



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

August 01, 2018

**National Stock Exchange of India Limited**  
Exchange Plaza  
Bandra Kurla Complex  
Bandra (East), Mumbai 400 051

**BSE Limited**  
Phiroze Jeejeebhoy Towers  
Dalal Street, Fort  
Mumbai – 400 001

**Symbol: KEC**

**Script Code: 532714**

**Sub: Annual Report for FY 2017-18**

Dear Sir/Madam,

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report for Financial Year 2017-18 as approved and adopted at the 13<sup>th</sup> Annual General Meeting of the Company held on Monday, July 30, 2018 as per the provisions of the Companies Act, 2013.

You are requested to take the same on records.

Yours faithfully,  
**For KEC International Limited**

**Amit Kumar Gupta**  
**Head- Secretarial & Compliance Officer**



Encl: as above

# KEC INTERNATIONAL LIMITED

CIN: L45200MH2005PLC152061

Registered Office: RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai – 400 030

Website: [www.kecrpg.com](http://www.kecrpg.com), Email: [investorpoint@kecrpg.com](mailto:investorpoint@kecrpg.com)

Tel No.: 022-66670200, Fax No.: 022-66670287

## NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting ("AGM") of KEC International Limited will be held on Monday, July 30, 2018 at 03:00 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai-400 025 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, 2018, 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, 2018, together with the Report of the Auditors.
2. To declare Dividend on equity shares at the rate of ₹ 2.40/- per equity share for the financial year ended March 31, 2018.
3. To appoint a Director in place of Mr. R. D. Chandak (DIN: 00026581), who retires by rotation, and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

4. 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 authorized to appoint Branch Auditors of any branch office of the Company, whether existing or which may be opened 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. 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 Company hereby ratifies and confirms the remuneration not exceeding ₹ 6,00,000 (Rupees Six Lakh

Only) and reimbursement of actual out of pocket expenses, as may be incurred by them in connection with the audit of cost records of the Company, payable to M/s. Kirit Mehta & Co., Cost Accountants (Firm Registration No. 000353), who were appointed by the Board of Directors as the Cost Auditors of the Company to conduct audit of cost records maintained by the Company for the financial year ending on March 31, 2019.

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

**"RESOLVED** that Ms. Manisha Girotra (DIN: 00774574), who was appointed by the Board of Directors as an Additional Director of the Company with effect from February 06, 2018 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(1) of the Act proposing her 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 Ms. Manisha Girotra (DIN: 00774574) 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 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 years commencing from February 06, 2018 to February 05, 2023, be and is hereby approved."

7. To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED** that pursuant to the SEBI (Listing Obligations and Disclosures Requirement) (Amendment) Regulations, 2018 notified by SEBI by way of Notification No. SEBI/LAD-NRO/

GN/2018/10 dated May 09, 2018 and all other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Companies Act, 2013 and Rules framed thereunder, and such other applicable laws, rules, regulations, guidelines (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof, for the time being in force), the Company do hereby approve the continuation of Directorship of Mr. A. T. Vaswani (DIN: 00057953), Non-Executive Independent Director of the Company, who has attained the age of seventy five years, till his original term upto July 28, 2020."

8. To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED** that pursuant to the SEBI (Listing Obligations and Disclosures Requirement) (Amendment) Regulations, 2018 notified by SEBI by way of Notification No. SEBI/ LAD-NRO/ GN/ 2018/ 10 dated May 09, 2018 and all other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Companies Act, 2013 and Rules framed thereunder, and such other applicable laws, rules, regulations, guidelines (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof, for the time being in force), the Company do hereby approve continuation of Directorship of Mr. S. M. Kulkarni (DIN: 00003640), Non-Executive Independent Director of the Company, who has attained the age of seventy five years, till his original term upto July 27, 2019."

9. To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED** that pursuant to the SEBI (Listing Obligations and Disclosures Requirement) (Amendment) Regulations, 2018 notified by SEBI by way of Notification No. SEBI/ LAD-NRO/ GN/ 2018/ 10 dated May 09, 2018 and all other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Companies Act, 2013 and Rules framed thereunder, and such other applicable laws, rules, regulations, guidelines (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof, for the time being in force), the Company do hereby approve continuation of Directorship of Mr. G. L. Mirchandani (DIN: 00026664), Non-Executive Independent Director of the Company who has attained the age of seventy five years, till his original term upto July 27, 2019."

10. To consider, and if thought fit, to pass the following resolution as a **Special Resolution**:

**"RESOLVED** that pursuant to the provisions of Sections 42 and 71 of the Companies Act, 2013 ("the Act") read with the rules made thereunder ("Rules"), the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 ("Regulations"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and all other applicable provisions of the Act, Rules, Regulations, Listing Regulations and such other applicable laws, rules, regulations, guidelines ("other applicable laws") (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof,

for the time being in force) and subject to the Memorandum and Articles of Association of the Company and such other approvals, consents, sanctions and permissions, as may be necessary from time to time, subject to the total borrowings of the Company not exceeding the borrowing powers approved by the Members from time to time under Section 180(1)(c) of the Act, consent of the members of the Company be and is hereby accorded to issue and/ or offer and/ or invite subscription for and/ or allot Non-Convertible Debentures of the Company for an amount not exceeding ₹ 500 Crore, through Private Placement, in one or more tranches, during a period of 12 (twelve) months from the date of the Thirteenth Annual General Meeting, to such person or persons (who may or may not be the debenture holders of the Company) as the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any duly constituted Committee(s) thereof or such other person(s) authorised by the Board) may at its sole discretion decide, at such terms and conditions as may be determined and considered proper and most beneficial to the Company, under the Act and/ or Rules and/ or Regulations and/ or Listing Regulations and/ or other applicable laws.

**RESOLVED FURTHER** that the Board be and is hereby authorised to do all such act(s), deed(s), matter(s) and thing(s) as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and for matters connected therewith or incidental thereto and to sign and execute any deed(s)/ document(s)/ undertaking(s)/ agreement(s)/ paper(s)/ writing(s), as may be required in this regard and to delegate all or any of these powers to any of the Director(s) and/ or Key Managerial Personnel and/ or officer(s) of the Company."

**By Order of the Board of Directors**

**Vimal Kejriwal**

Managing Director & CEO

Place: Mumbai

Date: May 14, 2018

**Registered Office:**

RPG House

463, Dr. Annie Besant Road

Worli, Mumbai – 400 030

**NOTES:**

- a) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act"), which sets out details relating to Special Businesses to be transacted at the Thirteenth Annual General Meeting ("AGM"), is annexed hereto.

- b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE THIRTEENTH ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

**Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty (50) Members and holding in the aggregate not more than 10% of the total share capital of the Company. A Member holding more than 10% of the total share capital of the Company may appoint a single person as a Proxy and such person shall not act as a Proxy for any other Member.**

- c) The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the AGM. Proxies submitted on behalf of the companies/bodies corporate etc. must be supported by an appropriate Resolution/Authority, as applicable. A Proxy Form is annexed with this Notice.
- d) During the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the Company at its Registered Office, provided that not less than three days of Notice in writing in this regard is given to the Company.
- e) Corporate Members intending to send their authorised representative to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf to the Company as follows:
- In case of remote e-voting, Authorisations should be received by the Scrutinizers/ the Company on or before close of remote e-voting.
  - If the representative wishes to attend the Meeting in person to vote thereat, the letter of appointment/ authorisation, as the case may be, shall be submitted before the commencement of Meeting.
- f) In case of joint holders attending the AGM, only such joint holder, who is higher in the order of names, will be entitled to vote.
- g) The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, July 24, 2018 to Monday, July 30, 2018 (both days inclusive).
- h) Dividend:**

The dividend, as recommended by the Board, if declared at the AGM, will be paid on or before Wednesday, August 28, 2018.

**For Members holding shares in Demat form:**

- The dividend shall be paid to those Members whose names stand registered in the Company's Register of Members as Beneficial Owners as at the end of business hours on Monday, July 23, 2018 as per the list to be furnished by National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL").
- Members may note that the bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Share Transfer Agent 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 emails are to be furnished by the Members only to their Depository Participant.

**For shareholders holding shares in physical form:**

- The dividend shall be paid to those Members whose names stand registered in the Company's Register of Members as Members after giving effect to valid share transfers lodged with the Company/Registrar and Share Transfer Agent, on or before end of business day on Monday, July 23, 2018.
- With a view to avoid any fraudulent encashment of dividend, the Member(s) holding shares in physical form are requested to furnish, if not already furnished, their Bank Account number, the name of the Bank and the Branch ("Bank Mandate") 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 Agent, M/s. Link Intime India Private Limited (Unit: KEC International Limited), C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai-400 083, Tel: 022-49186000, Fax: 022-49186060, by quoting the folio number. This information will be printed on the dividend warrants.
- The Company is offering the facility of National Electronic Clearing Service (NECS) for Members holding shares in physical form. This facility could be used by the Members instead of Bank Mandate system for receiving the credit of dividend. To avail this facility, the Members are requested to download the NECS form from the website of the Company i.e. [www.kecprg.com](http://www.kecprg.com) under the "Investors" tab and send the same to the Registrar and Share Transfer Agent of the Company.
- The Members, who are yet to encash the dividend declared by the Company till date, are advised to send requests for issuance of demand drafts in lieu of uncashed dividend warrants for any of the financial years from 2010-11 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 financial year 2010-11 is August 04, 2018. 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 financial year 2009-10, from time to time on due dates, to the Investor Education and Protection Fund ("IEPF") established by the Central Government.

- v) 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 ("the said Rules"), all such shares in respect of which dividend(s) had not been claimed by the shareholders for 7 (Seven) consecutive years or more starting from financial year 2009-10 have been duly transferred to the 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 Form IEPF-5, as prescribed under the said Rules, which is available at IEPF website i.e. [www.iepf.gov.in](http://www.iepf.gov.in)

electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the Registrar and Share Transfer Agent.

- n) Electronic copy of the Annual Report for the financial year 2017-18 alongwith Notice is being sent to all the Members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes, unless any Member has requested for a hard copy of the same. For Members, who have not registered their email address, physical copy of the Annual Report alongwith Notice is being sent by permitted mode of dispatch.

Members may also note that the Notice of the AGM and the Annual Report for financial year 2017-18 will also be available on the Company's website i.e. [www.kecrpg.com](http://www.kecrpg.com) under the "Investors" tab for download by the Members. Further, relevant documents referred to in this Notice are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) between 11:00 a.m. and 1:00 p.m. up to the date of the ensuing AGM and shall also be placed at the ensuing AGM.

- i) Details of the Director(s), pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, and Secretarial Standard on General Meetings in respect of Director(s) seeking appointment, re-appointment and continuation of Directorship at this AGM are appended to this Notice.

- j) The Members may note that 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. As per the provisions of Act and rules framed thereunder, the said appointment of the Statutory Auditors was required to be ratified at every Annual General Meeting. However, Ministry of Corporate Affairs, by way of the Companies (Amendment) Act, 2017, has omitted the first proviso to Section 139 of the Act, requiring ratification of appointment of Statutory Auditors. The said amendment was made effective on May 07, 2018. Accordingly, agenda for ratification of appointment of Statutory Auditors is not included in this Notice of AGM.

- k) Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form SH-13 can be downloaded from the Company's website i.e. [www.kecrpg.com](http://www.kecrpg.com) under the "Investors" tab and send the same to the Registrar and Share Transfer Agent of the Company.

- l) Members holding shares in more than one folio in the same name(s), are requested to send share certificates so as to enable the Company to consolidate all their holding into one folio.

- m) The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in

- o) Pursuant to the provisions of Section 101 of the Act and Rules framed thereunder, companies are allowed to send communication(s) to Members electronically. To support the "Green Initiative", we request Members, holding shares in demat form, to kindly register/update their email address with their respective Depository Participants. Further, Members holding shares in physical form, can register/update their email address with the Registrar and Share Transfer Agent of the Company at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or with the Company at [investorpoint@kecrpg.com](mailto:investorpoint@kecrpg.com). The registered email address will be used for sending future communication(s).

- p) The Register of Directors and Key Managerial Personnel (KMP) and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors & KMP are interested, maintained under Section 189 of the Act will be available for inspection at the AGM.

- q) The Members desiring any information with regard to the Financial Statements are requested to write to the Company at least 7 days in advance so as to enable the Company to keep the information ready at the AGM.

- r) The route map of the venue of the AGM is annexed to this Notice.

- s) Members are requested to sign and handover the attendance slip at the registration counter at the venue of the AGM.

#### VOTING:

- A) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing Regulations"), and the Secretarial Standard on General Meetings ("SS-2") 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. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by CDSL.

- B) The facility for voting either through electronic voting system or ballot paper shall also be made available at the AGM. The Members attending the meeting and who have not cast their vote by remote e-voting, shall be able to exercise their right to vote at the AGM.
- C) 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.
- D) 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 Monday, July 23, 2018 ("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 or at the AGM.

- E) The Company has appointed Mr. P. N. Parikh (FCS-327) and failing him Ms. Jigyasa 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.
- F) The Results will be declared within 48 hours from conclusion of the AGM. The results declared along with the Scrutinizer's Report shall be uploaded on the website of the Company i.e. [www.keccrpg.com](http://www.keccrpg.com) and on the website of CDSL e-voting i.e. [www.evotingindia.com](http://www.evotingindia.com) and the same shall also be communicated to BSE Limited and 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 shareholders voting electronically are as under:**

- The remote e-voting period commences on Friday, July 27, 2018 (09:00 a.m. IST) and ends on Sunday, July 29, 2018 (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 i.e. Monday, July 23, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- Members who have already cast their vote through remote e-voting prior to the date of AGM would not be entitled to vote at the AGM venue.
- The Members should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

- Click on "Shareholders/Members" tab.
- Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter their Folio Number registered with the Company.
- Next, enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any other company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN (Permanent Account Number)	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Members as well as physical Members).</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participants are requested to use the first two letters of their name and the last 8 digits of the demat account/ folio number in the PAN field.</li> </ul> <p>In case the folio number is less than 8 digits, enter the required number of "0"s before the number after the first two characters of the name in CAPITAL letters e.g. if your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the Depository or Company, please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field.</li> </ul>

- After entering these details appropriately, click on "SUBMIT" tab.
- The Members holding shares in physical form will then directly reach the company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to

share your password with any other person and take utmost care to keep your password confidential.

- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN relevant for KEC International Limited on which you choose to vote.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. Selecting option YES implies that you assent to the resolution and the option NO implies that you dissent to the resolution.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii. If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code, click on "Forgot Password" & enter the details as prompted by the system.
- xix. Members can also cast their vote using CDSL's mobile app m-Voting available for android, iOS and Windows based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Members are requested to follow the instructions as prompted by the mobile app while voting through mobile App.
- xx. **Note for Non – Individual Members and Custodians:**
  - Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details, a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system on or before close of e-voting for the scrutinizer to verify the same.

- xxi. In case of any queries or issues regarding e-voting, Members may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

#### **Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act")**

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 setup 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 authorize 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 Resolution, as set out at Item No. 4 of the accompanying 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 Auditors**

In accordance with the provisions of Section 148 of the 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 14, 2018 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, 2019 at a remuneration of ₹ 6,00,000/- (Rupees Six Lakh Only) 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 resolution, as set out at Item No. 5 of the accompanying 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. 5 of the Notice.

### **Item No. 6 - Appointment of Ms. Manisha Girotra as an Independent Director**

Considering the vast experience and expertise of Ms. Manisha Girotra, the Board of Directors of the Company ("Board"), on recommendation of the Nomination and Remuneration Committee, had appointed her as an Additional Director with effect from February 06, 2018. In accordance with the provisions of Section 161 of the Companies Act, 2013 ("Act"), Ms. Girotra holds office upto the date of the ensuing Thirteenth Annual General Meeting.

Ms. Girotra fulfils the conditions specified in the Act read with the rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") for being appointed as an Independent Director of the Company and is independent of the management. Accordingly, the Board approved her appointment as an Independent Director under the provisions of Section 149 of the Act and Regulation 17 and 25 of the SEBI Listing Regulations, to hold office for a period of 5 (five) consecutive years with effect from February 06, 2018 subject to the approval of the Members at the ensuing AGM.

The Brief Profile of Ms. Girotra is 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 at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company i.e. [www.kecrrpg.com](http://www.kecrrpg.com).

The Company has received a notice proposing the candidature of Ms. Girotra for the office of Director under Section 160 of the Act. Further, Ms. Girotra has provided:-

- i) her consent to act as an Independent Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment and Qualification of Directors) Rules, 2014;
- ii) intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that she is not disqualified under Section 164(2) of the Act; and
- iii) a declaration to the effect that she meets the criteria of independence as prescribed both under Section 149(6) of the Act and Regulation 16 of the SEBI Listing Regulations.

The Board recommends the Ordinary Resolution with respect to the appointment of Ms. Girotra as an Independent Director of the Company, as set out in Item No. 6 of the Notice, for approval of the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives, except Ms. Manisha Girotra and her 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 Nos. 7 to 9 - Continuation of Directorship of Non-Executive Directors post attainment of age of seventy five years**

Securities and Exchange Board of India (SEBI) has vide its Notification No. SEBI/LAD-NRO/GN/2018/10 dated May 09, 2018 issued the SEBI (Listing Obligations and Disclosures Requirement)

(Amendment) Regulations, 2018 ("the Amendment Regulations") which brought amendment in the SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 ("the Listing Regulations") to be made effective from April 01, 2019, save as otherwise specifically provided for in the Amendment Regulations. One of the said amendments requires the listed entities to avail approval of shareholders by way of Special Resolution to appoint or continue the directorship of Non-Executive Directors who have attained the age of seventy five years. This amendment is going to be effective from April 01, 2019.

Mr. A. T. Vaswani and Mr. S. M. Kulkarni, Non-Executive Directors of the Company, have already attained the age of seventy five years. Further, Mr. G. L. Mirchandani, a Non-Executive Director of the Company would be attaining age of seventy five years in the month of June, 2018. As per the original shareholders' approval, the Appointment of Mr. Vaswani is valid till July 28, 2020, whereas appointment of Mr. Kulkarni and Mr. Mirchandani is valid till July 27, 2019 ("Original Term") in terms of the provisions of the Companies Act, 2013.

The Board feels that the skills, expertise and vast experience of Mr. A. T. Vaswani, Mr. S. M. Kulkarni and Mr. G. L. Mirchandani, would continue to help the Company in its growth path. The Board upon the recommendation of Nomination and Remuneration Committee decided to seek the approval of shareholders at the ensuing Annual General Meeting in terms of the provisions of the Amendment Regulations for continuation of the directorships of above said Directors post March 31, 2019 till their respective Original Term of appointment. The Brief Profile of these Directors is provided separately in this Notice

Accordingly, The Board recommends the Special Resolutions, as set out at Item Nos. 7 to 9 of the accompanying Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives, except Mr. A. T. Vaswani, Mr. S. M. Kulkarni and Mr. G. L. Mirchandani and their relative(s), is in any way concerned or interested (financially or otherwise), in the proposed respective Special Resolutions set out at Item Nos. 7 to 9 of the Notice.

### **Item No. 10 - Issuance of Non-Convertible Debentures on private placement basis**

As per the provisions of Sections 42 and 71 of the Companies Act, 2013 ("the Act") read with the Rules made thereunder ("the Act"), a company issuing and/ or offering and/ or making an invitation to subscribe to and/ or allot NCDs on private placement basis is required to obtain prior approval of the Members by way of a Special Resolution.

The Members vide Special Resolution passed through postal ballot dated December 10, 2015, accorded its approval, to issue and/ or offer and/ or invite subscriptions for and/ or allot Non-Convertible Debentures (NCDs), on private placement basis, in one or more tranches ("issuance of NCDs"), upto an amount of ₹ 500 Crore (Rupees Five Hundred Crore only), during the period of 1 (one) year, within the permissible borrowing limits, as approved by the Members from time to time ("said approval"). Pursuant to such authority, the Company, on October 28, 2016 had issued and allotted 2,500 secured, rated, listed, non-convertible, redeemable, taxable

Debentures (Series I, II and III) of the face value of ₹ 1,000,000/- each aggregating to ₹ 250 Crore on private placement basis. As per the provisions of the Act, the said approval was valid only for one year i.e. upto December 09, 2016.

In order to achieve greater financial flexibility to augment resources *inter alia* for refinancing the debt, long term working capital, capital expenditure and other general corporate purposes, Board of Directors of the Company at its meeting held on May 14, 2018, approved issuance of NCDs for an amount not exceeding ₹ 500 Crore (Rupees Five Hundred Crore only) in accordance with the applicable provisions of the Act and other applicable laws and subject to approval of the Members, within the borrowing limits under Section 180(1)(c) of the Act, as approved by the Members from time to time ("Proposed Issue").

The Special Resolution set out at Item No. 10 of the Notice seeks approval of the Members to enable the Board to take necessary actions, including determination and finalization of the terms and conditions (such as the issue price of the NCDs and the interest rate determined by the then prevailing money market conditions etc.) with respect to the Proposed Issue. The approval of the Members shall remain in force for a period of one year from the date of this Thirteenth Annual General Meeting of the Company.

The Board recommends the Special Resolution with respect to the issuance of Non-Convertible Debentures for an amount not exceeding ₹ 500 Crore, on private placement basis, as set out in Item No. 10 of the Notice, for approval of 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 Special Resolution set out at Item No. 10 of the Notice.

**By Order of the Board of Directors**

**Vimal Kejriwal**

Managing Director & CEO

Place: Mumbai

Date: May 14, 2018

**Registered Office:**

RPG House

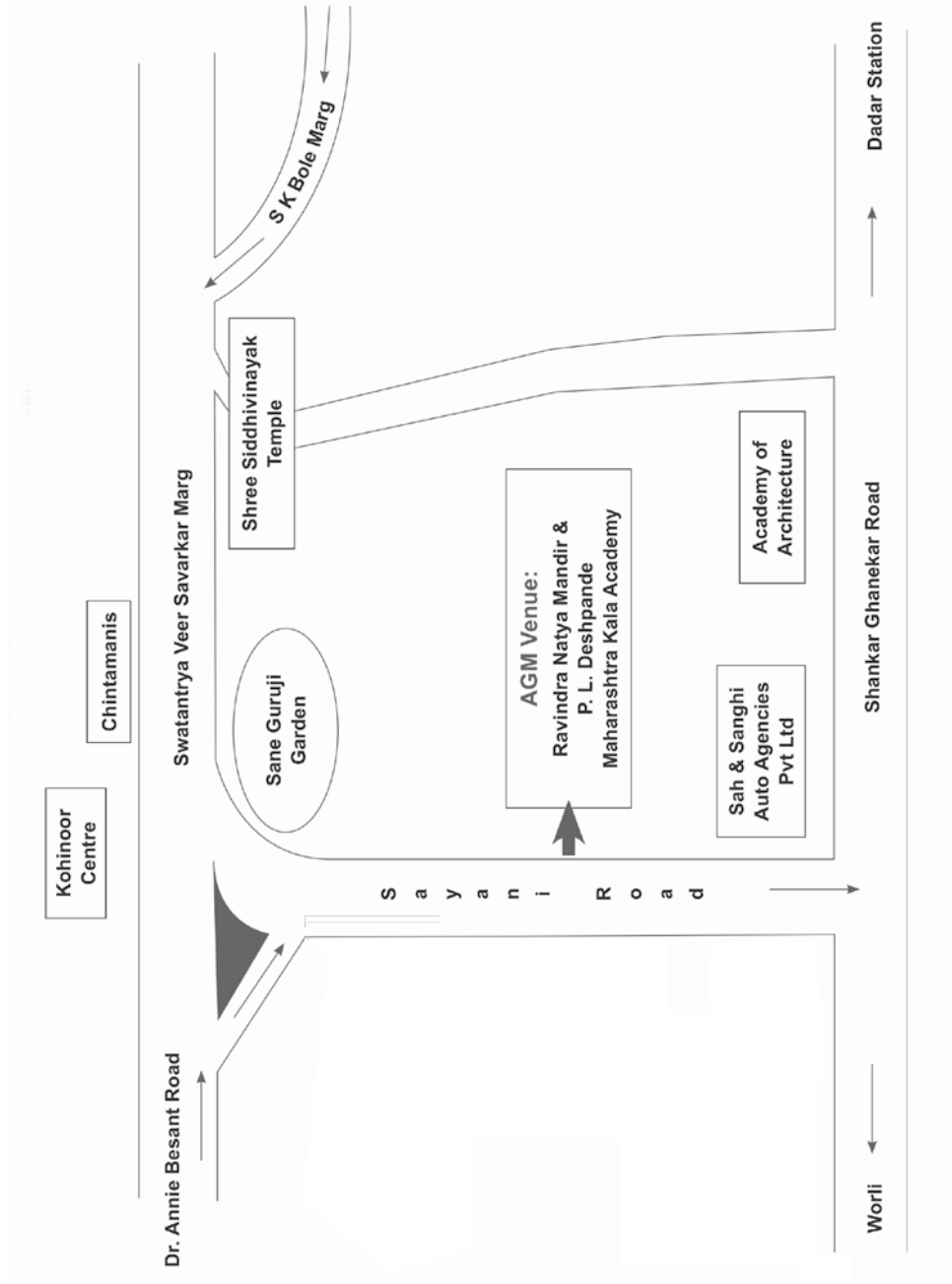
463, Dr. Annie Besant Road

Worli, Mumbai – 400 030

**Details of the Directors seeking appointment/ re-appointment/ continuation in directorship in the Thirteenth Annual General Meeting 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	Date of Birth & Age	Date of first Appointment on the Board	Qualification	Expertise in specific functional area	Directorships in other listed companies	Memberships of Committees in other listed companies (Includes only Audit & Stakeholders Relationship Committee)	No. of shares held in the Company	Relationship with other Directors and Key Managerial Personnel
Mr. R. D. Chandak	November 07, 1946 71 Years	December 26, 2015	Chartered Accountant, ICAI; Advanced Management Programme on Leading Change and Organisational Renewal, Harvard Business School	Mr. Ramesh D. Chandak specialises in individualised leadership coaching and Strategic Planning & Management. With a successful career spanning over 40 years across various manufacturing and infrastructure industries in India, USA, and Malaysia, he has acquired a solid experience in Succession Planning and Performance Management Strategy.	1. Parag Milk Foods Limited 2. Summit Securities Limited	Chairman of Audit Committee of Parag Milk Foods Limited	5	Nil
Ms. Manisha Girotra	July 09, 1969 48 Years	February 06, 2018	Bachelor of Economics (Honours), St. Stephen's College Master of Arts (Economics), Delhi School of Economics (Gold Medallist)	Ms. Manisha Girotra has more than 25 years of investment banking experience, with extensive cross-border M&A expertise. She began her investment banking career at ANZ Grindlays in London. Presently, she holds the position of Chief Executive Officer of Moelis & Company and serves as an Independent Director on the Boards of Ashok Leyland, Mindtree and Jio Payments Bank. She has held several senior positions at UBS in India and Barclays Bank.	Ashok Leyland limited	Member of Stakeholders' Relationship Committee of Ashok Leyland Limited	Nil	Nil
Mr. A. T. Vaswani	July 05, 1937 80 Years	January 12, 2006	Chartered Accountant, ICAI Company Secretary, ICSI	Mr. A. T. Vaswani has over 57 years of experience in the industry. Since 1981, he has served on the Board of leading multinational companies, both in an executive and non-executive capacity, including as Deputy CEO of Metal Box of India Ltd., a leading packaging company and as Director & Senior Vice President of Glaxo India Ltd., India's largest & 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.	Zensar Technologies Limited	Chairman of Audit Committee & Stakeholders' Relationship Committee of Zensar Technologies Limited	Nil	Nil
Mr. S. M. Kulkarni	January 09, 1939 79 Years	January 12, 2006	Bachelor of Engineering, University of Pune	Mr. S.M. Kulkarni, Corporate Adviser and Business Consultant, is a Fellow of the Institute of Engineers India. He consults and advises several Indian and International companies and has headed major international and Indian corporate entities during his varied 54 years of global experience. His area of expertise covers Business Development, International Alliance Management, Strategic Planning, Technology & Innovation Advisory, Financial Services and Corporate Governance.	1. Hindustan Construction Company Limited 2. Bayer Crops Science Limited 3. Navin Fluorine International Limited 4. Camlin Fine Sciences Limited	1. Chairman of Audit Committee of all the listed companies where he holds directorship 2. Member of Stakeholders' Relationship Committee of Bayer Crops Science Limited	Nil	Nil
Mr. G. L. Mirchandani	June 12, 1943 74 Years	January 12, 2006	Bachelor of Engineering (Mechanical), BITS Pilani	Mr. G.L. Mirchandani is an eminent industrialist who remains closely involved with the development of corporate strategy and formulating, incubating and delivering emerging technologies and services in the area of television and other electronic products. He is the Founder Chairman of the Onida Group and was also the Chairman of the Bombay chapter of the World Presidents' Organisation (WPO).	1. V I P Industries Limited 2. MIRC Electronics Limited	1. Member of Audit Committee of V I P Industries Limited 2. Member of Stakeholders' Relationship Committee of MIRC Electronics Limited	Nil	Nil

## ROUTE MAP TO THE VENUE OF ANNUAL GENERAL MEETING



Venue : Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai-400 025

# KEC KEC INTERNATIONAL LIMITED

CIN: L45200MH2005PLC152061  
Registered Office: RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai – 400 030  
Website: [www.kecrpg.com](http://www.kecrpg.com), Email: [investorpoint@kecrpg.com](mailto:investorpoint@kecrpg.com)  
Tel No.: 022-66670200, Fax No.: 022-66670287

## ATTENDANCE SLIP

PLEASE FILL IN THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL  
Joint shareholder(s) may obtain additional Attendance Slip(s) at the venue of the meeting.

*DP. Id.		@Folio No.	
*Client Id.		No. of share(s) held	

Name and address of the shareholder .....

I hereby record my presence at the Thirteenth Annual General Meeting of KEC International Limited to be held on Monday, July 30, 2018 at 3:00 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai-400 025.

Signature of the shareholder or proxy

\* Applicable for Members holding shares in dematerialised form.

@ Applicable for Members holding shares in physical form.

# KEC KEC INTERNATIONAL LIMITED

CIN: L45200MH2005PLC152061  
Registered Office: RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai – 400 030  
Website: [www.kecrpg.com](http://www.kecrpg.com), Email: [investorpoint@kecrpg.com](mailto:investorpoint@kecrpg.com)  
Tel No.: 022-66670200, Fax No.: 022-66670287

## FORM NO. MGT-11 PROXY FORM

Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s): .....

Registered Address: .....

Email ID: .....Folio No./Client ID: .....

DP ID: .....

I/We, being the holder(s) of ..... shares of the above named Company, hereby appoint;

1. Name ..... Address: .....

E-mail Id: ..... Signature: ....., or failing him/her.....

2. Name ..... Address: .....

E-mail Id: ..... Signature: ....., or failing him/her.....

3. Name ..... Address: .....

E-mail Id: ..... Signature: ....., or failing him/her.....

as my/our proxy to attend and vote for me/us and on my/our behalf at the Thirteenth Annual General Meeting of the Company, to be held on Monday, July 30, 2018 at 03:00 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai-400 025 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

Item No.	Item No.	No. of Shares*	I/We assent to the Resolution* (FOR)	I/We dissent to the Resolution* (AGAINST)
1	<b>Ordinary Resolution</b> Adoption of Audited Financial Statements (including the Consolidated Financial Statements) and Reports of Directors and Auditors thereon.			
2	<b>Ordinary Resolution</b> Declaration of Dividend for the financial year 2017-18.			
3	<b>Ordinary Resolution</b> Re-appointment of Mr. R. D. Chandak (DIN: 00026581) as Director of the Company.			
4	<b>Ordinary Resolution</b> Authority for appointment of Branch Auditors.			
5	<b>Ordinary Resolution</b> Ratification of remuneration payable to Cost Auditors.			
6	<b>Ordinary Resolution</b> Appointment of Ms. Manisha Girotra (DIN: 00774574) as Independent Director.			
7	<b>Special Resolution</b> Continuation of Directorship of Mr. A. T. Vaswani (DIN: 00057953) post attainment of age of seventy five years.			
8	<b>Special Resolution</b> Continuation of Directorship of Mr. S. M. Kulkarni (DIN: 00003640) post attainment of age of seventy five years.			
9	<b>Special Resolution</b> Continuation of Directorship of Mr. G. L. Mirchandani (DIN: 00026664) post attainment of age of seventy five years.			
10	<b>Special Resolution</b> Issuance of Non-Convertible Debentures on private placement basis.			

\*This is optional. Please put a (✓) in the appropriate column for each resolution. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner he/ she thinks appropriate.

Signed this.....day of July, 2018

Signature of shareholder .....

Signature of Proxy holder(s) .....

Affix  
Revenue  
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

# DELIVERING OUTPERFORMANCE



**ANNUAL REPORT**  
**2017-2018**

# 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 19<sup>th</sup> century. Today, the group has several companies in diverse sectors predominantly CEAT, Zensar Technologies, 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.

## Forward-looking statement

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 even inaccurate 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.

Sometime ago we launched the RPG group's new brand tagline – Hello Happiness. This tagline will henceforth form a part of our group's ethos. Our Vision tenets clearly outline the path we will all collectively traverse – one that seeks to propel every RPGian to overcome their own limitations; one that will drive each of us to contribute and shape the lives of others around us positively; an organisation where dreams will not be constrained by fences. The smiley signifies 'THAT' Happiness which is within our grasp, which is the culmination of our Vision tenets and is now captured in our tagline. Hello Happiness is a bold statement of confidence and purpose – a 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.

 **hello happiness**

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For further information, log on to  
[www.kecrpg.com](http://www.kecrpg.com)



400 kV Overhead Transmission Line from Barakah - Madinat Zayed, Abu Dhabi



Track Laying Machine at Jhansi-Bhimsen Railway Project, Uttar Pradesh



Cement Project at Dhule, Maharashtra



220 kV AIS Substation at Ghazni, Afghanistan



Underground Cabling at Manali, Tamil Nadu



450 kWp Rooftop Solar Project, Chandigarh

# DELIVERING OUTPERFORMANCE

**We power lives, connect people;  
we enable growth.**

**We thrive by pursuing Outperformance that allows us to generate value for our business and our stakeholders. Our unwavering drive and continuous process innovations differentiate us from our competitors and empower us to set benchmarks and build icons of growth globally.**

Over the last seven decades, we have built strong capabilities that enable us to deliver complex projects in every corner of the world; we scale mountains, move the oceans, conquer deserts and snowclad mountains, we venture where nobody dares.

Our Outperformance is a result of years of shared and enhanced value creation, backed by a strong value proposition and service offerings. Spanning several milestones, it is a culmination of our robust project management, manufacturing and operational excellence, advanced

engineering and design capabilities, global business acumen aided by well-defined growth strategies and an outperformance embedded mindset.

Our determination to improve quality of lives across the globe has made us more robust, agile and a visionary organisation committed to quality and excellence. We have built a strong foundation that helps us deliver complex projects ahead of schedule for our clients. Our integrated business functions build a stronger enterprise that enable growth in adjacencies.

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

## MISSION & VISION

**Building infrastructure for the world of tomorrow**

### UNLEASH **TALENT**

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

### OUT**PERFORM**

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

### TOUCH **LIVES**

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



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

# CORPORATE INFORMATION

## REGISTERED OFFICE

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

## MANUFACTURING FACILITIES

### Transmission

#### 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

#### Overseas

##### Brazil

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

##### 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

ICICI Bank

Export-Import Bank of India

IDBI Bank Ltd.

Punjab National Bank

Corporation Bank

Axis Bank Ltd.

Allahabad Bank

Syndicate Bank

Central Bank of India

Yes Bank Ltd.

Bank of Baroda

Standard Chartered Bank

Dena Bank

Societe Generale

Abu Dhabi Commercial Bank

### Middle East

Abu Dhabi Commercial Bank, Abu Dhabi

Bank Muscat, Saudi Arabia

First Gulf Bank, Abu Dhabi

Arab Banking Corporation, Bahrain

Alinma Bank, Saudi Arabia

Banque Saudi Fransi, Saudi Arabia

Deutsche Bank, Abu Dhabi

Emirates National Bank of Dubai (ENBD),  
Abu Dhabi

National Bank of Oman, Muscat

Union National Bank, Abu Dhabi

### USA

JP Morgan Chase Bank, N.A.

Wells Fargo Bank, N.A.

### Mexico

Grupo Financiero BBVA Bancomer

Banco Santander

Banco Nacional de Mexico, S.A.

### 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 &amp; CEO

**A.T. Vaswani**

Independent Director

**D.G. Piramal**

Independent Director

**G.L. Mirchandani**

Independent Director

**Manisha Girotra**

Independent Director

**Nirupama Rao**

Independent Director

**R.D. Chandak**

Non-Executive Director

**S.M. Kulkarni**

Independent Director

**S.M. Trehan**

Independent Director

**Vinayak Chatterjee**

Independent Director

**MANAGEMENT TEAM****Vimal Kejriwal**

Managing Director &amp; CEO

**Randeep Narang**President – International  
(T&D, Solar) & Cables**Neeraj Nanda**

President – South Asia (T&amp;D, Solar)

**Rakesh Gaur**

Chief Executive – Railways

**Nagesh Veeturi**

Chief Executive – Civil

**Gustavo Cedeno**

CEO – SAE Towers

**Rajeev Aggarwal**

Chief Financial Officer

**Anand Kulkarni**

Executive Director – Business Operations

**Vasudevan Narasimha**

Executive Director – Human Resources

**AUDITORS**Price Waterhouse Chartered  
Accountants LLP  
Chartered Accountants**REGISTRAR AND SHARE  
TRANSFER AGENTS**Link Intime India Private Limited  
C 101, 247 Park, L B S Marg, Vikhroli West,  
Mumbai – 400083

Ph: +91 22 49186000;

Fax: +91 22 49186060

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

# BOARD OF DIRECTORS



## 1 H.V. GOENKA Chairman

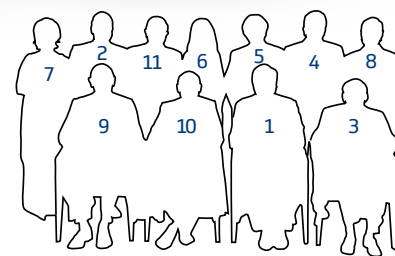
Economics, University of Calcutta; MBA, IMD (Switzerland)

Mr. Harsh Vardhan Goenka is the 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 over US \$ 3.5 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 the Chairman of Breach Candy Hospital Trust. He has been the Chairman of the Board of the Company since 2006.

## 2 VIMAL KEJRIWAL Managing Director & CEO

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

Mr. Vimal Kejriwal is the Managing Director & CEO of KEC International Limited. With around 35 years of corporate experience in the areas of Power Infrastructure, Oil & Gas, Pharmaceuticals, Fertilisers and Investment Banking across the globe, he has significantly contributed to making the Company a highly profitable organisation. Additionally, he serves as a Director on the Board of SAE Towers Holdings LLC, USA, a wholly owned subsidiary of KEC International Ltd. He is an Executive Council Member of IEEMA (Indian Electrical and Electronics Manufacturers' Association) and is the former Chairman of the Transmission Line Division of Confederation of Indian Industry (CII).



## 3 A.T. VASWANI Independent Director

Chartered Accountant, ICAI; Company Secretary, ICSI

Mr. A.T. Vaswani has over 57 years of experience in the industry. Since 1981, he has served on the Board of leading multinational companies, both in an executive and non-executive capacity, including as Deputy CEO of Metal Box of India Ltd., a leading packaging company and as 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.

#### 4 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 Dilip Piramal Group. He is an industrialist with a vast and rich experience. He is also the Managing Director of VIP Industries Ltd., the luggage company, which is a flagship of the Dilip Piramal Group. Mr. Piramal is a past President of the Indian Merchants' Chamber, now known as the IMC Chamber of Commerce & Industry, the All India Plastic Manufacturers Association (AIPMA) and the Organisation of Plastic Processors of India (OPP).

#### 7 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 became India's first woman Ambassador to China in 2006. She 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.

#### 10 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 and has a rich experience in the engineering field. He has held the position of MD of Crompton Greaves Ltd. (now known as CG Power and Industrial Solutions Ltd.) from 2000 to 2011. During these years, Crompton Greaves achieved phenomenal growth and received global status through its various acquisitions. He has also served as Chairman of Board of Governors of Thapar University and is the past Chairman of the CII Western Region.

#### 5 G.L. MIRCHANDANI Independent Director

Bachelor of Engineering (Mechanical), BITS Pilani

Mr. G.L. Mirchandani is an eminent industrialist who remains closely involved with the development of corporate strategy and formulating, incubating and delivering emerging technologies and services in the area of television and other electronic products. He is the Founder Chairman of the Onida Group and was also the Chairman of the Bombay Chapter of the World Presidents' Organisation (WPO). He was the President of Consumer Electronics & TV Manufacturer Association (CETMA) for two years in 1992 & 1994.

#### 8 R.D. CHANDAK Non-Executive Director

Chartered Accountant, ICAI; Advanced Management Programme on Leading Change & Organisational Renewal, Harvard Business School

Mr. Ramesh D. Chandak specialises in individualised leadership coaching and Strategic Planning & Management. With a successful career spanning over 40 years across various manufacturing and infrastructure industries in India, USA and Malaysia, he has acquired a solid experience in Succession Planning and Performance Management Strategy. One of his key achievements as former MD & CEO at KEC includes growing the annual turnover from ₹500 crore to over ₹8,500 crore. He is the former President of Indian Electrical & Electronics Manufacturers' Association (IEEMA).

#### 11 VINAYAK CHATTERJEE Independent Director

Bachelor of Economics (Honours), St. Stephen's College (Delhi University); MBA, IIM Ahmedabad

Mr. Vinayak Chatterjee is the Co-Founder and Chairman of Feedback Infra (P) Limited. He has often been called upon to play a strategic advisory role to leading domestic and international corporates, various Ministries dealing with infrastructure, as well as multi- and bi-lateral institutions in the areas of infrastructure planning and implementation. Currently, he is the Chairman of CII's 'National Council on Economic Affairs'. He is also an Independent Director on the Boards of SRF Limited, Apollo Hospitals Enterprise Limited, and is on the Advisory Board of JCB India.

#### 6 MANISHA GIOTRA Independent Director

Bachelor of Economics (Honours), St. Stephen's College; Master of Arts (Economics), Delhi School of Economics (Gold Medallist)

Ms. Manisha Girotra has more than 25 years of investment banking experience, with extensive cross-border M&A expertise. She began her investment banking career at ANZ Grindlays in New Delhi. Currently, she holds the position of Chief Executive Officer of Moelis & Company and serves as an Independent Director on the Boards of Ashok Leyland and Jio Payments Bank. She has held senior positions at UBS in India and Barclays Bank. She has been featured several times in Business Today's '25 Most Powerful Women in Business in India' and in Fortune India's '50 Most Powerful Women in Business'.

#### 9 S.M. KULKARNI Independent Director

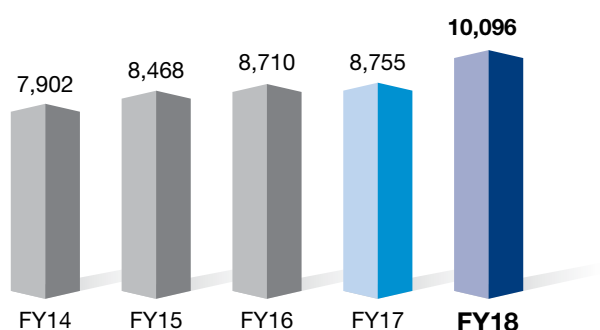
Bachelor of Engineering, University of Pune

Mr. S.M. Kulkarni, Corporate Adviser and Business Consultant, is a Fellow of the Institute of Engineers India. He consults and advises several Indian and International companies and has headed major international and Indian corporate entities during his varied 54 years of global experience. His area of expertise covers Business Development, International Alliance Management, Strategic Planning, Technology & Innovation Advisory, Financial Services and Corporate Governance. He is actively associated with various NGOs and educational trusts.

# SUSTAINING OUTPERFORMANCE

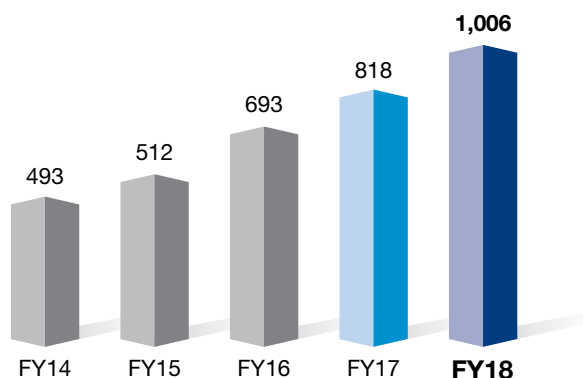
## REVENUE

(₹ in crore)



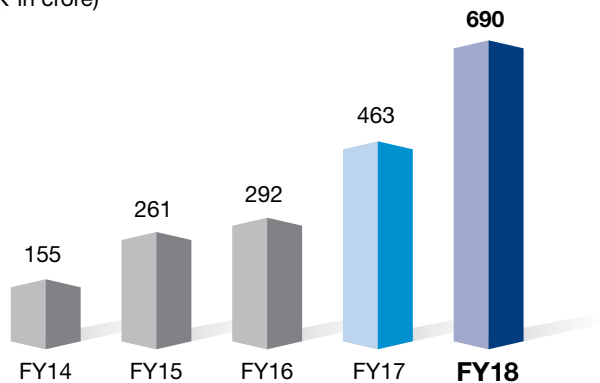
## EBIDTA

(₹ in crore)



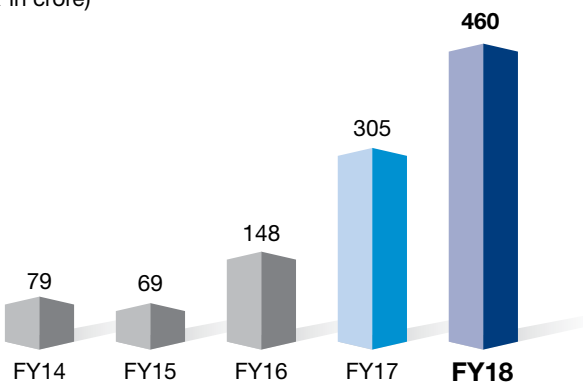
## PBT

(₹ in crore)



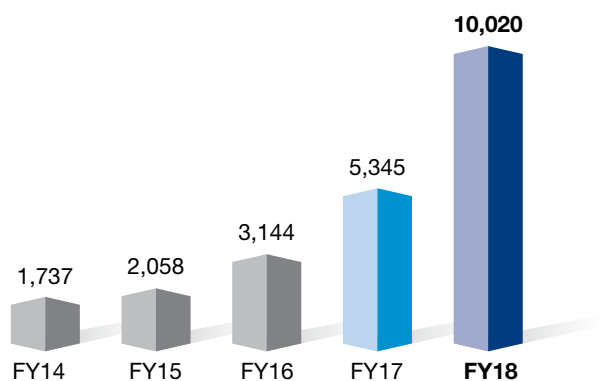
## PAT

(₹ in crore)



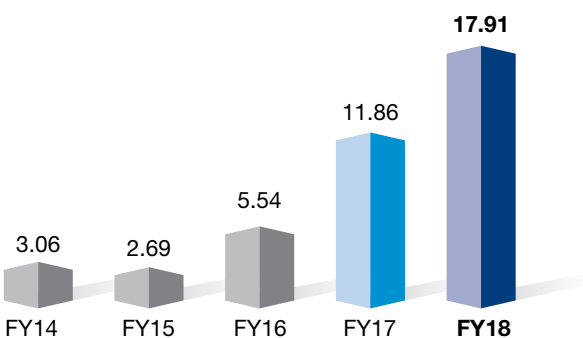
## MARKET CAPITALISATION (YEAR END)

(₹ in crore)



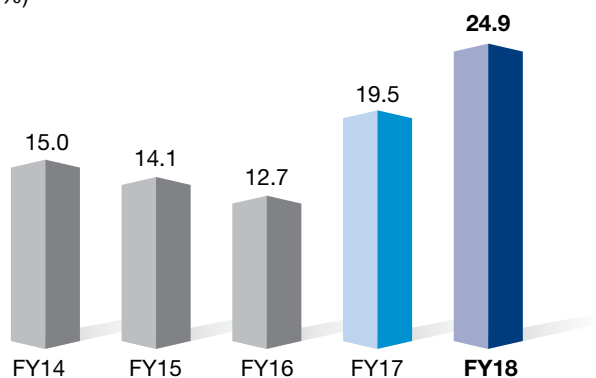
## EPS<sup>#</sup>

(Face value ₹2 each)

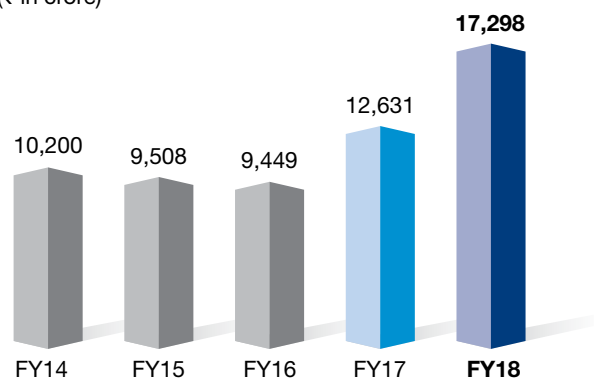


**RETURN ON CAPITAL EMPLOYED (ROCE)**

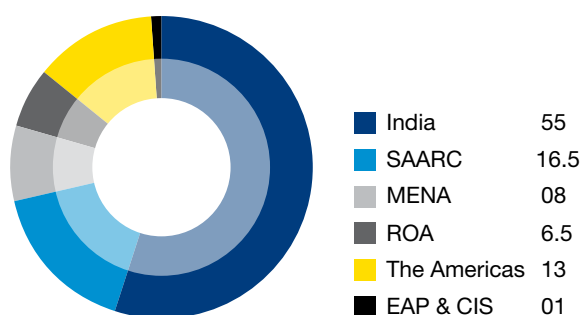
(%)

**ORDER BOOK**

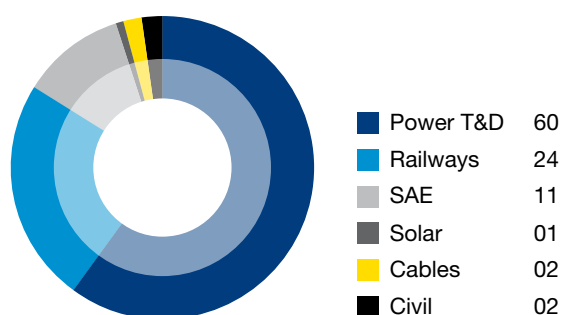
(₹ in crore)

**GEOGRAPHY-WISE ORDER BOOK**

(%)

**BUSINESS-WISE ORDER BOOK**

(%)

**Notes:**

1. FY 2017-18, FY 2016-17 and FY 2015-16 numbers are IND AS compliant
2. FY 2014-15 and FY 2013-14 numbers are INDIAN GAAP, IFRS compliant
3. #Before impact of Voluntary Retirement Scheme (FY 2013-14) and Disposal of Assets (FY 2014-15 and FY 2015-16)
4. 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
5. Graphs are not up to the scale

# GROWING GLOBAL PROMINENCE

We are expanding our business across the world with a focus on high efficiency and continued value delivery.

Footprint in

## 100 Countries

(includes EPC, Supply of Towers & Cables)



Currently executing EPC projects in

## 29 Countries



## 5,373

Employees

## 29

Nationalities



1	Afghanistan	● ■ ▲
2	Algeria	● ▲
3	Angola	● ▲
4	Argentina	●
5	Australia	● ■ ▲
6	Azerbaijan	■
7	Bahrain	● ■ ▲
8	Bangladesh	■
9	Benin	■
10	Bhutan	● ■ ▲
11	Bolivia	●
12	Brazil	●
13	Bulgaria	■
14	Burkina Faso	■

15	Cambodia	● ■ ▲
16	Cameroon	● ■ ▲
17	Canada	● ▲
18	Chad	● ■ ▲
19	Chile	●
20	Colombia	● ▲
21	Cook Island	● ■ ▲
22	Costa Rica	■
23	Democratic Republic of the Congo	■
24	Egypt	● ■ ▲
25	Eritrea	● ■ ▲
26	Ethiopia	■
27	France	■

28	Gabon	■
29	Georgia	● ■ ▲
30	Germany	■
31	Ghana	● ■ ▲
32	Guatemala	●
33	Honduras	■
34	India	● ■
35	Indonesia	● ▲
36	Iran	● ■ ▲
37	Iraq	● ▲
38	Ireland	▲
39	Italy	■
40	Ivory Coast	■

41	Jordan	● ■ ▲
42	Kazakhstan	● ▲
43	Kenya	● ■ ▲
44	Kuwait	● ■ ▲
45	Laos	● ▲
46	Latvia	● ■ ▲
47	Lebanon	■
48	Libya	● ▲
49	Malawi	● ▲
50	Malaysia	■
51	Maldives	● ▲
52	Mali	■
53	Malta	● ■ ▲



**70+**  
Years'  
Experience



EPC Projects



Cable Exports



Tower Supply

54	Mauritania	■
55	Mauritius	■
56	Mexico	■
57	Montserrat	● ▲
58	Mozambique	■
59	Myanmar	● ■ ▲
60	Namibia	■
61	Nepal	● ▲
62	Netherlands	● ▲
63	New Zealand	■
64	Nicaragua	● ▲
65	Nigeria	▲
66	Oman	● ■ ▲

67	Panama	● ■ ▲
68	Papua New Guinea	●
69	Paraguay	●
70	Peru	● ■ ▲
71	Philippines	● ■ ▲
72	Saudi Arabia	● ■ ▲
73	Scotland	■
74	Senegal	● ■ ▲
75	Seychelles	■
76	Sierra Leone	■
77	Singapore	■
78	Somalia	● ▲
79	South Africa	■

80	Sri Lanka	● ■ ▲
81	Sweden	● ■ ▲
82	Switzerland	■
83	Syria	● ▲
84	Tajikistan	● ▲
85	Tanzania	● ■ ▲
86	Thailand	● ■ ▲
87	Togo	■
88	Tunisia	● ■ ▲
89	Turkey	● ■ ▲
90	Turkmenistan	■
91	UAE	● ■ ▲
92	Uganda	● ■ ▲

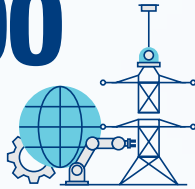
93	United Kingdom	■
94	Uruguay	● ▲
95	USA	● ■
96	Venezuela	●
97	Vietnam	● ■ ▲
98	Yemen	■
99	Zambia	● ■ ▲
100	Zimbabwe	■

# DIVERSIFYING TO OUTPERFORM

## 3,12,200

MTPA

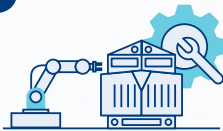
Largest globally operating  
tower manufacturing capacity



## 30,000

MTPA

Manufacturing capacity for  
Railway structures



## 12,000

MTPA

Manufacturing capacity  
for Solar structures



## 7

Manufacturing units across  
India, Brazil and Mexico



## 45%

Business from  
outside India



**Over the years, we have significantly contributed to the global development story by building icons of growth, cutting across boundaries.**

We continue to augment our competitive edge across verticals and tap favourable opportunities in EPC. By leveraging on our core strengths, we constantly endeavour to unlock new sources of growth and expand into adjacencies.

During the year, our T&D business has grown considerably, despite facing significant challenges, including the GST implementation. We have seen a remarkable increase in orders from state utilities and private clients. We received our single largest private order, delivered seven projects ahead of schedule, successfully diversified our presence in the Middle East and succeeded in diversifying our EPC business in the Americas by securing significant orders in Brazil.

SAARC remains one of our key growth drivers, with a significant footprint in this region. During FY18, we delivered key projects, including the Ashuganj Bhulta river crossing towers, Bangladesh's tallest Transmission lines and Bhutan-Jigmeling GIS Substation, one of the largest of its kind in the country.

We have successfully expanded our Substations business, on both domestic and international fronts. We executed several challenging Gas Insulated and Air Insulated projects, including commissioning India's highest altitude GIS Substation at Leh & Khalsti in Jammu & Kashmir amidst challenging weather and terrain conditions; an AIS substation at Afghanistan, amidst severe security threats; and one of India's largest GIS Substations at Orai, Uttar Pradesh.

The Railway business has been performing exceedingly well. Continuing our FY17 momentum, we have doubled our revenues in this business in FY18, and have successfully diversified our customer portfolio to include CORE, RVNL, IRCON, RITES, and PGCIL. We were the largest contributor to the Indian Railway Electrification Mission during the year, executing ~20% of railway

electrification projects across the country. These achievements further establish our leadership and commitment towards growth in this sector.

We expanded our business portfolio to include Civil business, which has performed exceedingly well, and has turned profitable in the first year of operations. We have succeeded in building a considerable order book spread across industry segments and have received several repeat orders from clients.

During the year, we also expanded our operations to include Smart Infrastructure business, which will primarily target Smart Cities, Communication, Smart Mobility and Smart Utilities.

We have built significant capabilities in our Solar business, and are well poised to tap opportunities in the International Solar EPC market. Additionally, the execution of the 130 MWp turnkey EPC project for APGENCO has progressed well and the plant is on track for commissioning this year, despite headwinds caused due to GST and volatility in module prices.

Our endeavour to turnaround our Cables business has yielded positive results. During the year, in a bid to improve our operational efficiencies, we successfully shifted operations of our Silvassa manufacturing facility to Vadodara, thus creating an integrated facility. We have delivered an order booking growth of 15% over FY17, especially in the high margin segments of EHV, HT and exports. We have significantly expanded our exports portfolio by deepening our footprint to 40 countries during FY18.

We understand the need to continuously innovate to unlock further opportunities for growth. During the year, we partnered with SAP on an ambitious digital business transformation journey to implement the next-gen best-in-class ERP platform, S/4HANA that will lead the Company into the next era of Growth and Outperformance.

400 kV Ashuganj-Bhulta Transmission Line,  
Bangladesh's tallest river crossing tower



## Transmission & Distribution

# STRENGTHENING THE CORE



Our 70+ years of experience in the T&D sector has helped us build the business into one of the largest power transmission EPC companies in the world. We provide integrated solutions in Transmission & Distribution, and have the capabilities to build overhead transmission lines of voltages up to 1200 kV, air insulated substations up to 1150 kV, gas insulated substations up to 765 kV, hybrid substations up to 220 kV and underground high-tension (HT) and extra high voltage (EHV) cabling works up to 400 kV.

Our T&D footprint extends across 64 countries; we have a robust presence in South Asia, the Middle East, East Asia Pacific, Commonwealth of Independent States, Africa and the Americas.

SAE Towers (SAE), a wholly owned subsidiary of the Company, is one of the largest producers of steel lattice transmission towers in the Americas. Its products and services include transmission towers, monopoles, substation structures, hardware, engineering and tower testing solutions. Currently, we are expanding our EPC presence in the Americas through SAE Towers, by leveraging our expertise in the business.

### UNPARALLELED EXPERTISE

Over the years, we have showcased our expertise by successfully executing challenging projects across various terrains. We deliver turnkey solutions supported by cutting-edge designs, innovative engineering, robust and integrated global supply chain, and strategic partnerships with international corporations. Our success has been a result of:

- Demonstrated competencies to work in extreme weather conditions, hostile environments and difficult terrains
- Strong project management and execution capabilities
- Bespoke and efficient solutions to meet challenging customer needs
- Talented team, proficient in advanced systems and processes for foundations, tower erections and stringing
- Expertise in power system design and analysis
- Extensive experience in electrical, civil, and structural design for substations

### Our T&D footprint extends across 64 countries.

## FY 2017-18 HIGHLIGHTS

### South Asia Business

- Received orders of ₹6,600 crore, with an increase in orders from SAARC region and State Electricity Boards
- Bagged largest ever private order (~₹1,000 crore)
- Delivered 20% of projects ahead of schedule
- Completed some of the most challenging projects successfully, including:
  - Commissioning India's highest altitude GIS Substation; 220/ 66 kV GIS at Leh and Khalsti at 11,500 feet, along with a transmission line in extremely challenging terrain and weather conditions
  - Charged 220 kV Arghandi-Ghazni Transmission Line, along with two 220 kV AIS substations amidst severe security threats in Afghanistan
- Received appreciation from Sterlite Power for achieving 'One Million Safe Man-hours' for 765/ 400 kV Khandwa Transmission Line

### International Business

- Diversified presence in the Middle East with orders in the UAE, Oman and Jordan
- Physically completed 25 projects
- Awarded 'EPC company of the Year' at the ASSOCHAM India-Africa Champion in Biz Awards 2017
- Received 'Excellence in Safety' Award for overhead transmission line projects in the southern region by National Grid of Saudi Arabia
- Received 'Bronze' rating at Sarawak Energy Berhad Contractor's EIA Compliance Awards 2017 for our commitment, effort and performance in complying with the stipulated environmental regulatory requirements (Malaysia)

### SAE

- Secured orders of USD 282 million, an increase by 250% YoY
- Achieved annual production of 52,800 tonne at the manufacturing plant in Brazil
- Launched new products - Light duty poles and Hybrid poles



## Railways

# SCALING NEWER HEIGHTS



**We are an integrated player with over 50 years of expertise in the railway infrastructure EPC sector. We execute all types of contracts encompassing track laying, doubling & tripling of tracks, building railway stations, tunnels & bridges, signalling & telecommunication works, and railway electrification.**

We are uniquely placed to offer solutions to industry challenges by combining a deep understanding of our customer's objectives with our expertise. Our services are underpinned by dedicated teams, delivering innovative engineering, advanced digital technology and industry-leading safety practices. Since inception, we have electrified over 40% of the Indian Railway network, spanning more than 15,000 km.

The business has doubled its revenue compared to last year and has executed ~20% of Railway electrification projects in India in FY18. We have also diversified our client portfolio to include IRCON, RITES, CORE, RVNL and PGCIL. Our Cables business has commenced manufacturing railway contact & catenary conductors and

railway signalling cables, and our tower manufacturing units produce galvanised steel structures for Railways with an installed capacity of 30,000 MTs per annum.

**We manufacture galvanised steel structures, contact & catenary conductors and signalling cables for Railways.**

#### FY 2017-18 HIGHLIGHTS

- Secured orders of ~₹4,000 crore with significant L1 positions
- Executed ~20% railway electrification projects in India in FY 2017-18
- One of the largest contributors to the Indian Railway Electrification Mission
- Commissioned 11 projects covering more than 807 route km
- Over 4,000 track km of Overhead Electrification currently under execution



#### SERVICES

- Overhead electrification systems
- Traction substations
- Earthwork and track-laying
- Rehabilitation and doubling & tripling of existing tracks
- Civil infrastructure such as bridges, tunnels, platforms, stations, residential buildings and workshops
- Signalling and telecommunication systems



Blanketing work for track-laying at Amethi, Uttar Pradesh



Civil

# ENGINE OF GROWTH

We successfully launched our Civil business with a focus on industrial plants, residential buildings and commercial complexes, especially in the mid-market segment.

In our first year of operation, the business has received over ₹500 crore of orders and is cash positive and profitable.

Our extensive expertise and capabilities, coupled with significant investments in cutting-edge technologies, has enabled us to deliver world-class construction to our clients. Our integrated project management proficiencies ensure that we deliver our projects on or ahead of schedule, with strict adherence to quality and safety.

Currently, we are executing 15+ EPC turnkey projects comprising factories, warehouses, and residential buildings for clients in Auto, Cement, Metals & Mining sectors, among others.

**We are currently executing 15+ EPC turnkey projects comprising factories, warehouses, and residential buildings for several marquee clients.**

## FY 2017-18 HIGHLIGHTS

- One of the key players in the factory segment, especially in cement, automobile and auto-ancillary industries
- Poured 1 lakh cubic metre of concrete in the first year of operations
- Implemented 'Safety as a way of life' at every site, which has enabled 10 lakh safe working hours in the past year
- Introduced system formwork usage mandatorily at sites
- Constructed four RCC silos using specialised climbing formwork, slipform and panel formwork
- Distinguished among top 10 contractors executing the slipform technology in silo construction



## Smart Infrastructure

# CREATING A DIGITAL WORLD

File Photo of an Integrated Command & Control Centre

Leveraging on our EPC strength, during FY 2017-18, we further expanded our business portfolio to include Smart Infrastructure, focussing on Smart Cities and Communication, Smart Mobility and Smart Utilities.

With rapid rise in urbanisation in India, the Government has felt a need to upgrade the country's digital infrastructure, increase the efficiency of existing systems, reduce waste, and thus improve quality of life and provide sustainable living to its residents.

KEC's Smart Infrastructure business will act as the Master System Integrator and work with central and state governments, municipal bodies, state and private utilities, and public transport services, to provide modern, technology-driven solutions.



### SERVICES

- **Smart Cities** - Offer solutions in the segments of public safety, e-governance, and smart infrastructure in partnership with renowned global technology partners. Solutions include City Surveillance System, deployment of various IoT devices like environmental sensors, smart lighting, smart parking and systems, citizen portal and application.
- **Communication** - Support the Government's BharatNet project, which involves connecting 2,50,000 Gram Panchayats with optical fibre network.
- **Smart Mobility** - Provide new-age solutions in public transport services such as Automatic Fare Collection System (AFCS), Smart Card System, Intelligent Transit Management Systems, and Intelligent Traffic Management Solutions.
- **Smart Utility** - Setting up the IT infrastructure on the distribution side required to upgrade the existing system or develop a greenfield project, which will include offerings such as peak load management, theft reduction, AT&C loss reduction and ease of use to the end consumers.



## Cables

# GAINING MOMENTUM

Cables Manufacturing Plant at  
Vadodara, Gujarat

With over 60 years of experience in the industry, we offer an extensive range of cables and turnkey cabling solutions in over 40 countries. We specialise in manufacturing power, control & instrumentation, telecom, railways and solar cables.

We have two world-class, fully integrated manufacturing units equipped with modern technologies at Vadodara and Mysore.

We have pioneered the production of cross-linked polyethylene (XLPE) cables in India and have one of the largest installed base for manufacturing EHV cables (66, 132 & 220 kV).

Our Vadodara facility has received accreditation from the National Accreditation Board for Testing and Calibration Laboratories (NABL) for its testing laboratory, in accordance with ISO/IEC 17025:2005. The unit is also the first Indian cables factory to receive IGBC, a Green Factory 'Platinum' Certification. Additionally, we are India's first cables company to win the Platinum award at the prestigious Greentech Safety Awards 2017.

### FY 2017-18 HIGHLIGHTS

- Added three new products to our offerings - railways contact & catenary conductors and railway signalling cables
- Consolidated our Silvassa factory with Vadodara, creating an integrated facility offering the entire gamut of products ranging from EHV, HT to LT cables
- Executed one of our largest EHV order of ₹100 crore from Power Grid Corporation of India Limited (PGCIL) for 220 kV Cables, which will strengthen our qualifications for other 220 kV Cables and Cabling projects

### PRODUCT PORTFOLIO

#### POWER CABLES

**Extra High Voltage:** Up to 220 kV;  
**High Voltage:** Up to 33 kV;  
**Low Voltage:** Up to 1.1 kV

#### CONTROL AND INSTRUMENTATION CABLES

#### RAILWAYS

Contact and Catenary  
Conductors; Signalling Cables

#### TELECOM CABLES

Optic Fibre Cables; PIJF

#### SOLAR CABLES

**Vadodara facility has received accreditation from National Accreditation Board for Testing and Calibration Laboratories (NABL) for its testing laboratory, in accordance with ISO/IEC 17025:2005.**



## Solar

# BUILDING A SUSTAINABLE FUTURE

130 MWp APGENCO Ground Mount Solar Project, Andhra Pradesh

The Solar business offers comprehensive state-of-the-art EPC services across ground-mounted and rooftop solutions. The business was established in 2016 and since then, it has grown to be among the few companies with capabilities to execute large scale projects of over 100 MW, with significant experience in Single Axis Tracker implementation.

We service government utilities, private solar park developers and industries developing captive power plants. Besides, we are also empanelled with the Ministry of New and Renewable Energy (MNRE) under their solar on-grid programme contributing to the national roof-top mission.

We have built significant capabilities in the domestic and international markets, and are well poised to tap opportunities in the international Solar EPC market. Our

extensive T&D experience across the globe, coupled with our strong relationship with utilities has helped us carve a niche in the industry.

**We have grown to be among the few companies with capabilities to execute large scale projects of over 100 MW.**



### SERVICES

- Design and project feasibility analysis across large-scale solar photovoltaic power plants
- End-to-end, in-house designing and plant engineering
- Supply of key equipment and structures
- Complete range of civil works and O&M services
- Turnkey evacuation solutions

### FY 2017-18 HIGHLIGHTS

- Engaged in large turnkey EPC project of 130 MWp for Andhra Pradesh Power Generation Corporation Limited (APGENCO), currently under construction
- Commissioned projects of 20 MWp during the year; another 135 MWp under execution
- Acquired orders for rooftop and ground-mount solar projects from reputed PSUs
- Forayed into international solar market and currently exploring partnerships with various developers
- Commissioned our first international project in the Kingdom of Saudi Arabia
- Developing capabilities in emerging technologies — floating solar, energy storage solutions, use of bifacial modules and so on

# STEERING OPERATIONAL EXCELLENCE

Our progressive performance and operational excellence differentiates us from the competition. Focussed investments in processes, innovation & technology have strengthened our core competencies in Engineering & Design, Manufacturing & Testing and Supply Chain capabilities.

## Inspiring Engineering & Design Solutions

We have a rich pool of 150+ highly qualified and experienced team of engineers, enabling us to continuously deliver cutting-edge and innovative engineering & design solutions. We have an unparalleled experience of having designed all types of towers for projects across the globe.

Equipped with state-of-the-art in-house engineering & design centres across six locations in India and the Americas, we deliver designs, which are cost-effective, easy to manufacture & construct, and safe.

### KEY STRENGTHS

- Equipped with the latest design, detailing and profiling softwares
- >60 years library of Transmission Line design database (India and the Americas)
- Expertise across designing of Transmission Line Towers, Hybrid Poles, Monopoles, Substations (AIS, GIS and Hybrid) and Solar Structures
- Use of latest technology of Aerial Lidar & Drones to conduct surveys
- Stringent design-to-delivery cycle time



Engineering & Design Centre, Brazil



Engineering & Design Centre, India

## Exceptional Manufacturing Prowess



Tower Manufacturing Factory in Jabalapur, Madhya Pradesh, India

We continuously strengthen and augment our manufacturing capabilities by leveraging latest technologies and adopting best-in-class equipment. Our innovative approach is continuously fuelling our manufacturing competitiveness to greater heights. Our stringent quality assurance helps us deliver superior products of international quality.

We have five factories spread across India, Brazil and Mexico that manufacture

transmission towers, monopoles, hardware and structures for substations, solar and railways. Our two cable manufacturing units located in India manufacture a complete range of products, viz. power, instrumentation & control, telecom, solar and railway signalling cables. We also manufacture contact and catenary overhead conductors.



Tower Manufacturing Factory, Brazil

### KEY STRENGTHS

- Largest globally operating tower production capacity of 3,12,200 MTs per annum
- Catenary conductors manufacturing capacity of 900 MTs per annum and Contact Wire manufacturing capacity of 5400 MTs per annum
- Railway structures' production capacity of 30,000 MTs per annum
- Solar structures' manufacturing capacity of 12,000 MTs per annum
- Cables manufacturing capacity includes power cables (~40,000 km per annum), instrumentation cables (3600 km per annum), optical fibre cables (6 lakh fibre km per annum) and copper telecom cables (6 lakh fibre km per annum)
- All manufacturing units are IMS certified (i.e. ISO 9001, ISO 14001 and OHSAS 18001 accredited)

## Superior Tower Testing Proficiency



Longitudinal Mast at Tower Testing Station at Jabalpur, India



Control Room at Testing Station at Nagpur, India

### KEY STRENGTHS

- We have four tower testing stations, three in India and one in Brazil
- The Nagpur testing station is one of the largest tower testing facilities in the world, with a capability to test towers up to 1200 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)

Our sophisticated testing stations, strategically located near our manufacturing plants provide complete testing solutions to all kinds of transmission line requirements.

We have the capabilities to test transmission line towers up to 1200 kV, extending to all types of towers including Lattice and Guyed Towers, Tubular and Monopoles.

## Robust Supply Chain Management



Supply Chain Management, The Americas

backed by a large network of world-class vendors and logistics service providers.

As part of our process improvement, we have embraced various tools & techniques such as Business Excellence (RPGOE), Lean Six Sigma, Kaizen, Best Practices sharing, Internal/ External benchmarking and others.

We use TPM (Total Productive Maintenance) and QBM (Quality Based Management) as excellence tools to improve and monitor our business. We have also implemented IoT solutions to capture real-time operational data from CNC machines at our tower manufacturing facilities in India.



World-class tower manufacturing facility, Butibori, India

At KEC, we believe in cultivating strategic relationships and partnerships with vendors, who are fully integrated into our supply chain processes. Our well-integrated system is

# CONTINUOUS VALUE CREATION

**We believe that to sustain leadership in the industry and create value for our stakeholders, we need to continuously reinvent our business models and processes. We need to be on the lookout for new opportunities to drive growth, reduce costs and improve efficiencies. We need to be at the frontier of change to develop a sustainable competitive advantage.**

In this endeavour, over the last few years, we have embarked on many exciting journeys such as Project Eagle – our T&D transformation programme, and Project Jaguar – Cables business turnaround programme, which have reaped significant benefits for the Company.

This year was no different. We have ushered into a new age of digital transformation through Project Phoenix, our most ambitious transformation programme, to implement the best-in-class next-gen ERP platform, SAP S/4HANA.

## EMBARKING ON A NEW DIGITAL JOURNEY

Our success hinges on our ability to exceed customer expectations, consistently execute projects ahead of time, seamlessly collaborate across our businesses and functions, optimise costs and execute processes efficiently. To help us achieve these objectives, we implemented the next-gen ERP platform, SAP S/4HANA, an integrated system that covers the Company's end-to-end business processes.

As an organisation, we have always been aggressive and committed towards accelerating processes and project deliveries. We set ourselves a target to complete this project in eight months, as opposed to the 12 months it takes for an implementation of such magnitude. In under eight months, we successfully implemented S/4HANA across our five businesses, five manufacturing units in India and project sites in 34 countries, to emerge as a fully integrated SAP S/4HANA enabled company.

The new ERP will make us more agile, strengthen our risk management framework, fuel our accelerated deliveries and help improve our profitability. It also provides a very strong bedrock for digital transformation.

## RE-EVALUATING PROCESSES AND OPPORTUNITIES

During FY 2017-18, we initiated a transformational programme — Project Falcon — with a global consultant to augment our logistics processes, operating model and capabilities. The programme helped us re-assess our processes to optimise the logistics cycle time, especially for far off locations through commercial and logistical process interventions. Further, we are exploring opportunities to significantly reduce costs, and look at new ways of operations such as multimodal and alternate modes of transportation. We are also leveraging digital technologies to enhance visibility and transparency of our logistics operations.

## ENHANCING BUSINESS EXCELLENCE

We continue to maintain our momentum and focus on early start-up and accelerated deliveries of projects through Project Academy. During the year, we augmented our operational and execution excellence across businesses through several boot-camps and capability development exercises. This has resulted in accelerated delivery and early commencement of several projects in FY 2017-18.

**We have ushered into a new age of digital transformation across the Company.**

Project Jaguar — the transformation exercise for Cables business has continued to yield significant results for the Company, such as improvements in quality of pipeline across high tension (HT) and low tension (LT) cables segments. The Win Rates in HT segment on large orders have also improved due to initiatives such as Design to Customer expectations (D2X), wastage reduction and process optimisation. An internal team continues to review the initiatives and drive the project further.

Additionally, in our bid to improve profitability of the Cables business, during the year, we consolidated our manufacturing facilities by relocating the Silvassa plant to our state-of-the-art Vadodara manufacturing unit. This move has helped debottleneck operations, further enhanced our manufacturing capacities, and reduced costs through operational efficiencies.

# INNOVATING TO DELIVER EXCELLENCE

We continue to remain focussed on embracing the latest solutions in mechanised and innovative construction technologies, especially in transmission, substation, railway and civil segments.

We have been at the forefront of adopting new technologies, such as the use of Covered Conductor technology in India for the first time, implementation of Sag Bridges and Gin Poles for tower erection, specialised Climbing Formwork technology for silo construction and deployment of Track Master machines for laying railway tracks, among others.

The adoption of these technologies help us enhance our construction productivity, accelerate project execution, ensure superior quality, improve safety standards and reduce wastage, apart from differentiating us from the competition and setting new industry benchmarks.

## SOME OF OUR MAJOR TECHNOLOGY INITIATIVES INCLUDE:



Specialised Climbing Formwork technology for construction of heavy silo structures



Sensor Paver technology – laying concrete roads up to 7 meters wide using sensor paver technology



Implementation of Sag Bridge at 400 kV Nirmal – Jagityal Transmission Line



Deployment of Gin Poles for tower erection at 765 kV Raigarh – Pugalur Transmission Line



Precast Cable Trench for 220/66 kV Jagalur Extension project



Sleeper laying in progress at Jhansi-Bhimsen Railway Project, Uttar Pradesh



Pioneered the use of Covered Conductor technology in India

# DIGITAL ENABLING GROWTH

With major thrust on Digitalisation as a key enabler for delivering Outperformance, we have rolled out several initiatives including drones for monitoring project progress and stringing power conductors, connected factory & digital asset management for asset monitoring, geospatial technologies for surveys and others



Stringing of power conductors using drone, Bhutan

We have embarked on Industry 4.0 by implementing Interconnected Factory Model at our Cables and T&D plants for real-time machine performance monitoring, capacity planning and predictive maintenance.

We have deployed project monitoring tools across all active projects through the newly implemented ERP system, SAP S/4HANA.

We are leveraging business intelligence tools and chatbots to automate and improve our HR processes. We are also utilising RFID and GPS technologies for automated inventory control, asset tracking and maintenance, productivity enhancement and compliance management.

Additionally, several operational excellence initiatives in the areas of on-time delivery, profitability enhancement, effectiveness are in the pipeline for FY19, such as:

- Introduction of Digital Interfaces to monitor project progress and cost through ERP System
- Implementation of Mixed Reality (MR) digital technologies for projects, which will enable engineers from different disciplines to view their design as its final product and visualise the structure in real-time scale
- Utilisation of digital technology for topographic surveys
- Digital initiatives including P&M tracking and monitoring, project monitoring and control using Commercial Project Management (CPM) and Project Execution systems based applications

# DELIVERING EXCELLENCE ACROSS BORDERS

We navigate the world's toughest challenges to deliver world-class EPC projects, across industry segments. Our extensive and diverse experience built over several decades, combined with our operational excellence has enabled us to outperform in extreme conditions, be it climactic, geographical or hostile terrains.

Our foresight, strategic actions and high performance-led culture has empowered us to thrive by rethinking and anticipating difficult and complex scenarios. Some of the noteworthy projects executed by us in FY 2017-18 include:

## 765 kV Jabalpur-Gadarwara Transmission Line

Madhya Pradesh, India



765 kV Jabalpur-Gadarwara Transmission Line, Madhya Pradesh

- EPC works for Power Grid Corporation of India Limited's first Tariff Based Competitive Bidding (TBCB) project, delivered ahead of schedule
- Construction of 102.237 km transmission line spanning across two districts of Narsinghpur and Jabalpur

### CHALLENGES

The project line passes through agricultural land (~85% of sugarcane and 15% wheat cultivation), which led to numerous right-of-way (RoW) challenges. Moreover, the entire project was under owner supplied material (OSM) agreement, which led to increased coordination with the client to ensure material availability.

### OUTPERFORMANCE

To ensure smooth on-ground implementation of the project, we undertook project planning that underpinned a cross-functional communication charter. Additionally, mechanised processes such as Gin Poles were used to enhance productivity and ensure safety. Strict compliance to safety resulted in zero accidents on site

and the overall planning led to completion of the project three months ahead of the contractual period.

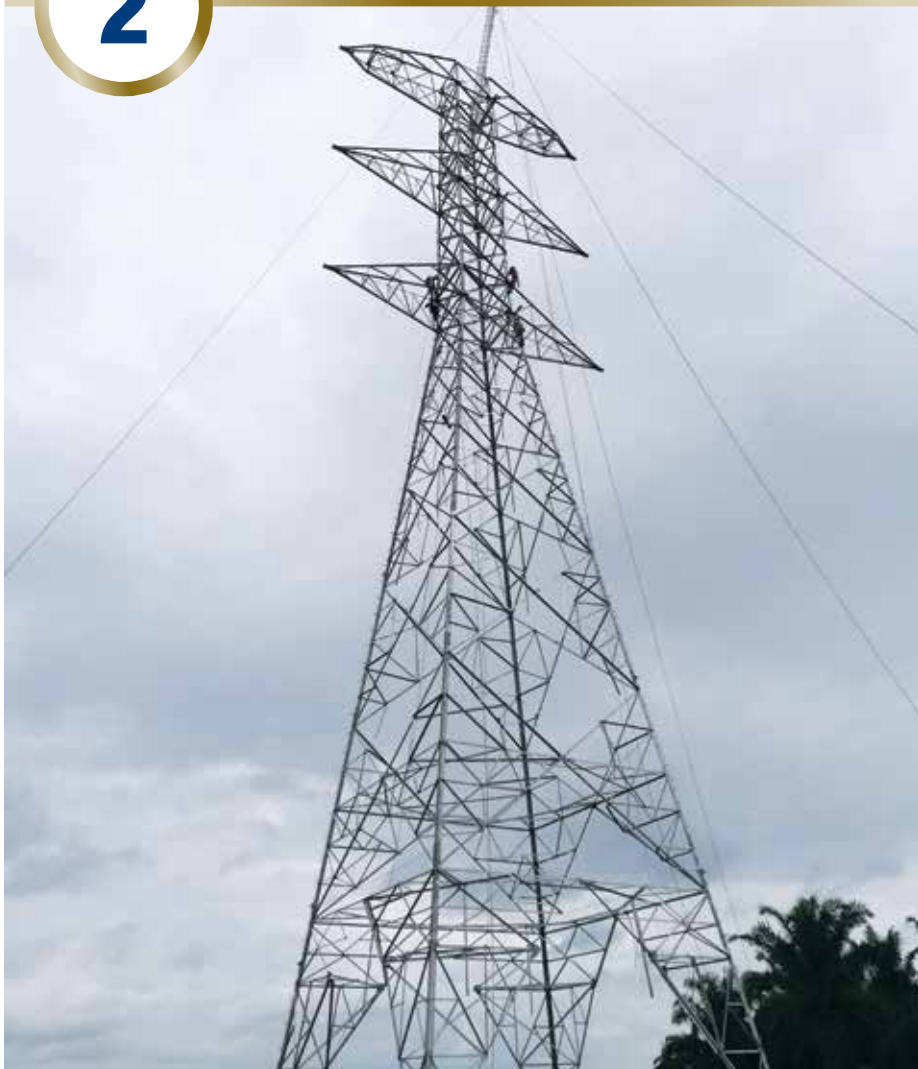
### PROJECT STATUS

Project completed in May 2017.

2

## 275 kV Transmission Line from Murum - Samalaju

Sarawak, Malaysia



**Design, Supply and Construction of 275 kV double circuit Transmission Line from Murum Substation to Samalaju 2 Substation for Sarawak Energy Berhad**

275 kV Murum - Samalaju Transmission Line, Malaysia

### CHALLENGES

The project had a rigid completion timeline of 23 months, which was extremely difficult to maintain given the volume of work. Besides, the project needed various statutory approvals before commencement, from government bodies such as Natural Resources and Environment Board (NREB) and Department of Health and Safety (DOSH).

### OUTPERFORMANCE

Despite several challenges, the first foundation was cast ahead of schedule. We received appreciation from the client for completion of the milestone ahead of time, and for maintaining high quality and safety standards on the project.

The addition of this new 275 kV line will satisfy the N-1 contingency criteria, especially in

the case of single circuit outage on existing Murum Junction – Samalaju Line. In the long run, this line will also provide adequate transmission security and capacity for future system load growth, particularly energy-intensive loads in the Sarawak Corridor of Renewable Energy (SCORE) region.

### PROJECT STATUS

Expected completion by October 2018.

3

## 380 kV Overhead Transmission Line

Riyadh, Saudi Arabia



380 kV Overhead Transmission Line, Saudi Arabia

**Construction of 380 kV Overhead Transmission Line between New Airport Housing and PS3 (159.82 km, including 16 km re-route) for Saudi Electricity Company**

### CHALLENGES

Due to severe RoW issues with the Riyadh Development Authority, which affected ~50 km of the overhead transmission line, the work could not be undertaken for around 14 months. Execution of all activities, including stringing had to be completed within four months, which was quite a challenge. Additionally, the restrictions laid on the number of working hours during the summer months, also impacted the output.

### OUTPERFORMANCE

In order to expedite the construction process, we rigorously followed-up with the client and ensured that the authorities provided us with RoW clearance on time. This involved scheduling several meetings with the client's project and engineering departments to expedite approvals.

Additionally, we advised the client to utilise available material from other KEC projects

in the region to allow smooth execution of the project. To accelerate the process, we divided and planned the activities in four sections, with four different teams. Simultaneously, we prioritised construction in the hilly terrain, to ensure smooth running of activities. As a result, we energised the line two months ahead of schedule.

### PROJECT STATUS

Project completed in September 2017.

4

## 765/ 400 kV Gas Insulated Substation, Orai

Uttar Pradesh, India



765/ 400 kV GIS Substation, Uttar Pradesh

**Executed one of the largest GIS substations in collaboration with New Northeast Electric Group High Voltage Switchgear Co. Ltd. (NHVS), China, for Power Grid Corporation of India Limited (PGCIL)**

### CHALLENGES

In line with the quantum of work spread over 72 acres of land and the stringent work timelines, we had to mobilise several parallel workfronts, which was a challenging feat.

### OUTPERFORMANCE

The project was completed with meticulous planning and maintenance of utmost safety standards. Our commitment to safety was validated by an appreciation letter from the

client for ensuring an accident-free working environment.

With a power transfer capacity requirement of 2000 MVA, the substation had to be linked to 2200 circuit km of 765/ 400 kV lines capable of transferring bulk power within and between states.

Another unique feature of the project was to achieve installation of 6500 running metres

of Gas Insulated Busbars (GIB) with 55 nos. of Sulfur hexafluoride (SF6) to air bushing.

The pre-engineered building is one of the largest GIS substations with a dimension of 283 x 26 metres.

### PROJECT STATUS

The substation was charged in March 2018.

5

## 220 kV Gas Insulated Substation, Leh & Khalsti

Jammu & Kashmir, India



220 kV GIS Substation, Jammu & Kashmir

- We set out to construct India's highest altitude 220 kV substations to strengthen power connectivity in Ladakh, Jammu & Kashmir
- The project was executed for Power Grid Company of India Limited (PGCIL)

### CHALLENGES

The Leh and Khalsti substations were to be built at an altitude of over 11,500 feet. The difficult geographical terrain coupled with lower capacity of bridges posed a serious threat to the movement of heavy equipment to project sites. Moreover, the harsh weather conditions restricted the working period to only 6-7 months during the year.

### OUTPERFORMANCE

Our project team took on each challenge step-by-step through meticulous planning. Right from strengthening the bridges for moving heavy equipment to concentrating work during summers, all aspects were provisioned for in the project plan. The project team utilised the winter months to resolve engineering challenges by co-ordinating with the vendor and client, along with manpower planning in preparation for the construction period during summer months.

Health and safety of our team was taken care of with constant supply of medication for altitude sickness, a common phenomenon in this region. The project was successfully completed with 'zero accidents', establishing our commitment to maintaining quality of project delivery even in extreme conditions.

### PROJECT STATUS

Project completed in October 2017.

6

## 400 kV Wangdue – Jigmeling, Transmission Line

Sarpang, Bhutan



400 kV Wangdue – Jigmeling Transmission Line, Bhutan

- Supply and Construction of 400 kV Transmission Line from Pothead Yard in Wangdue to Jigmeling, Sarpang in Bhutan for Bhutan Power Corporation Limited

### CHALLENGES

The 65 km long project was built on a steep mountainous terrain, passing through a dense biological corridor, bringing in huge challenges with regard to access to locations

and transportation of construction material to the site. The line route consisted of multiple deep valleys, rivers and road crossings. Bhutan, being an ecologically sensitive country, the project required environmental

clearances not only for the transmission line route, but also for every location, including, for construction of approach roads to bring in material. Severe rains and floods posed additional challenges in logistics.

**OUTPERFORMANCE**

Looking at the terrain and environmental challenges, we introduced the technology of UAV/Drone into the project. Through the usage of a Drone, we were able to string power conductors across valleys and river crossings with superior level of construction productivity, while ensuring safety in operations. We completed over 37 km of paying-out using a Drone, which was about 60% of the total line-length. The longest valley span done through this technique was about 1.5 km. By using the drone, we also ensured that the felling of trees along

the route was largely mitigated. For material feeding challenges, multiple rope-ways were installed, which minimised the construction of approach roads and hence did not impact the ecosystem adversely.

**PROJECT STATUS**

Project Completed in May 2018.

## Railway Overhead Electrification between Chhindwara - Kalumna

Madhya Pradesh/ Maharashtra, India

7



Railway Overhead Electrification from Chhindwara to Kalumna, Madhya Pradesh/ Maharashtra

Electrification of 35 RKM (route kilometer) section between Chhindwara and Kalumna for Rail Vikas Nigam Limited (RVNL)

**CHALLENGES**

The railway line of this project was under construction by a different company, and we were given the clearance to execute overhead electrification works in staggered phases. In January 2018, after the engine was rolled in this section, we received the entire section to complete our work. Our job involved completion of the structure erection, wiring and post wiring works within a span of three months. As the bank height was ~5-6 meters, we had to deploy additional

manpower to carry out manual concreting work of foundations, so that the output did not get affected.

**OUTPERFORMANCE**

We commissioned the 35 route km section within a span of seven months, after intimation from Indian Railways for the same.

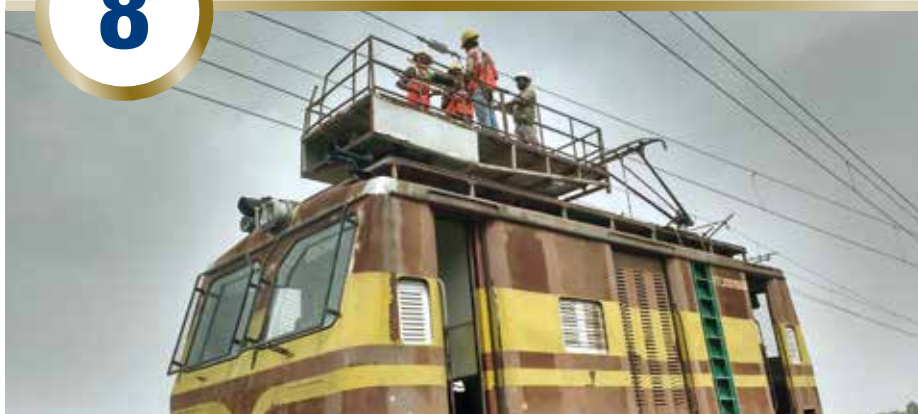
**PROJECT STATUS**

Project section from Chhindwara to Bhandarkund completed in March 2018.

8

## Railway Overhead Electrification between Rohtak - Bhatinda

Punjab/ Haryana, India



Railway Overhead Electrification from Rohtak to Bhatinda, Punjab/ Haryana

Electrification of 626 TKM (track kilometer) between Rohtak and Bhatinda section for Central Organisation of Railway Electrification (CORE)

### CHALLENGES

The project was awarded in February 2015 and the duration given was 36 months. Until FY17, we had electrified and commissioned around 139 track km. However, the project scope increased from 580 track km to 626 track km, and we were left with one financial year to complete the remaining stretch of 487 track km.

### OUTPERFORMANCE

The project team had to deploy parallel resources and distributed works in three sections to overcome the paucity of time. A major bottleneck was also encountered in Bhatinda yard in receiving engineering approvals, which we overcame to continue work. We fabricated 45-meter-wide booms

and mobilised special cranes for the erection of the same.

### PROJECT STATUS

Project completed in March 2018.

9

## 6 MWp Solar Power Plant

Himachal Pradesh, India



6 MWp Ground Mount Solar Project, Himachal Pradesh

Design, manufacture, supply, erect, test and commission 6 MWp solar power plant on fixed tilt system in Himachal Pradesh

This is one of the largest ground-mounted solar projects in the state

### CHALLENGES

We constructed the project on a highly inclined and rocky terrain and weathered extreme cold conditions, especially during the peak construction phase, which hampered productivity. Additionally, the weather and terrain hindered movement of material and machinery to the project site.

### OUTPERFORMANCE

Despite hurdles, we commissioned the project in a record time of 88 days, reinforcing our ability to execute complex projects in challenging conditions.

### PROJECT STATUS

Project completed in February 2018.

10

## Township Complex at Chittapur

Karnataka, India



Township Complex at Chittapur, Karnataka

### CHALLENGES

The project site is located in a remote location, with no easy access to basic infrastructure. Additionally, our team faced several operational hurdles due to the existing plant activities, as this was a brownfield project.

### OUTPERFORMANCE

Project execution was accelerated by application of latest technologies such as the use of sensor paver for laying concrete pavements and placing of concrete blocks with the use of a casting machine at site. The vigour with which the project team is

Construction of a complex, which includes 200 residential flats of various types, commercial buildings such as school, shopping complex and hospital

pursuing quality and safety standards has resulted in appreciation from the client.

### PROJECT STATUS

Expected completion in August 2018.

11

## Structural & Civil works for auto factory at Anantapur

Andhra Pradesh, India



Paint Shop under construction for automobile major, Andhra Pradesh

### CHALLENGES

This is a fast track project with huge resource mobilisation required in a very short time period.

### OUTPERFORMANCE

The fast track project will be the flagship plant of the automobile major, and we are

one of the prominent contractors in this project. Our use of specialised lightweight system formwork has ensured faster construction cycles and excellent quality with safety. In the structural steel works of the factory, we have achieved a remarkable feat of 3500 MTs of erection work in a span of four months. The project features a host

Providing a wide range of construction services including foundation piling, Reinforced Cement Concrete (RCC), structural steel, specialised Thermoplastic Polyolefin (TPO) roofing, civil infra work such as roads, drains and sewerage system for the greenfield factory of an automobile major

of other innovative practices in safety and project management standards, which have been well appreciated by the client.

### PROJECT STATUS

Expected completion in December 2018.

# BUILDING A CULTURE OF SAFETY

Our commitment to safety remains one of our most distinguishing features. We firmly believe that a safe work environment reduces risks, enhances morale and improves productivity.

At KEC, our business is driven by strict adherence to all statutory Environment, Health and Safety (EHS) regulations, which enable us to create a safe, healthy and conducive work environment.

Our strategy to create sustainable business for all our stakeholders concentrates on delivering a positive impact on the three essential Ps — profit, people and planet,

and actively taking into consideration social and environmental performance, in addition to financial performance.

Our comprehensive EHS policy emphasises on promoting responsible and ethical business conduct, focussing on occupational health and safety of our people, assets, communities and environment.

## KEY CERTIFICATIONS – INTEGRATED MANAGEMENT SYSTEM

In our pursuit of process standardisation, last year we obtained the certification of International Standards, i.e., ISO 9001:2015, ISO 14001: 2015 and BS-OHSAS 18001:2007, accredited by DAkkS, Federal Republic of Germany.



**ISO 9001:2015**  
Quality Management System



**ISO 14001: 2015**  
Environment Management System



**BS-OHSAS 18001:2007**  
Occupational Health & Safety Management System

This year too, we have successfully completed the surveillance audit for the extension of these certificates.

## SAFETY PRACTICES

We focus on effective implementation of safety practices through project-specific plans and processes to achieve high standards of EHS excellence. Our project teams continuously work towards enhancing safety awareness and providing education and specialised training programmes with the use of latest technology.



**Demonstration of Tower Crane operation**

■ We constantly endeavour to develop operational level controls and designs that ensure maximum safety of our workforce, especially the ones working at height. Our Fatality Prevention Plan, comprises of a Fall Prevention System and Safety Marshalls, that is compulsorily adopted at all project sites

- Fall Prevention System – a Safety Net designed by KEC's Quality-EHS team aims at reducing the impact of fall from height
- Safety Marshalls – An additional operational level control to monitor and improve the culture of safety, especially for workmen working at height
- A complete ban on toxic material usage, which has been replaced with 100% eco-friendly materials
- Emergency vehicle with a foldable stretcher, first aid kit and emergency road map are available at all sites

We further fortified our safety practices by facilitating various 'safety skill development' workshops, focussing on all operational middle management members from domestic and international businesses. Around 159,360 and 740,036 man-hours of training have been conducted for employees and contractor workmen, respectively in FY 2017-18.

We have successfully institutionalised best safety practices on account of which we have been lauded on numerous platforms and by several clients. Our Vadodara unit has won the prestigious Platinum Award in the Safety category at the Greentech Awards 2017. The company has been recognised for its proactive efforts on Environment compliance by its client, Sarawak Energy Berhad, Malaysia through the Environment Impact Assessment Award 2017. We have also received Excellence in Safety award for all our Transmission Line & Telecommunication projects by the National Grid of Saudi Arabia and Exceptional HSE performance from Oman Electricity Transmission Company.

**Our Vadodara unit has won the prestigious Platinum Award for Safety at the Greentech Awards 2017.**

**We have received the Best Performance in Safety (Transmission Line) award from PGCIL.**

**~159,360  
man-hours**

Safety training for employees in FY 2017-18

**~740,036  
man-hours**

Safety training for contract workers in FY 2017-18



**Demonstration of rescue training**



**Safety Net to reduce the impact of fall**

# DRIVING CULTURE, CAPABILITY AND COMMUNICATION

At KEC, we take pride in our culture of meritocracy, and in celebrating individuality.



Women's Day 2018 celebrations at KEC Gurgaon

for our women employees in line with this ADMIRE framework to enhance participation of women employees in the EPC industry.

We take pride in the enhanced maternity and paternity benefits policy, having introduced a fully paid maternity leave for 26 weeks.

These initiatives have led to a significant increase in the number of women employees at KEC.

## Culture

Our culture is driven by the overarching RPG vision of – Unleash Talent, Touch Lives, Outperform and 😊. We promote a culture that aims at nurturing an environment of mutual care and respect, with a focus on personal and professional progress. We constantly measure and initiate focussed actions on various drivers of employee engagement. We believe in attaining a healthy work-life balance, offer flexible work options and a comprehensive annual wellness programme to enable our employees to outperform.

The biggest endorsement of our contemporary people practices has been from our employees who helped us become a Great Place to Work (GPTW) certified organisation. We continue to make significant progress in our engagement scores, which increased to 75 in 2018. The overriding sentiment that KEC is a 'great place to work' has also increased to 81.

### DIVERSITY AND INCLUSION (D&I)

As a company with operations across the globe, we are proud to have a team that reflects diversity across gender, cultures, and nationality. A diverse talent pool allows us to effectively draw on different perspectives to enhance the quality of decision-making,

deepen the relevance of our solutions, and enhance our effectiveness.

During the year, we strengthened the Diversity & Inclusion (D&I) agenda with an increased focus on gender diversity, in alignment with the RPG Group's D&I framework for our women employees, viz. ADMIRE: Acquire, Develop, Motivate, Involve, Retain and Empower. Our objective has been to undertake focussed initiatives

- **27% YoY increase in the number of women at KEC - 209 in FY17 to 266 in FY18**
- **16% diversity at corporate offices (Mumbai and Gurgaon)**



Employees participating in the 'Thank God It's Monday' initiative at plants



■ Young Executive Board (YEB) members interacting with the management at the 2018 RPG Annual Inter-Company YEB Meet

## Capability

We continue our focus on capability building and development of our talent through various blended interventions delivered through e-learning modules and signature classroom sessions across behavioural, technical and functional domains. With a focus on mobilising the self-learning culture further, we launched an innovative organisation-wide digital learning campaign named Digital Learning Championship (DLC).

### ■ Talent development at KEC

- **Total learning hours (classroom hours + e-learning hours): 31,982 (FY18) versus 22,426 (FY17)**

### CAMPUS PROGRAMMES

Driven by the vision to expand horizons, we consciously make efforts to hire talent from varied profiles and backgrounds. This helps expand capabilities, upgrade skills and incubate a diverse talent pool.

In line with this objective, we have an extensive hiring policy for Group Management Resources (GMR), Engineering Leadership Programme (ELP) and Armed Forces Programme (AFP) from premiere business and technology campuses across India. Through these campus initiatives, we target to hire at least 20% women into our workforce annually.

### GROUP MANAGEMENT RESOURCE (GMR) PROGRAMME

Under the RPG Group Management Resource (GMR) Programme, we select talent from some of the finest management institutes of the country. The selection process for the programme is rigorous, where RPG's senior leaders visit campuses and select the best talent.

### ENGINEERING LEADERSHIP PROGRAMME (ELP)

ELP is an initiative that aims to further strengthen engineering capabilities within the organisation. As a part of this programme, graduate and postgraduate engineers go through a rigorous development journey and learn through on-the-job, cross-functional training across projects, classroom sessions, assessments and certifications.

### ARMED FORCES PROGRAMME (AFP)

In a first, we have recruited former Armed Forces officers from India's premiere B-School for various business roles within the Company.

## Communication

At KEC, building sustainable and meaningful connect between employees across levels, businesses, functions and locations has been a key strength. Through several channels of communication, we endeavour that the realisation of our vision, values, and capabilities remain constant across the globe, fostering a culture of outperformance and camaraderie. These include leadership connect with employees through town-halls, informal conversations, periodic newsletters and focussed group interactions. Employees engage in various Fun@Work activities and come together to celebrate major events.



■ Leadership team visiting a project site



■ Classroom session on Gender Sensitisation with an external faculty

# EMPOWERING COMMUNITIES

Social responsibility is at the core of our corporate philosophy. We focus on holistic community development and empower communities with entrepreneurship and educational skills for sustainable progress. We encourage employee participation in our social responsibility programmes, which remain a key driver in the success of our CSR initiatives.

Our CSR programmes are aligned to RPG Group's CSR Vision, which aims to facilitate progress through performance that extends beyond our business horizons.

During FY 2017-18, through our various projects, we were successful in creating a positive impact on several lives.



## Pehlay Akshar

Education and training are important tools to empower young minds and enable future employability. The Pehlay Akshar programme utilises unconventional and creative methods to enhance functional English skills. The Pehlay Akshar School Enrichment Programme (Training) aims at transforming public education by helping teachers develop 'magic classrooms', where children feel secure, appreciated, and encouraged to continue learning.

**10**

Schools targeted

**1,532**

Children benefitted

**200**

Government and Municipal school teachers trained



## Saksham

Through Saksham, we empower women by imparting entrepreneurship development and skill training, making them self-sufficient by providing alternative means of livelihood. Additionally, the programme imparts vocational skills to women, develops their business acumen, leadership skills, and provides training to make readymade garments, offering them an opportunity to augment their incomes.

**225**

Women empowered

**₹4,500/ month**

Average income



## Sanjeevani

Through project Sanjeevani, we aim to narrow the gap for affordable nursing and homecare staff in the healthcare sector. The programme operates with the objective of providing healthcare and patient assistance training to individuals, who are employed as bed-side assistants in hospitals and as home care attendants. They are trained to deliver non-invasive medical care and help maintain a suitable environment for patients and their families.

**410**

Youth trained

**70%**

Placed as home care assistants

**₹5,000/ month**

Average salary



## Netranjali

Netranjali, our flagship project continues to touch lives by providing preventive eyecare to local communities, including school children. During FY 2017-18, numerous eye screenings were conducted, where beneficiaries were provided spectacles, further referrals and information on preventive eyecare practices. The initiative created awareness about preventive eyecare, benefitting more than 3,95,000 people. Moreover, our Vision Centre instituted in Jaipur has been well received and continues to receive a steady stream of beneficiaries.

**258 & 291**

Eye camps & Vision Centre days

**50,462**

Eyes screened

**18,947**

Spectacles distributed

**10,130**

People referred for treatment



## Digital Literacy Drive

As digital technology encompasses every aspect of our lives, it has become imperative to be digitally literate. Thus, we launched a Digital Literacy Drive that helps transform local communities into digitally empowered societies. Aligned with the National Digital Literacy Mission, our volunteers provide training to communities in and around our manufacturing units at Jaipur, Jabalpur and Butibori about the usage of computers, internet, email and other digital tools.

**600**

People trained in FY 2017-18

**3,000**

People to be trained in FY 2018-19



## Jeevan

Jeevan is a holistic initiative to support communities to lead purposeful, healthy, and dignified lives. A key initiative has been to provide potable water to safeguard ~5,600 children from waterborne diseases in 28 schools in Jaipur, Jabalpur, and Nagpur. Water ATMs have also been installed in Jaipur and Jabalpur to provide safe drinking water to over 15,000 beneficiaries.

**28**

Water huts installed

**5,600**

Students benefitted

**15,000**

Beneficiaries



## Integrated Community Centre

Along with our Group companies CEAT and Raychem RPG, we have established an integrated community centre at Halol, Gujarat. The core objective of this centre is to implement multiple social responsibility projects through a 360-degree approach focussing on healthcare, education, skilling & training, water conservation and sanitation.

**1,200**

School children received additional nutrition

**8**

Villages benefitted

**50**

Women trained in entrepreneurship development and skill enhancement



## Industrial Training Institute (ITI)

To enhance employability of India's youth through up-skilling and training, we adopted ITI Ashti in Wardha, Maharashtra under a PPP scheme with the Government. We are also working with Mahila ITI (an all-women institute) and ITI Bhushan, both in Jaipur, to increase their work-readiness and employability. The programmes aid in upgradation of technical infrastructure and facilitate on-the-job training, industry visits, and English language classes. ITI Ashti is also the first ITI from Vidarbha to receive ISO 9001:2008 Government certification.

**736**

Candidates trained

# AWARDS AND RECOGNITION



Early Completion Award for 765 kV Jabalpur-Gadarwara Transmission Line from PGCIL



Award for Best Performance in Safety (Transmission Line) from PGCIL



EPC Company of the Year Award at ASSOCHAM India-Africa Champion In Biz Awards 2017



Award for Maximum Capitalisation in Transmission Line Construction from PGCIL



Award for Volume of Work in Transmission Line Construction from PGCIL



SAE Towers - Brazil awarded Best in the Sector by CEMIG



Rising Star Solar PV - EPC Company of the year Award - Utility scale 100 MW at SolarQuarter India Solar Week Awards 2017



Appreciation from Saudi Electrical Company for early completion of 380 kV Overhead Transmission Line



Best Performance Award from National Grid of Saudi Arabia - Western Operating Area for the Al Moyah Transmission Line



Best Project in Power Transmission Award for 765 kV Wardha-Hyderabad Transmission Line at Dun & Bradstreet Infra Awards 2017



Outstanding Contribution in Power T&D Award for 765 kV Wardha-Hyderabad Transmission Line at the 7th EPC World Awards 2017



Appreciation from the Governor of Ghazni for the successful completion of 220 kV GIS Substation at Ghazni, Afghanistan



Innovative Schemes Award for the Implementation of the Covered Conductor at Power Awards 2017, organised by the Energy Ministry of Karnataka



Special Trophy - Excellence in Engineering Process Outsourcing Services at EEPC India's Western Regional Award



Skoch Order of Merit for: 1. Innovation & Design Excellence, 2. Indo-Bangladesh Cross Border Interconnection project, 3. CSR initiatives



Platinum Award for Cables Vadodara at Greentech Safety Awards 2017



Excellence in Safety Award for all Overhead Transmission Line & Telecommunication projects in the southern region of Saudi Arabia, by National Grid of Saudi Arabia



Bronze Rating Environmental Impact Assessment Compliance Award 2017 at Sarawak Energy Berhad Contractor's EIA Compliance Awards 2017, Malaysia



India Manufacturing Excellence Gold Award - 2017 for KEC Butibori by Frost & Sullivan



Two Gold & one Silver award for KEC Vadodara at VCCQC 2017, organised by the Quality Circle Forum of India - Vadodara Chapter



TPM Significant Achievement Certificate by CII - TPM Club of India for Jaipur, Butibori & Jabalpur manufacturing plants



Excellence Award for KEC Butibori at the 31st National Convention On Quality Concepts (NCQC) Mysore



Morarjee Rolling Trophy for KEC Butibori at 28th Nagpur Chapter of CCQC



Award for KEC Jaipur's CSR initiatives at 53rd Foundation Ceremony of the Employer Association of Rajasthan

# EVENTS AND EXHIBITIONS



KEC Stall at ELECRAMA 2018, Delhi NCR



Mr. Vimal Kejriwal, MD & CEO, KEC International Ltd. inaugurating the KEC Stall at ELECRAMA 2018, Delhi NCR



Ms. Seema Gupta, Director (Operations), PGCIL at the KEC Stall at ELECRAMA 2018, Delhi NCR



Shri Alok Kumar, Chairman and Ms. Aparna U., MD, UPPCL at the KEC Stall at ELECRAMA 2018, Delhi NCR



Mr. G. Kumar Naik, IAS, Managing Director, Karnataka Power Corporation Ltd. at the KEC Stall at ELECRAMA 2018, Delhi NCR



Mr. Dona Jean-Claude Houssou, Hon'ble Minister of Energy, Republic of Benin at the KEC Stall at ELECRAMA 2018, Delhi NCR



Esteemed clients from East and West Africa at the KEC Stall at ELECRAMA 2018, Delhi NCR



Major General Gurdip Singh (Retd) SM, VSM, Managing Director, Army Welfare Housing Organisation at the KEC Stall at ELECRAMA 2018, Delhi NCR



Mr. Vimal Kejriwal, MD & CEO, KEC International Ltd. with H.E. Dr. Akinwumi Adesina, President, African Development Bank and Mr. David Rasquinha, MD, EXIM Bank



Mr. Vimal Kejriwal shares stage with Mr. I. S. Jha, CMD, PGCIL, Mr. Ajay Kumar Bhalla, Secretary - Ministry of Power and Mr. Yaduvendra Mathur, Additional Secretary, NITI Aayog at CIL's Conference on Transmission Line Industry



Dr. Neena Malhotra, Joint Secretary, MEA at KEC's stall at AfDB Annual Expo 2017 at Gandhinagar, Gujarat



KEC team receives awards for superior performance and safety from Mr. I. S. Jha, CMD, PGCIL, and other senior officials from PGCIL at the Interactive Session with CEOs

# DIRECTORS' REPORT

To the Members of  
KEC International Limited

The Directors are pleased to present the Thirteenth Annual Report of the Company together with the Consolidated and Standalone Audited Financial Statements of the Company for the financial year ended on March 31, 2018.

## 1. FINANCIAL RESULTS

(₹ in Crore)

Particulars	Consolidated		Standalone	
	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
Revenue from Operations	10,096.37	8,755.05	9,075.74	7,737.09
EBITDA	1,006.18	817.88	910.13	710.67
Finance Cost	246.61	253.61	195.81	208.83
Depreciation & Amortisation	109.74	129.69	95.43	115.39
Profit Before Tax	690.24	463.44	641.48	423.53
Tax Expenses	229.82	158.67	211.43	141.71
Profit After Tax	460.42	304.78	430.05	281.82
Dividend on equity shares (including tax on dividend)	74.26	49.51	74.26	49.51

## 2. PERFORMANCE

### Financial Performance

The Company continued its growth trajectory in FY 2017-18.

On a consolidated basis, the Company achieved a turnover of ₹ 10,096 Crore, with a 15 percent growth over FY 2016-17. Revenue growth was mainly seen in Transmission & Distribution ("T&D") and Railways businesses. Profitability showed improvement with EBITDA margins on a consolidated level expanding by 62 bps in FY 2017-18 to reach 10 percent. The net profit for the year was ₹ 460 Crore in FY 2017-18 as against ₹ 305 Crore in FY 2016-17, a robust growth of 51 percent. The Company could achieve substantial reduction in its interest costs through better working capital management. On a standalone basis, the Company achieved a turnover of ₹ 9,076 Crore and a net profit of ₹ 430 Crore.

During the year, the Company secured orders of ₹ 15,098 Crore, which is a healthy 22 percent increase over last year. The sharp increase in order intake was led by the Railways business which gained from the increased spending on railway infrastructure in the country. The order intake was also enhanced by T&D business which made substantial inroads in Brazil and SAARC regions. The closing order book of the Company was at ₹ 17,298 Crore, with a significant contribution from verticals like Railways and Civil.

**Power Transmission & Distribution** - The Power Transmission and Distribution business continues to be the largest business vertical which includes construction of power transmission lines on turnkey basis as well as construction of Gas Insulated Substations (GIS) and Air Insulated Substations (AIS) on turnkey basis. During the year, the T & D business secured orders of ₹ 9,681 Crore across both domestic and international markets.

In the domestic markets, the Company has successfully broadened its customer base to include private players who are setting up power transmission projects in India, as well as State Electricity Boards.

On the international front, the Company was able to achieve significant order intake from Brazil (through its wholly owned subsidiary) and in the SAARC region. The Company continued to receive order inflows from other geographies such as MENA and Africa.

**Railways** - The Railways business witnessed strong growth both in terms of order intake as well as revenue. The order intake was significantly higher at ₹ 3,910 Crore amounting to 26 percent of the total order intake. The business achieved revenues of ₹ 844 Crore in FY 2017-18 against ₹ 446 Crore in FY 2016-17

**Civil** - The Civil business bagged orders of ₹ 483 Crore in FY 2017-18 and was profitable in its first year of commercial operations. Civil business was able to also establish itself across good clients base.

**Solar** - The Company continued the execution of its Solar projects in hand during FY 2017-18. However, due to various issues such as increasing module prices, customs duty imposition on Solar Panels and GST rate anomalies the order intake in this business remained muted.

**Cables** - The Cables business secured orders worth ₹ 1,024 Crore in FY 2017-18. The Company merged its Silvassa plant operations with Vadodara plant in the last quarter of FY 2017-18 for better operational efficiencies. Due to higher GST and shifting of Silvassa plant, the revenue of Cables business got impacted in FY 2017-18.

### 3. DIVIDEND

The Board of Directors is pleased to recommend a final dividend of ₹ 2.40 per equity share i.e. 120 percent of the nominal value of ₹ 2/- each for the financial year ended March 31, 2018 (previous year final dividend of ₹ 1.60/- per equity share of nominal value of ₹ 2/- each). The dividend, if approved by the Members in the ensuing Annual General Meeting, would involve a cash outflow of ₹ 74.26 Crore, including Dividend Distribution Tax of ₹ 12.56 Crore.

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("the 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 <http://www.kecprg.com/policies>.

### 4. SHARE CAPITAL

The paid up Equity Share Capital of the Company as on March 31, 2018 was ₹ 51.42 Crore. There was no change in the share capital during the year under review.

### 5. DEBENTURES

As on March 31, 2018, the Company has 2,500 secured, rated, listed, non-convertible, redeemable, taxable Debentures (Series I, II and III) of the face value of ₹ 1,000,000/- 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.

### 6. FIXED 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, 2018, 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, BUSINESS RESPONSIBILITY REPORT AND CORPORATE GOVERNANCE REPORT

In terms of Regulation 34 of the 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 the Listing Regulations 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 the Listing Regulations, the Consolidated Financial Statements of the Company, including the financial details of all the subsidiary companies, form 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, 2018 comprising of seven direct subsidiaries and ten step down subsidiaries. The Company also has one associate company in India.

During the year, five step down subsidiaries of the Company located at Delaware, USA namely KEC International Holdings LLC, KEC Brazil LLC, KEC Mexico LLC, KEC Transmission LLC and KEC US LLC have been merged with SAE Towers Holdings LLC, a step down subsidiary at Delaware, USA with effect from September 29, 2017.

During the year, the Company has acquired 2.10 percent shares in Al Sharif Group & KEC Limited Company, a Joint Venture company located in Saudi Arabia. Consequent to such acquisition, the shareholding of the Company has increased from 49 percent to 51.10 percent and the Joint Venture company has become a subsidiary of the Company with effect from March 26, 2018.

Pursuant to the provisions of sub-section (3) of Section 129 of the Act and read with Rule 5 of 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.kecprg.com](http://www.kecprg.com) under 'Investors' tab and shall also be available for inspection by any Member at the Registered Office of the Company on all working days (Monday to Friday) during business hours till the date of ensuing Annual General Meeting. Any Member desirous of having a copy of Financial Statements of subsidiary companies can obtain the same from the Company by making a written request in this regard.

Pursuant to the 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 <http://www.kecrg.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 confirms that:

1. in the preparation of the annual accounts for the financial year ended on March 31, 2018, 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, 2018 and of the profit of the Company for the year ended on that date;
3. we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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, 2018 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

During the year under review, Mr. S. S. Thakur, Independent Director ceased to be a Director pursuant to his resigning from the directorship of the Company w.e.f. the close of business hours on November 06, 2017. The Board has placed on record its appreciation for the valuable contributions made by Mr. Thakur during his long association as a Director of the Company.

With a view to further strengthen the Board of the Company, the Board has, pursuant to the provisions of Section 149 of the Act and the Listing Regulations, appointed Ms. Manisha Girotra as an Independent Director of the Company for a period of five years with effect from February 06, 2018, subject to approval of the Members of the Company at the ensuing Annual General Meeting.

Pursuant to the provisions of sub-section (6) of Section 152 of the Act, Mr. Ramesh D. Chandak, Non-Executive Director, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Under sub-regulation (1A) of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, which would be effective from April 01, 2019, it is required to avail approval of Members by way of

Special Resolution to appoint or continue the directorship of Non-Executive Directors who have attained the age of seventy five years. Mr. A. T. Vaswani and Mr. S. M. Kulkarni, Non-Executive Directors, have attained the age of seventy-five years and Mr. G. L. Mirchandani, Non-Executive Director, would be attaining the age of seventy-five years in June 2018. It is proposed to obtain the approval of Members in the ensuing Annual General Meeting for continuation of directorship of Mr. A. T. Vaswani, Mr. S. M. Kulkarni and Mr. G. L. Mirchandani.

In compliance with sub-regulation (3) of Regulation 36 of the 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 of Ms. Manisha Girotra, re-appointment of Mr. Ramesh D. Chandak as Directors of the Company and the continuation of directorship of Mr. A. T. Vaswani, Mr. S. M. Kulkarni and Mr. G. L. Mirchandani in the ensuing Annual General Meeting.

### 12.2 Key Managerial Personnel (KMP)

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, 2018:

1. Mr. Vimal Kejriwal, Managing Director & CEO;
2. Mr. Rajeev Aggarwal, Chief Financial Officer; and
3. Mr. Ch. V. Jagannadha Rao, Vice President-Legal & Company Secretary.

Mr. Ch. V. Jagannadha Rao, Vice President-Legal & Company Secretary has resigned from the services of the Company with effect from close of business hours on April 30, 2018.

### 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 the Listing Regulations, 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 the 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.

### 12.4 Board Evaluation

Pursuant to the provisions of the Act and the Listing Regulations, the Board has carried out an annual evaluation of its own performance and that of its Committees as well as performance of the Directors individually. 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, chaired by Mr. A. T. Vaswani, Lead Independent Director, was held pursuant to Schedule IV of the Act and the Listing Regulations to review the performance of the Chairman, Non-Independent Directors of the Company and the performance of the Board as a whole. 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 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 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'*.

### 12.6 Meetings of the Board of Directors

The Board of Directors met five times during the year. The details of these meetings are given in the Corporate Governance Report which forms part of this Annual Report. Further, the Board has also dealt with certain items through circular resolutions, which were confirmed by the Directors at the subsequent Board meeting.

### 12.7 Meetings of the Audit Committee

The Audit Committee met eight times during the year. The details of the meetings, composition of the Committee and terms of the reference of the Committee are given in the Corporate Governance 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 said appointment of the Statutory Auditors was required to be ratified at every Annual General Meeting. However, pursuant to the amendment in the proviso to Section 139 which has been made effective on May 07, 2018, the requirement of ratification of appointment of Statutory Auditors at every Annual General Meeting has been omitted. In view of such omission of proviso, agenda item relating to ratification of Statutory Auditors is not included in the Notice of ensuing Annual General Meeting. Pursuant to the same, PwC continues to hold the office of Statutory Auditors for the FY 2018-19.

The Statutory Auditors' Report for the FY 2017-18 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 the respective countries. 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 2018-19. 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 2016-17 with the Ministry of Corporate Affairs on August 31, 2017.

### 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 2017-18. 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.

## 14. CORPORATE SOCIAL RESPONSIBILITY

The Board has constituted a Corporate Social Responsibility ("CSR") Committee, in terms of the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, *inter alia* to give strategic direction to the CSR initiatives, formulate and review annual CSR plans and programmes, formulate annual budget for the CSR programmes and monitor 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. In accordance with Schedule VII of the Act, the Company had adopted a CSR Policy outlining 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.kecprg.com](http://www.kecprg.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. 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 RPG Code provides for the matters related to governance, compliance, ethics and other matters.

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 in accordance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy has been formed to prohibit, prevent or 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 is an equal employment opportunity provider 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

The Vigil Mechanism as envisaged in the provisions of sub-section (9) of Section 177 of the Act, the Rules framed thereunder and Regulation 22 of the Listing Regulations is implemented by the Company through a Whistle Blower Policy to enable 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.

Under the Whistle Blower Policy, confidentiality of those reporting violation(s) is protected and they shall not be subject to any discriminatory practices. 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.kecprg.com](http://www.kecprg.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 formed an internal Risk Management Committee of Senior Management and also takes help of external professionals to identify various risks on periodical basis. The Audit Committee reviews these risks on periodical basis and ensures that the mitigation plan is in place. The Company also has a mechanism in place to inform the Board Members about risk assessment, minimization procedures and periodical review thereof.

The 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 on 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. Disclosures as required under Indian Accounting Standards ("IND AS")-24 have been made in the Note No. 48 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 transaction, as formulated

by the Board is available on the Company's website i.e. [www.kecprg.com](http://www.kecprg.com) under 'Investors' tab.

## 20. EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of sub-section (3) of Section 92 and sub-section (3) of Section 134 of the Act and the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as on March 31, 2018 in the prescribed Form MGT-9 is enclosed as *Annexure 'E'*.

## 21. ENVIRONMENT HEALTH AND SAFETY (EHS)

The Company is committed to achieve the EHS objective of providing safe workplace and has undertaken various EHS management processes and deployed methodologies and implemented them under the EHS system.

The Company, on a continuous basis, imparts EHS industry specific training to its employees and workmen to ensure that our employees become more safety conscious and thereby improve the organization's approach towards prevention of loss.

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 giving 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. The said information shall be available for inspection by the Members at the Registered Office of the Company during business hours on all working days (Monday to Friday) upto

the date of the ensuing Annual General Meeting. The said information shall also be provided to any Member of the Company, who sends a written request to the Company.

## 24. HUMAN RESOURCE/ INDUSTRIAL RELATIONS

The Company understands that employees are vital and valuable assets. The Company recognises people as the primary source of its competitiveness and continues its focus on people development by leveraging technology and developing a continuously learning human resource base to unleash their potential and fulfill their aspirations. 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 potential for taking higher responsibilities.

The employee relations remained cordial throughout the year. The Company had 4,599 permanent employees on its rolls as on March 31, 2018. 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

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

## 26. ACKNOWLEDGEMENT

Your 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.

Your 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 14, 2018

## 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 and other employees has been formulated in terms of the provisions of the Companies Act, 2013 and the erstwhile Listing Agreement/ SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") in order to pay equitable remuneration to Directors, Key Managerial Personnel and other employees of the Company.

#### 2. OBJECTIVE

- I. Formulate the criteria for determining qualifications, positive attributes and independence for appointment of a Director (Executive/ Non-Executive) and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- II. To formulate the criteria for performance evaluation of all Directors.
- III. Formulate Board diversity policy.
- IV. Framing of remuneration policy for employees.

#### 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; and
4. Company Secretary

**"Senior Management Personnel"** ("SMP") means the employees of the Company who are directly reporting to the Managing Director/ Chief Executive Officer.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013, 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. 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.

##### c) Board diversity

NRC is to assist the Board in ensuring Board nomination process with diversity of gender, thought, experience, knowledge and perspective in the Board in accordance with the Board diversity.

##### 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 and KMPs.
- ii. Remuneration of Non-Executive Directors and Chairman.
- iii. Remuneration Policy for all employees including KMPs and SMPs 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. 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.

## 7. POLICY FOR REMUNERATION TO MD/ CEO, NEDs, KMPs & SMPs

### 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.

### KMPs & SMPs

- i. The remuneration to be paid to the KMPs and SMPs, 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 KMPs/ SMPs shall be approved by the NRC/ Board of Directors.

## 8. DIRECTOR AND OFFICER LIABILITY INSURANCE

Where Insurance Policy is taken by the Company for its Directors, KMPs, SMPs 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.

## 9. GENERAL

This policy is framed based on the provisions of the Companies Act, 2013 and Rules framed thereunder and the requirements of erstwhile Clause 49 of the Listing Agreement with Stock Exchanges/ Listing Regulations. 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 31<sup>ST</sup> MARCH, 2018

(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, 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018, 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 31<sup>st</sup> March, 2018 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, 2009 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, 1998 (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

Place: Mumbai  
Date: May 14, 2018

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. Wherever 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

Place: Mumbai  
Date: May 14, 2018

## ANNEXURE 'D' TO DIRECTORS' REPORT

### Annual Report on CSR Activities for Financial Year 2017-18

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 its 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, we have undertaken the following projects 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, working in partnership with RPG Foundation, launched Netranjali program in FY 2014-15. The objective of this program is to reduce the high incidence of avoidable blindness in India. India has the world's largest blind population, with 80 percent of cases of blindness being preventable with early stage interventions. In Netranjali implementation, we have specifically targeted populations that have a high need of eye care interventions-school children, elderly/ slum communities, truckers and commercial drivers. With our impactful and comprehensive three stage (promotive, preventive and curative) intervention module we have impacted vulnerable communities across Jaipur, Jabalpur, Nagpur, Mysore, Silvassa, Halol and 13 project sites across India. In FY 2017-18, we connected with 395,944 beneficiaries through eye check-up camps and awareness sessions. A total of 50,462 beneficiaries were screened for refraction and other eye related issues through 258 camps and 291 days of vision centre. In FY 2017-18, we distributed 18,947 free spectacles and referred 10,130 beneficiaries to eye-care hospitals for severe cases.
- ii. **Pehlay Akshar-Primary Education:** This project is a large scale programme for Primary Education with special focus on practical English speaking & reading skills to enhance employability, thereby, giving these children, an equal opportunity for making their lives brighter. In FY 2017-18, the Company reached out to about 1,532 children across 10 schools in Nagpur and Jaipur.
- iii. **Pehlay Akshar School Enrichment Program-Primary Education:** This program was designed to support government school teachers to develop their capabilities to create safe and secure classrooms where children feel motivated and engage in their learning. 200 Government school teachers were also trained as part of this intervention.
- iv. **Jeevan-Community Development:** This is an integrated community development project which focuses on improving all round quality of life in the areas of clean drinking water, sanitation and overall health and nutrition based interventions amongst others.  
  
In FY 2017-18, safe drinking water was made available to around 5,600 school children through the installation of 28 water huts (water purification systems) across Nagpur (4 water huts), Jaipur (16 water huts) and Jabalpur (8 water huts). 1,200 children in schools were provided highly nutritious snacks before the mid-day meal as a proactive effort to reduce malnourishment in Panchmahal district in Gujarat. As a part of developing livelihoods, we also supported 50 women, who were trained to develop these nutritious snacks, and supply them to the 1,200 children.
- v. **Saksham-Employability/ Skill Development:** This project is a livelihood development programme, which focuses on alternate livelihoods training for marginalized women and youth, to empower them economically through skill development and employability enhancement.  
  
In FY 2017-18, 100 women in Jabalpur were trained in readymade garment making and 75 women were trained in self-employed tailoring program, resulting in enhancement of their income generation capacity. Additionally, an entrepreneurship development programme was launched that benefited 150 women to become economically empowered. An employability enhancement project was also initiated to support ITI students in Jaipur and Ashtii (near Nagpur), benefitting over 736 ITI students. Digital Literacy Centres were also started in Jaipur, Nagpur and Jabalpur to train community members and youth to be digitally literate.
- vi. **Sanjeevani-Healthcare Skilling Program:** This project focuses on skilling of youth in the healthcare sector with an aim to help them get gainfully employed.  
  
In FY 2017-18, a total of 280 young people were provided with healthcare training through Project Sanjeevani, across Nagpur (80 candidates), Jaipur (100 candidates) and Jabalpur (100 candidates). Post training, the beneficiaries were supported and provided with employment avenues through collaborations with homecare placement agencies, hospitals and nursing homes. Additionally, 130 women were also trained under the Project Sanjeevani at Halol.

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 D. Chandak, Chairman 2. Mr. S. M. Kulkarni, Member 3. Mr. A. T. Vaswani, Member
3. Average net profit of the Company for last three financial years	₹ 18,033.00 Lakh
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹ 360.67 Lakh
5. Details of CSR spent during the financial year.	
(a) Total amount to be spent for the financial year	₹ 361.00 Lakh
(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	Not Applicable
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

**Vimal Kejriwal**

Managing Director & CEO  
(DIN: 00026981)

**Ramesh D. Chandak**

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

Place: Mumbai

Date: May 14, 2018

## DETAILS OF CSR ACTIVITIES OF THE COMPANY FOR THE FY 2017-18:

		(₹ in Lakh)								
(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		
1.	Project Netranjali	Vision-Eye Care	Local Area or Other	District (State)	132.00	134.96	134.96	RPG Foundation		
			Butibori	Nagpur (Maharashtra)						
			Jaipur	Jaipur (Rajasthan)						
			Jabalpur	Jabalpur(MP)						
			Mysore	Mysore (Karnataka)						
			Silvassa	Silvassa (D&N)						
			Vadodara	Vadodara (Gujarat)						
			Project locations at	Manali (HP), Chennai(TN)						
			Manali, Chennai,	Bhopal (MP)						
			Bhopal, Bikaner, Sikar,	Bikaner, Sikar (Rajasthan)						
			Hyderabad, Vemagiri	Hyderabad (Telangana)						
			Benguluru, Bhuj,	East Godavari (AP)						
			Bhansakantha,	Benguluru (Karnataka)						
			Koteshwar, Kutch	Kutch, Banaskantha (Gujarat)						
2.	Project Pehlay Akshar	Education	Januna, Amravati	Amravati (Maharashtra)		48.27	48.27	Direct		
			Butibori	Nagpur (Maharashtra)						
			Jaipur	Jaipur (Rajasthan)	65.00	17.29	17.29	RPG Foundation		
			Jabalpur	Jabalpur (MP)						
3.	Pehlay Akshar School Enrichment Program	Education	Butibori	Nagpur (Maharashtra)	10.00	6.62	6.62	RPG Foundation		
			Jaipur	Jaipur (Rajasthan)						
4.	Project Jeevan	Health, Water & Sanitation	Butibori	Nagpur (Maharashtra)	58.00	58.39	58.39	RPG Foundation		
			Jaipur	Jaipur (Rajasthan)						
			Jabalpur	Jabalpur (MP)						
5.	Project Saksham	Entrepreneurship, Skill Development	Butibori	Nagpur (Maharashtra)	54.00	51.76	51.76	RPG Foundation		
			Ashti	Wardha (Maharashtra)						
6.	Project Sanjeevani	Healthcare Skilling Program	Butibori	Nagpur (Maharashtra)	42.00	43.71	43.71	RPG Foundation		
			Jaipur	Jaipur (Rajasthan)						
			Jabalpur	Jabalpur (MP)						
<b>Total amount spent on CSR</b>					<b>361.00</b>	<b>361.00</b>	<b>361.00</b>			

## ANNEXURE 'E' TO DIRECTORS' REPORT

### Extract of Annual Return

#### FORM NO. MGT-9

As on the Financial Year ended March 31, 2018

[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: 022-49186000; Fax: 022-49186060 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a>

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % 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	75

#### 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 the Companies Act, 2013
1	KEC Bikaner Sikar Transmission Private Limited Plot No. 14 – 15, Jhotwara Industrial Area, Jhotwara, Jaipur – 302 012, India	U40101RJ2015PTC057349	Subsidiary	99.99	2(87)
2	KEC Power India Private Limited RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai – 400 030, India	U40102MH2008PTC179720	Subsidiary	100	2(87)
3	RPG Transmission Nigeria Limited 23 Bamako Street, Wuse Zone 1 Abuja, Nigeria	Foreign Company	Subsidiary	100	2(87)
4	KEC Global FZ LLC Ras Al Khaimah, United Arab Emirates	Foreign Company	Subsidiary	100	2(87)
5	KEC Investment Holdings C/o. SGG Mauritius 33, Edith Cavell Street, Port-Louis, 11324, Mauritius	Foreign Company	Subsidiary	100	2(87)
6	KEC Global Mauritius C/o. SGG Mauritius 33, Edith Cavell Street, Port-Louis, 11324, Mauritius	Foreign Company	Subsidiary	100	2(87)
7	SAE Towers Holdings 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 the Companies Act, 2013
8	<b>SAE Towers Brazil Subsidiary Company LLC</b> Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	Foreign Company	Subsidiary	100	2(87)
9	<b>SAE Towers Mexico Subsidiary Holding Company LLC</b> Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	Foreign Company	Subsidiary	100	2(87)
10	<b>SAE Towers Mexico S de RL de CV</b> Km. 24 Arco Vial Saltillo-Nuevo Laredo, 66050, General Escobedo, Nuevo León, Mexico	Foreign Company	Subsidiary	100	2(87)
11	<b>SAE Towers Brazil Torres de Transmission Ltda</b> Rua Moacyr Gonçalves Costa nº 15, Jardim Piemont, Brazil	Foreign Company	Subsidiary	100	2(87)
12	<b>SAE Prestadora de Servicios Mexico S de RL de CV</b> Km. 24 Arco Vial Saltillo-Nuevo Laredo, 66050, General Escobedo, Nuevo León Mexico	Foreign Company	Subsidiary	100	2(87)
13	<b>SAE Towers Limited</b> Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	Foreign Company	Subsidiary	100	2(87)
14	<b>SAE Engenharia E Construção Ltda.</b> State of Minas Gerais, at Rua Moacyr Gonsalves Costa, No. 15, Bairro Jardim Piemont, CEP, Brazil	Foreign Company	Subsidiary	100	2(87)
15	<b>SAE Engineering &amp; Construction Services S de RL de CV</b> Km. 24 Arco Vial Saltillo-Nuevo Laredo, 66050, General Escobedo, Nuevo León, Mexico	Foreign Company	Subsidiary	100	2(87)
16	<b>KEC International (Malaysia) SDN. BHD.</b> 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)
17	<b>Al Sharif Group &amp; KEC Ltd. Co.</b> PO Box 51953, 102-104 Al – Wessal Tower, Near Lexus Showroom, Madian Road – Jeddah, Saudi Arabia	Foreign Company	Subsidiary	51.10	2(87)
18	<b>RP Goenka Group of Companies Employees Welfare Association</b> 8th Floor, Building No. 9A, DLF Cyber City Phase – III, Gurgaon – 122 002, India	U93000HR2012NPL046012	Associate	49	2(6)

## 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	
<b>(A) Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	7,863,196	-	7,863,196	3.06	5,058,080	-	5,058,080	1.97	(1.09)
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	122,898,859	-	122,898,859	47.80	126,025,213	-	126,025,213	49.02	1.22
e) Banks/ FIs	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(1):-</b>	<b>130,762,055</b>	<b>-</b>	<b>130,762,055</b>	<b>50.86</b>	<b>131,083,293</b>	<b>-</b>	<b>131,083,293</b>	<b>50.99</b>	<b>0.13</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/ FIs	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A)(2) :-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>130,762,055</b>	<b>-</b>	<b>130,762,055</b>	<b>50.86</b>	<b>131,083,293</b>	<b>-</b>	<b>131,083,293</b>	<b>50.99</b>	<b>0.13</b>
<b>(B) Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	60,921,495	56,155	60,977,650	23.72	47,003,725	41,545	47,045,270	18.30	(5.42)
b) Banks/ FIs	472,551	12,820	485,371	0.19	502,720	10,465	513,185	0.20	0.01
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	6,377,299	-	6,377,299	2.48	4,360,311	-	4,360,311	1.70	(0.78)
g) FIs	15,460,345	115,980	15,576,325	6.06	27,355,116	44,625	27,399,741	10.66	4.60
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others:									
Foreign Banks	5,480	-	5,480	-	5,480	-	5,480	-	-
Unit Trust of India	-	1,500	1,500	-	-	1,500	1,500	-	-
<b>Sub-total (B)(1):-</b>	<b>83,237,170</b>	<b>186,455</b>	<b>83,423,625</b>	<b>32.45</b>	<b>79,227,352</b>	<b>98,135</b>	<b>79,325,487</b>	<b>30.86</b>	<b>(1.59)</b>

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	8,141,951	1,232,175	9,374,126	3.65	7,403,172	1,209,125	8,612,297	3.35	(0.30)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	21,933,803	4,087,753	26,021,556	10.12	23,507,402	3,452,681	26,960,083	10.49	0.37
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	3,361,371	-	3,361,371	1.31	5,276,504	-	5,276,504	2.05	0.74
c) Others:									
NRIs/ OCBs	1,313,603	24,980	1,338,583	0.52	1,610,267	18,420	1,628,687	0.63	0.11
Clearing Members	989,404	-	989,404	0.38	755,289	-	755,289	0.29	(0.09)
Trusts	197,369	393,050	590,419	0.23	197,475	393,050	590,525	0.23	-
Directors and Relatives	5	-	5	-	5	-	5	-	-
Foreign Nationals	43,575	-	43,575	0.02	43,575	-	43,575	0.02	-
Foreign Companies	-	5,420	5,420	-	-	46,425	46,425	0.02	0.02
Hindu Undivided Family	1,178,231	-	1,178,231	0.46	1,256,534	315	1,256,849	0.49	0.03
IEPF	-	-	-	-	1,509,351	-	1,509,351	0.59	0.59
Sub-total (B)(2):	37,159,312	5,743,378	42,902,690	16.69	41,559,574	5,120,016	46,679,590	18.16	1.47
Total Public Shareholding (B)= (B)(1)+(B)(2)	120,396,482	5,929,833	126,326,315	49.14	120,786,926	5,218,151	126,005,077	49.01	(0.13)
(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)	251,158,537	5,929,833	257,088,370	100.00	251,870,219	5,218,151	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 Shareholding 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	69,546,616	27.05	-	69,546,616	27.05	-	-
2	Summit Securities Limited	27,602,945	10.74	-	27,753,845	10.80	-	0.06
3	Instant Holdings Limited	17,855,651	6.95	-	21,042,105	8.18	-	1.24
4	STEL Holdings Limited	4,685,880	1.82	-	4,685,880	1.82	-	-
5	Carnival Investments Limited	2,970,981	1.16	-	2,970,981	1.16	-	-
6	Chattapati Apartments LLP	211,785	0.08	-	785	0.00	-	(0.08)
7	Atlantus Dwellings and Infrastructure LLP	25,000	0.01	-	25,000	0.01	-	-
8	Sudarshan Electronics and TV Limited	1	0.00	-	1	0.00	-	-
9	Mr. Harsh Vardhan Goenka Mrs. Mala Goenka Mr. Anant Vardhan Goenka	3,914,482	1.52	-	3,914,482	1.52	-	-
10	Mr. Harsh Vardhan Goenka <sup>(1)</sup> Mrs. Mala Goenka	2,805,216	1.09	-	100	0.00	-	(1.09)
11	Mr. Harsh Vardhan Goenka	933,943	0.36	-	933,943	0.36	-	-
12	Mr. Harsh Vardhan Goenka <sup>(2)</sup>	169,500	0.07	-	169,500	0.07	-	-
13	Mr. Anant Vardhan Goenka	40,000	0.02	-	40,000	0.02	-	-
14	Mrs. Mala Goenka Mr. Harshvardhan Ramprasad Goenka Mr. Anant Vardhan Goenka	50	0.00	-	50	0.00	-	-
15	Mr. Harsh Vardhan Goenka <sup>(3)</sup>	1	0.00	-	1	0.00	-	-
16	Mr. Harsh Vardhan Goenka <sup>(4)</sup>	1	0.00	-	1	0.00	-	-
17	Mr. Harsh Vardhan Goenka <sup>(5)</sup>	1	0.00	-	1	0.00	-	-
18	Mr. Harsh Vardhan Goenka <sup>(6)</sup>	1	0.00	-	1	0.00	-	-
19	Mr. Harsh Vardhan Goenka <sup>(7)</sup>	1	0.00	-	1	0.00	-	-
<b>Total</b>		<b>130,762,055</b>	<b>50.86</b>	<b>-</b>	<b>131,083,343</b>	<b>50.99</b>	<b>-</b>	<b>-</b>

## Note(s):

<sup>(1)</sup> Held as a trustee of Stellar Energy trust<sup>(2)</sup> Held as Karta of Harsh Anant Goenka HUF<sup>(3)</sup> Held as a trustee of Crystal India Tech Trust<sup>(4)</sup> Held as a trustee of Nucleus Life Trust<sup>(5)</sup> Held as a trustee of Monitor Portfolio Trust<sup>(6)</sup> Held as a trustee of Secura India Trust<sup>(7)</sup> Held as a trustee of Prism Estates 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			Date	Increase/ Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares	% of total shares of the Company	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Swallow Associates LLP	69,546,616	27.05	27.05	01.04.2017	No Change		69,546,616	27.05
		69,546,616	27.05	27.05	31.03.2018				
2	Summit Securities Limited	27,602,945	10.74	10.74	01.04.2017				
		27,753,845	10.78	10.78	10.08.2017	150,900	Market Purchase		
		27,753,845	10.78	10.78	31.03.2018			27,753,845	10.80
3	Instant Holdings Limited	17,855,651	6.95	6.95	01.04.2017				
		17,901,901	6.96	6.96	18.07.2017	46,250	Market Purchase		
		17,912,901	6.98	6.98	11.08.2017	11,000	Market Purchase		
		17,964,489	6.99	6.99	21.11.2017	51,588	Market Purchase		
		18,025,989	7.01	7.01	27.11.2017	61,500	Market Purchase		
		20,831,105	8.10	8.10	19.02.2018	2,805,116	Inter se Transfer		
		21,042,105	8.18	8.18	19.03.2018	211,000	Inter se Transfer		
		21,042,105	8.18	8.18	31.03.2018			21,042,105	8.18
4	STEL Holdings Limited	4,685,880	1.82	1.82	01.04.2017	No Change		4,685,880	1.82
		4,685,880	1.82	1.82	31.03.2018				
5	Carniwal Investments Limited	2,970,981	1.16	1.16	01.04.2017	No Change		2,970,981	1.16
		2,970,981	1.16	1.16	31.03.2018				
6	Chattarpatti Apartments LLP	211,785	0.08	0.08	01.04.2017				
		785	-	-	19.03.2018	(211,000)	Inter se Transfer	785	-
		785	-	-	31.03.2018				
7	Atlantus Dwellings and Infrastructure LLP	25,000	0.01	0.01	01.04.2017	No Change		25,000	0.01
		25,000	0.01	0.01	31.03.2018				
8	Sudarshan Electronics and TV Limited	1	-	-	01.04.2017	No Change		1	-
		1	-	-	31.03.2018				
9	Mr. Harsh Vardhan Goenka <sup>(1)</sup>	2,805,216	1.09	1.09	01.04.2017				
	Mrs. Mala Goenka	0	0.00	0.00	19.02.2018	(2,805,116)	Inter se Transfer		
		100	0.00	0.00	31.03.2018			100	-
10	Mr. Harsh Vardhan Goenka	3,914,482	1.52	1.52	01.04.2017	No Change		3,914,482	1.52
	Mrs. Mala Goenka	3,914,482	1.52	1.52	31.03.2018				
	Mr. Anant Vardhan Goenka								
	Mr. Harsh Vardhan Goenka <sup>(2)</sup>	169,500	0.07	0.07	01.04.2017	No Change		169,500	0.07
		169,500	0.07	0.07	31.03.2018				
12	Mr. Anant Vardhan Goenka	40,000	0.02	0.02	01.04.2017	No Change		40,000	0.02
		40,000	0.02	0.02	31.03.2018				
13	Mrs. Mala Goenka	50	-	-	01.04.2017	No Change		50	-
	Mr. Harshvardhan Ramprasad Goenka	50	-	-	31.03.2018				
	Mr. Anant Vardhan Goenka								
14	Mr. Harsh Vardhan Goenka	30	-	-	01.04.2017	No Change		30	-
		30	-	-	31.03.2018				

Sr. No.	Name of the Shareholder	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
15	Mr. Harsh Vardhan Goenka	933,913	0.36		01.04.2017	No Change		933,913	0.36
		933,913	0.36		31.03.2018				
16	Mr. Harsh Vardhan Goenka <sup>(3)</sup>	1	-		01.04.2017	No Change		1	-
		1	-		31.03.2018				
17	Mr. Harsh Vardhan Goenka <sup>(4)</sup>	1	-		01.04.2017	No Change		1	-
		1	-		31.03.2018				
18	Mr. Harsh Vardhan Goenka <sup>(5)</sup>	1	-		01.04.2017	No Change		1	-
		1	-		31.03.2018				
19	Mr. Harsh Vardhan Goenka <sup>(6)</sup>	1	-		01.04.2017	No Change		1	-
		1	-		31.03.2018				
20	Mr. Harsh Vardhan Goenka <sup>(7)</sup>	1	-		01.04.2017	No Change		1	-
		1	-		31.03.2018				

**Note(s):**

- <sup>(1)</sup> Held as a trustee of Stellar Energy Trust  
<sup>(2)</sup> Held as Karta of Harsh Anant Goenka HUF  
<sup>(3)</sup> Held as a trustee of Crystal India Tech Trust  
<sup>(4)</sup> Held as a trustee of Nucleus Life Trust  
<sup>(5)</sup> Held as a trustee of Monitor Portfolio Trust  
<sup>(6)</sup> Held as a trustee of Secura India Trust  
<sup>(7)</sup> Held as a trustee of Prism Estates Trust

**(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.	23,060,249	8.97	18,198,378	7.08
2	Reliance Capital Trustee Co. Ltd.	7,483,573	2.91	6,215,457	2.42
3	Life Insurance Corporation of India	6,377,299	2.48	4,360,311	1.70
4	Birla Sun Life Trustee Company Pvt. Ltd.	5,399,505	2.10	3,358,600	1.31
5	FIL Investments FIL Investments (Mauritius) Ltd.	5,104,578	1.99	2,849,333	1.11
6	Kotak Mutual Fund	3,468,345	1.35	4,300,000	1.67
7	L & T Mutual Fund Trustee Ltd.	3,025,149	1.18	3,432,714	1.34
8	IDFC Mutual Fund	2,800,000	1.09	2,475,000	0.96
9	Unit Trust of India	2,040,000	0.79	2,133,743	0.83
10	DSP Blackrock Equity & Bond Fund	-	-	2,014,039	0.78
11	SBI Mutual Fund	9,944,109	3.87	280	0.00

*Note(s): 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	01.04.2017	No Change		3,914,482	1.52
		3,914,482	1.52	31.03.2018				
2	Mr. Harsh Vardhan Goenka	933,943	0.36	01.04.2017	No Change		933,943	0.36
		933,943	0.36	31.03.2018				
3	Mr. R. D. Chandak	5	-	01.04.2017	No Change		5	-
		5	-	31.03.2018				

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

**V. INDEBTEDNESS :**

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

				(₹ in Lakh)
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	136,406.99	10,090.60	-	146,497.59
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	143.74	-	-	143.74
<b>Total (i+ii+iii)</b>	<b>136,550.73</b>	<b>10,090.60</b>	<b>-</b>	<b>146,641.33</b>
<b>Change in Indebtedness during the financial year</b>				
· Addition	17,713.18	-	-	17,713.18
· Reduction	(24,985.55)	(5,683.19)	-	(30,668.74)
<b>Net Change</b>	<b>(7,272.37)</b>	<b>(5,683.19)</b>	<b>-</b>	<b>(12,955.56)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	128,988.83	4,407.41	-	133,396.24
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	289.53	-	-	289.53
<b>Total (i+ii+iii)</b>	<b>129,278.36</b>	<b>4,407.41</b>	<b>-</b>	<b>133,685.77</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:****A. Remuneration to Managing Director, Whole-time Directors and/ or Manager**

		(₹ in Lakh)
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	321.75
	(b) Value of perquisites u/s 17(2) of Income tax Act, 1961	10.72
	(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	124.32
	- Provident & other Fund	10.96
	<b>Total (A)</b>	<b>467.75</b>
	Ceiling as per the Act (Being 5 percent of Net Profits of the Company calculated as per section 198 of the Act)	<b>3,325.43</b>

**B. Remuneration to other Directors:**

Particulars of Remuneration												(₹ in Lakh)
1. Independent Directors		Name of Directors										Total Amount
		Mr. A. T. Vaswani	Mr. D. G. Piramal	Mr. G. L. Mirchandani	Ms. Nirupama Rao	Mr. S. M. Kulkarni	Mr. S. M. Trehan	Mr. S. S. Thakur	Mr. Vinayak Chatterjee	Ms. Manisha Girotra		
■	Fee for attending Board/ Committee Meetings	9.25	5.00	5.00	4.00	10.45	5.00	6.30	5.00	1.00	51.00	
■	Commission	9.00	9.00	9.00	9.00	9.00	9.00	5.40	9.00	1.80	70.20	
■	Others, please specify	-	-	-	-	-	-	-	-	-	-	
Total (1)												121.20
2. Other Non-Executive Directors		Mr. H. V. Goenka	Mr. R. D. Chandak									
■	Fee for attending Board/ Committee meetings	5.00	7.75									12.75
■	Commission	585.89	9.00									594.89
■	Others, please specify:-	-	-									-
Total (2)												607.64
Total (B)=(1+2)												728.84
Total Managerial Remuneration (A+B)												1,196.59
Overall Ceiling as per the Act <sup>#</sup>												6,650.86

<sup>#</sup> Sitting fees not included as a component for computation of overall ceiling

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

(₹ in Lakh)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. Rajeev Aggarwal Chief Financial Officer	Mr. Ch. V. Jagannadha Rao Vice President – Legal & Company Secretary	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of Income tax Act, 1961	208.86	74.45	283.31
	(b) Value of perquisites u/s 17(2) of Income tax Act, 1961	0.39	1.40	1.79
	(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	54.77	18.80	73.57
	- Provident Fund	4.52	3.82	8.34
	<b>Total</b>	<b>268.54</b>	<b>98.47</b>	<b>367.01</b>

### 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)
<b>A. Company</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. Directors</b>					
Penalty			None		
Punishment					
Compounding					
<b>C. Other Officers in Default</b>					
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 Rule 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 Induction Lights/ LED Lights at various locations resulting in saving of energy.
2. Reduction in fuel cost by induction of rod bending machine in place of manual hot bending.
3. Maintained power factor and maximum demand average which resulted in energy conservation.
4. Saved 341,125 Kwh during the year on account of installation of Solar power plant.
5. Reduction in air leakages by optimization of compressed air pressure.
6. Replacement of old motors with energy efficient motors;
7. Reduction in electrical energy consumption by installing AC Drive and AC motors.
8. The Company also carried out energy audits by certified professionals across various cable factories with a view to reduce consumption of energy and water and reduce wastage. Implementation of suggestions by energy auditors resulted in saving of energy.

#### (B) TECHNOLOGY ABSORPTION

##### Research & Development ("R&D")

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

The Company has installed new electrification structures and machines with technology adaption in order to eliminate multiple and slow speed operations. The Company has also successfully carried out R&D activities in manufacturing of 3 core 66kV Hybrid XLPE Cable and High Voltage Cable.

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

The R&D efforts will provide the Company a technological edge and new products have opened up new business opportunities for the Company.

The Company has also significantly saved on power cost due to installation of new machines.

##### 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: ₹ 2,265.31 Lakh
- iii. Total: ₹ 2,265.31 Lakh
- iv. Total R&D expenditure as a percentage of total turnover: 0.25 percent

#### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

Particulars	₹ in Lakh	
	FY 2017-18	FY 2016-17
Foreign exchange earned	307,720.81	262,140.81
Foreign exchange used	211,974.56	180,475.73

## ANNEXURE 'G' TO DIRECTORS' REPORT

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

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Mr. H. V. Goenka	114.05
	Mr. Vimal Kejriwal	90.28
	Mr. A. T. Vaswani	3.52
	Mr. D. G. Piramal	2.70
	Mr. G. L. Mirchandani	2.70
	Ms. Manisha Girotra	0.54
	Ms. Nirupama Rao	2.51
	Mr. R. D. Chandak	3.23
	Mr. S. M. Kulkarni	3.75
	Mr. S. M. Trehan	2.70
	Mr. S. S. Thakur	2.26
	Mr. Vinayak Chatterjee	2.70
The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Mr. H. V. Goenka	61.02
	Mr. Vimal Kejriwal	21.65
	Mr. A. T. Vaswani	10.94
	Mr. D. G. Piramal	16.67
	Mr. G. L. Mirchandani	16.67
	Ms. Manisha Girotra <sup>(1)</sup>	N.A.
	Ms. Nirupama Rao	18.18
	Mr. R. D. Chandak	28.85
	Mr. S. M. Kulkarni	11.40
	Mr. S. M. Trehan	16.67
	Mr. S. S. Thakur <sup>(2)</sup>	(33.18)
	Mr. Vinayak Chatterjee	27.27
	Mr. Rajeev Aggarwal, Chief Financial Officer	14.80
The percentage increase in the median remuneration of employees in the financial year	Mr. Ch. V. Jagannadha Rao, Vice President-Legal & Company Secretary	19.67
	15 percent	
The number of permanent employees on the rolls of Company	4,599 (as on March 31, 2018)	
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 year 2017-18 was 10.00 percent as against an increase of 21.65 percent in the salary of the Managing Director & CEO (managerial personnel as defined under the Act). The increment given to each individual employee was 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.	

#### Note(s):

<sup>(1)</sup> Ms. Manisha Girotra was appointed during the FY 2017-18

<sup>(2)</sup> Mr. S. S. Thakur was a Director for the part of the FY 2017-18

The key parameters for any variable component of remuneration availed by the Directors.

The variable component of Non-Executive Directors' remuneration consists of commission. The commission was paid at a rate of 1 percent per annum of the profits of the Company computed in accordance with the provisions of the Companies Act, 2013. The distribution of commission among the Non-Executive Directors was recommended by the Nomination and Remuneration Committee and approved by the Board. The commission was paid on an uniform basis, to reinforce the principles of collective responsibility of the Board. The Nomination and Remuneration Committee had recommended a higher commission for the Chairman of the Board of Directors, taking into consideration his overall responsibility and involvement. Remuneration to the Managing Director & CEO involved balance between fixed and variable pay reflecting short and long-term performance objectives of the Company and its goals.

Affirmation that the remuneration is as per the remuneration policy of the Company

The remuneration to employees of the Company is as per the remuneration policy of the Company.

# MANAGEMENT DISCUSSION & ANALYSIS

KEC International Limited (the Company or KEC) is an infrastructure EPC major with presence in Power Transmission & Distribution (T&D), Railways, Civil, Smart Infrastructure, Solar and Cables businesses. The Company has established its footprint in 100 countries (including EPC and Supply) across the globe.



LT Cables plant being built at Vadodra by KEC's Civil team

## OVERVIEW

### GLOBAL ECONOMY

The global economy is undergoing a cyclical recovery, reflecting a rebound in investment, trade and manufacturing activity. IMF forecasts that the Global GDP growth will pick up to 3.8 percent YoY in 2017, up from 3.2 percent YoY in 2016 (Source: IMF, World Economic Outlook, April 2018). With the GDP growing in more than half of the world's economies, the global upturn is broad-based. On this backdrop, global trade strengthened significantly in 2017.

Commodities prices saw a sharp spike in 2017. Oil prices rose 21 percent YoY. While aluminium prices jumped 20 percent YoY, copper and zinc prices grew sharply by 25 percent YoY and 28 percent YoY respectively. China, which contributes more than 50 percent to the commodities market, mandated a 30 percent production cut in smelters and refineries. This led to serious disruptions in supply, causing metal prices to increase decisively.

In advanced economies, growth is estimated to have recovered to 2.3 percent YoY in 2017, driven by strengthening demand, pickup

in capital spending and turnaround in inventories. Despite the strengthening of activity, inflation in advanced economies remained subdued in 2017. The GDP grew stronger than expected in the Euro region as compared to U.S. and Japan. Growth in Emerging Market and Developing Economies (EMDEs) is estimated to have accelerated to 4.8 percent in 2017, based on firming commodity prices and recovery in exports.

Growth in advanced economies is projected to accelerate further in 2018 and moderate slightly in 2019 as economic slack diminishes and monetary policy becomes less accommodative. Conversely, GDP in EMDEs will likely continue to grow at a steady pace. Global GDP is expected to grow at 3.9 percent in 2018 (Source: IMF, World Economic Outlook, April 2018).

Risks to global outlook remain moderate over the medium term. However, the outlook is vulnerable to sudden changes in market sentiment or unexpected policy shifts that could lead to financial instability. In addition, increased trade protectionism, volatility in commodity markets and rising geopolitical tensions could weigh on sentiment and disrupt the recovery.

## GDP growth (percent YoY)

	2016	2017	2018 (Projections)	2019 (Projections)
Advanced economies	1.7	2.3	2.5	2.2
United States	1.5	2.3	2.9	2.7
Major advanced economies (G7)	1.4	2.1	2.4	2.1
Other advanced economies	2.3	2.7	2.7	2.6
Emerging market and developing economies	4.4	4.8	4.9	5.1
Commonwealth of Independent States	0.4	2.1	2.2	2.1
Emerging and Developing Asia	6.5	6.5	6.5	6.6
Latin America and the Caribbean	-0.6	1.3	2.0	2.8
Middle East, North Africa, Afghanistan, and Pakistan	4.9	2.6	3.4	3.7
Sub-Saharan Africa	1.4	2.8	3.4	3.7
World	3.2	3.8	3.9	3.9

Source: IMF, World Economic Outlook, April 2018

## INDIAN ECONOMY

India's economy temporarily decoupled in H1FY18, on the back of demonetisation, teething difficulties in the new GST regime, the twin balance sheet challenge, and rural distress. In H2FY18, the economy witnessed robust signs of revival. Economic growth improved as the shocks began to fade, corrective actions were taken, and the synchronous global economic recovery boosted exports. Consequently, the GDP growth for FY18 is estimated at 6.7 percent YoY, down from 7.1 percent YoY in FY17 (Source: Government of India Economic Survey). The USD-INR appreciated to an average of 64.5 in FY18 from 67 in FY17, recovering from the disruptions of demonetisation, and owing to steady foreign investment inflows. The investment sentiment stayed largely positive in FY18 as Moody's revised India's sovereign rating to Baa2, higher from Baa3, changing the outlook to stable. In addition, India jumped up 30 notches into the top 100 in the World Bank's 'Ease of Doing Business' index.

It is estimated that FY19 will begin on a solid foundation with three broad based themes:

1. Revival of rural economy
2. Robust infrastructure spending
3. Sustained global recovery

FY19 GDP is expected to achieve robust growth at 7.4 percent YoY (Source: IMF, World Economic Outlook, April 2018). However, there are three macro risks to the outlook:

1. Rise in global crude oil prices leading to higher inflation, wider current account deficit and weaker rupee
2. Excessive global liquidity tightening, which could affect flows into emerging markets
3. Trade protectionist measures, which might affect exports adversely

India may witness sentiment-driven movement in economic parameters, in the run up to the 2019 General Elections, causing temporary volatility in markets. Overall, the economic activity will continue to get support from strong private consumption and

services. Private investment is expected to revive as the corporate sector adjusts to the GST. The reform cycle is likely to shift from rollout to execution. Recapitalisation of banks, infrastructure development and rural sector support will be on the priority list for the Government.

## GLOBAL POWER SECTOR REVIEW

The power Transmission and Distribution infrastructure needs a total investment of around USD 2.9 trillion for 2016-2025 and USD 5.0 trillion for 2026-2040. India's share in this investment requirement is about USD 291 billion and USD 566 billion for the corresponding time periods respectively.

According to the World Energy Outlook (WEO) 2017, India is one of the largest contributors to the demand growth at about 30 percent and its share of global energy use would rise to 11 percent by 2040. Southeast Asia is another rising heavyweight in global energy, with demand growing at twice the pace of China. Overall, developing countries in Asia account for two-thirds of global energy growth, with the rest arising mainly from Middle East, Africa and Latin America.

The outlook further states that the global energy scenario is in a state of flux. Large-scale shifts include:

1. Rapid deployment and steep declines in the costs of major renewable energy technologies: Rapid deployment of solar photovoltaics (PV), led by China and India, will help solar become the largest source of low-carbon capacity by 2040.
2. Growing importance of electricity in energy use across the globe: Electricity is the rising force among worldwide end-uses of energy. It will contribute up to 40 percent of the rise in final consumption by 2040.
3. Profound changes in China's economy and energy policy, moving consumption away from coal: China is entering a new phase in its development, with the emphasis in energy policy now firmly on electricity, natural gas & cleaner energy, high-efficiency and digital technologies. China remains a high presence in coal markets, but the WEO estimates that coal use is set to decline by almost 15 percent by 2040.



400/ 220 kV Bhutan-Jigmeing Substation, Bhutan

4. The continued surge in shale gas and tight oil production in the United States: Already a net exporter of gas, the U.S. would become a net exporter of oil in the late 2020s. Oil prices will likely remain in the range of USD 50-70/ barrel by 2040, given that the U.S. would account for 80 percent of the increase in global oil supply by 2025 and rapid expansion in the global electric car fleet would approach around 900 million cars by 2040.

(Source: World Energy Outlook, 2017 and International Energy Agency)

#### Electricity Demand by Region (TWh)

Region/ Country	2020	2025	Growth %
Americas	4948	5100	3.07
Europe	3316	3424	3.25
East Europe/ Eurasia	1474	1571	6.58
Asia	8834	10500	18.85
- South East Asia	966	1206	24.84
Middle East	984	1153	17.17
Africa	762	921	20.86
Latin America	1094	1238	13.16
World Total	23186	25755	11.07
India	1336	1759	31.66

Source: World Energy Outlook 2016, International Energy Agency

#### Investment in Power Transmission & Distribution (2016-2040) (USD Billion)

Region/ Country	2016-2025	2026-2040	Total 2016-2040
Americas	410	619	1029
Europe	373	489	862
East Europe/ Eurasia	171	266	437
Asia	1387	2310	3697
- South East Asia	221	482	703
Middle East	95	218	313
Africa	202	598	800
Latin America	158	288	446
World Total	2989	5070	8059
India	291	566	857

Source: World Energy Outlook 2016, International Energy Agency

## BUSINESS SCENARIO AND INDUSTRY OUTLOOK & OPPORTUNITIES

### POWER TRANSMISSION & DISTRIBUTION BUSINESS

This is the largest business vertical of the Company. With over seven decades of experience, KEC is a global leader in the Power Transmission & Distribution EPC segment. The Company's T&D business has a presence in 64 countries across the globe (EPC footprint only). The Company's region-wise outlook and opportunities are highlighted below:

#### I) South Asia Business

During the year, the Company delivered a commendable performance, both in terms of revenue and margins, despite the adverse impact of GST. The Business witnessed a strong order intake from SAARC, State Electricity Utilities and Private Clients. The order book is well diversified between Transmission and Substation projects, with the Substations business contributing to nearly 26 percent of the order book. The Company continued its focus on Project execution and delivered 20 percent of its T&D projects in the South Asia Business ahead of schedule. It also made significant progress on implementation of various digital and mechanisation initiatives in its operations, re-enforcing its commitment towards achieving high safety, quality, and productivity standards.

#### Region Wise Outlook & Opportunities

##### a. India

With a generation of over 1,300 Billion Units (BU) during FY18, India is the 3rd largest producer and 4th largest consumer of electricity in the world (Source: Ministry of Power, GoI). The country has the 5th largest installed capacity globally, which stands at 340 GW (as of March 2018) (Source: CEA reports). The Indian power sector has witnessed significant growth in its energy demand, generation capacity and transmission & distribution networks in the last few years. In FY18, the sector witnessed a 5.3 percent growth in installed capacity with an addition of 17,170 MW, along with an addition of 23,119 ckm of transmission lines (growing ~6 percent from last year) and 86,193 MVA of substation capacity (growing ~12 percent from last year). Generation from renewable sources increased by 23 percent from last year (Source: CEA reports).

The Indian Government continues to exert significant thrust and has embarked on numerous initiatives towards the objective of '24x7 Power for All', with special emphasis on rural electrification.

A bold attempt is also being made to achieve uniform power rates across the country through the Government's mission of 'One Nation, One Grid, One Price'. The recent Union Budget 2018-19 has proposed allocation of INR 16,000 crore for Sahaj Bijli Har Ghar Yojana (SAUBHAGYA) scheme, to provide free electricity connections to about 4 crore un-electrified households. Additionally, the Government continues to focus on the last mile connectivity for rural electrification, having achieved 100% rural electrification on April 28, 2018. All of these will result in the net increase in demand for power transmission, which augurs well for companies like us.

In the backdrop of growing demand for power and capacity expansion, there remains a pressing need for transmission network augmentation. Timely implementation of transmission lines would be critical in the years to come. The sector continues to transform and undergo radical changes. It is migrating to higher transmission voltages of up to 1,200 kV, new technologies for bulk power transmission are being worked upon, High Capacity Power Transmission Corridors (HCPTCs) are being developed, etc.

Paradigm shifts are also being observed across facets of the industry:

- Greater emphasis on new designs, solutions and modern construction technologies
- Enhanced project management techniques, right from project planning and execution to commissioning and attaining commercial closure
- Advanced conductor technologies like HTLS conductors, covered conductors, etc., are playing a crucial role in resolving issues related to Right of Way (RoW)
- Newer substation technologies like Gas Insulated Substations (GIS) are gaining prominence
- Gas Insulated Lines (GIL) are being explored
- Enhanced public-private collaboration
- Change in customer mix, with the share from State Electricity and Private players increasing, as compared to previous years

Amidst all these developments, issues pertaining to smooth and timely project execution are still dominant by way of challenges such as right of way, land acquisition, environment & forest clearances, etc. This creates an additional burden on EPC companies by way of time & cost overruns and mobilisation issues. The Government is dedicatedly working towards resolving these issues by way of amendments made to ease environmental clearances and enhancement in compensation levels for land acquisition.

Presently, India has 340 GW of installed generation capacity; 3,90,970 ckm of installed transmission line length and 8,26,958 MVA of substation transformation capacity (as on 31st March 2018) (Source: CEA reports). The Indian Government envisages an addition of over 1,00,000 ckm of transmission lines and over 2,90,000 MVA of transformation capacity between 2017-2022, necessitating enormous investment to the tune of INR 2,60,000 crore, which is expected to unfold tremendous opportunities.

Over the next three years, we expect a larger share of business emerging from Private Clients and State Electricity Utilities. Firstly, the Central Government is targeting to award all new projects through the Tariff Based Competitive Bidding (TBCB) route, driving participation and ownership from Private players. Ahead of time delivery, quality, cost and safety are thus becoming important parameters, as they directly impact the returns to private investors. This trend is beneficial to the industry, especially for established players like us with matured

processes and capabilities. This year, the Company has received its single largest order of more than INR 1,000 crore from a private player. Secondly, with the setup of cross country national grid, huge investments are being planned by the states to improve connectivity, reliability and affordability. The Company is witnessing a surge in large size Transmission Lines as well as Substation orders from state utilities. In line with the changing business dynamics, the Company is focusing on enhancing its footprint across states on a selective basis. Additionally, the Company envisages that the share of investments in Substations will rise to about 40-45 percent of the total investment, with a push towards GIS Technology at voltages of 220/ 400 kV levels. Significant opportunities in the form of combination jobs, HTLS conductors and cabling projects are expected in the coming months. The Company is well-positioned in terms of preparedness to cater to the varied requirements of its clients.

## b. SAARC

SAARC continues to be one of the key business destinations for the Company. The Company has significant footprint in this region and continues to consolidate its presence on the back of good order mix of Transmission and Substation projects. During the year, the Company secured a few major orders in Afghanistan, Bangladesh, Bhutan, Nepal and Sri Lanka. The region is well poised for significant growth due to a strong thrust by their Governments to achieve their goal to provide 'Electricity for All'. Additionally, they are also focussing on providing a boost to the renewables sector.

We are seeing an increase in private investments in Bangladesh, offering a new industrial market opportunity. There is also a growth in multilateral funding from agencies such as AIIB, ADB, JICA, Islamic Development Bank and EXIM Bank. In Afghanistan, there is a shift in focus towards power generation, including emphasis on renewables. In line with all these developments, we expect the SAARC Transmission & Distribution market to grow at over 20 percent between FY 2017 and 2022, and shall remain a key focus area for the company in the coming years.

## II) International Business

During the year, the order inflow from the Company's International T&D business was impacted due to various uncertainties in the global markets. However, with the increase in oil prices, sentiments in the International business are expected to improve in FY 2018-19.

The focus on rebalancing the Middle East portfolio continued with order wins in UAE, Jordan and Oman. The Company continues to expand its outreach in the international substation area, with the construction of both AIS and GIS substations.

## Region Wise Outlook & Opportunities

### a. Middle East and North Africa (MENA)

In FY 2017-18, the MENA region, owing to depressed oil prices witnessed a slowdown in new tenders. However, with oil prices on the rise and a continued focus of

Middle-Eastern countries to reduce their dependency on oil revenues, it is anticipated that new projects will be rolled out at a faster pace.

Electricity demand in the MENA region will continue to be strong, fuelled by population growth, urbanisation, rising income levels, industrialisation, and low electricity prices, rendering investments in the power sector a priority for the governments in the region.

It is estimated that in the next five years, the region is required to make an investment of USD 131 billion in the power sector, of which USD 81 billion is required to add 62 GW of generation capacity, while the rest would be invested in transmission and distribution (T&D), culminating into good opportunities for the Company (Source: GCC Power Market by Middle East Electricity). Saudi Arabia followed by UAE, Kuwait and Oman, all of which are priority markets for KEC will require the bulk of these investments.

North Africa, continues to remain a key market for the Company. The region has made major progress in the power generation sector. Countries such as Egypt, Algeria, Tunisia, and Morocco have made substantial investments in energy projects to drive their energy ambitions. Planned investments in both Generation and T&D infrastructure, in addition to improvement in political stability makes it an attractive market for us.

#### **b. Rest of Africa**

The region has struggled to sustain GDP growth due to its underdeveloped power sector infrastructure. Nearly 600 million people in Sub-Saharan Africa lack access to electricity. Only seven countries - Cameroon, Côte d'Ivoire, Gabon, Ghana, Namibia, Senegal and South Africa, have electricity access rates exceeding 50 percent, while the rest of the region has an average grid access rate of just 20 percent (Source: 'Brighter Africa - The growth potential of the Sub-Saharan electricity sector' by McKinsey).

It is estimated that the region requires approximately USD 490 billion of capital for new generating capacity, with an additional USD 345 billion for transmission and distribution over the next 25 years to meet its growing demand for power. Efforts are being made to increase investments in the power sector by tapping multiple routes, including regional integration through grid connectivity (Source: 'Powering Africa' by McKinsey).

Additionally, countries such as Kenya, Ethiopia, Tanzania and Uganda are expected to witness a growth in electricity demand, resulting in the need for development of requisite evacuation infrastructure. West African countries such as Senegal, Mali and Mauritania are going to witness the maximum increase in demand. All these, make the region a lucrative market and potential growth driver in the future.

#### **c. South East Asia Region**

The region is expected to witness a surge in energy demand driven by rapid economic development,

improving GDP per capita and rising electrification rates. In addition, the population is distributed and spread across the geography, necessitating huge investments for the development of widely dispersed T&D infrastructure. The support extended by Asian Development Bank, Japan International Cooperation Agency and World Bank to implement grid expansion projects will play a critical role in meeting the investment requirements of the region. However, regulations such as requirement for the inclusion of local content in Transmission & Distribution projects are hampering participation in certain projects/ countries.

#### **d. Central Asia Region**

The Central Asia region is seeing an increase in demand for power, with significant investments in the pipeline to build transmission systems, both new lines as well as upgradation and refurbishing of the existing network. Countries such as Kazakhstan, Kyrgyzstan, Georgia, Russia, Ukraine and Tajikistan are planning investment in power generation and aligned sectors, including Transmission & Distribution. The energy rich countries in the region provide opportunities to generate power and transmit it to neighbouring countries through interconnections, which augers well for us.

#### **e. North American Region**

Majority of the U.S. transmission system was built in 1960s and 1970s necessitating the need for significant investment in replacing and/ or upgrading the existing infrastructure to improve system performance. Extensive investments are also needed to integrate new, renewable and distributed energy resources and to respond to a rapidly changing energy mix. The Edison Electric Institute (EEI) has indicated that its member companies are expected to invest close to USD 90 billion in the transmission system between 2017 and 2020 (Source: Edison Electric Institute). The U.S. administration has unveiled a massive USD 1.5 trillion plan for modernising and rebuilding roads, bridges, tunnels, airports, energy, waterways and other crumbling infrastructure. If this legislation is approved in the Congress, the direct and indirect need for strengthening and expansion of the electrical transmission grid would be fundamental to support associated manufacturing and construction growth.

While the Company expects the demand to be robust, the continued trade friction between U.S. and its various trading partners, including NAFTA countries could either have a positive or negative impact depending on how it unfolds. The Company is monitoring and assessing the evolving scenario and its overall impact on the business.

In Mexico, the state-owned Comisión Federal de Electricidad (CFE), which owns and operates transmission lines jointly with CENACE (Centro Nacional de Control de Energía), plans to focus on transmission line projects to evacuate power from wind power generation, mostly in the South-East and North-East regions. About 9,300 ckm of 115/ 230 kV and 400 kV Transmission Lines are planned between 2016 and 2029 in the country (Source: CENACE's "Programa

de Ampliación y Modernización de la Red Nacional de Transmisión y Redes Generales de Distribución del Mercado Eléctrico Mayorista 2016 – 2030”).

Two HVDC lines are being auctioned; the first line, approximately 1,100 km, for which the CFE has already issued preliminary project documents and the second line, which is being sponsored by SENER (Secretaria de Energia or Ministry of Energy). Furthermore, CFE is intending to expand usage of HVDC systems in the future, with special interest on linking the Baja California region. Additionally, the transmission projects needed to interconnect the generation projects, related to the Energy Auctions by the Federal Government are expected to generate additional demand (Source: <https://www.gob.mx/cenace>).

All of this is expected to unfold into substantial opportunities for the Company.

#### f. South American Region

Brazil's economy has started showing signs of recovery since the third quarter of 2017 with low interest rates, recovering business sentiment, robust agricultural output, and stronger dynamics in the labour market. It is the most important market in the region for the Company, with large expansion for power transmission and distribution expected in the next five years. Brazil's energy agency Empresa de Pesquisa Energética (EPE) recently approved the Plano Decenal de Expansão de Energia 2026 or Decennial Energy Expansion Plan 2026 (PDE 2026) (Source: <https://www.globaltransmission.info>). The approved plan includes an investment of BRL 1.4 trillion for the expansion of energy infrastructure by 2026. About 25 percent of the investment will go towards the energy generation and transmission segments. The total investment for the power transmission segment is likely to reach BRL 119 billion, of which BRL 78 billion will be invested in transmission lines and BRL 41 billion in substations, including border facilities.

After two years of disappointing power generation and transmission auction sessions, a surge in investment levels was experienced in 2017 with the allotment of majority of the concessions. This shows both growing demand for power and increasing investor confidence. ANEEL, the National Electric Energy Agency held two auctions for Transmission infrastructure in 2017. The first one was held in April 2017, in which 31 of 35 lots were awarded to add 7,068 km of transmission lines and 13,132 MVA of substation capacity at an investment of BRL 12.7 billion. The second auction was held in December 2017, under which 11 lots of 4,919 km were awarded at an investment of BRL 8.7 billion. In association with KEC, some large Indian companies also participated in these auctions.

During the year, the Company signed two large EPC contracts to execute 546 km of Transmission Lines in Brazil. The Company is currently executing ~800 km of Transmission Lines in the country.

Until 2024, the Government plans to hold two auctions per year, to meet the growing energy demands of the country. This presents good opportunities for the Company in both EPC and Tower/ Hardware supply business.



Railway bridge under construction in Madhya Pradesh

### RAILWAYS BUSINESS

KEC is an integrated player in the industry and executes various types of works such as track laying, doubling & tripling of tracks, building railway stations, tunnels & bridges, signalling & telecommunication works, and electrification. During the year, the Company witnessed a significant growth in its Railway Business, with substantial order inflow and a closing order book in excess of INR 4,000 crore. The focussed execution approach adopted by the Company has led to the commissioning of close to 807 route km of Railway Electrification works, which is ~20 percent of the Overhead Electrification projects commissioned by the Indian Railways in FY18.

The Company has successfully expanded its client portfolio to include CORE, RVNL, IRCON, RITES and PGCIL. It is currently executing ~31 projects, of which 18 have been secured during the year. Furthermore, the Company has succeeded in diversifying its project portfolio, with ~70 percent of its order book comprising of composite and signalling & telecommunication works. The Company is pre-qualified in some packages of Dedicated Freight Corridor (DFC) projects and may bid selectively in consortium for DFC projects. The Company is also exploring relevant opportunities in the International arena.

### Outlook & Opportunities

The outlook for the Railway sector is very positive, with the Government planning for network expansion, as well as upgradation and modernisation of the existing infrastructure. The FY 2018-19 Railway Budget decoded ample opportunities such as increase in capital outlay from INR 1.31 lakh crore to INR 1.48 lakh crore, renewal of 3,900 km of tracks, 1,000 km of new line construction, 1,000 km of gauge conversion work, 2,100 km of doubling works, etc. In FY16, the Government targeted the electrification of ~2,000 km of broad gauge tracks and ~4,000 km in FY17. This year, in line with the target to complete 100 percent electrification (38,000 km) of broad gauge tracks by FY2021, the government is planning to commission ~6,000 km of electrification and modernisation of the signalling system of the Indian Railways, including automation, all of which present several opportunities for the Company.

Building on to the Company's capabilities in the domestic market, the Company is exploring opportunities in select international markets such as SAARC, Africa and CIS regions. Given the major developments in both domestic and international markets, the Railways business is fast emerging as a major growth driver for the Company.

## CIVIL BUSINESS

In line with its vision, the Company expanded its business portfolio to include Civil construction with a focus on industrial plants, residential buildings and commercial complexes, especially in the mid-market segment. The Company's strategy to foray into Civil is delivering good results with new orders in excess of INR 500 crore across Industrial Plants and Residential buildings.

During the year, the Company has built significant capabilities through investment in latest formwork, plants and machineries. It has also developed a strong team comprising of highly skilled and experienced professionals. The Company has successfully executed four complex silos with Slipform and Climbing formwork technologies, thereby achieving faster execution and superior quality. Several exclusive tie-ups with OEMs for strategic equipment like batching plants, tower cranes and other equipment has proved beneficial in reducing mobilisation time and fast-tracking project execution.

In FY17-18, KEC successfully delivered several complex projects. As a testament to on-time delivery, superior quality and safety standards, the Company has received many repeat orders from its customers and is serving clients across sectors such as Automobiles, Metals & Mining, Cement, Cables & Electrical Equipment manufacturers, etc. The Company is also executing turnkey design & construction of a large residential township associated with a cement company, utilising latest equipment such as sensor pavers for the construction of concrete roads, resulting in greater accuracy and faster execution.

The Water business was incorporated into the Civil business last year. The Company is currently focussing on complete integrated Water and Waste Water/ Sewage Treatment projects and Industrial Effluent Treatment plants. The Company has the capability to bring best-in-class technologies in water & waste water management.

The Company's endeavour to leverage world class safety & quality practices, deploy latest technologies in construction and a robust project management team led by industry veterans present great value to its clients.

## Outlook & Opportunities

### a. Residential Segment

Affordable Housing has been gaining significant traction under 'Pradhan Mantri Awas Yojana' (PMAY), with two crore residential units planned to be constructed by 2022 at an investment of INR 11 lakh crore. More than 40 lakh units have already been sanctioned and 3-4 lakh units are getting sanctioned every month. The Government has announced various initiatives to promote Affordable Housing, such as grant of Infrastructure status, allowing 100 percent FDI, PPP policy, reduction in GST rate from 12 percent to 8 percent, setting up of Affordable Housing Fund and 100 percent tax deduction on profits by developers. Budgetary allocation to PMAY has more than doubled in FY19 providing a greater impetus to the Affordable Housing segment.

### b. Industrial Segment

Manufacturing has emerged as one of the high growth sectors in India. Backed by the "Make in India" initiative, India is on the path to becoming 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 Government of India has been supportive towards this growth. It has set up Electronic Hardware Technology Parks (EHTPs), Special Economic Zones (SEZs) and brought about a favourable climate for Foreign Direct Investment (FDI). The government has liberalised and relaxed tariffs to promote growth in the sector.

With an impetus on developing industrial corridors and smart cities, the government aims to ensure holistic development across the nation. The corridors will further assist in integrating, monitoring and developing a conducive environment for industrial development and will promote advanced practices in manufacturing.

The Company will benefit from these initiatives targeting quantum growth in the manufacturing sector.

### c. Commercial & Other segments

The Government's focus and thrust on several mega programmes such as Bharatmala, Sagarmala, Metro rail and civil aviation projects across the country is fuelling the revival of the Indian infrastructure sector. These, along with other projects such as smart cities, logistics, irrigation and urban rejuvenation provide a great opportunity for KEC. Several structural reforms in financing to fill the infrastructure investment gap, along with improving business environment in India provides huge opportunities for all the players.

## SMART INFRASTRUCTURE

During the year, in line with the rapid urbanisation witnessed in the country, coupled with the Government's push for a digital India, the Company ventured into the Smart Infrastructure business. The business will primarily target Smart Cities and Communication, Smart Mobility and Smart Utilities. It will act as the master system integrator and work closely with central and state governments and utility providers in developing digital infrastructure. Given the Company's existing EPC credentials, well developed industry ecosystem, and focus on technology, it is working towards creating the right value proposition for its customers.

## Outlook and Opportunities

The Smart City initiative was launched by the Prime Minister in November 2015, which has been followed up with the announcement of the construction of the first 100+ smart cities. With the completion of the initial time frame for policy making, it is expected that majority of the cities will embark on the smart journey from FY 2018-19.

The Government's BharatNet project, which aims to provide fibre connectivity at the Gram Panchayat level is an ambitious plan and provides various opportunities in the EPC space for fibre optic cable laying and deployment of active and passive equipment. The Company also envisages leveraging its cable manufacturing capabilities to enhance its strength in building this business.

The utilities are looking at upgrading and making the existing infrastructure smarter by adding an IT layer on the distribution side. In the power sector, this will enable peak load management, theft reduction, AT&C loss reduction, etc. The capabilities developed over the years in the power utility space, a core component of the Company, will provide a head start in the nascent phase of its Smart Infrastructure business.

## SOLAR BUSINESS

During the year, the Company's Solar business recorded an 80 percent growth in revenues, as compared to last year. The execution of the 130 MWp turnkey EPC order received from APGENCO has progressed well and the plant is on track for commissioning in 2018, despite several headwinds in the form of escalation in module prices and uncertainties pertaining to GST interpretation & implementation.

The Company has also commissioned one of the largest ground mount solar plant (6MWp) in the state of Himachal Pradesh for a private developer. The project execution was achieved in extremely difficult and hilly terrain, within a record 88 days from the start of the project. The Company continues to maintain its presence in Single Axis Tracking technology by commissioning a 10 MWp project in Andhra Pradesh for a global, private developer.

KEC's Rooftop business continues to grow with orders won from Oil & Gas majors, ONGC and HPCL, as well as from large private groups.

During FY 2017-18, the Company has built significant capabilities in the domestic and international markets, and is well poised to tap opportunities in the International Solar EPC market. The Company successfully entered the international Solar EPC market by commissioning a ground mount project in the Kingdom of Saudi Arabia.

In FY 2018-19, considering the uncertainties in the domestic market, the Company has shifted focus on securing and executing orders in international markets, with a focus on SAARC, Middle East, Africa and CIS regions. The Company will also continue to focus on capability development in niche areas such as distributed off-grid solar systems and floating solar.

## Outlook & Opportunities

The Indian solar market is currently witnessing several headwinds in terms of volatility in module prices, uncertainty over imposition of potential safeguard duty on imported cells and modules and GST implementation. Capacity addition during FY 2017-18 was ~7-7.5 GW, which is below the original, as well as revised National Solar Mission targets. The challenges facing the solar industry have also resulted in a significant slowdown in the pace of execution. Several tenders have been cancelled post reverse auction, which have not helped improve sentiments amongst developers and EPCs.

FY 2018-19 is expected to be significantly more challenging with capacity addition anticipated to be less than the Government projection of 10-20 GW. Clarity on various regulatory aspects including GST interpretation and impending safeguard duty on cells and modules will be helpful in improving sentiments and ensuring recovery of momentum.

Amongst neighbouring countries, Bangladesh and Sri Lanka have shown keen interest in expanding power generation through Solar. In International markets, Middle East is fast emerging as the next epicentre of solar energy growth. The high GHI quality coupled with

availability of large tracts of contiguous land parcels is driving growth of solar penetration in the region. Rest of Africa demonstrates great potential, albeit long term (2-3 years) in the off-grid segment. The region will continue to evince interest from stakeholders due to good quality of solar irradiation.

## CABLES BUSINESS

The Company has continued its Cables business transformation programme, initiated last year, to strengthen sales, manufacturing and supply chain capabilities. The Company has consolidated its manufacturing footprint by shifting operations from its manufacturing plant at Silvassa to Vadodara, thus creating an integrated facility offering the entire gamut of products ranging from EHV, HT and LT Cables. This move is also helping debottleneck the operations, enhance revenue and reduce costs through operational efficiencies.

During the year, KEC has achieved marginal growth in revenues in spite of the impediment caused by shifting of the Silvassa factory. The Company has delivered order booking growth of more than 15 percent over FY17, specially in the high margin segments of EHV, HT and exports. The Company has secured its largest ever EHV order for 220 kV cables from Power Grid Corporation of India Limited, helping it establish pre-qualification for similar cables, as well as cabling projects. On the downside, Telecom Cables revenue has declined owing to global shortage of fibre and increased fibre prices due to increased demand from China.

## Product Wise Outlook & Opportunities

The Cables business manufactures Power Cables (Low Voltage, Medium Voltage and EHV of up to 220 kV), Control & Instrumentation Cables, Telecom Cables and provides Cabling solutions for EHV cable installations. The Company has also added Railway Contact, Catenary Conductors and Signalling Cables to its portfolio. The Company is one of the major players in India with a diversified customer base cutting across industries, utilities, EPCs and distributors. The Cables business has a significant presence in the International market with exports to more than 40 countries.

During the year, the business has secured various approvals from key industrial customers as well as State Electricity Boards. The accreditation by National Accreditation Board for Testing and Calibration Laboratories (NABL) for the Vadodara factory is a significant achievement showcasing the Company's capabilities in both quality and reliability.

### a. Power Cables

Demand for power cables is highly dependent on infrastructure and industrial development. Focus of the Indian Government on urban infrastructure such as Metros, Smart Cities & Highways is expected to provide significant boost to the domestic power cable market, which is estimated to grow at 12-15 percent over the medium term. Industrial sectors such as Auto, Chemical, Oil & Gas, Cement & Metals are also expected to witness remarkable growth in the upcoming year and would result in increased power cable offtake. EHV cables is a key focus area for the company. It has created an edge for itself by way of differentiated value proposition through expertise gained in the Cabling business from projects executed across the world. The demand for EHV cables is expected to rise as distribution voltages will go up to improve efficiency and replacement of overhead transmission lines due to increased adoption of

underground cabling in urban areas. Exports business is also looking favourably poised for a rapid growth with increasing demand from Africa, Europe and Australia.

#### b. Telecom Cables

The demand for Optic fibre cables is expected to grow on the back of 4G network installations to cater to the ever-growing data needs of the consumers. Government's thrust on digital has also helped bolster the network connectivity needs of industries and institutions alike. The Central Government has announced an expenditure of INR 8,000 crore to drive Bharatnet-Phase-II project for connecting 1.5 lakh Gram Panchayats as part of National Optic Fibre Network (NOFN) programme. In addition to the domestic market, there is huge potential for optical fibre cables in the international market.

#### c. Cabling Business

Rapid urbanisation, overhead corridor problems and need for enhanced reliability in power supply is resulting in cities preferring underground cables compared to overhead cables. This trend is expected to increase the demand for EHV cables and turnkey cabling solutions segment.

### 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 15.3 percent YoY to ₹ 10,096 crore on the back of strong performance demonstrated by T&D, Railways and Civil business.

We have crossed the ₹ 1,000 crore mark with an EBITDA increase of 23 percent to ₹ 1,006 crore. EBITDA margins improved from 9.3 percent in FY 2016-17 to 10.0 percent in FY 2017-18. The margin improvement was primarily driven by internal efficiencies.

We utilise certain equipment that are depreciated over a 3 year period. In absence of large spending on such equipment in FY 2017-18, depreciation declined in 2017-18 to ₹ 110 crore from ₹ 130 crore in FY 2016-17.

Finance costs decreased to ₹ 247 crore in FY 2017-18 from ₹ 254 crore in FY 2016-17. Finance costs to Sales ratio decreased to 2.4 percent as against 2.9 percent in FY 2016-17. Better working capital management and reduction in working capital cycle have resulted in reduction of interests costs, thereby enhancing the profitability further.

Net profit stood at ₹ 460 crore as against ₹ 305 crore in FY 2016-17, a YoY growth of 51 percent.

Earnings per Share (EPS) increased to ₹ 17.91 in FY 2017-18 from ₹ 11.86 in FY 2016-17.

Dividend for the year is 120 percent of face value of equity share (₹ 2.40 per equity share), reflecting an outgo of ₹ 74.26 crore (including dividend distribution tax).

### BALANCE SHEET ANALYSIS

Net Worth increased to ₹ 1,997 crore from ₹ 1,586 crore in FY 2016-17. The Company has not raised any Equity Capital during the year, keeping the Equity Share Capital unchanged at ₹ 51 crore. Reserves and Surplus increased to ₹ 1,946 crore from ₹ 1,535 crore recorded in FY 2016-17.

Book Value per share increased to ₹ 77.74 from ₹ 61.47 in FY 2016-17.

Gross Borrowings decreased to ₹ 1,766 crore from ₹ 2,106 crore in FY 2016-17.

Debt-Equity ratio stood at 0.37 times. Our Net Working Capital days have reduced substantially from 108 days in FY 2016-17 to 93 days in FY 2017-18.

Return on Capital Employed (before tax) increased to 24.86 percent in FY 2017-18 as compared to 19.47 percent in FY 2016-17.

### OPERATIONAL PERFORMANCE – KEY HIGHLIGHTS

- FY18 Revenue growth was primarily led by T&D and Railways. Order intake growth was particularly contributed to by Indian State Utilities & Private Clients, SAARC, Brazil and Railways.
- Civil has been a strong growth driver, adding to the incremental revenue growth and order book.
- Railways continued its growth trajectory with revenue almost doubling over FY 2016-17. Customer base diversified with addition of IRCON and RITES.
- Solar has achieved on track execution of APGENCO project.

### ADEQUACY OF INTERNAL CONTROL

The Company has an all-inclusive internal control system, which safeguards the Company's assets and ensures that transactions are properly authorised. The internal control system assures integrated, objective and reliable financial information. The Internal Auditors, M/s Grant Thornton LLP conducts audits at its various locations and covers all the major functions, with a focus on various operational areas and internal control systems. The suggestions, recommendations and implementation of the same are placed before the Management and the Audit Committee of the Board of Directors periodically. The adequacy of the internal control systems is also reviewed by the Audit Committee, on a periodic basis.

### ENTERPRISE RISK MANAGEMENT AND INTERNAL AUDITS BY EXTERNAL SPECIALISTS

The Company engages external specialists for audits and reviews in various critical functions, such as Enterprise Risk Management (ERM), Information Technology (IT), and internal audit of manufacturing facilities and certain 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.

### RISKS AND CHALLENGES

The Company is primarily engaged in the Engineering Procurement and Construction (EPC) business. With widespread operations across

many countries, the Company faces various risks associated with turnkey projects, the long-term success of which, depends largely on the existence of a robust risk identification and management system that helps the Company continuously identify and mitigate various risks. It continuously reviews its systems to ensure they are in line with current internal and external environments. Details of some of the risks involved in the business and their mitigation methods are discussed as follows:

1. **Commodity price variations and currency fluctuations:** The Company deals with various commodities, such as aluminium, steel, zinc and copper. Fixed price contracts can have a negative impact on the Company's profit if input costs rise without proper hedging mechanisms. With significant contribution to the business coming from international markets, the Company is exposed to the risk of currency fluctuations, if any exposure remains open.

**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.

2. **Infrastructure investment slowdown:** Infrastructure investment slowdown can lead to lower order intake and lower sales for the Company.

**Mitigation:** The Company's global presence helps it minimise the impact on business during a slowdown in investment in a country or region. The Company 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, Cables, Civil, Smart Infrastructure and Solar.

3. **Political unrest:** Political unrest in countries and markets where the Company is operational can impact the progress of its projects.

**Mitigation:** The Company carries out detailed evaluation of the potential risks involved in a market before bidding for a project in a country. This careful selection of the country, along with the Company's prior experience, aids in combatting any challenges. Additionally, the Company takes multilateral funding to cover its exposure in the local markets.

4. **Delays in execution of projects:** EPC projects could face delays due to issues relating to Right of Way, forest clearances, manpower shortage and so on. This could lead to payment postponements, thereby prolonging the working capital cycle and increasing overall project costs.

**Mitigation:** The Company reviews these risks periodically and employs suitable strategies and actions to minimise the impact. The Company factors such delays at the time of estimation of the tenders.

## HUMAN RESOURCES

The People practices at KEC have significantly evolved over the last year and we have effectively strengthened our position as a contemporary, open and safe place to work. We have launched several employee friendly policies and revamped existing policies to effectively address the action items that emanated from the Great Place to Work 2017 engagement survey. Revamping our leave policy, launching the Long Service Awards and Sabbatical policy are a few key highlights of this journey. Leadership and HR connect across locations have significantly increased, communication platforms have been well established, quarterly reward & recognition programmes have been institutionalised and employee engagement activities are being executed at the SBU level. These efforts have been endorsed by our colleagues as we received our highest ever Trust Index Score at GPTW 2018 (76).

To reinforce the culture of self-learning, we launched the 2nd edition of Digital Learning Championship. DLC 2018 was an Inter – SBU competition where employees had to complete at least 2 curriculums comprising of functional, behavioural and technical courses. 38 curricula were created, 448 winners were identified, 7515 e-learning courses were accessed, 4960 learning hours were logged and 783 employees completed at least one e-learning course. This led to a staggering 400% increase in our learning consumption over the last year. On the HR digitisation front, we digitised all our employee files, leveraged intelligent dashboards for our leadership and piloted a chatbot to partner with employees in resolving their queries. We have several exciting digital projects lined up with a focus on improving employee experience.

We continue to attract the best talent from premiere B-Schools through our Group Management Resource Programme. Our Engineering Leadership Programme entered its 3rd year with the on-boarding of 100 graduate and post graduate trainees from NITs and IITs across India. This year, we pioneered the Armed Forces Programme as a new talent pipeline.

Our sustained focus on diversity and inclusion resulted in a significant increase in gender diversity at KEC with a 26 percent increase over last year. We revised our maternity policy, enhanced paternity leave benefits, provided for a 10 percent extra bonus for talent sourcing agencies for every successful woman hire and mandated 20 percent women to be hired through campus pipelines. We are confident that these numbers will grow manifold in the future.

Employee Count as on March 31, 2018: KEC has 5,373 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 and customers. 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. 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, ("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 Listing Regulations.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identification Number (CIN) of the Company:** L45200MH2005PLC152061
- Name of the Company:** KEC International Limited
- Registered address:** RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai – 400 030
- Website:** [www.kecrpg.com](http://www.kecrpg.com)
- E-mail id:** [investorpoint@kecrpg.com](mailto:investorpoint@kecrpg.com)
- Financial Year reported:** April 01, 2017 to March 31, 2018
- 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

- List three key products/ services that the Company manufactures/ provides (as in balance sheet) –**

- Power transmission & distribution projects
- Railway electrification, track laying, signalling & telecommunication and civil work projects
- Manufacturing of power, telecom cables and turnkey cable solution

- Total number of locations where business activity is undertaken by the Company**

(a) International Locations	Project sites at thirty seven 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

- Markets served by the Company (Local / State/ National/ International) – All**

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital:** ₹ 51.42 Crore
- Total Turnover:** ₹ 9,075.74 Crore
- Total profit after taxes:** ₹ 430.05 Crore
- Total spending on Corporate Social Responsibility ("CSR") as a percentage of profit after tax (%):** The Company spent ₹ 3.61 Crore during FY 2017-18 on CSR activities. This amounts to 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.
- 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
- Pehlay Akshar School Enrichment - Education
- Jeevan – Community Development
- Saksham – Employability and skill development
- Sanjeevani – Healthcare skill upgradation

## 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, 2018.

**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. It 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**

## 2. Principle-wise (as per NVGs) BR Policy/ Policies

(a) Details of compliance (Reply in Y/ N)

[illegible]

indicate the percentage of such entity/ entities? [Less than 30%. 30-60%. More than 60%]

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@kecrpq.com

- (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									
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									Not Applicable
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 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. <http://www.kecrpg.com/agm-2018>

enables its Directors and employees to voice their concerns or observations without fear. It allows them to raise reports 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. They can directly report these instances to the Corporate Ethics and Governance Committee. The policy provides adequate safeguards against victimisation of persons who use such mechanism. It has made provisions for direct access to the Chairman of the Audit Committee in appropriate and exceptional cases.

#### 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 is a global market leader in Engineering, Procurement, and Construction (EPC) with a strong presence in Transmission & Distribution, Railways, Cables, Civil and Solar businesses. The Company, across all its businesses, endeavours to provide products and services that are sustainable throughout their life cycles and ensure no damage to the environment.

Supported by best-in-class people, processes and technology, the Company delivers products and services with the least possible carbon footprint, while ensuring that the community, and society at large accrue the maximum benefits and no negative impact is caused to the environment. As a recognition for our attempt towards contributing to Environmental, Health, Safety and Quality through our sustained practices, we have received the IMS certification ISO 9001, ISO 14001, BS OHSAS 18001 for Businesses (T&D, Railway, Underground Cabling, Solar and Infrastructure/ Civil).

The Company leverages cutting-edge design technology to optimise the weights and size of the transmission towers it manufactures, thereby reducing the overall impact on the environment. The Company's designs and project planning teams ensure no adverse impact is caused to the environment, and designs are optimised to have minimum deforestation and impact on standing crops.

Understanding the urgent need to build and deliver infrastructure for the nation and the developing world, the

## 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 Company has adopted RPG Code 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 year under review, the Company has received fourteen complaints from investors and nil complaint from suppliers. These complaints were resolved to the satisfaction of the Stakeholders. The Company has a mechanism in place to respond to investors' grievance within an appropriate time frame. Investors' grievances are reviewed by Stakeholders Relationship Committee every month. Additionally, the Company has in place a Whistle Blower Mechanism, which

Company has strengthened its processes and capabilities to consistently complete projects ahead of time, thus benefiting societies at large.

The Company has also replaced the use of wooden battens to pack drums at its Cables manufacturing plants, with flexi packaging, a recyclable, environment friendly material. This is one of the initiatives launched by the Company towards creating a positive impact on the environment through our processes and facilities.

Renewables continues to be one of the biggest focus areas across the world to achieve sustainable and responsible development. Over the last few years, the Company has significantly built its capabilities in both the domestic and international market. The Company has cumulatively commissioned ~165 MW of Solar projects, including ~65 MW of Solar power projects on single axis tracking in India. Additionally, the Company is piloting solar rooftops at its offices at project sites and stores to maximize the usage of renewables, and create a positive impact.

**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?**

Manufacturing Excellence initiatives such as Total Productive Maintenance (TPM) and Lean Manufacturing are practiced by the Company to ensure continual improvement on significant business KPIs such as improvement in yield (steel & zinc), reduction in energy (power & fuel), water, consumables, packaging material and so on across all its manufacturing units. Cross Functional teams are continuously working on projects that result in reduction on environmental impact, saving of natural resources & provide the competitive edge to the Company.

As a result of the Company's efforts, it has been able to achieve the following:

- Sustain the index wastage of steel with variation below 0.5 percent
- Reduce index consumption of equalised zinc by more than 1.5 percent
- Reduce indexed power consumption by approximately 9 percent per MT of production
- Enhance reuse of recyclable material e.g. use of flexi packing material like Poly Propylene bags instead of wood-based packaging

Across all its towers and cables manufacturing plants, several initiatives have been undertaken to conserve water, such as:

**(i) Process improvement with new technology for waste water treatment and recycling processes**

■ **Zero discharge:** The Company has a 'Zero Discharge' status for its plants. The water from Sewage Treatment Plants (STP) and Effluent Treatment Plant (ETP) processes are re-used for gardening, clean floors, process tanks and civil construction. This has resulted in saving approximately 3,000 - 3,500 kilo litres of water per month, reducing fresh water requirement by nearly 70 percent.

■ **Technology improvement:** The Company supports the efficient working of closed loop flux regeneration system to avoid the water rinsing processor. Besides, it has introduced cooling towers in quenching process and replacement of boilers by making use of the drying oven concept. This has resulted in saving approximately 2,500-3,000 kilo litres of water every month.

■ **Rainwater harvesting:** The Company has made provisions for rainwater harvesting at all three of its tower manufacturing facilities in India. It has in total sixteen harvesting points - eight at Butibori, five at Jaipur and three at Jabalpur. The water level is measured after each monsoon. From the date of installation of these harvesting points, an approximate increase in water level by 9-13 feet has been observed at all locations.

■ **Special taps:** Push button taps or sensors help save approximately 500-600 kilo litres of water every month.

■ **Awareness programmes:** The Company conducts several awareness programmes and sessions on 'water conservation and its importance' for its employees.

**(ii) Complete water mapping for all manufacturing plants has been undertaken. The Company has identified sources of consumption with consumption pattern and Environmental Management Programmes (EMPs) to reduce consumption.**

**(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company continues to consistently focus on innovative product(s) that provide energy efficiency to its customers. For example, it has developed conductors with minimal resistance used in cable manufacturing. 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 the following aspects while sourcing products and services:

- Major suppliers with ISO 14001/ BS OHSAS 18001 are identified
- Suppliers should comply with all labour law practices
- Minimal consumption of hazardous materials during packaging

The Company has ensured that its Supplier Evaluation System, Supplier Enlistment and Assessment Plan (SEAP) includes a clear focus on Environment, Health and Safety (EHS) practices. Besides, all business partner work areas of the Company have been integrated into its Integrated Management Systems (IMS). This focuses on co-creation of standards for mutual benefits for the suppliers as well as the Company.

**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 endeavours to develop vendors near its worksites unless under exceptional circumstances. Our 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%, 5-10%, >10%)? Also, provide details thereof, in about 50 words or so.**

The Company is committed towards recycling and limiting the waste arising out of projects sites and manufacturing facilities. It has initiated a well-defined Standard Operating Procedure (SOP) to return metal scrap to authorised recycler and reuse the materials for manufacturing.

- a. The steel wastage is sold to foundry industries located near the factories, wherein 100 percent of the wastage is utilised in making castings. Even the surplus material is re-rolled into required sizes.
- b. The zinc process wastage is sold to secondary zinc product manufacturers resulting in greater than 90 percent recycling.

Wood used for packaging is being minimised and recycled from sites. Wooden drums are also being replaced by returnable and recyclable steel drums. Wooden battens have been replaced by recyclable PE flexi sheets to a great extent.

**Principle 3 – (Businesses should promote the well-being of all employees)**

**1. Please indicate the total number of employees:**

The Company has 4,599 permanent employees (excluding Subsidiaries) as on March 31, 2018.

**2. Please indicate the total number of employees hired on a temporary/ contractual/ casual basis:**

Particulars	As on March 31, 2018
Contractual Employees	5,126
ITI Apprentice/ EPP	87
Casual/ Badli	56
Retainer	55
Contract/ Trainee	66
<b>Total Non-Permanent employees</b>	<b>5,373</b>

**3. Please indicate the number of permanent women employees:**

The Company has 178 permanent women employees as on March 31, 2018.

**4. Please indicate the number of permanent employees with disabilities:**

The Company has 6 disabled permanent employees as on March 31, 2018.

**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?**

~11.76 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 & skill up-gradation training in the last year?

Type of Employees	Skill up-gradation Training	Safety Training
Permanent Employees	32%	98%
Permanent Women Employees	63%	100%
Casual/ Temporary/ Contractual Employees	*100%	100%
Employees with Disabilities	33%	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, 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 identifies 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.

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 and health care skilling.

**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. It regards them 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 does have strategies/ initiatives to address global environment issues. Its EHS policy objectives include the reduction of environmental degradations and promotion of 3Rs (Reduce, Reuse and Recycle) to help combat the perils of climate change. Besides, the policy objectives are designed to optimise the utilisation of resources to help safeguard the environment. The Environment Objectives are the part of the employees P01 under EHS score where we covered the 30% weightage on environment initiatives & compliances like Start calculating the carbon footprint, water consumption, management programs etc.

The Company is moving towards the use of renewable sources of energy across its locations. It is committed towards environment conservation in the regions it operates. It carries out periodic inspections of its plants to ensure proper maintenance for optimum use of resources. The Company has planted number of trees across all its plant locations to reduce carbon effluents effect. The details of the initiatives undertaken by it are provided in 'Conservation of Energy and Technology Absorption' in the annexure to the Directors' Report.

3. Does the Company identify and assess potential environmental risks? Y/ N

The Company on a continuous basis assesses and identifies potential environmental risks and takes adequate measures and precautions to minimise any potential damage to the environment.

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.

**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 has taken various initiatives like installation of renewable power plants at its factory locations. In addition, it invests in various Research and Development initiatives to make its manufacturing process more energy efficient. It has also completed the installation of energy efficient lighting across various locations.

The Company 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, 2018.

**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, 2018.

**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 Multiple Northern Region
4. Engineering Export Promotion Council (EEPC)
5. Project Exports Promotion Council

**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, being preventable with early stage interventions. Under this project, various eye check-up camps and awareness sessions were conducted.
- B. Pehlay Akshar (Primary Education)** – This project is undertaken for a large scale primary education with special focus on practical English speaking and reading skills. It helps enhance English-language skills in children to enhance employability, thereby giving these children an equal opportunity for making their lives brighter.
- C. Pehlay Akshar School Enrichment Program (Primary Education)** – This program evolved out of our work with our Functional English program. In this program, we work with teachers in Government schools to train them on creating a 'Magic Classroom', a place where children feel safe, motivated and are engaged to continue learning.
- D. Jeevan (Community Development)** – This is an integrated community project, which focuses on improving the quality of life in a holistic manner. It is focused on clean drinking water, sanitation and overall health and nutrition.
- E. Saksham (Employability, Skill Development)** – This is a skill development technical training programme for women and youth, to provide them livelihood opportunities.
- F. Sanjeevani (Healthcare Skilling)** – A healthcare skilling programme for youth and women, which provides them with employment avenues through collaborations with healthcare placement agencies, hospitals and nursing homes.

**2. Are the programmes/ projects undertaken through in-house team/ own foundation/ external NGO/ government structures/ any other organisation?**

All the programmes of the Company are undertaken through RPG Foundation. However, during the year, the Company also extended its direct support for building infrastructure for setting up of a primary school in Amravati District, Maharashtra.

**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.**

During the year under review, the Company spent ₹ 3.61 Crore towards various CSR projects. The details of these projects are given in the CSR section and form a part of 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 well received by the community. Below mentioned data endorses successful adoption of these initiatives by the community:

Project	Benefits to Community
Netranjali (Vision-eye care)	Under this project, in FY 2017-18 beneficiaries totalling 3,95,944 were covered through eye check-up camps and awareness sessions. A total of 50,463 beneficiaries were screened and 18,947 beneficiaries were provided with free spectacles.
Pehlay Akshar (Primary Education)	The Company reached out to about 1,532 children across 10 schools in Nagpur and Jaipur.
Pehlay Akshar School Enrichment Program (Primary Education)	200 Government & Municipal school teachers were trained as part of this program.
Jeevan (Community Development)	Safe drinking water was made available to around 5,600 school children through the installation of 28 water huts (water purification systems) across Nagpur (4 water huts), Jaipur (16 water huts) and Jabalpur (8 water huts).  1200 children in schools were provided highly nutritious snacks before the mid-day meal as a proactive effort to reduce malnourishment in Panchmahal district in Gujarat. As a part of developing livelihoods, we also supported 50 women, who were trained to develop these nutritious snacks, and supply them to the 1200 children.
Saksham (Employability, Skill Development)	An entrepreneurship development programme was conducted benefiting 150 women. Additionally, 100 women were trained in readymade garment making. 75 women were trained in self-employed tailoring program. The skill-upgradation initiative has resulted in the enhancement of their income generation capacity. Further, employability enhancement training has been started at ITIs in Jaipur and Ashtii (near Nagpur), which benefitted over 736 ITI students.
Sanjeevani (Healthcare skilling)	Around 280 young people were provided with healthcare training. Post training, the beneficiaries were provided with employment avenues through collaborations with homeware placement agencies, hospitals and nursing homes. Additionally, 130 women were also trained under the Project Sanjeevani at Halol.

**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.**

1.50 percent (in Cables)

**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 2017-18. 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 ("Listing Regulations"), 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 on the Corporate Governance provisions stipulated under Chapter IV of the Listing Regulations, which prescribes the obligations of

the listed entities that has listed its specified securities on any of the recognised Stock Exchanges.

## II. BOARD OF DIRECTORS

### Composition of the Board of Directors

The Company has an optimum combination of such number of Executive, Non-Executive and Women Directors as required under the relevant provisions of the Companies Act, 2013 ("the Act") and the 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.

As on March 31, 2018, the Board of the Company comprised of 11 (Eleven) Directors, with 8 (Eight) Independent Directors, 2 (Two) Non-Executive Directors and 1 (One) Managing Director & Chief Executive Officer (CEO). The Chairman is a Non-Executive Director.

Details of Directors forming part of the Board as on March 31, 2018 along with number of Board and/ or Committees of other companies in which the Director is a member or chairperson as on that date are as follows:

Particulars of Directors	Date of Appointment (dd.mm.yyyy)	Directorship(s) in other companies and other Membership(s)/ Chairmanship in committee(s)		
		Other Directorship(s) <sup>(1)</sup>	Committee Membership(s) <sup>(2)</sup>	Committee Chairmanship(s) <sup>(2)</sup>
<b>Promoter Director</b>				
Mr. H. V. Goenka, Chairman (DIN: 00026726)	12.01.2006	6	-	-
<b>Executive Director</b>				
Mr. Vimal Kejriwal, Managing Director & CEO (DIN: 00026981)	01.04.2015	2	-	-
<b>Non-Executive Director</b>				
Mr. R. D. Chandak (DIN: 00026581)	26.12.2005	5	1	3
<b>Non-Executive &amp; Independent Directors</b>				
Mr. A. T. Vaswani (DIN: 00057953)	12.01.2006	2	-	3
Mr. D. G. Piramal (DIN: 00032012)	12.01.2006	5	2	-
Mr. G. L. Mirchandani (DIN: 00026664)	12.01.2006	3	2	-
Ms. Manisha Girotra <sup>(3)</sup> (DIN: 00774574)	06.02.2018	3	1	-
Ms. Nirupama Rao (DIN: 06954879)	31.10.2014	4	2	-
Mr. S. M. Kulkarni (DIN: 00003640)	12.01.2006	4	1	4
Mr. S. M. Trehan (DIN: 00060106)	30.10.2012	-	-	-
Mr. Vinayak Chatterjee (DIN: 00008933)	30.04.2014	4	1	1

#### Note(s):

<sup>(1)</sup> 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

<sup>(2)</sup> Membership/ Chairmanship in Audit Committee and Stakeholders' Relationship Committee only has been considered. The number of memberships in Audit/ Stakeholders' Committee(s) does not include the number of posts held as Chairperson. The numbers of posts held as Chairperson are given separately

<sup>(3)</sup> Ms. Manisha Girotra has been appointed as an Additional Independent Director of the Company w.e.f. February 06, 2018 whereas Mr. S. S. Thakur has ceased to be a Director of the Company w.e.f. November 06, 2017

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.

All the Independent Directors of the Company have confirmed that they meet with the criteria of independence laid down under the Act and the Listing Regulations. All such confirmations are placed before the Board. Further, pursuant to Section 164(2) of the Act, all the Directors have also provided annual declarations that they have not disqualified to act as Directors. All 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.

No Director is related to any other Director on the Board 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. 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 ("UPSI"), the same is placed before the meeting with the general consent of the Directors obtained at the beginning of the 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 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. Video Conferencing facilities are made available to facilitate Directors to enable them to join the meeting from other locations as well.

The Board of Directors met 5 (Five) times during the financial year 2017-18 on May 19, 2017, August 02, 2017, November 06, 2017, February 06, 2018 and March 23, 2018. As stipulated, the gap between two consecutive Board meetings did not exceed one hundred and twenty days.

The attendance of each Director at the Board Meetings/ Annual General Meeting ("AGM") during the financial year 2017-18 are given below:

Name of Director	Attendance at Board and Annual General Meeting		
	Board Meetings held during the tenure	Board Meetings attended during the tenure	Last AGM
Mr. H. V. Goenka	5	5	Yes
Mr. Vimal Kejriwal	5	5	Yes
Mr. A. T. Vaswani	5	5	Yes
Mr. D. G. Piramal	5	5	Yes
Mr. G. L. Mirchandani	5	5	Yes
Ms. Manisha Girotra <sup>(1)</sup>	1	1	N.A.
Ms. Nirupama Rao	5	4	Yes
Mr. R. D. Chandak	5	5	Yes
Mr. S. M. Kulkarni	5	5	Yes
Mr. S. M. Trehan	5	5	Yes
Mr. S. S. Thakur <sup>(2)</sup>	3	3	Yes
Mr. Vinayak Chatterjee	5	5	Yes

**Note(s):**

<sup>(1)</sup> Appointed as an Additional Independent Director w.e.f. February 06, 2018

<sup>(2)</sup> Ceased to be a Director of the Company w.e.f. November 06, 2017

### Board's Responsibilities

The Board of Directors play a primary role in ensuring good governance, in the creation of shareholder 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 all the 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 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. They uphold and nurture the principles of good governance which translates into 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 in the manner provided under the Act and Listing Regulations.

### Criteria for performance evaluation of Independent Directors

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

In compliance with Regulation 25(3) of the Listing Regulations and Schedule IV to the Act, a separate meeting of the Independent Directors of the Company chaired by Mr. A. T. Vaswani, Lead Independent Director, was held on March 23, 2018 without the presence of Non-Independent Directors and members of the management, *inter alia* to discuss the following:

- Evaluation of the performance of Non-Independent Director and the Board as a whole;
- Evaluation of the performance of Chairperson of the Company, taking into account the views of Executive and Non-Executive Directors; and
- 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.

### Familiarization Programme for Independent Directors

A Letter of Appointment setting out the terms of appointment, role, rights, duties and responsibilities is issued to the Independent Directors at the time of their appointment along with a set of documents such as snapshot of the Company, its major activities, Annual Report of the last three years, Corporate presentations etc., which enables him/ her to have an adequate and fair idea about the Company, its Board of Directors, the Management, various Codes of Conduct and Policies applicable to the Company etc. Upon appointment of a new Independent Director, the Company undertakes

an orientation exercise to familiarize the Director about the Company's business operations, products, corporate objectives, financial performance, management structure, compliance etc., apart from explaining him/ her about his/ her role, responsibility, rights and duties. 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.

The presentations *inter alia* covers details about the nature and scope of the business, its profitability, future scope, risks involved and mitigation thereto. These presentations provide an opportunity to the Independent Directors to interact with the senior management of the Company and understand the businesses of the Company more closely. Changes in regulatory framework and its impact on the operations of the Company are also presented at the Board/Committee meetings from time to time.

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 2017-18 are available at the Company's website and can be accessed at <https://www.kecrpg.com/KEC%20data/Investor%20relations/policies/Details%20of%20Familiarization%20Program%20during%20FY%202017-18.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 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 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 Non-Executive 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 alongwith 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](http://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, 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 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. Trading window closures, i.e. when the Directors, functional employees and the connected persons are not permitted to trade in the securities of the Company, are intimated to the connected persons in advance, whenever required. 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 Code was communicated to all concerned.

Directors and functional employees of the Company provide disclosure on an annual basis about the number of shares or voting rights 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, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Finance Committee. 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. During the year, all recommendations of the Committee(s) were duly considered and approved by the Board of Directors. 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 Non-Executive Directors as its members, with requisite financial, legal and management expertise, out of which 2 are Independent Non-Executive Directors.

Name of the Member	Position	Category
Mr. A. T. Vaswani	Chairman	Independent, Non-Executive Director
Mr. S. M. Kulkarni	Member	Independent, Non-Executive Director
Mr. R. D. Chandak <sup>(1)</sup>	Member	Non-Executive Director

#### Note(s):

<sup>(1)</sup> Appointed as a member of the Committee w.e.f. November 15, 2017 in place of Mr. S. S. Thakur who ceased to be a Director w.e.f. November 06, 2017

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 Regulation 18(1) of the 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, Cost Auditors and Risk Management consulting firm, 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.

Mr. Ch. V. Jagannadha Rao, Vice President – Legal & Company Secretary, acted as the Secretary to the Committee.

#### Meetings

During the year under review, eight meetings of the Audit Committee were held on May 02, 2017, May 19, 2017, August 01, 2017, August 24, 2017, November 06, 2017, January 05, 2018, February 05, 2018 and March 20, 2018. These meetings of Audit Committee were attended by all the members of the Committee. The Chairman of the Audit Committee was present at the Twelfth 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 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 also reviews on regular basis, independence of Statutory Auditors and adequacy of the Internal Audit function.

The Audit Committee is authorized to:

1. investigate any activity within its terms of reference;
2. seek information from any employee;
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. Reviewing, 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. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, the statement of uses/application of funds raised through an issue

(public issue, rights issue, preferential issue etc.), the statement of funds utilised for purpose other than those stated in the offer document/ prospectus/ notice and the Report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. Monitoring the end use of funds raised through public offers and related matters.

7. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of dividends) and creditors.
8. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate.
9. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
10. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
11. Reviewing 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.
12. Discussion with internal auditors regarding any significant findings and follow up thereon.
13. Reviewing 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 and management letters/ letters of internal control weaknesses issued by the statutory auditors.
14. 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.
15. Review of management discussion and analysis of financial condition and results of operations.
16. Approval or any subsequent modification of transactions of the Company with related parties including review of statement of significant related party transactions submitted by the management.
17. Scrutiny of inter-corporate loans and investments.
18. Valuation of undertakings or assets of the Company, wherever it is necessary.
19. Evaluation of internal financial controls and risk management systems.
20. Establish a vigil mechanism/ whistle blower mechanism for the Directors and employees to report their genuine concerns or grievances and provide mechanism for adequate safeguards against victimisation.

21. To oversee risk management functions.
22. The appointment, removal and terms of remuneration of the chief internal auditor.
23. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
24. Carrying out functions as delegated by the Board of Directors from time to time.
25. Carrying out all the functions entrusted 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.

## (B) Nomination and Remuneration Committee

### Composition

The Nomination and Remuneration Committee comprises of 3 Non-Executive Directors as its members out of which 2 are Independent, Non-Executive Directors.

Name of the Member	Position	Category
Mr. S. M. Kulkarni <sup>(1)</sup>	Chairman	Independent, Non-Executive Director
Mr. A. T. Vaswani	Member	Independent, Non-Executive Director
Mr. R. D. Chandak <sup>(2)</sup>	Member	Non-Executive Director

#### Note(s):

<sup>(1)</sup> Appointed as Chairman of the Committee w.e.f. November 15, 2017

<sup>(2)</sup> Appointed as a member of the Committee w.e.f. November 15, 2017 in place of Mr. S. S. Thakur who ceased to be a Director w.e.f. November 06, 2017

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 Listing Regulations.

### Meetings

During the year under review, three meetings of the Nomination and Remuneration Committee were held on May 19, 2017, June 27, 2017 and February 05, 2018. These meetings were attended by all the members of the Committee. The Chairperson of the Nomination and Remuneration Committee was present at the Twelfth Annual General Meeting of the Company, to answer the shareholders' queries.

### Terms of Reference

1. Identification of persons who are qualified to become Directors and who may be appointed in senior management.
2. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
3. Formulate the criteria for evaluation of performance of every director and carrying out actual evaluation.
4. To opine as per Section 197(4)(b) whether the Director possesses the requisite qualification for practice of profession.
5. Determine the quantum of commission payable to Non-Executive Directors.
6. Determining the remuneration packages for Executive Director, the direct reportees to the Managing Director/Chief Executive Officer.
7. Devising a policy on diversity of Board of Directors.
8. Whether to extend or continue the term of appointment of Independent Directors on the basis of report of performance evaluation of Independent Directors.
9. Carrying out functions as delegated by the Board of Directors from time to time.
10. Carrying out all the functions entrusted 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.

### 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 &amp; CEO during financial year 2017-18

(₹ in Lakh)

Name	Salary and Allowance	Performance Bonus <sup>(1)</sup>	Perquisites <sup>(2)</sup>	Contribution to Provident and other Funds	Total <sup>(3)</sup>
Mr. Vimal Kejriwal	321.75	124.32	10.72	10.96	467.75

**Note(s):**<sup>(1)</sup> Based on performance of financial year 2016-17<sup>(2)</sup> Value of perquisites u/s 17(2) of the Income Tax Act, 1961<sup>(3)</sup> 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 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. The NEDs bring in their vast experience and expertise to bear on the deliberations of the Board and its Committees. 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 in their meeting held on May 14, 2018 has approved the payment of commission to NEDs of 1 percent of net profits in the financial year 2017-18, computed in accordance with Section 198 of the Act. The commission is 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 and involvement. 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 Lakh)

Name	Financial Year 2017-18	
	Sitting Fees	Commission <sup>(1)</sup>
Mr. H. V. Goenka	5.00	585.89
Mr. A. T. Vaswani	9.25	9.00
Mr. D. G. Piramal	5.00	9.00
Mr. G. L. Mirchandani	5.00	9.00
Ms. Manisha Girotra	1.00	1.80
Ms. Nirupama Rao	4.00	9.00
Mr. R. D. Chandak	7.75	9.00
Mr. S. M. Kulkarni	10.45	9.00
Mr. S. M. Trehan	5.00	9.00
Mr. S. S. Thakur	6.30	5.40
Mr. Vinayak Chatterjee	5.00	9.00

**Note(s):**<sup>(1)</sup> Commission for financial year 2017-18 is being paid in financial year 2018-19**Equity Shares held by the Directors**

Except as stated hereunder, none of the Directors hold any shares in the Company as on March 31, 2018:

Name	No. of shares held (face value of ₹ 2/- each)
Mr. H. V. Goenka <sup>(1)</sup>	4,848,425
Mr. H. V. Goenka <sup>(2)</sup>	100
Mr. H. V. Goenka <sup>(3)</sup>	169,500
Mr. H. V. Goenka <sup>(4)</sup>	1
Mr. H. V. Goenka <sup>(5)</sup>	1
Mr. H. V. Goenka <sup>(6)</sup>	1
Mr. H. V. Goenka <sup>(7)</sup>	1
Mr. H. V. Goenka <sup>(8)</sup>	1
Mr. R. D. Chandak	5
Mr. H. V. Goenka <sup>(9)</sup>	3,750

**Note(s):**<sup>(1)</sup> 3,914,482 shares held jointly with Mrs. Mala Goenka and Mr. Anant Vardhan Goenka<sup>(2)</sup> Held as a trustee of Stellar Energy Trust<sup>(3)</sup> Held as Karta of Harsh Anant Goenka HUF<sup>(4)</sup> Held as a trustee of Crystal India Tech Trust<sup>(5)</sup> Held as a trustee of Nucleus Life Trust<sup>(6)</sup> Held as a trustee of Monitor Portfolio Trust<sup>(7)</sup> Held as a trustee of Secura India Trust<sup>(8)</sup> Held as a trustee of Prism Estates Trust<sup>(9)</sup> 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 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

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 Listing Regulations and with the provisions of Section 178 of the Act.

Name of the Member	Position	Category
Mr. R. D. Chandak <sup>(1)</sup>	Chairman	Non-Executive Director
Mr. S. M. Kulkarni	Member	Independent, Non-Executive Director
Mr. Vimal Kejriwal <sup>(2)</sup>	Member	Managing Director & CEO

**Note(s):**<sup>(1)</sup> Appointed as Chairman of the Committee w.e.f. November 15, 2017<sup>(2)</sup> Appointed as a member of the Committee w.e.f. November 15, 2017 in place of Mr. S. S. Thakur who ceased to be a Director w.e.f. November 06, 2017

### Meetings

During the year under review, twelve meetings of the Stakeholders' Relationship Committee were held on the following dates:

April 19, 2017, May 19, 2017, June 19, 2017, July 17, 2017, August 16, 2017, September 13, 2017, October 30, 2017, November 21, 2017, December 18, 2017, January 19, 2018, February 19, 2018 and March 20, 2018. These meetings were attended by all three members of the Committee except Mr. R. D. Chandak to whom leave of absence was granted for the meeting held on August 16, 2017.

The Chairperson of the Stakeholders' Relationship Committee was present at the Twelfth Annual General Meeting of the Company, to answer the shareholders' queries.

### Terms of Reference

The Board has authorized any one of the members of Stakeholders' Relationship Committee or the Company Secretary or an authorized signatory to attend to the matters relating to share transfers/transmissions and other related matters under the overall supervision of the Committee.

The function and powers of the Committee *inter alia* includes:

1. Approval and rejection of transfer or transmission of shares.
2. 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.
3. Review and redressal of security holders' and investors' grievances including complaints relating to transfer of shares, non-receipt of Annual Report and non-receipt of declared dividends etc.
4. Carrying out all the functions entrusted 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. The minutes of the Stakeholders' Relationship Committee meetings are periodically circulated to the Board for its noting/ ratification.

### Name and Designation of the Compliance Officer

Mr. Ch. V. Jagannadha Rao, Vice President-Legal & Company Secretary was acting as the Compliance Officer of the Company in terms of Regulation 6 of the Listing Regulations. Subsequent to the resignation of

Mr. Rao from the services of the Company from the close of business hours on April 30, 2018, Mr. Amit Kumar Gupta, Head-Secretarial was appointed as Compliance Officer of the Company w.e.f. May 01, 2018.

### Statement of Investors' Grievance

No. of complaints pending at the beginning of the financial year 2017-18	Nil
No. of complaints received during the financial year 2017-18	11
No. of complaints resolved to the satisfaction of shareholders during the financial year 2017-18	11
No. of complaints pending to be resolved at the end of the financial year 2017-18	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 as follows:

Name of the Member	Position	Category
Mr. R. D. Chandak	Chairman	Non-Executive Director
Mr. A. T. Vaswani	Member	Independent, Non-Executive Director
Mr. S. M. Kulkarni	Member	Independent, Non-Executive Director

### Meetings

During the year under review, two meetings of the CSR Committee were held on May 19, 2017 and March 20, 2018. These meetings were 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 of 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) Finance Committee

### Composition

The Committee consists of three Directors as follows:

Name of the Member	Position	Category
Mr. S. M. Kulkarni	Chairman	Independent, Non-Executive Director
Mr. R. D. Chandak	Member	Non-Executive Director
Mr. Vimal Kejriwal <sup>(1)</sup>	Member	Managing Director & CEO

### Note(s):

<sup>(1)</sup> Appointed as a member of the Committee w.e.f. November 15, 2017 in place of Mr. S. S. Thakur who ceased to be a Director w.e.f. November 06, 2017

### Meetings

During the year under review, twelve meetings of the Finance Committee were held. The dates of the meetings are as follows:

April 19, 2017, May 19, 2017, June 19, 2017, July 17, 2017, August 16, 2017, September 13, 2017, October 30, 2017, November 21, 2017, December 18, 2017, January 19, 2018, February 19, 2018 and March 20, 2018.

These meetings were attended by all three members of the Committee except Mr. R. D. Chandak to whom leave of absence was granted for the meeting held on August 16, 2017.

### 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 authorize employee(s)/ representative(s) of the Company for executing various deeds, documents, papers, undertakings as may be required for the purpose of implementing the decision for investment in the shares of subsidiary(ies) (including stepdown subsidiary(ies)) and/ or Joint Venture(s) of the Company, granting loans to them, issuing guarantees or providing any security in respect of financial assistance availed by such subsidiary(ies) (including stepdown subsidiary(ies)) and/ or Joint Venture(s), within the overall limit of ₹ 4,000 Crore, subject to recommendation of Managing Director & CEO or Chief Financial Officer and such other compliances and approvals as may be necessary;
- 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 does not have any material non-listed Indian Subsidiary Company. The Company has formulated a Policy for Determining Material Subsidiaries, which is disclosed on the Company's website and can be accessed at: <http://www.kecrpg.com/KEC%20data/Investor%20relations/Policy%20on%20Material%20Subsidiaries.pdf>

The Company has seventeen subsidiaries as on March 31, 2018 comprising of seven direct subsidiaries and ten step down subsidiaries. During the year, five step down subsidiaries of the Company located at Delaware, USA namely KEC International Holdings LLC, KEC Brazil LLC, KEC Mexico LLC, KEC Transmission LLC and KEC US LLC have been merged with SAE Towers Holdings LLC, a step down subsidiary at Delaware, USA effective September 29, 2017.

The Audit Committee reviews the financial statements of the subsidiary companies. The minutes of the Board meetings as well as the statements of all significant transactions of the subsidiary companies are placed before the Board of Directors of the Company for its review.

### General Body Meetings

#### Location and time of Annual General Meetings

Year	Date	Time	Location
2016-17	July 26, 2017	02:30 p.m.	Ravindra Natya
2015-16	July 29, 2016	04:00 p.m.	Mandir,
2014-15	July 29, 2015	03:30 p.m.	P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025

#### Special Resolutions passed in the previous three Annual General Meetings

##### July 26, 2017

1. Adoption of Articles of Association as per the provisions of the Companies Act, 2013.

##### July 29, 2016

1. Enhancement of borrowing powers.
2. Authority for creation of mortgage and/ or charge on properties of the Company.

##### July 29, 2015

1. Approval to enter into various material transactions with Al Sharif Group & KEC Limited Company, Joint Venture and related party to the Company.

### Postal Ballot

#### Special Resolution(s) passed by way of Postal ballot in the previous three financial years

Financial Year	Resolution	Passed on
2017-18	-	-
2016-17	-	-
2015-16	Issue of Non Convertible Debentures/ Bonds on Private Placement basis	December 10, 2015

#### Details of special resolution(s) proposed to be conducted through postal ballot

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 <http://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. 48 of the Standalone Financial Statements of the Company.

### Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large

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

The Company has established a robust Vigil Mechanism for reporting of concerns through the Whistle Blower Policy of the Company, which is in compliance with the provisions of Section 177 of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and the Listing Regulations. 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 Audit Committee.

The policy is placed on the website of the Company at [www.kecrpg.com](http://www.kecrpg.com) under 'Investors' tab.

### Risk Management

The Company has laid down procedures to inform the Audit Committee and Board about the risk assessment and

minimization procedures. These procedures are 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.

#### 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 Share Transfer Agent ("RTA"), Link Intime India Private Limited, have been recovered by the Company from the RTA.

Apart from complying with the mandatory requirements prescribed by the 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, 2018 are with unmodified audit opinion.
- The Internal Auditor reports directly to the Audit Committee in all matters relating to Internal Audit.

#### 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 Listing Regulations, for the financial year 2017-18 was placed before the Board at its meeting held on May 14, 2018 and also forms part of this Annual Report.

## IV. MEANS OF COMMUNICATION

#### Quarterly Results

As on March 31, 2018, 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 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 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 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 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	Business Standard, Free Press Journal and Nav Shakti

The financial results are also displayed on the Company's website at [www.kecprg.com](http://www.kecprg.com) under 'Investors' tab.

#### Company's Website

The Company's corporate website [www.kecprg.com](http://www.kecprg.com) depicts comprehensive information about the business activities of the Company. The website contains a dedicated section "Investors" which provides information regarding financial results, Annual Reports, shareholding patterns, quarterly compliance reports on Corporate Governance, credit ratings, terms and conditions of appointment of Independent Directors, the policies framed by the Company under various laws and regulations, contact information of the 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, schedule of analyst or institutional investor meet and presentations made by the Company on the quarterly financial results and such other information as may be required to be uploaded on the website of the Company. Further, the Memorandum and Articles of Association of the Company, Code of Conduct adopted by the Board, NECS form and Nomination form are also uploaded on the website of the Company.

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 procedures to be followed by the Investors for transfer, transmission, dematerialisation, rematerialisation etc. of shares for the convenience of the Investors.

## V. GENERAL SHAREHOLDERS INFORMATION

<b>Date, time and venue of Annual General Meeting</b>	July 30, 2018 at 03:00 p.m. Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025
<b>Financial Year</b>	April 01 - March 31
<b>Financial Calendar:</b>	
First quarter results	By second week of August 2018*
Second quarter results	By second week of November 2018*
Third quarter results	By second week of February 2019*
Results for the year ending March 2016	By the end of May 2019*
<b>Dates of Book closure</b>	Tuesday, July 24, 2018 to Monday, July 30, 2018 (both days inclusive)
<b>Dividend Payment date</b>	The dividend will be paid on or before August 28, 2018

\* Tentative

### Status of Listing on Stock Exchanges

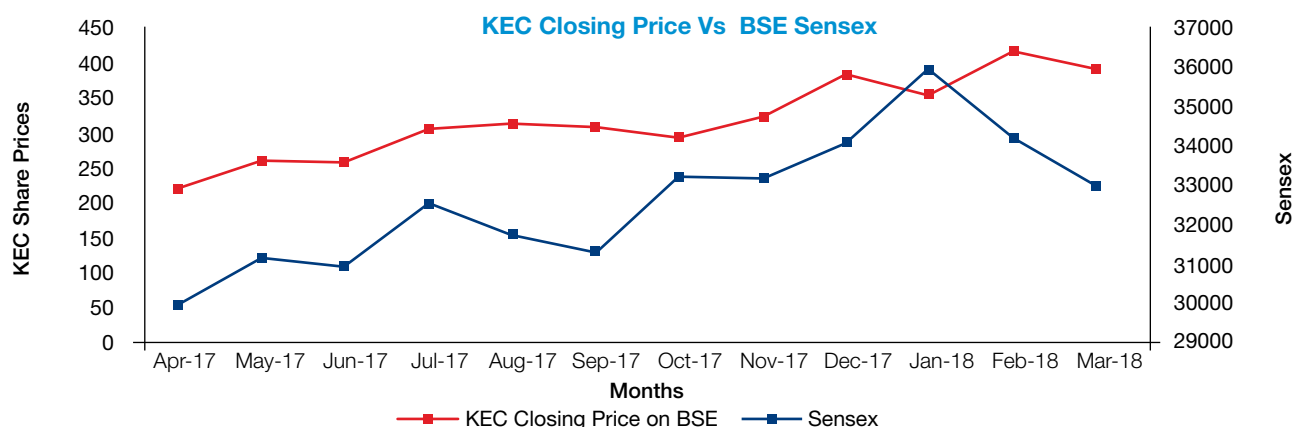
The Equity Shares of the Company are listed on the following Stock Exchanges and the necessary annual listing fees have been duly paid to both the Stock Exchanges. The Company's shares have never been suspended from trading.

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

### Market price Data - BSE & NSE

Month	BSE		NSE		BSE Sensex Closing
	High (₹)	Low (₹)	High (₹)	Low (₹)	
April 2017	232.20	203.00	232.50	203.05	29,918.40
May 2017	268.95	210.00	268.95	209.15	31,145.80
June 2017	283.50	209.00	283.35	235.95	30,921.61
July 2017	318.00	254.50	317.70	254.55	32,514.94
August 2017	322.00	274.35	322.40	274.25	31,730.49
September 2017	337.95	296.00	337.60	296.50	31,283.72
October 2017	321.40	280.00	321.50	284.60	33,213.13
November 2017	333.90	284.60	334.75	287.70	33,149.35
December 2017	392.00	309.15	391.45	308.50	34,056.83
January 2018	395.00	340.00	392.00	341.10	35,965.02
February 2018	437.95	318.60	437.85	319.55	34,184.04
March 2018	425.65	375.00	425.40	375.95	32,968.68

### 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 - 49186000  
Fax: 022 - 49186060  
Email ID: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

### Contact Address for Investors

Shareholders can send their queries regarding Transfer/ 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

Stakeholders' Relationship Committee meets once in a month. If documents are complete in all respects, the Company's Registrar and Share Transfer Agent process the application and return the transferred share certificates duly transferred to the shareholders, within the stipulated time frame. The delegated authority as mentioned earlier attends to the share transfer formalities and approves the share transfers at least once in a fortnight.

### Distribution of Shareholding

Distribution of shares according to size of holding as on March 31, 2018

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-500	71,158	86.71	8,326,279	3.23
501-1,000	5,666	6.90	4,344,658	1.68
1,001-2,000	2,493	3.04	3,639,965	1.42
2,001-3,000	868	1.06	2,171,772	0.84
3,001-4,000	396	0.48	1,389,865	0.54
4,001-5,000	269	0.33	1,232,270	0.48
5,001-10,000	545	0.67	3,922,648	1.53
10,001 & above	668	0.81	232,060,913	90.27
<b>Total</b>	<b>82,063</b>	<b>100.00</b>	<b>257,088,370</b>	<b>100.00</b>

### Categories of Shareholders as on March 31, 2018

Category	No. of Shares held	% of Shareholding
Promoters	131,083,293	50.99
Mutual Funds/ UTI	47,016,770	18.29
Financial Institutions, Insurance Companies and Banks (including Foreign Banks)	4,878,976	1.90
Foreign Institutional Investors	157,125	0.06
Foreign Portfolio Investor	27,242,616	10.59
Foreign Companies	46,425	0.02
General Public	32,236,587	12.54
NRIs/ OCBs	1,628,687	0.63
Other Bodies Corporate	8,612,297	3.35
Clearing Members	755,289	0.29
Trusts	590,525	0.23
Foreign Nationals	43,575	0.02
Alternate Investment Funds	30,000	0.01
Government Companies	1,509,351	0.59
Hindu Undivided Family	1,256,849	0.49
Directors and Relatives	5	0.00
<b>Total</b>	<b>257,088,370</b>	<b>100.00</b>

### Unclaimed Shares

As per Regulation 39 read with Schedule VI of the 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 2017-18, 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, 2017	5,905	1,236,390
Shareholders who approached the Company for transfer of shares from suspense account during the year	45	54,240
Shareholders to whom shares were transferred from the suspense account during the year	44	54,125
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	4,698	951,700
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2018	1,163	230,565

### 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 dematerialized mode. The International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE389H01022. As on March 31, 2018, total 251,870,219 Equity Shares representing 97.97 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 ("IEPF Rules"), 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 under the 'Investors' 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. Subsequently, in accordance with Clause 5A, 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 2017-18 are as follows:

Particulars	Unclaimed amount transferred (₹)	No. of shares Transferred
Dividend of financial year 2009-10	3,387,009	557,651
		951,700*
Sales proceeds of fractional shares arising out of merger or amalgamation which remained unclaimed for seven or more consecutive years	1,257,738	N. A.

\*951,700 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](http://www.iepf.gov.in) and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims

shall lie against the Company in respect of the dividend/shares so transferred.

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
2010-11	July 05, 2011	60	August 04, 2018
2011-12	July 05, 2012	60	August 08, 2019
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

#### 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  
Corporate Identification Number (CIN):  
L45200MH2005PLC152061

#### Debenture Trustee

IDBI Trusteeship Services Limited  
J-1, Virjanand Marg, Vikaspuri  
New Delhi - 110 018  
Tel No.: 011-45138885

Plants' Locations			
Transmission Towers	Jaipur	Butibori	Jabalpur
	Jhotwara Industrial Area	B-190 Industrial Area	Deori, P. O. Panagarh
Cables	Jaipur - 302 012	Butibori - 441 108	Jabalpur - 483 220
	Rajasthan	Maharashtra	Madhya Pradesh
SAE Towers	Mysore	Vadodara	
	Hebbal Industrial Area Hootagalli, Belavadi Post	Village: Godampura (Samlaya)	
Tower Testing Stations	Mysore - 571 186	Taluka: Savli - 391 520	
	Karnataka	Gujarat	
Tower Testing Stations	SAE Towers Mexico S de RL de CV <sup>(1)</sup>	SAE Towers Brazil Torres de Transmissao Ltda <sup>(1)</sup>	
	Arco Vial Saltillo-Nuevo Laredo Km. 24.1 C.P. 66050-79, Escobedo, N. L. Mexico	R. Moacyr G. Costa, 15 - Jd. Piemont Sul 32669-722, Betim/ MG, Brazil	
Tower Testing Stations	Jaipur	Butibori	Jabalpur
	Jhotwara Industrial Area	B-215 Industrial Area	Deori, P. O. Panagarh
Tower Testing Stations	Jaipur - 302 012	Butibori - 441 108	Jabalpur - 483 220
	Rajasthan	Maharashtra	Madhya Pradesh
Tower Testing Stations	SAE Towers Brazil Torres de Transmissao Ltda <sup>(1)</sup>		
	R. Moacyr G. Costa, 15 - Jd. Piemont, Sul 32669-722, Betim/ MG, Brazil		

#### Note(s):

<sup>(1)</sup>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, 2018, 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 14, 2018

## 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, 2018 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 in internal control over financial reporting during the year;
  - 2) significant changes 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 14, 2018

## 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, 2018, 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, 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, 2018.

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

Place: Mumbai  
Date: May 14, 2018

# FINANCIAL STATEMENTS

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# INDEPENDENT AUDITORS' REPORT

**To the Members of KEC International Limited**

## **REPORT ON THE CONSOLIDATED INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS**

1. We have audited the accompanying consolidated Ind AS financial statements of KEC International Limited in which are incorporated 20 jointly controlled operations and the Returns of the Company's branches at Abu Dhabi, Afghanistan, Algeria, Bangladesh, Egypt, Ethiopia, Georgia, Ghana, Indonesia, Ivory Coast, Jordan, Kenya, Laos, Lebanon, Libya, Malaysia(2), Mozambique, Nepal(2), Nigeria, Oman, Philippines, Senegal, South Africa, Sri Lanka, Tanzania, Thailand, Tunisia, Uganda, Zambia ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"); (refer Note 45 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

## **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. 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; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 financial

statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

## **AUDITORS' RESPONSIBILITY**

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.
6. We believe that the audit evidence obtained by us 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 consolidated Ind AS financial statements.

## **OPINION**

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by 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, 2018, and their consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

## OTHER MATTER

8. We did not audit the financial statements/financial information of 16 subsidiaries, 31 branches and 20 jointly controlled operations whose financial statements reflect total assets of ₹ 391,161.00 lakh and net assets of ₹ 76,240.63 lakh as at March 31, 2018, total revenue of ₹ 325,578.61 lakh and net cash flows amounting to (₹ 4,937.57 lakh) for the year ended on that date, as considered in the consolidated Ind AS 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 Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, branches and jointly controlled operations and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the subsidiaries incorporated in India and branches, is based solely on the reports of such other auditors.

Our opinion on the consolidated Ind AS 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 and the financial statements/ financial information certified by the Management.

9. The consolidated Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 19, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. As required by Section 143(3) of the Act, 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 Ind AS financial statements.
  - (b) In our opinion, proper books of account as required by law maintained by the Holding Company, and its subsidiaries

incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiaries incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of KEC International Limited as on March 31, 2018 taken on record by the Board of Directors of KEC International Limited and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India 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 Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Group – Refer Note 52 to the consolidated Ind AS financial statements.
  - ii. Provision has been made in the consolidated Ind AS 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, 2018

- Refer Note 32 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended March 31, 2018.

- iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2018.

For **Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/N500016  
Chartered Accountants

**Sarah George**

Place: Mumbai

Partner

Date: May 14, 2018

Membership Number: 045255

## ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10(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, 2018

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of KEC International Limited including 36 branches (hereinafter referred to as "the Holding Company") and 2 subsidiary companies, which are companies incorporated in India, as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The respective Board of Directors of the Holding company and its subsidiary companies, 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 over financial reporting is applicable, 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 Company's internal financial controls over financial reporting 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 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 over financial reporting.

#### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

#### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 Holding Company and its 2 subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 over financial reporting insofar as it relates to 2 subsidiary companies, which are companies incorporated in India and 31 branches, is based on the corresponding reports of auditors of such companies incorporated in India and branches. Our opinion is not qualified in respect of this matter.

For **Price Waterhouse Chartered Accountants LLP**  
Firm's Registration Number: 012754N/N500016  
Chartered Accountants

**Sarah George**  
Partner

Place: Mumbai  
Date: May 14, 2018

Membership Number: 045255

# CONSOLIDATED BALANCE SHEET

as at March 31, 2018

₹ in Lakh

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>(1) Non-current Assets</b>			
(a) Property, plant and equipment	5	82,875.93	85,157.59
(b) Capital work-in-progress		7,807.20	510.34
(c) Goodwill	6	19,198.43	19,102.68
(d) Intangible assets	7	9,145.67	10,615.06
		<b>119,027.23</b>	<b>115,385.67</b>
(e) Financial assets			
(i) Investments	8	0.49	0.49
(ii) Trade receivables	9	546.59	2,640.54
(iii) Other financial assets	10	20,553.51	21,978.80
		<b>21,100.59</b>	<b>24,619.83</b>
(f) Deferred tax assets (net)	27	2,649.66	1,332.13
(g) Non-current tax assets (net)	11	4,514.95	5,201.21
(h) Other non-current assets	12	22,721.94	20,853.44
<b>Total Non -Current Assets</b>		<b>170,014.37</b>	<b>167,392.28</b>
<b>(2) Current assets</b>			
(a) Inventories	13	62,741.39	39,466.88
(b) Financial assets			
(i) Investments	14	3,929.44	13,039.16
(ii) Trade receivables	15	503,893.30	420,035.00
(iii) Cash and cash equivalents	16	19,299.61	17,552.87
(iv) Bank balances other than (iii) above	17	3,830.66	3,244.23
(v) Loans	18	6,044.16	6,240.41
(vi) Other financial assets	19	213,572.81	157,101.39
		<b>750,569.98</b>	<b>617,213.06</b>
(c) Current tax assets (net)	20	9,961.79	5,416.41
(d) Other current assets	21	60,610.67	43,324.08
<b>Total Current Assets</b>		<b>883,883.83</b>	<b>705,420.43</b>
<b>Total Assets</b>		<b>1,053,898.20</b>	<b>872,812.71</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	22	5,141.77	5,141.77
(b) Other equity	23	194,603.44	153,493.62
Equity attributable to owners of the Company		<b>199,745.21</b>	<b>158,635.39</b>
(c) Non-controlling interests	24	*	*
<b>Total Equity</b>		<b>199,745.21</b>	<b>158,635.39</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
Borrowings	25	73,843.71	77,566.00
(b) Provisions	26	1,767.69	1,458.76
(c) Deferred tax liabilities (net)	27	12,720.04	13,732.37
<b>Total Non-Current Liabilities</b>		<b>88,331.44</b>	<b>92,757.13</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	28	90,097.63	123,253.63
(ii) Trade payables	29	465,717.38	316,719.96
(iii) Other financial liabilities	30	17,085.07	12,417.27
		<b>572,900.08</b>	<b>452,390.86</b>
(b) Other current liabilities	31	174,623.99	155,225.63
(c) Provisions	32	8,324.41	10,272.75
(d) Current tax liabilities (net)	33	9,973.07	3,530.95
<b>Total Current Liabilities</b>		<b>765,821.55</b>	<b>621,420.19</b>
<b>Total Equity and Liabilities</b>		<b>1,053,898.20</b>	<b>872,812.71</b>

\* 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

For and on behalf of the Board of Directors

**SARAH GEORGE**  
 Partner  
 Membership Number: 045255

**RAJEEV AGGARWAL**  
 Chief Financial Officer

**H. V. GOENKA**  
 Chairman  
 DIN - 00026726

**VIMAL KEJRIWAL**  
 Managing Director & CEO  
 DIN - 00026981

Place: Mumbai  
 Date: May 14, 2018

Place: Mumbai  
 Date: May 14, 2018

**A. T. VASWANI**  
 Director  
 DIN - 00057953

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2018

₹ in Lakh

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>I Revenue from operations</b>	34	1,009,636.83	875,504.52
<b>II Other income</b>	35	4,041.20	2,886.61
<b>III Total Income (I+II)</b>		<b>1,013,678.03</b>	<b>878,391.13</b>
<b>IV Expenses</b>			
(i) Cost of materials consumed	36	524,945.20	417,369.73
(ii) Changes in inventories of finished goods and work-in-progress	37	(10,486.19)	(906.52)
(iii) Erection and sub-contracting expenses	38	212,696.91	178,429.01
(iv) Excise duty on sale of goods		3,834.69	17,065.02
(v) Employee benefits expense	39	79,835.25	73,266.57
(vi) Finance costs	40	24,661.33	25,361.17
(vii) Depreciation and amortisation expense	41	10,974.37	12,968.75
(viii) Other expenses	42	98,192.82	108,493.01
<b>Total expenses</b>		<b>944,654.38</b>	<b>832,046.74</b>
<b>V Profit before tax (III - IV)</b>		69,023.65	46,344.39
<b>VI Tax expense :</b>	43		
(i) Current tax		24,931.64	13,480.16
(ii) Deferred tax		(1,949.53)	2,386.39
		<b>22,982.11</b>	<b>15,866.55</b>
<b>VII Profit for the year (V-VI)</b>		<b>46,041.54</b>	<b>30,477.84</b>
<b>VIII Other Comprehensive Income</b>			
A(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit obligations	50	(202.06)	(172.34)
(ii) Income tax relating to items that will not be reclassified to profit or loss	43.2	83.32	61.13
B(i) Items that will be reclassified to profit or loss	23		
- Exchange differences on translating the financial statements of joint operations and subsidiaries		(228.06)	(899.33)
- Net gain/(losses) on cash flow hedges		(612.81)	9.25
(ii) Income tax relating to items that will be reclassified to profit or loss	43.2	143.85	120.24
<b>Total Other Comprehensive Income</b>		<b>(815.76)</b>	<b>(881.05)</b>
<b>IX Total Comprehensive Income for the year (VII+VIII) (Comprising Profit and Other Comprehensive Income for the period)</b>		45,225.78	29,596.79
<b>Profit for the year attributable to:</b>			
Owners of the Company		46,041.54	30,477.84
Non-controlling interests	24	*	*
<b>Other Comprehensive Income attributable to:</b>			
Owners of the Company		(815.76)	(881.05)
Non-controlling interests	24	*	*
<b>Total Other Comprehensive Income attributable to:</b>			
Owners of the Company		45,225.78	29,596.79
Non-controlling interests	24	*	*
<b>X Earnings per equity share for continuing operations (of ₹ 2 each)</b>			
(i) Basic	44	17.91	11.86
(ii) Diluted		17.91	11.86

\* less than rounding off norms adopted by the Company.

The above Consolidated 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

For and on behalf of the Board of Directors

**SARAH GEORGE**  
 Partner  
 Membership Number: 045255

**RAJEEV AGGARWAL**  
 Chief Financial Officer

**H. V. GOENKA**  
 Chairman  
 DIN - 00026726

**VIMAL KEJRIWAL**  
 Managing Director & CEO  
 DIN - 00026981

**A. T. VASWANI**  
 Director  
 DIN - 00057953

Place: Mumbai  
 Date: May 14, 2018

Place: Mumbai  
 Date: May 14, 2018

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

## A. EQUITY SHARE CAPITAL

Particulars	Notes	Amount
Balance as at April 1, 2017		5,141.77
Changes in equity share capital during the year	22	-
Balance as at March 31, 2018		5,141.77

## B. OTHER EQUITY

Particulars	Other items (Share issue expenses)	Reserves and Surplus							Other Comprehensive Income			Total	
		Capital Reserve	Capital Reserve on consolidation	Securities Premium Reserve	Capital Redemption Reserve	Debt Redemption Reserve	Statutory Reserve	General Reserve	Retained Earnings	Effective portion of Hedges	Exchange differences on translating the financial statements of foreign operations		Other items of other comprehensive income (Remeasurement of defined benefit obligations)
Balance as at April 1, 2016	(29.15)	8,497.87	3.72	8,674.89	1,427.95	942.63	94.88	12,479.26	90,165.07	139.49	1,811.99	(311.77)	123,896.83
Profit for the year	-	-	-	-	-	-	-	-	30,477.84	-	-	-	30,477.84
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	-	-	-	6.05	(774.70)	(111.21)	(879.86)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	30,477.84	6.05	(774.70)	(111.21)	29,597.98
Transfer from retained earnings	-	-	-	-	-	970.38	-	2,818.25	(3,788.63)	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	(1,234.20)	-	-	1,234.20	-	-	-	-
Optionally convertible non-cumulative preference shares issued	(1.19)	-	-	-	-	-	-	-	-	-	-	-	(1.19)
Balance at March 31, 2017	(30.34)	8,497.87	3.72	8,674.89	1,427.95	678.81	94.88	15,297.51	118,088.48	145.54	1,037.29	(422.98)	153,493.82
Balance as at April 1, 2017	(30.34)	8,497.87	3.72	8,674.89	1,427.95	678.81	94.88	15,297.51	118,088.48	145.54	1,037.29	(422.98)	153,493.82
Profit for the year	-	-	-	-	-	-	-	-	46,041.54	-	-	-	46,041.54
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	-	-	-	(394.73)	(302.29)	(118.74)	(815.76)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	46,041.54	(394.73)	(302.29)	(118.74)	45,225.78
Transactions with owners as in their capacity as owner													
Dividends	-	-	-	-	-	-	-	-	(4,950.81)	-	-	-	(4,950.81)
Dividend distribution tax	-	-	-	-	-	-	-	-	837.39	-	-	-	837.39
Transfer from retained earnings	-	-	-	-	-	1,598.46	-	-	(1,598.46)	-	-	-	-
Transferred to other items due to changes in income tax rate	(2.54)	-	-	-	-	-	-	-	-	-	-	-	(2.54)
Balance as at March 31, 2018	(32.88)	8,497.87	3.72	8,674.89	1,427.95	2,277.27	94.88	15,297.51	158,418.14	(249.19)	735.00	(541.72)	194,603.44

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

In terms of our report attached For and on behalf of the Board of Directors

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/N500016  
Chartered Accountants

**SARAH GEORGE**

Partner  
Membership Number: 045255

Place: Mumbai  
Date: May 14, 2018

**RAJEEV AGGARWAL**  
Chief Financial Officer

Place: Mumbai  
Date: May 14, 2018

**H. V. GOENKA**  
Chairman  
DIN - 00026726

**VIMAL KEJRIWAL**  
Managing Director & CEO  
DIN - 00026981

**A. T. VASWANI**  
Director  
DIN - 00057953

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2018

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit For The Year After Tax	46,041.54	30,477.84
Adjustments for:		
Income tax expense	22,982.11	15,866.55
Depreciation and amortisation expense	10,974.37	12,968.75
Amortization of leasehold prepayments	-	62.68
Profit on sale of property, plant and equipment (net)	(78.67)	(39.58)
Loss on property, plant and equipment discarded & intangible assets derecognised	119.15	1,528.74
Finance costs	24,661.33	25,361.17
Interest income	(3,547.92)	(2,137.48)
Bad debts, loans and advances written off (net)	6,603.51	19,767.73
Allowance for bad and doubtful debts, loans and advances (net)	3,727.58	2,768.19
Mark to market loss on forward and commodity contracts	914.65	413.19
Net unrealised exchange (gain) / loss	(102.95)	(775.06)
	66,253.16	75,784.88
Changes in assets and liabilities	112,294.70	106,262.72
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(23,274.51)	(3,451.16)
Trade receivables	(89,533.95)	25,392.87
Loans	281.65	7,280.88
Other financial assets	(56,842.72)	(16,509.43)
Other current assets	(17,286.59)	(10,493.43)
Other non-current assets	(1,839.52)	3,989.47
	(188,495.64)	6,209.20
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	148,105.89	35,130.94
Other current liabilities	19,398.36	28,996.20
Other financial liabilities	(715.19)	103.73
Provisions	(1,669.11)	(103.21)
	165,119.95	64,127.66
Cash Generated from Operations	88,919.01	176,599.58
Taxes paid (net of refunds)	(22,956.14)	(10,440.98)
<b>NET CASH FLOW GENERATED BY / (USED IN) OPERATING ACTIVITIES (A)</b>	<b>65,962.87</b>	<b>166,158.60</b>

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2018

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment & intangible assets (after adjustment of increase/decrease in capital work-in-progress and advances for capital expenditure)	(13,740.04)	(6,863.26)
Proceeds from sale of property, plant and equipment	188.32	166.53
Purchase of short-term investments	(52,049.05)	(10,501.41)
Proceeds from disposal of short term investment	61,158.77	-
Interest received	3,555.18	1,304.16
Bank balances (including non-current) not considered as Cash and cash equivalents (net)	441.13	(2,413.89)
	<b>(445.69)</b>	<b>(18,307.87)</b>
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES (B)</b>	<b>(445.69)</b>	<b>(18,307.87)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from other than short-term borrowings (including debentures)	19,512.82	47,646.89
Repayments of other than short-term borrowings (including debentures)	(22,025.63)	(39,098.51)
Repayment of finance lease obligations	(1,107.63)	(1,029.56)
Net increase / (decrease) in short-term borrowings	(34,030.96)	(119,747.59)
Finance costs paid	(22,051.22)	(25,558.13)
Dividend paid (including tax on distributed profit)	(4,113.36)	(112.42)
	<b>(63,815.98)</b>	<b>(137,899.32)</b>
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES (C)</b>	<b>(63,815.98)</b>	<b>(137,899.32)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>1,701.20</b>	<b>9,951.41</b>
Cash and cash equivalents at the beginning of the year (Refer Note 16)	17,552.87	7,457.00
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	45.54	144.46
<b>Cash and cash equivalents at the end of the year (Refer Note 16)</b>	<b>19,299.61</b>	<b>17,552.87</b>

## Reconciliation of liabilities arising from financing activities:

₹ in Lakh

Particulars	As at March 31, 2017	Cash flows	Non-cash changes			As at March 31, 2018
			Acquisition	Foreign exchange movement	Interest accrued	
Debentures	26,006.52	-	-	-	2,532.90	28,539.42
Long term borrowings including current maturities of long term debts (other than debentures and lease liabilities)	59,131.28	(2,512.81)	-	290.75	328.01	57,237.23
Short term borrowings	123,253.63	(34,030.96)	-	874.96	-	90,097.63
Lease liabilities (including current maturities of finance lease obligations)	2,181.90	(1,107.63)	-	14.23	-	1,088.50
<b>Total liabilities from financing activities</b>	<b>210,573.33</b>	<b>(37,651.40)</b>	<b>-</b>	<b>1,179.94</b>	<b>2,860.91</b>	<b>176,962.78</b>

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

For and on behalf of the Board of Directors

**SARAH GEORGE**  
 Partner  
 Membership Number: 045255

**RAJEEV AGGARWAL**  
 Chief Financial Officer

**H. V. GOENKA**  
 Chairman  
 DIN - 00026726

**VIMAL KEJRIWAL**  
 Managing Director & CEO  
 DIN - 00026981

**A. T. VASWANI**  
 Director  
 DIN - 00057953

Place: Mumbai  
 Date: May 14, 2018

Place: Mumbai  
 Date: May 14, 2018

# NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2018

(All amounts are ₹ in lakh unless otherwise stated)

## 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 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 for power transmission, distribution, railways and related activities.

## 2. STANDARDS ISSUED BUT NOT YET EFFECTIVE

**2.1** In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018 ('Ind AS'), notifying Ind AS 115, 'Revenue from Contracts with Customers.' This will replace Ind AS 18, Revenue Recognition, which covers contracts for goods and services and Ind AS 11 which covers construction contracts. Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18, Revenue and Ind AS 11, Construction contracts and related appendices.

A new five-step process must be applied before revenue can be recognised:

- i. Identify contracts with customers
- ii. Identify the separate performance obligation
- iii. Determine the transaction price of the contract
- iv. Allocate the transaction price to each of the separate performance obligations, and
- v. Recognise the revenue as each performance obligation is satisfied.

The new standard is mandatory for financial years commencing on or after 1 April, 2018 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

We have established an implementation team to implement the standard related to the recognition of revenue from contracts with customers, where the existing revenue contracts are being evaluated to determine revenue recognition under the new standard. Additionally, we are in the process of identifying and implementing changes to our processes to meet the standard's updated reporting and disclosure requirements, as well as evaluating the internal control changes required, if any, during the implementation and continued application of the new standard.

**2.2** The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

Management is currently evaluating the effects of applying the appendix to its foreign currency transactions for which consideration is received in advance.

The Group intends to adopt the amendments prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied (i.e. from 1 April, 2018).

**2.3** The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on 28 March, 2018 regarding Ind AS- 40 Investment property - transfers of investment property. The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that it supported by evidence.

Management has assessed the effects of the amendment on classification of existing property at 1 April, 2018 and concluded that no reclassifications are required.

**2.4** The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on 28 March, 2018 regarding Ind AS 12- Income taxes regarding recognition of deferred tax assets on unrealized losses. The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base.

# NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2018

The management is in process of assessing the impact of above amendment. The Company will adopt the amendments from April 1, 2018.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Statement of compliance

The Consolidated financial statements of the Group have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2017.

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.

The functional currency of the Company is the Indian rupee. 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.

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 leasing transactions that are within the scope of Ind AS 17, 'Leases' and 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', 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.

### 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.

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.

# NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2018

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, 2018	As at March 31, 2017
Direct Subsidiaries			
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	India	99.99	99.99
Indirect Subsidiaries			
KEC International Holdings LLC*	USA	-	100
KEC Brazil LLC*	USA	-	100
KEC Mexico LLC*	USA	-	100
KEC Transmission LLC*	USA	-	100
KEC US LLC*	USA	-	100
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
SAE Engineering & Construction Services, S de RL de CV	Mexico	100	100
KEC International (Malaysia) SDN BHD	Malaysia	100	100

\*Merged with SAE Tower Holdings LLC, Delaware on September 29, 2017.

## NOTES

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### 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 share of the revenue from the sale of the output by the joint operation; and
5. 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

Non-current assets and 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. This condition is regarded as met only when the asset (or

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disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

## 3.8 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, VAT / GST and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be measured reliably, it is probable that the economic benefit will flow to the Group and specific criteria's have been met for each of the Group's activities as described below:

### 3.8.1. Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 3.8.2 Rendering of services:

- Sale of services is recognised in the accounting period in which the services are rendered.
- Revenue from operation and maintenance (O&M) contracts is recognised on pro rata basis for the duration of the O&M contracts.

### 3.8.3 Construction contracts:

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, 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. Variations in

contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

The outcome of a construction contract is considered as estimated reliably when all critical approvals necessary for commencement of the project have been obtained.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable to be recovered. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade receivables.

Liquidated damages / penalties are accounted as per the contract terms wherever there is a delayed delivery attributable to the Group.

### 3.8.4 Dividend and interest income

Dividend income is recognised when the right to receive payment has been established.

Interest income is recognised using effective interest method.

### 3.8.5 Export benefits

Export benefits under Mercantile Export from India Incentive Scheme (MEIS) and Duty Drawback benefits are accounted as revenue on accrual basis as and when export of goods take place.

### 3.8.6 Revenue from service concession arrangements (SCA):-

The Group through its subsidiary builds infrastructure assets under public-to-private Service Concession Arrangement (SCA) which it operates and maintains for periods specified in the SCA. Under the SCA, where the Subsidiary has acquired contractual rights to receive specified determinable amounts, such rights are recognised and classified as "Financial Assets", even though payments are contingent on the subsidiary

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ensuring that the infrastructure meets the specified quality or efficiency requirements. Such financial assets are classified as "Receivables against Service Concession Arrangements".

Consideration for various services (i.e. construction or upgrade services, operation and maintenance services, etc.) under the SCA is allocated on the basis of costs actually incurred or the estimates of cost of services to be delivered.

The subsidiary has contractual obligations to maintain the infrastructure to a specified level of serviceability or restore the infrastructure to a specified condition before it is handed over to the grantor of the SCA. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. Such costs are recognised in the period in which such costs are actually incurred.

Revenue from financial asset is recognised in the Consolidated Statement of Profit and Loss as interest, finance income calculated using the effective interest method from the year in which construction activities are started. Revenue from operating and maintenance services and from overlay services is recognised in the period in which such services are rendered.

The subsidiary recognises and measures revenue, costs and margin for providing construction services during the period of construction of the infrastructure, on the same basis as that for construction contract referred to in Note 3.9.3.

### 3.9 Leasing

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 currencies

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 average exchange rate 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 reporting period. Foreign currency denominated 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 the average exchange rate 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.

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forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2018

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
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the Consolidated Statement of Profit and Loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the 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.

## 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 Retirement benefit costs

The Group's contribution towards provident fund, superannuation fund and other retirement benefits for certain eligible employees are considered to be defined contribution plans as the Group does not carry any further obligations, apart from the periodical contributions made by the Group. Such contributions are charged as an expense to the Consolidated Statement of Profit and Loss when services are rendered by the employees.

For defined benefit retirement benefit plans, 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 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. Defined benefit costs are categorised as follows:

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- 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 and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave, that are expected to be settled wholly within twelve month after the end of the period in which the employee render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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.

Liabilities recognised in respect of other long-term employee benefits are measured using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

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 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

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which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution tax is charged to consolidated statement of profit and loss if the dividend itself is charged to statement of profit and loss. If the dividend is recognised in equity, the presentation of dividend distribution tax is recognised in equity. The dividend distribution tax paid by the subsidiaries for which the set off has been availed by the Parent company has been recognized in equity.

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.

Minimum Alternate Tax (MAT) in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as deferred tax asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

## 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 consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Leasehold land is amortised over the remaining period of the lease.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss, if any. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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.

Assets held under finance leases are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtained ownership at the end of the lease term.

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	3-23
Erection tools	3-5
Furniture and Fixtures	10
Vehicles	4-8
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 recognised 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 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 3-6 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.

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 Company's business model for managing the financial asset and the contractual terms of the cash flows. (Refer 3.21)

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## 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) 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 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.

### 3.21.1 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 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

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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 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.

## 3.21.4 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. 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.

## 3.21.5 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; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18, 'Revenue'.

#### 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.

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

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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. Further, details of derivative financial instruments are disclosed in Note 49.

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 on firm commitments are accounted for as cash flow 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 49 sets out details of the fair values of the derivative instruments used for hedging purposes.

### 3.24.1 Cash flow hedges

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.

## 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 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.

## 3.27 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group

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- 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.

### 3.28 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh 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 recognised in the consolidated financial statements.

### 4.1 Classification of Joint Arrangement as a Joint Operation

In terms of Ind AS 111, 'Joint Arrangement' the following joint arrangements of the Company have been classified 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:

- i) Al-Sharif Group and KEC Ltd. Company, Saudi Arabia\* [refer Note 46]
- ii) EJP KEC Joint Venture, South Africa

- iii) KEC – ASSB JV
- iv) KEC – ASIAKOM – UB JV
- v) KEC – ASIAKOM JV
- vi) KEC – DELCO – VARAHA JV
- vii) KEC – VARAHA – KHAZANA JV
- viii) KEC – VALECHA – DELCO JV
- ix) KEC – SIDHARTH JV
- x) KEC – TRIVENI – KPIPL JV
- xi) KEC – UNIVERSAL JV
- xii) KEC – DELCO – DUSTAN JV
- xiii) KEC – ANPR – KPIPL JV
- xiv) KEC – PLR – KPIPL JV
- xv) KEC – BJCL JV
- xvi) KEC – KIEL JV
- xvii) KEC – ABEPL JV
- xviii) KEC – TNR Infra JV
- xix) KEC – SMC JV
- xx) KEC – WATERLEAU JV

\* KEC International Limited (Company) held 49% share capital of Al Sharif Group and KEC Ltd. Company, Saudi Arabia ("Al Sharif JV"), having a joint arrangement located in Saudi Arabia, with the JV partner Al Sharif Group (ASG) [also refer Note 43]. On March 26, 2018, the Company has acquired additional 6,300 shares representing 2.10% of the total share capital of Al Sharif JV. Pursuant to acquisition of these additional shares, Company's shareholding in the joint arrangement has increased to 51.10%. By virtue of increase in shareholding, Al Sharif JV has become subsidiary of the Company as per the definition of 'subsidiary' under the Companies Act, 2013.

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.

Accordingly, for financial reporting purposes, Al Sharif JV is classified as jointly controlled operation as per the requirements of Ind AS 111 Joint Arrangements.

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## 4.2 Revenue recognition for construction contracts

As described in Note 3.9.3, revenue and costs in respect of construction contracts are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, 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. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

## 4.3 Useful lives of property, plant and equipment and intangible assets

As described in Notes 3.15 and 3.16 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 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 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.

## 4.5 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.

## 4.6 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, existing market conditions as well as forward looking estimates at the end of each reporting period.

## 4.7 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.

## 4.8 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

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
₹ in Lakh												
Gross Carrying Amount												
As at April 1, 2016	13,642.78	5,008.00	24,139.16	61,272.05	2,781.31	7,581.63	2,302.29	4,614.51	1,364.82	1,095.55	2,994.73	126,796.83
Additions	-	-	249.12	2,540.74	33.36	1,080.79	195.73	452.34	-	86.36	438.31	5,076.75
Disposal	-	-	362.93	1,564.53	17.13	1,155.09	305.86	670.53	-	134.68	415.53	4,626.28
Adjustments	(11.72)	-	34.07	405.66	(36.46)	(33.29)	32.77	(17.70)	(28.32)	(2.41)	31.03	373.63
As at March 31, 2017	13,631.06	5,008.00	24,059.42	62,653.92	2,761.08	7,474.04	2,224.93	4,378.62	1,336.50	1,044.82	3,048.54	127,620.93
Additions	-	-	372.07	2,022.73	37.42	3,111.01	538.56	415.32	-	85.65	594.59	7,177.35
Disposal	-	-	37.45	891.34	57.25	1,748.46	1.61	187.23	-	25.02	39.55	2,987.91
Adjustments	(23.74)	-	(46.57)	128.34	73.41	9.38	39.72	3.18	6.71	0.42	(5.77)	185.08
As at March 31, 2018	13,607.32	5,008.00	24,347.47	63,913.65	2,814.66	8,845.97	2,801.60	4,609.89	1,343.21	1,105.87	3,597.81	131,995.45
Accumulated depreciation:												
As at April 1, 2016	-	806.73	5,466.22	21,483.03	58.97	231.80	869.29	2,454.46	328.71	573.93	2,066.39	34,339.53
Depreciation expense	-	77.50	1,114.25	4,766.16	42.08	3,675.21	259.91	547.96	344.13	158.68	364.02	11,349.90
Disposal	-	-	289.37	1,229.32	17.13	296.66	290.45	611.58	-	122.89	399.23	3,256.63
Adjustments	-	-	(7.26)	56.61	0.53	(14.63)	13.17	(16.51)	(17.33)	(1.64)	17.60	30.54
As at March 31, 2017	-	884.23	6,283.84	25,076.48	84.45	3,595.72	851.92	2,374.33	655.51	608.08	2,048.78	42,463.34
Depreciation expense	-	77.50	1,082.50	4,509.69	39.22	2,119.75	274.92	430.67	303.61	154.01	419.16	9,411.03
Disposal	-	-	36.02	754.46	57.25	1,694.99	0.76	165.73	-	22.78	27.14	2,759.13
Adjustments	-	-	(11.66)	17.83	0.65	7.62	(0.41)	3.44	6.46	0.31	(19.96)	4.28
As at March 31, 2018	-	961.73	7,318.66	28,849.54	67.07	4,028.10	1,125.67	2,642.71	965.58	739.62	2,420.84	49,119.52
Net carrying amount												
As at March 31, 2017	13,631.06	4,123.77	17,775.58	37,577.44	2,676.63	3,878.32	1,373.01	2,004.29	680.99	436.74	999.76	85,157.59
As at March 31, 2018	13,607.32	4,046.27	17,028.81	35,064.11	2,747.59	4,817.87	1,675.93	1,967.18	377.63	366.25	1,176.97	82,875.93

### Note 5.1

^The title deeds of freehold land and buildings, having gross carrying amount aggregating ₹ 2,634.79 lakh (as at March 31, 2017 ₹ 2,634.79 lakh) and net carrying amount aggregating ₹ 2,578.08 lakh (as at March 31, 2017 ₹ 2,582.45 lakh), 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 in the relevant documents are in process.

### Note 5.2

For details of Property, plant and equipment having gross carrying amount aggregating ₹ 96,702.08 lakh (As at March 31, 2017 ₹ 89,818.84 lakh), which are pledged as security for borrowings - Refer Notes 25 and 28.

### Note 5.3

Capital work in process mainly comprises new factory building, railway robotic facility being constructed.

### Note 5.4

Adjustments represents foreign currency exchange translation adjustment on account of jointly controlled operations and subsidiary which have different functional currency

# NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2018

## NOTE 6 - GOODWILL

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	19,102.68	19,516.59
Effect of foreign currency exchange difference recognised in other comprehensive income (OCI)	95.75	(413.91)
<b>Balance at the end of year</b>	<b>19,198.43</b>	<b>19,102.68</b>

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 ₹ 13,462.69 lakh 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, 2018	As at March 31, 2017
Discount rate	7%	8%
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, 2018 and March 31, 2017 as the recoverable value of the cash generating unit exceeded the carrying value.

## NOTES

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### NOTE 7 - OTHER INTANGIBLE ASSETS

₹ in Lakh			
Particulars	Brands (Refer Note 7. 1)	Computer softwares	Total
<b>Gross carrying amount</b>			
As at April 1, 2016	24,694.77	3,336.60	28,031.37
Additions	-	370.38	370.38
Disposal	-	392.02	392.02
Adjustments	-	42.29	42.29
<b>As at March 31, 2017</b>	<b>24,694.77</b>	<b>3,357.25</b>	<b>28,052.02</b>
Additions	-	75.16	75.16
Disposal	-	-	-
Adjustments	-	1.54	1.54
<b>As at March 31, 2018</b>	<b>24,694.77</b>	<b>3,433.95</b>	<b>28,128.72</b>
<b>Accumulated amortisation</b>			
As at April 1, 2016	13,586.50	2,448.17	16,034.67
Amortisation expense	1,269.50	426.85	1,696.35
Disposal	-	339.18	339.18
Adjustments	-	45.12	45.12
<b>As at March 31, 2017</b>	<b>14,856.00</b>	<b>2,580.96</b>	<b>17,436.96</b>
Amortisation expense	1,269.50	293.84	1,563.34
Disposal	-	-	-
Adjustments	-	(17.25)	(17.25)
<b>As at March 31, 2018</b>	<b>16,125.50</b>	<b>2,857.55</b>	<b>18,983.05</b>
<b>Net carrying amount</b>			
As at March 31, 2017	9,838.77	776.29	10,615.06
<b>As at March 31, 2018</b>	<b>8,569.27</b>	<b>576.40</b>	<b>9,145.67</b>

#### Note 7.1

Brands include brand of the power transmission business amounting to ₹ 24,000 lakh which was acquired by the Parent 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, 2018 ₹ 8,400 lakh (as at March 31, 2017 ₹ 9,600 lakh) and the remaining amortisation period is 7 years (as at March 31, 2017 - 8 years).

#### Note 7.2

Adjustments represents foreign currency exchange translation adjustment on account of jointly controlled operations and subsidiary which have different functional currency.

### NOTE 8 - INVESTMENTS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current:</b>		
<b>Investment in equity shares (at fair value through other comprehensive income)</b>		
Unquoted		
4,900 Fully paid Equity Shares of ₹ 10 each of RP Goenka Group of Companies Employees Welfare Association	0.49	0.49
	0.49	0.49
Aggregate book value of quoted investments and market value thereof	-	-
Aggregate book value of unquoted investments	0.49	0.49
Aggregate provision for diminution in value of investments	-	-

# NOTES

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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.

## NOTE 9 - TRADE RECEIVABLES

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Non-current trade receivables - Unsecured		
(i) Considered good	546.59	2,640.54
(ii) Doubtful	1,168.53	1,951.08
	<b>1,715.12</b>	<b>4,591.62</b>
Less: Allowance for bad and doubtful receivables (expected credit loss allowance)*	1,168.53	1,951.08
	<b>546.59</b>	<b>2,640.54</b>

\* Movement in the allowance for bad and doubtful receivables (expected credit loss allowance) - Also refer Note - 48.9

₹ in Lakh	
Particulars	
<b>Balance as at March 31, 2016</b>	<b>2,398.01</b>
Add: Created during the year	204.25
Less: Utilised during the year	651.18
<b>Balance as at March 31, 2017</b>	<b>1,951.08</b>
Add: Created during the year	278.25
Less: Utilised during the year	1,060.80
<b>Balance as at March 31, 2018</b>	<b>1,168.53</b>

## NOTE 10 - OTHER FINANCIAL ASSETS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
(i) Security deposits	981.82	1,087.13
Less: Allowance for bad and doubtful security deposits *	75.83	34.53
	905.99	1,052.60
(ii) Balances with banks to the extent held as margin money or security against borrowings, guarantees and other commitments, which have a maturity period of more than 12 months from Balance Sheet date	309.56	729.98
(iv) Amount withheld by customers [Refer Note 52(i)(8)]	1,760.24	4,189.62
Less: Allowance for bad and doubtful receivables (expected credit loss allowance) *	1,284.70	573.48
	475.54	3,616.14
(v) Receivables against Service Concession Arrangement (Refer Note 53)	18,862.42	16,580.08
	<b>20,553.51</b>	<b>21,978.80</b>

\* Movement in the allowance for bad and doubtful receivables (Expected Credit Loss)/deposits - Also refer Note 48.9

## NOTES

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		₹ in Lakh
Particulars		As at March 31, 2018
<b>Balance as at March 31, 2016</b>		<b>1,230.58</b>
Add: Created during the year		-
Less: Released during the year		622.57
<b>Balance as at March 31, 2017</b>		<b>608.01</b>
Add: Created during the year		812.55
Less: Released during the year		60.03
<b>Balance as at March 31, 2018</b>		<b>1,360.53</b>

### NOTE 11 - NON-CURRENT TAX ASSETS (NET)

		₹ in Lakh
Particulars	As at March 31, 2018	As at March 31, 2017
Income tax payments less liabilities	4,514.95	5,201.21
	<b>4,514.95</b>	<b>5,201.21</b>

### NOTE 12 - OTHER NON-CURRENT ASSETS

		₹ in Lakh
Particulars	As at March 31, 2018	As at March 31, 2017
(a) Capital Advances	1,050.67	1,021.69
(b) Others		
-Service tax cenvat receivable	-	608.56
-Excise duty recoverable from Government authorities	2,445.24	2,339.68
-VAT Credit / WCT Receivables	13,159.57	12,037.97
-Prepaid expenses	526.08	607.92
-Export benefits	1,823.84	2,011.48
-Sales tax/ excise duty/ entry tax, etc. paid under protest	1,445.69	1,914.77
-Others (includes amounts towards judicial deposits)	2,270.85	311.37
	21,671.27	19,831.75
	<b>22,721.94</b>	<b>20,853.44</b>

### NOTE 13 - INVENTORIES

		₹ in Lakh
Particulars	As at March 31, 2018	As at March 31, 2017
Inventories (lower of cost and net realisable value)		
(a) Raw materials		
(i) in stock	31,678.90	19,925.36
(ii) in-transit	1,118.43	475.20
	32,797.33	20,400.56
(b) Work-in-progress (Refer Note 13.1)	22,024.90	12,876.90
(c) Finished goods	5,196.54	3,858.35
(d) Erection tools and spares	1,396.82	852.73
(e) Scrap	1,325.80	1,478.34
	<b>62,741.39</b>	<b>39,466.88</b>

# NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2018

## 13.1 Details of inventory of work-in-progress:

Particulars	₹ in Lakh	
	As at March 31, 2018	As at March 31, 2017
Towers and structurals	16,962.04	8,893.18
Cables	5,062.86	3,983.72
	<b>22,024.90</b>	<b>12,876.90</b>

## NOTE 14 - INVESTMENTS

Particulars	₹ in Lakh	
	As at March 31, 2018	As at March 31, 2017
<b>Unquoted - Other investments:</b>		
Investments in Commercial Papers	3,929.44	13,039.16
(Carried at fair value through profit or loss)		
	<b>3,929.44</b>	<b>13,039.16</b>
<b>Notes: Unquoted investments</b>		
Aggregate book value of unquoted investments	3,929.44	13,039.16
Aggregate book value of unquoted investments and market value thereof	3,929.44	13,039.16

## NOTE 15 - TRADE RECEIVABLES

Particulars	₹ in Lakh	
	As at March 31, 2018	As at March 31, 2017
Trade receivables - Unsecured (Refer Note 15.2 and 48.9)		
(i) Considered good	503,893.30	420,035.00
(ii) Doubtful	5,759.49	3,995.15
	<b>509,652.79</b>	<b>424,030.15</b>
Less: Allowance for bad and doubtful debts (expected credit loss allowance)*	5,759.49	3,995.15
	<b>503,893.30</b>	<b>420,035.00</b>

\*Movement in the allowance for bad and doubtful receivables (expected credit loss allowance). Also Refer Note 48.9

Particulars	₹ in Lakh	
	As at March 31, 2018	
<b>Balance as at March 31, 2016</b>	<b>2,871.04</b>	
Add: Created during the year	2,060.50	
Less: Utilised during the year	936.39	
<b>Balance as at March 31, 2017</b>	<b>3,995.15</b>	
Add: Created during the year	2,661.34	
Less: Utilised during the year	897.00	
<b>Balance as at March 31, 2018</b>	<b>5,759.49</b>	

## 15.1 Transfer of financial assets

During the year the Group has discounted trade receivables related to joint operation with an aggregate carrying amount of ₹ 8,623.53 lakh to banks for cash proceeds of ₹ 8,352.35 lakh. These arrangements are non-recourse to the Company and accordingly, the Company has de-recognized these receivables as at March 31, 2018. 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, 2018 ₹ Nil (As at March 31, 2017 ₹ 10,606.41 lakh) are recognised as trade receivables and the corresponding carrying amount of associated liabilities are recognised as secured borrowings (Note 25) and there was restriction on further selling and pledging of these receivables.

**15.2** Receivable from related party is ₹ 231.18 (As at March 31, 2017 ₹ 9.51 lakh) {Refer Note 51 (C)}

## NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2018

### NOTE 16 - CASH AND CASH EQUIVALENTS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
(a) Balances with banks		
(i) In current accounts	17,856.13	16,782.59
(ii) In deposit accounts	1,068.40	528.69
	18,924.53	17,311.28
(b) Cheques on hand	118.59	0.41
(c) Cash on hand	256.49	241.18
	<b>19,299.61</b>	<b>17,552.87</b>

### NOTE 17 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
(i) Earmarked balances with banks - unpaid dividend accounts	209.43	209.38
(ii) Bank deposit with original maturity of more than 3 months but less than 12 months	974.39	1,729.58
(iii) Margin Money with original maturity less than 12 months & maturity less than 12 months from Balance Sheet date	465.28	-
(iv) Balances with banks to the extent held as margin money or security against the borrowings, guarantees and other commitments.	2,181.56	1,305.27
	<b>3,830.66</b>	<b>3,244.23</b>

### NOTE 18 - LOANS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
- Loans and advances to Joint operations (net of the Group's share)	3,914.05	4,510.92
- Security deposits	2,130.11	1,729.49
	<b>6,044.16</b>	<b>6,240.41</b>

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.

### NOTE 19 - OTHER FINANCIAL ASSETS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
(i) Margin money (bank deposits) with original maturity more than 12 months	-	607.14
(ii) Contractually reimbursable expenses	7,165.79	8,671.87
(iii) Amount due from customers for contract work (Refer Note 55 and 57.2)	203,598.50	147,234.74
(iv) Interest accrued on fixed deposits	10.96	18.22
(v) Insurance claims	-	2.32
(vi) Mark to market gain on forward and commodity contracts	-	563.37
(vii) Receivables against Service Concession Arrangement (Refer Note 53)	2,771.82	-
(viii) Others	25.74	3.73
	<b>213,572.81</b>	<b>157,101.39</b>

## NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2018

### NOTE 20 - CURRENT TAX ASSETS (NET)

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Income tax payments less liabilities	9,961.79	5,416.41
	<b>9,961.79</b>	<b>5,416.41</b>

### NOTE 21 - OTHER CURRENT ASSETS

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Others		
- Advances to suppliers	10,625.70	10,851.73
- Employee advances	516.23	344.80
- Cenvat / Service tax input credit receivable	154.28	4,638.15
- Amount due as refund of custom duty	370.36	1,448.64
- Excise duty recoverable from Government authorities	133.79	2,300.95
- VAT credit / WCT receivables	14,480.98	12,731.90
- GST/Excise rebate receivable on exports	1,461.86	-
- GST receivable	20,772.04	-
- Prepaid expenses	8,724.66	7,745.05
- Export benefits	3,125.77	3,017.86
- Assets classified as held for sale (Refer Note 21.1)	245.00	245.00
	<b>60,610.67</b>	<b>43,324.08</b>

#### Note 21.1 Details of assets classified as held for sale

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Leasehold Land	245.00	245.00

The Company has signed Memorandum of understanding (MOU) against which the Company had received sales consideration amounting to ₹ 940.94 lakh (as at March 31, 2017 ₹ 940.94 lakh). However, the title and possession of the land is yet to be transferred due to pending approvals from regulatory authorities.

### NOTE 22 - SHARE CAPITAL

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	₹ in Lakh	Nos.	₹ in Lakh
<b>Authorised:</b>				
<b>Equity Shares:</b>				
Equity Shares of ₹ 2 each	570,000,000	11,400.00	570,000,000	11,400.00
<b>Preference Shares:</b>				
Redeemable Preference Shares of ₹ 100 each	1,500,000	1,500.00	1,500,000	1,500.00
<b>Issued, Subscribed and Paid-up</b>				
<b>Equity Shares:</b>				
Equity Shares of ₹ 2 each fully paid up	257,088,370	5,141.77	257,088,370	5,141.77
	<b>257,088,370</b>	<b>5,141.77</b>	<b>257,088,370</b>	<b>5,141.77</b>

## NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2018

### 22.1 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 Lakh
Equity Shares Outstanding as at April 1, 2016	257,088,370	5,141.77
Add: Shares issued during the year	-	-
Equity Shares Outstanding as at March 31, 2017	257,088,370	5,141.77
Add: Shares issued during the year	-	-
Equity Shares Outstanding as at March 31, 2018	<b>257,088,370</b>	<b>5,141.77</b>

### 22.2 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, 2018		As at March 31, 2017	
		Nos. of Shares Held	Percentage of Shares held	Nos. of Shares Held	Percentage of Shares held
1	Swallow Associates LLP	69,546,616	27.05	69,546,616	27.05
2	Summit Securities Limited	27,753,845	10.80	27,602,945	10.74
3	Instant Holdings Limited	21,042,105	8.18	17,855,651	6.95
4	HDFC Trustee Company Limited	18,198,378	7.08	23,060,249	8.97

\*Shares held in multiple folios have been combined.

**22.3** 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.

**22.4** 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 Consolidated Financial Statements as at and for the year ended March 31, 2018

## NOTE 23 - OTHER EQUITY

Particulars	Other items (Share issue expenses)	Reserves and Surplus								Other Comprehensive Income			Total
		Capital Reserve	Capital Reserve on consolidation	Securities Premium Reserve	Capital Redemption Reserve	Debt Redemption Reserve	Statutory Reserve	General Reserve	Retained Earnings	Effective portion of Hedges	Exchange differences on translating the financial statements of foreign operations	Other items of other comprehensive income (Remeasurement of defined benefit obligations)	
Notes	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)					
Balance as at April 1, 2016	(29.15)	8,497.87	3.72	8,674.89	1,427.95	942.63	94.88	12,479.26	90,165.07	139.49	1,811.99	(311.77)	123,896.83
Profit for the year	-	-	-	-	-	-	-	-	30,477.84	-	-	-	30,477.84
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	6.05	(774.70)	(111.21)	(879.86)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	30,477.84	6.05	(774.70)	(111.21)	29,597.98
Transfer from retained earnings	-	-	-	-	-	970.38	-	2,818.25	(3,788.63)	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	(1,234.20)	-	1,234.20	-	-	-	-	-
Optionally convertible non-cumulative preference shares issued	(1.19)	-	-	-	-	-	-	-	-	-	-	-	(1.19)
Balance at March 31, 2017	(30.34)	8,497.87	3.72	8,674.89	1,427.95	678.81	94.88	15,297.51	118,088.48	145.54	1,037.29	(422.98)	153,493.82
Balance as at April 1, 2017	(30.34)	8,497.87	3.72	8,674.89	1,427.95	678.81	94.88	15,297.51	118,088.48	145.54	1,037.29	(422.98)	153,493.82
Profit for the year	-	-	-	-	-	-	-	-	46,041.54	-	-	-	46,041.54
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	-	-	-	(394.73)	(302.29)	(118.74)	(815.76)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	46,041.54	(394.73)	(302.29)	(118.74)	45,225.78
Transactions with owners as in their capacity as owner													
Dividends	-	-	-	-	-	-	-	-	(4,950.81)	-	-	-	(4,950.81)
Dividend distribution tax	-	-	-	-	-	-	-	-	837.39	-	-	-	837.39
Transfer from retained earnings	-	-	-	-	-	1,598.46	-	-	(1,598.46)	-	-	-	-
Transferred to other items due to changes in income tax rate	(2.54)	-	-	-	-	-	-	-	-	-	-	-	(2.54)
Balance as at March 31, 2018	(32.88)	8,497.87	3.72	8,674.89	1,427.95	2,277.27	94.88	15,297.51	158,418.14	(249.19)	735.00	(541.72)	194,603.44

**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)** Created on acquisition of two subsidiaries, where the net assets were more than the consideration paid in an earlier years

**Note (d)** Securities premium reserve 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)** This 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 25.1

**Note (g)** This 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.

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### NOTE 24 - NON-CONTROLLING INTERESTS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the year	*	*
Share of profit/(loss) for the year	*	*
<b>Balance at the end of the year</b>	<b>*</b>	<b>*</b>

\* less than rounding off norms adopted by the company.

Note - It pertains to non-controlling interest held by Rajasthan Rajya Vidyut Prasaran Nigam Limited (RRVPL) in KEC Bikaner Sikar Transmission Private Limited.

### NOTE 25 - BORROWINGS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-Current</b>		
<b>Measured at amortised cost:</b>		
<b>I Debentures</b>		
Secured (Refer Note 25.1)	28,539.42	26,006.52
<b>II Term loans</b>		
<b>(a) From banks</b>		
Secured [Refer Note 25.2 (a)]	47,113.76	49,706.29
Less: Current maturities of long-term debt [Refer Note 30 (a)]	(7,585.72)	(4,980.36)
	<b>39,528.04</b>	<b>44,725.93</b>
Unsecured [Refer Note 25.2 (b)]	5,195.46	4,824.99
Less: Current maturities of long-term debt [Refer Note 30 (a)]	(4,369.86)	(3,700.95)
	<b>825.60</b>	<b>1,124.04</b>
<b>(b) From others parties</b>		
Secured (Refer Note 25.3)	4,600.00	4,600.00
Less: Current maturities of long-term debt [Refer Note 30 (a)]	(138.00)	-
	<b>4,462.00</b>	<b>4,600.00</b>
<b>III Long term maturities of finance lease obligations (Refer Note 25.4)</b>	1,088.50	2,181.90
Less: Current maturities of finance lease obligations [Refer Note 30 (b)]	(599.85)	(1,072.39)
	<b>488.65</b>	<b>1,109.51</b>
	<b>73,843.71</b>	<b>77,566.00</b>

#### 25.1 Debentures:

- (i) 2,500, Secured, Rated, Listed, Redeemable Non-Convertible Debentures ("NCD") of face value of ₹ 10 lakh each aggregating ₹ 25,000 lakh issued by the Company during the 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 ₹ 10 lakh each aggregating ₹ 5,000 lakh are repayable on December 20, 2021, 500 NCD ₹ 10 lakh each aggregating ₹ 5,000 lakh are repayable on April 20, 2021 and 1,500 NCD of ₹ 10 lakh each aggregating ₹ 15,000 lakh 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.)

#### 25.2 Term loans

##### (a) From banks: Secured

- (i) ₹ 10,491.97 Lakh (As at March 31, 2017 ₹ Nil) loan of a jointly controlled operation at Saudi Arabia, secured by unconditional and irrevocable Corporate Guarantee from KEC International Limited. Loan is repayable in 10 equal installments starting from December 2018. The present interest rate ranges from 4.28% to 4.38% p.a.
- (ii) ₹ 5,017.90 Lakh (As at March 31, 2017 ₹ Nil) loan of a jointly controlled operation at Saudi Arabia, secured by unconditional and irrevocable Corporate Guarantee from KEC International Limited. Quarterly installment has started from December 2017 and loan will be repaid in 10 equal quarterly installments. The present interest rate is 3.88% p.a.

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- (iii) ₹ 93.31 lakh (As at March 31, 2017 ₹ 49.53 lakh) secured against equipment of a subsidiary at Brazil. These loans have various repayment periods ranging from 2018 to 2022. These loans bear fixed interest rates ranging from 3.50% to 11% p.a.
- (iv) ₹ 19,010.58 lakh (As at March 31, 2017 ₹ 39,316.76 lakh) secured by exclusive charge on fixed deposits with a bank amounting to ₹ 309.56 lakh (As at March 31, 2017 ₹ 583.61 lakh) 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 LIBOR plus 4.5% margin and is repayable in remaining 18 quarterly structured installments by September 2022.
- (v) ₹ 12,500.00 lakh (As at March 31, 2017 ₹ 10,340.00) in respect of an Indian subsidiary secured by first ranking Security interest on hypothecation of both present and future movable and immovable assets, both present and future tangible and intangible assets, all insurance policies, contractor guarantees, performance bonds, letters of credit that may be provided by any party for the Project and insurance policies in favour of the Lenders/Security Trustee, all rights, title, benefit, claims and demands under the project documents and Contracts, all the rights under each letter of credit/guarantee or performance bond that may be posted by any party to any Project Documents and all the rights under the Clearances, all rights, title and interest under the Transmission License issued by Rajasthan Electricity Regulatory Commission (RERC) subject to certain conditions, both present and future book debts, operating cash flows, receivables, all other current assets, commission, and revenues, all the accounts and all other bank accounts of a subsidiary. Further, secured by the corporate guarantee of the Company and pledge of the Company's Investment in 51,00,000 shares of ₹ 10 each in the said subsidiary. The repayment of loan installments have started from January 1, 2018 and will be repaid in 51 structured quarterly installments. The present rate of interest is 9.85% p.a.

**(b) From Banks: unsecured:**

- (i) ₹ Nil (As at March 31, 2017 ₹ 665.30 lakh) pertains to a subsidiary at Brazil and repaid during the current year.
- (ii) ₹ 5,195.46 lakh (As at March 31, 2017 ₹ 4,159.69 lakh) pertains to a subsidiary at Brazil and quarterly structured installments have started from February 2018. The present rate of interest ranges between 10.41% to 16.67% p.a.

**25.3 Term loans from other parties:**

- (i) ₹ 4,600.00 lakh (As at March 31, 2017 ₹ 4,600.00) in respect of an Indian subsidiary secured by security stated against Note 25.2(a)(v). The repayment of loan installments have started from January 1, 2018 and will be repaid in 51 structured quarterly installments. The present rate of interest is 9.85% p.a.

**25.4 Finance Lease Obligations:**

- (i) ₹ Nil (As at March 31, 2017 ₹ 8.51 lakh) secured against equipment of a jointly controlled operation at Saudi Arabia. The lease obligation has been repaid during the current year.
- (ii) ₹ 91.28 lakh (As at March 31, 2017 ₹ 412.35 lakh) secured against certain vehicles of a jointly controlled operation at Saudi Arabia. The lease obligations are repayable in monthly installments starting from December 2018 and the present interest rates are in the range of 10.64% to 14.84% p.a.
- (iii) ₹ 997.22 lakh (As at March 31, 2017 ₹ 1,682.44 lakh) secured against certain equipment of a subsidiary at Mexico. The lease obligations are repayable in monthly installments through May 2019 and the present interest rates are in the range of 6 month LIBOR plus 2.80% p.a. to 15.25% p.a.
- (iv) ₹ Nil (As at March 31, 2017 ₹ 78.60 lakh) secured against certain equipment & vehicle of a subsidiary at Brazil and repaid during the current year.

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## NOTE 26 - PROVISIONS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current:</b>		
Provision for employee benefits		
- Gratuity, post employment benefits (Refer Note 50)	1,422.32	981.54
- Others (includes provision towards judicial deposits of a subsidiary) (Refer Note 26.1)	345.37	477.22
	<b>1,767.69</b>	<b>1,458.76</b>

### 26.1 Provision towards judicial deposits

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	477.22	395.22
Additions	-	82.00
Reversals	131.85	-
<b>Closing balance</b>	<b>345.37</b>	<b>477.22</b>

## NOTE 27 - DEFERRED TAX LIABILITIES / ASSETS (NET)

27.1 Significant components of deferred tax liabilities (net) of the Company and its subsidiaries as at March 31, 2018 are as follows:

₹ in Lakh					
Particulars	Opening Balance (As at April 1, 2017)	Recognised in Consolidated Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2018)
<b>Deferred tax (liabilities) in relation to:</b>					
Property, plant and equipment and Intangible assets	(10,453.71)	627.88	-	-	(9,825.83)
Undistributed earnings of joint operations	(8,805.69)	(420.25)	-	-	(9,225.94)
Mark to Market adjustments on derivatives measured at Fair Value through Profit or Loss (FVTPL)	(67.58)	613.91	-	-	546.33
<b>(A)</b>	<b>(19,326.98)</b>	<b>821.54</b>	<b>-</b>	<b>-</b>	<b>(18,505.44)</b>
<b>Deferred tax assets recognised in P&amp;L in relation to:</b>					
Allowance for doubtful debts, loans and advances	1,897.49	387.30	-	-	2,284.79
Remeasurement of defined obligation through Other Comprehensive Income (OCI)	93.41	-	98.93	-	192.34
Amalgamation Expenses	68.71	(193.42)	-	-	(124.71)
VRS Expenditure u/s 35DDA of the Income Tax Act, 1961	125.73	-	-	-	125.73
Expenses debited to the Statement of Profit and Loss of the Company allowable in subsequent years	2,160.30	(612.53)	-	-	1,547.77
Provision for expected loss on construction contracts, etc.	540.28	(313.00)	-	-	227.28
Tax loss carry forward*	326.67	(326.67)	-	-	-
Exchange differences on translating the financial statements of foreign operations	-	(153.16)	-	153.16	-
Land held for sale	-	75.61	-	-	75.61
Others	382.02	930.72	143.85	-	1,456.59
<b>(B)</b>	<b>5,594.61</b>	<b>(205.15)</b>	<b>242.78</b>	<b>153.16</b>	<b>5,785.40</b>
<b>Deferred Tax Liabilities (net)</b>	<b>(13,732.37)</b>	<b>616.39</b>	<b>242.78</b>	<b>153.16</b>	<b>(12,720.04)</b>

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Significant components of deferred tax assets (net) of subsidiaries as at March 31, 2018 are as follows:

₹ in Lakh					
Particulars	Opening Balance (As at April 1, 2017)	Recognised in Consolidated Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2018)
<b>Deferred tax (liabilities) in relation to:</b>					
Property, plant and equipment and Intangible assets	(260.70)	40.50	-	-	(220.20)
<b>(A)</b>	<b>(260.70)</b>	<b>40.50</b>	<b>-</b>	<b>-</b>	<b>(220.20)</b>
<b>Deferred tax asset in relation to:</b>					
Remeasurement of defined benefit obligations recognised through Other Comprehensive Income (OCI)	7.02	-	(15.61)	-	(8.59)
Expenses debited to the Statement of Profit and Loss allowable in subsequent years	1,548.46	(396.41)	-	-	1,152.05
Tax loss carry forward*	7.92	1,655.21	-	-	1,663.13
Others	29.43	33.84	-	-	63.27
<b>(B)</b>	<b>1,592.83</b>	<b>1,292.64</b>	<b>(15.61)</b>	<b>-</b>	<b>2,869.86</b>
<b>Deferred tax liabilities:</b>					
<b>Deferred Tax Assets (net)</b>	<b>1,332.13</b>	<b>1,333.14</b>	<b>(15.61)</b>	<b>-</b>	<b>2,649.66</b>

27.2 Significant components of deferred tax liabilities (net) of the Company and its subsidiaries as at March 31, 2017 are as follows:

₹ in Lakh					
Particulars	Opening Balance (As at April 1, 2016)	Recognised in Consolidated Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2017)
<b>Deferred tax (liabilities) in relation to:</b>					
Property, plant and equipment and Intangible assets	(12,675.82)	2,222.11	-	-	(10,453.71)
Undistributed earnings of joint operations	(5,919.99)	(2,885.70)	-	-	(8,805.69)
Mark to Market adjustments on derivatives measured at Fair Value through Profit or Loss (FVTPL)	(77.68)	10.10	-	-	(67.58)
<b>(A)</b>	<b>(18,673.49)</b>	<b>(653.49)</b>	<b>-</b>	<b>-</b>	<b>(19,326.98)</b>
<b>Deferred tax assets in relation to:</b>					
Allowance for doubtful debts, loans and advances	3,470.33	(1,572.84)	-	-	1,897.49
Remeasurement of defined obligation through Other Comprehensive Income (OCI)	22.61	-	70.80	-	93.41
Amalgamation Expenses	67.78	0.93	-	-	68.71
VRS Expenditure u/s 35DDA of the Income Tax Act, 1961	252.41	(126.68)	-	-	125.73
Expenses debited to the Statement of Profit and Loss of the Company allowable in subsequent years	2,034.86	125.44	-	-	2,160.30
Provision for expected loss on construction contracts, etc.	692.16	(151.88)	-	-	540.28
Tax loss carry forward*	-	326.67	-	-	326.67
Exchange differences on translating the financial statements of foreign operations	-	(159.32)	16.70	142.62	-
Others	95.15	183.33	103.54	-	382.02
<b>(B)</b>	<b>6,635.30</b>	<b>(1,374.35)</b>	<b>191.04</b>	<b>142.62</b>	<b>5,594.61</b>
<b>Deferred Tax Liabilities (net)</b>	<b>(12,038.19)</b>	<b>(2,027.84)</b>	<b>191.04</b>	<b>142.62</b>	<b>(13,732.37)</b>

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Significant components of deferred tax assets (net) of subsidiaries as at March 31, 2017 are as follows:

₹ in Lakh					
Particulars	Opening Balance (As at April 1, 2016)	Recognised in Consolidated Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2017)
<b>Deferred tax (liabilities) in relation to:</b>					
Property, plant and equipment and Intangible assets	25.87	(286.57)	-	-	(260.70)
<b>(A)</b>	<b>25.87</b>	<b>(286.57)</b>	<b>-</b>	<b>-</b>	<b>(260.70)</b>
<b>Deferred tax in relation to:</b>					
Remeasurement of defined benefit obligations recognised through Other Comprehensive Income (OCI)	16.69	-	(9.67)	-	7.02
Expenses debited to the Statement of Profit and Loss allowable in subsequent years	773.35	775.11	-	-	1,548.46
Tax loss carry forward*	883.11	(875.19)	-	-	7.92
Others	1.33	28.10	-	-	29.43
<b>(B)</b>	<b>1,674.48</b>	<b>(71.98)</b>	<b>(9.67)</b>	<b>-</b>	<b>1,592.83</b>
<b>Deferred Tax Assets (net)</b>	<b>1,700.35</b>	<b>(358.55)</b>	<b>(9.67)</b>	<b>-</b>	<b>1,332.13</b>

**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.

### 27.3 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
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)	298.48	1,593.89
	<b>298.48</b>	<b>1,593.89</b>

Note: The unrecognised tax credits will expire in 2025-2026

### NOTE 28 - BORROWINGS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>I Loans repayable on demand</b>		
From Banks		
-Secured [Refer Note 28.1 (a)]	24,827.69	26,670.27
-Unsecured [Refer Note 28.1 (b)]	841.96	913.85
	25,669.65	27,584.12
<b>II Other short term borrowings</b>		
From Banks		
-Secured [Refer Note 28.2 (a)]	49,984.39	54,887.86
-Unsecured [Refer Note 28.2 (b)]	4,407.41	10,090.60
	54,391.80	64,978.46
From other parties		
-Secured [Refer Note 28.2 (c)]	10,036.18	30,691.05
	<b>90,097.63</b>	<b>123,253.63</b>

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### 28.1 Loans repayable on demand from banks:

#### (a) Secured

- (i) ₹ 11,374.25 lakh (As at March 31, 2017 ₹ 5,088.32 lakh) secured by first charge on the whole of the current assets of the Company, both present and future (except specific receivables financed by financial institutions and banks), second charge on fixed assets of the Company's immovable properties situated at Jaipur, Jabalpur and Nagpur factories and further secured by first charge on flat situated at Juhu, Mumbai. The present interest rates ranges from 9.50% to 13.50% p.a.
- (ii) ₹ Nil (As at March 31, 2017 ₹ 1.53 lakh) guaranteed by Indian banks for a loan related to jointly controlled operation, which in turn is secured by security stated against Note 28.1 (a) (i) above.
- (iii) ₹ 226.95 lakh (As at March 31, 2017 ₹ 1,489.00 lakh) secured by assignment of certain overseas book debts of the Company. The present interest rate is 4.20% p.a.
- (iv) ₹ 13,226.49 lakh (As at March 31, 2017 ₹ 20,091.42 lakh), secured by the contract receivables of certain projects of a jointly controlled operation at Saudi Arabia and corporate guarantee of the Company. In last year, the borrowing was further secured by bank guarantee given by bankers of the Company which in turn is secured by security of the Company stated against Note 28.1 (a) (i). The present interest rates ranges from 3.50% to 4.50% p.a.

#### (b) Unsecured

- ₹ 841.96 lakh (As at March 31, 2017 ₹ 913.85 lakh) pertain to subsidiaries at Mexico and Brazil. The present interest rates ranges from 3.05% to 4.05 % p.a.

### 28.2 Other short-term borrowings

#### (a) From Banks-Secured

- (i) ₹ 49,984.39 lakh (As at March 31, 2017 ₹ 44,281.45 lakh) secured by security stated against Note 28.1 (a) (i) above. The present interest rates ranges from 1.42% to 3.45% p.a.

- (ii) ₹ Nil (As at March 31, 2017 ₹ 10,606.41 lakh), secured by the contract receivables of certain projects of a joint operation at Saudi Arabia discounted with the banks. Also secured by corporate guarantee given by the Company.

#### (b) From Bank-unsecured

- (i) ₹ Nil (As at March 31, 2017 ₹ 4,559.71 lakh), pertains to the Company.
- (ii) ₹ 4,407.41 lakh (As at March 31, 2017 ₹ 5,530.89 lakh), pertaining to a joint operation at Saudi Arabia. The present interest rates are in the range of 2.00% to 4.40% p.a.

#### (c) From Other Parties-secured

- (i) ₹ 10,036.18 lakh (As at March 31, 2017 ₹ 13,589.90 lakh) secured by security stated against Note 28.1 (a) (i) above. The loan of ₹ 2,606.80 lakh carries interest rate of 3.76% p.a., loan of ₹ 4,236.05 lakh carries interest rate of 3.90% p.a., and loan of ₹ 3,193.33 lakh carries interest rate of 3.95% p.a.
- (ii) ₹ Nil (As at March 31, 2017 ₹ 14,831.58 lakh) being commercial papers issued against standby facilities from certain banks which in turn is secured by security stated against Note 28.1 (a) (i) above. The present interest rates ranges from 6.75% to 7.25% p.a.
- (iii) ₹ Nil (As at March 31, 2017 ₹ 2,269.57 lakh) secured by exclusive charge over entire movable assets pertaining to subcontract for supply of transmission towers for project undertaken by the subsidiary at USA. The loan bears floating interest rate of LIBOR plus 275 basis points, payable quarterly. The present interest rate is 3.65% p.a.

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## NOTE 29 - TRADE PAYABLES

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Trade payables</b>		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note 56.1)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	258,145.40	219,832.26
(iii) Acceptances (Refer Note 57.1)	207,571.98	96,887.70
	<b>465,717.38</b>	<b>316,719.96</b>

## NOTE 30 - OTHER FINANCIAL LIABILITIES

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
(a) Current maturities of long-term debt (Refer Note 25)	12,093.58	8,681.31
(b) Current maturities of finance lease obligations (Refer Note 25)	599.85	1,072.39
(c) Interest accrued but not due on borrowings	328.01	207.09
(d) Unpaid / unclaimed dividends <sup>#</sup>	209.43	209.38
(e) Other payables		
-Interest accrued on acceptances and customer advances	702.55	746.26
-Payable towards purchase of property plant and equipment	959.09	120.56
-Mark to market loss on forward and commodity contracts	1,527.47	976.56
-Directors' commission	665.09	403.72
	<b>3,854.20</b>	<b>2,247.10</b>
	<b>17,085.07</b>	<b>12,417.27</b>

<sup>#</sup>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 31 - OTHER CURRENT LIABILITIES

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
(a) Advances from customers (Refer Note 55)	120,839.87	100,026.42
(b) Advances against assets classified as held for sale (Refer Note 21.1)	940.94	940.94
	<b>121,780.81</b>	<b>100,967.36</b>
(c) Other payables		
-Amount due to customers for contract work	42,034.49	44,079.91
-Statutory remittances (contribution to PF and ESIC, withholding tax, Excise Duty, VAT, Service Tax, etc.)	9,912.94	9,580.45
-Others	895.75	597.91
	<b>52,843.18</b>	<b>54,258.27</b>
	<b>174,623.99</b>	<b>155,225.63</b>

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## NOTE 32 - PROVISIONS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>(a) Provision for employee benefits</b>		
- Compensated absences [Refer Note 50(f)]	2,010.42	2,438.90
- Gratuity, post employment benefits (Refer Note 50)	226.74	294.41
	2,237.16	2,733.31
<b>(b) Provision - others:</b>		
- Provision for expected loss on long term contracts	4,283.61	5,944.31
- Warranty provisions (Refer Note 32.1)	438.36	332.13
- Provision for litigation claims (Refer Note 32.2)	1,365.28	1,263.00
	6,087.25	7,539.44
	<b>8,324.41</b>	<b>10,272.75</b>

### 32.1 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 Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	332.13	217.47
Additions	161.58	179.49
Utilisations /(reversals)	(36.25)	(64.05)
Effect of translation adjustment gain / (loss)	(19.10)	(0.78)
<b>Closing balance</b>	<b>438.36</b>	<b>332.13</b>

### Note: 32.2

Provision for litigation claims represents liabilities that are expected to materialise on completion of negotiation/matters are in appeals with judicial authorities.

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	1,263.00	1,263.00
Additions	102.28	-
Reversals	-	-
<b>Closing balance</b>	<b>1,365.28</b>	<b>1,263.00</b>

## NOTE 33 - CURRENT TAX LIABILITIES (NET)

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Income tax liabilities less payments	9,973.07	3,530.95
	<b>9,973.07</b>	<b>3,530.95</b>

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### NOTE 34 - REVENUE FROM OPERATIONS

₹ in Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
<b>(a) Sale of products (including excise duty)</b>		
- Towers and structurals	94,390.89	82,631.50
- Cables	85,222.79	92,986.85
	179,613.68	175,618.35
<b>(b) Turnkey contracts revenue (including excise duty) (Refer Note 46)</b>		
- Transmission and distribution*	666,731.76	601,866.41
- Other EPC	143,236.87	80,772.91
	809,968.63	682,639.32
<b>(c) Sale of services</b>		
- Telecom - erection and management service	44.16	55.00
- Tower testing and design revenue	5,407.32	4,584.71
- Operating and maintenance revenue	240.64	-
- Others	340.73	97.96
	6,032.85	4,737.67
<b>(d) Other operating revenue</b>		
- Scrap sales (including excise duty)	9,701.51	7,537.43
- Export incentives	4,120.92	3,464.80
- Others	199.24	1,506.95
	14,021.67	12,509.18
	<b>1,009,636.83</b>	<b>875,504.52</b>

\* includes ₹ 3,220.10 lakh (for the year ended March 31, 2017 ₹ 19,706.97 lakh) being revenue from construction services under service concession arrangement. (Refer Note 53)

### NOTE 35 - OTHER INCOME

₹ in Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
<b>(a) Interest income earned on financial assets that are not designated at fair value through profit or loss:</b>		
(i) Bank deposits (at amortised cost)	256.66	229.95
(ii) Other financial assets carried at amortised cost	2,328.08	159.64
(iv) Other (claims from customer, etc.)	-	837.17
	2,584.74	1,226.76
<b>(b) Interest income earned on financial assets that are designated at fair value through profit or loss:</b>		
- Interest on Mutual Funds	26.25	-
- Interest on Commercial Paper	413.67	-
	439.92	-
<b>(c) Other Interest Income</b>		
(i) Excise and VAT refund	523.26	-
(ii) Income tax refund	-	910.72
	523.26	910.72
<b>(d) Other non-operating income</b>		
- Guarantee charges	75.27	83.04
- Profit on sale of property, plant and equipment (net)	78.67	39.58
- Miscellaneous income	339.34	626.51
	493.28	749.13
	<b>4,041.20</b>	<b>2,886.61</b>

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## NOTE 36 - COST OF MATERIALS CONSUMED

₹ in Lakh

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Cost of materials consumed (including project bought outs)	524,945.20	417,369.73
	<b>524,945.20</b>	<b>417,369.73</b>

## NOTE 37 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Lakh

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
<b>Opening stock</b>		
Finished goods	3,858.35	4,310.59
Work-in-progress	12,876.90	11,518.14
	<b>16,735.25</b>	<b>15,828.73</b>
<b>Less: Closing stock</b>		
Finished goods	5,196.54	3,858.35
Work-in-progress	22,024.90	12,876.90
	<b>27,221.44</b>	<b>16,735.25</b>
	<b>(10,486.19)</b>	<b>(906.52)</b>

## NOTE 38 - ERECTION AND SUB-CONTRACTING EXPENSES

₹ in Lakh

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Erection / construction materials consumed	38,974.78	31,057.32
Stores consumed	5,340.43	3,790.36
Sub-contracting expenses	136,698.16	115,853.07
Power, fuel and water charges	2,404.14	1,903.15
Construction transport	15,283.89	11,956.18
Others	13,995.51	13,868.93
	<b>212,696.91</b>	<b>178,429.01</b>

## NOTE 39 - EMPLOYEE BENEFITS EXPENSE

₹ in Lakh

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Salaries and wages	71,195.00	65,170.42
Contribution to provident fund and other funds (Refer Note 50)	2,400.95	2,262.68
Staff welfare expenses	6,196.07	5,694.84
Workmen's compensation	43.23	138.63
	<b>79,835.25</b>	<b>73,266.57</b>

## NOTE 40 - FINANCE COSTS

₹ in Lakh

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Interest expense for financial liabilities not classified at FVTPL (including yield on debentures)	23,671.42	24,326.49
Other borrowing costs (processing fees, etc.)	989.91	1,034.68
	<b>24,661.33</b>	<b>25,361.17</b>

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## NOTE 41 - DEPRECIATION AND AMORTISATION EXPENSE

₹ in Lakh

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Depreciation of property, plant and equipment (Refer Note 5)	9,411.03	11,272.40
Amortisation of intangible assets (Refer Note 7)	1,563.34	1,696.35
	<b>10,974.37</b>	<b>12,968.75</b>

## NOTE 42 - OTHER EXPENSES

₹ in Lakh

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Tools, non-erection stores and maintenance spares	1,530.69	1,411.12
Power and fuel	5,079.31	4,483.81
Rent	5,457.95	5,139.69
Rates and taxes, excluding taxes on income (net)	6,693.08	17,632.40
Excise duty (Refer Note 42.1)	(21.92)	363.06
Insurance	5,126.50	4,264.71
Bank (guarantee, letter of credit and other) charges	8,852.13	7,795.44
Commission	3,830.96	2,764.12
Freight and forwarding (net)	18,926.64	11,357.80
Repairs to buildings	540.53	584.39
Repairs to plant and equipment	1,920.43	1,589.46
Repairs to other property, plant and equipment	1,101.06	1,082.23
Travelling and conveyance	7,533.85	6,355.64
Payment to statutory auditors (net of service tax input credit, where applicable) *		
-as auditors (for audit, limited reviews and audit of financial statements)	117.00	156.60
-for taxation matters	25.50	23.10
-for other services	56.87	33.05
-for reimbursement of expenses	5.72	2.33
	205.09	215.08
Professional fees	7,261.10	6,969.15
Bad debts, loan and advances written off	8,596.79	22,446.72
Less: Adjusted against allowance for bad and doubtful debts, loans and advances	(1,993.28)	(2,678.99)
	6,603.51	19,767.73
Allowance for bad and doubtful debts, loans and advances (net)	3,727.58	2,768.19
Directors' fees	63.82	64.42
Loss on property, plant and equipment discarded	119.15	1,528.74
Net loss on foreign currency transactions	1,695.40	2,225.66
Amortisation of leasehold prepayments	-	62.68
Corporate Social Responsibility (Refer Note 59)	361.00	217.50
Miscellaneous expenses (Refer Note 42.2)	11,584.96	9,849.99
	<b>98,192.82</b>	<b>108,493.01</b>

\* Current year audit fees includes fees paid to previous auditor

**42.1** Excise duty shown above includes ₹ (134.49) lakh (Previous Year ₹ (67.99) lakh) being excise duty related to the difference between the closing stock and opening stock of finished goods.

**42.2** Other expenses shown above include fees of ₹ 163.44 lakh (Previous Year ₹ 152.26 lakh) paid to branch auditors, fees of ₹ 46.55 lakh for auditors of joint operations (Previous Year of ₹ 49.92 lakh) and fees of ₹ 7.00 lakh (Previous Year ₹ 7.00 lakh) paid to the cost auditors and ₹ 241.20 lakh (Previous Year ₹ 187.03 lakh) paid to the auditor of subsidiaries.

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## NOTE 43 - INCOME TAX RECOGNISED IN CONSOLIDATED STATEMENT OF PROFIT AND LOSS

₹ in Lakh

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
<b>Current tax</b>		
In respect of the current year	24,925.96	13,110.16
In respect of prior years	5.68	370.00
	<b>24,931.64</b>	<b>13,480.16</b>
<b>Deferred tax</b>		
In respect of the current year	(1,949.53)	2,386.39
	<b>(1,949.53)</b>	<b>2,386.39</b>
<b>Total income tax expense recognised in the Consolidated Statement of Profit and Loss</b>	<b>22,982.11</b>	<b>15,866.55</b>

**Note 43.1 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 Lakh

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Profit before tax from continuing operations	69,023.65	46,344.43
Indian Statutory income tax rate	34.61%	34.61%
Income tax expense	23,887.70	16,039.79
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	313.56	704.89
Corporate social responsibility expenditure	70.88	23.19
Donation	7.36	7.79
Net effect of different tax rates of joint operations operating in other jurisdictions	(1,111.53)	(1,548.28)
Effect of unused tax losses and tax offsets of the subsidiaries not recognised as deferred tax assets earlier	(1,304.05)	(461.06)
Effect of different tax rates of subsidiaries operating in other jurisdictions	1,049.86	651.02
Effect of no deferred tax assets created on losses by subsidiaries	-	14.78
Foreign Tax credit not available	77.98	-
Others	(3.97)	64.43
	<b>22,987.79</b>	<b>15,496.55</b>
Adjustments recognised in the current year in relation to the current tax of prior years	(5.68)	370.00
<b>Income tax expense in the Consolidated Statement of Profit and Loss</b>	<b>22,982.11</b>	<b>15,866.55</b>

The tax rate used for the financial years 2017-18 and 2016-17 reconciliations above is the corporate tax rate of 34.61% payable by the corporate entities in India on taxable profits under the Indian tax law.

## Note 43.2 Income tax recognised in other comprehensive income

₹ in Lakh

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
<b>Deferred tax</b>		
Arising on income and expenses recognised in other comprehensive income:		
- Translation of foreign joint operations	(74.23)	123.44
- Net gain on designated portion of hedging instruments	218.08	(3.20)
- Remeasurement of defined obligations	83.32	61.13
	<b>227.17</b>	<b>181.37</b>
<b>Total income tax recognised in other comprehensive income</b>	<b>227.17</b>	<b>181.37</b>
Bifurcation of the income tax recognised in other comprehensive income into:		
- Items that will not be reclassified to profit or loss	83.32	61.13
- Items that will be reclassified to profit or loss	143.85	120.24
	<b>227.17</b>	<b>181.37</b>

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### NOTE 44 - EARNINGS PER SHARE

Particulars	For the Year ended March 31, 2018 (₹ Per Share)	For the Year ended March 31, 2017 (₹ Per Share)
(a) Basic earnings per share	17.91	11.86
(b) Diluted earnings per share	17.91	11.86

#### 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 Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Profit for the year attributable to the equity share holders of the Company	46,041.54	30,477.88
<b>Earnings used in the calculation of basic/diluted earnings per share</b>	<b>46,041.54</b>	<b>30,477.88</b>

Quantity		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
<b>Weighted average number of equity shares for the purposes of basic/ diluted earnings per share</b>	<b>257,088,370</b>	<b>257,088,370</b>

### NOTE 45 - JOINT OPERATIONS

Details of the Company's Joint Operations are as under:

Particulars	Ownership Interest	
	As at March 31, 2018	As at March 31, 2017
<b>a) Joint Operations</b>		
i Al-Sharif Group and KEC Ltd Company, Saudi Arabia (Al Sharif JV) [Refer Note 45 (b)]	51%	49%
ii EJP KEC Joint Venture, South Africa	50%	50%
iii KEC – ASSB JV, Malaysia	67%	67%
iv KEC – ASIAKOM – UB JV	60%	60%
v KEC – ASIAKOM JV	51%	51%
vi KEC – DELCO – VARAHA JV	80%	80%
vii KEC – VARAHA – KHAZANA JV	80%	80%
viii KEC – VALECHA – DELCO JV	51%	51%
ix KEC – SIDHARTH JV	80%	80%
x KEC – TRIVENI – KPIPL JV	55%	55%
xi KEC – UNIVERSAL JV	80%	80%
xii KEC – DELCO – DUSTAN JV	51%	51%
xiii KEC – ANPR – KPIPL JV	60%	60%
xiv KEC – PLR – KPIPL JV	55%	55%
xv KEC – BJCL JV	51%	51%
xvi KEC – KEIL JV	90%	90%
xvii KEC – ABEPL JV	90%	90%
xviii KEC – TNR INFRA JV	51%	51%
xix KEC – SMC JV	51%	51%
xx KEC – WATERLEAU JV	51%	51%

- b) i) The Company held 49% share capital of Al Sharif JV, having a joint arrangement located in Saudi Arabia, with the JV partner Al-Sharif Group (ASG). During the year, the Company has acquired additional 6,300 shares representing 2.10% of the total share capital of Al Sharif JV. Pursuant to acquisition of these additional shares, Company's stake in the joint arrangement has increased to 51.10% making it a subsidiary as per the definition of 'subsidiary' under the Companies Act, 2013. However, based on the control assessment

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under Ind AS, considering the nature of arrangement, Al Sharif JV has been continued to be 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 total income from operations ₹ 101,790.03 lakh (for the year ended March 31, 2017 ₹ 119,343.53 lakh), total expenditure (including tax) ₹ 90,193.30 lakh (for the year ended March 31, 2017 ₹ 100,665.36 lakh), total assets as at March 31, 2018 ₹ 146,274.22 lakh (as at March 31, 2017 ₹ 178,725.71 lakh) and total liabilities as at March 31, 2018 ₹ 98,953.18 lakh (as at March 31, 2017 ₹ 138,356.72 lakh).

## NOTE 46 - DISCLOSURE UNDER IND-AS 11 "CONSTRUCTION CONTRACTS"

₹ in Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
a (i) Contract Revenue (including excise duty of ₹ 2,303.53 lakh, for the year ended March 31, 2017 ₹ 9,364.22 lakh) recognised during the year (Refer note 34)	809,968.63	682,639.32
(ii) Method used to determine the contract revenue recognised and the stage of completion of contracts in progress	Refer note 3.8.3	Refer note 3.8.3
b Disclosure in respect of contracts in progress as at the year end		
(i) Aggregate amount of cost incurred and recognised profits (less recognised losses)	1,957,607.60	2,829,341.84
(ii) Advances received	100,618.10	75,430.06
(iii) Retention Receivables	204,207.34	198,242.02
(iv) Amount Due from Customers for contract works	203,598.50	147,234.74
(v) Amount Due to Customers for contract works	42,034.49	44,079.91

## NOTE 47 - LEASES

### (A) - Operating Leases

₹ in Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
1 Lease payments recognised in the Statement of Profit and Loss for the year [Includes minimum lease payment ₹ 1,551.90 lakh (for the year ended March 31, 2017 ₹ 1,291.86 lakh)].	5,457.95	5,139.69
2 The company has operating leases for office premises and residential properties. These lease arrangements range for a period between 11 months and 5 years, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses and some contracts also includes clauses for early termination by either party with a specific notice period.		
3 Future minimum lease payments under the agreements, which are non-cancellable are as follows:		
(i) Not later than one year	974.29	1,151.90
(ii) Later than one year and not later than five years	4,056.83	4,720.13
(iii) Later than five year	2,400.86	3,698.11

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### (B) Finance Leases

- (i) The Group has taken certain vehicles and equipment under finance leases. Lease term ranges between 3 to 5 years. There is option to purchase the assets at the end of lease terms. The obligation under finance leases are secured by the leased assets. There are no restrictions such as those concerning dividends, additional debt and further leasing imposed by the lease agreement.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 5.00% to 22.80% p.a.

For net carrying amount of assets acquired under finance lease as at March 31, 2018 - Refer Note 5 Property, Plant and Equipment.

- (ii) The maturity profiles of finance lease obligations are as follows:

#### Finance Lease liabilities

₹ in Lakh

Particulars	As at	Total minimum lease payments outstanding	Future Finance charges	Present value of minimum lease payments
Not later than one year	<b>March 31, 2018</b>	<b>641.24</b>	<b>41.39</b>	<b>599.85</b>
	March 31, 2017	1,208.78	136.39	1,072.39
Later than one year and not later than five years	<b>March 31, 2018</b>	<b>501.05</b>	<b>12.31</b>	<b>488.74</b>
	March 31, 2017	1,201.46	91.95	1,109.51
<b>Total</b>	<b>March 31, 2018</b>	<b>1,142.29</b>	<b>53.70</b>	<b>1,088.59</b>
	March 31, 2017	2,410.24	228.34	2,181.90

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
- Current maturities of Finance lease obligations (Refer Note 30)	599.85	1,072.39
- Non-current borrowings (Refer Note 25)	488.65	1,109.51
<b>Total</b>	<b>1,088.50</b>	<b>2,181.90</b>

## NOTE 48 - FINANCIAL INSTRUMENTS

### 48.1 Capital Management

The Group manages its capital to ensure that the Group 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 Group consists of net debt (borrowings as detailed in Notes 25 and 28 offset by cash and bank balances in Notes 16 and 17) and total equity of the Group.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group 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 Lakh			
Particulars		As at March 31, 2018	As at March 31, 2017
Debt *	A	176,962.78	210,780.42
Cash and bank balances	B	23,130.27	20,797.10
Net debt (C)	C=A-B	153,832.51	189,983.32
Total equity	D	199,745.21	158,635.39
<b>Net debt to equity ratio (E)</b>	<b>E=C/D</b>	<b>0.77</b>	<b>1.20</b>

\* Debt is defined as long-term and short-term borrowings (excluding derivative and financial guarantee contracts), as described in Notes 25 and 28 and includes interest accrued but not due on borrowings.

## 48.2 Categories of financial instruments

₹ in Lakh						
Particulars	As at March 31, 2018			As at March 31, 2017		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial assets<sup>#</sup></b>						
Non-current investment						
- Investment in equity instruments	-	0.49	-	-	0.49	-
- Investment in commercial paper	3,929.44	-	-	13,039.16	-	-
Trade receivables	-	-	504,439.89	-	-	422,675.54
Cash and bank balances	-	-	23,130.27	-	-	20,797.10
Loans	-	-	6,044.16	-	-	6,240.41
Other financial assets						
- Derivative instruments						
i) Forward exchange contracts designated as hedge relationship	-	-	-	438.85	-	-
ii) Over the counter (OTC) commodity derivative contracts	-	-	-	-	124.52	-
- Others	-	-	213,572.81	-	-	156,538.02
<b>Financial liabilities</b>						
Borrowings	-	22,872.25	154,090.52	-	23,704.48	187,075.94
Trade payables	-	-	465,717.38	-	-	316,719.96
Other financial liabilities						
- Derivative instruments						
i) Forward exchange contracts	1,338.49	-	-	12.49	964.07	-
ii) Over the counter (OTC) commodity derivative contracts	-	188.98	-	-	-	-
- Others	-	-	2,536.16	-	-	1,479.92

<sup>#</sup>Financial assets (except investments) pledged as collateral for borrowings - Refer Notes 25 and 28

- FVPL - Fair Value Through Profit or Loss

- FVOCI - Fair Value Through Other Comprehensive Income

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### 48.3 Financial risk management objectives

The Group'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 Group. These risks include market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

The Group 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 a Risk Management Policies to mitigate the risks in commodity and foreign exchange which is also been followed by the subsidiaries. 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 Group 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. The periodical forex management

report and commodity risk report of the Company as reviewed and approved by the Risk Management committee is placed before the Audit Committee of BOD of the Company for review.

### 48.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see Notes 48.5 and 48.10 below) and commodity price (see Note 48.8 below). The Group 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.

### 48.5 Foreign currency risk management

The Group 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 Group'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.

₹ in Lakh								
Particulars	USD	BRL	SAR	AED	EUR	ZAR	Others	Total
<b>As at March 31, 2018</b>								
Assets	113,588.77	21,689.96	83,574.52	21,816.94	7,940.32	14,799.28	71,093.97	334,503.76
Liabilities	(121,373.08)	(10,169.05)	(63,053.52)	(23,330.23)	(11,068.74)	(5,466.42)	(52,316.34)	(286,777.38)
<b>As at March 31, 2017</b>								
Assets	110,537.76	25,177.97	108,427.91	19,877.60	3,292.89	12,486.91	66,304.10	346,105.14
Liabilities	(168,844.47)	(9,998.98)	(84,300.01)	(13,708.74)	(4,027.35)	(6,858.31)	(31,450.65)	(319,188.51)

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### 48.6 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 Lakh

Exposure to currencies	Change in rate	Impact on profit before tax		Impact on equity	
		For the year ended 31 March, 2018	For the year ended 31 March, 2017	As at March 31, 2018	As at March 31, 2017
USD	+5%	(2,459.11)	(608.97)	2,848.32	3,062.07
	-5%	2,459.11	608.97	(2,848.32)	(3,062.07)
BRL	+5%	-	-	(576.05)	(758.95)
	-5%	-	-	576.05	758.95
SAR	+5%	(39.07)	90.00	(986.98)	(1,296.39)
	-5%	39.07	(90.00)	986.98	1,296.39
AED	+5%	78.45	(241.03)	(2.79)	(67.42)
	-5%	(78.45)	241.03	2.79	67.42
EUR	+5%	(38.34)	(70.62)	194.76	105.43
	-5%	38.34	70.62	(194.76)	(105.43)
ZAR	+5%	(357.79)	(282.97)	(108.85)	1.54
	-5%	357.79	282.97	108.85	(1.54)
Others	+5%	(938.83)	(1,767.81)	(0.06)	5.39
	-5%	938.83	1,767.81	0.06	(5.39)

### 48.7 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 which is also followed by the subsidiaries. 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 Group mainly uses forward contracts to manage the foreign currency risk.

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The following table details the forward foreign currency (FC) contracts as fair value hedges outstanding at the end of the reporting period:

Outstanding contracts	Average exchange rate*		Foreign currency (FC in Lakh)		Nominal amounts (₹ in Lakh)		Change in fair value assets (liabilities) (₹ in Lakh)	
	For the year ended March 31, 2018	For the year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Buy EURO/ USD</b>								
More than 6 Months	1.17	1.10	-	3.48	-	241.14	-	(1.57)
<b>Sell EURO/USD</b>								
Less than 3 Months	1.17	1.10	14.00	-	1,131.66	-	15.98	-
3 to 6 months	1.17	1.10	80.00	-	6,438.56	-	(213.50)	-
More than 6 Months	1.17	1.10	95.00	-	2,530.83	-	13.39	-
<b>Buy USD/INR</b>								
Less than 3 Months	64.45	67.14	280.00	-	18,179.21	-	230.88	-
3 to 6 months	64.45	67.14	50.00	-	3,296.38	-	7.25	-
<b>Sell USD/INR</b>								
Less than 3 Months	64.45	67.14	160.00	171.26	10,436.40	11,105.59	(35.81)	238.63
3 to 6 months	64.45	67.14	-	50.00	-	3,242.25	-	203.17
More than 6 Months	64.45	67.14	60.00	-	4,185.00	-	(6.27)	-
<b>Buy USD/MYR</b>								
Less than 3 Months	4.17	4.20	16.43	-	1,100.14	-	(134.65)	-
3 to 6 months	4.17	4.20	145.77	-	9,861.53	-	(1,204.90)	-
<b>Sell AUD/USD</b>								
Less than 3 Months	0.77	0.75	1.41	-	71.08	-	0.56	-
<b>Sell GBP/USD</b>								
Less than 3 Months	1.33	1.31	2.87	9.63	264.79	778.88	1.29	(1.38)
<b>Buy USD/ BRL</b>								
Less than 3 Months	3.34	3.23	19.05	9.86	1,241.42	642.89	(12.95)	(12.49)
<b>Buy EURO/ BRL</b>								
Less than 3 Months	4.06	-	0.42	-	33.94	-	0.24	-
<b>Total</b>							<b>(1,338.49)</b>	<b>426.36</b>

\*The average exchange rates for the respective years is derived based on daily movement in spot rates for respective foreign currencies.

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 ₹ 1,149.19 lakh / (₹ 1,149.19 lakh) and an approximate gain/(loss) of ₹ 1,182.50 lakh / (₹ 1,182.50 lakh) for the year ended March 31, 2018 and the year ended March 31, 2017 respectively, in the Company's Statement of Profit and Loss/Other Comprehensive Income.

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 gain/(loss) of ₹ 2,141.31 lakh / (₹ 2,141.31 lakh) and an approximate gain/(loss) of ₹ 73.73 lakh / (₹ 73.73 lakh) for the year ended March 31, 2018 and the year ended March 31, 2017, respectively, in the Company's Statement of Profit and Loss/Other Comprehensive Income.

The line-items in the consolidated balance sheet that include the above instruments are "Other financial assets" and "Other financial liabilities".

For the year ended March 31, 2018, the aggregate amount of loss under forward foreign exchange contracts recognised in the Statement of Profit and Loss is ₹ 2,308.56 lakh (for the year ended March 31, 2017: gains of ₹ 1,352.21 lakh).

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The Company has designated following forward contracts as cash flow hedges which are outstanding as under:

Outstanding contracts	Average exchange rate*		Foreign currency (FC in Lakh)		Nominal amounts (₹ in Lakh)		Fair value assets (liabilities) (₹ in Lakh)	
	For the year ended March 31, 2018	For the year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Cash flow hedges								
Buy USD/INR								
More than 6 months	-	67.14	-	330.00	-	21,398.85	-	(643.32)
Less than 3 months	-	67.14	-	18.50	-	1,199.63	-	(40.26)
Buy USD/MYR								
More than 6 months	-	4.19	-	1,098.40	-	16,249.85	-	(280.49)
<b>Total</b>							<b>-</b>	<b>(964.07)</b>

\* The average exchange rates for the respective years is derived based on daily movement in spot rates for respective foreign currencies.

### 48.8 Commodity price risk

The Group is exposed to movement in metal commodity prices of Copper, Aluminium, Steel, Zinc and Lead. Most of our contracts with the 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 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. These policies are also followed by the subsidiaries. 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 directly.

#### Outstanding commodity contracts:

Cash flow hedges		Average exchange rate*	Foreign currency (USD in Lakh)			Nominal Amount (₹ in Lakh)			Fair value (₹ in Lakh)		
			Aluminium	Copper	Lead	Aluminium	Copper	Lead	Aluminium	Copper	Lead
As at March 31, 2018	Less than 3 months	64.45	8.52	38.15	9.56	550.61	2,467.62	614.44	(33.82)	(83.00)	(37.29)
	3 to 6 months		4.26	27.20	-	276.62	1,763.78	-	(15.66)	(19.20)	-
As at March 31, 2017	Less than 3 months	67.14	25.15	45.53	-	1,630.83	2,952.09	-	27.92	45.18	-
	3 to 6 months		5.77	-	-	373.93	-	-	5.90	-	-

\*The average exchange rates for the respective years is derived based on daily movement in spot rates for respective foreign currencies.

In respect of the Group's commodity derivative contracts, a 10 % appreciation/depreciation of all commodity prices underlying such contracts, would have resulted in an approximate gain/(loss) of ₹ 565.21 lakh / (₹ 565.21 lakh) and an approximate gain/(loss) of ₹ 512.04 lakh / (₹ 512.04 lakh) in the Statement of Profit and Loss/ other comprehensive income for the year ended March 31, 2018 and for the year ended March 31, 2017 respectively. In respect of Group's exposure in commodities (not hedged with commodity derivative contracts), a 10% increase / decrease in prices, will result in approximate (loss)/gain amounting to (₹ 4,507.50 lakh) / ₹ 4,507.50 lakh for the year ended March 31, 2018 and (₹ 4,068.50 lakh) / ₹ 4,068.50 lakh for the year ended March 31, 2017.

### 48.9 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group 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 Group'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 Group evaluates the creditworthiness based on publicly available financial information and the Group's historical experiences. The Group's exposure to its counterparties are continuously reviewed and monitored by the management.

Credit period varies as per the contractual terms with the customers. No interest is generally charged on overdue trade receivables.

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The Group directly reduces the gross carrying amount of a financial asset when the Group 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 Group 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 Group also considers the other financial and non-financial assets and liabilities recognized within the same project to provide additional indications on the Group's exposure to credit risk. As such, in addition to the age of its Financial Assets, the Group 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 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 expected credit loss is based on the ageing of the days, the receivables are due and the expected credit loss rate. The Company is still pursuing the recovery for the receivable for which allowance made for bad and doubtful debts.

Ageing of non-current (Note 9) and current (Note 15) trade receivables considered by the Management for this purpose are as under:

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment.	45,731.48	55,398.81
Other trade receivables	465,636.43	373,222.96
<b>Total - Gross</b>	<b>511,367.91</b>	<b>428,621.77</b>

Apart from the largest customer of the company in Saudi Arabia (which is state controlled enterprise) and a major customer in India (which is a public sector undertaking), the Group does not have significant credit risk exposure to any single customer. Concentration of credit risk related to the customer in Saudi Arabia exceeds 10% of the trade receivables of the Group and credit risk related to the major customer in India exceeds 10% of the trade receivables of the Group. Concentration of credit risk to any other customer did not exceed 10% of the trade receivables at any time during the year.

In addition the Group is exposed to credit risk in relation to financial guarantees given by the Group on behalf of its joint operations (net of Group's share). The Group's maximum exposure in this respect is the maximum amount the Group could have to pay if the guarantee is called on (net of Group's share), as at March 31, 2018 ₹ 37,153.82 lakh (as at March 31, 2017 ₹ 21,535.75 lakh). These financial guarantees have

been issued to the banks on behalf of subsidiaries and joint operations under the agreements entered into by the subsidiaries/ Joint operations with the banks. Based on the management's assessment as at the end of the reporting period, the Group considers the likelihood of any claim under such guarantee is remote.

### Cash and cash equivalents:

As at the year end, the Group held cash and cash equivalents of ₹ 19,299.61 lakh (March 31, 2017 ₹ 17,552.87 Lakh). 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.

## 48.10 Interest rate risk management

The Group is exposed to interest rate risk because the Group borrows funds at both fixed and floating interest rates.

The Group's exposures to interest rates changes at the end of the reporting period are as follows:

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Variable rate borrowing (including interest bearing acceptances)	348,867.40	280,843.97
Fixed rate borrowing	35,667.36	26,824.15
<b>Total borrowings</b>	<b>384,534.76</b>	<b>307,668.12</b>

## 48.11 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 Group's:

Profit for the year ended March 31, 2018 would decrease/increase by ₹ 1,744.34 lakh (for the year ended March 31, 2017: decrease/increase by ₹ 1,404.22 lakh). This is mainly

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attributable to the Group's exposure to interest rates on its variable rate borrowings.

During the year, Group's sensitivity in interest rate has increased due to increase in variable debt instruments compared to previous year.

### 48.12 Liquidity risk management

The Board of Directors of the Company has 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 said policy is also followed by the subsidiaries. The Group 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 tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include 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 Group may be required to pay.

₹ in Lakh						
Particulars	Less than 1 year	1-3 Years	3-5 Years	More than 5 years	Total	Carrying Amount
<b>As at March 31, 2018</b>						
Interest bearing liabilities	310,691.06	44,075.68	29,768.02	-	384,534.76	384,534.76
Trade payables	258,145.40	-	-	-	258,145.40	258,145.40
Other financial liabilities	4,063.63	-	-	-	4,063.63	4,063.63
<b>Total</b>	<b>572,900.09</b>	<b>44,075.68</b>	<b>29,768.02</b>	<b>-</b>	<b>646,743.79</b>	<b>646,743.79</b>
<b>As at March 31, 2017</b>						
Interest bearing liabilities	230,116.98	14,907.23	44,706.92	16,945.34	306,676.47	306,454.51
Trade payables	219,832.26	-	-	-	219,832.26	219,832.26
Other financial liabilities	3,926.57	-	1,006.52	-	4,933.09	4,933.09
<b>Total</b>	<b>453,875.81</b>	<b>14,907.23</b>	<b>45,713.44</b>	<b>16,945.34</b>	<b>531,441.82</b>	<b>531,219.86</b>

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee (Refer Note 48.9).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The Group 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 ₹ 530,951.75 as at March 31, 2018 (₹ 559,977.80 lakh as at March 31, 2017).

### 48.13 Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities. Fair value of the Group's financial assets and financial liabilities are measured on a recurring basis.

Some of the Group'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).

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Financial assets/ financial liabilities	Fair values as at		Fair value hierarchy	Valuation technique (s) and key input(s)
	March 31, 2018	March 31, 2017		
1) Investment in commercial paper	Assets – ₹ 3,929.44	Assets – ₹ 13,039.16	Level 2	Use of quoted market prices
2) Foreign currency forward contracts not designated in hedge accounting relationships	Liability - ₹ 1,325.78 lakh	Assets - ₹ 438.85 lakh	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at Reuters' closing rates and discounted at 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 - ₹ 188.98 lakh	Assets - ₹ 124.52 lakh	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.
4) Derivative instruments (Derivative instruments in designated hedge accounting relationships (Hedges of Highly Forecasted Sales/ purchases using foreign currency forward contracts)	-	Liabilities - ₹ 964.07 lakh	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 relationships)	Liability - ₹ 12.71 lakh	Liability - ₹ 12.49 lakh	Level 2	Discounted Cash Flow Future cash flows are estimated based on maturity converted at forward exchange rates available on bloomberg / reuters' platform.

### NOTE 49 - RESEARCH AND DEVELOPMENT EXPENSES

₹ in Lakh

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Revenue expenses charged to Consolidated Statement of Profit and Loss (including depreciation on Property, plant and equipment)	2,265.31	2,249.71
Expenditure capitalised during the year	-	-

### NOTE 50 - EMPLOYEE BENEFIT PLANS

#### 1 Defined contribution plans

##### 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. The Company contributed ₹ 110.25 Lakh and ₹ 103.74 Lakh to the Employees' Superannuation fund for the year ended March 31, 2018 and March 31, 2017, respectively.

##### Foreign Defined Contribution Plan

The overseas subsidiaries contributed ₹ 144.15 lakh and ₹ 180.91 lakh during the year ended March 31, 2018 and March 31, 2017, respectively, towards foreign defined contribution plan.

#### 2 Defined Benefit Plan

##### a. A general description of the Employee Benefit Plan:

###### (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 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.

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

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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. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income tax 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) Joint operation in Saudi

The Joint 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

### (iii) Overseas subsidiaries

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.

### b. 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.

No other post-retirement benefits are provided to the employees.

In respect of the plan in India and joint 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, 2018 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.

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### c. Details of defined benefit plan - Gratuity

₹ in Lakh

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>I Components of defined benefit cost</b>		
1 Current service cost	694.88	539.69
2 Interest cost on benefit obligation (Net)	58.67	15.00
3 Total expenses included in Statement of Profit and Loss (P&L)	753.55	554.69
4 Actuarial changes arising from changes in demographic assumptions	121.17	15.16
5 Actuarial changes arising from changes in financial assumptions	(6.02)	123.80
6 Actuarial changes arising from changes in experience assumptions	(65.69)	46.00
7 Return on Plan Assets (excluding interest income)	152.60	(12.62)
8 Total recognized in Other Comprehensive Income (OCI)	202.06	172.34
9 Total defined benefit cost recognized in P&L and OCI	955.61	727.03
<b>II Actual Contribution and Benefits Payments for the year</b>		
1 Actual Benefits Payments	(477.43)	(345.99)
2 Actual Contributions	536.70	390.59

₹ in Lakh

	As at March 31, 2018	As at March 31, 2017
<b>III Net asset/(liability) recognized in the Balance Sheet</b>		
1 Present Value of Defined Benefit Obligations	4,814.92	4,311.73
2 Fair Value of Plan Assets	3,165.86	3,035.78
3 Net asset / (liability) recognized in the Balance Sheet	(1,649.06)	(1,275.95)
<b>IV Change in Present Value of Defined Benefit Obligation during the year</b>		
1 Present Value of Defined Benefit Obligation as at the beginning of the year	4,311.73	3,695.08
2 Current Service Cost	694.88	539.69
3 Interest Cost	282.25	237.99
4 Benefits paid	(477.43)	(345.99)
5 Settlement / Curtailment effect	(45.97)	-
6 Actuarial changes arising from changes in demographic assumptions	121.17	15.16
7 Actuarial changes arising from changes in financial assumptions	(6.02)	123.80
8 Actuarial changes arising from changes in experience assumptions	(65.69)	46.00
9 Present Value of Defined Benefit Obligations as at the end of the year	4,814.92	4,311.73
<b>V Change in Fair Value of Plan Assets during the year</b>		
1 Plan Assets as at the beginning of the year	3,035.78	2,755.55
2 Interest Income	223.42	223.01
3 Actual Company Contributions	536.70	390.59
4 Benefits paid	(477.43)	(345.99)
5 Expected return on Plan Assets (excluding interest income)	(152.61)	12.62
6 Plan Assets as at the end of the year	3,165.86	3,035.78
<b>VI-A Actuarial Assumptions (Considered for the Company)</b>		
1 Discount Rate	7.50%	7.10%
2 Expected Return on plan assets	7.50%	7.10%
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	16.00%
	31-44 years	10.00%
	45 years and above	11.00%
		5.00%

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₹ in Lakh

		As at March 31, 2018	As at March 31, 2017
<b>VI-B Actuarial Assumptions (Considered for Joint Operation in Saudi)</b>			
1	Discount Rate	2.60%	4.35%
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)	9.00%
		Others	8.00%
			15.00%
<b>VI-C Actuarial Assumptions (Considered by overseas subsidiary)</b>			
1	Discount Rate	7.20%	7.12%
2	Salary escalation Rate	5.50%	5.50%

- VII** The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.

₹ in Lakh

	As at March 31, 2018	As at March 31, 2017
<b>VIII The major categories of Plan Assets of the Company as a percentage of the total plan assets</b>		
Equity	13.21%	9.52%
Debt	75.04%	80.85%
Money Market Investments	11.75%	9.63%
Mutual Fund	0.00%	0.00%
<b>IX Contribution expected to be paid to the Plan of the Company during the year ended March 31, 2018 ₹ 550 lakh.</b>		
<b>X Weighed Average duration of the Plan</b>		
Considered for the Company	8 years	7 years
Considered for Joint Operation in Saudi	6 years	7 years

₹ in Lakh

Maturity profile of defined benefit obligation	As at March 31, 2018	As at March 31, 2017
1 Year 1	652.19	506.22
2 Year 2	901.89	724.47
3 Year 3	730.48	615.32
4 Year 4	679.30	635.90
5 Year 5	778.90	616.05
6 Next 5 years	3,786.14	3,518.81

₹ in Lakh

Financial assumptions sensitivity analysis	As at March 31, 2018	As at March 31, 2017
<b>A. Discount rate</b>		
Discount rate - 50 basis points	4,803.08	4,209.54
Discount rate + 50 basis points	4,521.63	3,941.33
<b>B. Salary increase rate</b>		
Salary rate - 50 basis points	4,555.19	3,952.98
Salary rate + 50 basis points	4,766.48	4,194.20
<b>Demographic assumptions sensitivity analysis</b>		
<b>C. Withdrawal Rate</b>		
Withdrawal Rate - 100 basis points	4,712.13	4,119.98
Withdrawal Rate + 100 basis points	4,609.83	4,028.12

## NOTES

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### 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.

### d) The following table shows a breakdown of the defined benefit obligation and plan assets by country:

₹ in Lakh

Description	As at March 31, 2018				As at March 31, 2017			
	Gratuity			Total	Gratuity			Total
	India	Saudi	US		India	Saudi	US	
(A) Present value of obligation	3,795.45	781.50	237.96	4,814.92	3,237.11	753.10	321.52	4,311.73
(B) Fair value of plan assets	3,165.86	-	-	3,165.86	3,035.78	-	-	3,035.78
<b>(C) Total liability = (A) - (B)</b>	<b>629.59</b>	<b>781.50</b>	<b>237.96</b>	<b>1,649.06</b>	<b>201.33</b>	<b>753.10</b>	<b>321.52</b>	<b>1,275.95</b>

### e) Provident Fund

The Company has established 'KEC International Limited Provident Fund' in respect of certain employees 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 Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Company's contribution to the provident fund	1,079.57	927.92

Assumptions used in determining the present value obligation of the interest rate guarantee are as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
a. Approach used	Deterministic	Deterministic
b. Increase in compensation levels	8.00%	8.00%
c. Discount Rate	7.50%	7.10%
d. Attrition Rate		
Upto 30 years	16.00%	14.00%
31 - 44 years	10.00%	10.00%
45 years and above	11.00%	5.00%
e. Weighted Average Yield	8.32%	8.57%
f. Weighted Average YTM	8.32%	8.57%
g. Reinvestment Period on Maturity	8 years	8 years
h. Mortality Rate	Indian Assured Lives Mortality (IALM) (2006-08) (modified) Ultimate	Indian Assured Lives Mortality (IALM) (2006-08) (modified) Ultimate

### f) Compensated Absences

The compensated absence cover the Company's liability for sick and earned leave.

The amount of the provision of ₹ 2,010.42 lakh (as at 31st March, 2017 – ₹ 2,438.90 lakh) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

# NOTES

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## NOTE 51 - RELATED PARTY DISCLOSURES

Related party disclosures as required by IND AS 24 "Related Party Disclosures" are given below:

### (A) Details of related parties with whom transactions have taken place

#### Entity having significant influence over the Company

Swallow Associates LLP

#### Key Management Personnel (KMP)

Mr. H. V. Goenka- Chairman

Mr. Vimal Kejriwal - Managing Director & 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

Mr. S. M. Trehan - Non - Executive Director

Mr. S. S. Thakur - Non - Executive Director (upto November 06, 2017)

Ms. Manisha Girotra - Non - Executive Director (w.e.f. February 06, 2018)

Mr. Vinayak Chatterjee - Non - Executive Director

#### 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

#### Relatives of Key Management Personnel

Mr. Anant Goenka - Relative of Mr. H. V. Goenka

#### Entities where control / significant influence by KMPs and their relatives exists and with whom transactions have taken place

STEL Holdings Limited

Chattarpati Investments LLP

Harsh Anant Goenka HUF

CEAT Limited

M/s. Feedback Infra Private Limited

B. N. Elias & Co. LLP

Palacino Properties LLP

RPG Enterprises Limited

Raychem RPG Private Limited

Ceat Speciality Tyres Limited

Spencers and Company Limited

Zensar Technologies Limited

# NOTES

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## NOTE 51 - RELATED PARTY DISCLOSURES

Related party disclosures as required by IND AS 24 "Related Party Disclosures" are given below:

### (B) Transactions with the Related Parties

Transactions	For the year ended March 31, 2018			For the year ended March 31, 2017		
	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
Sale of Products		1,591.31		1,591.31		514.59
CEAT Limited		1,341.48		1,341.48		19.14
Raychem RPG Private limited		249.83		249.83		249.01
CEAT Speciality Tyres Limited						246.44
Freight and Service tax recovered on sales						5.01
Raychem RPG Private limited						5.01
Services received		1,448.09		1,448.09		1,446.79
M/s. Feedback Infra Pvt. Ltd		16.94		16.94		17.37
RPG Enterprises Limited		1,431.15		1,431.15		1,429.42
Services rendered		5.46		5.46		5.36
CEAT Limited		5.46		5.46		5.36
Purchase of goods		874.95		874.95		731.48
Raychem RPG Private limited		874.95		874.95		731.08
CEAT Limited						0.40
Rent & maintenance charges paid		942.18		942.18		1,090.52
Palacino Properties LLP		21.92		21.92		20.13
Spencer and Company Limited		360.00		360.00		413.70
Raychem RPG Private limited						8.39
B N Elias & Co. LLP		8.40		8.40		8.40
CEAT Limited		551.86		551.86		639.90
Compensation to Key Management Personnel						
Mr. Vimal Kejriwal - Managing Director & CEO	467.74			467.74	384.50	384.50
short-term employee benefits (including Bonus and value of perquisites)	446.46			446.46	365.35	365.35
post-employment benefits # \$	21.28			21.28	19.15	19.15
Sitting fees & Commission paid to Non-Executive Directors	718.65			718.65	489.38	489.38
Mr. H. V. Goenka	580.70			580.70	366.96	366.96
Mr. A. T. Vaswani	18.25			18.25	16.45	16.45
Mr. D. G. Piramal	14.00			14.00	12.00	12.00
Mr. G. L. Mirchandani	14.00			14.00	12.00	12.00

₹ in Lakh

# NOTES

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Transactions	For the year ended March 31, 2018				For the year ended March 31, 2017			
	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
Ms. Nirupama Rao	13.00			13.00	11.00			11.00
Ms. Manisha Girotra	2.80			2.80				
Mr. R. D. Chandak	16.75			16.75	13.00			13.00
Mr. S. M. Kulkarni	19.45			19.45	17.46			17.46
Mr. S. M. Trehan	14.00			14.00	12.00			12.00
Mr. S. S. Thakur	11.70			11.70	17.51			17.51
Mr.Vinayak Chatterjee	14.00			14.00	11.00			11.00
Advance received towards project execution		581.73		581.73		32.80		32.80
Raychem RPG Private limited						32.80		32.80
CEAT Limited		581.73		581.73				
Contribution made			926.29	926.29			838.39	838.39
KEC International Limited			401.36	401.36			390.59	390.59
Employee's Gratuity Fund								
KEC International Limited			425.32	425.32			344.06	344.06
Provident Fund								
KEC International Limited			99.61	99.61			103.74	103.74
Superannuation Fund								

# 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.

## (C) Balances outstanding as at the year end

Transactions	As at March 31, 2018				As at March 31, 2017			
	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)	-	(139.82)	-	(139.82)	-	(467.03)	-	(467.03)
RPG Life Sciences Limited		3.20		3.20				
Raychem RPG Pvt. Ltd		91.55		91.55		(16.92)		(16.92)
M/s. Feedback Infra Pvt. Ltd		(6.48)		(6.48)		(0.20)		(0.20)
Palacino Properties LLP		9.00		9.00				
B N Elias & Co. LLP		0.92		0.92				
CEAT Limited		206.09		206.09		9.20		9.20
CEAT Speciality Tyres Limited		0.31		0.31		0.31		0.31
Spencer and Company Limited		270.00		270.00		270.00		270.00
Zensar Technologies		5.57		5.57				
RPG Enterprises Limited		(719.98)		(719.98)		(729.42)		(729.42)

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

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## NOTE 52 - CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

### (i) Contingent Liabilities<sup>#</sup>

₹ in Lakh

Sr. No	Particulars	Relating to various years comprise in the period	As at March 31, 2018	As at March 31, 2017
1	Sales Tax /Value Added Tax* (Tax/Penalty/Interest)	1994-2016	8,907.80	
		1994-2016		11,389.67
2	Excise Duty* (Tax/Penalty/Interest)	1994-2017	5,246.13	
		1994-2016		5,467.18
3	Service Tax* (Tax/Penalty/ Interest)	2003-2013	29,642.85	
		2003-2013		28,783.83
4	Entry Tax* (Tax/Penalty/Interest)	2001-2016	183.03	
		2001-2016		69.85
5 (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	2005-2006 2005-2006	188.01	188.01
(ii)	Income Tax matters of the Company mainly on disallowance of depreciation and Tax levied on guarantees given to Associated Enterprises, etc.	A.Y 2007-08 A.Y 2008-09 A.Y 2013-14 A.Y 2014-15 A.Y 2015-16	2,202.29	
		A.Y 2007-08 A.Y 2008-09 A.Y 2012-13 A.Y 2013-14		1,560.04
(iii)	Income Tax matters at overseas unit/s of the Company**	2002-2014 2002-2008	4,273.10	2,970.06
(iv)	Income Tax matters of a joint operation (Company's share)**	2000-2015 2000-2007	4,489.26	368.86
6	Customs Duty <sup>^</sup>	2008-2009 2008-2009	60.14	60.14
7	Civil Suits <sup>^^</sup>	1993-2016 1993-2004	715.90	67.02
8	Claims including amounts withheld by the Customers of the Company and an overseas subsidiary		475.54	7,225.62
9	Guarantees excluding financial guarantees - surety bonds obtained by Group's Subsidiaries in Brazil, Mexico and the United States for certain customer contracts.		55,820.06	23,811.08

\*These claims mainly relate to the issues of applicability, issue of disallowance of cervat / 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.

<sup>^</sup>These claims mainly relate to the issues of clearance of goods from customs within time limit.

<sup>^^</sup>These suits includes Civil suits as well as Industrial relations & labour laws cases.

<sup>#</sup>excluding financial guarantees referred to in Note 48.9.

Footnote for Note 52 (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.

## NOTES

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### (ii) Commitments

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
1 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	2,188.87	1,022.22
2 Other Commitments:		
i) Amount of future minimum lease payment under non-cancellable operating leases [ Refer Note 47 (A) (3) ]	7,431.98	9,570.14
ii) Derivative related commitments	Refer Notes 48.7 and 48.8	

#### NOTE 53 - SERVICE CONCESSION ARRANGEMENTS

KEC Bikaner Sikar Transmission Private Limited (Concessionaire), subsidiary, has executed a Transmission Service Agreement (TSA) for development of 400 KV D/C Bikaner-Sikar Transmission Line Project on Design, Build, Finance, Operate & Transfer (DBFOT) basis with Rajasthan Rajya Vidyut Prasaran Nigam Limited (Authority / RRVPNL). The Transmission line of 172 kilometers will emanate from 400 KV Bikaner Substation of RRVPNL to 400 KV Sikar Substation of Power Grid Corporation of India Limited. The Concession Arrangement granted by the Authority is for a period of 25 years including Construction Period of 630 days from the Appointed Date (i.e. May 03, 2016).

Besides construction, during the Operation Period, the Concessionaire shall operate, maintain and if required modify, repair, make improvements to the Transmission System in accordance with this TSA either by itself, or through the Operations & Maintenance Contractor, if required. All cost and expenses related to Project shall be borne by Concessionaire and grant shall be also provided by way of Equity support by the Authority. In terms of TSA the Concessionaire is also required to build the project offices in Bikaner and Sikar. At the end of the Concession Period, the Concessionaire is required to hand over the Transmission System in the stipulated condition to the Authority. The Concession Arrangement provides a renewal option for 20 years from the completion of original concession period. Premature termination is permitted only upon the happening of a Force Majeure event or upon the parties defaulting on their obligation. Further the Concessionaire may at any time after the 35th Anniversary of the Appointed Date terminate this Agreement by a notice.

In terms of TSA, the Concessionaire is entitled to a fixed defined Annuity called Unitary Charges from the Authority. The subsidiary has classified this arrangement as Financial Assets and disclosed the amount due from the Authority as "Receivable against Service Concession Arrangement". (Refer Note 10)

The amount due from the grantor comprises of Fair value (FV) of the cost incurred in relation to the project measured at cost plus margin on cost incurred excluding the borrowing cost (being management estimate of FV of cost incurred) and Finance Income, measured at effective interest rate on estimated cash flows. Receivables and finance income are reviewed annually for any change in the cash flows.

The Project is physically completed in the month of September 2017 and the Pre-commissioning tests were successfully completed during October 2017. The Commercial Operation Date (COD) has been declared as on December 04, 2017 by the Concessionaire based on the Provisional Completion Certificate issued by the Independent Engineer. The Concessionaire has also received the Completion Certificate from the Independent Engineer.

The carrying amount of the financial assets as on March 31, 2018 is ₹ 21,634.25 (As at March 31, 2017 ₹ 16,580.80 lakh). The amount of revenue (includes revenue from operations and maintenance activities) for the year ended March 31, 2018 ₹ 3220.10 lakh (for the year ended March 31, 2017 ₹ 197,06.97 lakh) and Profit after Tax of ₹ 213.28 lakh (for the year ended March 31, 2017 Loss after Tax of ₹ 40.85 lakh) respectively.

#### NOTE 54 - SEGMENT REPORTING

The Group is primarily engaged in Engineering, Procurement and Construction business (EPC) relating to infrastructure interalia products, projects and systems for power transmission, distribution, and related activities. 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 Lakh				
Particulars	Revenue from External customers		Non-current assets	
	Year ended March 31, 2018	Year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
India	548,207.12	452,923.32	91,087.23	87,883.09
Saudi Arabia	77,202.17	96,063.68	2,250.77	3,416.96
Others	384,227.54	326,517.52	52,926.13	50,062.77
Total	1,009,636.83	875,504.52	146,264.13	141,362.82

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### Information about major customers

Revenue of ₹ 43,884.11 lakh (for the year ended March 31, 2017 ₹ 96,063.68 lakh) arising from a major customer in Saudi Arabia and Revenue of ₹ 172,511.88 lakh (for the year ended March 31, 2017 ₹ 194,877.65 lakh) arising from a customer in India are contributing to more than 10% of the group's revenue individually. No other customer individually contributed 10% or more to the Group's revenue for the year ended March 31, 2018 and for the year ended March 31, 2017.

### NOTE 55

The details of amounts which are expected by the Group 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 Lakh)		
Particulars	As at March 31, 2018	As at March 31, 2017
Trade Receivables (Note 15)	1,18,962.22	97,211.75
Amount due from customers for long term contracts (Note 19)	13,909.08	10,171.79
Advance from customers (Note 31)	31,605.99	11,261.72

### NOTE 56

**Note 56.1** Based on the details regarding the status of the supplier obtained by the management, there is no supplier covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act).

### Note 56.2 – Disclosure on Specified Bank Notes (SBNs)

The details of SBNs held and transacted during the period from 8th November, 2016 to 30th December, 2016, is provided in table below:

(₹ in Lakh)			
Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	79.79	153.35	233.14
(+) Permitted Receipts	-	256.53	256.53
(-) Permitted Payments	(11.00)	(354.77)	(365.77)
(-) Amount Deposited in bank	(68.79)	(0.24)	(69.03)
Closing cash in hand as on December 30, 2016	-	54.87	54.87

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

### NOTE 57 – RECLASSIFICATIONS

#### Note 57.1 Reclassification - Acceptances

Acceptances comprises of credit availed for payment to suppliers for materials (including project bought outs) purchased and services availed by the company. The said balances have been regrouped in the current year under trade payables as compared to being shown separately based on the terms of the arrangements and as it is more consistent with peers.

#### Note 57.2 Reclassification – Unbilled Revenue

During the year, the Company has reclassified the unbilled receivables from "Amount due from customers for contract works" to "Other Financial Assets" considering Company's contractual rights, historical trends and the said disclosure being more relevant to the users of the financial statements. This change doesn't result in any impact on the total current assets.

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### NOTE 58 - 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')	₹ in Lakh								
	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 Lakh)	As % of Consolidated Profit or Loss	Amount (₹ in Lakh)	As % of Consolidated OCI	Amount (₹ in Lakh)	As % of Consolidated TCI	Amount (₹ in Lakh)	
1	2	3	4	5	6	7	8	9	
<b>Parent</b>									
KEC International Limited	95.07	189,918.59	93.14	42,881.18	59.42	(484.80)	93.74	42,396.37	
(Including joint operations and net of consolidation adjustments)									
<b>Subsidiaries</b>									
<b>Indian</b>									
1 KEC Power India Private Limited	0.02	33.32	(0.00)	(1.43)	-	-	(0.00)	(1.43)	
2 KEC Bikaner Sikar Transmission Private Limited	1.29	2,578.74	0.46	213.28	-	-	0.47	213.28	
<b>Foreign</b>									
1 RPG Transmission Nigeria Limited, Nigeria	0.00	1.11	(0.00)	(0.10)	(0.00)	0.04	(0.00)	(0.06)	
2 KEC Global FZ - LLC - Ras UL Khaimah, UAE	0.04	80.89	(2.52)	(1,162.30)	0.60	(4.86)	(2.58)	(1,167.16)	
3 KEC Investment Holdings, Mauritius	(7.67)	(15,327.21)	(0.00)	(0.64)	26.04	(212.38)	(0.47)	(213.02)	
4 KEC Global Mauritius, Mauritius	0.04	70.08	(0.03)	(11.71)	(2.36)	19.24	0.02	7.53	
5 KEC International (Malaysia) SDN BHD	0.00	8.93	(0.01)	(5.80)	-	-	(0.01)	(5.80)	
6 SAE Towers Holdings LLC, Delaware (USA)	11.21	22,380.75	8.96	4,129.06	16.30	(133.00)	8.83	3,996.07	
(Refer below note)									

#### 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:

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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 Lakh)	As % of Consolidated Profit or Loss of KEC Group	Amount (₹ in Lakh)	As % of Consolidated OCI of KEC Group	Amount (₹ in Lakh)	As % of Consolidated TCI of KEC Group	Amount (₹ in Lakh)
1 SAE Towers Holdings LLC, Delaware (USA)	25.96	51,856.58	(0.89)	(411.13)	-	-	(0.91)	(411.13)
2 SAE Towers Brazil Subsidiary Company LLC, Delaware (USA)	-	-	-	-	-	-	-	-
3 SAE Towers Mexico Subsidiary Company LLC, Delaware (USA)	-	-	-	-	-	-	-	-
4 SAE Towers Mexico S de RL de CV, Mexico	4.65	9,287.96	3.19	1,470.78	-	-	3.25	1,470.78
5 SAE Towers Brazil Torres de Transmission Ltda, Brazil	7.74	15,452.03	12.14	5,588.28	-	-	12.36	5,588.28
6 SAE Prestadora de Servicios Mexico, S de RL de CV, Mexico	0.59	1,170.96	0.10	45.10	-	-	0.10	45.10
7 SAE Towers Ltd, Delaware (USA)	0.76	1,527.85	(0.13)	(57.84)	-	-	(0.13)	(57.84)
8 SAE Engenharia E Construc�o Ltda, Brazil	-	-	-	-	-	-	-	-
9 SAE Engineering & Construction Services S de RL de CV, Mexico	(0.11)	(221.95)	-	-	-	-	-	-
10 KEC Transmission LLC, Delaware (USA)*	-	-	(2.31)	(1,062.40)	-	-	(2.35)	(1,062.40)
11 KEC US LLC, Delaware (USA)*	-	-	(1.54)	(707.85)	-	-	(1.57)	(707.85)
12 KEC Brazil LLC, USA, Delaware (USA)*	-	-	-	-	-	-	-	-
13 KEC Mexico LLC, USA, Delaware (USA)*	-	-	-	-	-	-	-	-
14 KEC International Holdings LLC, USA, Delaware (USA)*	-	-	-	-	-	-	-	-
Less: Net effect of Ind AS 103 business combination & Intra group elimination	(28.38)	(56,692.68)	(1.60)	(735.88)	16.30	(133.00)	(1.92)	(868.88)
<b>Total</b>	<b>11.21</b>	<b>22,380.75</b>	<b>8.96</b>	<b>4,129.06</b>	<b>16.30</b>	<b>(133.00)</b>	<b>8.83</b>	<b>3,996.06</b>

\*Merged with SAE Tower Holdings LLC, Delaware (USA) on September 29, 2017.

# NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2018

## NOTE 59 - EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

		₹ in Lakh	
Sr. No.	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Gross amount required to be spent by the Company during the year	361.00	217.50
(b)	Amount spent during the year (in cash) on:		
	(i) Construction/acquisition of any asset	-	-
	(ii) On purposes other than (i) above	361.00	217.50

## NOTE 60

The Board of Directors of the Company at its meeting held on May 14, 2018, have recommended a Dividend of ₹ 2.40/- per equity share of ₹ 2/- each for the year ended March 31, 2018, subject to approval of shareholders at the ensuing Annual General Meeting.

## NOTE 61

The Company has approved its financial statements in its Board meeting dated May 14, 2018.

Signatures to Notes 1 to 61 which form an integral part of financial statements.  
For and on behalf of the Board of Directors

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/N500016  
Chartered Accountants

**SARAH GEORGE**  
Partner  
Membership Number: 045255

Place: Mumbai  
Date: May 14, 2018

**RAJEEV AGGARWAL**  
Chief Financial Officer

Place: Mumbai  
Date: May 14, 2018

**H.V.GOENKA**  
Chairman  
DIN - 00026726

**VIMAL KEJRIWAL**  
Managing Director & CEO  
DIN - 00026981

**A.T.VASWANI**  
Director  
DIN - 00057953

# NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2018

## 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 Lakh													
Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & surplus	Total Assets	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	43,293.08	8,563.50	87,571.72	35,715.14	-	-	(412.13)	-	(412.13)	-	100%
		USD(000)	66,431.00	13,140.25	134,374.28	54,803.04	-	-	(655.21)	-	(655.21)	-	
2	SAE Towers Brazil Subsidiary Company LLC, USA*	INR	-	-	-	-	-	-	-	-	-	-	100%
		USD(000)	-	-	-	-	-	-	-	-	-	-	
3	SAE Towers Mexico Subsidiary Holding Company LLC, USA*	INR	-	-	-	-	-	-	-	-	-	-	100%
		USD(000)	-	-	-	-	-	-	-	-	-	-	
4	SAE Towers Mexico S de RL de CV, Mexico*	INR	14,388.90	(5,100.94)	23,890.08	14,602.13	-	24,611.22	206.44	(1,267.93)	1,474.37	-	100%
		USD(000)	22,079.02	(7,827.13)	36,658.10	22,406.21	-	39,126.89	328.20	(2,015.76)	2,343.95	-	
5	SAE Towers Brazil Torres de Transmissão Ltda, Brazil*	INR	6,313.01	9,139.02	49,076.13	33,624.09	-	75,056.60	8,364.89	2,762.97	5,601.92	-	100%
		USD(000)	9,686.99	14,023.35	75,304.78	51,594.43	-	119,324.88	13,298.49	4,392.56	8,905.93	-	
6	SAE Prestadora de Serviços Mexico, S de RL de CV, Mexico*	INR	-	1,170.96	2,271.19	1,100.23	-	4,872.12	142.87	97.66	45.21	-	100%
		USD(000)	-	1,796.78	3,485.03	1,688.25	-	7,745.68	227.14	155.26	71.88	-	
7	SAE Towers Ltd, USA*	INR	1,304.05	223.79	2,357.39	829.54	-	10,608.68	27.57	85.55	(57.98)	-	100%
		USD(000)	2,001.00	343.40	3,617.29	1,272.89	-	16,865.66	43.82	136.00	(92.18)	-	
8	SAE Engenharia E Construcáo Ltda, Brazil*	INR	-	-	-	-	-	-	-	-	-	-	100%
		USD(000)	-	-	-	-	-	-	-	-	-	-	
9	SAE Engineering & Construction Services S de RL de CV, Mexico*	INR	-	(221.95)	47.83	269.78	-	-	-	-	-	-	100%
		USD(000)	-	(340.57)	73.39	413.97	-	-	-	-	-	-	
10	KEC Investment Holdings, Mauritius	INR	26,459.02	(53.81)	41,467.38	15,062.17	-	-	(0.64)	-	(0.64)	-	100%
		USD(000)	40,600.00	(82.57)	63,629.56	23,112.12	-	-	(1.02)	-	(1.02)	-	
11	KEC Global Mauritius, Mauritius	INR	241.13	(73.35)	269.94	102.16	-	-	(11.43)	-	(11.43)	-	100%
		USD(000)	370.00	(112.55)	414.21	156.76	-	-	(18.17)	-	(18.17)	-	
12	KEC International (Malaysia) SDN.BHD	INR	172.26	(9.27)	269.43	106.43	-	-	(5.80)	-	(5.80)	-	100%
		RM(000)	1,021.74	(54.96)	1,598.08	631.30	-	-	(36.13)	-	(36.13)	-	
13	RPG Transmission Nigeria Limited, Nigeria	INR	20.69	0.08	20.88	0.10	-	-	(0.10)	-	(0.10)	-	100%
		Naira(000)	10,000.00	39.61	10,089.61	50.00	-	-	(50.00)	-	(50.00)	-	

# NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2018

₹ in Lakh

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & surplus	Total Assets	Liabilities (excluding Capital and Reserves)	Total 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)
14	KEC Global FZ – LLC, Ras UL Khaimah, UAE	INR	177.41	(96.52)	83.61	2.72	-	3.22	(1,158.94)	3.36	(1,162.30)	-	100%
		AED(000)	1,000.00	(544.04)	471.29	15.34	-	18.30	(6,596.10)	19.12	(6,615.22)	-	
15	Al-Sharif Group and KEC Ltd. Company, Saudi Arabia (Refer Note 3)	INR	521.34	66,807.12	188,668.21	121,339.75	-	112,804.48	20,088.97	3,491.84	16,597.13	-	51.10%
		SAR(000)	3,000.00	384,435.04	1,085,672.77	698,237.73	-	656,255.22	116,870.28	20,314.23	96,556.05	-	
16	KEC Power India Private Limited, India	INR	22.10	11.22	33.37	0.05	-	-	(1.45)	(0.02)	(1.43)	-	100%
17	KEC Bikaner Sikar Transmission Private Limited	INR	1,000.00	2,241.48	22,347.15	19,105.67	-	3,220.10	283.85	80.57	213.28	-	99.99%

The figures reported above are without considering elimination Exchange rates as at year end considered for conversion:

1USD = ₹ 65.17

1AED = ₹ 17.741

1NAIRA= ₹ 0.2069

1SAR = 17.378

1 RM= ₹ 16.8594

\* 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 During the financial year following stepdown subsidiaries have been merged with another stepdown SAE Towers Holdings LLC effective 29<sup>th</sup> September 2017:-

KEC International Holdings LLC, USA

KEC Brazil LLC, USA

KEC Mexico LLC, USA

KEC Transmission LLC, USA

KEC US LLC, USA

2 There are no subsidiaries which are yet to commence operations

3 KEC International Limited (the Company) held 49% share capital in 'Al-Sharif Group and KEC Limited', located in Saudi Arabia (Al Sharif JV), having a joint arrangement with the JV partner Al Sharif Group (ASG). During the financial year, the Company has acquired additional 6,300 shares representing 2.10% of the total share capital of Al Sharif JV. Pursuant to said acquisition of additional shares, Al Sharif JV had become "Subsidiary" of the Company effective March 26, 2018 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.

# NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2018

## PART "B": ASSOCIATES AND JOINT VENTURES

		₹ in Lakh
Name of Associates / Joint Ventures		RP Goenka Group of Companies Employees Welfare Association
1. Latest audited Balance Sheet date		31/3/2018
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
3. Description of how there is significant influence	By virtue of shareholding	
4. Reason why the Associate / Joint Ventures is not consolidated		Yes
5. Net worth attributable to Shareholding as per latest audited Balance Sheet		-
6. Profit / Loss for the year		-
i. Considered in Consolidation*		-
ii. Not considered in Consolidation		-

The figures reported above are without considering elimination

\* 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.

### Footnotes:

1. There are no associates or joint ventures which are yet to commence operations.
2. There are no associates or joint ventures which have been liquidated or sold during the year.

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

**A. T. VASWANI**

Director

DIN - 00057953

Place : Mumbai

Date : May 14, 2018



# FINANCIAL STATEMENTS

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# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF KEC International Limited

### REPORT ON THE STANDALONE INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

1. We have audited the accompanying standalone Ind AS financial statements of **KEC International Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated 20 jointly controlled operations as referred to in Note 42 in the standalone financial statements and the Returns for the year ended on that date of the Company's branches located at Abu Dhabi, Afghanistan, Algeria, Bangladesh, Egypt, Ethiopia, Georgia, Ghana, Indonesia, Ivory Coast, Jordan, Kenya, Laos, Lebanon, Libya, Malaysia(2), Mozambique, Nepal(2), Nigeria, Oman, Philippines, Senegal, South Africa, Sri Lanka, Tanzania, Thailand, Tunisia, Uganda, Zambia, Bhutan, Cameroon, Congo, Kazakhstan and Kuwait.

### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by 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, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### OTHER MATTER

9. We did not audit the Ind AS financial statements/financial information of 31 branches and 20 jointly controlled operations included in the standalone Ind AS financial statements of the Company, which constitute total assets of ₹ 264,326.05 lakh

and net assets of ₹ 49,969.53 lakh as at March 31, 2018, total revenue of ₹ 219,863.71 lakh and net cash flows amounting to (₹ 1,355.44 lakh) for the year then ended. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the standalone Ind AS financial statements to the extent they have been derived from such financial statements/financial information is based solely on the report of such other auditors.

10. The Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated May 19, 2017, expressed an unmodified opinion on those financial statements.

Our opinion is not qualified in respect of these matters.

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
12. 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 the reports of the other auditors for the branches not audited by us 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 Cash Flow Statement and the Statement of Changes in Equity 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 Ind AS financial statements comply with the Indian 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, 2018 taken on record by the Board of Directors of the Company, none of the directors are disqualified as on March 31, 2018 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 Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 49;
    - ii. The Company has made provision as at March 31, 2018, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts - Refer Note 29. Further, the Company did not have any material foreseeable losses on derivative contracts as at March 31, 2018.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.
    - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For **Price Waterhouse Chartered Accountants LLP**  
 Firm Registration Number: 012754N/N500016  
 Chartered Accountants

**Sarah George**

Partner

Place: Mumbai  
 Date: May 14, 2018

Membership Number: 045255

# ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 12(g) of the Independent Auditors' Report of even date to the members of KEC International Limited on the standalone Ind AS financial statements for the year ended March 31, 2018

## REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. We have audited the internal financial controls over financial reporting of KEC International Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS 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 36 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 over financial reporting 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 over financial reporting 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 over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control

over financial reporting 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 has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 over financial reporting insofar as it relates to 31 branches, is based on the corresponding reports of the auditors of such branches. 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

Place: Mumbai

Date: May 14, 2018

Membership Number: 045255

## ANNEXURE 'B' TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of KEC International Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2018

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) The title deeds of immovable properties, other than for self-constructed buildings, as disclosed in Note 5 on fixed assets to the 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 ₹ 2,634.79 lakh and Net carrying amount aggregating ₹ 2,578.04 lakh 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, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and service tax, which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax as at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Lakh)*	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	53.38	1999-2000 to 2015-2016	Appellate Tribunal
		46.66	1994-1995 to 1997-1998 and 2008-2009	Rajasthan Tax Board, Ajmer
		242.53	2003-2004 to 2011-2012	Commercial Tax Appellate Board, Madhya Pradesh
		3,098.94	2006-2007 to 2013-2014	Revisionary Boards of Rajasthan and Madhya Pradesh
		2,901.88	1995-1996 to 2015-2016	Appellate Authority – up to Commissioner's level
The Finance Act, 1994	Service Tax	29,561.44	2004-2005 to 2012-2013	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
		68.44	2008-2009 to 2012-2013	Commissioner Appeals
The Customs Act, 1962	Customs Duty	60.12	1995-1996	Commissioner of Customs (Appeals)
The Central Excise Act, 1944	Excise Duty	1,419.09	1994-1995 to 2015-2016	Appellate Authority – up to Commissioner's level
		2,440.68	2004-2005 to 2014-2015	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
		61.76	2001-2002 to 2005-2006	Mumbai High Court
		13.44	2008-2009 to 2009-2010	Supreme Court of India
The Income- Tax Act, 1961	Income-Tax	192.80	Assessment Year 2007-2008	Income Tax Appellate Tribunal
		53.53	Assessment Year 2008-2009	High Court
The Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Entry Tax	93.46	1995-1996, 2004-2005, 2008-2009 to 2013-2014	Appellate Authority – up to Deputy Commissioner's level
Entry Tax Act, 1976, Madhya Pradesh	Entry Tax	29.08	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

For the 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 or further public offer (including debt instruments). Further, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- 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 audit. 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

Place: Mumbai  
Date: May 14, 2018

Membership Number: 045255

# BALANCE SHEET

as at March 31, 2018

₹ in Lakh

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Property, plant and equipment	5	59,539.81	60,700.71
(b) Capital work-in-progress		7,090.80	423.04
(c) Intangible assets	6	9,059.42	10,536.96
		<b>75,690.03</b>	<b>71,660.71</b>
(d) Financial assets			
(i) Investments	7	31,766.20	12,233.47
(ii) Trade receivables	8	546.59	2,640.54
(iii) Other financial assets	9	1,370.78	4,735.16
		<b>33,683.57</b>	<b>19,609.17</b>
(e) Non-current tax assets (net)	10	4,508.45	5,161.90
(f) Other non-current assets	11	20,451.09	20,542.07
<b>Total Non -Current Assets</b>		<b>134,333.14</b>	<b>116,973.85</b>
<b>(2) Current Assets</b>			
(a) Inventories	12	44,789.18	26,976.08
(b) Financial assets			
(i) Trade receivables	13	483,524.51	394,883.65
(ii) Cash and cash equivalents	14	17,631.36	12,302.48
(iii) Bank balances other than (ii) above	15	3,802.95	3,244.23
(iv) Loans	16	21,527.12	18,260.85
(v) Other financial assets	17	208,124.50	156,878.95
		<b>734,610.44</b>	<b>585,570.16</b>
(c) Current tax assets (net)	18	8,398.40	4,009.37
(d) Other current assets	19	51,346.13	35,432.33
<b>Total Current Assets</b>		<b>839,144.15</b>	<b>651,987.94</b>
<b>Total Assets</b>		<b>973,477.29</b>	<b>768,961.79</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	20	5,141.77	5,141.77
(b) Other equity	21	198,723.09	160,432.08
<b>Total Equity</b>		<b>203,864.86</b>	<b>165,573.85</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial Liabilities			
Borrowings	22	40,062.34	26,089.21
(b) Provisions	23	1,337.23	888.58
(c) Deferred tax liabilities (net)	24	12,512.98	13,212.56
<b>Total Non-Current Liabilities</b>		<b>53,912.55</b>	<b>40,190.35</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	25	89,255.67	120,070.21
(ii) Trade payables	26	445,051.03	297,350.33
(iii) Other financial liabilities	27	7,926.48	2,925.90
		<b>542,233.18</b>	<b>420,346.44</b>
(b) Other current liabilities	28	157,683.30	129,722.38
(c) Provisions	29	7,733.20	9,712.07
(d) Current tax liabilities (net)	30	8,050.20	3,416.70
<b>Total Current Liabilities</b>		<b>715,699.88</b>	<b>563,197.59</b>
<b>Total Equity and Liabilities</b>		<b>973,477.29</b>	<b>768,961.79</b>

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

For and on behalf of the Board of Directors

**SARAH GEORGE**  
 Partner  
 Membership Number: 045255

**RAJEEV AGGARWAL**  
 Chief Financial Officer

Place: Mumbai  
 Date: May 14, 2018

Place: Mumbai  
 Date: May 14, 2018

**H. V. GOENKA**  
 Chairman  
 DIN - 00026726

**VIMAL KEJRIWAL**  
 Managing Director & CEO  
 DIN - 00026981

**A. T. VASWANI**  
 Director  
 DIN - 00057953

# STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2018

₹ in Lakh

Particulars	Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>I Revenue from operations</b>	31	907,573.70	773,708.55
<b>II Other income</b>	32	2,259.93	3,708.40
<b>III Total Income (I+II)</b>		<b>909,833.63</b>	<b>777,416.95</b>
<b>IV Expenses</b>			
(i) Cost of materials consumed	33	467,623.72	359,992.10
(ii) Changes in inventories of finished goods and work-in-progress	34	(6,454.90)	163.20
(iii) Erection and sub-contracting expenses	35	212,651.61	177,340.84
(iv) Excise duty on sale of goods		3,834.69	17,065.02
(v) Employee benefits expense	36	56,211.55	50,591.74
(vi) Finance costs	37	19,581.42	20,883.14
(vii) Depreciation and amortisation expense	38	9,543.40	11,538.91
(viii) Other expenses	39	82,694.27	97,488.53
<b>Total expenses</b>		<b>845,685.76</b>	<b>735,063.48</b>
<b>V Profit before tax (III - IV)</b>		<b>64,147.87</b>	<b>42,353.47</b>
<b>VI Tax expense:</b>	40		
(i) Current tax		21,599.92	11,666.71
(ii) Deferred tax		(456.80)	2,504.28
		<b>21,143.12</b>	<b>14,170.99</b>
<b>VII Profit for the the year (V-VI)</b>		<b>43,004.75</b>	<b>28,182.48</b>
<b>VIII Other Comprehensive Income</b>			
A(i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit obligations	47	(254.10)	(204.57)
(ii) Income tax relating to items that will not be reclassified to profit or loss	40.2	98.93	70.80
B(i) Items that will be reclassified to profit or loss	21		
- Exchange differences on translating the financial statements of foreign joint operations		23.83	(830.20)
-Deferred (Losses)/ Gains on Cash flow hedges		(612.81)	9.25
(ii) Income tax relating to items that will be reclassified to profit or loss	40.2	143.85	120.24
<b>Total Other Comprehensive Income</b>		<b>(600.30)</b>	<b>(834.48)</b>
<b>IX Total Comprehensive Income for the year (VII + VIII) (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>42,404.45</b>	<b>27,348.00</b>
<b>X Earnings per equity share for continuing operation (of ₹ 2 each)</b>			
(i) Basic	41	16.73	10.96
(ii) Diluted		16.73	10.96

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

For and on behalf of the Board of Directors

**SARAH GEORGE**

Partner

Membership Number: 045255

**RAJEEV AGGARWAL**

Chief Financial Officer

**H. V. GOENKA**

Chairman

DIN - 00026726

**VIMAL KEJRIWAL**

Managing Director & CEO

DIN - 00026981

**A. T. VASWANI**

Director

DIN - 00057953

Place: Mumbai

Date: May 14, 2018

Place: Mumbai

Date: May 14, 2018

# STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2018

## A. EQUITY SHARE CAPITAL

Particulars	Notes	Amount
As at April 1, 2017		5,141.77
Change in equity share capital during the year	20	-
As at March 31, 2018		5,141.77

## B. OTHER EQUITY

Particulars	Reserve and Surplus							Other Comprehensive Income			Total
	Capital Reserve	Securities Premium Reserve	Capital Redemption Reserve	Debenture Redemption Reserve	General Reserve	Statutory Reserve	Retained Earnings	Effective portion of Hedges	Exchange differences on translating the financial statements of foreign operations	Other items of other comprehensive income (Remeasurement of defined benefit obligations)	
Balance as at April 1, 2016	8,497.87	8,674.89	1,427.95	942.63	12,479.26	94.88	101,425.54	139.50	(325.61)	(272.83)	133,084.08
Profit for the year	-	-	-	-	-	-	28,182.48	-	-	-	28,182.48
Other Comprehensive Income for the year	-	-	-	-	-	-	-	6.05	(706.76)	(133.77)	(834.48)
Total Comprehensive Income for the year	-	-	-	-	-	-	28,182.48	6.05	(706.76)	(133.77)	27,348.00
Transfer from retained earnings	-	-	-	970.38	2,818.25	-	(3,788.63)	-	-	-	-
Transfer to retained earnings	-	-	-	(1,234.20)	-	-	1,234.20	-	-	-	-
Balance as at March 31, 2017	8,497.87	8,674.89	1,427.95	678.81	15,297.51	94.88	127,053.59	145.55	(1,032.37)	(406.60)	160,432.08
Balance as at April 1, 2017	8,497.87	8,674.89	1,427.95	678.81	15,297.51	94.88	127,053.59	145.55	(1,032.37)	(406.60)	160,432.08
Profit for the year	-	-	-	-	-	-	43,004.75	-	-	-	43,004.75
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(394.73)	(50.42)	(155.17)	(600.32)
Total Comprehensive Income for the year	-	-	-	-	-	-	43,004.75	(394.73)	(50.42)	(155.17)	42,404.43
Transactions with owners as in their capacity as owner											
Dividends	-	-	-	-	-	-	(4,950.81)	-	-	-	(4,950.81)
Dividend distribution tax	-	-	-	-	-	-	837.39	-	-	-	837.39
Transfer from retained earnings	-	-	-	1,598.46	-	-	(1,598.46)	-	-	-	-
Balance as at March 31, 2018	8,497.87	8,674.89	1,427.95	2,277.27	15,297.51	94.88	164,346.46	(249.18)	(1,082.79)	(561.77)	198,723.09

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

For and on behalf of the Board of Directors

**SARAH GEORGE**  
 Partner  
 Membership Number: 045255

Place: Mumbai  
 Date: May 14, 2018

**RAJEEV AGGARWAL**  
 Chief Financial Officer

Place: Mumbai  
 Date: May 14, 2018

**H. V. GOENKA**  
 Chairman  
 DIN - 00026726

**VIMAL KEJRIWAL**  
 Managing Director & CEO  
 DIN - 00026981

**A. T. VASWANI**  
 Director  
 DIN - 00057953

# CASH FLOW STATEMENT

for the year ended March 31, 2018

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit for the year after tax	43,004.75	28,182.48
Adjustments for:		
Income tax expense	21,143.12	14,170.99
Depreciation and amortisation expense	9,543.40	11,538.91
Amortization of leasehold prepayments	-	62.68
Profit on sale of property, plant and equipment (net)	(41.61)	(19.31)
Loss on property, plant and equipment discarded & intangible assets derecognised	119.15	1,528.74
Finance costs	19,581.42	20,883.14
Interest income	(1,474.93)	(2,541.68)
Adjustment on account of fair value of financial guarantees	(256.53)	(468.34)
Dividend income from equity instruments in subsidiary	132.54	-
Bad debts, loans and advances written off (net)	5,463.80	19,767.73
Allowance for bad and doubtful debts, loans and advances (net)	2,268.68	1,948.08
Mark to market loss on forward and commodity contracts	901.94	400.70
Net loss arising on financial assets mandatorily measured at FVTPL	225.00	429.00
Net unrealised exchange (gain) / loss	(796.72)	760.76
	<b>56,809.26</b>	<b>68,461.40</b>
<b>Changes in assets and liabilities</b>	<b>99,814.01</b>	<b>96,643.88</b>
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(17,813.10)	(1,705.79)
Trade receivables	(91,670.61)	23,998.79
Loans	571.78	7,280.88
Other financial assets	(49,377.27)	58.65
Other current assets	(15,913.80)	(17,572.68)
Other non-current assets	119.96	4,098.50
	<b>(174,083.04)</b>	<b>16,158.35</b>
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	147,196.63	32,342.37
Other current liabilities	27,960.92	17,983.09
Other financial liabilities	(702.69)	103.73
Provisions	(1,579.76)	(17.96)
	<b>172,875.10</b>	<b>50,411.23</b>
	<b>98,606.07</b>	<b>163,213.46</b>
Taxes paid (net of refunds)	(21,187.57)	(8,719.77)
<b>NET CASH FLOW GENERATED BY / (USED IN) OPERATING ACTIVITIES (A)</b>	<b>77,418.50</b>	<b>154,493.69</b>

# CASH FLOW STATEMENT

for the year ended March 31, 2018

₹ in Lakh

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment & intangible assets (after adjustment of increase/decrease in capital work-in-progress and advances for capital expenditure)	(13,468.42)	(5,896.86)
Proceeds from sale of property, plant and equipment	140.19	146.17
Payment towards investments in subsidiaries (including share application money)	(19,501.21)	(2,050.00)
Loans given to a subsidiary	(19,661.91)	(9,974.68)
Loans repaid by a subsidiary	16,614.13	3,531.06
Interest received	1,135.68	1,403.03
Dividend received from a subsidiary	(132.54)	-
Bank balances (including non-current) not considered as Cash and cash equivalents (net)	165.39	(2,424.20)
	<b>(34,708.69)</b>	<b>(15,265.48)</b>
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES (B)</b>	<b>(34,708.69)</b>	<b>(15,265.48)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from other than short-term borrowings (including debentures)	15,509.87	25,000.00
Repayments of other than short-term borrowings (including debentures)	-	(22,049.16)
Repayment of finance lease obligations	(329.58)	(429.99)
Net increase / (decrease) in short-term borrowings	(31,501.50)	(114,165.80)
Finance costs paid	(16,946.44)	(20,986.93)
Dividend paid (including tax on distributed profit)	(4,113.38)	(112.42)
	<b>(37,381.03)</b>	<b>(132,744.30)</b>
<b>NET CASH FLOW (USED IN) / GENERATED BY FINANCING ACTIVITIES (C)</b>	<b>(37,381.03)</b>	<b>(132,744.30)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>5,328.78</b>	<b>6,483.91</b>
Cash and cash equivalents at the beginning of the year (Refer Note 14)	12,302.48	5,818.75
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	0.11	(0.18)
<b>Cash and cash equivalents at the end of the year (Refer Note 14)</b>	<b>17,631.36</b>	<b>12,302.48</b>

## Reconciliation of liabilities arising from financing activities:

₹ in Lakh

Particulars	As at March 31, 2017	Cash flows	Non-cash changes			As at March 31, 2018
			Acquisition	Foreign exchange movement	Interest accrued	
Debentures	26,006.52	-	-	-	2,532.90	28,539.42
Long term borrowings	-	15,509.87	-	-	289.53	15,799.40
Short term borrowings	120,070.21	(31,501.50)	-	686.96	-	89,255.67
Lease liabilities (including current maturities of finance lease obligations)	420.86	(329.58)	-	-	-	91.28
<b>Total liabilities from financing activities</b>	<b>146,497.59</b>	<b>(16,321.21)</b>	<b>-</b>	<b>686.96</b>	<b>2,822.43</b>	<b>133,685.77</b>

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

For and on behalf of the Board of Directors

**SARAH GEORGE**  
 Partner  
 Membership Number: 045255

**RAJEEV AGGARWAL**  
 Chief Financial Officer

Place: Mumbai  
 Date: May 14, 2018

Place: Mumbai  
 Date: May 14, 2018

**H. V. GOENKA**  
 Chairman  
 DIN - 00026726

**VIMAL KEJRIWAL**  
 Managing Director & CEO  
 DIN - 00026981

**A. T. VASWANI**  
 Director  
 DIN - 00057953

# NOTES

## forming part of the Financial Statements as at and for the year ended March 31, 2018

(All amounts are ₹ in lakh unless otherwise stated)

### 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 for power transmission, distribution, railways and related activities.

### 2. STANDARDS ISSUED BUT NOT YET EFFECTIVE

- 2.1 In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018 ('Ind AS'), notifying Ind AS 115, 'Revenue from Contracts with Customers.' This will replace Ind AS 18, Revenue Recognition, which covers contracts for goods and services and Ind AS 11 which covers construction contracts. Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18, Revenue and Ind AS 11, Construction contracts and related appendices.

A new five-step process must be applied before revenue can be recognised:

- i. Identify contracts with customers
- ii. Identify the separate performance obligation
- iii. Determine the transaction price of the contract
- iv. Allocate the transaction price to each of the separate performance obligations, and
- v. Recognise the revenue as each performance obligation is satisfied.

The new standard is mandatory for financial years commencing on or after 1 April, 2018 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

We have established an implementation team to implement the standard related to the recognition of revenue from contracts with customers, where the existing revenue contracts are being evaluated to determine revenue recognition under the

new standard. Additionally, we are in the process of identifying and implementing changes to our processes to meet the standard's updated reporting and disclosure requirements, as well as evaluating the internal control changes required, if any, during the implementation and continued application of the new standard.

- 2.2 The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

Management is currently evaluating the effects of applying the appendix to its foreign currency transactions for which consideration is received in advance.

The Company intends to adopt the amendments prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied (i.e. from 1 April, 2018).

- 2.3 The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on 28 March, 2018 regarding Ind AS 40- Investment property - transfers of investment property. The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that it supported by evidence.

Management has assessed the effects of the amendment on classification of existing property at 1 April, 2018 and concluded that no reclassifications are required.

- 2.4 The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on 28 March, 2018 regarding Ind AS 12- Income taxes regarding recognition of deferred tax assets on unrealized losses. The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base.

The management is in process of assessing the impact of above amendment. The Company will adopt the amendments from April 1, 2018.

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There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2017.

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.

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees.

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 leasing transactions that are within the scope of Ind AS 17, 'Leases' and 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', 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:

### 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;
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 share of the revenue from the sale of the output by the joint operation; and
5. 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.

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## 3.4 Non-current assets held for sale

Non-current assets are classified as held for sale, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

## 3.5 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, VAT / GST and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be measured reliably, it is probable that the economic benefit will flow to the Company and specific criteria's have been met for each of the Company's activities as described below:

### 3.5.1 Sale of goods:

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 3.5.2 Rendering of services:

- Sale of services is recognised in the accounting period in which the services are rendered.
- Revenue from operation and maintenance (O&M) contracts is recognised on pro rata basis for the duration of the O&M contracts.

### 3.5.3 Construction contracts:

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, 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. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

The outcome of a construction contract is considered as estimated reliably when all critical approvals necessary for commencement of the project have been obtained.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable to be recovered. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade receivables.

Liquidated damages / penalties are accounted as per the contract terms wherever there is a delayed delivery attributable to the Company.

### 3.5.4 Dividend and interest income

Dividend income is recognised when the right to receive payment has been established.

Interest income is recognised using effective interest method.

### 3.5.5 Export benefits

Export benefits under Mercantile Export from India Incentive Scheme (MEIS) and Duty Drawback benefits are accounted as revenue on accrual basis as and when export of goods take place.

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### 3.6 Leasing

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 currencies

In preparing these financial statements, the Company has applied following policies:

#### A) Foreign Branches:

1. Income and expense items are translated at the average exchange rate 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. Foreign currency denominated 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 average exchange rate 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.

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
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

#### 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.

### 3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are

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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 Retirement benefit costs:

Payments to defined contribution retirement benefit scheme for eligible employees in the form of superannuation fund is recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, 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);
- 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 and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave, that are expected to be settled wholly within twelve month after the end of the period in which the employee render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

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.

Liabilities recognised in respect of other long-term employee benefits are measured using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

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, its 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

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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 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.

Minimum Alternate Tax (MAT) in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as deferred tax asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

### 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 cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Freehold land is not depreciated. Leasehold land is amortised over the remaining period of the lease.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss, if any. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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.

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Assets held under finance leases are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtained ownership at the end of the lease term.

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	3-23
Erection tools	3-5
Furniture and Fixtures	10
Vehicles	4-8
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 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

### 3.12.4 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.

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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.

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.

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## 3.18 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.

### 3.18.1 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 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.

### 3.18.4 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. 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.

### 3.18.5 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 18, 'Revenue'.

#### 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

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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. Further, details of derivative financial instruments are disclosed in Note 45.

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 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 on firm commitments are accounted for as cash flow 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 46 sets out details of the fair values of the derivative instruments used for hedging purposes.

### Cash flow hedges

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.

## 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.

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## 3.23 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.

## 3.24 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.

## 3.25 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakh 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 following joint arrangements have been classified 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:

- i) Al- Sharif Group and KEC Ltd. Company, Saudi Arabia\* [refer Note 43]
- ii) EJP KEC Joint Venture, South Africa
- iii) KEC – ASSB JV
- iv) KEC – ASIAKOM – UB JV
- v) KEC – ASIAKOM JV
- vi) KEC – DELCO – VARAHA JV
- vii) KEC – VARAHA – KHAZANA JV
- viii) KEC – VALECHA – DELCO JV
- ix) KEC-SIDHARTH JV
- x) KEC – TRIVENI – KPIPL JV
- xi) KEC – UNIVERSAL JV
- xii) KEC – DELCO – DUSTAN JV
- xiii) KEC – ANPR – KPIPL JV
- xiv) KEC – PLR – KPIPL JV
- xv) KEC – BJCL JV
- xvi) KEC-KIEL JV
- xvii) KEC – ABEPL JV
- xviii) KEC – TNR Infra JV
- xix) KEC – SMC JV
- xx) KEC – WATERLEAU JV

\* KEC International (Company) held 49% share capital of Al Sharif Group and KEC Ltd. Company, Saudi Arabia ("Al Sharif JV"), having a joint arrangement located in Saudi Arabia, with the JV partner Al Sharif Group (ASG) [also refer Note 43]. On March 26, 2018, the Company has acquired additional 6,300 shares representing 2.10 percent of the total share capital of

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Al Sharif JV. Pursuant to acquisition of these additional shares, Company's shareholding in the joint arrangement has increased to 51.10 percent. By virtue of increase in shareholding, Al Sharif JV has become subsidiary of the Company as per the definition of 'subsidiary' under the Companies Act, 2013.

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.

Accordingly, for financial reporting purposes, Al Sharif JV is classified as jointly controlled operation as per the requirements of Ind AS 111 Joint Arrangements.

## 4.2 Revenue recognition for construction contracts

As described in Note 3.5, revenue and costs in respect of construction contracts are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, 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. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

## 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 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.

## 4.5 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.

## 4.6 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, existing market conditions as well as forward looking estimates at the end of each reporting period.

## 4.7 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.

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## NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold Land ^	Leasehold Land	Buildings ^	Plant and Equipment	Plant and Equipment (under finance lease)	Erection Tools	Furniture and Fixtures	Vehicles (under finance lease)	Office Equipment	Computers	Total
₹ in Lakh											
<b>Gross carrying amount</b>											
<b>As at April 1, 2016</b>	6,589.87	5,008.00	13,940.20	52,924.99	46.47	7,581.63	2,155.23	4,565.16	1,364.82	2,263.04	97,524.74
Additions	-	-	249.12	1,675.11	-	1,080.79	153.05	452.34	-	86.36	4,082.86
Disposal	-	-	362.93	1,564.53	-	1,155.09	296.79	670.53	-	319.84	4,504.40
Adjustments	-	-	(11.55)	(34.75)	(0.97)	(33.29)	(10.45)	(16.65)	(28.32)	(3.24)	(142.51)
<b>As at March 31, 2017</b>	<b>6,589.87</b>	<b>5,008.00</b>	<b>13,814.84</b>	<b>53,000.82</b>	<b>45.50</b>	<b>7,474.04</b>	<b>2,001.04</b>	<b>4,330.32</b>	<b>1,336.50</b>	<b>2,326.00</b>	<b>96,960.70</b>
Additions	-	-	349.17	2,022.82	-	3,110.87	538.56	415.32	-	85.65	7,056.94
Disposal	-	-	37.45	541.67	-	1,748.46	0.55	187.23	-	25.02	2,561.55
Adjustments	-	-	2.77	7.50	0.23	9.38	2.04	2.94	6.71	0.84	33.34
<b>As at March 31, 2018</b>	<b>6,589.87</b>	<b>5,008.00</b>	<b>14,129.33</b>	<b>54,489.47</b>	<b>45.73</b>	<b>8,845.83</b>	<b>2,541.09</b>	<b>4,561.35</b>	<b>1,343.21</b>	<b>1,095.24</b>	<b>101,489.43</b>
<b>Accumulated depreciation</b>											
<b>As at April 1, 2016</b>	-	806.73	3,210.66	19,617.72	11.79	231.80	834.40	2,429.61	328.71	565.42	29,507.17
Depreciation expenses	-	77.50	699.42	3,941.58	9.39	3,675.21	234.61	543.20	344.13	158.33	9,978.49
Disposal	-	-	289.37	1,229.32	-	296.66	281.46	611.58	-	122.89	3,134.83
Adjustments	-	-	(7.78)	(21.87)	(0.53)	(14.63)	(8.13)	(15.80)	(17.33)	(2.44)	(90.84)
<b>As at March 31, 2017</b>	<b>-</b>	<b>884.23</b>	<b>3,612.93</b>	<b>22,308.11</b>	<b>20.65</b>	<b>3,595.72</b>	<b>779.42</b>	<b>2,345.43</b>	<b>655.51</b>	<b>598.42</b>	<b>36,259.99</b>
Depreciation expenses	-	77.50	681.37	3,624.22	8.28	2,119.75	248.01	426.11	303.61	153.61	8,004.78
Disposal	-	-	36.02	404.79	-	1,694.99	0.45	165.73	-	22.78	2,344.40
Adjustments	-	-	2.32	5.87	0.19	7.62	1.60	3.25	6.46	0.70	29.25
<b>As at March 31, 2018</b>	<b>-</b>	<b>961.73</b>	<b>4,260.60</b>	<b>25,533.41</b>	<b>29.12</b>	<b>4,028.10</b>	<b>1,028.58</b>	<b>2,609.06</b>	<b>965.58</b>	<b>1,803.49</b>	<b>41,949.62</b>
<b>Net carrying amount</b>											
As at March 31, 2017	6,589.87	4,123.77	10,201.91	30,692.71	24.85	3,878.32	1,221.62	1,984.89	680.99	435.35	60,700.71
As at March 31, 2018	<b>6,589.87</b>	<b>4,046.27</b>	<b>9,868.73</b>	<b>28,956.06</b>	<b>16.61</b>	<b>4,817.73</b>	<b>1,512.51</b>	<b>1,952.29</b>	<b>377.63</b>	<b>365.29</b>	<b>59,539.81</b>

### Note 5.1

The title deeds of freehold land and buildings, having gross carrying amount aggregating ₹ 2,634.79 lakh (as at March 31, 2017 ₹ 2,634.79 lakh) and net carrying amount aggregating ₹ 2,578.04 lakh (as at March 31, 2017 ₹ 2,582.45 lakh) 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 in the relevant documents are in process.

### Note 5.2

For details of Property, plant and equipment having gross carrying amount aggregating ₹ 95,587.07 lakh (As at March 31, 2017 ₹ 86,222.33 lakh), which are pledged as security for borrowings - Refer Notes 22 and 25.

### Note 5.3

Capital work in process mainly comprises new factory building, railway robotic facility being constructed.

### Note 5.4

Adjustments represents foreign currency exchange translation adjustment on account of jointly controlled operations which have different functional currency.

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### NOTE 6 - OTHER INTANGIBLE ASSETS

₹ in Lakh			
Particulars	Brands (Refer Note 6. 1)	Computer softwares	Total
<b>Gross carrying amount</b>			
As at April 1, 2016	24,694.77	2,433.73	27,128.50
Additions	-	327.65	327.65
Disposal	-	177.74	177.74
<b>As at March 31, 2017</b>	<b>24,694.77</b>	<b>2,583.64</b>	<b>27,278.41</b>
Additions	-	61.08	61.08
Disposal	-	-	-
<b>As at March 31, 2018</b>	<b>24,694.77</b>	<b>2,644.72</b>	<b>27,339.49</b>
<b>Accumulated amortisation</b>			
As at 1 April, 2016	13,586.50	1,641.93	15,228.43
Amortisation expenses	1,269.50	368.42	1,637.92
Disposal	-	124.90	124.90
<b>As at March 31, 2017</b>	<b>14,856.00</b>	<b>1,885.45</b>	<b>16,741.45</b>
Amortisation expenses	1,269.50	269.12	1,538.62
Disposal	-	-	-
<b>As at March 31, 2018</b>	<b>16,125.50</b>	<b>2,154.57</b>	<b>18,280.07</b>
<b>Net carrying value</b>			
As at March 31, 2017	9,838.77	698.19	10,536.96
As at March 31, 2018	<b>8,569.27</b>	<b>490.15</b>	<b>9,059.42</b>

#### Note 6.1

Brands include brand of the power transmission business amounting ₹ 24,000 lakh 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, 2018 ₹ 8,400 lakh (as at March 31, 2017 ₹ 9,600 lakh) and the remaining amortisation period is 7 years (as at March 31, 2017 - 8 years).

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## NOTE 7 - INVESTMENTS

		₹ in Lakh	
Particulars		As at March 31, 2018	As at March 31, 2017
<b>Non-current:</b>			
<b>(A) Investment in Equity Instruments:</b>			
<b>Unquoted</b>			
<b>(a) Subsidiaries - wholly owned</b>			
10,000,000	Fully paid Ordinary Shares of Naira 1 each of RPG Transmission Nigeria Limited	34.52	34.52
1,000	Fully paid Equity Shares of AED 1,000 each of KEC Global FZ-LLC, Ras Ul Khaimah, United Arab Emirates	118.65	118.65
10,600,000	Fully paid Ordinary Shares of US \$ 1 each of KEC Investment Holdings, Mauritius	* 7,946.65	* 7,792.72
30,000,000	(As at March 31, 2017 Nil) 4% Non Cumulative Convertible Preference Shares US \$ 1 each of KEC Investment Holdings, Mauritius (Refer Note 7.3)	19,338.76	-
370,000	(As at March 31, 2017, 120,000) Fully paid Ordinary Shares of US \$ 1.00 each of KEC Global Mauritius	233.18	70.74
221,022	Fully paid Equity Shares of ₹ 10/- each of KEC Power India Private Limited	86.29	86.29
<b>(b) Subsidiary</b>			
9,999,999	Fully paid Equity Shares of ₹ 10/- each of KEC Bikaner Sikar Transmission Private Limited subscribed during the year ended March 31, 2017 (Refer Note 7.2)	* 1,211.66	* 1,109.06
		<b>28,969.71</b>	<b>9,211.98</b>
		<b>28,969.71</b>	<b>9,211.98</b>
<b>(B) Investment in Preference Shares (At fair value through profit and loss):</b>			
<b>Unquoted</b>			
<b>Subsidiary</b>			
34,500,000	1% Fully paid Optionally Convertible Non-Cumulative Preference Shares (OCPS) of ₹ 10/- each of KEC Bikaner Sikar Transmission Private Limited (Refer Note 7.4)	2,796.00	3,021.00
<b>(C) Investment in equity shares (at fair value through other comprehensive income)</b>			
<b>Unquoted</b>			
4,900	Fully paid Equity Shares of ₹ 10/- each of RP Goenka Group of Companies Employees Welfare Association	0.49	0.49
		<b>31,766.20</b>	<b>12,233.47</b>
Aggregate book value of quoted investments and market value thereof		-	-
Aggregate book value of unquoted investments		31,766.20	12,233.47
Aggregate amount of impairment in the value of investments		-	-

**Note 7.1 :-** Investments in equity instruments in subsidiaries is at cost.

**Note 7.2 :-** Includes 5,100,000 equity shares pledged in respect of term loan availed by KEC Bikaner Sikar Transmission Private Limited.

**Note 7.3 :-** This represents investment in preference shares of KEC Investment Holdings, Mauritius. These shares are compulsarily convertible into equity shares with a conversion ratio of one is to four. The issuer has the option of early convert 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.

**Note 7.4 :-** These shares are 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 ₹ 10 each and to demand for the redemption of these shares after a lock in period of 5 years. Fair value is determined in the manner described in Note 45.13. The loss on fair valuation of preference shares of ₹ 225.00 (As at March 31, 2017 ₹ 429.00 lakh) is recognised in "Other expenses" (Note 39).

\*Includes ₹ 1,235.67 lakh (As at March 31, 2017 ₹ 979.14 lakh) towards adjustment on account of fair value of financial guarantees issued to subsidiaries and step down subsidiaries, as applicable.

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## NOTE 8 - TRADE RECEIVABLES

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Non-current trade receivables - Unsecured		
(i) Considered good	546.59	2,640.54
(ii) Doubtful	1,168.53	1,951.08
	<b>1,715.12</b>	<b>4,591.62</b>
Less: Allowance for bad and doubtful receivables (expected credit loss allowance)*	1,168.53	1,951.08
	<b>546.59</b>	<b>2,640.54</b>

\*Movement in the allowance for bad and doubtful receivables (expected credit loss allowance). Also refer Note 45.9

₹ in Lakh	
Particulars	Amount
<b>Balance as at April 1, 2016</b>	<b>2,398.01</b>
Add: Created during the year	204.25
Less: Utilised during the year	651.18
<b>Balance as at April 1, 2017</b>	<b>1,951.08</b>
Add: Created during the year	278.25
Less: Utilised during the year	1,060.80
<b>Balance as at March 31, 2018</b>	<b>1,168.53</b>

## NOTE 9 - OTHER FINANCIAL ASSETS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current</b>		
(i) Security deposits	971.07	1,036.58
Less: Allowance for bad and doubtful security deposits*	75.83	34.53
	<b>895.24</b>	<b>1,002.05</b>
(ii) Balances with banks to the extent held as margin money or security against borrowings, guarantees and other commitments, which have a maturity period of more than 12 months from Balance Sheet date	-	116.97
(iii) Amount withheld by customers [Refer Note 49(i)(8)]	1,760.24	4,189.62
Less: Allowance for bad and doubtful receivables (expected credit loss allowance)*	1,284.70	573.48
	<b>475.54</b>	<b>3,616.14</b>
	<b>1,370.78</b>	<b>4,735.16</b>

\*Movement in the allowance for bad and doubtful receivables (ECL) / deposits - Also refer Note 45.9.

₹ in Lakh	
Particulars	Amount
<b>Balance as at March 31, 2016</b>	<b>1,230.58</b>
Add: Created during the year	-
Less: Released during the year	622.57
<b>Balance as at March 31, 2017</b>	<b>608.01</b>
Add: Created during the year	812.55
Less: Released during the year	60.03
<b>Balance as at March 31, 2018</b>	<b>1,360.53</b>

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## NOTE 10 - NON-CURRENT TAX ASSETS (NET)

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Income tax payments less liabilities	4,508.45	5,161.90
	<b>4,508.45</b>	<b>5,161.90</b>

## NOTE 11 - OTHER NON-CURRENT ASSETS

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Capital advances		
(b) Others	1,050.67	1,021.69
- Service tax cenvat receivable	-	608.56
- Excise duty recoverable from Government authorities	2,445.24	2,339.68
- VAT Credit / WCT Receivables	13,159.57	12,037.97
- Prepaid expenses	526.08	607.92
- Export benefits	1,823.84	2,011.48
- Sales tax/ excise duty/ entry tax, etc. paid under protest	1,445.69	1,914.77
	<b>19,400.42</b>	<b>19,520.38</b>
	<b>20,451.09</b>	<b>20,542.07</b>

## NOTE 12 - INVENTORIES

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Inventories (lower of cost and net realisable value)		
(a) Raw materials		
(i) in stock	24,493.94	14,040.94
(ii) in-transit	988.85	475.20
	<b>25,482.79</b>	<b>14,516.14</b>
(b) Work-in-progress (Refer Note 12.1)	12,626.13	6,499.65
(c) Finished goods	3,957.64	3,629.22
(d) Stores and spares	1,396.82	852.73
(f) Scrap	1,325.80	1,478.34
	<b>44,789.18</b>	<b>26,976.08</b>

### 12.1 Details of inventory of work-in-progress:

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Towers and structurals	7,563.27	2,515.93
Cables	5,062.86	3,983.72
	<b>12,626.13</b>	<b>6,499.65</b>

# NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

## NOTE 13 - TRADE RECEIVABLES

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Trade receivables - Unsecured (Refer Note 13.2 and 45.9)		
(i) Considered good	483,524.51	394,883.65
(ii) Doubtful	4,140.38	3,129.69
	<b>487,664.89</b>	<b>398,013.34</b>
Less: Allowance for bad and doubtful debts (expected credit loss allowance)*	4,140.38	3,129.69
	<b>483,524.51</b>	<b>394,883.65</b>

### \*Movement in the allowance for bad and doubtful receivables (expected credit loss allowance)

₹ in Lakh	
Particulars	As at March 31, 2018
<b>Balance as at March 31, 2016</b>	<b>2,791.10</b>
Add: Created during the year	1,274.98
Less: Utilised during the year	936.39
<b>Balance as at March 31, 2017</b>	<b>3,129.69</b>
Add: Created during the year	1,202.43
Less: Utilised during the year	191.74
<b>Balance as at March 31, 2018</b>	<b>4,140.38</b>

### 13.1 Transfer of financial assets

During the current year the Company has discounted trade receivables related to a joint operation with an aggregate carrying amount of ₹ 8,623.53 lakh with banks for cash proceeds of ₹ 8,352.35 lakh. These arrangements are non-recourse to the Company and accordingly, the Company has de-recognized these receivables as at March 31, 2018. 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, 2018 ₹ Nil (As at March 31, 2017 ₹ 10,606.41 lakh) are recognised as trade receivables and the corresponding carrying amount of associated liabilities are recognised as secured borrowings (Note 25) and there was restriction on further selling and pledging of these receivables.

**13.2** Receivable from related party is ₹ 231.18 (As at March 31, 2017 ₹ 9.51 lakh) {Refer Note 48 (C)}

## NOTE 14 - CASH AND CASH EQUIVALENTS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
(a) Balances with banks		
(i) In current accounts	16,188.83	11,533.27
(ii) In deposit accounts	1,068.40	528.69
	<b>17,257.23</b>	<b>12,061.96</b>
(b) Cheques on hand	118.59	0.41
(c) Cash on hand	255.54	240.11
	<b>17,631.36</b>	<b>12,302.48</b>

# NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

## NOTE 15 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
(i) Earmarked balances with banks - unpaid dividend accounts	209.43	209.38
(ii) Bank deposit with original maturity of more than 3 months but less than 12 months	946.68	1729.58
(iii) Balances with banks to the extent held as margin money or security against the borrowings, guarantees and other commitments	2,181.56	1305.27
(iv) Margin Money with original maturity less than 12 months & maturity less than 12 months from B/S date	465.28	-
	<b>3,802.95</b>	<b>3,244.23</b>

## NOTE 16 - LOANS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Unsecured, considered good</b>		
(i) Loans to related parties - KEC Investment Holdings, Mauritius (wholly owned subsidiary)	15,056.39	12,028.56
(ii) Loans to related parties - KEC Global Mauritius (wholly owned subsidiary)	97.69	-
(iii) Loans to related parties - KEC Bikaner Sikar Transmission Private Limited (subsidiary)	627.12	-
(iv) Loans and advances to Joint operations (net of the Company's share)	3,914.05	4,510.92
(v) Security deposits	1,831.87	1,721.37
	<b>21,527.12</b>	<b>18,260.85</b>

**16.1** 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.

**16.2** 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.

### 16.3 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 Lakh		
Name of Subsidiary	Loans (interest bearing) outstanding	Maximum amount outstanding during the year
<b>KEC Investment Holdings</b>		
<b>As at March 31, 2018</b>	<b>15,056.39</b>	<b>27,795.14</b>
As at March 31, 2017	12,028.56	12,028.56
<b>KEC Global Mauritius</b>		
<b>As at March 31, 2018</b>	<b>97.69</b>	<b>256.62</b>
As at March 31, 2017	-	-
<b>KEC Bikaner Sikar Transmission Private Limited</b>		
<b>As at March 31, 2018</b>	<b>627.12</b>	<b>627.12</b>
As at March 31, 2017	-	-

## NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

### NOTE 17 - OTHER FINANCIAL ASSETS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
(i) Margin money (bank deposits) with original maturity more than 12 months	-	607.14
(ii) Contractually reimbursable expenses	7,165.79	8,671.87
(iii) Amount due from customers for contract works (Refer note 50 and 53.2)	200,922.67	147,016.12
(iv) Interest accrued on fixed deposits	4.18	14.40
(v) Insurance claims	-	2.32
(vi) Mark to market gain on forward and commodity contracts	-	563.37
(vii) Others	31.86	3.73
	<b>208,124.50</b>	<b>156,878.95</b>

### NOTE 18 - CURRENT TAX ASSETS (NET)

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Income tax payments less liabilities	8,398.40	4,009.37
	<b>8,398.40</b>	<b>4,009.37</b>

### NOTE 19 - OTHER CURRENT ASSETS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Advances other than capital advances		
- Advances to suppliers	10,179.92	10,258.54
- Employee advances	516.23	344.67
- Cenvat / Service tax input credit receivable	154.28	4,634.83
- Amount due as refund of custom duty	370.36	1,448.64
- Excise duty recoverable from Government authorities	133.79	2,300.95
- VAT credit / WCT receivables	8,171.64	5,672.21
- GST/Excise rebate receivable on exports	1,461.86	-
- GST receivables	18,832.17	-
- Prepaid expenses	8,155.11	7,509.63
- Export benefits	3,125.77	3,017.86
- Assets classified as held for sale (Refer Note 19.1)	245.00	245.00
	<b>51,346.13</b>	<b>35,432.33</b>

#### Note 19.1 - Details of assets classified as held for sale

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Leasehold Land	245	245
<b>Total</b>	<b>245</b>	<b>245</b>

The Company has signed Memorandum of understanding (MOU) against which the Company had received sales consideration amounting to ₹ 940.94 lakh (as at March 31, 2017 ₹ 940.94 lakh). However, the title and possession of the land is yet to be transferred due to pending approvals from regulatory authorities.

# NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

## NOTE 20 - SHARE CAPITAL

Particulars	As at March 31, 2018		As at March 31, 2017	
	Nos.	₹ in Lakh	Nos.	₹ in Lakh
<b>Authorised:</b>				
<b>Equity Shares:</b>				
Equity Shares of ₹ 2 each	570,000,000	11,400.00	570,000,000	11,400.00
<b>Preference Shares</b>				
Redeemable Preference Shares of ₹ 100 each	1,500,000	1,500	1,500,000	1,500
<b>Issued, Subscribed and Paid-up</b>				
<b>Equity Shares:</b>				
Equity Shares of ₹ 2 each fully paid up	257,088,370	5,141.77	257,088,370	5,141.77
	<b>257,088,370</b>	<b>5,141.77</b>	<b>257,088,370</b>	<b>5,141.77</b>

### 20.1 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 Lakh
Equity Shares Outstanding as at March 31, 2017	257,088,370	5,141.77
Add: Shares issued during the year	-	-
<b>Equity Shares Outstanding as at March 31, 2018</b>	<b>257,088,370</b>	<b>5,141.77</b>

### 20.2 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, 2018		As at March 31, 2017	
		Nos. of Shares held	Percentage of Shares held	Nos. of Shares held	Percentage of Shares held
1	Swallow Associates LLP	69,546,616	27.05	69,546,616	27.05
2	Summit Securities Limited	27,753,845	10.80	27,602,945	10.74
3	Instant Holdings Limited	21,042,105	8.18	17,855,651	6.95
4	HDFC Trustee Company Limited	18,198,378	7.08	23,060,249	8.97

\* Shares held in multiple folios have been combined

**20.3** 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.

**20.4** 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 Statements as at and for the year ended March 31, 2018

## NOTE 21 - OTHER EQUITY

Particulars	Reserves & Surplus						Other Comprehensive Income			Total	
							Effective portion of cash flow Hedges	Exchange differences on translating the financial statements of a foreign operation	Other items of other comprehensive income (Specify nature)		
	(a)	(b)	(c)	(d)	(e)	(f)					
Notes											
Balance as at April 1, 2016	8,497.87	8,674.89	1,427.95	942.63	12,479.26	94.88	101,425.54	139.50	(325.61)	(272.83)	133,084.08
Profit for the year	-	-	-	-	-	-	28,182.48	-	-	-	28,182.48
Other Comprehensive Income for the year	-	-	-	-	-	-	-	6.05	(706.76)	(133.77)	(834.48)
Total Comprehensive Income for the year	-	-	-	-	-	-	28,182.48	6.05	(706.76)	(133.77)	27,348.00
Transfer to retained earnings	-	-	-	970.38	2,818.25	-	(3,788.63)	-	-	-	-
Transfer from retained earnings	-	-	-	(1,234.20)	-	-	1,234.20	-	-	-	-
Balance as at March 31, 2017	8,497.87	8,674.89	1,427.95	678.81	15,297.51	94.88	127,053.59	145.55	(1,032.37)	(406.60)	160,432.08
Balance as at April 1, 2017	8,497.87	8,674.89	1,427.95	678.81	15,297.51	94.88	127,053.59	145.55	(1,032.37)	(406.60)	160,432.08
Profit for the year	-	-	-	-	-	-	43,004.75	-	-	-	43,004.75
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(394.73)	(50.42)	(155.17)	(600.32)
Total Comprehensive Income for the year	-	-	-	-	-	-	43,004.75	(394.73)	(50.42)	(155.17)	42,404.43
Dividends	-	-	-	-	-	-	(4,950.81)	-	-	-	(4,950.81)
Dividend distribution tax	-	-	-	-	-	-	837.39	-	-	-	837.39
Transfer from retained earnings	-	-	-	1,598.46	-	-	(1,598.46)	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2018	8,497.87	8,674.89	1,427.95	2,277.27	15,297.51	94.88	164,346.46	(249.18)	(1,082.79)	(561.77)	198,723.09

**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 reserve 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 (c)** This 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 22.

**Note (e)** General reserve is created from time to time by way of transfer 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)** This 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.

# NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

## NOTE 22 - BORROWINGS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current:</b>		
<b>Measured at amortised cost:</b>		
<b>I - Debentures</b>		
Secured (Refer Note 22.1)	28,539.42	26,006.52
<b>II - Term loans</b>		
From banks		
Secured (Refer Note 22.2)	15,509.87	-
Less: Current maturities of long-term debt [Refer Note 27 (a)]	(3,986.95)	-
	<b>11,522.92</b>	<b>-</b>
<b>III Long term maturities of finance lease obligations (Refer Note 22.3)</b>	91.28	420.86
Less: Current maturities of finance lease obligations [Refer Note 27 (b)]	(91.28)	(338.17)
	-	82.69
	<b>40,062.34</b>	<b>26,089.21</b>

### 22.1 Debentures:

- (a) 2,500, Secured, Rated, Listed, Redeemable Non-Convertible Debentures of face value of ₹ 10 lakh each ("NCD") aggregating ₹ 25,000 lakh issued during the previous 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 ₹ 10 lakh each aggregating ₹ 5,000 lakh are repayable on December 20, 2021, 500 NCD ₹ 10 lakh each aggregating ₹ 5,000 lakh are repayable on April 20, 2021 and 1,500 NCD of ₹ 10 lakh each aggregating ₹ 15,000 lakh 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.)

### 22.2 Term loans from banks:

- (a) ₹ 10,491.97 Lakh (As at March 31, 2017 ₹ Nil) loan of a jointly controlled operation at Saudi Arabia, secured by unconditional and irrevocable Corporate Guarantee from KEC International Limited. Loan is repayable in 10 equal quarterly instalments starting from December 2018. The present interest rate ranges from 4.28% to 4.38% p.a.

- (b) ₹ 5,017.90 Lakh (As at March 31, 2017 ₹ Nil) loan of a jointly controlled operation at Saudi Arabia, secured by unconditional and irrevocable Corporate Guarantee from KEC International Limited. Quarterly instalment has started from December 2017 and loan will be repaid in 10 equal quarterly installments. The present interest rate is 3.88% p.a.

### 22.3 Finance Lease Obligations:

- (a) ₹ Nil (As at March 31, 2017 ₹ 8.51 lakh) secured against equipment of a jointly controlled operation at Saudi Arabia. The lease obligation has been fully paid in the current year.
- (b) ₹ 91.28 lakh (As at March 31, 2017 ₹ 412.35 lakh) secured against certain vehicles of a jointly controlled operation at Saudi Arabia. The lease obligations are repayable in monthly installments starting from December 2018 and the present interest rates are in the range of 10.64% to 14.84% p.a.

# NOTES

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## NOTE 23 - PROVISIONS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>Non-current:</b>		
Provision for employee benefits		
- Gratuity (Refer Note 47)	1,337.23	888.58
	<b>1,337.23</b>	<b>888.58</b>

## NOTE 24 - DEFERRED TAX LIABILITIES (NET)

24.1 Significant components of deferred tax liabilities (net) as at March 31, 2018 are as follows:

₹ in Lakh					
Particulars	Opening Balance (As at April 1, 2017)	Recognised in Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2018)
<b>Deferred tax (liabilities) recognised in P&amp;L in relation to:</b>					
Property, plant and equipment and intangible assets	(8,846.78)	646.26	-	-	(8,200.52)
Undistributed earnings of joint operations	(8,805.69)	(420.25)	-	-	(9,225.94)
Remesurement of defined benefit obligations	(109.19)	109.19	-	-	-
Guarantee Commission Income	(175.78)	175.78	-	-	-
<b>(A)</b>	<b>(17,937.44)</b>	<b>510.98</b>	<b>-</b>	<b>-</b>	<b>(17,426.46)</b>
<b>Deferred tax assets recognised in P&amp;L in relation to:</b>					
Amalgamation Expenses	194.44	(193.42)	-	-	1.02
Allowance for doubtful debts, loans and advances	1,901.37	387.31	-	-	2,288.68
Expenses debited to the Statement of Profit and Loss allowable in subsequent years	1,425.52	(618.71)	-	-	806.81
Provision for expected loss on construction contracts, etc.	692.16	(313.00)	-	-	379.16
Mark to Market adjusted on Derivatives	(149.18)	612.46	-	-	463.28
Fair valuation of Preference shares	148.47	80.07	-	-	228.54
Remesurement of defined benefit obligations	22.61	(22.61)	-	-	-
Asset held for sale	-	75.61	-	-	75.61
Others	61.89	(61.89)	-	-	-
<b>(B)</b>	<b>4,297.28</b>	<b>(54.18)</b>	<b>-</b>	<b>-</b>	<b>4,243.10</b>
<b>Deferred tax (liabilities) recognised in P&amp;L (A)+(B)</b>	<b>(13,640.16)</b>	<b>456.80</b>	<b>-</b>	<b>-</b>	<b>(13,183.36)</b>
<b>Deferred tax (liabilities) in relation to OCI:</b>					
Deferred (Gains) / Losses on Cash flow hedges	(77.02)	-	218.08	-	141.06
<b>(C)</b>	<b>(77.02)</b>	<b>-</b>	<b>218.08</b>	<b>-</b>	<b>141.06</b>
<b>Deferred tax assets in relation to OCI:</b>					
Exchange differences on translating the financial statements of foreign joint operations	324.63	-	(74.23)	-	250.40
Remesurement of defined benefit obligations	179.99	-	98.93	-	278.92
<b>(D)</b>	<b>504.62</b>	<b>-</b>	<b>24.70</b>	<b>-</b>	<b>529.32</b>
<b>Deferred tax assets recognised OCI: (C)+(D)</b>	<b>427.60</b>	<b>-</b>	<b>242.78</b>	<b>-</b>	<b>670.38</b>
<b>Deferred Tax Liabilities (net)</b>	<b>(13,212.56)</b>	<b>456.80</b>	<b>242.78</b>	<b>-</b>	<b>(12,512.98)</b>

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## 24.2 Significant components of deferred tax liabilities (net) as at March 31, 2017 are as follows:

₹ in Lakh					
Particulars	Opening Balance (As at April 1, 2016)	Recognised in Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2017)
<b>Deferred tax (liabilities) recognised in P&amp;L in relation to:</b>					
Property, plant and equipment and intangible assets	(10,631.39)	1,784.62	-	-	(8,846.77)
Undistributed earnings of joint operations	(5,919.99)	(2,885.70)	-	-	(8,805.69)
Remesurement of defined benefit obligations	(86.58)	(22.62)	-	-	(109.20)
Gurantee Commission Income	(175.78)	-	-	-	(175.78)
<b>(A)</b>	<b>(16,813.74)</b>	<b>(1,123.70)</b>	<b>-</b>	<b>-</b>	<b>(17,937.44)</b>
<b>Deferred tax assets recognised in P&amp;L in relation to:</b>					
Amalgamation Expenses	67.78	126.66	-	-	194.44
Allowance for doubtful debts, loans and advances	2,839.92	(938.55)	-	-	1,901.37
Expenses debited to the Statement of Profit and Loss allowable in subsequent years	1,389.21	36.31	-	-	1,425.52
Provision for expected loss on construction contracts, etc.	692.16	-	-	-	692.16
Mark to Market adjusted on Derivatives	(3.53)	(145.66)	-	-	(149.19)
Fair valuation of Preference shares	-	148.47	-	-	148.47
Remesurement of defined benefit obligations	630.42	(607.81)	-	-	22.61
Others	(88.38)	-	-	150.28	61.90
<b>(B)</b>	<b>5,527.58</b>	<b>(1,380.58)</b>	<b>-</b>	<b>150.28</b>	<b>4,297.28</b>
<b>Deferred tax (liabilities) recognised in P&amp;L (A)+(B)</b>	<b>(11,286.16)</b>	<b>(2,504.28)</b>	<b>-</b>	<b>150.28</b>	<b>(13,640.16)</b>
<b>Deferred tax (liabilities) in relation to OCI:</b>					
Deferred (Gains) / Losses on Cash flow hedges	(73.82)	-	(3.20)	-	(77.02)
<b>(C)</b>	<b>(73.82)</b>	<b>-</b>	<b>(3.20)</b>	<b>-</b>	<b>(77.02)</b>
<b>Deferred tax assets in relation to OCI:</b>					
Exchange differences on translating the financial statements of foreign joint operations	201.19	-	123.44	-	324.63
Remesurement of defined benefit obligations	109.19	-	70.80	-	179.99
<b>(D)</b>	<b>310.38</b>	<b>-</b>	<b>194.24</b>	<b>-</b>	<b>504.62</b>
<b>Deferred tax assets recognised OCI: (C)+(D)</b>	<b>236.56</b>	<b>-</b>	<b>191.04</b>	<b>-</b>	<b>427.60</b>
<b>Deferred Tax Liabilities (net)</b>	<b>(11,049.60)</b>	<b>(2,504.28)</b>	<b>191.04</b>	<b>150.28</b>	<b>(13,212.56)</b>

## NOTE 25 - BORROWINGS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>I Loans repayable on demand</b>		
From Banks		
-Secured [Refer Note 25.1 (a)]	24,827.69	26,670.27
<b>II Other short term borrowings</b>		
From Banks		
-Secured [Refer Note 25.2 (a)]	49,984.39	54,887.86
-Unsecured [Refer Note 25.2 (b)]	4,407.41	10,090.60
	54,391.80	64,978.46
From Other Parties		
-Secured [Refer Note 25.2 (c)]	10,036.18	28,421.48
	<b>89,255.67</b>	<b>120,070.21</b>

## NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

### 25.1 Loans repayable on demand from banks:

#### (a) Secured:

- (i) ₹ 11,374.25 lakh (As at March 31, 2017 ₹ 5,088.32 lakh) secured by first charge on the whole of the current assets of the Company, both present and future (except specific receivables financed by financial institutions and banks), second charge on fixed assets of the Company's immovable properties situated at Jaipur, Jabalpur and Nagpur factories and further secured by first charge on flat situated at Juhu, Mumbai. The present interest rates ranges from 9.50% to 13.50% p.a.
- (ii) ₹ Nil (As at March 31, 2017 ₹ 1.53 lakh) guaranteed by banks by Indian bank for a loan related to jointly controlled operation, which in turn is secured by security stated against Note 25.1 (a) (i) above.
- (iii) ₹ 226.95 lakh (As at March 31, 2017 ₹ 1,489.00 lakh) secured by assignment of certain overseas book debts of the Company. The present interest rate is 4.20% p.a.
- (iv) ₹ 13,226.49 lakh (As at March 31, 2017 ₹ 20,091.42 lakh), secured by the contract receivables of certain projects of a jointly controlled operation at Saudi Arabia and corporate guarantee of the Company. In last year, the borrowing was further secured by bank guarantee given by bankers of the Company which in turn is secured by security of the Company stated against Note 25.1 (a) (i). The present interest rates ranges from 3.50% to 4.50% p.a.

### 25.2 Other short-term borrowings

#### (a) From Banks-secured

- (i) ₹ 49,984.39 lakh (As at March 31, 2017 ₹ 44,281.45 lakh) secured by security stated against Note 25.1 (a) (i) above. The present interest rates ranges from 1.42% to 3.45% p.a.
- (ii) ₹ Nil (As at March 31, 2017 ₹ 10,606.41 lakh), secured by the contract receivables of certain projects of a joint operation at Saudi Arabia discounted with the banks. Also secured by corporate guarantee given by the Company.

#### (b) From Bank-unsecured

- (i) ₹ Nil (As at March 31, 2017 ₹ 4,559.71 lakh), pertains to the Company.
- (ii) ₹ 4,407.41 lakh (As at March 31, 2017 ₹ 5,530.89 lakh), pertaining to a joint operation at Saudi Arabia. The present interest rates ranges from 2.00% to 4.40% p.a.

#### (c) From Other Parties-secured

- (i) ₹ 10,036.18 lakh (As at March 31, 2017 ₹ 13,589.90 lakh) secured by security stated against Note 25.1 (a) (i) above. The loan of ₹ 2,606.80 lakh carries interest rate of 3.76% p.a., loan of ₹ 4,236.05 lakh carries interest rate of 3.90% p.a., and loan of ₹ 3,193.33 lakh carries interest rate of 3.95% p.a.
- (ii) ₹ Nil (As at March 31, 2017 ₹ 14,831.58 lakh) being commercial papers issued against standby facilities from certain banks which in turn is secured by security stated against Note 25.1 (a) (i) above. The present interest rates ranges from 6.75% to 7.25% p.a.

# NOTES

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## NOTE 26 - TRADE PAYABLES

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Trade payables</b>		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note 52.1)	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	237,479.05	200,462.63
(iii) Acceptances (Refer Note 53.1)	207,571.98	96,887.70
	<b>445,051.03</b>	<b>297,350.33</b>

## NOTE 27 - OTHER FINANCIAL LIABILITIES

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Current maturities of long term-debts (Refer Note 22)	3,986.95	-
(b) Current maturities of finance lease obligations (Refer Note 22)	91.28	338.17
(c) Interest accrued but not due on borrowings	289.53	143.74
(d) Unpaid / unclaimed dividends*	209.43	209.38
(e) Other payables		
-Interest accrued on acceptances and customer advances	702.55	746.26
-Payable towards purchase of property, plant and equipment	466.89	120.56
-Mark to market loss on forward contracts	1,514.76	964.07
-Directors' commission	665.09	403.72
	3,349.29	2,234.61
	<b>7,926.48</b>	<b>2,925.90</b>

\*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 28 - OTHER CURRENT LIABILITIES

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Advances from customers (Refer Note 50)	108,286.66	76,898.69
(b) Advances against assets classified as held for sale (Refer Note 19.1)	940.94	940.94
	109,227.60	77,839.63
(c) Other payables		
-Amount due to customers for contract works	42,010.58	44,079.91
-Statutory remittances (contribution to PF and ESIC, withholding tax, Excise Duty, VAT, Service Tax, etc.)	6,081.79	7,587.97
-Others	363.33	214.87
	48,455.70	51,882.75
	<b>157,683.30</b>	<b>129,722.38</b>

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## NOTE 29 - PROVISIONS

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
<b>(a) Provision for employee benefits</b>		
- Compensated absences [Refer Note 47 (f)]	2,010.42	2,438.90
- Gratuity (Refer Note 47)	73.89	65.86
	2,084.31	2,504.76
<b>(b) Provision - others:</b>		
- Provision for expected loss on construction contracts (Refer Note 29.1)	4,283.61	5,944.31
- Provision for litigation claims (Refer Note 29.2)	1,365.28	1,263.00
	5,648.89	7,207.31
	<b>7,733.20</b>	<b>9,712.07</b>

### Note: 29.1

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	5,944.31	6,729.42
Additions	3,396.65	3,433.12
Reversals	5,057.85	4,218.23
Effect of translation adjustment gain / (loss)	0.50	-
<b>Closing balance</b>	<b>4,283.61</b>	<b>5,944.31</b>

### Note: 29.2

Provision for litigation claims represents liabilities that are expected to materialise on completion of negotiation/matters are in appeals with judicial authorities.

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Opening balance	1,263.00	1,263.00
Additions	102.28	-
Reversals	-	-
<b>Closing balance</b>	<b>1,365.28</b>	<b>1,263.00</b>

## NOTE 30 - CURRENT TAX LIABILITIES (NET)

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Income tax liabilities less payments	8,050.20	3,416.70
	<b>8,050.20</b>	<b>3,416.70</b>

# NOTES

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## NOTE 31 - REVENUE FROM OPERATIONS

₹ in Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
<b>(a) Sale of products (including excise duty)</b>		
- Towers and structurals	10,919.23	971.50
- Cables	85,222.79	92,986.85
	96,142.02	93,958.35
<b>(b) Construction contracts revenue (including excise duty) (Refer Note 44)</b>		
- Transmission and distribution	650,722.34	584,755.62
- Other EPC	143,334.79	80,772.91
	794,057.13	665,528.53
<b>(c) Sale of services</b>		
- Telecom - erection and management service	44.16	55.00
- Tower testing and design revenue	4,808.20	3,781.01
- Operating and maintenance revenue	193.57	-
- Others	315.30	97.96
	5,361.23	3,933.97
<b>(d) Other operating revenue</b>		
- Scrap sales (including excise duty)	7,696.38	6,073.91
- Export incentives	4,120.92	3,464.80
- Others	196.02	748.99
	12,013.32	10,287.70
	<b>907,573.70</b>	<b>773,708.55</b>

## NOTE 32 - OTHER INCOME

₹ in Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
<b>(a) Interest income earned on financial assets that are not designated at fair value through profit or loss:</b>		
(i) Bank deposits (at amortised cost)	245.60	215.28
(ii) Other financial assets carried at amortised cost	1,129.06	578.51
(iii) Others (claims from customer, etc.)	-	837.17
	1,374.66	1,630.96
<b>(b) Interest income earned on financial assets that are designated at fair value through profit or loss:</b>		
- Interest on debt Funds	12.50	-
<b>(c) Interest income earned on other assets</b>		
(i) Excise and VAT refund	87.76	-
(ii) Income tax refund	-	910.72
	87.76	910.72
<b>(d) Dividend income from equity instruments</b>		
- in Subsidiary	132.54	-
<b>(e) Other non-operating income:</b>		
- Guarantee charges	331.80	551.39
- Profit on sale of property, plant and equipment (net)	41.61	19.31
- Miscellaneous income	279.06	596.02
	652.47	1,166.72
	<b>2,259.93</b>	<b>3,708.40</b>

# NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

## NOTE 33 - COST OF MATERIALS CONSUMED

₹ in Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Cost of materials consumed (including project bought outs)	467,623.72	359,992.10
	<b>467,623.72</b>	<b>359,992.10</b>

## NOTE 34 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
<b>Opening stock</b>		
Finished goods	3,629.22	4,306.26
Work-in-progress	6,499.65	5,985.81
	<b>10,128.87</b>	<b>10,292.07</b>
<b>Less: Closing stock</b>		
Finished goods	3,957.64	3,629.22
Work-in-progress	12,626.13	6,499.65
	<b>16,583.77</b>	<b>10,128.87</b>
	<b>(6,454.90)</b>	<b>163.20</b>

## NOTE 35 - ERECTION AND SUB-CONTRACTING EXPENSES

₹ in Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Erection / construction materials consumed	38,974.78	31,057.32
Stores consumed	5,340.43	3,790.36
Sub-contracting expenses	136,698.16	114,764.90
Power, fuel and water charges	2,404.14	1,903.15
Construction transport	15,283.89	11,956.18
Others	13,950.21	13,868.93
	<b>212,651.61</b>	<b>177,340.84</b>

## NOTE 36 - EMPLOYEE BENEFITS EXPENSE

₹ in Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Salaries and wages	50,806.55	45,606.63
Contribution to provident fund and other funds (Refer Note 47)	2,256.80	2,081.77
Staff welfare expenses	3,104.97	2,764.71
Workmen's compensation	43.23	138.63
	<b>56,211.55</b>	<b>50,591.74</b>

## NOTE 37 - FINANCE COSTS

₹ in Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Interest expense for financial liabilities not classified at FVTPL (including yield on debentures)	19,125.40	20,054.92
Other borrowing costs (processing fees, etc.)	456.02	828.22
	<b>19,581.42</b>	<b>20,883.14</b>

# NOTES

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## NOTE 38 - DEPRECIATION AND AMORTISATION EXPENSES

₹ in Lakh

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Depreciation of property, plant and equipment (Refer Note 5)	8,004.78	9,900.99
Amortisation of intangible assets (Refer Note 6)	1,538.62	1,637.92
	<b>9,543.40</b>	<b>11,538.91</b>

## NOTE 39 - OTHER EXPENSES

₹ in Lakh

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Tools, non-erection stores and maintenance spares	1,347.99	1,235.34
Power and fuel	3,578.17	3,206.30
Rent	4,306.79	3,995.13
Rates and taxes, excluding taxes on income (net)	6,505.15	17,469.41
Excise duty (Refer Note 39.1)	(21.92)	363.06
Insurance	5,009.83	4,049.05
Bank (guarantee, letter of credit and other) charges	8,354.07	7,618.67
Commission	2,924.93	2,169.70
Freight and forwarding (net)	14,645.81	6,837.42
Repairs to buildings	189.93	308.26
Repairs to plant and equipment	950.77	686.64
Repairs to other property, plant and equipment	1,101.02	1,082.23
Travelling and conveyance	7,162.81	6,008.92
Payment to statutory auditors (net of service tax input credit, where applicable)*		
-as auditors (for audit, limited reviews and audit of financial statements)	117.00	156.60
-for taxation matters	25.50	23.10
-for other services	56.87	33.05
-for reimbursement of expenses	5.72	2.33
	205.09	215.08
Professional fees	6,024.47	6,036.95
Bad debts, loans and advances written off	6,751.82	22,446.72
Less: Adjusted against allowance for bad and doubtful debts, loans and advances	(1,312.57)	(2,678.99)
	5,439.25	19,767.73
Allowance for bad and doubtful debts, loans and advances (net)	2,293.23	1,948.08
Directors' fees	63.82	64.42
Loss on property, plant and equipment discarded	119.15	1,528.74
Net loss on foreign currency transactions	1,579.48	3,482.66
Net loss arising on financial assets mandatorily measured at FVTPL	225.00	429.00
Amortisation of leasehold prepayments	-	62.68
Corporate Social Responsibility (Refer Note 54)	361.00	217.50
Miscellaneous expenses (Refer Note 39.2)	10,328.43	8,705.56
	<b>82,694.27</b>	<b>97,488.53</b>

\* Current year audit fees includes fees paid to previous auditor ₹ 65.57 lakh

**39.1** Excise duty shown above includes ₹ (134.49) lakh (Previous Year ₹ (67.99) lakh) being excise duty related to the difference between the closing stock and opening stock of finished goods.

**39.2** Other expenses shown above include fees of ₹ 163.44 lakh (Previous Year ₹ 152.26 lakh) paid to branch auditors, fees of ₹ 46.55 lakh for auditors of joint operations (Previous Year of ₹ 49.92 lakh) and fees of ₹ 7.00 lakh (Previous Year ₹ 7.00 lakh) paid to the cost auditors.

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### NOTE 40 - INCOME TAX RECOGNISED IN STATEMENT OF PROFIT AND LOSS

₹ in Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
<b>Current tax</b>		
In respect of the current year	21,594.24	11,272.70
In respect of prior years	5.68	394.01
	<b>21,599.92</b>	<b>11,666.71</b>
<b>Deferred tax</b>		
In respect of the current year	(456.80)	2,504.28
	<b>(456.80)</b>	<b>2,504.28</b>
<b>Total income tax expense recognised in the Statement of Profit and Loss</b>	<b>21,143.12</b>	<b>14,170.99</b>

**Note 40.1** 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 Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Profit before tax from continuing operations	64,147.87	42,353.47
Indian Statutory income tax rate	34.61%	34.61%
Income tax expense	22,200.29	14,658.54
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	-	620.80
Corporate social responsibility expenditure	70.88	23.19
Donation	7.36	7.79
Net effect of different tax rates of joint operations operating in other jurisdictions	(1,205.70)	(1,548.28)
Foreign Tax credit not available	77.98	-
Others	(2.01)	14.94
	<b>21,148.80</b>	<b>13,776.98</b>
Adjustments recognised in the current year in relation to the current tax of prior years	(5.68)	394.01
<b>Income tax expense in Statement of Profit and Loss</b>	<b>21,143.12</b>	<b>14,170.99</b>

The tax rate used for the financial years 2017-18 and 2016-17 reconciliations above is the corporate tax rate of 34.61% payable by the corporate entities in India on taxable profits under the Indian tax law.

### Note 40.2 Income tax recognised in other comprehensive income

₹ in Lakh		
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
<b>Deferred tax</b>		
Arising on income and expenses recognised in other comprehensive income:		
- Translation of foreign joint operations	(74.23)	123.44
- Net gain on designated portion of hedging instruments	218.08	(3.20)
- Remeasurement of defined obligations	98.93	70.80
<b>Total income tax recognised in other comprehensive income</b>	<b>242.78</b>	<b>191.04</b>
Bifurcation of the income tax recognised in other comprehensive income into:		
- Items that will not be reclassified to profit or loss	98.93	70.80
- Items that may be reclassified to profit or loss	143.85	120.24
	<b>242.78</b>	<b>191.04</b>

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## NOTE 41 - EARNINGS PER SHARE

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
	(₹ Per Share)	(₹ Per Share)
(a) Basic earnings per share	16.73	10.96
(b) Diluted earnings per share	16.73	10.96

### 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 Lakh	
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Profit for the year attributable to the equity share holders of the Company	43,004.75	28,182.48
<b>Earnings used in the calculation of basic/ diluted earnings per share</b>	<b>43,004.75</b>	<b>28,182.48</b>

	Quantity	
Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
<b>Weighted average number of equity shares for the purposes of basic / diluted earnings per share</b>	<b>257,088,370</b>	<b>257,088,370</b>

## NOTE 42 - JOINT OPERATIONS

Details of the Company's Joint Operations are as under:

Particulars	Ownership Interest	
	As at March 31, 2018	As at March 31, 2017
<b>a) Joint Operations</b>		
i Al-Sharif Group and KEC Ltd Company, Saudi Arabia (Al Sharif JV) [Refer Note 42 (b)]	51%	49%
ii EJP KEC Joint Venture, South Africa	50%	50%
iii KEC – ASSB JV, Malaysia	67%	67%
iv KEC – ASIAKOM – UB JV	60%	60%
v KEC – ASIAKOM JV	51%	51%
vi KEC – DELCO – VARAHA JV	80%	80%
vii KEC – VARAHA – KHAZANA JV	80%	80%
viii KEC – VALECHA – DELCO JV	51%	51%
ix KEC – SIDHARTH JV	80%	80%
x KEC – TRIVENI – KPIPL JV	55%	55%
xi KEC – UNIVERSAL JV	80%	80%
xii KEC – DELCO – DUSTAN JV	51%	51%
xiii KEC – ANPR – KPIPL JV	60%	60%
xiv KEC – PLR – KPIPL JV	55%	55%
xv KEC – BJCL JV	51%	51%
xvi KEC – KEIL JV	90%	90%
xvii KEC – ABEPL JV	90%	90%
xviii KEC – TNR INFRA JV	51%	51%
xix KEC – SMC JV	51%	51%
xx KEC – WATERLEAU JV	51%	51%

- b) (i) The Company held 49% share capital of Al Sharif JV, having a joint arrangement located in Saudi Arabia, with the JV partner Al-Sharif Group (ASG). During the year, the Company has acquired additional 6,300 shares representing 2.10% of the total share capital of Al Sharif JV. Pursuant to acquisition of these additional shares, Company's stake in the joint arrangement has increased to 51.10% making it a subsidiary as per the definition of 'subsidiary' under the Companies Act, 2013. However, based on the control assessment under Ind AS, considering the nature of arrangement, Al Sharif JV has been continued to be 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

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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 total income from operations ₹ 101,790.03 lakh (for the year ended March 31, 2017 ₹ 119,343.53 lakh), total expenditure (including tax) ₹ 90,193.30 lakh (for the year ended March 31, 2017 ₹ 100,665.36 lakh), total assets as at March 31, 2018 ₹ 146,274.22 lakh (as at March 31, 2017 ₹ 178,725.71 lakh) and total liabilities as at March 31, 2018 ₹ 98,953.18 lakh (as at March 31, 2017 ₹ 138,356.72 lakh).

#### NOTE 43 - LEASES

##### (A) - Operating Leases

		₹ in Lakh	
Particulars		For the Year ended March 31, 2018	For the Year ended March 31, 2017
1	Lease payments recognised in the Statement of Profit and Loss for the year [Includes minimum lease payment ₹ 196.08 (for the year ended March 31, 2017 ₹ 196.08 lakh)].	4,306.79	3,995.13
2	The company has operating leases for office premises and residential properties. These lease arrangements range for a period between 11 months and 5 years, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses and some contracts also includes clauses for early termination by either party with a specific notice period.	-	-
3	Future minimum lease payments under the agreements, which are non-cancellable are as follows:	-	-
(i)	Not later than one year	-	196.08
(ii)	Later than one year and not later than five years	-	629.06
(iii)	Later than five year	-	-

##### (B) - Finance Leases

(i) The Joint operation of the Company at Saudi Arabia has taken certain vehicles and equipment under finance lease. The average lease term is 3 years. There is option to purchase the assets at the end of lease terms. The obligation under finance leases are secured by the leased assets. There are no restrictions such as those concerning dividends, additional debt and further leasing imposed by the lease agreement.

Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 5.00% to 22.80% p.a. For net carrying amount of assets acquired under finance lease as at March 31, 2018 - Refer Note 5 Property, Plant and Equipment.

(ii) The maturity profiles of finance lease obligations are as follows:

##### Finance Lease liabilities

		₹ in Lakh		
Particulars	As at	Total minimum lease payments outstanding	Future Finance charges	Present value of minimum lease payments
Not later than one year	<b>March 31, 2018</b>	<b>94.37</b>	<b>3.09</b>	<b>91.28</b>
	March 31, 2017	371.11	32.94	338.17
Later than one year and not later than five years	<b>March 31, 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>
	March 31, 2017	85.77	3.08	82.69
<b>Total</b>	<b>March 31, 2018</b>	<b>94.37</b>	<b>3.09</b>	<b>91.28</b>
	March 31, 2017	456.88	36.02	420.86

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Included in the financial statements as:

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
-Current Maturities of Finance lease obligations (Refer Note 27)	91.28	338.17
-Non-current borrowings (Refer Note 22)	-	82.69
<b>Total</b>	<b>91.28</b>	<b>420.86</b>

## NOTE 44 - DISCLOSURE UNDER IND-AS 11 "CONSTRUCTION CONTRACTS"

₹ in Lakh)			
Sr No	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a	(i) Contract Revenue (including excise duty of ₹ 2303.54 lakh, for the year ended March 31, 2017 ₹ 9,364.22 lakh) recognised during the year (Refer note 31)	794,057.13	665,528.53
	(ii) Method used to determine the contract revenue recognised and the stage of completion of contracts in progress	Refer note 3.5.3	Refer note 3.5.3
b	Disclosure in respect of contracts in progress as at the year end:		
	(i) Aggregate amount of cost incurred and recognised profits (less recognised losses)	1,943,949.29	2,806,092.43
	(ii) Advances received	96,726.58	74,914.37
	(iii) Retention Receivable	204,207.34	198,242.02
	(iv) Amount Due from Customers for contract works	200,922.67	147,016.12
	(v) Amount Due to Customers for contract works	42,010.58	44,079.91

## NOTE 45 - FINANCIAL INSTRUMENTS

### 45.1 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 22 and 25 offset by cash and bank balances in Notes 14 and 15) 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.

### Gearing ratio

The gearing ratio at end of the reporting period is as follows.

₹ in Lakh			
Particulars		As at March 31, 2018	As at March 31, 2017
Debt *	A	133,685.77	146,641.33
Cash and bank balances	B	21,434.31	15,546.71
Net debt (C)	C=A-B	112,251.46	131,094.62
Total equity	D	203,864.86	165,573.85
<b>Net debt to equity ratio (E)</b>	<b>E=C/D</b>	<b>0.55</b>	<b>0.79</b>

\* Debt is defined as long-term and short-term borrowings (excluding derivative and financial guarantee contracts), as described in Notes 22 and 25 and includes interest accrued but not due on borrowings.

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### 45.2 Categories of financial instruments

Particulars	As at March 31, 2018			As at March 31, 2017		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
<b>Financial assets<sup>#</sup></b>						
Non-current investment						
- Investment in equity instruments	-	-	-	-	-	-
- Investment in preference shares	2,796.00	-	-	3,021.00	-	-
Trade receivables	-	-	484,071.10	-	-	397,524.19
Cash and bank balances	-	-	21,434.31	-	-	15,546.71
Loans	-	-	21,527.12	-	-	18,260.85
Other financial assets						
- Derivative instruments						
i) Forward exchange contracts designated as hedge relationship	-	-	-	438.85	-	-
ii) Over the counter (OTC) commodity derivative contracts	-	-	-	-	124.52	-
- Others	-	-	209,495.28	-	-	161,050.74
<b>Financial liabilities</b>						
Borrowings	-	22,872.25	110,813.52	-	23,704.48	122,936.85
Trade payables	-	-	445,051.03	-	-	297,350.33
Other financial liabilities						
- Derivative instruments						
i) Forward exchange contracts	1,325.78	-	-	-	964.07	-
ii) Over the counter (OTC) commodity derivative contracts	-	188.98	-	-	-	-
- Others	-	-	2,043.97	-	-	1,479.92

<sup>#</sup>Financial assets (except investments) pledged as collateral for borrowings - Refer Notes 22 and 25

- FVPL - Fair Value Through Profit or Loss

- FVOCI - Fair Value Through Other Comprehensive Income

### 45.3 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.

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 of BOD for review.

### 45.4 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 45.5 and 45.10 below) and commodity price (see Note 45.8 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 guidelines set by the Board of Directors.

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## 45.5 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.

₹ in Lakh

Particulars	USD	SAR	EUR	ZAR	AED	Others	Total
<b>As at March 31, 2018</b>							
Assets	105,797.38	83,574.52	7,940.32	14,799.28	21,758.50	71,092.76	304,962.76
Liabilities	(83,417.85)	(63,053.52)	(11,068.74)	(360.60)	(23,327.51)	(52,316.24)	(233,544.46)
<b>As at March 31, 2017</b>							
Assets	107,231.95	108,427.91	3,292.89	12,486.91	18,478.52	66,279.09	316,197.26
Liabilities	(112,588.96)	(84,300.01)	(4,027.35)	(6,858.31)	(13,652.51)	(31,450.62)	(252,877.76)

## 45.6 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 Lakh

Exposure to currencies	Change in rate	Impact on profit before tax		Impact on equity	
		For the year ended March 31, 2018	For the year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017
USD	+5%	(2,458.77)	(3,133.61)	1,339.79	1,772.27
	-5%	2,458.77	3,133.61	(1,339.79)	(1,772.27)
SAR	+5%	(39.07)	90.00	(986.98)	(1,296.39)
	-5%	39.07	(90.00)	986.98	1,296.39
EUR	+5%	(38.34)	(69.76)	194.76	105.43
	-5%	38.34	69.76	(194.76)	(105.43)
ZAR	+5%	(357.79)	(282.97)	(364.14)	1.54
	-5%	357.79	282.97	364.14	(1.54)
AED	+5%	78.45	(241.30)	-	-
	-5%	(78.45)	241.30	-	-
Others	+5%	(938.83)	(1,767.86)	-	6.68
	-5%	938.83	1,767.86	-	(6.68)

## 45.7 Forward exchange contracts

The Company has adopted a Risk Management Policy approved by the Board of Directors 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.

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The following table details the forward foreign currency (FC) contracts as fair value hedges outstanding at the end of the reporting period:

Outstanding contracts	Average exchange rate*		Foreign currency (FC in Lakh)		Nominal amounts (₹ in Lakh)		Change in fair value assets (liabilities) (₹ in Lakh)	
	For the year ended March 31, 2018	For the year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Buy EURO/USD</b>								
More than 6 Months	1.17	1.10	-	3.48	-	241.14	-	(1.57)
<b>Sell EURO/USD</b>								
Less than 3 Months	1.17	1.10	14.00	-	1,131.66	-	15.98	-
3 to 6 months	1.17	1.10	80.00	-	6,438.56	-	(213.50)	-
More than 6 Months	1.17	1.10	95.00	-	2,530.83	-	13.39	-
<b>Buy USD/INR</b>								
Less than 3 Months	64.45	67.14	280.00	-	18,179.21	-	230.88	-
3 to 6 months	64.45	67.14	50.00	-	3,296.38	-	7.25	-
<b>Sell USD/INR</b>								
Less than 3 Months	64.45	67.14	160.00	171.26	10,436.40	11,105.59	(35.81)	238.63
3 to 6 months	64.45	67.14	-	50.00	-	3,242.25	-	203.17
More than 6 Months	64.45	67.14	60.00	-	4,185.00	-	(6.27)	-
<b>Buy USD/MYR</b>								
Less than 3 Months	4.17	4.20	16.43	-	1,100.14	-	(134.65)	-
3 to 6 months	4.17	4.20	145.77	-	9,861.53	-	(1,204.90)	-
<b>Sell AUD/USD</b>								
Less than 3 Months	0.77	0.75	1.41	-	71.08	-	0.56	-
<b>Sell GBP/USD</b>								
Less than 3 Months	1.33	1.31	2.87	9.63	264.79	778.88	1.29	(1.38)
<b>Total</b>							<b>(1,325.78)</b>	<b>438.85</b>

\* The average exchange rate for the respective year is derived based on daily movement in spot rates for respective foreign currencies.

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 ₹ 1,085.69 lakh / (₹ 1,085.69 lakh) and an approximate gain/(loss) of ₹ 1,182.50 lakh/(₹ 1,182.50 lakh) for the year ended March 31, 2018 and the year ended March 31, 2017 respectively, in the Company's Statement of Profit and Loss/Other Comprehensive Income.

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 gain/(loss) of ₹ 2,141.31 lakh / (₹ 2,141.31 lakh) and an approximate (loss)/gain of (₹ 73.73 lakh)/₹ 73.73 lakh for the year ended March 31, 2018 and the year ended March 31, 2017 respectively, in the Company's Statement of Profit and Loss/Other Comprehensive Income.

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, 2018, the aggregate amount of loss under forward foreign exchange contracts recognised in the Statement of Profit and Loss is ₹ 2,295.85 lakh (for the year ended March 31, 2017: gains of ₹ 1,364.70 lakh).

The Company has designated following forward contracts as cash flow hedges which are outstanding as under:

Outstanding contracts	Average exchange rate*		Foreign currency (FC in Lakh)		Nominal amounts (₹ in Lakh)		Change in Fair value assets (liabilities) (₹ in Lakh)	
	For the year ended March 31, 2018	For the year ended March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
<b>Cash flow hedges</b>								
<b>Buy USD/INR</b>								
More than 6 months	-	67.14	-	330.00	-	21,398.85	-	(643.32)
Less than 3 months	-	67.14	-	18.50	-	1,199.63	-	(40.26)
<b>Buy USD/MYR</b>								
3 to 6 months	-	4.19	-	1,098.40	-	16,249.85	-	(280.49)
<b>Total</b>							<b>-</b>	<b>(964.07)</b>

\*The average exchange rate for the respective year is derived based on daily movement in spot rates for respective foreign currencies.

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### 45.8 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, 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		Average exchange rate*	Foreign currency (USD in Lakh)			Nominal Amount (₹ in Lakh)			Fair value (₹ in Lakh)		
			Aluminium	Copper	Lead	Aluminium	Copper	Lead	Aluminium	Copper	Lead
As at March 31, 2018	Less than 3 months	64.45	8.52	38.15	9.56	550.61	2,467.62	614.44	(33.82)	(83.00)	(37.29)
	3 to 6 months		4.26	27.20	-	276.62	1,763.78	-	(15.66)	(19.20)	-
As at March 31, 2017	Less than 3 months	67.14	25.15	45.53	-	1,630.83	2,952.09	-	27.92	45.18	-
	3 to 6 months		5.77	-	-	373.93	-	-	5.90	-	-

\* The average exchange rate for the respective year is derived based on daily movement in spot rates for respective foreign currencies.

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 ₹ 565.21 lakh / (₹ 565.21 lakh) and an approximate gain/(loss) of ₹ 512.04 lakh / (₹ 512.04 lakh) in the Statement of Profit and Loss/ other comprehensive income for the year ended March 31, 2018 and for the year ended March 31, 2017 respectively.

### 45.9 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. No interest is generally charged on overdue trade receivables.

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 historical credit loss experience and adjusted for forward looking information. The expected credit loss is based on the ageing of the days, the receivables due and the expected credit loss rate.

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Ageing of non-current (Note 8) and current (Note 13) trade receivables considered by the Management for this purpose are as under:

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment	44,112.37	50,175.51
Other trade receivables	445,267.64	352,429.45
<b>Total - Gross</b>	<b>489,380.01</b>	<b>402,604.96</b>

Apart from the largest customer of the Company in Saudi Arabia (which is a state controlled enterprise) and a major customer in India (which is a public sector undertaking), the Company does not have significant credit risk exposure to any single customer. Concentration of credit risk related to the customer in Saudi Arabia exceeds 20% of the trade receivables of the Company and credit risk related to the major customer in India exceeds 10% of the trade receivables of the Company. Concentration of credit risk to any other customer did not exceed 10% of the trade receivables at any time during the year.

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, 2018 ₹ 73,191.87 lakh (as at March 31, 2017; ₹ 76,797.28 lakh). These financial guarantees have been issued to the banks on behalf of the subsidiaries and joint operations under the agreements entered into by the subsidiaries/ Joint operations with the banks. 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 Group held cash and cash equivalents of ₹ 17,631.36 lakh (March 31, 2017 ₹ 12,302.48 Lakh). 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.

## 45.10 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 Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Variable rate borrowing	312,718.33	221,408.36
Fixed rate borrowing	28,539.42	26,006.52
<b>Total borrowings</b>	<b>341,257.75</b>	<b>247,414.88</b>

## 45.11 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, 2018 would decrease/increase by ₹ 1,563.59 Lakh (for the year ended March 31, 2017: decrease/increase by ₹ 1,107.04 lakh). 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.

## 45.12 Liquidity risk management

Board of Directors of the Company has 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

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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 Lakh					
Particulars	Less than 1 year	1-3 Years	3-5 Years	Total	Carrying Amount
<b>As at March 31, 2018</b>					
Interest bearing liabilities	301,195.41	25,727.07	14,335.27	341,257.75	341,257.75
Trade payables	237,479.05	-	-	237,479.05	237,479.05
Other financial liabilities	3,558.73	-	-	3,558.73	3,558.73
<b>Total</b>	<b>542,233.19</b>	<b>25,727.07</b>	<b>14,335.27</b>	<b>582,295.53</b>	<b>582,295.53</b>
<b>As at March 31, 2017</b>					
Interest bearing liabilities	221,325.67	82.69	26,006.52	247,414.88	247,414.88
Trade payables	200,462.63	-	-	200,462.63	200,462.63
Other financial liabilities	2,443.99	-	-	2,443.99	2,443.99
<b>Total</b>	<b>424,232.29</b>	<b>82.69</b>	<b>26,006.52</b>	<b>450,321.50</b>	<b>450,321.50</b>

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 ₹ 525,757.71 lakh as at March 31, 2018 (₹ 556,674.58 lakh as at March 31, 2017).

### 45.13 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).

Financial assets / liabilities	Fair values as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	March 31, 2018	March 31, 2017				
Investment in Optionally convertible non Cumulative Preference Shares (Unquoted) (see Note 7)	Assets – ₹ 2,796.00 lakh	Assets – ₹ 3,021.00 lakh	Level 3	Binomial Model approach for the option component  Discounted cash flow approach for the debt component	Discount rate of 11.35% taking into account terms of the instrument, cost of debt, seniority and liquidity preference, taxation, expected returns etc.  Risk free rate of return of 7.72% based on YTM on government securities	If the discount rate were 0.5% higher/lower while all the other variables were held constant, the value of the shares would decrease by ₹ 38 lakh and increase by ₹ 41 lakh.  If the risk free rate of return were 0.5% higher/lower while all the other variables were held constant, the value of the shares would increase by ₹ 20 lakh and decrease by ₹ 22 lakh.

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Financial assets/ financial liabilities	Fair values as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	March 31, 2018	March 31, 2017		
1) Foreign currency forward contracts not designated in hedge accounting relationships	Liability - ₹ 1,325.78 lakh	Assets - ₹ 438.85 lakh	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 Purchases using Over the Counter (OTC) Derivative Commodity Contracts)	Liability - ₹ 188.98 lakh	Assets - ₹ 124.52 lakh	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.
3) Derivative instruments (Derivative instruments in designated hedge accounting relationships (Hedges of Highly Forecasted Sales/ purchases using foreign currency forward contracts)	-	Liabilities - ₹ 964.07 lakh	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.

### Reconciliation of level 3 fair value measurements

Financial assets/ financial liabilities	Investment in Optionally convertible non cumulative preference shares (Unquoted)
	For the year ended March 31, 2018
Opening balance	3,021.00
Purchases	-
Loss through FVTPL	225.00
<b>Closing balance</b>	<b>2,796.00</b>

### NOTE 46 - RESEARCH AND DEVELOPMENT EXPENSES

Particulars	For the Year ended March 31, 2018	For the Year ended March 31, 2017
Revenue expenses charged to Statement of Profit and Loss (including depreciation on Property, plant and equipment)	2,265.31	2,249.71
Expenditure capitalised during the year	-	-

### NOTE 47 - EMPLOYEE BENEFIT PLANS

#### 1 Defined contribution plans

##### 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. The Company contributed ₹ 110.25 Lakh and ₹ 103.74 Lakh to the Employees' Superannuation fund for the year ended March 31, 2018 and March 31, 2017, respectively.

#### 2 Defined Benefit Plan

##### a. A general description of the Employee Benefit Plan:

##### (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

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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. Since the fund is income tax approved, the Company and the trustees have to ensure that they are at all times fully compliant with the relevant provisions of the Income tax 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) Joint operation in Saudi

The Joint 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	$1/2 * \text{Service} * \text{Applicable salary}$
For Service more Than 5 years	First Five Years: $1/2 * \text{Service} * \text{Applicable Salary}$ Beyond 5 Years: $\text{Service} * \text{Applicable Salary}$

### b. 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.

#### No other post-retirement benefits are provided to the employees.

In respect of the plan in India and joint 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, 2018 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.

# NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

## c. Details of defined benefit plan - Gratuity

₹ in Lakh

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>I Components of defined benefit cost</b>		
1 Current service cost	687.27	513.10
2 Interest cost on benefit obligation (Net)	51.83	3.90
3 Total expenses included in Statement of Profit and Loss (P&L)	739.10	517.00
4 Actuarial changes arising from changes in demographic assumptions	132.62	25.79
5 Actuarial changes arising from changes in financial assumptions	11.16	136.70
6 Actuarial changes arising from changes in experience assumptions	(42.27)	54.70
7 Return on Plan Assets (excluding interest income)	152.59	(12.62)
8 Total recognized in Other Comprehensive Income (OCI)	254.10	204.57
9 Total defined benefit cost recognized in P&L and OCI	993.20	721.57
<b>II Actual Contribution and Benefits Payments for the year</b>		
1 Actual Benefits Payments	(477.43)	(345.99)
2 Actual Contributions	536.70	390.59

₹ in Lakh

	As at March 31, 2018	As at March 31, 2017
<b>III Net asset/(liability) recognized in the Balance Sheet</b>		
1 Present Value of Defined Benefit Obligations	4,658.32	4,071.55
2 Fair Value of Plan Assets	3,247.20	3,117.11
3 Net asset / (liability) recognized in the Balance Sheet	(1,411.12)	(954.44)
<b>IV Change in Present Value of Defined Benefit Obligation during the year</b>		
1 Present Value of Defined Benefit Obligation as at the beginning of the year	4,071.54	3,460.34
2 Current Service Cost	687.27	513.10
3 Interest Cost	275.43	226.91
4 Benefits paid	(477.43)	(345.99)
5 Actuarial changes arising from changes in demographic assumptions	132.62	25.79
6 Actuarial changes arising from changes in financial assumptions	11.16	136.70
7 Actuarial changes arising from changes in experience assumptions	(42.27)	54.70
8 Present Value of Defined Benefit Obligations as at the end of the year	4,658.32	4,071.54
<b>V Change in Fair Value of Plan Assets during the year</b>		
1 Plan Assets as at the beginning of the year	3,117.11	2,836.86
2 Interest Income	223.41	223.01
3 Actual Company Contributions	536.70	390.59
4 Benefits paid	(477.43)	(345.99)
5 Expected return on Plan Assets (excluding interest income)	(152.59)	12.62
6 Plan Assets as at the end of the year	3,247.20	3,117.11
<b>VI-A Actuarial Assumptions (Considered for the Company)</b>		
1 Discount Rate	7.50%	7.10%
2 Expected Return on plan assets	7.50%	7.10%
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	16.00%
	31-44 years	10.00%
	45 years and above	11.00%
		5.00%

## NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

₹ in Lakh

		As at March 31, 2018	As at March 31, 2017
<b>VI-B Actuarial Assumptions (Considered for Joint Operation in Saudi)</b>			
1	Discount Rate	2.60%	4.35%
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)	9.00%	8.00%
	Others	15.00%	14.00%

**VII** The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.

₹ in Lakh

		As at March 31, 2018	As at March 31, 2017
<b>VIII The major categories of Plan Assets of the Company as a percentage of the total plan assets</b>			
	Equity	13.21%	9.52%
	Debt	75.04%	80.85%
	Money Market Investments	11.75%	9.63%
	Mutual Fund	0.00%	0.00%
<b>IX Contribution expected to be paid to the Plan of the Company during the year ended March 31, 2018 ₹ 550 lakh</b>			
<b>X Weighed Average duration of the Plan</b>			
	Considered for the Company	8 years	7 years
	Considered for Joint Operation in Saudi	6 years	7 years

₹ in Lakh

		As at March 31, 2018	As at March 31, 2017
<b>Maturity profile of defined benefit obligation</b>			
1	Year 1	583.38	445.91
2	Year 2	842.60	672.86
3	Year 3	679.22	570.98
4	Year 4	635.52	597.92
5	Year 5	741.60	583.25
6	Next 5 years	3,525.69	3,291.76

₹ in Lakh

		As at March 31, 2018	As at March 31, 2017
<b>Financial assumptions sensitivity analysis</b>			
<b>A. Discount rate</b>			
	Discount rate - 50 basis points	4,798.52	4,204.04
	Discount rate + 50 basis points	4,526.08	3,946.83
<b>B. Salary increase rate</b>			
	Salary rate - 50 basis points	4,545.77	3,960.88
	Salary rate + 50 basis points	4,775.90	4,186.30
<b>Demographic assumptions sensitivity analysis</b>			
<b>C. Withdrawal Rate</b>			
	Withdrawal Rate - 100 basis points	4,712.13	4,119.98
	Withdrawal Rate + 100 basis points	4,609.83	4,028.12

## NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

### 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.

### d. The following table shows a breakdown of the defined benefit obligation and plan assets by country:

₹ in Lakh

Description	As at March 31, 2018			As at March 31, 2017		
	Gratuity		Total	Gratuity		Total
	India	Saudi		India	Saudi	
(A) Present value of obligation	3,795.45	862.87	4,658.32	3,318.45	753.10	4,071.55
(B) Fair value of plan assets	3,247.20	-	3,247.20	3,117.11	-	3,117.11
<b>(C) Total liability = (A) - (B)</b>	<b>548.25</b>	<b>862.87</b>	<b>1,411.12</b>	<b>201.34</b>	<b>753.10</b>	<b>954.44</b>

### e. Provident Fund

The Company has established 'KEC International Limited Provident Fund' in respect of certain employees 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 Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
Company's contribution to the provident fund	935.42	747.00

Assumptions used in determining the present value obligation of the interest rate guarantee are as follows:

₹ in Lakh

Particulars	As at March 31, 2018	As at March 31, 2017
a. Approach used	Deterministic	Deterministic
b. Increase in compensation levels	8.00%	8.00%
c. Discount Rate	7.50%	7.10%
d. Attrition Rate		
Upto 30 years	16.00%	14.00%
31 - 44 years	10.00%	10.00%
45 years and above	11.00%	5.00%
e. Weighted Average Yield	8.32%	8.57%
f. Weighted Average YTM	8.32%	8.57%
g. Reinvestment Period on Maturity	8 years	8 years
h. Mortality Rate	Indian Assured Lives Mortality (IALM) (2006-08) (modified) Ultimate	Indian Assured Lives Mortality (IALM) (2006-08) (modified) Ultimate

### f. Compensated absences

The Compensated absences cover the Company's liability for sick and earned leave.

The amount of the provision of ₹ 2,010.42 lakh (as at 31st March, 2017 – ₹ 2,438.90 lakh) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

# NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

## NOTE 48 - 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, 2018	As at March 31, 2017
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	India	99.99	99.99
KEC International Holdings LLC*	USA	-	100
KEC Brazil LLC*	USA	-	100
KEC Mexico LLC*	USA	-	100
KEC Transmission LLC*	USA	-	100
KEC US LLC*	USA	-	100
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
SAE Engineering & Construction Services, S de RL de CV	Mexico	100	100
KEC International (Malaysia) SDN BHD	Malaysia	100	100

\* These entities have been merged with SAE Towers Holdings, LLC w.e.f. September 29, 2017.

### (B) Details of related parties with whom transactions have taken place

#### Entity having significant influence over the Company

Swallow Associates LLP

#### 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 Limited

KEC Investment Holdings, Mauritius

KEC Global, Mauritius

KEC Bikaner Sikar Transmission Private Limited

#### Key Management Personnel (KMP)

Mr. H. V. Goenka- Chairman

Mr. Vimal Kejriwal - Managing Director & CEO

Mr. A. T. Vaswani - Non - Executive Director

## NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

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

Mr. S. M. Trehan - Non - Executive Director

Mr. S. S. Thakur - Non - Executive Director (upto November 06, 2017)

Ms. Manisha Girotra - Non - Executive Director (w.e.f. February 06, 2018)

Mr. Vinayak Chatterjee - Non - Executive Director

### 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

### Relatives of Key Management Personnel

Mr. Anant Goenka - Relative of Mr. H. V. Goenka

### Entities where control / significant influence by KMPs and their relatives exists and with whom transactions have taken place

STEL Holdings Limited

Chattarpati Investments LLP

Harsh Anant Goenka HUF

CEAT Limited

B. N. Elias & Co. LLP

Palacino Properties LLP

RPG Enterprises Limited

Raychem RPG Private Limited

Ceat Speciality Tyres Limited

Spencers and Company Limited

Zensar Technologies Limited

# NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

## NOTE 48 RELATED PARTY DISCLOSURES

Related party disclosures as required by IND AS 24 "Related Party Disclosures" are given below:

### (B) Transactions with the Related Parties

Transactions	For the year ended March 31, 2018					For the year ended March 31, 2017					₹ in Lakh
	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	549.28		1,591.31		2,140.59			514.59		514.59	
SAE Towers Mexico S de RL de CV, Mexico	549.28				549.28						
CEAT Speciality Tyres Limited								246.44		246.44	
CEAT Limited			1,341.48		1,341.48			19.14		19.14	
Raychem RPG Private limited			249.83		249.83			249.01		249.01	
Sale under Turnkey Contracts	2,905.41				2,905.41	18,755.91				18,755.91	
KEC Bikaner Sikar	2,905.41				2,905.41	18,755.91				18,755.91	
Transmission Private Limited								5.01		5.01	
Freight and Service tax recovered on sales											
Raychem RPG Private limited								5.01		5.01	
Services rendered	434.47		5.46		439.93			5.36		5.36	
SAE Towers Mexico S de RL de CV, Mexico	409.05				409.05						
KEC Bikaner Sikar	25.42				25.42						
Transmission Private Limited											
CEAT Limited			5.46		5.46			5.36		5.36	
Services received			1,431.15		1,431.15			1,429.42		1,429.42	
RPG Enterprises Limited			1,431.15		1,431.15			1,429.42		1,429.42	
Dividend Income	132.54				132.54						
KEC Global FZ-LLC, Ras UL Khaimah	132.54				132.54						
Purchase of goods			874.95		874.95			731.48		731.48	
Raychem RPG Private limited			874.95		874.95			731.08		731.08	
CEAT Limited								0.40		0.40	
Interest income	928.61				928.61	437.28				437.28	
KEC Bikaner Sikar	148.04				148.04						
Transmission Private Limited											
KEC Global, Mauritius	6.40				6.40						
KEC Investment Holdings, Mauritius	774.17				774.17	437.28				437.28	

# NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

Transactions	For the year ended March 31, 2018				For the year ended March 31, 2017				₹ in Lakh
	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	
Rent & maintenance charges paid			942.18		942.18			1,090.52	1,090.52
Palacino Properties LLP			21.92		21.92			20.13	20.13
Spencer and Company Limited			360.00		360.00			413.70	413.70
Raychem RPG Private limited								8.39	8.39
B N Elias & Co. LLP			8.40		8.40			8.40	8.40
CEAT Limited			551.86		551.86			639.90	639.90
Compensation to Key Management Personnel									
Mr.Vimal Kejriwal - Managing Director & CEO		467.74			467.74		384.50		384.50
short-term employee benefits (including Bonus and value of perquisites)		446.46			446.46		365.35		365.35
post-employment benefits* \$		21.28			21.28		19.15		19.15
Sitting fees & Commission paid to Non-Executive Directors		718.65			718.65		489.38		489.38
Mr. H. V. Goenka		580.70			580.70		366.96		366.96
Mr. A. T. Vaswani		18.25			18.25		16.45		16.45
Mr. D. G. Piramal		14.00			14.00		12.00		12.00
Mr. G.L. Mirchandani		14.00			14.00		12.00		12.00
Ms. Nirupama Rao		13.00			13.00		11.00		11.00
Ms. Manisha Girotra		2.80			2.80				
Mr. R. D. Chandak		16.75			16.75		13.00		13.00
Mr. S. M. Kulkarni		19.45			19.45		17.46		17.46
Mr. S. M. Trehan		14.00			14.00		12.00		12.00
Mr. S. S. Thakur		11.70			11.70		17.51		17.51
Mr.Vinayak Chatterjee		14.00			14.00		11.00		11.00
Purchase of Fixed Assets	0.97				0.97				
KEC Global FZ-LLC, Ras UL Khaimah	0.97				0.97				
Payments made/expenses incurred on behalf of related party	14.46				14.46	19.26			19.26
KEC Bikaner Sikar	10.55				10.55	6.18			6.18
Transmission Private Limited									
KEC Power India Private limited	0.42				0.42	0.53			0.53

# NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

Transactions	For the year ended March 31, 2018					For the year ended March 31, 2017				
	Subsidiaries	Key Management Personnel	where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total	Subsidiaries	Key Management Personnel	where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total
KEC Global FZ-LLC, Ras UL Khaimah	3.33				3.33	12.48				12.48
RPG Transmission Nigeria Limited	0.16				0.16	0.07				0.07
Advance / Loan Given	19,661.91				19,661.91	9,974.68				9,974.68
KEC Bikaner Sikar	620.94				620.94					
Transmission Private Limited										
KEC Global, Mauritius	253.73				253.73					
KEC Investment Holdings, Mauritius	18,787.24				18,787.24	9,974.68				9,974.68
Advance / Loan Recovered	16,614.13				16,614.13	3,531.06				3,531.06
KEC Investment Holdings, Mauritius	16,614.13				16,614.13	3,531.06				3,531.06
Advance received towards project execution								32.80		32.80
Raychem RPG Private limited								32.80		32.80
Repayment of Loans and Advances	133.07				133.07					
KEC Global FZ - LLC, Ras UL Khaimah	133.07				133.07					
Conversion of Loan into equity	162.64				162.64					
KEC Global, Mauritius	162.64				162.64					
Advance received			581.73		581.73					
CEAT Limited			581.73		581.73					
Contribution made				926.29	926.29				838.39	838.39
KEC International Limited				401.36	401.36				390.59	390.59
Employee's Gratuity Fund										
KEC International Limited Provident Fund				425.32	425.32				344.06	344.06
KEC International Limited Superannuation Fund				99.61	99.61				103.74	103.74
Investment made (including investment in preference shares)	19,338.76				19,338.76	2,050.00				2,050.00
KEC Bikaner Sikar						2,050.00				2,050.00
Transmission Private Limited										
KEC Investment Holdings, Mauritius	19,338.76				19,338.76					

\*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.

# NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

(C) Balances outstanding as at the year end

Transactions	As at March 31, 2018					As at March 31, 2017					₹ in Lakh			
	Associates	Subsidiaries	Management Personnel	Key	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total	Associates	Subsidiaries	Management Personnel		Key	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan
Amount receivable/(payable)		16,678.53		-	(133.34)	(548.25)	15,996.94		12,237.03		-	(466.83)	(201.36)	11,568.84
KEC Investment Holdings, Mauritius		15,056.39					15,056.39		12,028.56					12,028.56
KEC Global, Mauritius		97.70					97.70							
SAE Towers Mexico		881.29					881.29							
S de RL de CV, Mexico														
KEC Bikaner Sikar		662.74					662.74		361.19					361.19
Transmission Private Limited									(133.07)					(133.07)
KEC Global FZ-LLC, Ras														
UL Khaimah		(19.59)					(19.59)		(19.65)					(19.65)
RPG Transmission Nigeria Limited					3.20		3.20							
RPG Life Sciences Limited					91.55		91.55					(16.92)		(16.92)
Raychem RPG Private limited					9.00		9.00							
Palacio Properties LLP					0.92		0.92							
B N Elias & Co. LLP					206.09		206.09					9.20		9.20
CEAT Limited					0.31		0.31					0.31		0.31
CEAT Speciality Tyres Limited					270.00		270.00					270.00		270.00
Spencer and Company Limited					5.57		5.57							
Zensar Technologies					(719.98)		(719.98)					(729.42)		(729.42)
RPG Enterprises Limited						(548.25)	(548.25)						(201.36)	(201.36)
KEC International Ltd.														
Employees' Group														
Gratuity Scheme														
Investment (including investment in preference shares)	0.49	31,765.71					31,766.20	0.49	12,232.97					12,233.47
RPG Transmission Nigeria Limited		34.52					34.52		34.52					34.52
KEC Global FZ-LLC,		118.65					118.65		118.65					118.65
Ras UL Khaimah														
KEC Investment Holdings, Mauritius®		27,285.40					27,285.40		7,792.72					7,792.72
KEC Global, Mauritius		233.18					233.18		70.74					70.74
KEC Power India Private Limited		86.29					86.29		86.29					86.29
Bikaner Sikar Transmission Private Limited ®, §§		4,007.67					4,007.67		4,130.06					4,130.06
RP Goenka Group of Companies Employees Welfare Association	0.49						0.49	0.49						0.49
Guarantees given on behalf of the related party:		40,911.58					40,911.58		63,399.03					63,399.03
SAE Towers Ltd, USA									1,945.35					1,945.35
SAE Towers Holdings, LLC, USA		23,811.58					23,811.58		44,353.68					44,353.68
KEC Bikaner Sikar		17,100.00					17,100.00		17,100.00					17,100.00
Transmission Private Limited														

<sup>¶</sup>Includes fair value of financial guarantees issued to subsidiaries and step down subsidiaries.

<sup>¶</sup>Net of loss of ₹ 225 lakh (previous year ₹ 429 lakh) on fair valuation of preference shares during the year.

<sup>§§</sup>Includes 5,100,000 (previous year 5,100,000) equity shares pledged in respect of term loan availed by KEC Bikaner Sikar Transmission Private Limited during the year.  
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 Financial Statements as at and for the year ended March 31, 2018

## NOTE 49 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

### (i) Contingent Liabilities<sup>#</sup>

Claims against the Company not acknowledged as debt:

₹ in Lakh

Sr. No	Particulars	Relating to various years comprise in the period	As at March 31, 2018	As at March 31, 2017
1	Sales Tax /Value Added Tax <sup>*</sup>	1994-2016	8,907.80	
	(Tax/Penalty/Interest)	1994-2016		11,389.67
2	Excise Duty <sup>*</sup> (Tax/Penalty/Interest)	1994-2017	5,246.13	
		1994-2016		5,467.18
3	Service Tax <sup>*</sup>	2003-2013	29,642.85	
	(Tax/Penalty/ Interest)	2003-2013		28,783.83
4	Entry Tax <sup>*</sup> (Tax/Penalty/Interest)	2001-2016	183.03	
		2001-2016		69.85
5 (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 A.Y 2005-2006	188.01	188.01
(ii)	Income Tax matters mainly on account of disallowance of depreciation and Tax levied on guarantees given to Associated Enterprises, etc.	A.Y 2007-08 A.Y 2008-09 A.Y 2013-14 A.Y 2014-15 A.Y 2015-16	2,202.29	
		A.Y 2007-08 A.Y 2008-09 A.Y 2012-13 A.Y 2013-14		1,560.04
(iii)	Income Tax matters at overseas unit/s of the Company <sup>**</sup>	2002-2014 2002-2008	4,273.10	2,970.06
(iv)	Income Tax matters of a joint operation (Company's share) <sup>**</sup>	2000-2015 2000-2007	4,489.26	368.86
6	Customs Duty <sup>^</sup>	2008-2009 2008-2009	60.14	60.14
7	Civil Suits <sup>^^</sup>	1993-2016 1993-2004	715.90	67.02
8	Claims including amount withheld by Customer of the Company		475.54	7,225.62

\*These claims mainly relate to the issues of applicability, issue of disallowance of cervat / 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.

<sup>^</sup> These claims mainly relate to the issues of clearance of goods from customs within time limit.

<sup>^^</sup>These suits includes Civil suits as well as Industrial relations & labour laws cases.

<sup>#</sup>excluding financial guarantees referred to in Note 45.9.

Footnote for Note 49 (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.

## NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

### (ii) Commitments

₹ in Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
1 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	2,188.87	974.14
2 Other Commitments:		
i) Amount of future minimum lease payment under non-cancellable agreements [Refer Note 43(A)(3)]	-	825.14
ii) Derivative related commitments	Refer Notes 45.7 and 45.8	

**NOTE 50** - 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 Lakh		
Particulars	As at March 31, 2018	As at March 31, 2017
Trade Receivables (Note 13)	1,18,962.22	97,211.75
Amount due from customers for contract work (Note 17)	13,909.08	10,171.79
Advance from customers (Note 28)	31,605.99	11,261.72

### NOTE 51

The Company is primarily engaged in Engineering, Procurement and Construction business (EPC) relating to infrastructure interalia products, projects and systems for power transmission, distribution, and related activities. 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 52

**Note 52.1** - Based on the details regarding the status of the supplier obtained by the Company, there is no supplier covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act).

#### Note 52.2 – Disclosure on Specified Bank Notes (SBNs)

The details of SBNs held and transacted during the period from 8th November, 2016 to 30th December, 2016, is provided in table below:

₹ in Lakh			
Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	79.79	153.35	233.14
(+) Permitted Receipts	-	256.53	256.53
(-) Permitted Payments	(11.00)	(354.77)	(365.77)
(-) Amount Deposited in bank	(68.79)	(0.24)	(69.03)
Closing cash in hand as on December 30, 2016	-	54.87	54.87

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

# NOTES

forming part of the Financial Statements as at and for the year ended March 31, 2018

## NOTE 53 – RECLASSIFICATIONS

### Note 53.1 Reclassification - Acceptances

Acceptances comprises of credit availed for payment to suppliers for materials (including project bought outs) purchased and services availed by the company. The said balances have been regrouped in the current year under trade payables as compared to being shown separately based on the terms of the arrangements and as it is more consistent with peers.

### Note 53.2 Reclassification – Unbilled Revenue

During the year, the Company has reclassified the unbilled receivables from “Amount due from customers for contract works” to “Other Financial Assets” considering Company’s contractual rights, historical trends and the said disclosure being more relevant to the users of the financial statements. This change doesn’t result in any impact on the total current assets.

## NOTE 54

Expenditure towards Corporate Social Responsibility Activities

		₹ in Lakh	
Sr. No.	Particulars	As at March 31, 2018	As at March 31, 2017
(a)	Gross amount required to be spent by the Company during the year	361.00	217.50
(b)	Amount spent during the year (in cash) on:		
(i)	Construction/acquisition of any asset	-	-
(ii)	On purposes other than (i) above	361.00	217.50

## NOTE 55

Figures in respect of the Company’s overseas branches in Abu Dhabi, Afghanistan, Algeria, Bangladesh, Egypt, Ethiopia, Georgia, Ghana, Indonesia, Ivory Coast, Jordan, Kenya, Laos, Lebanon, Libya, Malaysia, Mozambique, Nepal, Nigeria, Oman, Philippines, Senegal, South Africa, Sri Lanka, Tanzania, Thailand, 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 56

The Board of Directors at its meeting held on May 14, 2018, have recommended a Dividend of ₹ 2.40/- per equity share of ₹ 2/- each for the year ended March 31, 2018, subject to approval of shareholders at the ensuing Annual General Meeting.

## NOTE 57

The Company has approved its financial statements in its Board meeting dated May 14, 2018.

**For Price Waterhouse Chartered Accountants LLP**  
Firm Registration Number: 012754N/N500016  
Chartered Accountants

**SARAH GEORGE**  
Partner  
Membership Number: 045255

Place: Mumbai  
Date: May 14, 2018

Signatures to Notes 1 to 57 which  
form an integral part of financial statements.  
For and on behalf of the Board of Directors

**RAJEEV AGGARWAL**  
Chief Financial Officer

Place: Mumbai  
Date: May 14, 2018

**H. V. GOENKA**  
Chairman  
DIN - 00026726

**VIMAL KEJRIWAL**  
Managing Director & CEO  
DIN - 00026981

**A. T. VASWANI**  
Director  
DIN - 00057953

## NOTES

[illegible]

# NOTES

[illegible]

## NOTES

[illegible]



Railway Electrification Work at Chhindwara, Madhya Pradesh



Heavy Equipment Erection Work at a Civil project site at Dhule, Maharashtra



Clinker Bulk Loading & Cable Gallery at a Civil project site at Nimbahera, Rajasthan



Railway Electrification Work at Orai, Uttar Pradesh

