits cover the Company's liability for sick and earned leave.

The amount of the provision of ₹ 25.76 crore (as at 31st March, 2019 ₹ 21.61 crore) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

NOTE 54 - RELATED PARTY DISCLOSURES

Related party disclosures as required by IND AS 24 "Related Party Disclosures" are given below:

(A) Name and nature of relationship of the parties where control exists

Subsidiaries	Country of Incorporation	% age of ownership interest either directly or through subsidiaries	
		As at March 31, 2020	As at March 31, 2019
RPG Transmission Nigeria Limited	Nigeria	100	100
KEC Global FZ – LLC, Ras UL Khaimah	UAE	100	100
KEC Investment Holdings, Mauritius	Mauritius	100	100
KEC Global Mauritius	Mauritius	100	100
KEC Power India Private Limited	India	100	100
KEC Bikaner Sikar Transmission Private Limited (upto December 31, 2018)	India	-	-
SAE Towers Holdings, LLC	USA	100	100
SAE Towers Brazil Subsidiary Company LLC	USA	100	100
SAE Towers Mexico Subsidiary Holding Company LLC	USA	100	100
SAE Towers Mexico S de RL de CV	Mexico	100	100
SAE Towers Brazil Torres de Transmission Ltda	Brazil	100	100
SAE Prestadora de Services Mexico, S de RL de CV	Mexico	100	100
SAE Towers Ltd	USA	100	100
SAE Engenharia E Construcao Ltda	Brazil	100	100
KEC Engineering & Construction Services, S de RL de CV	Mexico	100	100
KEC Towers LLC (w.e.f. November 24, 2019)	UAE	100	
KEC International (Malaysia) SDN BHD (w.e.f. March 08, 2019)	Malaysia	100	100

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(B) Details of related parties with whom transactions have taken place.

Associate	Country of Incorporation	% age of ownership interest either directly or through subsidiaries	
		As at March 31, 2020	As at March 31, 2019
RP Goenka Group of Companies Employees Welfare Association	India	49	49

Subsidiaries

KEC Power India Private Limited
KEC Global FZ-LLC, Ras UL Khaimah
RPG Transmission Nigeria Limited
SAE Towers Mexico S de RL de CV, Mexico
SAE Towers Holdings, LLC
KEC Towers LLC
KEC International (Malaysia) SDN BHD
KEC Investment Holdings, Mauritius
KEC Global, Mauritius
KEC Bikaner Sikar Transmission Private Limited (upto December 31, 2018)

Key Management Personnel (KMP)

Mr. H. V. Goenka- Chairman
Mr. Vimal Kejriwal - Managing Director and CEO
Mr. A. T. Vaswani - Non - Executive Director
Mr. D. G. Piramal - Non - Executive Director
Mr. G.L. Mirchandani - Non - Executive Director
Ms. Nirupama Rao - Non - Executive Director
Mr. R. D. Chandak - Non - Executive Director
Mr. S. M. Kulkarni - Non - Executive Director (upto July 27, 2019)
Mr. S. M. Trehan - Non - Executive Director
Ms. Manisha Girotra - Non - Executive Director (upto June 10, 2019)
Mr.Vinayak Chatterjee - Non - Executive Director (upto August 12, 2019)
Mr. Vikram Gandhi (w.e.f. August 7, 2019)
Mr. M. S. Unnikrishnan (w.e.f. November 8, 2019)

List of other related parties

Post - employment benefit plan

KEC International Ltd. Employees' Group Gratuity Scheme
KEC International Limited - Provident Fund
KEC International Ltd. Superannuation Scheme

Entities where control / significant influence by KMPs and their relatives exists and with whom transactions have taken place

CEAT Limited
B. N. Elias & Co. LLP
Palacino Properties LLP
RPG Life Sciences Limited
RPG Enterprises Limited
Raychem RPG Private Limited
Ceat Speciality Tyres Limited
Harrisons Malayalam Limited
Spencers and Company Limited
Swallow Associates LLP (holds 26.36 percent Equity Shares of the Company)
Summit Securities Ltd. (holds 10.86 percent Equity Shares of the Company)

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

(B) Transactions with the Related Parties

₹ in Crore

Transactions	For the year ended March 31, 2020					For the year ended March 31, 2019				
	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total
Sale of Products	**47.79**		**2.24**		**50.03**	**49.08**		**14.53**		**63.61**
SAE Towers Mexico S de RL de CV, Mexico	8.54				8.54	49.08				49.08
KEC International (Malaysia) SDN. BHD.	39.25				39.25					
CEAT Limited			2.21		2.21			13.74		13.74
Raychem RPG Private limited			0.03		0.03			0.79		0.79
Sale under Turnkey Contracts			**33.59**		**33.59**			**49.82**		**49.82**
CEAT Limited			33.59		33.59			49.82		49.82
Services rendered	**3.67**		**0.23**		**3.90**	**4.27**				**4.27**
SAE Towers Mexico S de RL de CV, Mexico	2.60				2.60	4.18				4.18
KEC International (Malaysia) SDN. BHD.	1.07				1.07					
KEC Bikaner Sikar Transmission Private Limited						0.09				0.09
CEAT Specialty Tyres Limited			0.02		0.02					
CEAT Limited			0.07		0.07					
RPG Life Sciences Limited			0.01		0.01					
Swallow Associates LLP			0.02		0.02					
Summit Securities Ltd.			0.05		0.05					
RPG Enterprises Limited			0.06		0.06					
Services received			**20.98**		**20.98**			**12.31**		**12.31**
CEAT Limited			6.06		6.06					
RPG Enterprises Limited			14.92		14.92			12.31		12.31
Guarantees charges recovered	**0.75**				**0.75**					
KEC International (Malaysia) SDN. BHD.	0.75				0.75					
Purchase of goods	**78.19**		**11.13**		**89.32**	**31.31**		**10.23**		**41.54**
Raychem RPG Private limited			10.96		10.96			10.16		10.16
CEAT Limited			0.17		0.17			0.07		0.07
SAE Towers Mexico S de RL de CV, Mexico	78.19				78.19	31.31				31.31
Interest income	**3.45**				**3.45**	**4.59**				**4.59**
KEC Bikaner Sikar Transmission Private Limited						0.26				0.26
KEC Global FZ-LLC, Ras UL Khaimah	*				*					
KEC Towers LLC	0.85				0.85					
KEC Global, Mauritius	0.84				0.84	0.07				0.07
KEC Investment Holdings, Mauritius	1.76				1.76	4.26				4.26

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

₹ in Crore

Transactions	For the year ended March 31, 2020					For the year ended March 31, 2019				
	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total
Rent & maintenance charges paid			**4.47**		**4.47**			**9.14**		**9.14**
Palacino Properties LLP			0.25		0.25			0.21		0.21
Spencer and Company Limited			4.14		4.14			3.87		3.87
Raychem RPG Private limited			0.08		0.08					
B N Elias & Co. LLP								0.04		0.04
CEAT Limited								5.02		5.02
Compensation to Key Management Personnel										
Mr.Vimal Kejriwal - Managing Director & CEO		**6.81**			**6.81**		**6.17**			**6.17**
short-term employee benefits (including Bonus and value of perquisites)		6.52			6.52		5.92			5.92
post-employment benefits # $		0.29			0.29		0.25			0.25
Sitting fees & Commission paid to Non-Executive Directors		**7.57**			**7.57**		**7.84**			**7.84**
Mr. H. V. Goenka		6.29			6.29		6.31			6.31
Mr. A. T. Vaswani		0.18			0.18		0.20			0.20
Mr. D. G. Piramal		0.14			0.14		0.16			0.16
Mr. G.L. Mirchandani		0.14			0.14		0.15			0.15
Ms. Nirupama Rao		0.13			0.13		0.14			0.14
Ms. Manisha Girotra (upto June 10, 2019)		0.04			0.04		0.15			0.15
Mr. R. D. Chandak		0.19			0.19		0.21			0.21
Mr. S. M. Kulkarni (upto July 27, 2019)		0.04			0.04		0.21			0.21
Mr. S. M. Trehan		0.18			0.18		0.16			0.16
Mr.Vinayak Chatterjee (upto August 12, 2019)		0.07			0.07		0.15			0.15
Mr. Vikram Gandhi (w.e.f. August 7, 2019)		0.10			0.10					
Mr. M. S. Unnikrishnan (w.e.f. November 8, 2019)		0.07			0.07					
Payments made/expenses incurred on behalf of related party	**0.10**				**0.10**	**0.30**		**0.07**		**0.37**
KEC Bikaner Sikar Transmission Private Limited						0.16				0.16
KEC Power India Private Limited	★				★	★				★
KEC Global FZ-LLC, Ras UL Khaimah	0.10				0.10	0.14				0.14
CEAT Speciality Tyres Limited								0.07		0.07
RPG Transmission Nigeria Limited						★				★

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

₹ in Crore

Transactions	For the year ended March 31, 2020					For the year ended March 31, 2019				
	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total
Advance / Loan Given	**138.94**				**138.94**	**36.26**				**36.26**
KEC Bikaner Sikar Transmission Private Limited						1.40				1.40
KEC Global FZ – LLC, Ras UL Khaimah	0.40				0.40					
KEC International (Malaysia) SDN. BHD.	22.45				22.45					
KEC Towers LLC	87.17				87.17					
KEC Global, Mauritius	28.92				28.92	0.34				0.34
KEC Investment Holdings, Mauritius						34.52				34.52
Advance / Loan Recovered	**44.67**				**44.67**	**18.87**				**18.87**
KEC Global, Mauritius	22.22				22.22	10.88				10.88
KEC International (Malaysia) SDN. BHD.	22.45				22.45					
KEC Bikaner Sikar Transmission Pvt. Ltd.						7.99				7.99
Advance received towards project execution			**11.79**		**11.79**			**22.10**		**22.10**
CEAT Limited			11.79		11.79			22.10		22.10
Conversion of Loan into equity						**156.83**				**156.83**
KEC Investment Holdings, Mauritius						156.83				156.83
Contribution made				**10.28**	**10.28**				**14.50**	**14.50**
KEC International Limited Employee's Gratuity Fund				2.25	2.25				8.00	8.00
KEC International Limited Provident Fund				7.00	7.00				5.48	5.48
KEC International Limited Superannuation Fund				1.03	1.03				1.02	1.02
Investment made	**179.07**				**179.07**					
KEC Towers LLC	0.58				0.58					
KEC International (Malaysia) SDN. BHD. (Shared acquired from KEC Global, Mauritius)	4.58				4.58					
KEC Investment Holdings, Mauritius	173.91				173.91					
Guarantees given on behalf of the related party	**478.00**				**478.00**					
KEC International (Malaysia) SDN. BHD.	478.00				478.00					

*less than rounding off norms adopted by the Company

excludes provision for gratuity and compensated absences, which is determined on the basis of actuarial valuation done on overall basis for the Company.

$ Including PF and other benefits.

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forming part of the financial statement as at and for the year ended March 31, 2020

(C) Balances outstanding as at the year end

₹ in Crore

Balances	For the year ended March 31, 2020						For the year ended March 31, 2019					
	Associates	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total	Associates	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total
Amount receivable/ (payable)		**161.71**	**(7.09)**	**11.24**	**(3.94)**	**161.92**		**76.11**	**(6.44)**	**(0.33)**	**(1.68)**	**67.66**
KEC Investment Holdings, Mauritius		39.40				39.40		34.35				34.35
KEC Global, Mauritius		10.25				10.25		1.45				1.45
SAE Towers Mexico S de RL de CV, Mexico		(21.90)				(21.90)		40.52				40.52
KEC Towers LLC		93.24				93.24						
KEC International (Malaysia) SDN. BHD.		40.51				40.51						
KEC Global FZ-LLC, Ras UL Khaimah		0.41				0.41						
RPG Transmission Nigeria Limited		(0.20)				(0.20)		(0.21)				(0.21)
RPG Life Sciences Limited				★		★				0.03		0.03
Raychem RPG Private limited				(2.47)		(2.47)				(1.43)		(1.43)
Palacino Properties LLP				0.09		0.09				0.07		0.07
B N Elias & Co. LLP				0.01		0.01				0.01		0.01
CEAT Limited				0.70		0.70				(3.52)		(3.52)
CEAT Speciality Tyres Limited				0.02		0.02				0.07		0.07
Spencer and Company Limited				2.70		2.70				2.70		2.70
Swallow Associates LLP				★		★						
Summit Securities Ltd.				★		★						
Zensar Technologies										0.06		0.06
Harrisons Malayalam Limited				9.84		9.84				9.84		9.84
RPG Enterprises Limited				0.35		0.35				(8.16)		(8.16)
KEC International Ltd. Employees' Group Gratuity Scheme					(3.94)	(3.94)					(1.68)	(1.68)
Mr. H. V. Goenka			(6.25)			(6.25)			(5.63)			(5.63)
Mr. A. T. Vaswani			(0.10)			(0.10)			(0.09)			(0.09)
Mr. D. G. Piramal			(0.10)			(0.10)			(0.09)			(0.09)
Mr. G.L. Mirchandani			(0.10)			(0.10)			(0.09)			(0.09)
Ms. Nirupama Rao			(0.10)			(0.10)			(0.09)			(0.09)
Ms. Manisha Girotra (upto June 10, 2019)			(0.03)			(0.03)			(0.09)			(0.09)
Mr. R. D. Chandak			(0.10)			(0.10)			(0.09)			(0.09)

NOTES

forming part of the financial statement as at and for the year ended March 31, 2020

₹ in Crore

Balances	For the year ended March 31, 2020						For the year ended March 31, 2019					
	Associates	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total	Associates	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total
Mr. S. M. Kulkarni (upto July 27, 2019)			(0.03)			(0.03)			(0.09)			(0.09)
Mr. S. M. Trehan			(0.10)			(0.10)			(0.09)			(0.09)
Mr.Vinayak Chatterjee (upto August 12, 2019)			(0.05)			(0.05)			(0.09)			(0.09)
Mr. Vikram Gandhi (w.e.f. August 7, 2019)			(0.08)			(0.08)						
Mr. M. S. Unnikrishnan (w.e.f. November 8, 2019)			(0.05)			(0.05)						
Investment (including investment in preference shares)		**615.52**				**615.52**		**435.98**				**435.98**
RPG Transmission Nigeria Limited		0.35				0.35		0.35				0.35
KEC Global FZ-LLC, Ras UL Khaimah		1.19				1.19		1.19				1.19
KEC Investment Holdings, Mauritius@		605.63				605.63		431.25				431.25
KEC Global, Mauritius		2.33				2.33		2.33				2.33
KEC Power India Private Limited		0.86				0.86		0.86				0.86
KEC Towers LLC		0.58				0.58						
KEC International (Malaysia) SDN. BHD.		4.58				4.58						
RP Goenka Group of Companies Employees Welfare Association	★					★	★					★
Guarantees given on behalf of the related party:		**558.84**				**558.84**		**301.02**				**301.02**
SAE Towers Holdings, LLC, USA								227.03				227.03
SAE Towers Mexico S de RL de CV		80.84				80.84		73.99				73.99
KEC International (Malaysia) SDN. BHD.		478.00				478.00						

*less than rounding off norms adopted by the Company

@ Includes fair value of financial gurantees issued to subsidiaries and step down subsidiaries.

Note: The sales / provision to and purchase / provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions.

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forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 55 - CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(i) Contingent Liabilities

Claims against the Company not acknowledged as debt:

₹ in Crore

Sr. No.	Particulars	Relating to various years comprise in the period	As at March 31, 2020	As at March 31, 2019
1	Sales Tax /Value Added Tax* (Tax/Penalty/Interest)	1994-2017	25.17	
		1994-2017		87.38
2	Excise Duty * (Tax/Penalty/Interest)	1994-2017	30.39	
		1994-2017		38.36
3	Service Tax * (Tax/Penalty/ Interest)	2003-2013	148.08	
		2003-2013		294.33
4	Entry Tax* (Tax/Penalty/Interest)	2001-2016	6.80	
		2001-2016		1.74
5	Goods & Services Tax* (Tax/Penalty/Interest)	2018-2019	0.15	
		2018-2019		0.07
6	(i) Contingent liability of Income Tax taken over by the Company in terms of the Composite Scheme of Arrangement under which the Power Transmission Business was acquired by the Company.	A.Y. 2005-2006	1.88	
		A.Y. 2005-2006		1.88
	(ii) Income Tax matters of the Company mainly on disallowance of depreciation and Tax levied on guarantees given to Associated Enterprises, etc.	A.Y 2012-13 A.Y 2013-14 A.Y 2014-15 A.Y 2015-16 A.Y 2016-17	53.67	
		A.Y 2007-08 A.Y 2008-09 A.Y 2012-13 A.Y 2013-14 A.Y 2014-15 A.Y 2015-16		30.66
	(iii) Income Tax matters at overseas unit/s**	2002-2008	34.82	
		2002-2014		42.78
	(iv) Income Tax matters of a joint operation (Company's share)**	2013-2017	4.39	
		2000-2016		9.03
7	Customs Duty^	1995-1996	0.60	
		1995-1996		0.60
8	Civil Suits^^	1993-2019	20.02	
		1993-2018		17.51
9	Claims including amount withheld by Customer of the Company		-	4.76

*These claims mainly relate to the issues of applicability, issue of disallowance of cenvat / VAT credit and in case of Sales Tax / Value added tax, also relate to the issue of submission of relevant forms and the Company's claim of exemption for MVAT on export sales and services.

** These claims mainly relate to the issues of appropriate jurisdiction for tax applicability at overseas locations.

^ These claims mainly relate to the issues of clearance of goods from customs within time limit.

^^ These suits includes Civil suits as well as Industrial relations & labour laws cases.

excluding financial guarantees referred to in Note 51.9.

Footnote for Note 55 (i) above:

Future ultimate outflow of resources embodying economic benefits in respect of the above matters are uncertain as it depends on the final outcome of the matters involved.

(ii) Commitments

₹ in Crore

Sr. No	Particulars	As at March 31, 2020	As at March 31, 2019
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	60.32	26.58
2	Derivative related commitments	Refer Notes 51.7 and 51.8	

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forming part of the financial statement as at and for the year ended March 31, 2020

NOTE 56 – The details of amounts which are expected by the Company to be recovered or settled after twelve months in respect of assets and liabilities relating to long-term contracts which are classified as current are as under:

₹ in Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Trade Receivables (Note 15)	1,356.43	1,003.28
Contract Assets (Note 20)	318.68	421.01
Contract Liabilities (Note 33)	228.62	557.30

NOTE 57 - The Company is primarily engaged in Engineering, Procurement and Construction business (EPC) relating to infrastructure interalia products, projects and systems and related activities for power transmission, distribution, railway and other EPC businesses. Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e. Managing Director for the purpose of resource allocation and assessing performance focuses on the business as a whole. The CODM reviews the Company's performance on the analysis of profit before tax at an overall entity level. Accordingly, there is no other separate reportable segment as defined by Ind AS 108, "Segment Reporting". As the Company also prepares the consolidated financial statements (CFS), other relevant segment information is disclosed in the CFS.

NOTE 58 - EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

₹ in Crore

Particulars			As at March 31, 2020	As at March 31, 2019
(a)	Gross amount required to be spent by the Company during the year		8.37	6.08
(b)	Amount spent during the year (in cash) on:			
	(i)	Construction/acquisition of any asset	-	-
	(ii)	on purposes other than (i) above	8.37	6.08

NOTE 59 - Figures in respect of the Company's overseas branches in Abu Dhabi, Afghanistan, Algeria, Bangladesh, Bhutan, Burundi, Congo, Cameroon, Egypt, Ethiopia, Georgia, Ghana, Guinea, Indonesia, Ivory Coast, Jordan, Kenya, Kuwait, Kazakhstan, Laos, Lebanon, Libya, Malaysia, Mali, Mozambique, Nepal, Nicaragua, Nigeria, Oman, Papua New Guinea, Philippines, Senagal, Sierra Leone, South Africa, Sri Lanka, Tanzania, Thailand, Togo, Tunisia, Uganda, and Zambia have been incorporated on the basis of financial statements (the Branch Returns) audited by the auditors of the respective branches.

NOTE 60 – The Board of Directors of the Company at its meeting held on February 07, 2020 have approved Interim Dividend of ₹ 3.40/- per equity share, of face value of ₹ 2/- each fully paid up, for the financial year 2019-20.

NOTE 61 - The Company has implemented the decision given in the Supreme Court Judgement in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 w.e.f. April 01, 2019. Basis the assessment of the management, which is supported by legal advice, the aforesaid matter is not likely to have significant impact in respect of earlier periods.

NOTE 62 – The review petition filed by the Joint Venture (JV) in South Africa against the adverse order passed by the sole arbitrator reversing the favourable adjudication award of ₹ 62 crore, has been disposed off by the High Court of South Africa, in favour of the JV, directing a fresh arbitration for certain claims to be carried out by a new arbitrator. Meanwhile, Eskom has filed its appeal (in the Supreme Court of Africa) against the aforementioned order of the High Court.

NOTE 63 - The Company was in 2017 awarded a contract to complete an 880 km 765 KV and 400 KV transmission line. This project is of strategic importance for grid connectivity and stability of the southern grid. The Company has completed approximately 50% of the work involving critical activities including foundation, tower supply and erection. The project construction has been temporarily suspended since January 2019, due to liquidity issues being faced by the current sponsors of the project. As on March 31, 2020,

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forming part of the financial statement as at and for the year ended March 31, 2020

the Company has an exposure of ₹ 148 crore. The consortium of lenders, have identified a new credible sponsor for the project and have filed a petition with the Central Electricity Regulatory Commission (CERC) for getting the name of the new sponsor approved. Management is confident of restarting the project shortly, post approval from CERC.

NOTE 64 - Details of previous and next due date of interest & principal of Listed Commercial Papers outstanding as on March 31, 2020 are as follows:

Sr. No	ISIN	Previous due date	Next due date
		Interest and Principal	Interest and Principal
1	INE389H14FC2	N.A.	3-Jun-20

Credit Rating for the Commercial Papers - IND A1+ and CRISIL A1+.

During the half year ended March 31, 2020, the Company has repaid interest and principal of all Commercial Papers on their respective due dates.

NOTE 65 - The operations of the Company were impacted due to the shutdown of factories, project sites and offices following the lockdown imposed in India from March 25, 2020 and in some international locations due to COVID-19. The Company has subsequently commenced its operations in a phased manner, starting from April 12, 2020, in line with the directives from the relevant government authorities. The Management and the Board of Directors, have evaluated the impact of the pandemic on its business operations under various scenarios. The Company currently has a strong order book and L1 position in excess of ₹ 22,000 crore, leading to a clear visibility of revenue over the next 18-24 months. Collection from customers have been normal during the lockdown period and in fact better than normal in certain cases enabling the Company to meet all its liabilities (including employee payables) in a timely manner and without availing any moratorium as announced by the Reserve Bank of India. The Company has on April 20, 2020 (the due date) repaid NCDs aggregating to ₹ 207 crore. The company has adequate unutilized fund-based credit facilities available, to take care of any urgent requirement of funds. The Company has had a very marginal impact on its revenues and profits in FY 2019-2020 due to the lockdown, and the same will accrue in FY 2020-2021 considering that these are project-based revenues. The company through the lockdown period and even subsequently has been able to maintain adequate control of its assets and there have been no significant changes to its control environment during the period.

Based on the above assessment, the Company strongly believes that there is no material impact on the financial results or positions of the Company due to the pandemic. Further, the timely steps announced by the Government of India, allowing extension of contract delivery period up to six months, additional liquidity through TLTRO and additional investment in infrastructure projects, will enable the Company to further consolidate its position. However, the Company will continue to monitor any material changes to future economic conditions, as and when they arise.

NOTE 66 – The Auditors of Branches located in Abu Dhabi, Sri Lanka, South Africa and a jointly controlled operation at South Africa have given an Emphasis of matter paragraph, in relation to going concern assumption used for preparation of financial statements. Basis Company's assessment, Company can adequately source the funding required at mentioned branches and JCO.

NOTE 67 – The Company has approved its financial statements in its board meeting dated May 29, 2020.

Signatures to Notes 1 to 67 which form an integral part of financial statements.

In terms of our report attached
For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

SARAH GEORGE
Partner
Membership Number: 045255

Place: Mumbai
Date: May 29, 2020

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman
DIN: 00026726

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 29, 2020

NOTES :

Forward-looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Concept & Design
WYATT Prism COMMUNICATIONS (info@wyatt.co.in)

KEC International Limited
RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai - 400 030, India Tel: +91-22-6667 0200,
www.kecrpg.com

A RPG Company

KEC INTERNATIONAL LIMITED

CIN: L45200MH2005PLC152061
Registered Office: RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai – 400 030
Website: www.kecrpg.com, Email: investorpoint@kecrpg.com
Tel No.: 022-66670200, Fax No.: 022-66670287

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting ("AGM") of KEC International Limited will be held on Friday, August 07, 2020 at 3:00 p.m. through Video Conferencing ("VC")/Other Audio-Visual means ("OAVM"), to transact the following business:

ORDINARY BUSINESS:

1. **To receive, consider and adopt:**
   a. the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon; and
   b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020, together with the Report of the Auditors.
2. To confirm the payment of Interim Dividend of ₹ 3.40 (Rupees Three and Forty Paise only) per Equity Share paid during the financial year, as final dividend on Equity Shares for the financial year 2019-20.
3. To appoint a Director in place of Mr. H. V. Goenka (DIN: 00026726), who retires by rotation in terms of Section 152 (6) of the Companies Act, 2013, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. Appointment of Branch Auditors

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

"**RESOLVED** that pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Board of Directors/Audit Committee be and is hereby authorised to appoint Branch Auditor(s) of any branch office of the Company, whether existing or which may be opened/acquired hereafter, outside India, in consultation with the Company's Statutory Auditors, any person(s)/ firm(s) qualified to act as Branch Auditor in terms of the provisions of Section 143(8) of the Act to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration."

5. Ratification of Remuneration to Cost Auditor

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

"**RESOLVED** that pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of ₹ 600,000/- (Rupees Six Lakh Only) plus taxes as applicable and re-imbursement of out of pocket expenses incurred in connection with the audit, payable to M/s. Kirit Mehta & Co., Cost Accountants (Firm Registration No. 000353), who have been appointed by the Board of Directors as the Cost Auditors to conduct audit of cost records of the Company for the financial year ending March 31, 2021, be and is hereby ratified.

RESOLVED FURTHER that the Board of Directors of the Company (including any Committee thereof) and/or Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

6. Appointment of Mr. Vikram Gandhi (DIN: 05168309) as an Independent Director

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

"**RESOLVED** that Mr. Vikram Gandhi (DIN: 05168309), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 07, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ("the Act") and Article 104 of the Articles of Association of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.

RESOLVED FURTHER that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act, as amended from time to time, the appointment of Mr. Vikram Gandhi (DIN: 05168309), as an Independent Director, who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years commencing from August 07, 2019 to August 06, 2024, be and is hereby approved."

7. Appointment of Mr. M. S. Unnikrishnan (DIN: 01460245) as an Independent Director

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

"**RESOLVED** that Mr. M. S. Unnikrishnan (DIN: 01460245), who was appointed by the Board of Directors as an Additional Director of the Company with effect from November 08, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ("the Act") and Article 104 of the Articles of Association of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.

RESOLVED FURTHER that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act, as amended from time to time, the appointment of Mr. M. S. Unnikrishnan (DIN: 01460245) as an Independent Director, who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years commencing from November 08, 2019 to November 07, 2024, be and is hereby approved."

8. Re-appointment of Mr. A. T. Vaswani (DIN: 00057953) as an Independent Director

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

"**RESOLVED** that pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time ("the Act"), read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules if any (including any statutory modification(s) or amendments or re-enactment(s) thereof for the time being in force), Regulations 16, 17 and other relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations") and the Articles of Association of the Company, Mr. A. T. Vaswani (DIN: 00057953), who has attained the age of 75 years and has submitted a declaration that he meets the criteria for independence under Section 149 of the Act and SEBI Listing Regulations, and in respect of whom Notice has been received from a Member under Section 160 of the Act proposing his re-appointment as an Independent Director and whose re-appointment has been recommended by the Nomination and Remuneration Committee and approved by the Board of Directors, and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years with effect from July 29, 2020 to July 28, 2025."

9. Re-appointment of Ms. Nirupama Rao (DIN: 06954879) as an Independent Director

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

"**RESOLVED** that pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time ("the Act"), read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules if any (including any statutory modification(s) or amendments or re-enactment(s) thereof for the time being in force), Regulations 16, 17 and other relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations") and the Articles of Association of the Company, Ms. Nirupama Rao (DIN: 06954879), Independent Director of the Company, who has submitted a declaration that she meets the criteria for independence under Section 149 of the Act and SEBI Listing Regulations, and in respect of whom Notice has been received from a Member under Section 160 of the Act proposing her re-appointment as an Independent Director and whose re-appointment has been recommended by the Nomination and Remuneration Committee and approved by the Board of Directors, and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years with effect from July 29, 2020 to July 28, 2025."

10. Approval for payment of Commission to Mr. H. V. Goenka, Non-Executive Chairman

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

"**RESOLVED** that in accordance with the provisions of Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the approval of the Members be and is hereby accorded for payment of commission of ₹ 6,25,35,428/- (Rupees Six Crore Twenty Five Lakh Thirty Five Thousand Four Hundred and Twenty Eight Only) to Mr. H. V. Goenka, Non-Executive Chairman, being an amount exceeding fifty percent of the total annual remuneration payable to all the Non-Executive Directors of the Company, within the overall limit of five percent of the net profits of the Company for the financial year 2019-20, as approved by the Members in the Annual General Meeting held on July 23, 2019.

RESOLVED FURTHER that the Board of Directors of the Company (including Nomination and Remuneration Committee thereof) and/or Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

By Order of the Board of Directors

Amit Kumar Gupta
Company Secretary
(M. No. ACS-15754)

Place: Mumbai
Date: May 29, 2020

Registered Office:
RPG House
463, Dr. Annie Besant Road
Worli, Mumbai – 400 030

NOTES:

a) The Explanatory Statement pursuant to Section 102 of the Act, which sets out details relating to Special Businesses to be transacted at the Fifteenth Annual General Meeting ("AGM"), is annexed hereto.

b) In view of the continuing COVID-19 pandemic, and to ensure social distancing norms, the Ministry of Corporate Affairs has allowed conducting Annual General Meeting through video conferencing (VC) or other audio-visual means (OAVM) without the physical presence of the Members at a Common Venue. Accordingly, the Ministry of Corporate Affairs issued Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020, prescribing the procedures and manner of conducting the Annual General Meeting through VC/OAVM. In terms of the said Circulars, the Companies Act, 2013 ("the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI Listing Regulations") the Fifteenth Annual General Meeting ("AGM") of the Members is to be held through video conferencing (VC) or other audio-visual means (OAVM). Hence, Members can attend and participate in the AGM through VC/OAVM only. The detailed procedure for participating in the meeting through VC/OAVM is annexed herewith and also available at the Company's website i.e., www.kecrpg.com

c) As this AGM is being held through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.

d) Pursuant to Regulation 40 of the SEBI Listing Regulations, with effect from April 01, 2019, transfer of securities of the Company would be carried out in dematerialized form only, except in case of transmission or transposition of securities.

e) Members may note that the bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend as and when declared. The Company or its Registrar and Share Transfer Agents cannot act on any request received directly from the Members holding shares in dematerialised mode for any change of bank particulars or bank mandates. Hence, such changes in Bank details, ECS mandate, address or e-mails are to be furnished by the Members only to their Depository Participant.

f) With a view to avoid any fraudulent encashment of dividend, the Member(s) holding shares in physical form are requested to furnish their Bank Account number, the name of the Bank and the Branch (alongwith copy of the cheque leaf with the first named shareholder's name imprinted on the face of the cheque leaf), where they would like to deposit the dividend warrants for encashment. These details should be furnished by the first/sole shareholder, directly to the Registrar and Share Transfer Agents ("RTA"), Link Intime India Private Limited (Unit: KEC International Limited), C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai - 400 083, Tel: 022-49186270, Fax: 022-49186060, by quoting the folio number.

Online Registration of Bank Details for physical shareholders:

The Members of the Company holding Equity Shares of the Company in physical form and who have not registered their bank details can get the same registered with Link Intime India Pvt Ltd , by clicking the link: https://linkintime.co.in/emailreg/email_register.html in their web site www.linkintime.co.in at the 'Investor Services' tab by choosing the E-mail/Bank Registration heading and follow the registration process as guided therein. The Members are requested to provide details such as Name, Folio Number, Certificate number, PAN, e – mail id along with the copy of the cheque leaf with the first named shareholders name imprinted on the face of the cheque leaf containing Bank name and Branch, type of account, Bank Account number, MICR details and IFSC code in PDF or JPEG format. In case of any query, a Member may send an e-mail to RTA at rnt.helpdesk@linkintime.co.in.

On submission of the shareholders details an OTP will be received by the shareholder which needs to be entered in the link for verification.

g) The Members, who are yet to encash the dividend declared by the Company till date, are advised to send request for issuance of demand drafts in lieu of uncashed dividend warrants for any of the financial years from 2012-13 to the Registrar and Share Transfer Agent of the Company. The last date upto which the Members are entitled to claim the Dividend pertaining to FY 2012-13 is September 22, 2020. Pursuant to the provisions of Section 124(5) and 125 of the Act, the Company has transferred the unpaid or unclaimed dividends up to the FY 2011-12, from time to time on due dates, to the Investor Education and Protection Fund ("IEPF") established by the Central Government.

h) Pursuant to the provisions of Section 124(6) of the Act and Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all such shares in respect of which dividend(s) had not been claimed by the shareholders for 7 (Seven) consecutive years or more have been transferred to IEPF Account set up by the Central Government.

The shares once transferred to IEPF Account including dividends and other benefits accruing thereon can be claimed from IEPF Authority after following the procedure prescribed under the said Rules and no claim shall lie against the Company. For the purpose of claiming transferred shares, a separate application can be made to the IEPF Authority in e-Form IEPF-5, as prescribed under the said Rules, which is available at IEPF website i.e. www.iepf.gov.in

i) In terms of Section 152 of the Act, Mr. H.V. Goenka is liable to retire by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

j) The Company at its AGM held on July 26, 2017 appointed M/s Price Waterhouse Chartered Accountants LLP (Firm's Registration No.012754N/N500016 as the Statutory Auditors from the conclusion of the 12th AGM to the conclusion of the 17th AGM to be held in the year 2022 subject to ratification of their appointment every year, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away with by the Companies (Amendment) Act, 2017 with effect from May 07, 2018. Accordingly, no resolution is being proposed for ratification of appointment of Statutory Auditors at the Fifteenth AGM.

k) Details of the Director(s) pursuant to Regulations 26(4) and 36(3) of SEBI Listing Regulations and Secretarial Standard on General Meetings in respect of Directors seeking appointment/re-appointment of Directorship at this AGM are appended to this Notice.

l) The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the Members during the AGM. All the documents referred to in the accompanying Notice and Explanatory Statements, shall be available for inspection through electronic mode without any fee by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an e-mail to agm@kecrpg.com.

ELECTRONIC DISPATCH OF ANNUAL REPORT AND PROCEDURE FOR REGISTRATION OF EMAIL ID FOR OBTAINING COPY OF ANNUAL REPORT AND FUTURE CORRESPONDENCE:

m) In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report FY 2019-20 will also be available on the Company's website www.kecrpg.com, under 'Investors' tab, 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 also available on the website of NSDL i.e. www.evoting.nsdl.com.

n) **REGISTRATION OF EMAIL ID:**

i) **FOR SHAREHOLDERS HOLDING PHYSICAL SHARES:**

The Members of the Company holding Equity Shares of the Company in physical form and who have not registered their e-mail addresses may get their e-mail addresses registered with Link Intime India Pvt Ltd, by clicking the link: https://linkintime.co.in/emailreg/email_register.html in their web site www.linkintime.co.in at the Investor Services tab by choosing the E-mail / Bank Registration heading and follow the registration process as guided therein. The Members are requested to provide details such as Name, Folio Number, Certificate number, PAN, mobile number and e-mail id and also upload the image of share certificate in PDF or JPEG format. (upto 1 MB). In case of any query, a Member may send an e-mail to RTA at rnt.helpdesk@linkintime.co.in

On submission of the shareholders details an OTP will be received by the shareholder which needs to be entered in the link for verification.

ii) **FOR TEMPORARY REGISTRATION OF EMAIL ID BY DEMAT SHAREHOLDERS:**

The Members of the Company holding Equity Shares of the Company in Demat form and who have not registered their e-mail addresses may temporarily get their e-mail addresses registered with Link Intime India Pvt Ltd by clicking the link: https://linkintime.co.in/emailreg/email_register.html on their web site www.linkintime.co.in at the 'Investor Services' tab by choosing the E-mail Registration heading and follow the registration process as guided therein. The Members are requested to provide details such as Name, DPID/Client ID, PAN, mobile number and e-mail id. In case of any query, a Member may send an e-mail to RTA at rnt.helpdesk@linkintime.co.in

On submission of the shareholders details an OTP will be received by the shareholder which needs to be entered in the link for verification.

iii) **FOR PERMANENT REGISTRATION FOR DEMAT SHAREHOLDERS:**

It is clarified that for permanent registration of e-mail address, the Members are requested to register their e-mail address, in respect of demat holdings with the respective Depository Participant (DP) by following the procedure prescribed by the Depository Participant.

PARTICIPATION AT THE AGM AND VOTING

A) The details of the process and manner for participating in Annual General Meeting through Video Conferencing are explained herein below:

i. Members 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.nsdl.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.

ii. The Members can join the AGM in the VC/ OAVM mode 30 minutes before the scheduled commencement time of the Meeting and window for joining the Meeting shall be kept open throughout the proceedings of the AGM.

iii. Members are encouraged to join the Meeting through Laptops/IPads connected through broadband for better experience. 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.

iv. Members who would like to express their views/ask questions during the AGM may register themselves as a speaker by sending their request from their registered E-mail ID mentioning their name, DP ID and Client ID/ folio number, PAN, mobile number at agm@kecrpg.com between 9.00 a.m. (IST) on Saturday, August 01, 2020 and 5.00 p.m. (IST) on Monday, August 03, 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

v. The Members who do not wish to speak during the AGM but have queries on accounts or any matter to be placed at the AGM may send the same latest by Tuesday, August 04, 2020 mentioning their name, DP ID and Client ID/ folio number, PAN, mobile number at agm@kecrpg.com. These queries will be replied suitably either at the AGM or by e-mail.

vi. Institutional/Corporate Members are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution, whereby their Authorized Representative has been appointed to attend & vote at the AGM on their behalf pursuant to Section 113 of the Act, to the Scrutinizer's e-mail ID: cs@parikhassociates.com with a copy marked to evoting@nsdl.co.in

vii. **Members who need assistance before or during the AGM with use of technology, can:**

- Send a request at evoting@nsdl.co.in or use Toll free no.: 1800-222-990; or
- Contact Ms. Pallavi Mhatre, Manager, NSDL at the designated e-mail ID: evoting@nsdl.co.in or pallavid@nsdl.co.in or at telephone number + 91 22 24994545; or
- Contact Ms. Sarita Mote, Assistant Manager, NSDL at the designated e-mail ID: evoting@nsdl.co.in or SaritaM@nsdl.co.in or at telephone number + 91 22 24994890.

viii. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

B) Remote e-Voting and Voting at AGM

i. Pursuant to the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the SEBI Listing Regulations, and the Secretarial Standard on General Meetings issued by the Institute of Companies Secretaries of India, the Company is pleased to provide to the Members, facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting facility. Members are provided with a facility of casting their votes electronically, through the e-voting system provided by NSDL.

ii. The Members, who have cast their vote by remote e-voting prior to the AGM, may also attend the AGM but shall not be entitled to cast their vote again at the AGM.

iii. The voting right of the Members shall be in proportion to their share in the paid up equity share capital of the Company as on Friday, July 31, 2020 ("cut-off date").

Any person, who acquires the share(s) of the Company and becomes a Member of the Company after the dispatch of this Notice of AGM and holds the share(s) as on the cut-off date, can also cast their vote through remote e-voting facility on the website of NSDL e-voting i.e. www.evoting.nsdl.com

iv. The Company has appointed Mr. P. N. Parikh (FCS-327) and failing him Ms. Jigyasa N. Ved (FCS-6488) of M/s. Parikh Parekh & Associates, Practicing Company Secretaries, to act as Scrutinizer to scrutinize the voting at the AGM and remote e-voting process in a fair and transparent manner.

v. The Results will be declared within 48 hours from the conclusion of AGM. The results declared along with the Scrutinizer's Report shall be uploaded on the website of the Company i.e. www.kecrpg.com and on the website of NSDL e-voting i.e. www.evoting.nsdl.com and the same shall also be communicated to BSE Limited and the National Stock Exchange of India Limited, where the shares of the Company are listed. The results shall also be displayed on the Notice Board at the Registered Office of the Company.

The instructions for Members voting electronically are as under:

The remote e-voting period commences on Tuesday, August 04, 2020 (09:00 a.m. IST) and ends on Thursday, August 06, 2020 (05:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on the cut-off date may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

Remote e-Voting prior to AGM

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/

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 E-mail ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your e-mail ID. You will be required to trace the e-mail sent to you from NSDL from your mailbox. You can open the e-mail and open the attachment i.e. a 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 e-mail ID is not registered, please follow steps mentioned below.

6. If you are unable to retrieve or have not received the "Initial password" or you have forgotten your password:

   a) If you are holding shares in your demat account with NSDL or CDSL: Click on **"Forgot User Details/Password?"** option available on www.evoting.nsdl.com.

   b) If you are holding shares in physical mode: **Physical User Reset Password**? 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.

10. 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.

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

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 clicking 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 KEC International Limited which is 113100.

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.

   In case of any queries, with respect to remote e-voting or e-voting at the AGM, 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 can contact NSDL on evoting@nsdl.co.in or contact Ms. Pallavi Mhatre, Manager, NSDL at the designated e-mail ID: evoting@nsdl.co.in or pallavid@nsdl.co.in or at telephone number + 91 22 24994545 or Ms. Sarita Mote, Assistant Manager, NSDL at the designated e-mail ID: evoting@nsdl.co.in or SaritaM@nsdl.co.in or at telephone number + 91 22 24994890.

e-Voting at the AGM

i) The procedure for e-Voting on the day of the Annual General Meeting is same as the instructions mentioned above for remote e-voting.

ii) Only those Members, who will be present in the meeting 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 Annual General Meeting.

iii) The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the Annual General Meeting shall be the same person mentioned for remote e-voting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 4 to 10 of the accompanying Notice:

Item No. 4 – Appointment of Branch Auditors

For the execution of various projects awarded to the Company in various countries, the Company has set-up several branches outside India. Further, the Company may also open new branches outside India in future. For carrying out the audit of the accounts of such branches, it is necessary to appoint Branch Auditors. The Members are requested to authorise the Board of Directors/ Audit Committee of the Company to appoint Branch Auditors in consultation with the Statutory Auditors of the Company to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

The Board recommends the Ordinary Resolution, as set out at Item No. 4 of the Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested (financially or otherwise), in the proposed Ordinary Resolution set out at Item No. 4 of the Notice.

Item No. 5 – Ratification of Remuneration to Cost Auditor

In accordance with the provisions of Section 148 of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014 ("Rules"), the Company is required to appoint a cost auditor to audit the cost records of the Company. On the recommendation of the Audit Committee, the Board of Directors of the Company at its meeting held on May 29, 2020 have approved the appointment of M/s. Kirit Mehta & Co., Cost Accountants as the Cost Auditor of the Company for the financial year ending on March 31, 2021 at a remuneration of ₹ 600,000/- (Rupees Six Lakh Only) plus taxes and reimbursement of actual out of pocket expenses incurred, if any, in connection with the cost audit. In terms of the provisions of the Act and Rules, the remuneration of the Cost Auditors is required to be ratified by the Members of the Company.

The Board recommends the Ordinary Resolution, as set out at Item No. 5 of the Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relative(s), is in any way concerned or interested (financially or otherwise), in the proposed Ordinary Resolution set out at Item No. 5 of the Notice.

Item No. 6 – Appointment of Mr. Vikram Gandhi (DIN: 05168309), as an Independent Director for a term of five years

The Board of Directors of the Company ("Board"), on recommendation of the Nomination and Remuneration Committee, had appointed Mr. Vikram Gandhi as an Additional Director with effect from August 07, 2019. In accordance with the provisions of Section 161 of the Companies Act, 2013 ("Act"), Mr. Gandhi holds office upto the date of the ensuing Fifteenth Annual General Meeting.

The Company has received notice from a Member under Section 160 of the Act proposing his appointment as Independent Director. The Company has received a declaration from Mr. Vikram Gandhi confirming that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and that he is eligible to be appointed as an "Independent Director" of the Company. The Company has also received his consent to act as an Independent Director and declaration that he is not disqualified under Section 164(2) of the Act.

In the opinion of the Board, Mr. Vikram Gandhi fulfils the criteria as set out in Section 149(6) of the Act and Schedule IV of the Act and criteria specified in the Act read with the rules made thereunder and SEBI Listing Regulations for being appointed as an Independent Director of the Company and is independent of the management. Accordingly, pursuant to the recommendation of the Nomination and Remuneration Committee at its meeting held on August 07, 2019, the Board of Directors at its meeting held on August 07, 2019 had appointed Mr. Vikram Gandhi, as an "Independent Director", not liable to retire by rotation, for a term of five consecutive years from August 07, 2019 to August 06, 2024, subject to the approval of Members in this AGM.

Brief Resume of Mr. Gandhi is provided separately in this Notice. A copy of the draft Letter of Appointment for Independent Director, setting out the terms and conditions of appointment, is available for inspection through electronic mode, basis the request being sent on agm@kecrpg.com.

The Board recommends the Ordinary Resolution with respect to the appointment of Mr. Gandhi, as an Independent Director of the Company, as set out at Item No. 6 of the Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relative(s), except Mr. Vikram Gandhi and his relative(s), is in any way concerned or interested (financially or otherwise), in the proposed Ordinary Resolution set out at Item No. 6 of the Notice.

Item No. 7 – Appointment of Mr. M.S. Unnikrishnan (DIN: 01460245), as an Independent Director for a term of five years

The Board of Directors of the Company ("Board"), on recommendation of the Nomination and Remuneration Committee, had appointed Mr. M.S. Unnikrishnan as an Additional Director with effect from November 08, 2019. In accordance with the provisions of Section 161 of the Companies Act, 2013 ("Act"), Mr. Unnikrishnan holds office upto the date of the ensuing Fifteenth Annual General Meeting.

The Company has received notice from a Member under Section 160 of the Act proposing his appointment as Independent Director. The Company has received a declaration from Mr. M.S. Unnikrishnan confirming that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and that he is eligible to be appointed as an "Independent Director" of the Company. The Company has also received his consent to act as an Independent Director and declaration that he is not disqualified under Section 164(2) of the Act.

In the opinion of the Board, Mr. M.S. Unnikrishnan fulfils the criteria specified in the Act read with the rules made thereunder and SEBI Listing Regulations for being appointed as an Independent Director of the Company and is independent of the management. Accordingly, pursuant to the recommendation of the Nomination and Remuneration Committee at its meeting held on September 27, 2019, the Board of Directors at its meeting held on November 08, 2019 had appointed Mr. M.S. Unnikrishnan, as an "Independent Director", not liable to retire by rotation, for a term of five years from November 08, 2019 to November 07, 2024, subject to the approval of Members in this AGM.

Brief Resume of Mr. M.S. Unnikrishnan is provided separately in this Notice. A copy of the draft Letter of Appointment for Independent Director, setting out the terms and conditions of appointment, is available for inspection through electronic mode, basis the request being sent on agm@kecrpg.com.

The Board recommends the Ordinary Resolution with respect to the appointment of Mr. Unnikrishnan, as an Independent Director of the Company, as set out at Item No. 7 of the Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relative(s), except Mr. M.S. Unnikrishnan and his relative(s), is in any way concerned or interested (financially or otherwise), in the proposed Ordinary Resolution set out at Item No. 7 of the Notice.

Item Nos. 8 and 9 – Re-appointment of Directors as Independent Director(s) for second term of five years.

As per the provisions of Sections 149, 152 and Schedule IV of the Act read with relevant Rules made thereunder as amended, the Company had appointed Mr. A.T. Vaswani and Ms. Nirupama Rao as Independent Directors as per the requirement of the Act at the Tenth Annual General Meeting of the Company w.e.f. July 29, 2015 for a term of consecutive five years up to July 28, 2020. As these Independent Directors shall be completing their first terms of appointment upon completion of five years on July 28, 2020, they are eligible for re-appointment for another term of five consecutive years subject to approval of the Members by Special Resolution.

The Company has received notices from a Member under Section 160 of the Act proposing their appointment as Independent Directors. The Company has received declarations from Mr. A.T. Vaswani and Ms. Nirupama Rao confirming that they meet the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and that they are eligible to be appointed as Independent Directors of the Company. The Company has also received their consent to act as Independent Directors and declaration that they are not disqualified under Section 164(2) of the Act.

Selection of Directors at the Company is a very stringent process and Directors are selected basis their capability to add value to the Company and as a result to the shareholders. The performance evaluation of Independent Directors was conducted by the entire Board of Directors (excluding the Director being evaluated). Based on the performance evaluation, the Nomination and Remuneration Committee has recommended and the Board of Directors of the Company has approved, at their respective meetings held on May 28, 2020 and May 29, 2020, the re-appointment of Mr. A.T. Vaswani and Ms. Nirupama Rao as "Independent Directors", not liable to retire by rotation, for a second term of five consecutive years commencing from July 29, 2020 upto July 28, 2025, subject to approval of the Members by Special Resolution at the ensuing Annual General Meeting of the Company.

In the opinion of the Board, the aforesaid Directors fulfil the conditions specified in the Act read with the rules made thereunder and SEBI Listing Regulations for being appointed as Independent Directors of the Company and are independent of the management.

In terms of Regulation 17 (1A) of SEBI Listing Regulations, approval of Members by way of Special Resolution is required to appoint or continue the directorship of Non-Executive Directors who have attained the age of 75 years. Mr. A.T. Vaswani has attained the age of 75 years. Accordingly, the approval of Members for re-appointment of Mr. A.T. Vaswani as Independent Director, is sought by way of Special Resolution.

Brief Resume of Mr. A.T. Vaswani and Ms. Nirupama Rao are provided separately in this Notice. A copy of the draft Letter of Appointment for Independent Directors, setting out the terms and conditions of appointment, is available for inspection through electronic mode, basis the request being sent on agm@kecrpg.com.

The Board considers that their continued association would be of immense benefit to the Company, considering their understanding on the business of the Company and sector and it is desirable to continue to avail services of above-named Independent Directors. Both the Directors have contributed in the growth of the Company extending their expertise, vision and strategic input at the Board level. They are leaders in their respective fields and have hands on experience coupled with excellent perception of global business trends and judgement.

Accordingly, the Board recommends Special Resolutions, as set out at Item Nos. 8 and 9 of the Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relative(s), other than the concerned Independent Directors and their relative(s), are in any way deemed to be concerned or interested (financially or otherwise), in the proposed Special Resolutions set out at Item Nos. 8 and 9 of the Notice.

Item No. 10 – Approval for payment of Commission to Mr. H. V. Goenka, Non-Executive Chairman

The Non-Executive Directors (NED) of the Company have made valuable contributions in the business affairs of the Company during financial year 2019-20. Pursuant to the recommendation of the Nomination and Remuneration Committee (NRC) and the Board of Directors at their meetings held on May 28, 2020, and May 29, 2020, respectively, has approved the payment of commission to NED of the Company equivalent to 0.91 percent of the net profits of the Company in the financial year 2019-20, computed in accordance with the provisions of Section 198 of the Act. The NRC has recommended and Board has approved payment of commission of ₹ 6,25,35,428/- (Rupees Six Crore Twenty Five Lakh Thirty Five Thousand Four Hundred and Twenty Eight Only) to Mr. H. V. Goenka, Non-Executive Chairman for the financial year 2019-20 which is equivalent to the commission approved and paid for the financial year 2018-19.

Mr. H. V. Goenka is a promoter of the Company having experience of more than four decades in the EPC Sector. His extensive experience in the EPC sector has been instrumental in helping guide the Company towards both short term growth as well as long term sustainability. Under his overall leadership, the Company has grown manifold in market capitalization over the years while upholding high standards of corporate governance and transparency. As the Chairman of the Board, Mr. Goenka provides vision and thought leadership which has helped the Company achieve high standards of corporate governance, innovation, brand visibility and overall growth. Mr. Goenka invests considerable time reviewing the operations and performance of the Company. His interactions with the senior leaders and his role in building a talent pool in the Company by leveraging his wide network of relationships has been significant in growth and maximizing stakeholders' value. Mr. Goenka provides guidance to the Company's senior management on a vast set of matters which has been instrumental in diversifying the Company's business into various new verticals such as Railways, Civil, Solar, Smart Infra and Oil & Gas EPC. The Board deems it appropriate to recognize his contribution and deems it fair to remunerate him with the above said amount of commission.

Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, necessitates Members' approval by way of Special Resolution for paying remuneration to one Non-Executive Director in excess of 50% of the total remuneration payable to all Non-Executive Directors. The above commission as proposed to be paid to Mr. H. V. Goenka, exceeds 50% of the total annual remuneration payable to all Non-Executive Directors. Thus, consent of the Members of the Company is being sought by way of Special Resolution.

The Board recommends the Special Resolution, as set out at Item No.10 of the Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relative(s), except Mr. H. V. Goenka and his relative(s), is in any way concerned or interested (financially or otherwise), in the proposed Special Resolution set out at Item No. 10 of the Notice.

By Order of the Board of Directors

Amit Kumar Gupta
Company Secretary
(M. No. ACS-15754)

Place: Mumbai
Date: May 29, 2020

Registered Office:
RPG House
463, Dr. Annie Besant Road
Worli, Mumbai – 400 030

Details of the Directors seeking appointment/ re-appointment in the Fifteenth Annual General Meeting to be held on Friday, August 07, 2020 pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standards on General Meetings are as follows:

Name of the Director	Mr. H. V. Goenka
Date of Birth & Age	December 10, 1957 62 Years
Date of first Appointment on the Board	January 12, 2006
Qualification	Graduate in Economics (University of Calcutta) and MBA from IMD (Switzerland)
Expertise in specific functional area	Mr. H. V. Goenka is the Chairman of RPG Enterprises, one of the largest industrial groups in India, active in key business segments like tyres, infrastructure, information technology and other diversified segments having an annual turnover of about US $ 4 billion. Born in December 1957, Mr. Goenka is a graduate in Economics and MBA from the International Institute of Management Development (IMD), Lausanne, Switzerland and is now on the Foundation Board of IMD, Lausanne. Mr. Goenka, a past President of the Indian Merchants' Chamber, in India, is also a member of the Executive Committee of FICCI and has been the Chairman of Breach Candy Hospital Trust. He has been the Chairman of the Board of the Company since 2006.
Directorships in other listed companies	1. CEAT Limited 2. Zensar Technologies Limited 3. RPG Life Sciences Limited 4. Bajaj Electricals Limited
Memberships of Committees in other listed companies (Includes only Audit & Stakeholders Relationship Committee)	Nil
No. of shares held in the Company	4,848,425@
Relationship with other Directors and Key Managerial Personnel	Nil

@ Excluding shares held in the capacity of Karta & Trustee

Note: For other details such as number of meetings of the Board attended during the year, remuneration drawn, expertise etc., please refer to the Corporate Governance Report section of the Annual Report.

Name of the Director	Mr. Vikram Gandhi	Mr. M.S. Unnikrishnan
Date of Birth & Age	May 20, 1962 58 Years	July 27, 1960 59 Years
Date of first Appointment on the Board	August 07, 2019	November 08, 2019
Qualification	Bachelor of Commerce, University of Mumbai; Chartered Accountant; MBA, Harvard Business School, USA	Bachelor of Engineering (Mechanical), VNIT Nagpur; Advanced Management Programme, Harvard Business School, USA; Fellow of Indian National Academy of Engineering
Expertise in specific functional area	Mr. Vikram Gandhi is a member of the Faculty of the Harvard Business School and is the Founder of Asha Impact, an impact investing platform addressing the critical development challenges in India and other emerging economies. Mr. Gandhi is a Senior Advisor to the Canada Pension Plan Investment Board and is a member of the Young Presidents Organization since 1997. In his 23 years in Investment Banking, he has led various global teams at both Credit Suisse and Morgan Stanley.	Mr. M.S. Unnikrishnan, is the MD & CEO of Thermax Ltd. and chairs the Confederation of India Industries (CII), National Committee of Industrial Relations. Mr. Unnikrishnan has previously chaired the Capital Goods Skill Council under the National Skill Development Corporation and the Skills Working Group of BRICS Business Council. He is a member of the Development Council constituted by the Ministry of Heavy Industries, Government of India, which formulates strategies for industrial development.
Directorships in other listed companies	Jana Small Finance Bank (Debt listed)	Thermax Limited
Memberships of Committees in other listed companies (Includes only Audit & Stakeholders' Relationship Committee)	Member of Audit & Compliance Committee of Jana Small Finance Bank	Member of Stakeholders' Relationship Committee of Thermax Limited
No. of shares held in the Company	Nil	Nil
Relationship with other Directors and Key Managerial Personnel	Nil	Nil

Note: For other details such as number of meetings of the Board attended during the year, remuneration drawn, expertise, etc., please refer to the Corporate Governance Report section of the Annual Report.

Name of the Director	Mr. A.T. Vaswani	Ms. Nirupama Rao
Date of Birth & Age	July 05, 1937 82 Years	December 06, 1950 69 Years
Date of first Appointment on the Board	January 12, 2006	October 31, 2014
Qualification	Chartered Accountant, ICAI; Company Secretary, ICSI	Bachelor of Arts, Bangalore University; Master of Arts (English Literature), Marathwada University; Doctor of Letters (Honoris Causa), Pondicherry University
Expertise in specific functional area	Mr. A.T. Vaswani has over 59 years of experience in business and industry. Since 1981, he has served on the Board of leading multinational companies in both executive and non-executive capacities, including as the Deputy CEO of Metal Box of India Ltd., a leading packaging company and as the Director & Senior Vice President of Glaxo India Ltd., India's largest and most respected pharmaceutical company. He currently serves as an Independent Director on a few Boards and chairs the Audit Committee of some of these companies.	Ms. Nirupama Rao topped the All India Civil Services Examination in 1973 and joined the Indian Foreign Service. She became the first woman spokesperson of the Ministry of External Affairs in 2001 and was assigned to Sri Lanka as High Commissioner for India in 2004. She became India's first woman Ambassador to China in 2006 and was the Foreign Secretary of India from August 2009 to July 2011. She also served as India's Ambassador to the United States of America from 2011 to 2013.
Directorships in other listed companies	Zensar Technologies Limited	1. ITC Limited 2. JSW Steel Limited 3. Adani Ports and Special Economic Zone Limited
Memberships of Committees in other listed companies (Includes only Audit & Stakeholders' Relationship Committee)	Chairman of Audit Committee and Stakeholders' Relationship Committee of Zensar Technologies Limited	Member of Stakeholders' Relationship Committee of JSW Steel Limited.
No. of shares held in the Company	Nil	Nil
Relationship with other Directors and Key Managerial Personnel	Nil	Nil

Note: For other details such as number of meetings of the Board attended during the year, remuneration drawn, expertise, etc., please refer to the Corporate Governance Report section of the Annual Report.