



Powering **OUTPERFORMANCE**

KEC INTERNATIONAL LIMITED

ANNUAL REPORT 2016-17

On the cover

TRANSMISSION & DISTRIBUTION



400 kV GIS Substation in Agra, India



765 kV Transmission Line from Srikakulam to Angul, Odisha, India



CABLES

220 kV Cable Manufactured at KEC Factory, Vadodara, India

RAILWAYS

25 kV Railway Overhead Electrification Work at Kozikhode Station, Kerala, India



RENEWABLES (SOLAR)

11.2 MW Ground Mount Solar PV Power Plant, Vikarabad, India

CIVIL

Civil Construction for a Sewage Treatment Plant, Bangalore, India



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Powering **OUTPERFORMANCE**

Outperformance is a result of years of shared and enhanced value creation backed by a strong value proposition and service offering. It spans several landmarks of success, which is a culmination of our robust project management, exceptional manufacturing & operational excellence combined with astute global business acumen, right strategic intent with stretched targets, right intellectual capital and an outperformance embedded mindset. We thrive by pursuing outperformance on economic, social and environment goals, which constantly sparks creativity and provides energy to generate value for the business. What sets us apart is our unwavering drive to achieve the unachievable, we believe in continuous improvisation, which enables us to set benchmarks and build legacies across the globe. This requires the perfect combination of grit, prudence, diligence and motivation. Over decades of our existence, we have built a strong foundation that has helped us deliver complex projects for our customers and integrate our business functions to build a stronger enterprise. Our ambition to improve quality of lives across the globe has made us more robust, agile, and a visionary organisation committed to quality and excellence.

Today, we stand before you, an empowered entity, which believes in powering its performance to new scales of excellence across all facets of its business. The power of change that we successfully unleashed through our transformation exercise in the preceding years has empowered us to new levels of distinctiveness in our performance across our entire business value chain.

VISION

To be a Global Leader in Power Transmission and Distribution EPC Business and a significant player in other infrastructure business, providing superior value to all stakeholders.

UNLEASH TALENT

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

TOUCH LIVES

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

OUTPERFORM

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

AND 😊

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

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 materialize, 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.

Corporate Information

Registered Office

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

Plants Location

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

International

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

Silvassa

Plot No. 273 / 4, Demni Road
Silvassa 396 191
Dadra and Nagar Haveli

Vadodara

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

Bankers

India

Bank of India
State Bank of India
ICICI Bank Ltd.
Export- Import Bank of India
IDBI Bank Ltd.
Abu Dhabi Commercial Bank
Allahabad Bank
Axis Bank Ltd.
Bank of Baroda
Central Bank of India
Corporation Bank
Dena Bank
Kotak Mahindra Bank
Punjab National Bank
Societe Generale
Standard Chartered Bank
Syndicate Bank
Yes Bank Ltd.

Middle East

First Gulf Bank, Abu Dhabi
Abu Dhabi Commercial bank, Abu Dhabi
Union National Bank, Abu Dhabi
National Bank of Oman, Muscat
Emirates National Bank of Dubai (ENBD), Abu Dhabi
Deutsche Bank, Abu Dhabi
Bank Muscat, Saudi Arabia
Banque Saudi Fransi, Saudi Arabia
Alinma Bank, Saudi Arabia
Arab Banking Corporation, Bahrain

US

JP Morgan Chase Bank, N.A
Wells Fargo Bank, N.A

Mexico

Banco Nacional de Mexico, S.A
Grupo Financiero BBVA Bancomer
Banco Santander

Brazil

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

Board of Directors

H. V. Goenka
Chairman

Vimal Kejriwal
Managing Director & CEO

A. T. Vaswani
Independent Director

D. G. Piramal
Independent Director

G. L. Mirchandani
Independent Director

Nirupama Rao
Independent Director

R. D. Chandak
Non-Executive Director

S. M. Kulkarni
Independent Director

S. M. Trehan
Independent Director

S. S. Thakur
Independent Director

Vinayak Chatterjee
Independent Director

Management Team

Vimal Kejriwal
Managing Director & CEO

Rakesh Amol
President - Infrastructure & Cables

Randeep Narang
President - International (Transmission & Distribution)

Neeraj Nanda
President - South Asia (Transmission & Distribution)

Rajeev Aggarwal
Chief Financial Officer

Vasudevan Narasimha
Executive Director - Human Resources

Anand Kulkarni
Executive Director - Business Operations

Nagesh Veeturi
Senior Vice President & Head – Civil Business

Vice President – Legal & Company Secretary

Ch. V. Jagannadha Rao

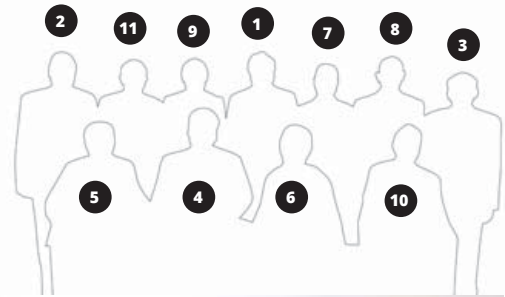
Auditors

Deloitte Haskins & Sells
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

Board of Directors



1

H. V. Goenka
Chairman

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

Mr. Harsh Vardhan Goenka is the Group Chairman of RPG Enterprises, one of the leading and oldest business groups in India. The elder son of late Shri R. P. Goenka, founder of RPG Group, he has inherited two centuries of entrepreneurial business acumen of the well-known Goenkas of Kolkata. He has served as President of the Indian Merchants' Chambers and as member on the Executive Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI). He is currently a member of the Foundation Board of IMD, Lausanne, Switzerland. He is also the Chairman of Breach Candy Hospital Trust.

2

Vimal Kejriwal
Managing Director & CEO

Chartered Accountant, ICAI; Company Secretary, ICSI; Alumnus of the Kellogg School of Management, USA and Narsee Monjee Institute of Management Studies (NMIMS), India

Mr. Kejriwal is the Managing Director & CEO and a Member of the Board of KEC International Ltd. Additionally, he serves as a Director on Board of SAE Towers Holdings LLC, USA, a wholly owned subsidiary of KEC International Ltd. With around 34 years of rich & diversified corporate experience, he has received numerous honours and accolades. He has significantly contributed in turning around KEC into a highly profitable company. Currently, he also serves as the Chairman of Transmission Line Division of CII and is an Executive Committee Member of the Afghanistan-India Chamber of Commerce and Industry (AICCI) jointly set up by FICCI and Afghanistan Chamber of Commerce & Industries.

3

A. T. Vaswani
Independent Director

Chartered Accountant, ICAI; Company Secretary, ICSI

Mr. Vaswani has over 56 years of experience in business and the industry. Since 1981, he served on the Board of leading multi-national companies, both in an executive and in a non-executive capacity, including as Deputy CEO of Metal Box of India Ltd., a leading Packaging company, and as Director and Senior Vice President of Glaxo India Ltd., India's largest and most respected Pharmaceuticals 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, Kishinchand Chellaram College, Mumbai

Mr. Piramal, serves as the Chairman of Dilip Piramal Group. He is an industrialist and has vast and rich experience. He is also a Managing Director of VIP Industries Ltd, the luggage Company which is the flagship of the Dilip Piramal Group.

5

G. L. Mirchandani
Independent Director

Bachelor of Engineering (Mechanical), BITS Pilani

Mr. Mirchandani is an eminent Industrialist and 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. Mr. Mirchandani 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 appointed as the President of Consumer Electronics & TV Manufacturer Association (CETMA) for two years in 1992 & 1994.

6

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. Ms. Rao became the first woman spokesperson of the Ministry of External Affairs in 2001 and she 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 also served as India's Ambassador to the United States of America from 2011 to 2013.

7

R. D. Chandak
Non-Executive Director

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

Mr. Chandak is Founder & CEO of RDC Business Advisory, which focuses on strategic planning, execution of strategy and judicious delegation to develop direct reports, developing effective monitoring systems, global expansion, and CXO mentoring. He has worked across a broad range of industries in USA and Malaysia. In his previous role as Managing Director & CEO of KEC International Ltd., he led a remarkable turnaround, transforming the Company into a global leader in transmission EPC.

8

S. M. Kulkarni
Independent Director

Bachelor of Engineering, University of Pune

Mr. Kulkarni, Corporate Adviser & Business Consultant, is a Fellow of the Institute of Engineers India. He consults and advises several Indian and International companies. He has headed major International and Indian corporate entities during his varied 53 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 NGO's and Educational Trusts.

9

S. M. Trehan
Independent Director

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

Mr. Trehan is a gold medalist engineering graduate and he has a rich experience in the engineering field. He has held several senior positions in Crompton Greaves Limited (now known as CG Power and Industrial Solutions Limited).

10

S. S. Thakur
Independent Director

Master of Commerce, C.A.I.I.B

Mr. Thakur has a wide experience of central banking functions, especially in the management of foreign exchange rate and external debt, regulation and monitoring of external trade financing, foreign technical collaboration, foreign equity investment and exchange market development. He has held several strategic positions in the field of Banking and Foreign Exchange as the Controller of Foreign Exchange for Reserve Bank of India, Senior Adviser of United Nations Development Programme, Chairman of HDFC Bank, Director on the Governing Board of BSE Limited and Chairman of the Central Depository Services India Limited.

11

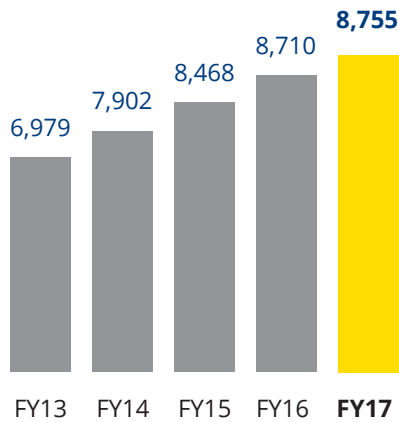
Vinayak Chatterjee
Independent Director

Economics (Hons), St. Stephen's College & Delhi University; MBA, IIM-A

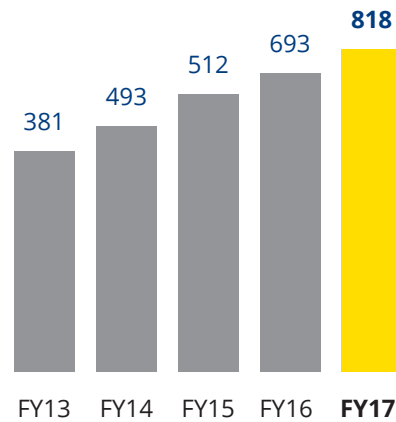
Mr. Chatterjee has often been called upon to play a strategic advisory role to leading domestic and international corporates, the Government of India, various Ministries dealing with infrastructure, as well as multilateral and bilateral institutions in the areas of infrastructure planning and implementation. He is one of the leading proponents of the Public-Private Partnership (PPP) model for developing India's infrastructure. In 1990, he co-founded Feedback Infra, which is a leading provider of professional and technical services in the infrastructure sector. Currently, he is the Chairman of the Confederation of Indian Industry's (CII) "Economic Affairs Council".

Outperforming Expectations

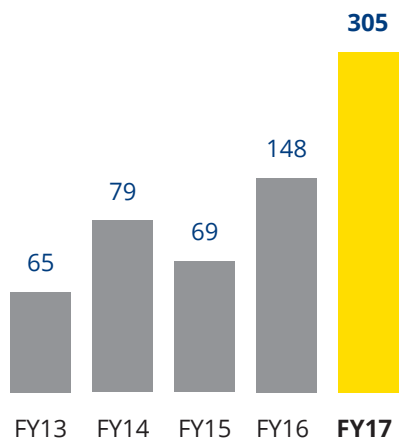
REVENUE ₹ in crore



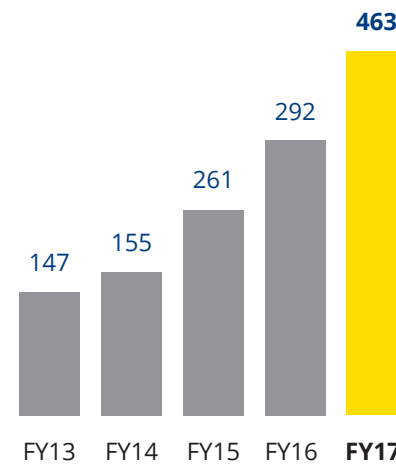
EBITDA ₹ in crore



PAT ₹ in crore



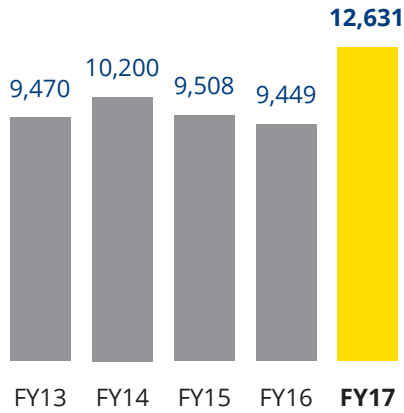
PBT ₹ in crore



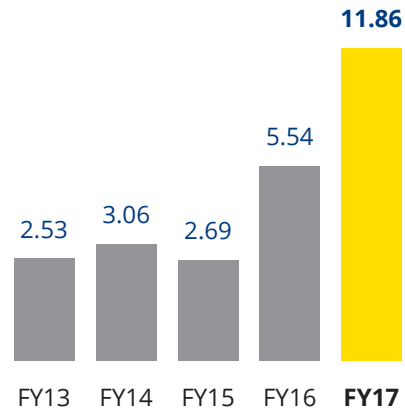
Note:

1. FY 2016-17 and FY 2015-16 numbers are IND AS compliant.
2. FY 2014-15, FY 2013-14 and FY 2012-13 numbers are INDIAN GAAP, IFRS compliant.
3. Graphs are not up to the scale.

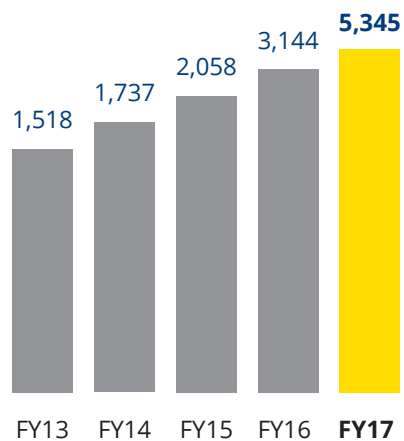
₹ in crore
ORDER BOOK



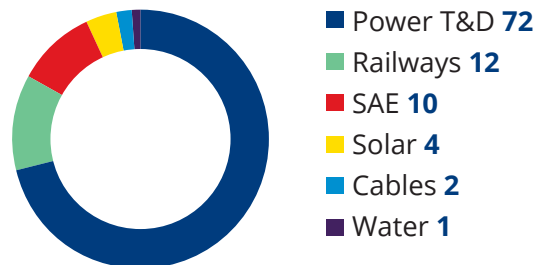
₹
EPS# (FACE VALUE ₹ 2 EACH)



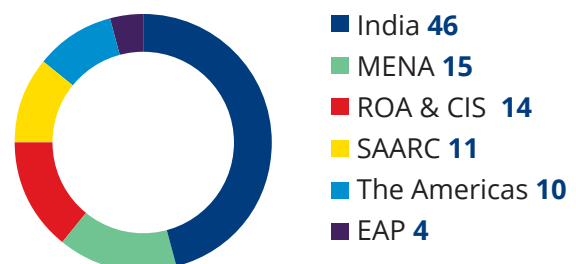
₹ in crore
MARKET CAPITALISATION (YEAR END)



%
BUSINESS WISE ORDER BOOK



%
GEOGRAPHY WISE ORDER BOOK



Note:

1. **MENA** – Middle East & North Africa; **ROA** – Rest of Africa; **CIS** – Commonwealth of Independent States; **EAP** – East Asia Pacific Countries; **SAARC** – South Asian Association for Regional Cooperation Countries
2. Graphs are not up to the scale.
3. #Before Impact of Voluntary Retirement Scheme (FY 2013-14) and Disposal of Assets (FY 2014-15 and FY 2015-16).

Expanding From The Core

A world leader in Power Transmission & Distribution EPC space, with significant presence in other verticals including Cables, Railways, Solar and Civil, KEC has a rich heritage of seven decades. Over the years, the Company has significantly contributed to India and the Global growth story by powering iconic infrastructure development traversing boundaries. KEC, with a global mind-set, continues to foster a progressive and an open work culture, which has been instrumental in its continuous evolution and transformation journey, thereby unleashing outperformance across businesses.

Focusing on profitability from its core, the Company has continually unlocked new sources of growth from the core by expanding into adjacency, into related segments and leveraging on its core strengths, which has time and again reinforced the strength of its profitable core.

The Company's growth strategy is based on de-risking the business through geographical expansion, diversification of business portfolio, as well as taking the inorganic growth route whenever required.

In 2010, KEC acquired US based, SAE Towers Holdings LLC (SAE Towers), one of the largest producers of steel lattice towers for high-voltage power transmission in the Americas. With this, our total tower manufacturing capacity of 3,13,200 MTs p.a. became one of the largest operating capacities globally. Further, building onto our presence in the Americas, we have been successful in securing significant EPC orders in Brazil.

The Company's unprecedented endeavour led to a resurgence of its Substation business resulting in KEC spreading its wings significantly in the Domestic and International Substation arena, both on the Air Insulated Substation (AIS) and Gas Insulated Substation (GIS) front. Substation business, today, accounts for nearly 12 percent of KEC's overall revenue.

About two years ago, the Company expanded into the Solar EPC space and since then, this Business has significantly scaled up. Likewise, in FY 2016-17, KEC expanded its business portfolio to include Civil EPC, concentrating its capabilities & resources on entering the Buildings segment in the near-to-medium term with a specific focus on Residential, Non-Residential & Industrial Plant construction. The Water Business having a significant

component of Civil and Structural Engineering, has been merged with the Civil Business with a view to drive further synergies and manage efficiencies.

We understand the need to constantly innovate to maintain as well as enhance our success levels. Currently, we have partnered with another leading Global consultant for turning around our Cables Business by using extensive analytics and cross functional engagements, with levers identified for improvement across Cost, Capacity and Revenue. Likewise, a couple of years ago, we underwent an organisation-wide transformation exercise aimed at further enhancing our project management and execution capabilities, which continues to reap benefits of accelerated delivery and early start-up of projects.

The Company, a front runner in technology and innovation, continuously differentiates itself to create enhanced value for all its stakeholders and is one of the most preferred partner of Choice in India and across the globe.

In our sustainable journey towards excellence, we continue to augment our competitive edge across verticals, tap the most lucrative global opportunities in EPC and continue to scale new frontiers of growth. We build, we grow and we empower nations. We are THE PARTNER OF CHOICE CREATING ENHANCED VALUE.



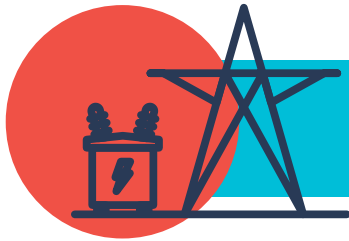
Proven Credentials in Project Management, Engineering & Design, Manufacturing and Testing



Well Balanced & Diversified business Portfolio



Robust Order Book



Transmission & Distribution

Power Transmission and Distribution, being our core business vertical, we continue to strengthen and expand our offerings across the entire value chain. Our range of services in this business segment encompass:

- Providing end-to-end solutions in power transmission and distribution
- Executing projects of up to 1200 kV transmission lines on a turnkey basis
- Turnkey construction of EPC projects of High Voltage Electrical Switching and Distribution Substations, along with Optical Fibre Cable (OFC) network installation, Optical Ground Wire (OPGW) stringing, and HV/EHV Cabling project works
- Concept-to-commissioning of High Voltage Air Insulated Substations (AIS) up to 1150 kV, Gas Insulated Substations (GIS) up to 765 kV and Hybrid Substations up to 220 kV as per various National and International standards
- Supported by in-house design and engineering expertise, with capabilities to design extremely complex and large towers, customisation at its optimum levels
- Strong capabilities in electrical as well as structural and civil works
- Robust and integrated global supply chain practices backed by a highly experienced project management team
- Tower manufacturing and testing facilities across India, Brazil and Mexico
- Strong capabilities in on-time delivery of quality projects customised to meet consumer requirements. We are regularly appreciated for accelerated project delivery globally.

Highlights For The Year

Secured orders across all the regions:

Order intake for the year in this business is ₹ 9,345 crore. This includes orders from South Asia (Afghanistan, Bhutan and India), MENA (Abu Dhabi, Jordan, Egypt and Saudi Arabia), the Americas (Brazil, Mexico and US), Africa (Ghana, Namibia, Tanzania, Zambia, Senegal and Mozambique) and EAP (Malaysia and Thailand).

On the International front, we significantly de-risked concentration exposure in Saudi Arabia. We entered/re-entered eight countries, including Senegal, Jordan, Egypt, Tanzania, Mozambique, Zambia, Malaysia and Thailand.

Secured large size EPC orders: The Company witnessed a pick up in the International Order Intake and successfully diversified its customer base in India. Secured a turnkey Transmission Line order of ₹ 364 crore from Karnataka Power Transmission Corporation Ltd. Secured EPC orders of ₹ 631 crore for 765 kV and 400 kV Transmission Lines from various Private Developers in India. In addition, on the International front, secured large turnkey orders in Afghanistan, Malaysia and Egypt.

Expanding Substation business: The Company successfully consolidated presence in the Domestic as well as International Substation arena, both in the AIS and GIS Substation space.

Expanded presence in EPC space in Brazil: The Company has expanded its strong global EPC expertise in the Americas through its wholly owned subsidiary SAE Towers. SAE witnessed a significantly improved performance, during the year we secured a sizeable EPC order of ₹ 380 crore in Brazil. Since its foray, the Company has secured eight EPC projects in Brazil.



▶ 400/220/110 kV GIS Substation and 400/220/110 kV Cabling at Manali, Tamil Nadu, India



▶ 400 kV Tumkur-Bellary Transmission Line, Karnataka, India



The Company witnessed a pick up in the International Order Intake and successfully diversified its customer base in India."



Cables

Our broad spectrum of offerings in Cables and EHV Cabling Solutions have been acclaimed globally. Backed by our state-of-the-art Manufacturing facility, we specialise in production of Power - High Voltage (HT) and Extra High Voltage (EHV) Cables of up to 220 kV, Control, Telecom, Instrumentation and Solar Cables. We have pioneered the production of cross-linked Polyethylene (XLPE) Cables in India. Our services under this vertical include:

- Customised turnkey EHV cabling solutions provided through state-of-the-art Cable Selection and Cabling System
- Manufacturing a wide range of Power (HT and EHV Cables of up to 220 kV), Control, Telecom & Instrumentation Cables and Solar Cables
- Three fully integrated Cables manufacturing facilities; the state-

of-the-art Vadodara facility equipped with modern technologies is the first cables factory in the country to receive IGBC, a Green Factory 'Platinum' certification

- Modernised machines and testing facilities, benchmarked to national and international standards, at all manufacturing facilities

Highlights For The Year

The Cables Business witnessed a successful turnaround with PBT turning positive for the year. The total order intake in this Business was ₹ 976 crore.



Cables witnessed a Successful Turnaround with PBT Positive."



▶ Cables Manufactured at EHV Manufacturing Facility, Vadodara, India



Railways

We are a complete turnkey solutions provider across the EPC infrastructure space in railways, and offer services spanning all functional segments of Railways Infrastructure. Being one of the early entrants, over our last five decades of existence in Railways, we have significantly augmented our capabilities and offerings to cater to the evolving needs of the Railways industry, a core sector in India. We have electrified more than 12,000 kms of Indian Railways. We are glad to have achieved >40 percent of Overall Electrification works of Indian Railways. Our services under this vertical include:

- Construction of civil infrastructure including bridges, tunnels, platforms, station buildings, along with workshop modernisation
- Strong capabilities in earthwork, track-laying and rehabilitation of existing tracks
- Extensive know-how in railway electrification and power systems

- Proficiency in signaling and telecommunication network
- Prequalified to bid for various parts of dedicated freight corridor projects in consortium with partners

Highlights For The Year

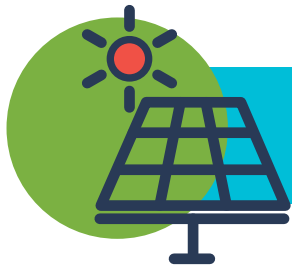
The Railways business witnessed a remarkable uptick on the back of significant large value orders aggregating to ₹ 1,427 crore secured during the year.



Railways Business witnessed a Remarkable Uptick, large value orders aggregating to ₹ 1,427 crore secured during the year."



▶ 40 Meter Boom Erected for Railway Electrification Project at Daund Station, Pune, India



Renewables (Solar)

Our Renewables business, ventured into two years ago, continues to scale new frontiers of growth. We have built significant capabilities and consolidated our presence by providing Solar EPC services for Solar PV projects, developed by private and public utilities. As the Solar industry continues to advance and evolve at a rapid pace, we continue to contribute significantly to this evolution. Our service offerings in this vertical include:

- Design, Project Feasibility Analysis across large-scale Solar Photovoltaic Power Plants
- Design & Plant Engineering, backed by project management & execution capabilities
- Supply of key, quality performance equipment for Solar PV Plant
- Supply of structures for Fixed Tilt & Tracking Systems
- Complete range of civil works and O&M services
- Prowess in delivering some major rooftop projects
- As an organisation empaneled with the Ministry of New and Renewable Energy (MNRE) under their Solar On-grid programme, we are contributing effectively to the Government's National Roof-Top mission.

Highlights For The Year:

The Company has built significant capabilities in the domestic Solar market and secured orders of ₹ 613 crore during the year. A commendable achievement, we secured a large order of 100 MW of ₹ 441 crore from Andhra Pradesh Power Generation Corporation Limited (APGENCO). We have commissioned close to 100 MW of Solar Power projects and are currently working on another 140 MW installation. We are now foraying into the International Solar Market.



The Company has built significant capabilities in the domestic Solar market, secured orders of ₹ 613 crore during the year. Now foraying into the International Solar Market.”



▶ 11.5 MW Ground Mount Tracker Based Solar Power Project in Perampalli, Telangana, India



Civil

Carrying forward our rich legacy in the EPC infrastructure space, during FY 2016-17, we further expanded our business portfolio to include Civil construction, majorly focusing on turnkey construction for Residential, Industrial and Commercial projects, including workshops. With extensive expertise and capabilities built over the years in civil construction, be it for Railways, including building of Railway Colonies, platforms, stations, bridges etc., or for Substation projects including substation buildings, piling works, etc., our progression into the Civil Business was a natural one and we intend to leverage our existing in-house civil capabilities and distinct project management expertise, combined with the latest and cutting edge technologies to drive this business.

Highlights For The Year:

We have built significant capabilities and have witnessed a successful take-off of our Civil Business.



Successful Take-off of Civil Business.”



▶ Civil Construction Work for Sewage Treatment Plant at Doddabelle in Bangalore, Karnataka, India

Expanding Beyond Boundaries

The Company continues to expand its global outreach by constantly exploring and venturing into new geographies. During FY 2016-17, the Company successfully entered/re-entered eight countries including Senegal, Jordan, Egypt, Tanzania, Mozambique, Zambia, Malaysia and Thailand. With this, KEC has a footprint in 63 countries and is currently executing projects in 37 countries.



08

Manufacturing facilities across India, Brazil and Mexico



3,13,200

 MTs p.a.

Largest Global Tower Manufacturing Capacity



63

Footprint in Countries across the globe





37

Currently Executing Projects in 37 Countries



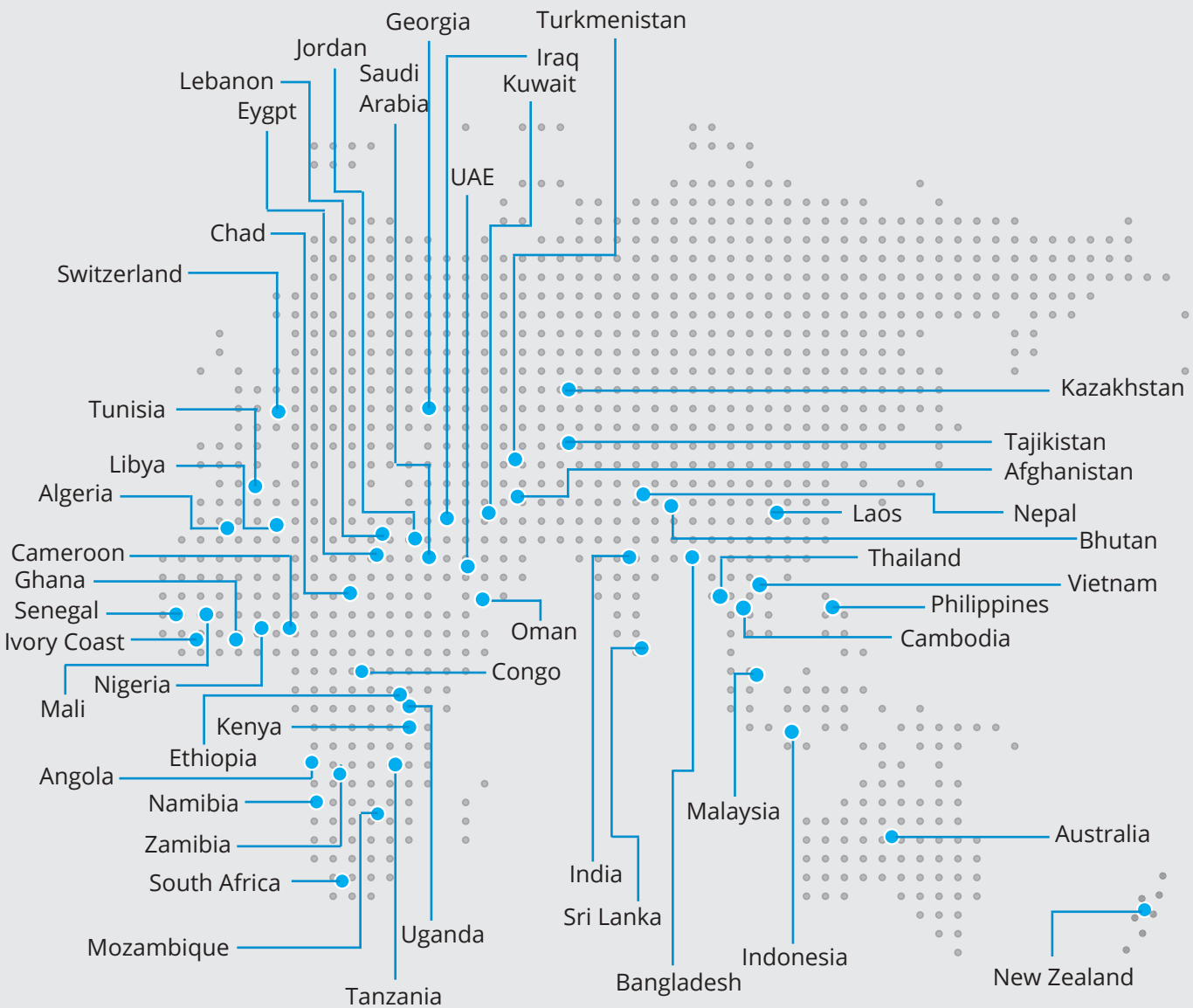
5,496

Manpower Strength 5,496 of Diverse Nationalities



50+

Business from outside India



Enabling Outperformance With Operational Excellence

Having emerged as a global major in the EPC space, we believe in continuously differentiating ourselves, and consciously engage and invest in strengthening our abilities and core competencies. Excellence is the foundation of our outperformance. Excellence embodies who we are and what we stand for. Our continuous endeavours to excel and outperform have reaped significant benefits and we have successfully created a mark for ourselves, a name to reckon with across the Globe.

ENGINEERING AND DESIGN EXCELLENCE



► Engineering & Design Centre in Brazil, the Americas

The Company's robust, unique and customised engineering and design capabilities have empowered it to continuously deliver excellent, trendsetting and innovative engineering and design solutions, in which it continues to invest, to deliver enhanced excellence year on year. We have also been pioneers when it comes to utilising innovative engineering and design solutions.

Our Design Strengths:

- Expert understanding of construction-friendly techniques and approaches
- >60 years library of Transmission Lines design database (India and the Americas)
- The Company's Design Centre has best-in-class software like PLS-Tower, PLS-Pole, i-Tower, PLS-CADD, PLS-CAISSON, PLS-LITE, STADD Pro III, BOCAD, AUTOCAD, ETAP, ASPEN, Mathcad, Google Earth, MICROSTATION and PVSyst



Equipped with state of-the-art in-house design centres, both in India and the Americas, we have been able to drive innovation and cost-efficiencies in design. Our design team of 100+ engineers is constantly leveraging the latest design technologies to build solutions for complex engineering projects.



► Engineering & Design Centres in India



Equipped with state of-the-art in-house design centres, both in India and the Americas, we have been able to drive innovation and cost-efficiencies in design."

EXCEPTIONAL MANUFACTURING



▶ Tower Manufacturing Factory, Butibori, Maharashtra, India



▶ Cables Manufacturing Factory, Mysore, Karnataka, India



▶ Tower Manufacturing Factory, Jabalpur, Madhya Pradesh, India



▶ SAE Towers Factory, Brazil, the Americas



We have eight best-in-class modern manufacturing facilities spread across India and the Americas with the latest manufacturing equipment.”

We are continuously powering our manufacturing strengths and augmenting our manufacturing capabilities to keep up with the dynamic marketplace. Our innovative approach is continuously fuelling our manufacturing competitiveness to greater heights. We have eight best-in-class modern manufacturing facilities spread across India and the Americas with the latest manufacturing equipment.

Our manufacturing team produces Transmission Towers, Monopoles, Hardware and Industrial, as well as Power, Control, Instrumentation and Telecom Cables. We are committed to serving the needs of customers globally while motivating and rewarding employees, preserving the environment and providing long term growth.

Our Manufacturing Strengths

- All manufacturing facilities are ISO 9001, ISO 14001 and OHSAS 18001 accredited
- Largest tower manufacturing capacity of 3,13,200 MTs per annum in the globe
- Cables manufacturing capacity includes Power Cables (36,000 km/year), Optical Fibre Cables (0.6 mln fkm) and Copper Telecom Cables (0.6 mln ckm)
- Railway Structures: 6,000 MTs /annum
- Solar Structures: 6,000 MTs /annum

Our Manufacturing Facilities India

- Towers: Butibori, Nagpur; Panagar, Jabalpur; Jhotwara, Jaipur
- Cables (India): Savli, Vadodara; Hootagalli, Belavadi, Mysore; Dadra, Silvassa

International

- Towers: Escobedo Monterrey, Mexico and Betim, Belo Horizonte, Brazil



▶ Tower Manufacturing Factory, Jaipur, Rajasthan, India



▶ Cables Manufacturing Factory, Vadodra, Gujarat, India



▶ SAE Towers Factory, Mexico, the Americas

TESTING PROFICIENCY

KEC has four of Asia's most sophisticated tower testing stations, capable of testing towers of upto 1200 kV Transmission Line extending to all types of towers including Lattice and Guyed Towers, Tubular and Monopoles. We provide complete testing solutions to all kinds of Transmission Line requirements.



KEC has four of Asia's most sophisticated tower testing stations, capable of testing towers of upto 1200 kV transmission

All Our Testing Facilities Are

- Strategically located near manufacturing facilities
- Testing Stations in India are ISO 17025:2005 accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL)



▶ Sophisticated Tower Testing Station at Nagpur, India



▶ Contemporary Testing Station in Belo Horizonte, Brazil, the Americas



▶ Digitally Advanced Control Room at the Tower Testing Station at Nagpur, India



▶ Digitally Advanced Control Room at the Tower Testing Station at Jabalpur, India

ROBUST AND WELL INTEGRATED SUPPLY CHAIN MANAGEMENT

We have a well-integrated and robust supply chain system in place, backed by a large network of world class vendors and logistics service providers. As a company, we believe in having a strategic relationship with key vendors, who are fully integrated into our supply chain processes.



We have a well-integrated and robust supply chain system in place, backed by a large network of world class vendors and logistics service providers."

In our journey of continual improvement, we have embraced various tools & techniques such as Business Excellence (RPGOE), Lean Six Sigma, Kaizen, Best Practices Sharing, Internal/External Bench marking, etc.

We use TPM (Total Productive Maintenance) and QBM (Quality Based Management) as excellence tools to improve and monitor our Business Excellence. We are also imbibing numerous digital interventions at our Manufacturing facilities including Machine Health to monitor Machine outputs on a real-time basis using IOT and Big Data Analytics, digital app for customer updates, which enable direct communication between KEC & Customers with clear pictorial evidence, project updates, etc.



Continuous Value Creation via Transformation

To fortify our global leadership position in today's environment, which is continuously fraught with changes and challenges, continuous operational improvement is a fundamental requirement to succeed.

We believe, a breakthrough performance mandates continuous intrusion of a focused self-transformation agenda; it is necessary to constantly improve our operational efficiency by ensuring intelligent use of resources and exploring potential for better opportunities of growth. Towards this, during the year, we initiated a comprehensive transformation agenda encompassing every facet and function of our Cables Business. We partnered with a leading global consultant to help augment our Cables manufacturing capabilities and transform Cables into a profitable venture.

The transformation exercise driven by a three-pronged approach of improving revenue quality, maximising throughput and improving cost curve has yielded significant results. Many levers for improvement across Cost, Capacity and Revenue were identified and implemented after extensive analytics and cross functional engagements. Initiatives have been taken to accelerate sales across all product categories & realise savings across all cost buckets. Significant improvement in sales and operations planning have been accomplished, which has led to significant rise in sales and production in the last quarter. The exercise has unleashed enhanced customer centric value proposition including cost efficient design solutions, etc.



We believe, a breakthrough performance mandates continuous intrusion of a focused self-transformation agenda.”

With our collaboration with the Global consultant coming to an end in March 2017, we continue to drive this internally, in the same manner as Project Eagle, which is being deployed as a continuous improvement engine in the form of Project Academy.

With Project Academy, we continue to augment our operational and execution excellence across businesses, which has resulted in the Company having accelerated delivery of two more Transmission Line projects during the year, in addition to seven projects delivered ahead of scheduled completion in FY 2015-16. Likewise, we ensured early start-up for as many as 10 projects.

Smart Innovator Trusted Partner

KEC has always been cognizant of disruptive innovations re-imagining and re-shaping the world. We are driven by a strong urge to adopt innovative engineering tools and techniques that act as a key differentiator to win and execute projects profitably, in both domestic and international markets. Towards this, during the year, we customised a Tower design for one of our projects, wherein we optimised the tower weights, thereby reducing the cost of the project and attaining cost leadership.

For our 765 kV Transmission Line project in Vemagiri, we designed the tower using disruptive innovation backed by our International expertise.

This project is a testimony to our commitment to innovate and excel, and is a part of our USP. Our efforts continue to be lauded as we continue to garner significant trust across the globe.



▶ 765 kV TBCB Transmission Line for PGCIL in Vemagiri, India

Proponent of Advanced Construction and Innovative Technologies

Our robust project management expertise driven by our superior innovative design, engineering, manufacturing and testing ability has empowered us to continuously scale our execution capabilities and set new benchmarks.

Our execution excellence is based on the pillars of:

- Increased use of mechanisation in our construction
- Pioneer and Innovate Technologies
- Power projects in the most difficult terrains, extreme climates and hostile conditions

A new wave of technology, gaining prominence in the Solar space is the Single Axis Tracking technology. Single Axis Tracker is one of the most advanced and cutting edge value driven technologies for mounting solar photovoltaic panels. This technology entails the use of a Solar Tracker, which automatically tracks the Sun's position and accordingly changes the direction of Solar Panel to get the maximum output of the Solar Cell, thereby improving the energy yield and resulting in reduction in the cost of electricity. KEC, with its capabilities and credentials has successfully deployed this technology for around 67 MW of Solar power projects. This makes KEC one of the largest EPC players in the Solar EPC space with Single Axis Tracking experience.

The latest project executed and commissioned by KEC using this technology is the 33 MW Solar PV plant at Vikarabad in Peerampalli, Kothagadi & Pargi. This was one of the single largest projects in one location, on Single Axis Tracker.

We encountered numerous issues, the most challenging one, was the recurring machinery failure due to rocky terrain, which if not resolved, would have led to time and cost overrun, thereby impacting the overall timeline of the project. To overcome this, we deployed specialist

gangs from Rajasthan to complete the foundation activities, in addition to deploying welding experts from our factories who trained people at the site. Proactive project management with direct intervention in the tracker supply chain ensured timely delivery and erection at site.



► Pile Foundation Construction in progress in the Desert in Abu Dhabi



► Solar Power Project with 30 MW Tracker Based Installation at Vikarabad in Telangana, India



► Use of Gin Poles for Tower Erection



► Stringing using Sag Bridges

Digital Shaping Our Operations

We continue to promote and imbibe Digital transformations across our Manufacturing locations and project sites. We have adopted numerous digital interventions across various aspects of our businesses, like Digital applications for customers, Machine Health at our Manufacturing Facilities, Bid Management Systems, digitalised our HR & Talent Management processes, as well as used drones for stringing at our project sites. Besides this, we have also embarked on a digital approach for our Board for its smooth functioning, be it at Board meetings or other committee meetings. This approach is environment friendly and has resulted in saving enormous numbers of paper.

At the root of all our endeavours and offerings is the Customer. The Customer is our focus and we continue to embrace customisation at optimum levels, thereby nurturing and building lasting relationships with them. As a testimony to our commitment to customers, we have been lauded on numerous occasions and continue to be a GO-TO and "Preferred Partner for customers in India and across the globe".



▶ Stringing Using Drone for a Project in Sikkim, India



▶ Stringing Using Drone at Project Site in Georgia

Navigating The World's Toughest Challenges

Our fortitude powered by our distinct edge, combined with extensive and diverse experience built over decades of our successful existence has empowered us to tackle complex challenges, as a result of which, we have outperformed in extreme climatic conditions, difficult topographies and hostile terrains.

We have built a proud legacy and are the PARTNER OF CHOICE for executing projects in extreme weather conditions, including deserts, forests, mountains, oceans, rivers, snowfields, as well as inhospitable environments. Our foresight, strategic intent and high performance-led-culture backed by inspired and energised people power has enabled us to thrive by rethinking and forecasting difficult and complex scenarios. Some of the noteworthy projects executed by us in FY 2016-17 include:

01

765 kV Transmission Line from Srikakulam-Angul in Odisha, India

Project Scope

- Construction of 765 kV Transmission Line from Srikakulam to Angul in Odisha for PGCIL
- This involved crossing of river Mahanadi, spanning 1800 meters wide
- Special tower erection - three towers were erected in the river bed, each tower with a height of 84 meters and weight of 178 MTs
- Line passes through forest and tough hilly terrain

Line Length

200 kms

Project Status

Project completed in FY 2016-17



▶ 765 kV Transmission Line from Srikakulam - Angul in Odisha, India

Core Challenges

This project involved challenges including execution on the river bed and erection of river crossing towers. We encountered accessibility problems because of the forest and hilly terrain. To add to the existing woes, the construction of the line was through a theft prone zone. Besides, some portion of the line was previously awarded to another contractor by PGCIL and one of the biggest challenges for us was to take forward a partially completed job.

Outperformance

Despite all barriers, we completed the project well in time; a portion of the line was even completed ahead of all our peers.

02

400 kV Transmission Line from Jagityal to Nirmal in Telangana, India

Project Scope

- Construction of 400 kV Transmission Line in Telangana State
- Construction of river crossing towers and open cast foundations specially designed for this project
- Erection of two river crossing special towers, each weighing 248 MTs

Line Length

74 kms

Project Status

Project completed in FY 2016-17

Core Challenges

- The most challenging part was the construction of river crossing towers, as it involved open cast foundations, which were specially designed for this project.
- Generally, we construct pile type of foundations. For this project, we erected an Open cast foundation; a new type of foundation, which brought with it a new set of challenges.

Outperformance

Due to complete end-to-end planning and seamless execution throughout the life cycle of the project, construction activities were completed 45 days prior to contractual schedule.



▶ 400 kV Transmission Line from Jagityal to Nirmal in Telangana, India

03

765 kV Transmission Line from Wardha to Aurangabad in Maharashtra, India

Project Scope

- Construction of 765 kV Transmission Line in Maharashtra
- The project involved construction of a 765 kV Transmission Line crossing over another 765 kV Transmission Line
- Each tower weighed 366 MTs with a height of 124 meters from ground level



▶ 765 kV Transmission Line from Wardha to Aurangabad in Maharashtra, India

Line Length

118 kms

Project Status

Project completed in FY 2016-17



► “Early Completion” Award by PGCIL

Core Challenges

The most challenging part was the construction of the 765 kV Transmission Line crossing over another 765 kV Transmission Line, which involved prototyping, fabrication and erection of very special towers.

Outperformance

- Despite all odds, we successfully constructed and commissioned the project on time.
- In our endeavour to adopt mechanisation and innovation in

construction techniques, we used terrain boom crane and gin poles to erect the special towers in 35 days, giving a productivity of 11 MTs/day.

- We were lauded by PGCIL with the “Best Performance Award” for achieving Early Completion of this project.

04

138 kV Matanao – GenSan Transmission Project (Substation Portion) and Mindanao Substation Expansion Project 2 in Philippines



► 138 kV Matanao – GenSan Transmission Project in Philippines

Project Scope

- Expansion of 138 kV Bays at GenSan, Matanao, and Kidapawan; and 69 kV bays at GenSan and Kidapawan
- Supply, Installation, Testing & Commissioning of 100 MVA Transformer at GenSan and Parallel operation with existing 100 MVA transformer
- Decommissioning of existing old 50 MVA Transformer at GenSan and its Hauling, Installation, Testing & Commissioning at Kidapawan Substation
- Swinging of existing Transmission Lines at GenSan & Matanao, along with its associated protection, control, and communication systems

- Expansion of Substation Automation System at GenSan Substation for new 138 kV Bay, 69 kV Bay and associated protection panels
- Construction of new Auxiliary Buildings at GenSan, Kidapawan; expansion of existing control buildings at Matanao

Project Status

Commissioned in FY 2016-17

Core Challenges

We faced challenges in the form of non-availability of technical data and documentation of existing equipment, to finalise requirements for new equipment being supplied under this project. The Testing & Commissioning in swinging of existing Transmission Line at GenSan &

Matanao along with its protection and communication was done under incessant rains, resulting in numerous barriers to smooth execution. Commissioning of 50 MVA transformer with its load side 69 kV Bay & associated Transmission Line was a huge technical challenge to complete testing & commissioning activities within minimal time, as only one line was serving to load at Substation. Commissioning of the new 100 MVA Transformer and its paralleling required several engineering solutions to on-field problems, to solve existing issues on the old transformer and its protection systems.

Outperformance

Our project team took initiatives to evaluate actual technical details of existing equipment. The site team traced all wiring physically to prepare revamping to new protection supplied under this project. Through proactive planning & mobilisation of resources, swinging of Transmission Line to new Bay was completed in minimal shutdown time (6 hours), which would otherwise have taken 72 hours, spread over three months for swinging. Revamping of old equipment protection to new protection/communication panels was done simultaneously while the swinging was being done. After several negotiations and thorough review with the affected stake holders in Kidapawan city, the revamping and commissioning of 50 MVA transformer was completed in minimal time to reduce power outage to the city.

05

115 kV Greater Mekong Sub-Region Northern Power Transmission Project, Laos

Project Scope

- 89.79 kms, 115 kV Double circuit single strung Transmission Line from Paklay to Nonhai
- 115/22 kV Paklay Substation (Green Field)
- 115/22 kV Xayabury Substation (Bay Extension)
- 115/22 kV Nonhai Substation (Bay Extension)



► 115 kV Greater Mekong Sub-Region Northern Power Transmission in Laos

Line Length

89.79 kms

Project Status

Commissioned in FY 2016-17

Core Challenges

Delay in compliance from several vendors and non-availability of major equipment at site were some of the major issues faced during project execution. In addition, we were intimated about the advancement of the commissioning only a month prior to the advanced date, which was a major challenge to overcome.

Outperformance

Our Engineering team initiated and coordinated with Suppliers, in addition

to additional teams being mobilised to complete the erection and testing on receipt of the materials/equipment. The site team conducted day-wise micro scheduling. Due to outage issues at the existing Nonhai Substation, much had to be done on the live line ensuring highest safety standards without any unsafe act/behaviour. With the help of the Design, Procurement, Site and Safety teams, we commissioned the Transmission Line, Paklay Substation and Nonhai Substation on December 28, 2016.

06

275 kV Substation Project in Malaysia

Project Scope

There were two 275 kV Substation extensions (Oya and Similajau Substation extensions) under this project. Each substation has two Bay extensions with 275 kV Reactors, 275 kV Disconnectors, 275 kV Circuit Breakers, 275 kV Current Transformer, 275 kV Voltage Transformer, etc. Both the substations were 200 kms apart from each other and 600 kms from Project/Client office. The Project was closed in 2016.

Project Status

Commissioned in FY 2016-17

Core Challenges

The major challenge was stringing over 275 kV Live Busbar

Outperformance

This challenge was overcome through meticulous planning, systemic shutdown procedures and with

complete HSE compliance, without having any hindrance to the existing power transmission.



▶ 275 kV Substation Project in Malaysia

07

400 kV Transmission Line in Bhutan

Project Scope

- 400 kV Transmission Line in Bhutan
- Erection of 147 Towers with tonnage of 6678 MTs

Line Length

65 kms

Project Status

Expected completion in December 2017

Core Challenges

Challenges included obtaining numerous clearances, working in difficult topographies like stiff hills, dense forest, etc. In addition, heavy rains caused landslides and road blockages. Skilled man power was also a constraint in Bhutan, thus gangs were arranged from India, following the local immigration process. Due to restricted work space at hilly locations, and work at a high altitude, safeguarding the lives of our employees was paramount and we ensured that the highest safety standards were adhered to.

Outperformance

We coordinated the approvals in a stipulated timeframe, considering the on-ground challenges that we faced, this was a commendable accomplishment. We arranged for a rope-way and deployed additional gangs for shifting the material on site. Adopting digitised construction methods, Drones were deployed, especially across the long valley crossing for pilot wire paying-out. This resulted in reduction of manpower, cost and time. The use of the Drone facilitated stringing across river, road, railway, power line crossing with much ease as compared to the conventional methods. Approval from various authorities for use of drone was obtained within three months.



▶ Use of Drone for Stringing



▶ 400 kV Transmission Line in Bhutan

08

132 kV Transmission Line in Nepal

Project Scope

Turnkey Transmission Line project for construction of 132 kV Transmission Line in Nepal, which included erection of seven Towers with a tonnage of 81 MTs

Line Length

202 kms

Project Status

Expected completion in June 2017



► 132 kV Transmission Line in Nepal



- Certified as the "Best Performing Contractor" by the Ministry of Finance, Nepal and Asian Development Bank

Core Challenges

Nepal endured a series of high magnitude earthquakes between April 2015 and May 2015, followed by aftershocks for a long time. This had a huge impact on the livelihood and availability of resources in this region. Also, with the adoption of the New Constitution in September 2015, the region was plagued by political agitation and movement of goods at the Indo-Nepal border was blocked. This resulted in a shortfall in the availability of cement, steel, diesel and other commodities in the region. In addition, this project was impacted by severe RoW issues across the line, which affected approximately 4 kms of stringing.

We are expected to perform a Hot line stringing i.e., Stringing to be done on the second circuit in live condition for which Shut Down is required for the existing 132 kV line, to complete the erection at four locations. Since the line is a Power evacuation line from India to Nepal, the shutdown is expected in June 2017. Approximately 7 kms of stringing is affected.

Outperformance

We coordinated approvals in a stipulated time frame. With rigorous follow-ups and collaboration with the client and various Ministries in Nepal, the material was finally released from the Nepal Gunj customs in July 2016, without the need to pay any demurrages. As the project got delayed due to above cited reasons, one TSE machine was deputed by KEC to increase the productivity. Total 195 kms/202 kms conductor stringing and 203/203 of OPGW stringing was completed in five months with 2 TSE gangs.

09

220 kV GIS Substation in Preet Vihar, New Delhi, India**Project Scope**

- Construction of Control Room Building, 220 kV GIS Hall, 33 kV Building at 220/33 kV GIS Substation, Preet Vihar, New Delhi
- 220 kV Bays - 11 Nos.
- 33 kV Bays- 28 Nos.
- Installation, Testing & Commissioning of 220 kV GIS
- Supply, Installation, Testing & Commissioning of 33 kV GIS, Substation Automation System, LT Switchgear, Battery, Battery Charger for 220 kV Bay, 33 kV Bay and associated protection panels



▶ 220 kV GIS Substation in Preet Vihar, New Delhi, India

Project Status

Project completed in FY 2016-17

Core Challenges

The major constraint in this project was the availability of space, as the Substation was to be constructed amidst urban habitation in the City of Delhi.

Outperformance

Our project team constructed the 220/33 kV GIS Substation in the heart of Delhi, amidst significant space constraint (3105 sq meter area). With

micro planning and management, the materials were shifted during the night, as entry was restricted during the day. This mandated meticulous planning and coordination with local authorities, traffic department & local administration, which our team managed efficiently. Due to the limited availability of space, the materials were stored about 10 kms from the substation. Efficient planning and optimum resource mobilisation

resulted in us having completed the erection and testing of 220 kV GIS within a stipulated time schedule and delivered the project without any hassles.

10

400 kV Bikaner Sikar Transmission Line Project with a design capacity to transfer electricity equivalent to 1066 MW on DBFOT basis**Project Description**

Transmission system comprising a 400 kV Transmission Line from Bikaner to Sikar with a design capacity to transfer electricity equivalent to 1066 MW on design, build, finance, operate and transfer (DBFOT) basis

Project Status

Expected completion in October 2017

Core Challenges**Pre-Construction Period**

- This is the first project that the company is doing on a DBFOT basis. As we were the developers, we had to apply for transmission licences and get many regulatory approvals. With no precedents available, there were several challenges to get all the approvals within six months. A delay in getting the approvals would have resulted in a penalty.
- The client team from Rajasthan Rajya Vidyut Prasaran Nigam Ltd. (RRVPN),

handling this project was new and it was a first of a kind project on VGF basis for them.

Construction Period

- The project has very stringent timelines; 172 kms of the line has to be commissioned within 21 months.
- The project entailed seeking numerous approvals before commencement.

- In addition, the demonetisation drive initiated during its execution, impacted the pace of the project.
- We faced bottlenecks, including Right of Way issues at Sikar.

Outperformance

- Despite this being a first of its kind project for KEC, the team got all the necessary licences and ensured that financial closure happens within the stipulated time.
- The team at one point of time did more than 100 foundations and erections in a month, which is remarkable.



► 400 kV Bikaner Sikar Transmission Line Project, Rajasthan, India

11

220 kV AIS Substation in Afghanistan

Project Description

Design, supply, installation, testing and commissioning of 220 kV Substation at Sayedabad & Ghazni in Afghanistan

Project Status

Expected completion in July 2017

Core Challenges

- Extreme hostile and security prone environment
- Extreme climatic conditions, snow clad regions and construction in sub-zero temperatures
- Shortage of skilled manpower

Outperformance

- Barring all odds, we successfully laid the civil foundation and building construction in temperature as low as -5 degrees.
- We were instrumental in developing local skill sets and employability across the value chain in Afghanistan



► 220 kV Substation in Sayedabad, Afghanistan



► 220 kV Substation in Ghazni, Afghanistan

Broadening Horizons In The Americas

The Company continues to significantly expand its outreach in the Americas. It has made successful inroads on the American Soil since it acquired SAE Towers Holdings LLC, a leading manufacturer of lattice transmission towers, hardware and monopoles, headquartered in Houston, Texas, USA. SAE has been one of our key drivers responsible for our remarkable growth in the Americas.

A credible and reliable player in the Americas, SAE has a proven track record for executing projects adhering to the highest standards of quality and is a market leader in the Americas.

In FY 2013-14, SAE, which was traditionally involved in the manufacturing of towers, hardware and monopoles, as part of our growth strategy, forayed into the EPC space in the Americas. We have successfully built a strong foundation and have tapped significant EPC opportunities in Brazil. We continue to leverage our strong global EPC expertise, along with a local foothold in the American market and are poised for a significant growth trajectory in EPC in the Americas.

In addition to the six EPC projects secured since its foray into EPC in Brazil, the Company has further secured two more EPC orders in Brazil.



▶ 230 kV Transmission Line Project in Brazil

Diverse and Inclusive Workforce

True to our vision, we are committed to growth and dedicated to our people. Headquartered in India, we thrive on GLOCAL presence; a Globally spread manufacturing and project exports base with project offices located in as many as 25+ countries, comprising of 5,496 employees (including subsidiaries) of diverse nationalities.

We believe in continuously empowering our talent pool by organising regular trainings and workshops aimed at facilitating learning and development to the workforce. In addition, we have embarked on numerous initiatives to transform KEC into a contemporary and an open work place with a global mind-set, including renovation of our office premises to make it more open and vibrant. We initiated the practice of addressing everyone on a first-name basis, as well as refined, improved and moved numerous HR practices like goal setting, performance appraisals onto digital platforms.

At KEC, we understand that an engaged workforce yields optimal business results and delightful customer experience. In line with this, the company is now Great Place to Work-Certified™ by Great Place to Work® (GPTW) institute. The Certification programme launched by GPTW this year involves a rigorous assessment of the Trust Index™ survey scores and Culture Audit® of 16 People Practices. We believe that becoming Great Place to Work-Certified™ is a significant accomplishment that will aid in contributing to the movement to create a better world, through better workplaces.





RPG's Graduate Management Resource (GMR) programme provides young managers opportunities for professional development within the group. GMRs are hired at fresher, as well as lateral levels from premier institutes, and receive direct mentorship from business and functional heads. Their careers are tracked regularly and their growth is fast tracked, making them part of a talent pool that can be tapped across the group.

KEC launched its Engineering Leadership Programme (ELP) in July 2015, with the aim of nurturing raw talent & grooming them into the leaders of tomorrow. Engineering graduates are handpicked from institutes across the country to be a part of this prestigious programme. These ELTs receive on-the-job training in various departments like Design & Engineering, M&BD, Manufacturing and Project execution under the supervision of various project guides in different sites, across geographies.

KEC's Diversity policy has facilitated a conscious increase in its percentage hire of women employees. In FY 2016-17, the company has hired 25 percent female engineers in the 2017 Engineering Leadership Programme batch, and the number of women employees has tripled from 77 to 230 in the last few years.

The fact that diversity and inclusion is a business imperative has garnered enormous interest across organisations the world-over. One of the primary drivers for organisations to actively seek diverse talent is the shortage of talent, and one of the largest under-represented groups that organisations have now begun to tap are women. Developing and retaining women at workplace is a significant competitive advantage that calls for special policies and programs to level the playing field for them.

KEC continues to work towards creating a favorable framework for its women workforce, and has introduced a slew of policies to support that. We have launched several women friendly initiatives and policies, including an extended maternity & paternity benefit scheme. We introduced flexi timings to enable better work-life balance.

As a practice, we frequently organise gender sensitivity workshops and conduct open forums/interactions with employees across various locations with the senior management.

In line with the changing dynamics in the market, KEC has made a conscious effort to hire new and young talent from varied profiles and backgrounds to expand capabilities, upgrade skills and incubate a diverse talent pool. In line with this, the company has an extensive hiring policy for GMRs, ELPs, Management Trainees and the Armed Forces Programme.



EHS Paramount At KEC

KEC is working towards a better environment and creating a sustainable world for all its stakeholders. We believe in promoting sustainable operations, encouraging sustainable practices and creating a positive impact towards protecting our planet.

We ensure strict adherence to quality standards, meet customer requirements and continually improve our Environment, Health and Safety (EHS) performance.

Our EHS Vision:

"EHS starts with me, and I am responsible for EHS", is the spirit that embodies every employee while fulfilling their task at KEC.

Our EHS policy aims to promote responsible and ethical business conduct, by ensuring health and safety of our people, tangible assets, communities and environment.

Our Aim:

- Reduce environmental degradation by promoting the 3Rs (Reduce, Reuse, Recycle).
- Optimise the use of resources to safeguard the environment.
- Promote occupational healthcare with continuous risk minimisation.
- Continual reduction of "Loss Time Injury" frequency rate in order to attain the goals of "Zero Injury" and "Zero Accident".

Integrated Management System

KEC is the first EPC company in India to be certified with the latest "International Management Standards i.e. ISO 9001:2015, ISO 14001: 2015 and BS-OHSAS 18001:2007", accredited by DAKS, 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





► Safety Awareness Programme Being Conducted at Project Site



In FY 2016-17, nearly 74,042 and 4,60,292 man-hours of training were conducted for employees and contractor workmen respectively."

We have also adopted Integrated Management System, consisting of ISO 9001, ISO 14001 and OSHAS 18001 to strengthen Environment, Health and Safety systems, and the Indian Green Building Certification (IGBC) at our plants and offices.

Safety Practices

At KEC, we are proud of being able to deliver projects in record time no matter how difficult the process is. However, a core aspect that ensures the success of each process is the adherence to our safety framework. Over the years, we have developed operational level controls and designs that acts as a safeguard to our team. For instance, our Safety Net Arrangement has been designed by KEC's Quality-EHS team to reduce the impact of an unexpected fall during tower works.

We have also initiated many training and skill development workshops for our operations team across the globe.



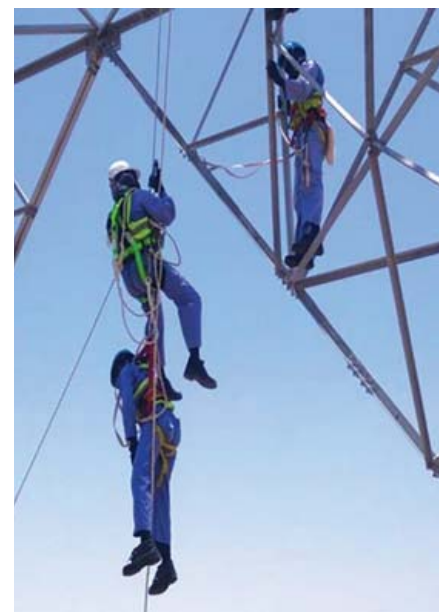
► Safety Induction to Workers at a Project Site



► Safety Net Designed to Ensure Safe Operations



► Safety Visuals at Project Site



► Rescue Training Demonstration at a Project Site

Social Engagement For A Sustainable Future

For KEC, sustainability means pursuing economic, social and ecological objectives simultaneously and with equal energy. It is our aim to create lasting values, offer good working conditions, and conserve resources and the environment.

We are constantly working towards identifying and mitigating risks related to the environment, society and people at every stage of our value creation process. With the same aim, this year, KEC launched several initiatives to empower communities and preserve the environment.

The company has aligned its CSR programmes to RPG Group's CSR Vision to deliver empowered progress through performance that extends beyond its business horizons. Over the years, we have touched many lives through better education, providing employment opportunities for the youth, enabling women from Self Help Groups with entrepreneurial and other skill sets, providing eye health care facilities and providing clean and potable water for school children.



CSR Vision

To drive holistic empowerment of the community, through implementation of sustainable initiatives, which will have maximum societal impact by identifying the critical needs and gaps."

01

Pehley Akshar

Through this programme we aim to empower young minds with education and training that enables future employability. The programme focuses on enhancing functional English proficiency through an innovative method, thereby giving them equal opportunities for a better life.

Impact

In FY 2016-17, the Pehley Akshar programme targeted 10 schools and educated around 1,800 children.

At the end of the school year, nearly seven percent of the students tried to recall the vocabulary taught during the year, and used it constructively in a sentence.



▶ Children from the Pehlay Akshar Programme

02

Saksham

Project Saksham seeks to facilitate empowerment of women by means of entrepreneurship development training and skill training, for local community women. The genesis of this programme is to create entrepreneurs and provide women with an alternative means of livelihood, thereby enabling them to become independent. Through Entrepreneurship Development Training, the programme provides a platform to hone business and leadership skills, instil vocational training, and encourage entrepreneurship among community women, with the aim of improving their quality of life. Through skill training, the programme provides training to make readymade garments, providing them with an opportunity to use this life skill to earn their living.



► Women from the Saksham Programme Selling Their Goods

Impact

In FY 2016-17, Project Saksham helped empower 187 women with entrepreneurship and other vocational skillsets.

Women beneficiaries now earn ₹ 150/day on an average, which sums up to ₹ 4500/month.

03

Sanjeevani

India faces a growing need to fix its healthcare industry; basic health concerns and acute shortage of medical staff are only some of the key issues the sector faces on an everyday basis. Through Project Sanjeevani, KEC aims to fill the need gap for nursing and homecare staff in the sector. The programme provides bedside assistance training to individuals from the community, who move on to become bed-side assistants and home care assistants in nursing homes and hospitals.

Impact

In FY 2016-17, the programme facilitated training to about 190 youth, 80 percent of whom have been placed as home-care assistants earning an average salary of ₹ 7,000 per month.



► Training Session for a Batch of Sanjeevani Students

04

Industrial Training Institute (ITI)

KEC constantly strives to create avenues of equal opportunities for our communities. We believe that to truly empower the marginalised, we need to build stronger systems of inclusive education. By adopting ITI Ashti, located in Wardha District of Maharashtra, and ITI Jaipur, an all-girls programme, we furthered our long-term commitment to train and educate the nation and provide employability enhancement opportunities for skill development.

We aid in upgradation of technical infrastructure and build higher capacity under the PPP Model. Through this programme, we facilitate on-the-job training, industry visits, soft skills training, English language classes, workshops and additional technical training to students. We have also initiated a knowledge sharing network across ITIs in the Vidarbha region.

ITI Ashti is the first ITI in Vidharba region to receive ISO 9001:2008 Government certification.



► Students Undergo Training at ITI

Impact

Enrollment to the programme in FY 2016-17, ITI Ashti – 124 students, 91 boys and 33 girls; ITI Jaipur – 258 girls.

Almost 100 percent placement achieved.

05

Netranjali

KEC aims to provide better access to healthcare and offer affordable treatment to those in need. We strive to work on improving the quality of lives across communities by providing healthcare solutions, information dissemination and preventive healthcare practices.

This year, through our flagship project 'Netranjali', we educated more than 80,000 people about the importance of eye-care and conducted 45,377 eye screenings across the country. Through the eye camps, we provided beneficiaries with spectacles for their eye care, and made referrals to cases that required further attention. Taking this initiative forward, we have instituted a Vision Care Centre in Jaipur, which receives a steady stream of patients daily.



► Eye Camp Organised Under Netranjali

Impact

KEC created awareness among more than 80,000 people about eye care. Distributed 21,461 spectacles.

06

Jeevan

As a part of our healthcare initiatives, we empower school students through interventions, in the cities of Jaipur, Jabalpur and Nagpur. The programme provides clean and safe drinking water to around 5,600 school children, potentially saving them from water-borne diseases. Teachers and Principals of the schools have reinforced that the availability of drinking water has increased attendance in schools. More than 1,800 school children have been educated about the importance of conserving water through rain water harvesting.

Impact

Installed 28 water huts.

Installed nine rain water harvesting units.

Impacted around 5,600 children positively.



► Rain Water Harvesting Unit Installed at a School

07

Other Welfare activities

Blood Donation Camp was organised at KEC's Vadodara unit, in association with the NGO 'Friends', and Shree Sayaji General Hospital. During the drive, blood was collected at the voluntary camp with donors ranging from employees, contract workmen, guests, to employees of neighbouring industry and residents of Savli village, in Gujarat.



► Blood Donation Camp Held During Safety Week

KEC At Exhibitions



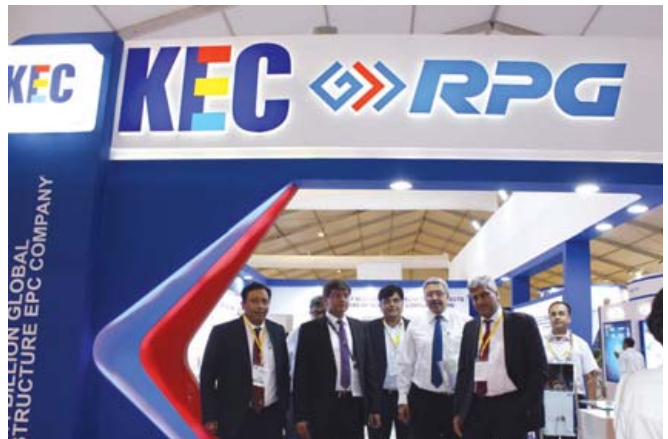
▶ KEC Stall at the SWITCH Global Expo, Vadodara



▶ Shri I S Jha, Chairman & Managing Director, PGCIL Inaugurates the KEC Stall at the SWITCH Global Expo, Vadodara



▶ Shri Pushpendra Singh Ranawat, Energy Minister of Rajasthan at the KEC Stall at SWITCH Global Expo, Vadodara



▶ Shri Yaduvendra Mathur, Then Chairman & Managing Director, Exim Bank & Shri Gurdeep Singh, Chairman & Managing Director, NTPC at the KEC Stall at SWITCH Global Expo, Vadodara



▶ Visitors at the KEC Stall at the SWITCH Global Expo, Vadodara



▶ Visitors at the KEC Stall at the SWITCH Global Expo, Vadodara



▶ KEC Stall at the E3 Exhibition, Kolkata



▶ Shri Sobhandeb Chattopadhyay, Minister of Power, West Bengal Inaugurates the KEC Booth at E3 Exhibition, Kolkata



▶ Shri Bharat Bhushan, Executive Director, PGCIL at the KEC Stall at E3 Exhibition, Kolkata



▶ Visitors at the KEC Stall at E3 Exhibition, Kolkata

Awards and Recognitions



APPRECIATION FROM POWER GRID CORPORATION OF INDIA LIMITED FOR BEST PERFORMANCE

“Best Performance – Transmission” Award from PGCIL for our performance in Power Transmission and volume of work.



APPRECIATION FROM PGCIL FOR EARLY COMPLETION

“Best Performance – Early Completion” Award for early completion of the 765 kV Wardha-Nizamabad Transmission Line.



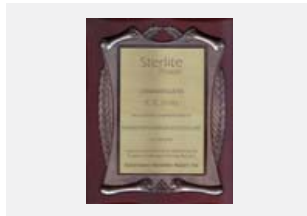
CONSTRUCTION TIMES AWARD 2016

“Best Executed Power Project of The Year” Award for Indo-Bangladesh Transmission Line project at the Construction Times Awards 2016.



APPRECIATION FROM POWER GRID COMPANY OF BANGLADESH

Received appreciation for successful completion and commissioning of 230 kV Barisal-Bhola-Borhanuddin Transmission Line project, countering all the challenges faced during execution.



APPRECIATION FROM STERLITE POWER

Appreciated for successfully commissioning the 400 kV Kharagpur – Chaibasa Line, despite a delay in forest clearance and difficulties in the line passing through highly sensitive areas.



APPRECIATION FROM SAUDI ARAMCO OIL PROCESSING OPERATION DIVISION

Received appreciation from our client for completing the job with the highest quality standards and without violating any safety norms.



BEST PERFORMING CONTRACTOR FROM ASIAN DEVELOPMENT BANK

Certified as the “Best Performing Contractor” by the Ministry of Finance, Nepal and Asian Development Bank for 132 kV Kohalpur-Mahendranagar Transmission Line for Nepal Electricity Authority.



APPRECIATION FROM STERLITE POWER

Received appreciation from Sterlite Power for successful completion of 400 kV Jalandhar Samba Transmission Line.



COLLABORATIVE SUPPLIER AWARD 2017

Mysore Cables Unit won the “Collaborative Supplier” award from ABB, Singapore at the Indian Supplier Meet of 2017. The award recognised the Company’s timely supply of 21 types of Power, Control and Instrumentation Cables, in different drum lengths and complicated drum tagging.



STAR PERFORMER EPC AWARD

“Star Performer” Award for the year in the product group - Other Fabricated Metal Products excluding Machinery and Equipment.



9TH INDIA POWER AWARD 2016

“Best Overall Performance in the Private Sector & PSU” for Indo-Bangladesh Transmission Line project at the 9th India Power Awards.



DUN & BRADSTREET INFRA AWARD 2016

“Special Mention” for Indo-Bangladesh Transmission Line project at the Dun & Bradstreet Infra Awards 2016.



6TH EPC WORLD AWARD 2017

Industry Honour for “Outstanding Contribution in Power EPC” during the 6th EPC World Awards.



FROST & SULLIVAN INDIA MANUFACTURING EXCELLENCE AWARD 2016

Butibori plant received a “Gold” Award in the Engineering Segment. The awards acknowledge the best facilities in India that have achieved and sustained manufacturing excellence.



STRATEGIC PARTNER AWARD - ZTE INDIA PARTNERS MEET 2016

Received the “ZTE India” Award.



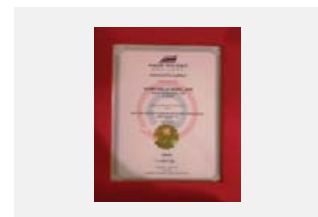
GOLD AWARD AT THE QUALITY CIRCLE FORUM OF INDIA - NAGPUR CHAPTER 2016

Butibori team won a “Gold” Award at the 27th Nagpur Chapter, CCQC. The team presented a case study on “Optimizing Cost in Hot Dip Galvanizing Year – 2015 -16” and emerged winners from amongst 100 teams.



GOLD AWARD AT THE QUALITY CIRCLE FORUM OF INDIA - VADODARA CHAPTER 2016

KEC-Cables Vadodara Unit won a “Gold” Award at the 27th Annual convention by QCFI, Vadodara.



INTERNATIONAL CONVENTION ON QUALITY CONTROL CIRCLE AWARD 2016

Recognized internationally for our best practices in quality systems and approach as the KEC-Cables, Vadodara team won the “Gold” Award. Over 230 teams had participated from 12 countries.



GOLD AWARD AT THE QUALITY CIRCLE FORUM OF INDIA - BHILAI CHAPTER CCQC 2016

Jabalpur Unit bagged two “Gold” Awards in Quality Case study and Allied Quality Concept. The teams presented two case studies – Quality Control story “To reduce consumable cost of fabrication” and Allied Quality Concept POKA YOKE – “Zero defects in Tower Assembly”.



EXCELLENCE AWARD AT NCQC 2016

Received the “Excellence” Award at Quality Circle Forum of India’s Raipur Chapter.



OHS TROPHY FROM EMPLOYERS ASSOCIATION OF RAJASTHAN

Jaipur Unit received an “Outstanding, Health & Safety” (OHS) Trophy at the 52nd Foundation Year & Best Employer Award Celebration.



INDIA INNOVATION AWARD 2017 - BUSINESS SKILLS

“India Innovation” Award for our Digital Learning Championship initiative at the 2017 Skillsoft India Perspectives. The award bears a testimony to the Company’s effort to constantly reinvent its processes and improve its offerings.



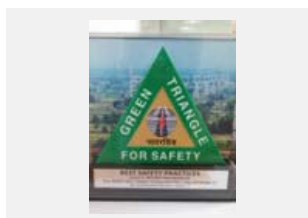
GREENTECH ENVIRONMENT AWARD 2017

Vadodara Plant won the prestigious “Gold” Award in the Environment category at the 17th Annual Greentech Awards. The company is the first Cable Manufacturing Company to achieve this certification from an organisation of repute.



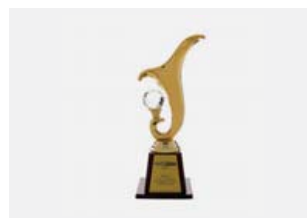
SAFETY & QUALITY AWARDS FROM NATIONAL GRID OF SAUDI ARABIA

Received two awards from National Grid, Saudi Arabia for “Quality” (linking Shabayn Substation to the network) and for “Excellence” (linking the stations connected to the network).



BEST SAFETY PRACTICE AWARD FROM POWER GRID CORPORATION OF INDIA LIMITED

“Best Safety Practice” Award by PGCIL for 400 kV Chittorgarh Transmission Line Project. KEC was deemed as having the Best Corporate Practices in the Northern region.



THE ECONOMIC TIMES - POWER FOCUS AWARD

Received appreciation at the hands of Shri Piyush Goyal, Minister of State with Independent Charge for Power, Coal, New and Renewable Energy and Mines, for our contribution in the Power Sector, at the 4th Economic Times Power Focus Annual Summit.



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Directors' Report

To the Members of
KEC International Limited

The Directors are pleased to present the Twelfth Annual Report of the Company together with Consolidated and Standalone Audited Financial Statements of the Company for the financial year ended on March 31, 2017.

1. FINANCIAL RESULTS

(₹ in Crore)

Particulars	Consolidated		Standalone	
	FY 2016-17	FY 2015-16*	FY 2016-17	FY 2015-16*
Revenue from Operations	8,755.05	8,709.62	7,737.09	7,882.24
EBITDA	817.88	692.33	710.67	679.12
Finance Cost	253.61	279.39	208.83	237.94
Depreciation & Amortisation	129.69	131.78	115.39	118.01
Profit Before Tax	463.44	291.42	423.53	338.73
Tax Expenses	158.67	143.57	141.71	143.29
Profit After Tax	304.78	147.84	281.82	195.44
Dividend on equity shares (including tax on dividend)	49.51	30.89	49.51	30.89
Transfer to General Reserve	28.18	15.80	28.18	15.80

*FY 2015-16 numbers are restated as per Indian Accounting Standards (IND AS).

2. PERFORMANCE

Financial Performance

The Company continued on its growth trajectory in Financial Year 2016-17.

On a consolidated basis, the Company achieved a turnover of ₹ 8,755 Crore, with a marginal growth over FY 2015-16. Revenue continued to be impacted due to the commodity prices remaining flat for a major part of the year, and slow down in the oil producing economies. However, the Company delivered significantly on the profitability front, with EBITDA margins on a consolidated level expanding by 126 bps for FY 2016-17 from ₹ 692 Crore in FY 2015-16 to ₹ 818 Crore in FY 2016-17. The margin improvement was primarily driven by internal efficiencies and improvements in margin profile of businesses like railways and the Company's wholly owned subsidiary SAE Towers. The net profit for the year was ₹ 305 Crore in FY 2016-17 as against ₹ 148 Crore in FY 2015-16, a strong growth of 106 percent Year on Year. The Company could achieve substantial reduction in its interest costs through better working capital management, which resulted in a significant improvement in profitability. On a standalone basis, the Company achieved a turnover of ₹ 7,737 Crore and a net profit of ₹ 282 Crore.

During the year, the Company secured orders of ₹ 12,361 Crore; which is an impressive 42 percent increase over last year. The sharp increase in the order book was led by the international T&D business, which made substantial inroads into new geographies and the railways business, which could benefit from increased spending on railway infrastructure in the country. The closing order book of the Company was at ₹ 12,631 Crore, with a significant contribution from verticals like railways and solar. The order book profile gives good visibility on both the revenue and profitability front.

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, this vertical secured orders of ₹ 9,345 Crore across the 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. The Company continues to be a major contractor for Power Grid Corporation of India Limited.

On the international front, despite global uncertainties and subdued commodity prices for a larger part of the financial year, the Company was able to achieve a significant order intake in international markets. As part of its diversification strategy, the Company was able to enter the East Asia Pacific region with tender wins in Malaysia and Thailand. Also, within the Middle East the Company successfully de-risked its exposure in certain key markets with tender wins in Jordan and Egypt. In Africa, the Company could win projects in countries like Tanzania, Zambia, Mozambique and Senegal.

The Company has increased its focus on executing turnkey contracts in Brazil through its wholly owned subsidiary, SAE Towers.

Railways - The railway business saw a remarkable growth in FY 2016-17, both in terms of order intake as well as revenues. This vertical secured orders worth ₹ 1,427 Crore, which includes both overhead electrification works and composite turnkey contracts for various railway agencies in India. The Company has closed almost all the legacy projects in the railways business leading to a much improved profitability.

Renewables - The Company continued to consolidate its presence in the solar EPC space and this business vertical secured orders worth ₹ 613 Crore in FY 2016-17. The Company also bagged a large order for a 100 MW solar project in South India.

Cables - The Cables business secured orders worth ₹ 976 Crore in FY 2016-17. Soft commodity prices continued to affect the business in the first half of the year. However, the Company was able to turn this business around and this vertical was able to achieve profitability in FY 2016-17.

Civil - In view of the high growth potential, the Company has forayed into Civil EPC business. To start with, the Company has identified Industrial Plants, Residential & Non Residential buildings as attractive areas in Civil space.

3. DIVIDEND

The Board of Directors has recommended a dividend of ₹ 1.60/- per equity share i.e. 80 percent of nominal value of ₹ 2/- each for the financial year ended March 31, 2017 (previous year Interim dividend of ₹ 1/- 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 ₹ 49.51 Crore, including Dividend Distribution Tax of ₹ 8.37 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.kecrpg.com/policies>.

4. GENERAL RESERVE

The Board of Directors proposes to transfer an amount of ₹ 28.18 Crore to the General Reserve.

5. SHARE CAPITAL

The paid up Equity Share Capital of the Company as on March 31, 2017 was ₹ 51.42 Crore. There was no change in the share capital during the year under review.

6. DEBENTURES

During the year, the Company, on October 28, 2016 has 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 a private placement basis.

The Company has repurchased on November 25, 2016, 750 secured, rated, listed, non-convertible, redeemable, taxable Debentures (Series I and II) of the face value of ₹ 1,000,000/- each aggregating to ₹ 75 Crore, which were issued and allotted earlier on August 20, 2014.

7. 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 (hereinafter referred to as "the Act") and the Rules framed thereunder. As on March 31, 2017, there were no deposits lying unpaid or unclaimed.

8. 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 Act and Rules framed thereunder and details thereof are given in the Notes to the Standalone Financial Statements.

9. MANAGEMENT DISCUSSION AND ANALYSIS, CORPORATE GOVERNANCE REPORT AND BUSINESS RESPONSIBILITY 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 the Company's Statutory Auditors confirming compliance with Regulations relating to Corporate Governance of the Listing Regulations are set out and forms part of this Annual Report.

10. 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, forms part of this Annual Report. The Consolidated Financial Statements have been prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act.

Directors' Report (Contd.)

11. SUBSIDIARY COMPANIES

The Company has twenty one subsidiaries as on March 31, 2017 out of which six are direct subsidiaries and fifteen are step down subsidiaries. The Company also has one joint venture in Saudi Arabia and one associate company in India. During the year, no company became/ ceased to be a subsidiary/ associate/ joint venture of the Company.

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

12. 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 states and confirms that:

1. in the preparation of the annual accounts for the financial year ended on March 31, 2017, 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, 2017 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, 2017 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.

13. DIRECTORS & KEY MANAGERIAL PERSONNEL

13.1 Directors

During the year under review, there was no change in the composition of the Board of Directors of the Company. Pursuant to the provisions of sub-section (6) of Section 152 of the Act, Mr. H. V. Goenka, Non-Executive Chairman, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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

The Board recommends the re-appointment of Mr. H. V. Goenka as Director of the Company.

13.2 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 are Key Managerial Personnel of the Company:

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.

There was no change in the KMP of the Company during the year under review.

13.3 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, each of the Independent Directors of the Company have submitted a declaration that each of them continues to meet the criteria of independence as provided in the Act and the Listing Regulations.

13.4 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, the Directors individually and also of all the Committees of the Board. In order to have a fair and unbiased view of all the Directors and to facilitate the evaluation, the Company availed the services of an external agency. The Directors were provided with an electronic platform to record their views and a consolidated report was generated by the agency based on the views expressed by all the Directors. The reports generated out of the evaluation process were placed before the Board at its meeting and noted by the Directors.

Further, a meeting of Independent Directors was held pursuant to Schedule IV of the Act and the Listing Regulations to review the performance of the Chairman and 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.

13.5 Policy on appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel

The Board of Directors, on recommendation of Nomination and Remuneration Committee, 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'*.

13.6 Meetings of the Board of Directors

The Board of Directors met 5 (Five) times during the year, details of which are given in the Corporate Governance Report annexed to the Annual Report.

13.7 Meetings of Audit Committee

The Audit Committee met 9 (Nine) times during the year under review. The details of the meetings, composition of the Committee and the terms of reference of the Committee are given in the Corporate Governance Report.

14. AUDITORS

14.1 Statutory Auditors

M/s. Deloitte Haskins & Sells ("DHS"), Chartered Accountants (Firm's Registration No.: 117365W) were appointed as the Statutory Auditors of the Company, to hold office from the conclusion of the Ninth Annual General Meeting until the conclusion of the Twelfth Annual General Meeting. They shall cease to hold the office from the conclusion of the ensuing Annual General Meeting. The Board places on record its sincere appreciation for the services rendered by DHS during their tenure as Statutory Auditors of the Company.

The Board of Directors at its meeting held on January 31, 2017, recommended appointment of Price Waterhouse Chartered Accountants LLP (Firm's Registration No. 012754N/N500016) ("PwC") as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Twelfth Annual General Meeting up to the conclusion of Seventeenth Annual General Meeting subject to ratification by the Members in every Annual General Meeting. PwC has expressed its willingness to be appointed as the Statutory Auditors of the Company

and also confirmed its eligibility in compliance with the provisions of Section 139, 141 and other applicable provisions of the Act. The Board of Directors recommend to the Members to pass the resolution for appointment of PwC as the Statutory Auditors of the Company as stated in Item No. 4 of the Notice convening the ensuing Annual General Meeting.

The Statutory Auditors' Report for the FY 2016-17 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.

14.2 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, audit of the accounts of the branch offices of the Company located outside India is required to be conducted by the person(s) or firm(s) qualified to act as Branch Auditors in accordance with laws of that country. Approval of the Members is sought to authorise the Board of Directors/Audit Committee to appoint Branch Auditors in consultation with the Statutory Auditors for the branch offices of the Company outside India and also to fix their remuneration. 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.

14.3 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, had 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 2017-18. In terms of the above provisions, the remuneration payable to the Cost Auditor is required to be ratified by the Members in General Meeting. Accordingly, the Board of Directors recommends the Members, the resolution as stated in Item No. 6 of the Notice convening the ensuing Annual General Meeting.

The Company has filed the Cost Audit Report for the FY 2015-16 with the Ministry of Corporate Affairs on August 26, 2016.

14.4 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, Practising Company Secretaries, as Secretarial Auditors to conduct Secretarial Audit for the FY 2016-17. The Secretarial Audit Report in the prescribed Form MR-3 is annexed to this

Directors' Report (Contd.)

report as *Annexure 'C'*. The said Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks by the Secretarial Auditors.

Further the Board of Directors, upon recommendation of Audit Committee has appointed M/s. Parikh Parekh & Associates, Practicing Company Secretaries as Secretarial Auditors for the FY 2017-18.

15. 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, as a part of its CSR initiative, has 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.kecrpg.com under 'Investors' tab.

During the year under review, the Company was required to spend 2 percent of the average net profit 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'*.

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

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

The Company is committed to create a safe and healthy working environment that enables the employees to work without any fear or prejudice, gender bias and sexual harassment at workplace. Accordingly, the Company has made a Policy on Prevention of Sexual Harassment at Workplace on prevention, prohibition and redressal of sexual harassment of women at workplace in accordance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaint Committee has been constituted to address grievance(s) of the victims. During the year under review, no complaints of any nature were

received under the provisions of Sexual Harassment of Women at Workplace Act.

17. WHISTLE BLOWER POLICY

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. The Policy also provides for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. The Policy can be accessed on the Company's website i.e. www.kecrpg.com under 'Investors' tab.

18. RISK MANAGEMENT POLICY

The Company has a mechanism in place to inform the Board members about risk assessment and minimization procedures and a periodical review of the same. The risk management forms an integral part of the business planning and review cycle of the Company. The Company is engaged in Engineering, Procurement and Construction ("EPC") business and is exposed to various risks in the areas it operates. The Company's Risk Management mechanism is designed to provide reasonable assurances that objectives are met 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 risks faced by the Company and the various measures taken by the Company are detailed in Management Discussion and Analysis section.

19. 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.

20. RELATED PARTY TRANSACTIONS

All transactions entered into by the Company with related parties were in the ordinary course of business and at arm's length basis. The Audit Committee grants

omnibus approval for the transactions that are in the ordinary course of the business and repetitive in nature. For other transactions, the Company obtains specific approval of the Audit Committee before entering into any such transactions. Disclosures as required under Indian Accounting Standard ("IND AS") - 24 have been made in the Note No. 51 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/associate 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.kecrpg.com under 'Investors' tab.

21. 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 Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as on March 31, 2017 in the prescribed Form MGT-9 is enclosed as *Annexure 'E'*.

22. ENVIRONMENT HEALTH AND SAFETY (EHS)

The Company is committed to achieve the EHS objective of accident free workplace. The Company has undertaken various EHS management processes and deployed methodologies and implemented them under the EHS system to ensure that our employees become more safety conscious and to improve the organization's approach towards prevention of loss.

The Company on a continuous basis imparts EHS industry specific training to its employees and workmen. These robust EHS management processes help the Company in preventing loss of life and property damage incidents.

The Company has bagged various EHS awards and appreciation from its prestigious customers and independent agencies. The awards include "Outstanding, Health & Safety" (OHS) Trophy from the Employers Association of Rajasthan at the 52nd Foundation Year & Best Employer 2015 Award Celebration. The Company also won the Best Safety Practice Award by Power Grid Corporation of India Limited (PGCIL) for its 400kV Chittorgarh Transmission Line Project.

A separate section has been added to this Annual Report giving details on EHS objectives of the Company.

23. 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 area of operations. 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 the same is enclosed as *Annexure 'F'*.

24. 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 Secretary.

25. 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 out performers who have potential for taking higher responsibilities.

The employee relations remained cordial throughout the year. The Company had 4,207 permanent employees on its rolls as on March 31, 2017. During the year, the Company was also recognised as Great Place to Work-Certified™ by Great Place to Work® institute under their Certification programme. 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 made the Company proud.

26. 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.

Directors' Report (Contd.)

- 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.

27. ACKNOWLEDGMENT

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.

28. 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 19, 2017

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 shares 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.

Directors' Report (Contd.)

- The Board upon perusing the rationale for such payout 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 framed 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 programmes 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.

Directors' Report (Contd.)

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 31ST MARCH, 2017

(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 conduct/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 31st March, 2017, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on 31st March, 2017 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 Overseas Direct Investment;
- (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;
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and 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 Acts, 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.

Directors' Report (Contd.)

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 following events occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc:

- a. Issue of 2,500 Zero Coupon Rated, Secured, Listed, Redeemable, Non-Convertible Debentures ("NCDs") of ₹ 10,00,000/- each.
- b. Repurchase of 750 Secured, Rated, Listed, Non-Convertible, Redeemable, Taxable Debentures of ₹ 10,00,000/- each.

For Parikh Parekh & Associates
Company Secretaries

Jigyasa N. Ved

FCS No: 6488 CP No: 6018

Place: Mumbai

Date : May 19, 2017

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 records 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 processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. 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 19, 2017

ANNEXURE 'D' TO DIRECTORS' REPORT

Annual Report on CSR Activities for Financial Year 2016-17

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes
- 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 through the RPG Foundation launched this flagship programme in FY 2014-15, to work towards the cause of preventing avoidable blindness in India. This is a key need in India, as India has the world's largest blind population, with 80 percent of cases of blindness being preventable with early stage interventions. Two different target groups were covered via this project – school children and elderly/slum communities. Through the impactful and comprehensive three stage intervention module the project was able to reach out to the most vulnerable communities across Jaipur, Jabalpur, Nagpur, Mysore, Silvassa, Halol and 10 project sites across India via promotive, preventive and curative eye health care. In FY 2016-17, over 371,408 beneficiaries were covered in total through eye check-up camps and awareness sessions. Total 44,878 beneficiaries were screened with 20,657 received free spectacles.
 - 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 2016-17, the Company reached out to about 1,544 children across 10 schools in Nagpur and Jaipur.
 - iii. **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 2016 -17, safe drinking water was made available to around 10,000 school children through installation of 50 Water Huts (water purification systems) across Nagpur (18 water huts), Jaipur (18 water huts) and Jabalpur (14 water huts). Besides this, 9 Rainwater Harvesting Systems were installed at schools in Nagpur under Project Jeevan. Along with installation of the rainwater harvesting systems, the school children were educated regarding the working mechanism and benefits of the system for groundwater recharge.
 - iv. **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 2016-17, total 87 women in Nagpur, underwent Entrepreneurship Development Programme and 100 women in Jabalpur were trained in Readymade Garment Making, resulting in enhancement of their income generation capacity. In addition to that, Employability Enhancement training has been started at ITIs in Jaipur and Nagpur, which will benefit over 350 ITI students.
 - v. **Sanjeevani - Healthcare Skilling Programme** : This project focuses on skilling of youth in the healthcare sector through courses like 3 months and 6 months bedside assistant programme. On completion of the training, the beneficiaries are provided with employment avenues through collaborations with homecare placement agencies, hospitals and nursing homes. In the FY 2016-17, a total of 390 youth were covered under project Sanjeevani at the KEC locations of Nagpur and Jabalpur.

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>

Directors' Report (Contd.)

2. The Composition of the CSR Committee.	1. Mr. R. 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	₹ 10,873.60 Lakh
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹ 217.47 Lakh
5. Details of CSR spent during the financial year.	
(a) Total amount to be spent for the financial year	₹ 217.50 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 Chandak
Director & Chairman of the CSR Committee
(DIN: 00026581)

Place : Mumbai
Date : May 19, 2017

DETAILS OF CSR ACTIVITIES OF THE COMPANY FOR THE FY 2016-17:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR Project or Activity Identified	Sector in Which the Project is Covered	Location of Projects or Programmes undertaken	Amount Outlay (Budget) Project or Programme-wise	Amount Spent on Projects or Programmes Direct Expenses	Cumulative Expenditure up to the reporting period	Amount Spent: Direct or through implementing Agency
	Local Area or Other		District (State)				
1.	Project Netranjali	Vision- Eye Care	Butibori Jaipur Jabalpur Mysore Silvassa Baroda	Nagpur (Maharashtra) Jaipur (Rajasthan) Jabalpur (Madhya Pradesh) Mysore (Karnataka) Silvassa (D&N) Baroda (Gujarat)	115.00	115.66	RPG Foundation
			Project locations at Manali, Chennai (TN), Bhopal (Madhya Pradesh) Sikar, Hyderabad, Vemagiri Bengaluru, Bhuj, Banaskantha, Koteswar, Kutch				
2.	Project Pehlay Akshar	Education	Butibori Jaipur Jabalpur	Nagpur (Maharashtra) Jaipur (Rajasthan) Jabalpur (Madhya Pradesh)	13.50	13.24	RPG Foundation
3	Project Jeevan	Health, Water & Sanitation	Butibori Jaipur Jabalpur	Nagpur (Maharashtra) Jaipur (Rajasthan) Jabalpur (Madhya Pradesh)	41.00	40.81	RPG Foundation
4.	Project Saksham	Entrepreneurship, Skill Development	Butibori Ashti	Nagpur (Maharashtra) Wardha (Maharashtra)	18.00	18.07	RPG Foundation
5.	Project Sanjeevani	Healthcare Skilling Programme	Jaipur Jabalpur Nagpur	Nagpur (Maharashtra) Jaipur (Rajasthan) Jabalpur (Madhya Pradesh)	30.00	29.72	RPG Foundation
			Total amount spent on CSR	217.50	217.50	217.50	

(₹. in Lakh)

ANNEXURE 'E' TO DIRECTORS' REPORT

Extract of Annual Return

FORM NO. MGT-9

As on the Financial Year ended March 31, 2017

[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 ID: rnt.helpdesk@linkintime.co.in

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	80

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, Rajasthan, 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 CIM Corporate Services Limited, Les Cascades, Edith Cavell Street, Port Louis, Mauritius	Foreign Company	Subsidiary	100	2(87)
6	KEC Global Mauritius C/o CIM Corporate Services Limited, Les Cascades, Edith Cavell Street, Port Louis, Mauritius	Foreign Company	Subsidiary	100	2(87)
7	KEC International Holdings LLC National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904, Country of Kent, USA	Foreign Company	Subsidiary	100	2(87)
8	KEC Brazil LLC National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904, Country of Kent, 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
9	KEC Mexico LLC National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904, Country of Kent, USA	Foreign Company	Subsidiary	100	2(87)
10	KEC Transmission LLC National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904, Country of Kent, USA	Foreign Company	Subsidiary	100	2(87)
11	KEC US LLC National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904, Country of Kent, USA	Foreign Company	Subsidiary	100	2(87)
12	SAE Towers Holdings LLC Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	Foreign Company	Subsidiary	100	2(87)
13	SAE Towers Brazil Subsidiary Company LLC Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	Foreign Company	Subsidiary	100	2(87)
14	SAE Towers Mexico Subsidiary Holding Company LLC Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	Foreign Company	Subsidiary	100	2(87)
15	SAE Towers Mexico S de RL de CV Km. 24 Arco Vial Saltillo - Nuevo Laredo, 66050, General Escobedo, Nuevo León, Mexico	Foreign Company	Subsidiary	100	2(87)
16	SAE Towers Brazil Torres de Transmission Ltda. Rua Moacyr Gonçalves Costa nº 15, Jardim Piemont, Brazil	Foreign Company	Subsidiary	100	2(87)
17	SAE Prestadora de Servicios Mexico S de RL de CV Km. 24 Arco Vial Saltillo - Nuevo Laredo, 66050, General Escobedo, Nuevo León, Mexico	Foreign Company	Subsidiary	100	2(87)
18	SAE Towers Limited Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	Foreign Company	Subsidiary	100	2(87)
19	SAE Engenharia E Construcao Ltda. State of Minas Gerais, at Rua Moacyr Gonsalves Costa, No. 15, Bairro Jardim Piemont, CEP, Brazil	Foreign Company	Subsidiary	100	2(87)
20	SAE Engineering & Construction Services S de RL de CV Km. 24 Arco Vial Saltillo - Nuevo Laredo, 66050, General Escobedo, Nuevo León, Mexico	Foreign Company	Subsidiary	100	2(87)
21	KEC International (Malaysia) SDN. BHD. Unit D-3-5, Level 5, Block D Setiawalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan, Malaysia	Foreign Company	Subsidiary	100	2(87)
22	Al Sharif Group & KEC Ltd. Co. PO Box 51953, 102-104 Al - Wessal Tower, Near Lexus Showroom, Madian Road Jeddah, Saudi Arabia	Foreign Company	Joint Venture	49	2(6)
23	RP Goenka Group of Companies Employees Welfare Association 8 th Floor, Building No. 9A, DLF Cyber City Phase - III, Gurgaon - 122 002, India	U93000HR2012NPL046012	Associate	49	2(6)

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	Demat	Physical	Total	
2. Non-Institutions							
a) Bodies Corporate							
i) Indian	8,658,329	1,233,325	9,891,654	8,141,951	1,232,175	9,374,126	3.65 (0.20)
ii) Overseas	-	-	-	-	-	-	-
b) Individuals							
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	17,902,256	4,268,664	22,170,920	21,933,803	4,087,753	26,021,556	10.12 1.49
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	6,305,423	-	6,305,423	3,361,371	-	3,361,371	1.31 (1.14)
c) Others:							
NRIs/OCBs	969,821	25,410	995,231	1,313,603	24,980	1,338,583	0.52 0.13
Clearing Members	520,651	-	520,651	989,404	-	989,404	0.38 (0.18)
Trusts	200,549	393,050	593,599	197,369	393,050	590,419	0.23 -
Directors and Relatives	5	-	5	5	-	5	- -
Foreign Nationals	43,575	-	43,575	43,575	-	43,575	0.02 -
Foreign Companies	-	5,420	5,420	-	5,420	5,420	- -
Hindu Undivided Family	824,685	-	824,685	1,178,231	-	1,178,231	0.46 0.14
Sub-total (B)(2):-	35,425,294	5,925,869	41,351,163	37,159,312	5,743,378	42,902,690	16.69 (0.60)
Total Public Shareholding (B) = (B)(1)+(B)(2)	120,213,994	6,112,324	126,326,318	120,396,482	5,929,833	126,326,315	49.14 -
(C) Shares held by Custodian for GDRs & ADRs	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Grand Total (A+B+C)	250,976,046	6,112,324	257,088,370	251,158,537	5,929,833	257,088,370	100.00 100.00 -

Directors' Report (Contd.)

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total Shares	
1	Swallow Associates LLP	69,546,616	27.05	-	69,546,616	27.05	-	-
2	Summit Securities Limited	27,602,945	10.74	-	27,602,945	10.74	-	-
3	Instant Holdings Limited	17,855,651	6.95	-	17,855,651	6.95	-	-
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	Chattarpati Investments Limited	211,785	0.08	-	211,785	0.08	-	-
7	Atlantic Holdings Limited	25,000	0.01	-	25,000	0.01	-	-
8	Sudarshan Electronics and TV Limited	-	-	-	1	-	-	-
9	Mr. Harsh Vardhan Goenka Mrs. Mala Goenka	3,914,482	1.52	-	3,914,482	1.52	-	-
10	Mr. Anant Vardhan Goenka Mrs. Mala Goenka	2,805,216	1.09	-	2,805,216	1.09	-	-
11	Mr. Harsh Vardhan Goenka	933,943	0.36	-	933,943	0.36	-	-
12	Mr. Harsh Vardhan Goenka [#]	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	-	-	50	-	-	-
15	Mr. Harsh Vardhan Goenka [§]	1	-	-	1	-	-	-
16	Mr. Harsh Vardhan Goenka [^]	1	-	-	1	-	-	-
17	Mr. Harsh Vardhan Goenka ^{&}	1	-	-	1	-	-	-
18	Mr. Harsh Vardhan Goenka [@]	-	-	-	1	-	-	-
19	Mr. Harsh Vardhan Goenka ^{##}	-	-	-	1	-	-	-
	Total	130,762,052	50.86	-	130,762,055	50.86	-	-

[@] Held as a trustee of Stellar Energy trust

[#] Held as Karta of Harsh Anant Goenka HUF

[§] Held as a trustee of Crystal India Tech Trust

[^] Held as a trustee of Nucleus Life Trust

[&] Held as a trustee of Monitor Portfolio Trust

^{@@} Held as a trustee of Secura India Trust

^{##} Held as 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				No. of Shares	% of total Shares of the Company
1	Swallow Associates LLP	69,546,616	27.05	01.04.2016	No Change		69,546,616	27.05
		69,546,616	27.05	31.03.2017				
2	Summit Securities Limited	27,602,945	10.74	01.04.2016	No Change		27,602,945	10.74
		27,602,945	10.74	31.03.2017				
3	Instant Holdings Limited	17,855,651	6.95	01.04.2016	No Change		17,855,651	6.95
		17,855,651	6.95	31.03.2017				
4	STEL Holdings Limited	4,685,880	1.82	01.04.2016	No Change		4,685,880	1.82
		4,685,880	1.82	31.03.2017				
5	Carnival Investments Limited	2,970,981	1.16	01.04.2016	No Change		2,970,981	1.16
		2,970,981	1.16	31.03.2017				
6	Chattarpati Investments Limited	211,785	0.08	01.04.2016	No Change		211,785	0.08
		211,785	0.08	31.03.2017				
7	Atlantic Holdings Limited	25,000	0.01	01.04.2016	No Change		25,000	0.01
		25,000	0.01	31.03.2017				
8	Sudarshan Electronics and TV Limited	-	-	01.04.2016				
				05.04.2016	1	Market Purchase	1	-
				31.03.2017			1	-
9	Mr. Harsh Vardhan Goenka [®]	2,805,216	1.09	01.04.2016	No Change		2,805,216	1.09
	Mrs. Mala Goenka	2,805,216	1.09	31.03.2017				
10	Mr. Harsh Vardhan Goenka	3,914,482	1.52	01.04.2016	No Change		3,914,482	1.52
	Mrs. Mala Goenka	3,914,482	1.52	31.03.2017				
11	Mr. Harsh Vardhan Goenka [#]	169,500	0.07	01.04.2016	No Change		169,500	0.07
		169,500	0.07	31.03.2017				
12	Mr. Anant Vardhan Goenka	40,000	0.02	01.04.2016	No Change		40,000	0.02
		40,000	0.02	31.03.2017				
13	Mrs. Mala Goenka	50	-	01.04.2016	No Change			
	Mr. Harshvardhan Ramprasad Goenka	50	-	31.03.2017			50	-
14	Mr. Anant Vardhan Goenka	30	-	01.04.2016	No Change			
	Mr. Harsh Vardhan Goenka	30	-	31.03.2017			30	-
15	Mr. Harsh Vardhan Goenka	933,913	0.36	01.04.2016	No Change		933,913	0.36
		933,913	0.36	31.03.2017				

Directors' Report (Contd.)

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
16	Mr. Harsh Vardhan Goenka [§]	1	-	01.04.2016	No Change			
		1	-	31.03.2017			1	-
17	Mr. Harsh Vardhan Goenka [^]	1	-	01.04.2016	No Change			
		1	-	31.03.2017			1	-
18	Mr. Harsh Vardhan Goenka ^{&}	1	-	01.04.2016	No Change			
		1	-	31.03.2017			1	-
19	Mr. Harsh Vardhan Goenka [@]	1	-	01.04.2016				
		1	-	01.04.2016		Market Purchase	1	-
		1	-	31.03.2017			1	-
20	Mr. Harsh Vardhan Goenka ^{##}	-	-	01.04.2016				
		1	-	12.01.2017	1	Market Purchase	1	-
		1	-	31.03.2017			1	-

[®] Held as a trustee of Stellar Energy Trust

[#] Held as Karta of Harsh Anant Goenka HUF

[§] Held as a trustee of Crystal India Tech Trust

[^] Held as a trustee of Nucleus Life Trust

[&] Held as a trustee of Monitor Portfolio Trust

[@] Held as a trustee of Secura India Trust

^{##} 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.	23,110,249	8.99	23,060,249	8.97
2.	SBI Mutual Fund	6,400,280	2.49	9,944,109	3.87
3.	Reliance Capital Trustee Co. Ltd.	10,962,479	4.90	7,483,573	2.91
4.	Life Insurance Corporation of India	6,377,299	2.48	6,377,299	2.48
5.	Birla Sun Life Trustee Company Pvt. Ltd.	3,253,828	1.27	5,399,505	2.10
6.	FIL Investments (Mauritius) Ltd.	6,630,715	2.58	5,104,578	1.99
7.	Kotak Mutual Fund	1,935,480	0.75	3,468,345	1.35
8.	L & T Mutual Fund Trustee Ltd.	1,401,696	0.55	3,025,149	1.18
9.	IDFC Mutual Fund	4,244,264	1.65	2,800,000	1.09
10.	Unit Trust of India	5,580,099	2.17	2,040,000	0.79
11.	Principal Trustee Company Pvt. Ltd.	1,003,205	0.39	1,663,076	0.65
12.	Canara Robeco Mutual Fund	2,122,564	0.83	215,149	0.08
13.	Tata AIA Life Insurance Co Ltd.	1,446,698	0.85	44,565	0.02

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

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year/end of the year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	Mr. Harsh Vardhan Goenka*	3,914,482	1.52	01.04.2016	No Change	3,914,482	1.52	
		3,914,482	1.52	31.03.2017				
2	Mr. Harsh Vardhan Goenka	933,943	0.36	01.04.2016	No Change	933,943	0.36	
		933,943	0.36	31.03.2017				
3	Mr. R. D. Chandak	5	-	01.04.2016	No Change	5	-	
		5	-	31.03.2017				

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

Directors' Report (Contd.)

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
Indebtedness at the beginning of the financial year				
i) Principal Amount	256,429.74	-	-	256,429.74
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,123.47	-	-	1,123.47
Total (i+ii+iii)	257,553.21	-	-	257,553.21
Change in Indebtedness during the financial year				
• Addition	25,000.00	-	-	25,000.00
• Reduction	(135,938.67)	-	-	(135,938.67)
Net Change	(110,938.67)	-	-	(110,938.67)
Indebtedness at the end of the financial year				
i) Principal Amount	135,400.47	10,090.60	-	145,491.07
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,150.26	-	-	1,150.26
Total (i+ii+iii)	136,550.73	10,090.60	-	146,641.33

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	287.37
(b)	Value of perquisites under Section 17(2) of Income tax Act, 1961	9.54
(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, please specify	
	- Performance Bonus	77.58
	- Provident & other Fund	10.01
	Total (A)	384.50
	Ceiling as per the Act	2124.82
	(Being 5 percent of Net Profits of the Company calculated as per section 198 of the Act)	

B. Remuneration to other Directors:

Particulars of Remuneration	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	
1. Independent Directors									
• Fee for attending Board/Committee Meetings	9.45	5.00	5.00	4.00	10.46	5.00	10.51	4.00	53.42
• Commission [#]	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	56.00
• Others, please specify	-	-	-	-	-	-	-	-	-
Total (1)									109.42
2. Other Non-Executive Directors									
• Fee for attending Board/Committee meetings	5.00	6.00							11.00
• Commission	361.96	7.00							368.96
• Others:	-	-							-
Total (2)									379.96
Total (B)=(1+2)									489.38
Total Managerial Remuneration (A+B)									873.89
Overall Ceiling as per the Act[#]									4,249.64

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

Directors' Report (Contd.)

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	191.91	64.04	255.95
	(b) Value of perquisites under Section 17(2) of Income tax Act, 1961	0.39	0.90	1.29
	(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	37.57	13.93	51.50
	- Provident & other Funds	4.06	3.42	7.48
	Total	233.93	82.29	316.22

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

ANNEXURE 'F' TO DIRECTORS' REPORT

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

(In terms of Section 134(3)(m) of the Companies Act, 2013 read with Rules 8(3) of the Companies (Accounts) Rules, 2014)

(A) Conservation of Energy

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

1. Installation of Induction Lights/LED Lights at various locations resulting in saving of energy;
2. Installed 250 Kwp Solar power plant and generated 234,667 Kwh power during the financial year;
3. Through continuous monitoring, maintained power factor and maximum demand average which resulted in energy conservation;
4. Replacement of old motors with energy efficient motors;
5. Signed agreement for purchase of renewable energy instead of using conventional energy;
6. Reduction in fuel cost by introducing alternative fuels for fabrication, reduction in consumption of energy by installing AC Drive, AC Motor, capacitors and by eliminating air leakages, improvement in Al annealing furnace efficiency by elimination of leakages, modification in plant cooling water system, installation of capacitors, etc.
7. 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 suggestion 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 numeric controlled technology machines and customised it to manufacture solar panel mounting structures and railway structures, new products of the Company. The Company has also successfully carried out R&D activities in manufacturing of 3 core 66kV XLPE Cable, 33kV Triplex Cable and other new products meant for unique application.

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

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

The Company had successfully passed the testing of 3 core 66kV XLPE Cables & 33 kV Triplex Cable, which resulted in Company securing new orders both from domestic and international markets.

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: ₹ 2,249.71 Lakh
- iii. Total: ₹ 2,249.71 Lakh
- iv. Total R&D expenditure as a percentage of total turnover: 0.29 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 2016-17	FY 2015-16
Foreign exchange earned	262,140.81	242,554.29
Foreign exchange used	180,475.73	178,385.50

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	81.42
	Mr. Vimal Kejriwal	85.31
	Mr. A. T. Vaswani	3.65
	Mr. D. G. Piramal	2.66
	Mr. G. L. Mirchandani	2.66
	Ms. Nirupama Rao	2.44
	Mr. R. D. Chandak	2.88
	Mr. S. M. Kulkarni	3.87
	Mr. S. M. Trehan	2.66
	Mr. S. S. Thakur	3.88
	Mr. Vinayak Chatterjee	2.44
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	64.10
	Mr. Vimal Kejriwal	10.37
	Mr. A. T. Vaswani	35.95
	Mr. D. G. Piramal	37.14
	Mr. G. L. Mirchandani	50.00
	Ms. Nirupama Rao	69.23
	Mr. R. D. Chandak	(85.57)
	Mr. S. M. Kulkarni	46.97
	Mr. S. M. Trehan	37.14
	Mr. S. S. Thakur	41.10
	Mr. Vinayak Chatterjee	51.72
Mr. Rajeev Aggarwal, Chief Financial Officer	17.59	
Mr. Ch. V. Jagannadha Rao, Vice President - Legal & Company Secretary	11.35	
The percentage increase in the median remuneration of employees in the financial year	2.40	
The number of permanent employees on the rolls of Company	4,207	
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	<p>The average increase in salaries of employees during the year 2016-17 was 8.00 percent as against an increase of 10.37 percent in the salary of the Managing Director & CEO (managerial personnel as defined under the Act). The increment given to each individual employee is based on the employees' potential, experience, performance and contribution to the Company's growth over a period of time and also benchmarked against Industry standard.</p> <p>There is no exceptional increase in the remuneration of managerial personnel in comparison to the average increase in the salary of other employees.</p>	

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 is paid at a rate not exceeding 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 is recommended by the Nomination and Remuneration Committee and approved by the Board. The commission is generally paid on an uniform basis, to reinforce the principles of collective responsibility of the Board. The Nomination and Remuneration Committee may recommend 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 involves 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), Cables, Railways, Renewables (Solar) and Civil Infrastructure. The Company's footprint extends to 63 countries across the globe.

OVERVIEW GLOBAL ECONOMY

The global economy endured another challenging year marked by disruptions in long established patterns, tightening of global financial conditions, volatility surrounding commodity prices, currency fluctuations, political uncertainties, geopolitical risks, etc. This culminated into sluggish investments, low productivity levels and subdued demand patterns, the world over. On the positive side, some rebound was observed in the second half of the fiscal rendering more stability into the system. As per International Monetary Fund estimates,

the global economy grew at 3.1 percent in 2016 as against 3.2 percent in 2015. Growth in advanced economies was at 1.6 percent in 2016 as against 2.1 percent in 2015. In the Emerging Market and Developing Economies (EMDEs), growth was flattish at 4.1 percent for both 2015 & 2016 (Source: World Economic Outlook Update, January 2017).

Economic activity is expected to pick up pace in the latter part of 2017, driven by anticipated rebound and projected financial stimulus in advanced economies, combined with the expected spur in growth in the EMDEs. Advanced economies are expected to grow at

1.9 percent and 2.0 percent as against EMDEs, which are expected to grow at 4.5 percent and 4.8 percent in 2017 & 2018 respectively. Global growth is forecast at 3.4 percent and 3.6 percent in 2017 & 2018 (Source: World Economic Outlook Update, January 2017). However, caveats including downside risks like rising policy uncertainties, rise of economic protectionism, implications post BREXIT, policy changes in the U.S. etc., could render the aggregate outlook for 2017, at more or less the same level as that of 2016.



► 230 kV AIS Substation in Magadi, Karnataka, India

GDP Growth (%)

Countries' Group Name	2015	2016	2017 (Projections)	2018 (Projections)
Advanced Economies	2.1	1.6	1.9	2.0
- United States	2.6	1.6	2.3	2.5
- Euro Area	2.0	1.7	1.6	1.6
- Other Advanced Economies	2.0	1.9	2.2	2.4
Emerging Market and Developing Economies	4.1	4.1	4.5	4.8
- Commonwealth of Independent States (CIS)	-2.8	-0.1	1.5	1.8
- Latin America and Caribbean	0.1	-0.7	1.2	2.1
- Middle East, North Africa, Afghanistan, and Pakistan	2.5	3.8	3.1	3.5
- Sub-Saharan Africa	3.4	1.6	2.8	3.7
- Emerging and Developing Asia	6.7	6.3	6.4	6.3
World Growth	3.2	3.1	3.4	3.6

Source: IMF - World Economic Outlook, January 2017

INDIAN ECONOMY

A bright spot on the globe, India Inc. heralded a stable macro-economic outlook on the backdrop of robust economic fundamentals, improved process driven efficiencies and steady adoption of progressive reforms. India is steadily marching towards the next phase of structured & inclusive growth; the Indian economy grew at 7.1 percent in FY 2016-17, despite global bouts of uncertainties. Specific to sectoral growth, the agricultural sector witnessed a pick-up at 4.1 percent growth on the back of improved monsoons, the industrial sector achieved a moderate growth at 5.2 percent, while the services sector saw a flat growth at 8.9 percent for FY 2016-17 (Source: Economic Survey 2016-17).

With India on the cusp of transformation, the year gone by also witnessed some radical path breaking transitions, which reaffirm our confidence in the India growth story. The demonetisation drive, a move to flush out black money from the economy and the steady progress to GST rollout, augur well for the growth of the economy. Besides, the Indian Government's aggressive push towards 'Make in India', promoting India as an investment destination and a global manufacturing hub, is also providing the much needed impetus to the economy. These moves are expected to boost investment and allow growth to return to trend in FY 2017-18.

GLOBAL POWER SECTOR REVIEW

The global power landscape is increasingly dynamic and complex. The sector is rapidly transforming and responding to the changing global environment. Disruptions are being observed across the entire spectrum; demand and supply side quadrants are witnessing paradigm shifts including change in the energy generation mix, with renewables taking centre stage. Integration of renewables into the grid is gaining momentum, decarbonisation is on the radar with the signing of the Paris Agreement, Distributed Generation is also on the rise, Digital, Innovative & Mobile Technological interventions are being deployed, energy storage mechanisms are being explored, pricing parity is being deliberated upon, etc. With so much on-the-go, the Global Power sector is booming and continues to unleash ample opportunities across the value chain.

However, the fact that scarcity of power is still rampant across the globe needs no validation, as is the fact that traditional energy security concerns are also widely prevalent including reliability, efficiency and affordability. Further, the global demand for power is expected to witness a significant surge driven by the primal agenda of accelerating global economic growth, underpinned by rapid industrialisation & urbanisation and increased globalisation. The global electricity demand is projected

to grow annually by 2.3 percent until 2040. This mandates development of requisite power infrastructure, thus entailing significant investments both on Generation and Transmission & Distribution front, which in turn culminates into enormous opportunities and a positive outlook for the growth of the global power sector.

The total investment required for Transmission & Distribution infrastructure for 2016 – 2025 and for 2026 – 2040 is around USD 2.9 trillion and USD 5.0 trillion respectively. Of this, India requires approximately USD 291 billion and USD 566 billion for similar periods respectively (Source: World Energy Outlook 2016, International Energy Agency).

Management Discussion & Analysis (Contd.)

Electricity Demand by Region (TWh)

Region / Country	2020	2025
Americas	4948	5100
Europe	3316	3424
East Europe/Eurasia	1474	1571
Asia	8834	10500
- South East Asia	966	1206
Middle East	984	1153
Africa	762	921
Latin America	1094	1238
World Total	23186	25755
India	1336	1759

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 seven decades of experience, KEC is a global leader in the Power Transmission EPC space and is rapidly growing in the Power Distribution arena mainly in the Substation segment. Substation business now comprises of a significant part of our overall orderbook. The Company's T&D business is spread across several continents. The Company's business scenario and region-wise outlook & opportunities are highlighted below:

I) South Asia Business

The Company delivered a commendable performance, both in terms of revenue

and margins aided by a surge in orders in this region, which include India and the SAARC. The Company continues to accelerate execution across projects. Likewise, it ensured early start-up for as many as ten of its projects, thereby reinforcing its commitment towards augmenting its project management capabilities.

Region Wise Outlook & Opportunities

a) India

The Indian power sector has contributed significantly to the India growth story and continues to be on an accelerated growth path. The Indian Government continues to exert significant thrust and has embarked on numerous initiatives to ensure and fulfil its dream of providing Electricity for ALL. Efforts are being undertaken to create a very facilitative environment that is conducive for the growth of this sector,

including evacuation of Solar power. With dedicated efforts aimed at creating proper systems and structures, the T&D infrastructure seems to be evolving and marching in the right direction. Huge investments have been planned and massive network interconnectivity is envisaged, with a focus on affordability & reliability, including substantial outlays by the State sector for expanding the intra-state transmission infrastructure, in addition to PGCIL's annual capital outlay. These developments combined with UDAY, which is expected to improve the liquidity position of DISCOMs, augur well for the sector.

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 2017-18 proposed electrification of 100

percent of villages by May 2018 and 25 percent increase in overall budget estimates outlay for Integrated Power Development Scheme (IPDS) & Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) scheme. With objectives of 24x7 Power for all, reduction of AT&C losses and focus on rural electrification, these flagship schemes have already come a long way on implementation.

The Sector continues to transform and undergo radical changes. It is migrating to higher transmission voltages of upto 1200 kV, new technologies for bulk power transmission are being worked upon, High Capacity Power Transmission Corridors (HCPTCs) are being developed, etc. Paradigm shifts are being observed across facets of the Industry including the following:

- > Utilities are emphasizing on new designs, solutions and modern construction technologies, which are already reaping-in benefits like accelerated project deliveries, etc.
- > Trends in Project Management techniques are changing, right from project planning to execution to commissioning to 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).
- > New Substation technologies like Gas Insulated Substations (GIS) are widely being accepted.
- > Gas Insulated Lines (GIL) are also being preferred by Utilities.
- > The Industry is witnessing continuous and close Public-Private collaboration.

Amidst all these developments, on the ground level, issues related to smooth and timely project execution are quite dominant. Challenges such as Right of Way, Land Acquisition, Environment & Forest clearances, end users (like power plants) not being ready, etc., impact project completion timelines. This creates an additional burden on the EPC companies by way of time



▶ 230 kV GIS Substation in Leh, Jammu & Kashmir, India

and cost overruns and mobilisation issues. The Government is conscious of these facts and is dedicatedly working towards resolving them. Some progress by way of amendments made to ease environmental clearances and enhancement in compensation levels for land acquisition are visible. However, there is a strong need for greater impetus to address these ground level issues.

Presently, India has around 3,29,204 MW of installed generation capacity. 3,71,878 ckm of installed transmission line length and 7,49,935 MVA of Substation transformation capacity (*Source: Central Electricity Authority (CEA)/ Tarang app <http://www.tarang.website>*). The Indian Government envisages addition of ₹ 1,05,580 ckm of transmission lines and ₹ 2,92,000 MVA of transformation capacity between 2017-2022, necessitating a humungous investment to the tune of ₹ 2,60,000 crore. This is expected to unfold tremendous opportunities for players like us (*Source: Draft National Electricity Plan Volume II, Dec 2016*).

b) SAARC

SAARC continues to be one of the key business destinations for the Company. The Company has significant presence 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 sizeable orders in Afghanistan, Bangladesh, Sri Lanka and Bhutan. This being a power deficit region, necessitates huge investments for the development of T&D infrastructure which is expected to benefit the Company in the future. The Company continues to significantly contribute in the construction of numerous cross border interconnection projects.

II) International Business

During the year, the Company secured some large orders in the International market. It successfully rebalanced its Middle East portfolio and entered/ re-entered eight countries; Senegal, Jordan, Egypt, Tanzania, Mozambique, Zambia, Malaysia and Thailand. Although the revenue and order inflow were impacted in H1 FY 2016-17 due to a series of uncertainties in the global markets, in H2 FY 2016-17, the Company clearly witnessed a pick up in the International Business sentiment as is evinced by successive large value order wins in the International markets.

The Company continues to expand its outreach in the International Substation arena, both in the GIS and AIS substation space.

Management Discussion & Analysis (Contd.)

Region Wise Outlook and Opportunities

a) Middle East and North

Africa (MENA)

The rising electricity demand driven by factors such as population growth, urbanisation and industrialisation has rendered investment in power sector, a priority in the MENA region especially in countries like Saudi Arabia, UAE, Kuwait, Saudi Arabia, Oman. In FY 2016-17, particularly in Saudi Arabia, the Company witnessed a shift in the tender roll-out, however, with oil prices stabilising and the continued focus of Middle-Eastern countries to reduce their dependency on oil revenues, the Company is witnessing normalcy returning in the region. During the year, the Company successfully rebalanced its Middle East Portfolio with significant large order wins in Jordan, Abu Dhabi, Egypt. With the oil prices stabilising further due to the production cut agreement by OPEC, we expect the infrastructure spending, especially in the energy sector to increase in the coming years.

The GCC countries are expected to require an investment of approximately USD 35 billion in generation and T&D over the next 5 years culminating into good opportunities for the Company (Source: Arab Petroleum Investments Corporation, APICORP).

North Africa, with its vast untapped natural resources has been a potential key market for the Company. The huge disparity between demand & supply of power in this region propels the need to augment both the Generation and T&D infrastructure in this region, which is expected to result into good opportunities for the Company. Countries such as Egypt and Jordan are slowly emerging as important markets with T&D infrastructure development tenders being floated gradually; the Company has already made inroads into Egypt and Jordan.

b) Rest of Africa

With a per capita electric power consumption at 488 kWh, the region

faces acute energy shortage; 65 percent of the population still lacks access to electricity (Source: World Bank). The existing T&D infrastructure has become frail. More so, since the region itself is experiencing very slow economic progress, efforts towards creating new T&D networks as well as upgrading the existing networks are being increasingly met with challenges including funding constraints, shortage of adequate skills, etc. However, despite this, endeavours towards attaining sustainable economic growth, an increase in direct investment, and the need to increase electricity access are driving the growth of T&D industry in Africa. Majority of the countries including Kenya, Ethiopia, Tanzania and Uganda are expected to foresee a substantial spike in electricity demand resulting in the need for the development of requisite evacuation infrastructure. West African countries like Senegal, Mali, Mauritania, Ivory Coast, Cameroon and Guinea are expected to witness a spurt in electricity demand. All this is expected to generate good growth prospects for the Company.

c) South East Asia Region

The region is expected to witness a surge in energy demand driven by a significant rise in population and simultaneous rise in the standard of living. In addition, the population is also distributed and spread across the geography, which necessitates huge investment for development of widely dispersed T&D infrastructure. The region has planned several initiatives to strengthen and expand the intra-regional grid interconnections which is already translating into opportunities for the Company. Countries including Indonesia, Thailand, Malaysia are priority markets, having formulated grid expansion plans; a large part of the future growth is expected from high voltage lines and Substations. The Company has already made successful inroads into Thailand, Malaysia and Indonesia.

d) Central Asia Region

The strengthening of the Russian economy towards the end of 2016, which accounts for most of the CIS regions'



▶ 380 kV Double Circuit OHTL from Rabhigh IPP2 to Al Mashar Substation, Saudi Arabia

GDP; has been instrumental in reviving many of the other CIS countries. The region is seeing an increase in demand for power with countries such as Kazakhstan, Kyrgyzstan, Georgia, Russia and Tajikistan planning substantial investment in Power Generation and aligned sectors, including Transmission & Distribution.

e) North American Region

The existing Transmission infrastructure in North America is ageing. There is a need to build new lines as well as upgrade and refurbish the existing network. The need for upgradation of the existing transmission network has also surfaced to ensure compliance with potential upgrades to regulations related to United States Environmental Protection Agency's (EPA) Clean Power Plan.

The new U.S. administration has publicly shared the intent to promote legislation to support USD 1 trillion worth of investments for rebuilding roads, bridges, tunnels, airports, and other crumbling infrastructure. If this legislation is approved, the direct and indirect need for strengthening and expansion of the electrical transmission grid would be fundamental to support associated manufacturing and construction growth. However, challenges on environmental permissions, regulations and land acquisitions are a concern.

In addition, under the federally proposed Clean Power Plan, many states in the U.S. have issued the Renewable Portfolio Standards Regulations. This directive mandates electricity suppliers to produce a specified portion of their electricity from renewable energy sources. In Canada, new generation sources in Alberta and new hydroelectric generation expansion culminate into the need for increase in transmission lines. As of December 2016, Edison Electric Institute (EEI) indicates that its members (investor owned utilities) are projecting a forecast of USD 41 billion of investment throughout 2019 in transmission, comprising over 150 projects. These are the only projects which EEI members have decided to highlight (Source: Edison Electric Institute's "Transmission Projects: At a Glance," December 2016).

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 the North-East regions. About 9,300 circuit kms 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").

The first HVDC Line of approximately 1,100 km/C is being planned in the immediate future, for which the preliminary project documents have already been issued by the CFE. Furthermore, CFE is intending to expand usage of HVDC systems in the future, with special interest on linking the Baja California region. In addition to the new regulations by CENACE, the first transmission projects needed to interconnect the generation projects, related to the Energy Auctions by the federal Government are expected to generate additional demand (Source: CENACE/ SENER <http://www.cenace.gob.mx/Paginas/Publicas/MercadoOperacion/SubastasLP.aspx>).

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

f) Latin America Region

In this region, most of Company's business comes from Brazil. Brazil is the largest market in Latin America and covers nearly half of the continent of South America. Brazil's Government plans to build about 85,782 kms of transmission lines till 2024. A more stable political environment is also attracting foreign investment as evidenced by the result of recent concession bids in the Country These elicit good prospects for the Company (Source: Empresa de Pesquisa Energética's "Plano Decenal de Expansão de Energia 2024).

CABLES BUSINESS

Cables being a purely commodity driven business, the growth during the year was primarily impacted due to decline

in commodity prices. Product wise, The growth in Low Tension (LT) Cables segment was almost flat in terms of value, although there was moderate growth in the quantity supplied. High Tension (HT) Cables also showcased moderate growth levels. On the positives, the revenue from the Extra High Voltage (EHV) Cables segment almost doubled on account of rise in demand from Power Transmission Utilities. In regard to Telecom Cables, revenues declined owing to cancellation of some large orders by Customers due to reduction in market prices. During the year, the Company partnered with a leading Global Consultant to transform its Cables business into a profitable venture and augment its Cable Manufacturing capabilities, which has started reaping benefits.

Product Wise Outlook & Opportunities:

The Cables SBU 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 is amongst the market leaders in India with a diverse customer base cutting across industries, utilities, EPCs as well as the distributor network. The Cables Business has a significant presence in the International market with exports to over 60 countries.

During the year, the business secured various approvals and certifications for its products and manufacturing facilities from international customers and laboratories. These certifications showcase the capabilities of the business in terms of product quality, delivery reliability, sustainability and are expected to result in a significant expansion in its customer base.

a) Power Cables

The demand for power cables is directly related to infrastructure and industrial development. The Indian Government's thrust on urban infrastructure such as Metros and Smart Cities is expected to provide significant boost to the domestic power cable market which is estimated to grow at 15-20 percent over the medium term. As distribution voltages go up to improve efficiency and with increased adoption of underground cabling

Management Discussion & Analysis (Contd.)

in urban areas to replace overhead transmission lines, the demand for EHV cables is expected to rise. The Company continues to aggressively focus on EHV cables. 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 Jawaharlal Nehru National Solar Mission (JNNSM) scheme of the Indian Government has resulted in enormous growth of the Solar sector and the demand for Solar cables has been equally promising.

b) Telecom Cables

The demand for Optic Fibre Cables is expected to grow on the back of 3G and 4G network installations, along with the Central Government driven National Optic Fibre Network (NOFN) programme. In addition to the domestic market there is huge demand for optical fibre cables in the International market.

c) Cabling Business

Rapid urbanisation combined with increasing Right of Way (RoW) issues and overhead corridor problems, are resulting in more and more cities, preferring underground cables to overhead cables. This is expected to provide a significant boost to the EHV cables and Turnkey Cabling Solutions segment.

RAILWAYS BUSINESS

During the year, the Company witnessed a significant uptick in its Railways Business. The Company had substantial order inflows and a robust order book backlog of around ₹ 1600 crore. It is currently executing about 14 projects, of which 9 have been secured this year. The Company has built significant capability and has strengthened its execution prowess, which has resulted in the Company having a strong pre-qualification background. Likewise, the commissioning of some current projects would further enhance the Company's pre-qualifications.

The Company is an integrated player and undertakes Railway Electrification as well as Composite Railway projects related to civil works, track laying, building railway stations, tunnels and bridges and electrification & signalling works. Currently, the Company's business mainly comes from conventional railway projects and it is looking at relevant opportunities in the International arena. The Company is also pre-qualified in some packages of Dedicated Freight Corridor (DFC) projects and plans to bid selectively in consortium for the DFC projects.

Outlook & Opportunities:

The outlook for this sector is very positive, it is in the limelight and on a rapid growth path. The Indian Government has set forth plans for network expansion as well as upgradation and modernisation of the existing infrastructure. FY2017-18 Railway Budget decoded ample opportunities for players like us. Some of the positive outcomes of the budget include an increase in capital outlay from ₹ 1.21 lakh crore to ₹ 1.31 lakh crore, electrification of 6,000 kms of tracks, commissioning of 9.5 kms of broad gauge lines per day, etc. Of the total capital outlay of ₹ 1.31 lakh crore, the finance ministry has announced a gross budgetary support of ₹ 55,000 crore, which is a very positive indicator. KEC's core area/addressable market of operation in the overall capital outlay has seen a growth from ₹ 52,443 crore in FY 2015-16 to ₹ 56,638 crore in FY 2016-17.

Optimistic developments are transpiring in the International Railways space, which have added to KEC's prospects of foraying into the International market in Railways, where some of the projects are in advance stages of bidding with a few projects reaching bidding stage shortly.

CIVIL BUSINESS

In line with the Company's vision, in FY 2016-17, it expanded its business portfolio to include Civil Construction with a focus on Residential buildings, Industrial plants and Commercial

complexes. Armed with extensive expertise and capabilities built over the years in the civil construction arena, the Company intends to drive this business by embracing latest & cutting edge technologies for construction. The Company's endeavour to leverage best safety & quality practices, pursue latest technologies in construction and a robust project management team led by industry veterans present great value to its esteemed customers.

The Company's Water Business having a significant component of Civil and Structural Engineering, was merged with the Civil Business w.e.f. April 01, 2017 with a view to drive further synergies and manage efficiencies. In Water, during the year, the Company closed most of its legacy projects and is currently focusing on complete integrated Water and Waste Water/ Sewage Treatment projects including Embankment & Flood Control, Sewage & Industrial Effluent Treatment and Potable Water Treatment & Distribution. The Company has the capability to bring in world class technologies in water & waste water management as per customer requirements.

Outlook & Opportunities:

The year 2017 started off on a good note for Civil Infrastructure with a slew of policies and schemes being announced in the Budget for promoting infrastructure development. Affordable housing received a huge boost with Pradhan Mantri Awas Yojna, which is expected to make "affordable housing for all", a reality in Urban India. In addition, several projects are expected to be launched under affordable and mass housing. The outlook for residential sector seems promising and demand is forecast to increase by end of the year due to enhanced transparency with policy reforms such as Real Estate Regulation Act, Benami Transactions Act, etc. The apprehension of a slowdown due to demonetisation has also begun to ease and the organised segment

of the real estate sector is expected to continue to do well. Further, as India's urban population is poised to surge significantly over the next decade, the need for improved infrastructure has become very acute.

Along with housing, several new opportunities that have brought in a fresh light to the industry include, smart cities, infrastructure-linked real estate development, and industrial corridors. There is a renewed impetus towards manufacturing and Make in India with further liberalization of FDI, tax exemption for start-ups for 3 years, Minimum Alternate Tax (MAT) rate cut and incentives for CAPEX. Simultaneously, several projects have also been launched by the Government which are expected to be executed in due course of time. There is an aggressive push to improve mobility with freight corridors and this is expected to bring numerous opportunities for industrial plants. Policy reforms like GST is also expected to benefit the manufacturing sector in India and will go in sync with the Make in India initiative, which is opening up the market for many foreign players to establish their factories in India.

In Water, numerous development plans have been initiated by the Government of India, hence this business is an area of substantial potential for the Company.

These progressive initiatives evince ample opportunities for players like us.

RENEWABLES (SOLAR) BUSINESS

During the year, the Company significantly scaled up its Solar Business portfolio driven by substantial uptick in its order inflows including a large order win of 100 MW of value ₹ 441 crore from APGENCO. The Company has built significant capabilities in the domestic Solar market and is well poised to tap the emerging opportunities in the Solar EPC space. It is now building capabilities to foray into the International Solar market.

The Company has successfully commissioned more than 70 MW of Ground Mount Solar Power projects in FY 2016-17, of which 34 MW is on Single Axis Tracking Technology, the most advanced and latest value driven offering



► Cabling Works associated with 132 kV Transmission Line Project in Sharurah

by the Company in Solar EPC space. Overall, including roof top installations, it has commissioned more than ~100 MW of Solar Power projects, including ~67 MW on single axis tracking, which makes it one of the largest EPC players with Single Axis tracking experience. In addition, the Company is currently working on another 140 MW installation.

The Company ventured into the Solar EPC space 2 years ago, by leveraging its synergies with the T&D business and since then has been gradually advancing and spreading its wings on the back of its USP of offering the most optimal solution at the least possible cost and ahead of scheduled delivery. The Company has significant control over the value chain, enabling fast-track project execution (100-120 days execution cycle for 15 MW projects).

Outlook & Opportunities:

The Indian Solar market is flourishing and marching ahead at a rapid pace. With key policy developments and progressive initiatives, the market is poised for a higher growth trajectory. As a part of National Solar Mission (NSM), India is targeting installation of 100 GW by 2022, of which ground mount comprises of 60 GW and balance 40 GW is attributed to Roof top projects. A significant investment has been planned to achieve this target. The planned

capacity of Solar Parks has also doubled from 20 GW to 40 GW as per National Solar Mission.

Some positives decoded in the Union Budget FY 2017-18 for Solar include, increase in MNRE allocation from ₹ 5,036 crore to ₹ 5,473 crore, of which 74 percent is directed towards grid-interactive renewables, emphasis on developing phase 2 of solar parks (20 GW) with an additional 20 GW capacity, reduction in duty for solar equipment towards making India more competitive, enabling solar power at 7,000 stations, etc. The Solar Parks and Ultra Mega Solar Power projects will be set up by 2019-20, with financial support of ₹ 8,100 crore from the Central Government.

Both, Central and State Governments have announced several schemes and policies to accelerate the development of Solar Power projects. The market continues to attract foreign investment as well as increasing interest from large Indian groups.

The rooftop market in India is also seeing increased demand with net metering regulations in place for all 29 states.

In the International space, opportunities are emerging in the MENA & SAARC regions.

Management Discussion & Analysis (Contd.)

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

Revenue increased by 0.5 percent Y-o-Y to ₹ 8,755 crore. The sales growth was impacted due to the commodity prices remaining flat for a major part of the year, and slowdown in the oil dominated economies, which affected the International business.

We have delivered a significant improvement in margins for the year. EBITDA increased by 18 percent Y-o-Y to ₹ 818 crore. EBITDA margins improved by 126 basis points to 9.3 percent of the revenue. The margin improvement was primarily driven by internal efficiencies and improvements in margin profile of businesses like Railways and the Company's wholly owned subsidiary, SAE Towers.

Depreciation and amortisation, remained at ₹ 130 crore similar to the levels seen in FY 2015-16.

Finance costs decreased to ₹ 254 crore from ₹ 279 crore in FY 2015-16. Finance costs to Sales ratio decreased to 2.9 percent as against 3.2 percent in FY 2015-16. 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 ₹ 305 crore as against ₹ 148 crore in FY 2015-16, a Y-o-Y a 106 percent.

Earnings per Share (EPS) increased to ₹ 11.86 from ₹ 5.75 in FY 2015-16.

Dividend for the year is 80 percent of face value of equity share (₹ 1.60 per equity share), reflecting an outgo

of ₹ 49.51 crore (including dividend distribution tax).

BALANCE SHEET ANALYSIS

Net Worth increased to ₹ 1,586 crore from ₹ 1,290 crore in FY 2015-16. 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 ₹ 1,535 crore from ₹ 1,239 crore recorded in FY 2015-16.

Book Value per share increased to ₹ 61.7 from ₹ 50.19 in FY 2015-16.

Gross Borrowings decreased to ₹ 2,096 crore from ₹ 3,221 crore in FY 2015-16.

Debt-Equity ratio stood at 1.20 times.

The transformation exercise undertaken by us a couple of years back, has borne significant results due to improved project execution, resulting in reduction in Accounts Receivable by ₹ 356 crore. The Gross Account Receivable Days have reduced to 231 days in FY 2016-17 vis-a-vis 247 days in FY 2015-16.

Return on Capital Employed (before tax) increased to 19.47 percent in FY 2016-17 as compared to 12.65 percent in FY 2015-16.

OPERATIONAL PERFORMANCE – KEY HIGHLIGHTS

> Our order intake across verticals showed a substantial increase, especially in the International T&D and Railways businesses. The overall order intake increased by 42 percent Y-o-Y. As a result of the impressive order intake, our order book also grew by 35 percent Y-o-Y and closed at ₹ 12,631 crore.

> Resurgence of Railway business; total order intake of ₹ 1,427 crore in FY 2016-17.

> SAE business continues its growth trajectory; EBITDA margins close to T&D business.

> Solar business enters 'big league' with order win of 100 + MW project in South India.

> Successful diversification of International business; entered/ re-entered eight countries in FY 2016-17.

> Broadening of customer base in India - working with state electricity boards and private players.

ADEQUACY OF INTERNAL CONTROL

The Company's internal control system is comprehensive. The objective is to safeguard the Company's assets and ensure that transactions are properly authorised. The internal control system also assures integrated, objective and reliable financial information. The Internal Audit department conducts audits at various locations. It covers all 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 periodically reviewed by the Audit Committee.

ENTERPRISE RISK MANAGEMENT AND INTERNAL AUDITS BY EXTERNAL SPECIALISTS

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

RISKS AND CHALLENGES

The Company is predominantly engaged in the Engineering Procurement and Construction (EPC) business. As the business is spread across many countries and faces risks associated with turnkey projects, its long-term success largely depends on the existence of a robust risk identification and management system, which 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 below:

1) Commodity price variations and currency fluctuations:

The Company deals with various commodities, such as steel, zinc, copper and aluminium. Fixed price contracts can have a negative impact on the Company's 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. It measures and manages these risks centrally, and 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.

Mitigation – The Company's global presence helps it minimise the impact on business during investment slowdown in one country or region. Further, the Company is significantly present in underdeveloped and emerging economies, where infrastructure investment remains a key priority for sustainable growth. The Company has also diversified its business portfolio to include Substations, Railways, Cables, Civil and Solar.

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

Mitigation – The Company carries out detailed studies of potential risks involved in a market before bidding for a project in a particular country. This careful selection of the country, along with the Company's prior experience, aids in combatting challenges. The Company also takes projects funded by Multilateral agencies 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 their impact. The Company factors such delays at the time of estimation of the tenders.

HUMAN RESOURCES

We have seen a significant enhancement in employee engagement driven by a focused agenda, planning and action on areas such as differentiated rewards, recognition and employee engagement activities for the year. Our policies and benefits continue to provide an edge in attracting and retaining talent in the EPC/Infrastructure Sector. A majority of our hiring needs are met internally through KEC TalentFirst! and employee referrals.

Career paths have been defined and an interactive KEC Career Path Portal has been launched on our online portal. A higher focus on e-Learning enables us to deliver learning on-the-go to our employees across diverse geographies. We continue to make significant progress on HR digitisation.

Our conscious focus on diversity and inclusion has resulted in a significant increase in gender diversity in KEC with

a 40 percent increase in female hires over the last year. We have revised our maternity policy and have provided superior benefits to our women employees, as well as introduced paternity leave.

Employee count as on March 31, 2017: KEC has 5,496 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 other factors such as litigation and industrial relations.

Business Responsibility Report

[Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosures 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 interest 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 Company 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

1. Corporate Identification Number (CIN) of the Company: L45200MH2005PLC152061
2. Name of the Company: KEC International Limited
3. Registered address: RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai - 400 030
4. Website: www.kecrpg.com
5. E-mail ID: investorpoint@kecrpg.com
6. Financial Year reported: April 01, 2016 to March 31, 2017
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Group	Class	Sub-Class	Industrial Activity
422	4220	42202	Construction or erection and maintenance of power and transmission lines
421	4210	42102	Construction of railways
273	2732	27320	Manufacture of electric wires and cables
251	2511	25112	Manufacture of metal frameworks or skeletons for construction and parts thereof (power transmission and telecom towers, among others.)

8. List three key products/services that the Company manufactures/provides (as in balance sheet):
 - Power transmission and distribution projects
 - Manufacturing of power, telecom cables and turnkey cable solutions
 - Railway electrification and composite railway projects
9. 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	Six manufacturing facilities at Jaipur, Jabalpur, Butibori, Mysore, Silvassa & Vadodara, Registered Office in Mumbai, Project sites and regional offices at various locations across India.
10. Markets served by the Company (Local/State/National/International) - All

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital : ₹ 51.42 Crore
2. Total Turnover : ₹ 7,737.09 Crore
3. Total profit after taxes : ₹ 281.82 Crore
4. Total spending on Corporate Social Responsibility ("CSR") as a percentage of profit after tax (%): The Company spent ₹ 2.17 Crore during FY 2016-17 on CSR activities. This amounts to 2 percent of the average net profit in the preceding three financial years.
5. List of activities in which expenditure in 4 above has been incurred:
The Company has established the following CSR Projects in line with its CSR Policy:
 - Netranjali - Vision-eye care
 - Pehlay Akshar - Education
 - 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 twenty one subsidiaries (including step down subsidiaries) in India and abroad as on March 31, 2017.

Business Responsibility Report (Contd.)

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. Questions No.	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 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 between three and six months on need basis.

(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 also forms part of the Annual Report and the same can also be accessed on the website of the Company i.e. <http://www.kecrpg.com/agm-2017>

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 of Corporate Governance & Ethics which *inter alia* covers the issues, related to ethics, conflict of interest and so on. Besides, the Code ensures that every transaction is transparent. Every employee of the Company and its subsidiaries are required to mandatorily adhere to the Code. In the case of foreign subsidiaries and Joint Venture, the Code is applicable in line with the local requirements prevailing in the respective country 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 thirteen complaints from investors and one complaint from a supplier. 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 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 market leader in Engineering, Procurement, and Construction (EPC) space. It is present in Transmission and Distribution, Cables, Railways, Solar and Civil businesses. Across all its businesses, the Company endeavours to provide products and services that are sustainable throughout their life cycles and ensure no damage to the environment.

Understanding its obligations on social and environmental impact, the Company deploys best-in-class people, processes and technology to deliver products with least possible carbon footprint and services to ensure benefits are accrued to the society as early as possible and with no impact to the environment.

The Company leverages leading edge design technology to optimise the weights and size of the transmission towers which it produces, thereby reducing the overall impact on the environment. The Company's designs and project planning are optimised to have minimum deforestation and impact on standing crops. It leverages digital technology such as lidar and drones to minimize the impact on flora and fauna during surveys and some other stages of project execution.

Understanding the urgent need to build and deliver infrastructure for the nation, the Company has strengthened its organisation and processes to consistently complete projects ahead of time of the schedule and thus benefiting the society at large.

The 220 kV EHV cables manufactured by the Company would help in decongesting the growing city infrastructure as well as contributing in reduction of overall AT&C losses for transmission and distribution companies.

Renewables is one of the biggest focus areas across the world to achieve sustainable and responsible development. The Indian Solar market, in particular, is garnering tremendous interest. India's recent commitment to the Paris Climate Change agreement also paves way for enhanced interest in solar power. Considering the large opportunities combined with the fact that the Company is a global leader in the Transmission EPC space and has significant presence in the Substation arena, Solar was a natural progression for the Company due to the synergies between these businesses. Over the last 2 years, the Company built significant Solar capabilities in the domestic market and is now foraying into the International Market. The Company has commissioned ~65MW of Solar power projects on single axis tracking which makes it one of the largest EPC players in India with single axis tracking experience. The use of trackers will increase the amount of energy the installation produces. The Company is piloting solar rooftops at the project site offices and stores to maximize the usage of renewables.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?

The Company deploys leading management practices such as Total Productive Maintenance ("TPM") and lean to ensure continuous reduction in raw material, energy, water, consumables, packaging material and so on across all its manufacturing

units. Not only it has helped to reduce the adverse environmental impact but it has also helped in improving our competitiveness across the world.

The Company's efforts have fructified; it has been able to achieve the below:

- Reduce the index wastage of steel by more than 1 percent;
- Improve the index consumption of zinc by more than 2 percent;
- Reduce the indexed power consumption by approximately 1.5 percent per MT of production;
- Optimize the design of cables and enhance process efficiency to minimize overconsumption of material that was essentially a waste;
- Enhance reuse of recyclable material. e.g. use of flexi packing material instead of wood-based packaging.

Across all its towers and cables plants, many initiatives have been undertaken for water conservation:

(i) Process improvement with new technology for waste water treatment and recycling processes. To elaborate:

- **Zero discharge:** The Company has a 'Zero Discharge' status for the plants. The water from Sewage Treatment Plants (STP) and Effluent Treatment Plant (ETP) processes are being re-used for gardening, floor cleaning, process tanks and civil construction. This resulted in saving of approximately 3,000-3,500 kilo litres of water per month, reducing approximately 70 percent of fresh water requirement.
- **Technology improvement:** The Company introduced closed loop flux regeneration system to avoid water rinsing processor. Besides, it introduced cooling towers in quenching process and replacement of boilers by drying oven concept. This has resulted in the saving of approximately 2,500-3,000 kilo litres of water per month.
- **Rain water harvesting:** The Company has organised for rainwater harvesting at all three of its tower manufacturing facilities. 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. An approximate increase in water level by 9-13 feet at all locations has been observed from the date of installation of these harvesting points.

Business Responsibility Report (Contd.)

- **Special taps:** Push button taps or sensors help save approximately 500-600 kilo litres of water per month.
- **Awareness programmes:** The Company conducted awareness programmes and sessions for employees on 'water conservation and its importance'.

(ii) Complete water mapping for the entire plants have been undertaken. The Company has identified sources of consumption with consumption pattern and Environmental Management Programmes (EMPs) for reduction in consumption.

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

The Company continues to consistently focus on product(s), which provide energy efficiency at the customer end. It, thus, designs innovative products. For example, it has developed conductors used in cable manufacturing with minimal resistance. These provide substantial benefits to consumers.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company takes care of the following aspects while sourcing products and services:

- Major suppliers with ISO 14001/OHSAS 18001 are identified
- The suppliers should comply with all the labour law practices
- Consumption of hazardous materials during packaging is minimised.

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, the Company has integrated all its business partner work areas into its Integrated Management Systems ("IMS"). This focuses on co-creation of

standards for mutual benefits for 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 where it is not possible. Our tower manufacturing facilities have introduced small fabricator vendors to work inside the plant premises. This enables the Company to acquire quality products on time. Besides, it has helped the Company to effectively control steel wastage, process and product quality. Moreover, the vendors are involved in the excellence journey of TPM, 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 a system to recycle material and limit the waste arising out of projects sites and manufacturing facilities. It has initiated well-defined Standard Operating Procedures (SOP) to send back metal scrap to authorised recycler and reuse the material for manufacturing.

- a. The steel wastage is sold to the surrounding foundry industry, wherein 100 percent of it is used for making castings.
- b. The zinc process wastage is sold to the secondary zinc product manufacturers resulting in greater than 90 percent recycling.
- c. Wood used for packaging is recycled from sites. We also replace the wood with returnable steel containers.

The Company recycles 100 percent of the water used either as a process or rainwater harvesting and does not discharge any water outside.

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

1. Please indicate the total number of employees:

The Company has 4,207 permanent employees (excluding Subsidiaries) as on March 31, 2017.

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

Particulars	As on March 31, 2017
Contractual Employees	3,338
ITI Apprentice/EPP	66
Casual/Badli	77
Retainer	55
Contract/Trainee	66
Total Non-Permanent employees	3,602

3. Please indicate the number of permanent women employees:

The Company has 156 permanent women employees as on March 31, 2017.

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

The Company employs 5 such people on permanent basis as on March 31, 2017.

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 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	55%	98%
Permanent Women Employees	66%	100%
Casual/Temporary/Contractual Employees	100%*	98%
Employees with Disabilities	60%	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. It had engaged Tata Institute of Social Sciences (TISS) to identify social needs and gaps in the geographies it operates. As recommended by TISS in its report, the Company conducts various activities, which upholds its philosophy and values towards underprivileged communities.

Business Responsibility Report (Contd.)

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?

The Company respects and promotes human rights. These rights are covered in its RPG Code of Corporate Governance & Ethics, and various human resource practices and policies. It is committed to ensure equal opportunity to all its employees based on meritocracy. 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 Company has also received national level recognition ('Greentech Award') from Greentech Foundation for its achievements on the environmental front.

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 their 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 (R&D) 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 signed a bilateral agreement for the purchase of green energy (for about 48 lakh units per annum). It has undertaken various initiatives to reduce the consumption of fossil fuels. It has deployed smart drip irrigation systems (microprocessor based central shut-off valve monitors) for garden maintenance, low-flow faucets and flush systems, among others. These result in controlled water usage and diminished water consumption. Factory premises display awareness messages across boards, posters and signage on energy saving, water conservation, best EHS practices and so on. These are put up at all prominent locations to ensure the message reaches employees.

6. Are the emissions/waste generated by the Company within permissible limits given by CPCB/SPCB for the financial year being reported?

The emission levels were within the permissible limits given by CPCB and respective SPCB for the financial year ended on March 31, 2017.

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 notice either from CPCB or SPCB which is pending as on March 31, 2017.

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 Company advocates on matters concerning taxation and other economic policies affecting the industry as a whole through the 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.

Yes, the Company has identified various programmes and initiatives in pursuit of its Corporate Social Responsibility (CSR) Policy. 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 (Education)** – This project is undertaken for a large scale primary education with special focus on practical English speaking and reading skills. It helps improve English-language skills in children to enhance employability, thereby giving these children an equal opportunity for making their lives brighter.
- C. **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.
- D. **Saksham (Employability, Skill Development)** – This is a skill development technical training programme for women and youth, to provide them livelihood opportunities.
- E. **Sanjeevani (Healthcare Skilling)** – A healthcare skilling programme for youth and women, which provides them with employment avenues through collaborations with homecare placement agencies, hospitals and nursing homes.

Business Responsibility Report (Contd.)

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

The programmes of the Company are undertaken through RPG Foundation.

3. Have you done any impact assessment of your initiative?

The Company undertakes impact assessment on a continuous basis and monitors gains to the community arising out of all its CSR activities.

4. What is your Company's direct contribution to community development projects? Amount in INR and the details of the projects undertaken.

During the year under review, the Company spent ₹ 217.50 Lakh 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 2016-17 beneficiaries totalling 371,408 were covered through eye check-up camps and awareness sessions. A total of 44,878 beneficiaries were screened and 20,657 beneficiaries were provided with free spectacles.
Pehlay Akshar (Education)	The Company reached out to about 1,544 children across 10 schools in Nagpur and Jaipur.
Jeevan (Community Development)	Safe drinking water was made available to around 10,000 school children through the installation of 50 water huts (water purification systems) across Nagpur (18 water huts), Jaipur (18 water huts) and Jabalpur (14 water huts). Besides, 9 rainwater harvesting systems were installed at schools in Nagpur under this project.
Saksham (Employability, Skill Development)	An entrepreneurship development programme was conducted benefiting 87 women. Additionally, 100 women were trained in readymade garment making. 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 Nagpur, which will benefit over 350 ITI students.
Sanjeevani (Healthcare skilling)	Around 390 young people were provided with training. Post training, the beneficiaries were provided with employment avenues through collaborations with homecare placement agencies, hospitals and nursing homes.

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.

1.85 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).

Yes, the Company also 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.

No such case has been filed against the Company on the above referred matters in the last five years.

4. Did your Company carry out any consumer survey/consumer satisfaction trends?

The Company has carried out consumer survey/consumer satisfaction surveys in FY 2016-17. 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 had a broad-based Board and fair representation of Executive, Non-Executive and Independent Directors during the financial year 2016-17. 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, 2017, 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.

Category of Directors as on March 31, 2017, was as follows:

Category	Name of the Director	DIN
Promoter Director	Mr. H. V. Goenka, Chairman	00026726
Executive Director	Mr. Vimal Kejriwal, Managing Director & CEO	00026981
Non-Executive Director	Mr. R. D. Chandak	00026581
Non-Executive & Independent Directors	Mr. A. T. Vaswani	00057953
	Mr. D. G. Piramal	00032012
	Mr. G. L. Mirchandani	00026664
	Ms. Nirupama Rao	06954879
	Mr. S. M. Kulkarni	00003640
	Mr. S. M. Trehan	00060106
	Mr. S. S. Thakur	00001466
	Mr. Vinayak Chatterjee	00008933

All the Independent Directors of the Company have confirmed that they meet with the criteria of independence laid down under the Companies Act, 2013 ("the Act") and the Listing Regulations. All such declarations are placed before the Board. Further, pursuant to Section 164(2) of the Act, all the Directors have also provided annual declarations that he/she has not been disqualified to act as a Director.

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, with a maximum time gap of one hundred and twenty days between any two consecutive meetings. Additional

meetings are held as and when necessary. Agenda and detailed notes on agenda are circulated to the Directors in advance. 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.

The meetings of the Board are generally held at the Company's registered office at Mumbai.

The Board of Directors met 5 (Five) times during the financial year 2016-17 on May 06, 2016, July 29, 2016, November 08, 2016, January 31, 2017 and March 21, 2017. 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"), their Directorship(s), Committee(s) Membership(s)/Chairmanship(s) in other companies as on March 31, 2017 are given below:

Name of Director	Attendance at		Directorship(s) in other companies and other Membership(s)/Chairmanship in Committee(s)		
	Board Meeting	Last AGM	Other Directorship(s)*	Committee Membership(s)#	Committee Chairmanship(s)#
Mr. H. V. Goenka	5	Yes	6	-	-
Mr. Vimal Kejriwal	5	Yes	2	1	-
Mr. A. T. Vaswani	5	Yes	2	1	2
Mr. D. G. Piramal	5	Yes	5	2	-
Mr. G. L. Mirchandani	5	Yes	3	2	-
Ms. Nirupama Rao	4	Yes	4	1	-
Mr. R. D. Chandak	5	Yes	3	1	-
Mr. S. M. Kulkarni	5	Yes	4	2	3
Mr. S. M. Trehan	5	Yes	-	-	-
Mr. S. S. Thakur	5	Yes	5	3	3
Mr. Vinayak Chatterjee	4	Yes	4	1	1

* Excluding Directorships in private companies, foreign companies and companies which are formed under Section 25 of the Companies Act, 1956/ Section 8 of the Act.

Membership(s)/Chairmanship(s) in Audit Committee and Stakeholders' Relationship Committee has been considered. The number of Memberships in Audit/Stakeholders' Committee(s) does not include the number of posts held as Chairperson. The number of posts held as Chairperson are given separately.

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 any information within the Company. As a part of its function, the Board periodically reviews all the relevant information, which is required to be placed before it, pursuant to the 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 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 remuneration, 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.

Corporate Governance Report (Contd.)

Separate Meeting of Independent Directors

In compliance with Regulation 25(3) of the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on March 21, 2017, *inter alia* to discuss the following:

- Evaluation of the performance of Non-Independent Directors 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

Upon appointment of a new Independent Director, the Company undertakes an orientation exercise to familiarise 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 familiarise 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. The Board has adopted a Policy on Familiarization Programme for the Independent Directors and the same is available at the Company's website and can be accessed at <http://www.kecrpg.com/KEC%20data/Investor%20relations/policies/Details%20of%20Familiarization%20Program%20during%20FY%202016-17.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.

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 Twelfth 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 provides guidance for ethical conduct of the business and compliance of the applicable laws. The said Code is available at the Company's website www.kecrpg.com under 'Investors' tab. Further, Senior Management Personnel are also required to disclose to the Board relating to all material financial and commercial transactions, if any, where they have personal interest that may have a potential conflict with the interest of the Company at large.

All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct on an annual basis. A declaration to this effect duly signed by the Managing Director & CEO forms part of this Annual Report.

Prevention of Insider Trading

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, 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 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. The Code was communicated to all concerned. Trading window closures, i.e. when the connected persons are not permitted to trade in the securities of the Company, are intimated to the connected persons in advance, whenever required. 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 minutes of the meetings of all Committees are circulated to the Board for discussion/noting/ratification.

(A) Audit Committee

Composition

The Audit Committee of the Board comprises of three Independent Directors viz. Mr. A. T. Vaswani, Chairman, Mr. S. S. Thakur, Member and Mr. S. M. Kulkarni, Member. All members of Audit Committee are financially literate and the Chairman of the Audit Committee has accounting and related financial management expertise and the composition of the Committee is in compliance with the requirements of Section 177 of the Act and the Regulation 18(1) of the Listing Regulations. The Chairman of the Audit Committee was present at the Eleventh Annual General Meeting to answer shareholders' queries.

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 it considers appropriate to be present at the meetings of the Committee. 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, acts as the Secretary to the Committee.

Meetings

During the year under review, 9 (Nine) meetings of the Audit Committee were held on April 18, 2016, May 06, 2016, June 29, 2016, July 28, 2016, October 18, 2016, November 07, 2016, December 20, 2016, January 30, 2017 and March 22, 2017 and the same were attended by all the members of the Committee.

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 is authorised 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to

Corporate Governance Report (Contd.)

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.

(B) Nomination and Remuneration Committee

Composition

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. The Committee comprises of three Independent Directors viz. Mr. S. S. Thakur, Chairman, Mr. S. M. Kulkarni, Member and Mr. A. T. Vaswani, Member.

Meetings

During the year under review, 2 (Two) meetings of the Nomination and Remuneration Committee were held on May 06, 2016 and June 29, 2016 and the same were attended by all the members of the Committee.

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.

Remuneration Policy and other terms of appointment of Directors

Executive Director:

The remuneration payable to the Managing Director & CEO is recommended by the Nomination and Remuneration Committee and approved by the Board of Directors and Members of the Company. The remuneration structure of Managing Director & CEO comprises of salary,

perquisites, allowances, performance bonus, and contribution to provident, superannuation and gratuity funds. Payment of remuneration to the Managing Director & CEO is governed by the Agreement executed between him and the Company. The Agreement may be terminated by either party, by giving a notice in writing of not less than four months or by paying the basic salary in lieu thereof.

Details of remuneration paid to the Managing Director & CEO during financial year 2016-17

Name	Salary and Allowance	Performance Bonus [^]	Perquisites*	Contribution to Provident and other Funds	(₹ in Lakh)
					Total [#]
Mr. Vimal Kejriwal	287.37	77.58	9.54	10.01	384.50

[^] Based on performance of financial year 2015-16.

* Value of perquisites under Section 17(2) of the Income tax Act, 1961.

[#] 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 06, 2016, had approved the payment of commission to NEDs of 1 percent of net profits in the financial year 2015-16 computed in accordance with the Section 198 of the Act. The commission is generally paid on a uniform basis, to reinforce the principles of collective responsibility of the Board. However, it may also vary on the basis of Director's qualifications, experience and directorship in other companies having diverse business, time spent, inputs, guidance and contribution received from such Director. The Nomination and Remuneration Committee may recommend 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:

Name of the Director	(₹ in Lakh)	
	Financial Year 2016-17	
	Sitting Fees	Commission [#]
Mr. H. V. Goenka	5.00	361.96
Mr. A. T. Vaswani	9.45	7.00
Mr. D. G. Piramal	5.00	7.00
Mr. G. L. Mirchandani	5.00	7.00
Ms. Nirupama Rao	4.00	7.00
Mr. R. D. Chandak	6.00	7.00
Mr. S. M. Kulkarni	10.46	7.00
Mr. S. M. Trehan	5.00	7.00
Mr. S. S. Thakur	10.51	7.00
Mr. Vinayak Chatterjee	4.00	7.00

[#] Commission for financial year 2016-17 is being paid in financial year 2017-18.

Except Mr. R. D. Chandak, none of the Directors of the Company had any pecuniary relationship with the Company during the financial year 2016-17. Mr. Chandak was appointed as an Advisor with the approval of the Members through Postal Ballot on March 30, 2015 at a Monthly Fees of ₹ 19.50 Lakh p.m. for the period of one year from April 02, 2015 to April 01, 2016.

Corporate Governance Report (Contd.)

Equity Shares held by the Directors

Except as stated hereunder, none of the Directors hold any shares in the Company as on March 31, 2017:

Name of the Director	No. of shares held (₹ 2/- each)
Mr. H. V. Goenka [#]	4,848,425
Mr. H. V. Goenka [@]	2,805,216
Mr. H. V. Goenka ⁺	169,500
Mr. H. V. Goenka [§]	1
Mr. H. V. Goenka [^]	1
Mr. H. V. Goenka ^{&}	1
Mr. H. V. Goenka [*]	1
Mr. H. V. Goenka ^{##}	1
Mr. R. D. Chandak	5
Mr. H. V. Goenka ^{***}	3,750

[#] 3,914,482 shares held jointly with Mrs. Mala Goenka and Mr. Anant Vardhan Goenka.

[@] Held as a trustee of Stellar Energy Trust.

⁺ Held as Karta of Harsh Anant Goenka HUF.

[§] Held as a trustee of Crystal India Tech Trust.

[^] Held as a trustee of Nucleus Life Trust.

[&] Held as a trustee of Monitor Portfolio Trust.

^{*} Held as a trustee of Secura India Trust.

^{##} Held as a trustee of Prism Estates Trust.

^{***} 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 the terms of reference comply with the requirement of the Listing Regulations and with the provisions of Section 178 of the Act. The Committee comprises of three Directors viz. Mr. S. S. Thakur, Chairman, Mr. R. D. Chandak, Member and Mr. S. M. Kulkarni, Member.

Meetings

During the year under review, 12 (Twelve) meetings of the Stakeholders' Relationship Committee were held on the following dates:

April 18, 2016, May 17, 2016, June 22, 2016, July 28, 2016, August 22, 2016, September 22, 2016, October 18, 2016, November 07, 2016, December 05, 2016, January 04, 2017, February 27, 2017 and March 22, 2017.

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 meetings held on April 18, 2016, May 17, 2016, October 18, 2016 and February 27, 2017 and Mr. S. M. Kulkarni to whom leave of absence was granted for the meetings held on September 22, 2016 and December 05, 2016.

Terms of Reference

The Board had authorised any one of the members of Investors' Grievance Committee (now Stakeholders' Relationship Committee) or the Company Secretary or an authorised 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.
3. Review and redressal of shareholders' and investors' complaints relating to transfer of shares and non-receipt of Annual Report and non-receipt of declared dividends etc.

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 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 is acting as the Compliance Officer of the Company in terms of Regulation 6 of the Listing Regulations.

Investors' Grievance

No. of complaints pending at the beginning of the financial year 2016-17	Nil
No. of complaints received during the financial year 2016-17	13
No. of complaints resolved to the satisfaction of shareholders during the financial year 2016-17	13
No. of complaints pending to be resolved at the end of the financial year 2016-17	Nil

(D) Corporate Social Responsibility Committee Composition

In terms of Section 135 of the Act, the Board had constituted the Corporate Social Responsibility ("CSR") Committee. The Committee comprises of three Directors viz. Mr. R. D. Chandak, Chairman, Mr. S. M. Kulkarni, Member and Mr. A. T. Vaswani, Member.

Meetings

During the year under review, 3 (Three) meetings of the CSR Committee were held on May 06, 2016, November 07, 2016 and March 22, 2017. 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 to the Companies Act, 2013, which a Company proposes to undertake.
2. To recommend the amount of expenditure to be incurred on the CSR activities undertaken by the Company.
3. To monitor the CSR policy of the Company from time to time.

(E) Finance Committee**Composition**

The Committee consists of three Directors viz. Mr. S. M. Kulkarni, Chairman, Mr. S. S. Thakur, Member and Mr. R. D. Chandak, Member.

Meetings

During the year under review, 13 (Thirteen) meetings of the Finance Committee were held. The dates of the meetings are as follows:

April 18, 2016, May 17, 2016, June 22, 2016, July 28, 2016, August 22, 2016, September 22, 2016, October 18, 2016, November 07, 2016, December 05, 2016, January 04, 2017, January 30, 2017, February 27, 2017 and March 15, 2017.

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 meetings held on April 18, 2016, May 17, 2016, October 18, 2016 and February 27, 2017 and Mr. S. M. Kulkarni to whom leave of absence was granted for the meetings held on September 22, 2016 and December 05, 2016.

Terms of Reference

1. Issue power of attorney(ies) to authorise 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, authorise 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 ₹ 16,000 Crore (Rupees Sixteen Thousand Crore only);
 - e) To authorise employee(s)/representative(s) of the Company for executing various deeds, documents, papers, undertakings as may be required for the purpose of implementing the 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

Corporate Governance Report (Contd.)

the overall limit of ₹ 4000 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 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
2015-16	July 29, 2016	04:00 p.m.	Ravindra Natya Mandir
2014-15	July 29, 2015	03:30 p.m.	P. L. Deshpande
2013-14	July 28, 2014	03:30 p.m.	Maharashtra Kala Academy Sayani Road Prabhadevi Mumbai - 400 025

Special Resolutions passed in the last three Annual General Meetings

July 29, 2016

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

July 29, 2015

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

July 28, 2014

1. Authority to obtain loans/borrowings under Section 180(1)(c) of the Act.
2. Creation of mortgage and/or charge on all or any of the movable and/or immovable properties of the Company.
3. Issuance of Non-Convertible Debentures on private placement basis.

Postal Ballot

During the financial year 2016-17, the Company has not passed any resolution by way of postal ballot.

Further, none of the businesses proposed to be transacted at the ensuing AGM require passing a Special Resolution through postal ballot.

III. DISCLOSURES

Related Party Transactions

The Company has formulated a Policy on Related Party Transaction and the same is available at the Company's website and can be accessed at <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 51 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 of 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 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.

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, 2017 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 2016-17 was placed before the Board at its meeting held on May 19, 2017 and also forms part of this Annual Report.

IV. MEANS OF COMMUNICATION

Quarterly Results

As on March 31, 2017, the Company's Equity 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 www.kecrpg.com under 'Investors' tab.

Company's Website

The Company's corporate website www.kecrpg.com depicts comprehensive information about the business activities of the Company. The website contains a 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

Corporate Governance Report (Contd.)

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 organised by the Company are also hosted on the website for wider dissemination. The means of communication between the Company and the shareholders are transparent and investor friendly and the Company takes all possible endeavors to inform its stakeholders about every material information having bearing on the performance and operations of the Company and other price sensitive information.

The Company has also uploaded Frequently Asked Questions (FAQs) giving information about the Company and the procedure to be followed by the Investors for transfer, transmission, dematerialisation, rematerialisation etc. of shares for the convenience of the Investors.

V. GENERAL SHAREHOLDERS INFORMATION

Date, time and venue of Annual General Meeting	July 26, 2017 at 02:30 p.m. Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025
Financial Year	April 01 - March 31
Financial Calendar:	
First quarter results	By second week of August 2017*
Second quarter results	By second week of November 2017*
Third quarter results	By second week of February 2018*
Results for the year ending March 2018	By the end of May 2018*
Dates of Book closure	Thursday, July 20, 2017 to Wednesday, July 26, 2017 (both days inclusive)
Dividend Payment date	The dividend will be paid on or before August 25, 2017

* Tentative

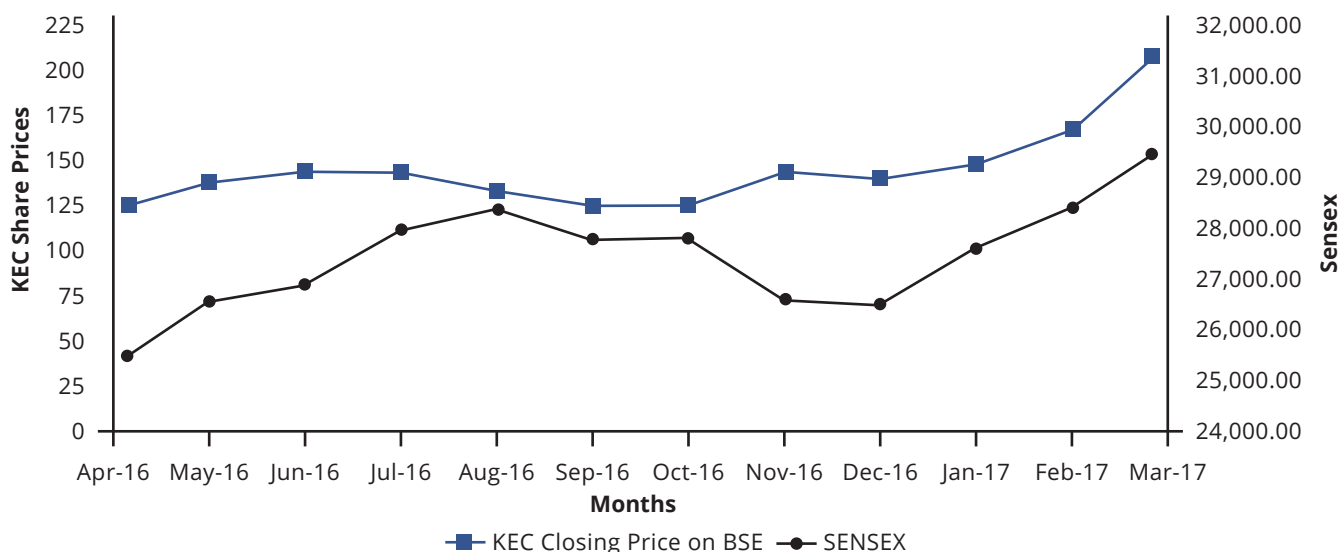
Status of Listing on Stock Exchanges

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
	High (₹)	Low (₹)	High (₹)	Low (₹)	Closing
April 2016	132.90	122.45	133.00	122.40	25,606.62
May 2016	142.50	124.50	142.50	124.50	26,667.96
June 2016	146.00	130.20	145.90	130.00	26,999.72
July 2016	148.25	138.95	148.00	138.70	28,051.86
August 2016	148.25	133.70	148.10	134.00	28,452.17
September 2016	145.50	118.00	144.95	117.15	27,865.96
October 2016	130.20	123.15	130.35	123.00	27,930.21
November 2016	150.05	111.20	146.90	110.25	26,652.81
December 2016	146.50	130.50	146.70	130.15	26,626.46
January 2017	156.90	138.00	157.10	137.90	27,655.96
February 2017	172.25	148.20	172.00	148.10	28,743.32
March 2017	213.40	160.00	212.90	161.50	29,620.50

Performance of Company's Equity Share's price in comparison to BSE SENSEX**KEC Closing Price VS 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

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.

Corporate Governance Report (Contd.)

Distribution of Shareholding

Distribution of shares according to size of holding as on March 31, 2017

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-500	60,504	85.10	8,057,532	3.13
501-1,000	5,624	7.91	4,374,960	1.70
1,001-2,000	2,412	3.39	3,576,932	1.39
2,001-3,000	845	1.19	2,109,976	0.82
3,001-4,000	436	0.61	1,547,006	0.60
4,001-5,000	252	0.35	1,174,820	0.46
5,001-10,000	458	0.64	3,298,797	1.28
10,001 & above	567	0.80	232,948,887	90.61
Total	71,098	100.00	257,088,370	100.00

Categories of Shareholders as on March 31, 2017

Category	No. of Shares held	% of Shareholding
Promoters	130,762,055	50.86
Mutual Funds/UTI	60,979,150	23.72
Financial Institutions, Insurance Companies and Banks (including Foreign Banks)	6,868,150	2.67
Foreign Institutional Investors	1,417,735	0.55
Foreign Portfolio Investor	14,158,590	5.50
General Public	30,561,158	11.89
NRIs/OCBs	1,338,583	0.52
Other Bodies Corporate	9,379,546	3.65
Clearing Members	989,404	0.38
Trusts	590,419	0.23
Foreign Nationals	43,575	0.02
Directors and Relatives	5	0.00
Total	257,088,370	100.00

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 2016-17, 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:

Beginning of the Year		No. of Shareholders who approached for transfer	No. of Shareholders to whom shares were transferred	End of the Year	
No. of Shareholders	No. of shares			No. of Shareholders	No. of shares
5,937	1,260,815	32	32	5,905	1,236,390

Dematerialisation of Shares and Liquidity

The Company has executed agreement with both the depositories of the Country i.e. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for admission of its securities under dematerialised mode. The International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE389H01022. As on March 31, 2017, total 251,158,537 Equity Shares representing 97.69 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 to Investor Education and Protection Fund (IEPF)

Pursuant to the provisions of Section 205 of the Companies Act, 1956 and Section 125 of the Companies Act, 2013 dividends which remain unclaimed/unencashed and the transfer of sales proceeds of fractional shares arising out of merger or amalgamation over a period of seven years are required to be transferred by the Company to the IEPF constituted by the Central Government.

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
2009-10	June 22, 2010	60	July 23, 2017
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

During the financial year 2016-17, the Company has transferred ₹ 24.50 Lakh i.e. the balance in the unpaid dividend account for the financial year 2008-09 and ₹ 3.36 Lakh i.e. the transfer of sales proceeds of fractional shares arising out of merger or amalgamation for seven or more years to IEPF.

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' Location

	Jaipur	Butibori	Jabalpur
Transmission Towers	Jhotwara Industrial Area Jaipur - 302 012 Rajasthan	B-190 Industrial Area Butibori - 441 108 Maharashtra	Deori, P. O. Panagarh Jabalpur - 483 220 Madhya Pradesh
Cables	Mysore Hebbal Industrial Area Hootagalli, Belavadi Post Mysore - 571 186 Karnataka	Silvassa Plot No. 273/4, Demni Road, Silvassa - 396 191 Dadra and Nagar Haveli	Vadodara Village: Godampura (Samlaya) Taluka: Savli - 391 520 Gujarat
SAE Towers	SAE Towers Mexico S de RL de CV# Arco Vial Saltillo-Nuevo Laredo Km. 24.1 C.P. 66050-79 Escobedo, N. L. Mexico	SAE Towers Brazil Torres de Transmissao Ltda# R. Moacyr G. Costa, 15 - Jd. Piemont Sul 32669-722 Betim/MG, Brazil	
Tower Testing Stations	Jaipur Jhotwara Industrial Area Jaipur - 302 012, Rajasthan	Butibori B-215 Industrial Area Butibori - 441 108, Maharashtra	Jabalpur Deori, P. O. Panagarh Jabalpur - 483 220 Madhya Pradesh
	SAE Towers Brazil Torres de Transmissao Ltda# R. Moacyr G. Costa 15 - Jd. Piemont, Sul 32669-722 Betim/MG, Brazil		

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, 2017, 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.

Place: Mumbai
Date: May 19, 2017

Vimal Kejriwal
Managing Director & CEO
(DIN: 00026981)

CEO/CFO Certificate

The Board of Directors
KEC International Limited

We certify to the Board that:

- A. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2017 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 operation 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 19, 2017

Independent Auditor's Certificate on Corporate Governance

TO THE MEMBERS OF
KEC INTERNATIONAL LIMITED

1. This Certificate is issued in accordance with the terms of our engagement letter dated August 12, 2016.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the statutory auditors of **KEC INTERNATIONAL LIMITED** ("the Company") have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**

Chartered Accountants
(Firm's Registration No. 117365W)

Saira Nainar

Partner
(Membership No. 040081)

Place: Mumbai
Date: May 19, 2017

Consolidated Financial Statements

Independent Auditor's Report

TO THE MEMBERS OF KEC INTERNATIONAL LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **KEC INTERNATIONAL LIMITED** (hereinafter referred to as "the Parent") (including 20 joint operations), and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its associate, comprising the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements"), in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the branches of the Company located at Abu Dhabi, Afghanistan, Algeria, Bangladesh, Congo, Egypt, Ethiopia, Georgia, Ghana, Indonesia, Ivory Coast, Kazakhstan, Kenya, Laos, Lebanon, Libya, Malaysia, Nepal, Nigeria, Oman, Philippines, South Africa, Sri Lanka, Tanzania, Thailand, Tunisia, Uganda and Zambia.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent'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 including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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 have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, 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.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, 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 Parent'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 Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and joint operations of the Company and the other auditors of the subsidiaries in terms of their reports referred to in sub-paragraphs (a) and (b) of 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

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the branch auditors and other auditors on the separate financial statements / financial information of the branches, joint operations and subsidiaries referred to below in the Other Matters paragraph, 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 and its associate as at March 31, 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements/financial information of 28 branches and 19 joint operations included in the standalone financial statements of the Company whose financial statements/financial information reflect total assets of ₹ 106,556.33 lakh as at March 31, 2017 and total revenues of ₹ 121,644.62 lakh for the year ended on that date. The financial statements/financial information of these branches and joint operations have been audited by the branch auditors and other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches and joint operations of the Company, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branches and joint operations of the Company is based solely on the report of such branch auditors and other auditors.
- (b) We did not audit the financial statements / consolidated financial statements/financial information of 21 subsidiaries, whose financial statements/ consolidated financial statements / financial information reflect total assets of ₹ 129,302.99 lakh as at March 31, 2017, total revenues of ₹ 120,025.24 lakh and net cash inflows amounting to ₹ 1,077.37 lakh for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements /consolidated 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, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- (c) The comparative financial information for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 in respect of 21 subsidiaries included in this consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by us.

Our opinion on the consolidated Ind AS financial statements above, 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 branch auditors and other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the branch auditors and other auditors on separate financial statements and the other financial information of joint operations of the Company and subsidiary companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept and proper returns adequate for the purpose of our audit have been received from the branches of the Company not visited by us, so far as it appears from our examination of those books, returns and the reports of the other auditors.
- c) the reports on the accounts of the branch offices of the Companies included in the Group audited under Section 143(8) of the Act by the branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
- d) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements and with the returns received by us from the branches of the Company not visited by us.
- e) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- f) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, and an associate company incorporated in India, none of the directors of the Group companies and its associate company incorporated in India is disqualified as on March 31, 2017 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 over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, subsidiary companies, and an

associate company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent, subsidiary companies and an associate company incorporated in India internal financial controls over financial reporting.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, 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 of pending litigations on the consolidated financial position of the Group and its associate -Refer Note 55 to the consolidated Ind AS financial statements.
 - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent, its subsidiary

companies and associate company incorporated in India.

- iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us and the branch auditors and other auditors by the Management of the respective Group entities.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

SAIRA NAINAR
Partner

Mumbai, May 19, 2017

(Membership No. 040081)

Annexure "A" To The Auditor's Report

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the consolidated Ind AS financial statements for the year ended March 31, 2017 of KEC INTERNATIONAL LIMITED)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of KEC International Limited (hereinafter referred to as "the Parent's") and its subsidiary companies and its associate company, which are companies incorporated in India, which includes internal financial controls over financial reporting of the Company's branches, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent's, its subsidiary companies and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies and its associate company, which are companies incorporated in India, 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 Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditors and other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies and its associate, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

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

In our opinion to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the branch auditors and other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies and its associate company, 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, 2017, based on the internal control over financial reporting criteria established by the respective companies 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

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 28 branches of the Company and 2 subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such branches of the Company and companies incorporated in India.

Our opinion is not modified in respect of the above matter.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

SAIRA NAINAR
(Partner)

Mumbai, May 19, 2017

(Membership No. 040081)

Consolidated Balance Sheet as at March 31, 2017

Particulars	Note No.	₹ in Lakh		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
(1) Non-Current Assets				
(a) Property, plant and equipment	6	81,033.82	88,256.03	88,908.00
(b) Capital work-in-progress		510.34	838.92	1,644.43
(c) Goodwill	7	19,102.68	19,516.59	18,410.40
(d) Other intangible assets	8	10,615.06	11,996.70	13,367.14
		111,261.90	120,608.24	122,329.97
(e) Financial assets				
(i) Investments	9	0.49	3.45	1.08
(ii) Trade receivables	10	2,640.54	4,900.45	7,955.67
(iii) Other financial assets	11	21,978.80	7,433.73	6,042.39
		24,619.83	12,337.63	13,999.14
(f) Deferred tax assets (net)	29	1,332.13	1,700.35	1,084.86
(g) Non-current tax assets (net)	12	5,201.21	10,725.27	10,508.75
(h) Other non-current assets	13	24,899.71	27,961.59	28,410.19
Total Non-Current Assets		167,314.78	173,333.08	176,332.91
(2) Current Assets				
(a) Inventories	14	39,466.88	36,015.72	39,016.04
(b) Financial assets				
(i) Investments	15	13,039.16	2,534.78	2,398.53
(ii) Trade receivables	16	420,035.00	465,759.82	384,561.81
(iii) Cash and cash equivalents	17	17,552.87	7,457.00	18,458.17
(iv) Bank balances other than (iii) above	18	3,244.23	1,073.84	1,313.25
(v) Loans	19	4,510.92	11,791.80	10,557.37
(vi) Other financial assets	20	11,596.14	8,587.38	12,835.03
		469,978.32	497,204.62	430,124.16
(c) Current tax assets (net)	21	5,416.41	2,402.82	2,387.88
(d) Other current assets	22	190,636.32	180,142.89	170,117.47
Total Current Assets		705,497.93	715,766.05	641,645.55
Total Assets		872,812.71	889,099.13	817,978.46
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	23	5,141.77	5,141.77	5,141.77
(b) Other equity	24	153,493.62	123,896.83	113,189.55
Equity attributable to owners of the Company		158,635.39	129,038.60	118,331.32
(c) Non-controlling interests	25	*	*	-
Total equity		158,635.39	129,038.60	118,331.32
LIABILITIES				
(1) Non-Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	26	76,559.48	59,288.42	72,625.88
(ii) Other financial liabilities	27	1,006.52	-	-
		77,566.00	59,288.42	72,625.88
(b) Provisions	28	3,489.60	2,026.19	1,967.21
(c) Deferred tax liabilities (net)	29	13,732.37	12,038.19	11,512.99
Total Non-Current Liabilities		94,787.97	73,352.80	86,106.08
(2) Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	30	123,253.63	243,000.91	197,586.43
(ii) Acceptances	31	96,887.70	79,349.92	97,343.90
(iii) Trade payables	32	219,832.26	202,650.83	199,720.05
(iv) Other financial liabilities	33	13,680.27	24,578.35	21,839.61
		453,653.86	549,580.01	516,489.99
(b) Other current liabilities	34	155,225.63	126,229.43	88,202.65
(c) Provisions	35	6,978.91	8,333.37	7,607.90
(d) Current tax liabilities (net)	36	3,530.95	2,564.92	1,240.52
Total Current Liabilities		619,389.35	686,707.73	613,541.06
Total Equity and Liabilities		872,812.71	889,099.13	817,978.46

* "Less than ₹ 1,000".

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

SAIRA NAINAR
Partner

RAJEEV AGGARWAL
Chief Financial Officer

H. V. GOENKA
Chairman
DIN - 00026726

CH. V. JAGANNADHA RAO
Company Secretary

VIMAL KEJRIWAL
Managing Director & CEO
DIN - 00026981

Place : Mumbai
Date : May 19, 2017

Place : Mumbai
Date : May 19, 2017

A. T. VASWANI
Director
DIN - 00057953

Consolidated Statement of Profit and Loss for the year ended March 31, 2017

₹ in Lakh

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I Revenue from operations	37	875,504.52	870,961.52
II Other income	38	2,886.61	1,025.89
III Total Income (I+II)		878,391.13	871,987.41
IV Expenses			
(i) Cost of materials consumed	39	417,369.73	413,330.94
(ii) Changes in inventories of finished goods and work-in-progress	40	(906.52)	1,877.16
(iii) Erection & sub-contracting expenses	41	178,429.01	202,775.66
(iv) Excise duty on sale of goods		17,065.02	19,182.01
(v) Employee benefits expense	42	73,266.57	63,920.91
(vi) Finance costs	43	25,361.17	27,938.82
(vii) Depreciation and amortisation expense	44	12,968.75	13,178.14
(viii) Other expenses	45	108,493.01	100,642.11
Total expenses		832,046.74	842,845.75
V Profit before tax (V - VI)		46,344.39	29,141.66
VI Tax expenses :	46		
(i) Current tax		13,480.16	14,625.25
(ii) Deferred tax		2,386.39	(268.08)
		15,866.55	14,357.17
VII Profit for the period from continuing operations (VII-VI)		30,477.84	14,784.49
VIII Share in (loss)/ profit of an associate		-	2.37
IX Profit for the period (VII+VIII)		30,477.84	14,786.86
X Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit obligations	53	(172.34)	(371.15)
(ii) Income tax relating to items that will not be reclassified to profit or loss	46.2	61.13	125.89
B (i) Items that will be reclassified to profit or loss			
- Exchange differences on translating the financial statements of joint operations and subsidiaries	24	(899.33)	1,581.64
- Net gain on designated portion of hedging instruments		9.25	390.44
(ii) Income tax relating to items that will be reclassified to profit or loss	46.2	120.24	67.17
Total Other Comprehensive Income		(881.05)	1,793.99
XI Total Comprehensive Income for the period (IX+X) (Comprising Profit and Other Comprehensive Income for the period)		29,596.79	16,580.85
Profit for the year attributable to :			
Owners of the Company		30,477.84	14,786.86
Non-controlling interests	25	*	*
Other Comprehensive Income attributable to:			
Owners of the Company		(881.05)	1,793.99
Non-controlling interests	25	*	*
Total Other Comprehensive Income attributable to:			
Owners of the Company		29,596.79	16,580.85
Non-controlling interests	25	*	*
XII Earnings per equity share for continuing operations (of ₹ 2 each)			
(i) Basic	47	11.86	5.75
(ii) Diluted		11.86	5.75

* "Less than ₹ 1,000".

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

SAIRA NAINAR
Partner

RAJEEV AGGARWAL
Chief Financial Officer

H. V. GOENKA
Chairman
DIN - 00026726

CH. V. JAGANNADHA RAO
Company Secretary

VIMAL KEJRIWAL
Managing Director & CEO
DIN - 00026981

Place : Mumbai
Date : May 19, 2017

Place : Mumbai
Date : May 19, 2017

A. T. VASWANI
Director
DIN - 00057953

Statement of changes in equity

for the year ended March 31, 2017

Statement of changes in equity for the year ended March 31, 2017 :

A. Equity Share Capital

Particulars	Note	Amount
Balance as at April 1, 2015		5,141.77
Changes in equity share capital during the year	23	-
Balance as at March 31, 2016		5,141.77
Changes in equity share capital during the year	23	-
Balance as at March 31, 2017		5,141.77

B. Other Equity

Particulars	Reserve 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 financial statements of a foreign operations	Exchange differences on translating the comprehensive income (Remeasurement of defined benefit obligations)
Balance as at April 1, 2015	8,497.87	3.72	8,674.89	1,427.95	357.88	94.88	10,899.16	83,416.63	(116.92)	(66.51)	113,189.55
Profit for the year	-	-	-	-	-	-	-	14,786.86	-	-	14,786.86
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	256.41	1,782.84	(245.26)
1,793.99	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	14,786.86	256.41	1,782.84	(245.26)
Dividends	-	-	-	-	-	-	-	(4,884.68)	-	-	(4,884.68)
Tax on distributed profits	-	-	-	-	-	-	-	(988.89)	-	-	(988.89)
Transfer from retained earnings	-	-	-	-	584.75	-	1,580.10	(2,164.85)	-	-	-
Balance at March 31, 2016	8,497.87	3.72	8,674.89	1,427.95	942.63	94.88	12,479.26	90,165.07	139.49	1,782.84	123,896.83
Balance as at April 1, 2016	8,497.87	3.72	8,674.89	1,427.95	942.63	94.88	12,479.26	90,165.07	139.49	1,782.84	123,896.83
Profit for the year	-	-	-	-	-	-	-	30,477.84	-	(111.21)	30,477.84
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	6.05	(775.89)	(881.05)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	30,477.84	6.05	(775.89)	29,596.79
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	3.72	8,674.89	1,427.95	678.81	94.88	15,297.51	118,088.48	145.54	1,006.95	153,493.62

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

SAIRA NAINAR
Partner

Place : Mumbai
Date : May 19, 2017

For and on behalf of the Board of Directors

RAJEEV AGGARWAL
Chief Financial Officer

CH. V. JAGANNADHA RAO
Company Secretary

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, 2017

₹ in Lakh

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES:		
PROFIT FOR THE YEAR	30,477.84	14,786.86
Adjustments for:		
Income tax expense	15,866.55	14,357.17
Depreciation and amortisation expense	12,968.75	13,178.14
Amortisation of leasehold prepayments	62.68	77.50
Share of profit in an associate	-	(2.37)
Profit on sale of property, plant and equipment (net)	(39.58)	(573.91)
Loss on property, plant and equipment discarded & intangible assets derecognised	1,528.74	385.67
Finance costs	25,361.17	27,938.82
Interest income	(2,137.48)	(195.31)
Bad debts, loans and advances written off (net)	19,767.73	14,050.14
Allowance for bad and doubtful debts, loans and advances (net)	2,768.19	1,633.21
Mark to market loss on forward and commodity contracts	413.19	(201.15)
Net unrealised exchange (gain) / loss	(775.06)	3,872.72
	75,784.88	74,520.63
Changes in assets and liabilities	106,262.72	89,307.49
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(3,451.16)	3,000.32
Trade receivables	25,392.87	(96,671.35)
Loans	7,280.88	(2,978.09)
Other financial assets	(16,509.43)	3,715.48
Other current assets	(10,493.43)	(16,641.76)
Other non-current assets	3,989.47	417.40
	6,209.20	(109,158.00)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables and acceptances	35,130.94	(13,381.11)
Other current liabilities	28,996.20	38,026.79
Other financial liabilities	103.73	104.40
Provisions	(103.21)	890.82
	64,127.66	25,640.90
CASH GENERATED FROM OPERATIONS	175,599.58	5,790.39
Taxes paid (net of refunds)	(10,440.98)	(13,321.43)
NET CASH FLOW GENERATED BY / (USED IN) OPERATING ACTIVITIES (A)	166,158.60	(7,531.04)

Consolidated Cash Flow Statement for the year ended March 31, 2017

Particulars	₹ in Lakh	
	For the year ended March 31, 2017	For the year ended March 31, 2016
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment & intangible assets (after adjustment of increase/decrease in capital work-in-progress and advances for capital expenditure)	(6,863.26)	(11,601.57)
Proceeds from sale of property, plant and equipment	166.53	9,253.35
Net increase / (decrease) in short-term investments	(10,501.41)	(138.62)
Interest received	1,304.16	499.64
Bank balances (including non-current) not considered as Cash and cash equivalents (net)	(2,413.89)	(273.96)
	(18,307.87)	(2,261.16)
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	(18,307.87)	(2,261.16)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from other than short-term borrowings (including debentures)	47,646.89	12,769.29
Repayments of other than short-term borrowings (including debentures)	(40,128.07)	(26,546.79)
Net increase / (decrease) in short-term borrowings	(119,747.59)	44,350.37
Finance costs paid	(25,558.13)	(27,577.43)
Dividend paid (including tax on distributed profit)	(112.42)	(5,754.08)
	(137,899.32)	(2,758.64)
NET CASH FLOW USED IN FINANCING ACTIVITIES (C)	(137,899.32)	(2,758.64)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	9,951.41	(12,550.84)
Cash and cash equivalents at the beginning of the year (Refer Note 17)	7,457.00	18,458.17
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	144.46	1,549.67
Cash and cash equivalents at the end of the year (Refer Note 17)	17,552.87	7,457.00

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

SAIRA NAINAR
Partner

RAJEEV AGGARWAL
Chief Financial Officer

H. V. GOENKA
Chairman
DIN - 00026726

CH. V. JAGANNADHA RAO
Company Secretary

VIMAL KEJRIWAL
Managing Director & CEO
DIN - 00026981

Place : Mumbai
Date : May 19, 2017

Place : Mumbai
Date : May 19, 2017

A. T. VASWANI
Director
DIN - 00057953

Notes forming part of the consolidated financial statements

(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, and related activities.

2. Application of new and revised Indian Accounting Standards (Ind ASs)

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows'. The amendments are applicable to the Group from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Group is evaluating the requirements of the amendment and the effect on the consolidated financial statements is being evaluated.

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.

Up to the year ended March 31, 2016, the Group prepared its consolidated financial statements in accordance with the Accounting Standards notified under Section 133 of the Companies Act, 2013, (Previous GAAP). These consolidated financial statements for the year ended March 31, 2017 are the Group's first Ind AS consolidated financial statements. The date of transition to Ind AS is

April 1, 2015. Refer Note 4 for the details of first-time adoption exemptions availed by the Group.

3.2 Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments 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 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:-

Notes forming part of the consolidated financial statements

- 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.

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 of 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.

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 and an associate have been considered in preparation of the consolidated financial statements:

Notes

forming part of the consolidated financial statements

	Country of Incorporation	% of ownership interest either directly or through subsidiaries		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Direct Subsidiaries				
RPG Transmission Nigeria Limited	Nigeria	100	100	100
KEC Global FZ-LLC-Ras UL Khaimah	UAE	100	100	100
KEC Investment Holdings, Mauritius	Mauritius	100	100	100
KEC Global Mauritius	Mauritius	100	100	100
KEC Power India Private Limited	India	100	100	100
KEC Bikaner Sikar Transmission Private Limited**	India	99.99	99.99	NA
Indirect Subsidiaries				
KEC International Holdings LLC	USA	100	100	100
KEC Brazil LLC	USA	100	100	100
KEC Mexico LLC	USA	100	100	100
KEC Transmission LLC	USA	100	100	100
KEC US LLC	USA	100	100	100
SAE Towers Holdings LLC	USA	100	100	100
SAE Towers Brazil Subsidiary Company LLC	USA	100	100	100
SAE Towers Mexico Subsidiary Holding Company LLC	USA	100	100	100
SAE Towers Mexico S de RL de CV	Mexico	100	100	100
SAE Towers Brazil Torres de Transmission Ltda	Brazil	100	100	100
SAE Prestadora de Servicios Mexico, S de RL de CV	Mexico	100	100	100
SAE Towers Ltd	USA	100	100	100
SAE Engenharia E Construcao Ltda	Brazil	100	100	100
SAE Engineering & Construction Services, S de RL de CV	Mexico	100	100	100
SAE Towers Panama Holdings LLC!	USA	-	-	100
SAE Towers Panama S de RL!!	Panama	-	-	100
KEC International (Malaysia) SDN BHD	Malaysia	100	100	100

! Liquidated on August 06, 2015

!! Liquidated on July 01, 2015

** Incorporated on September 03, 2015.

Associate

	Country of Incorporation	% of ownership interest
RP Goenka Group of Companies Employees Welfare Association	India	49

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

Notes forming part of the consolidated financial statements

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 Investments in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

After application of the equity method of accounting, the Group determines whether there is any objective

evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate when the investment is classified as held for sale.

3.7 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.

Notes forming part of the consolidated financial statements

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.

3.8 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 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.

3.9 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, 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:

3.9.1 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.

3.9.2 Rendering of services:

Sale of services is recognised in the accounting period in which the services are rendered.

3.9.3 Construction contract:

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 will be recoverable. 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.

3.9.4 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.

3.9.5 Revenue from service concession arrangements (SCA):-

The Group through its subsidiary builds infrastructure assets under public-to-private Service Concession

Notes forming part of the consolidated financial statements

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 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 contracts referred to in Note 3.9.3.

3.10 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 liability 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. 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 (see Note 3.12 below). 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 recognised in the year in which such benefits accrue. 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.

3.11 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 retranslated. Foreign currency denominated monetary assets and liabilities are retranslated 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 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.

Notes forming part of the consolidated financial statements

C) Other foreign currency transactions:

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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 is recognised in the Consolidated Statement of Profit and Loss at the end of each reporting period.

3.12 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.

All other borrowing costs are recognised in the Consolidated Statement of Profit and Loss in the period in which they are incurred.

3.13 Employee benefits

3.13.1 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.

3.13.2 Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

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 at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3.14 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.14.1 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.

3.14.2 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 which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

3.14.3 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.

3.15 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.

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 their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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 assessed 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 Consolidated Statement of Profit and Loss.

3.16 Intangible assets

3.16.1 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.

3.16.2 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.

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3.16.3 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.

3.16.4 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 Softwares are amortised on straight line basis over the estimated useful life ranging between 3-6 years.

Customer relationship (including customer contracts) of the subsidiaries is amortised on straight line basis over the estimated useful life of 4 years.

3.17 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.

3.18 Investment

Investment in equity shares of associate are measured at cost.

3.19 Inventories

Inventories 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.

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.

3.20 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

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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.

3.21 Financial instruments

Financial assets and financial liabilities are recognised when a group entity 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.

3.22 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.

3.22.1 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.

3.22.2 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 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.

3.22.3 Impairment of financial assets

The Group recognises 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 to the amount that is required to be recognised is recognized as an impairment gain or loss in the Consolidated Statement of Profit and Loss.

3.22.4 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.

3.22.5 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.

3.23 Financial liabilities and equity instruments

3.23.1 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.

3.23.2 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.

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3.23.3 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

3.23.3.1 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. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

3.23.3.2 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 values 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'.

3.23.3.3 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.

3.23.3.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a new lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial

modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Consolidated Statement of Profit and Loss.

3.24 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 51.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the 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.

3.24.1 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.

3.25 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 51 sets out details of the fair values of the derivative instruments used for hedging purposes.

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3.25.1 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.

3.26 Cash and cash equivalents (for purposes of the Consolidated Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value and bank overdrafts repayable on demand forming Group's cash management policy.

3.27 Consolidated Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

3.28 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.

4 First-time adoption - mandatory exceptions and optional exemptions

4.1 Overall principle

The Group has prepared the opening consolidated balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Group as detailed below.

4.2 Derecognition of financial assets and financial liabilities

The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

4.3 Classification of debt instruments

The Group has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria or FVTPL criteria based on the facts and circumstances that existed as of the transition date.

4.4 Impairment of financial assets

The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

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4.5 Assessment of embedded derivatives

The Group has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

4.6 Past business combinations

The Group has opted to apply Ind AS 103, 'Business Combinations' retrospectively from April 1, 2010. Consequently, the Group has applied Ind-AS 103 'Business Combination' to the acquisitions of SAE Towers Holding, LLC (SAE) with changes in fair value of assets, liabilities and deferred tax on account of fair value changes, which occurred in September, 2010 (Refer Note 58).

In respect of other business combinations which occurred before April 1, 2010, the Group has elected not to apply Ind AS 103 retrospectively. Consequently, for such business combinations,

- The Group has kept the same classification for the past business combinations as in its previous GAAP consolidated financial statements;
- The Group has recognised assets and liabilities that were not recognised in accordance with previous GAAP in the consolidated balance sheet of the acquirer and would also qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquiree;
- The Group has excluded from its opening balance sheet those items recognised in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;
- The Group has tested the goodwill for impairment at the transition date based on the conditions as of the transition date;
- The effects of the above adjustments have been given to the measurement of non-controlling interests and deferred tax.

4.7 Joint operation- Transition provisions in the Consolidated financial statements.

Under the previous GAAP, the Company has accounted all Jointly Controlled Entities (Joint Arrangements)

as per proportionate consolidation method in the Consolidated Financial Statements. Under Ind AS, these joint arrangements of the Company have been classified as joint operation and accounted using proportionate consolidation method in the Standalone Financial Statements.

4.8 Determining whether an arrangement contains a lease

The Group has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

4.9 Cumulative translation differences on foreign operations

The Group has elected the option to reset the cumulative translation differences on foreign operations that exist as of the transition date to zero.

5. Critical accounting judgements and key sources of estimation uncertainty

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.

5.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see Note 5.2 below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

5.1.1 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 (Refer Note 4.7) in the Standalone

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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
- 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

Although Al Sharif Group and KEC Ltd. Company, Saudi Arabia 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, Al Sharif Group and KEC Ltd. Company, Saudi Arabia is classified as a joint operation of the Company.

5.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.2.1 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.

5.2.2 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.

5.2.3 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 managements have 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 material effect on its financial position or profitability.

5.2.4 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.

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5.2.5 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 of cash generating units 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.

Notes forming part of the consolidated financial statements

Note 6 - Property, plant and equipment

Particulars	Freehold Land [^]	Buildings [^]	Plant and Equipment	Plant and Equipment (under finance lease)	Erection Tools	Furniture and Fixtures	Vehicles (under finance lease)	Vehicles (under finance lease)	Office Equipment	Computers	Total	₹ in Lakh
Gross carrying amount												
As at April 1, 2015	13,360.94	23,934.51	58,811.17	2,639.39	8,794.73	1,839.96	4,152.45	569.98	969.75	2,621.05	117,693.93	
Additions	-	579.00	4,502.02	1.04	3,028.87	816.09	693.37	771.56	243.46	575.54	11,210.95	
Disposal	-	740.05	2,205.51	7.81	4,276.17	379.07	273.76	10.82	123.71	214.86	8,231.76	
Effect of foreign currency exchange differences	281.84	365.70	164.37	148.69	34.20	25.31	42.45	34.10	6.05	13.00	1,115.71	
As at March 31, 2016	13,642.78	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	121,788.83	
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	
Effect of foreign currency exchange differences	(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	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	122,612.93	
Accumulated depreciation												
As at April 1, 2015	-	4,984.30	18,385.78	32.85	-	840.27	2,034.90	56.38	519.76	1,931.69	28,785.93	
Depreciation expenses	-	1,095.57	4,511.50	35.73	4,194.88	239.20	607.19	266.74	157.75	338.63	11,447.19	
Elimination on disposal	-	688.96	1,348.42	7.81	3,963.08	223.28	222.41	1.09	106.22	202.35	6,763.62	
Effect of foreign currency exchange differences	-	75.31	(65.83)	(1.80)	-	13.10	34.78	6.68	2.64	(1.58)	63.30	
As at March 31, 2016	-	5,466.22	21,483.03	58.97	231.80	869.29	2,454.46	328.71	573.93	2,066.39	33,532.80	
Depreciation expenses	-	1,114.25	4,766.16	42.08	3,675.21	259.91	547.96	344.13	158.68	364.02	11,272.40	
Elimination on disposal	-	289.37	1,229.32	17.13	296.66	290.45	611.58	-	122.89	399.23	3,256.63	
Effect of foreign currency exchange differences	-	(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	-	6,283.84	25,076.48	84.45	3,595.72	851.92	2,374.33	655.51	608.08	2,048.78	41,579.11	
Net carrying amount												
As at April 1, 2015	13,360.94	18,950.21	40,425.39	2,606.54	8,794.73	999.69	2,117.55	513.60	449.99	689.36	88,908.00	
As at March 31, 2016	13,642.78	18,672.94	39,789.02	2,722.34	7,349.83	1,433.00	2,160.05	1,036.11	521.62	928.34	88,256.03	
As at March 31, 2017	13,631.06	17,775.58	37,577.44	2,676.63	3,878.32	1,373.01	2,004.29	680.99	436.74	999.76	81,033.82	

Note 6.1

[^]The title deeds of freehold land and buildings, having gross carrying amount aggregating ₹ 2,634.79 lakh (as at March 31, 2016 ₹ 2,634.79 lakh) and net carrying amount aggregating ₹ 2,582.45 lakh (as at March 31, 2016 ₹ 2,586.81 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 6.2

For details of Property, plant and equipment having gross carrying amount aggregating ₹ 89,818.84 lakh (As at March 31, 2016 ₹ 94,943.79 lakh and as at April 1, 2015 ₹ 96,388.92 lakh), which are pledged as security for borrowings - Refer Note 26 and 30.

Notes forming part of the consolidated financial statements

Note 7 - Goodwill

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	19,516.59	18,410.40	18,410.40
Effect of foreign currency exchange difference recognised in other comprehensive income (OCI)	(413.91)	1,106.19	-
Balance at the end of year	19,102.68	19,516.59	18,410.40

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 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 CGU.

The recoverable amount of this CGU 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.

Discount rate	8%
Terminal value growth rate	3%
Period considered for discounting	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, 2017, March 31, 2016 and April 1, 2015, as the recoverable value of the CGU exceeded the carrying value.

Notes forming part of the consolidated financial statements

Note 8 - Other intangible assets

₹ in Lakh

Particulars	Brands (Refer Note 8. 1)	Computer softwares	Total
Gross carrying amount			
As at April 1, 2015	24,694.77	2,995.01	27,689.78
Additions	-	369.78	369.78
Disposal	-	43.83	43.83
Effect of foreign currency exchange differences	-	15.64	15.64
As at March 31, 2016	24,694.77	3,336.60	28,031.37
Additions	-	370.38	370.38
Disposal	-	392.02	392.02
Effect of foreign currency exchange differences	-	42.29	42.29
As at March 31, 2017	24,694.77	3,357.25	28,052.02
Accumulated amortisation:			
As at April 1, 2015	12,317.00	2,005.64	14,322.64
Amortisation expense	1,269.50	461.45	1,730.95
Elimination on disposal	-	10.87	10.87
Effect of foreign currency exchange differences	-	(8.05)	(8.05)
As at March 31, 2016	13,586.50	2,448.17	16,034.67
Amortisation expense	1,269.50	426.85	1,696.35
Elimination on disposal	-	339.18	339.18
Effect of foreign currency exchange differences	-	45.12	45.12
As at March 31, 2017	14,856.00	2,580.96	17,436.96
Net carrying amount			
As at April 1, 2015	12,377.77	989.37	13,367.14
As at March 31, 2016	11,108.27	888.43	11,996.70
As at March 31, 2017	9,838.77	776.29	10,615.06

Note 8.1

Brands include brand of the power transmission business amounting to ₹ 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, 2017 ₹ 9,600 lakh (as at March 31, 2016 ₹10,800 lakh and as at April 1, 2015 ₹12,000 lakh) and the remaining amortisation period is 8 years (as at March 31, 2016 - 9 years, as at April 1, 2015 -10 years).

Notes forming part of the consolidated financial statements

Note 9 - Investments

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current :			
Investment in Equity Instruments (At cost) :			
Unquoted			
Associate			
4,900 Fully paid Equity Shares of ₹ 10 each of RP Goenka Group of Companies Employees Welfare Association	0.49	3.45	1.08
	0.49	3.45	1.08
Aggregate book value of quoted investments and market value thereof	-	-	-
Aggregate book value of unquoted investments	0.49	3.45	1.08
Aggregate provision for diminution in value of investments	-	-	-

Name of associate	Country of Incorporation	Ownership Interest (%)	Original cost of Investment	Goodwill/ (Capital Reserve) in original cost	Carrying amount of Investments
RP Goenka Group of Companies Employees Welfare Association	India	49%	0.49	-	0.49

As per Article of Association of the Associate, 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 Associate. Any surplus upon winding up or dissolution of the Associate shall not be distributed amongst the members of the Associate but shall be given or transferred to such other Companies having objects similar to the objects of this associate, to be determined by the members of the associate 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 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 consolidated in the Consolidated Financial Statements.

Note 10 - Trade receivables

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current trade receivables - Unsecured			
(i) Considered good	2,640.54	4,900.45	7,955.67
(ii) Doubtful	1,951.08	2,398.01	2,787.54
	4,591.62	7,298.46	10,743.21
Less: Allowance for bad and doubtful receivables (expected credit loss allowance)*	1,951.08	2,398.01	2,787.54
	2,640.54	4,900.45	7,955.67

* Movement in the allowance for bad and doubtful receivables (expected credit loss allowance) - Also refer Note 51.9

Particulars	₹ in Lakh
	Amount
Balance as at April 1, 2015	2,787.54
Add: Created during the year	707.76
Less: Released during the year	1,097.29
Balance as at March 31, 2016	2,398.01
Add: Created during the year	204.25
Less: Released during the year	651.18
Balance as at March 31, 2017	1,951.08

Notes forming part of the consolidated financial statements

Note 11 - Other financial assets

₹ in Lakh

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current :			
(i) Bank deposits with more than 12 months maturity	-	-	5.92
(ii) Security deposits	1,087.13	999.49	887.79
Less: Allowance for bad and doubtful security deposits *	34.53	34.53	87.89
	1,052.60	964.96	799.90
(iii) 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	729.98	731.74	297.37
(iv) Amount withheld by customer [Refer Note 55(i)(a)(8)]	4,189.62	6,933.08	5,888.90
Less: Allowance for bad and doubtful receivables (expected credit loss allowance) *	573.48	1,196.05	949.70
	3,616.14	5,737.03	4,939.20
(v) Receivables against Service Concession Arrangement (Refer Note 56)	16,580.08	-	-
	21,978.80	7,433.73	6,042.39

*Movement in the allowance for bad and doubtful receivables (ECL) / deposits. Also refer Note 51.9

₹ in Lakh

Particulars	Amount
Balance as at April 1, 2015	1,037.59
Add: Created during the year	246.35
Less: Released during the year	53.36
Balance as at March 31, 2016	1,230.58
Add: Created during the year	-
Less: Released during the year	622.57
Balance as at March 31, 2017	608.01

Note 12 - Non-current tax assets (net)

₹ in Lakh

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income tax payments less liabilities	5,201.21	10,725.27	10,508.75
	5,201.21	10,725.27	10,508.75

Notes forming part of the consolidated financial statements

Note 13 - Other non-current assets

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Capital Advances	1,021.69	94.10	125.29
(b) Others			
- Service tax cenvat receivable	608.56	626.32	758.84
- Excise duty recoverable from Government authorities	2,339.68	2,339.68	2,339.68
- VAT Credit / WCT Receivables	12,037.97	14,835.96	15,034.41
- Prepaid expenses	607.92	877.44	605.24
- Operating lease prepayments	4,046.27	4,123.83	4,192.71
- Export benefits	2,011.48	2,223.66	3,427.26
- Sales tax/ excise duty/ entry tax, etc. paid under protest	1,914.77	2,638.26	1,926.76
- Others (includes amounts towards judicial deposits)	311.37	202.34	-
	23,878.02	27,867.49	28,284.90
	24,899.71	27,961.59	28,410.19

Note 14 - Inventories

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Inventories (lower of cost or net realisable value)			
(a) Raw materials			
(i) in stock	19,463.72	16,842.08	16,620.43
(ii) goods-in-transit	475.20	1,350.18	1,762.11
	19,938.92	18,192.26	18,382.54
(b) Work-in-progress (Refer Note 14.1)	12,876.90	11,518.14	8,297.20
(c) Finished goods	3,858.35	4,310.59	9,408.69
(d) Erection tools and spares	852.73	582.38	652.77
(e) Erection materials	461.64	174.66	978.97
(f) Scrap	1,478.34	1,237.69	1,295.87
	39,466.88	36,015.72	39,016.04

14.1 Details of inventory of work-in-progress :

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Towers and structurals	8,893.18	7,070.19	5,187.35
Cables	3,983.72	4,447.95	3,109.85
	12,876.90	11,518.14	8,297.20

14.2: The cost of inventories recognised as an expense during the year was ₹ 416,463.21 lakh (for the year ended March 31, 2016: ₹ 415,208.10 lakh).

14.3: The cost of inventories recognised as expense includes ₹ 1,902.73 lakh (for the year ended March 31, 2016 ₹ 765.12 lakh) in respect of write down of inventory to net realisable value, and has been reduced by ₹ 272.53 lakh (for the year ended March 31, 2016 ₹ 33.66 lakh) in respect of reversal of such write downs.

14.4: The above inventories have been pledged as security for borrowings (Refer Notes 26 and 30).

Notes forming part of the consolidated financial statements

Note 15 - Investments

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unquoted - Other investments :			
Investments in Commercial Papers (Carried at fair value through profit or loss)	13,039.16	2,534.78	2,398.53
	13,039.16	2,534.78	2,398.53
Notes: Unquoted investments			
Aggregate book value of unquoted investments	13,039.16	2,534.78	2398.53
Aggregate book value of unquoted investments and market value thereof	13,039.16	2,534.78	2398.53

Note 16 - Trade receivables

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables - Unsecured (Refer Note 51.9 and 60)			
(i) Considered good	420,035.00	465,759.82	384,561.81
(ii) Doubtful	3,995.15	2,871.04	1,854.71
	424,030.15	468,630.86	386,416.52
Less: Allowance for bad and doubtful debts (expected credit loss allowance)*	3,995.15	2,871.04	1,854.71
	420,035.00	465,759.82	384,561.81

*Movement in the allowance for bad and doubtful receivables (expected credit loss allowance) - Also Refer Note 51.9

Particulars	₹ in Lakh	
	Amount	
Balance as at April 1, 2015	1,854.71	
Add: Created during the year	1,016.33	
Less: Released during the year	-	
Balance as at March 31, 2016	2,871.04	
Add: Created during the year	2,060.50	
Less: Released during the year	936.39	
Balance as at March 31, 2017	3,995.15	

16.1: Transfer of financial assets

During the current year, the Company discounted trade receivables with an aggregate carrying amount of ₹ 34,076.25 lakh to banks for cash proceeds of ₹ 32,840.37 lakh. These arrangements are non-recourse to the Company and accordingly, the Company has de-recognized these receivables as at March 31, 2017. 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, 2017 ₹ 10,606.41 lakh (As at March 31, 2016 ₹ 33,979.54 lakh, As at April 1, 2015 ₹ 15,297.64 lakh) are recognised as trade receivables and the corresponding carrying amount of associated liabilities are recognised as secured borrowings (Note 30).

Notes forming part of the consolidated financial statements

Note 17 - Cash and cash equivalents

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Balances with banks			
(i) In current accounts	16,782.59	6,858.45	10,445.05
(ii) In deposit accounts	528.69	22.38	329.86
	17,311.28	6,880.83	10,774.91
(b) Cheques on hand	0.41	232.55	698.03
(c) Cash on hand	241.18	343.62	287.19
(d) Others - Remittances in transit	-	-	6,698.04
	17,552.87	7,457.00	18,458.17

Note 18 - Bank balances other than cash and cash equivalents

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Earmarked balances with banks - unpaid dividend accounts	209.38	321.80	202.31
(ii) Bank deposit with original maturity of more than 3 months but less than 12 months	1,729.58	7.09	200.85
(iii) Balances with banks to the extent held as margin money or security against the borrowings, guarantees and other commitments.	1,305.27	744.95	910.09
	3,244.23	1,073.84	1,313.25

Note 19 - Loans

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
- Loans and advances to Joint operations (net of Company's share)	* 4,510.92	11,791.80	10,557.37
	4,510.92	11,791.80	10,557.37

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.

* includes short-term loans aggregating ₹ 1,028.39 lakh which are given at rates comparable to the average commercial rate of interest.

Note 20 - Other financial assets

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Security deposits	1,729.49	1,887.62	2,593.35
(ii) Bank deposit with original maturity more than 12 months	-	139.87	175.95
(iii) Margin money (bank deposits) with original maturity more than 12 months	607.14	222.01	101.01
(iv) Contractually reimbursable expenses	8,671.87	6,018.13	4,850.61
(v) Interest accrued on fixed deposits	18.22	22.07	24.06
(vi) Insurance claims	2.32	12.89	1,856.00
(vii) Mark to market gain on forward and commodity contracts	563.37	267.26	3,234.05
(viii) Others	3.73	17.53	-
	11,596.14	8,587.38	12,835.03

Notes forming part of the consolidated financial statements

Note 21 - Current tax assets (net)

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income tax payments less liabilities	5,416.41	2,402.82	2,387.88
	5,416.41	2,402.82	2,387.88

Note 22 - Other current assets

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Others			
- Advances to suppliers	10,851.73	10,663.07	15,443.36
Less: Allowance for doubtful advances	-	-	1,250.00
	10,851.73	10,663.07	14,193.36
- Employee advances	344.80	405.06	526.01
- Cenvat / Service tax input credit receivable	4,638.15	4,010.16	5,426.92
- Amount due as refund of custom duty	1,448.64	1,448.64	-
- Excise duty recoverable from Government authorities	2,300.95	2,467.26	3,349.19
- VAT Credit / WCT Receivables	12,731.90	12,765.35	12,054.33
- Prepaid expenses	7,745.05	7,517.18	6,748.45
- Operating lease prepayments	77.50	77.50	77.50
- Amount due from customers for contract work (Refer Note 60)	147,234.74	137,971.72	117,113.90
- Interest receivable on income tax refund	-	-	302.33
- Export benefits	3,017.86	2,571.95	2,516.46
- Assets classified as held for sale (Refer Note 22.1)	245.00	245.00	7,809.02
	179,784.59	169,479.82	155,924.11
	190,636.32	180,142.89	170,117.47

22.1 Details of assets classified as held for sale

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Leasehold Land	245.00	245.00	245.00
Plant and Equipment	-	-	7,561.97
Furniture and Fixtures	-	-	1.77
Office Equipment	-	-	0.20
Computers	-	-	0.08
Total	245.00	245.00	7,809.02

Liabilities associated with assets classified as held for sale (i.e. advance against assets classified as held for sale) ₹ 940.94 lakh (As at March 31, 2016 ₹ 940.94 lakh, As at April 1, 2015, ₹ 940.94 lakh) included under Note 34 "Other current liabilities"

Notes

forming part of the consolidated financial statements

Note 23 - Equity share capital

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos.	₹ in Lakh	Nos.	₹ in Lakh	Nos.	₹ in Lakh
Authorised:						
Equity Shares:						
Equity Shares of ₹ 2 each	570,000,000	11,400.00	550,000,000	11,000.00	550,000,000	11,000.00
Issued, Subscribed and Paid-up						
Equity Shares:						
Equity Shares of ₹ 2 each fully paid up	257,088,370	5,141.77	257,088,370	5,141.77	257,088,370	5,141.77
	257,088,370	5,141.77	257,088,370	5,141.77	257,088,370	5,141.77

23.1 Reconciliation of number of Equity Shares of the Company and amount outstanding at the beginning and at the end of the year

Particulars	Nos.	₹ in Lakh
Equity Shares Outstanding as at April 1, 2015	257,088,370	5,141.77
Add: Shares issued during the year	-	-
Equity Shares Outstanding as at March 31, 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

23.2 Shareholders holding more than 5% Equity Shares in the Company as at the end of the year

Sr. No.	Name of the shareholder*	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		Nos. of Shares Held	Percentage of Shares held	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	69,546,616	27.05
2	Summit Securities Limited	27,602,945	10.74	27,602,945	10.74	26,974,152	10.49
3	HDFC Trustee Company Limited	23,060,249	8.97	23,110,249	8.99	23,110,249	8.99
4	Instant Holdings Limited	17,855,651	6.95	17,855,651	6.95	16,592,755	6.45

*Shares held in multiple folios have been combined.

23.3 3,750 fully paid up Equity Shares of ₹ 2 each were allotted to a trustee against 1,688 equity shares of the erstwhile RPG Transmission Limited (RPGT), since merged in the Company in 2007-08, where rights were kept in abeyance by RPGT. On settlement of the relevant court cases/issues, the Equity Shares issued to the trustee will be transferred.

23.4 The Company has only one class of Equity Shares having a face value of ₹ 2 each. Every member shall be entitled to be present, and to speak and vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. The Company in General Meeting may declare dividends to be paid to members, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

Notes forming part of the consolidated financial statements

Note 24 - Other equity

Particulars	Reserve and Surplus							Other Comprehensive Income				Total
	Capital Reserve	Capital Reserve on consolidation	Securities Premium Reserve	Capital Reserve	Debt Redemption Reserve	Statutory Reserve	General Reserve	Effective portion of Hedges on translating the financial statements of a foreign operations	Exchange differences	Other items of other comprehensive income	(Remeasurement of defined benefit obligations)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(116.92)	-	(66.51)		
Notes	8,497.87	3.72	8,674.89	1,427.95	357.88	94.88	10,899.16	83,416.63				113,189.55
Balance as at April 1, 2015	-	-	-	-	-	-	-	14,786.86	-	-	-	14,786.86
Profit for the year	-	-	-	-	-	-	-	-	1,782.84	(245.26)	-	1,793.99
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	1,782.84	(245.26)	-	16,580.85
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	1,782.84	(245.26)	-	16,580.85
Dividends	-	-	-	-	-	-	-	(4,884.68)	-	-	-	(4,884.68)
Tax on distributed profits	-	-	-	-	-	-	-	(988.89)	-	-	-	(988.89)
Transfer from retained earnings	-	-	-	-	584.75	-	1,580.10	(2,164.85)	-	-	-	-
Balance at March 31, 2016	8,497.87	3.72	8,674.89	1,427.95	942.63	94.88	12,479.26	90,165.07	139.49	1,782.84	(311.77)	123,896.83
Balance as at April 1, 2016	-	-	-	-	-	-	-	-	139.49	1,782.84	(311.77)	123,896.83
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	30,477.84
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	6.05	(775.89)	(111.21)	(881.05)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	6.05	(775.89)	(111.21)	29,596.79
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	3.72	8,674.89	1,427.95	678.81	94.88	15,297.51	118,088.48	145.54	1,006.95	(422.98)	153,493.62

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) Created on acquisition of two subsidiaries, where the net assets were more than the consideration paid in an earlier years.

Note (c) 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.

Note (d) This reserve was created for redemption of preference shares. The preference shares were redeemed in the financial years 2007-08 and 2008-09.

Note (e) Debentures redemption reserve is created towards redemption of debentures referred to in Note 26.1

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.

Note (g) 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.

Notes forming part of the consolidated financial statements

Note 25 - Non-controlling interests

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	*	-	-
Share of profit/(loss) for the year	*	*	-
Balance at the end of the year	*	*	-

* "less than ₹ 1,000".

Note 26 - Borrowings

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
Measured at amortised cost :			
I - Debentures			
Secured (Refer Note 26.1)	25,000.00	7,500.00	7,500.00
II - Term loans			
(a) From banks			
Secured [Refer Note 26.2 (a)]	49,706.29	53,355.74	59,024.94
Less : Current maturities of long-term debt [Refer Note 33 (a)]	(4,980.36)	(6,831.21)	(7,377.08)
	44,725.93	46,524.53	51,647.86
Unsecured [Refer Note 26.2 (b)]	4,824.99	10,457.83	12,627.70
Less : Current maturities of long-term debt [Refer Note 33 (a)]	(3,700.95)	(9,863.22)	(3,971.13)
	1,124.04	594.61	8,656.57
(b) From others parties			
Secured (Refer Note 26.3)	4,600.00	4,595.65	6,968.56
Less : Current maturities of long-term debt [Refer Note 33 (a)]	-	(2,088.00)	(2,894.65)
	4,600.00	2,507.65	4,073.91
III - Long term maturities of finance lease obligations (Refer Note 26.4)	2,181.90	3,211.46	3,392.05
Less : Current maturities of finance lease obligations [Refer Note 33 (b)]	(1,072.39)	(1,049.83)	(2,644.51)
	1,109.51	2,161.63	747.54
	76,559.48	59,288.42	72,625.88

26.1 Debentures :

- (i) 2,500, Secured, Rated, Listed, Redeemable Non-Convertible Debentures ("NCD") of face value of ₹ 10 lakh each aggregating to ₹ 25,000 lakh issued by the Company during the year are secured by first charge on the immovable properties at Vadodara and Mysore. Further secured by hypothecation of movable assets of the Company situated at Mysore and Vadodara. 500 NCD of ₹ 10 lakh each aggregating ₹ 5,000 lakh are repayable on December 20, 2021, 500 NCD of ₹ 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.)
- (ii) ₹ Nil (As at March 31, 2016 ₹ 7,500 lakh, As at April 1, 2015 ₹ 7,500 lakh) 750, 11.65%, Privately Placed, Secured,

Redeemable Non-Convertible Debenture of ₹ 10 lakh each aggregating ₹ 7,500 lakh, secured by first charge on the Company's immovable property located at Mysore and hypothecation of all fixed and movable assets of the Company located at Mysore. 350 debentures of ₹ 10 lakh each aggregating ₹ 3,500 lakh which were repayable on June 15, 2018 and 400 Debentures of ₹ 10 lakh each aggregating ₹ 4,000 lakh which were repayable on June 14, 2017, have been repaid during the year.

26.2 Term loans

(a) From banks: Secured

- (i) ₹ Nil (As at March 31, 2016 ₹ 5,006.27 lakh, As at April 1, 2015 ₹ 6,313.55 lakh) secured by first charge on land, building and plant & machinery of the Company at Jabalpur and Nagpur factories. The term loan which was repayable by September 28, 2018 has been repaid during the year.

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- (ii) ₹ Nil (As at March 31, 2016 ₹ 4,241.27 lakh, As at April 1, 2015 ₹ 4,736.05 lakh) secured by first charge on land, building and plant & machinery of the Company situated at Jaipur factory. The term loan which was repayable by March 31, 2019 has been repaid during the year.
- (iii) ₹ Nil (As at March 31, 2016 ₹ Nil, As at April 1, 2015 ₹ 2,798.50 lakh) secured by first charge on movable assets of Telecom Division of the Company including Telecom Towers.
- (iv) ₹ Nil (As at March 31, 2016 ₹ Nil, As at April 1, 2015 ₹ 564.31 lakh) secured by first charge on movable fixed assets of the Company i.e. construction equipment pertaining to the Transmission, Distribution and Railway business situated at various projects sites in India.
- (v) ₹ 49.53 lakh (As at March 31, 2016 ₹ 159.60 lakh, As at April 1, 2015 ₹ 1,068.30 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.
- (vi) ₹ 39,316.76 lakh (As at March 31, 2016 ₹ 43,948.60 lakh, As at April 1, 2015 ₹ 43,544.23 lakh) secured by exclusive charge on fixed deposits with a bank amounting to ₹ 583.61 lakh (As at March 31, 2016 ₹ 596.25 lakh, As at April 1, 2015 ₹ 562.46 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 22 quarterly structured installments by September 2022.
- (vii) ₹ 10,340.00 lakh (As at March 31, 2016 ₹ Nil, As at April 1, 2015 ₹ Nil) 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 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 loan shall be repaid in 51 structured quarterly installments commencing from January 1, 2018. The present rate of interest is 10.10% p.a.
- (b) From Banks: unsecured:**
- (i) ₹ 665.30 lakh (As at March 31, 2016 ₹ 1,305.18 lakh, As at April 1, 2015 ₹ Nil) pertains to a subsidiary at Brazil and repayable in monthly structured installments by February 2018. The present rate of interest ranges between 18.57% to 20.36% p.a.
- (ii) ₹ 4,159.69 lakh (As at March 31, 2016 ₹ 9,152.65 lakh, As at April 1, 2015 ₹ 12,627.70 lakh) pertains to a subsidiary at Brazil and repayable in quarterly structured installments by February 2018. The present rate of interest ranges between 18% to 19% p.a.
- 26.3 Term loans from other parties :**
- (i) ₹ Nil (As at March 31, 2016 ₹ 4,595.65 lakh, As at April 1, 2015 ₹ 6,160.87 lakh) secured by exclusive first charge on the project assets of the Company, including immovable properties at Cable factory, Vadodara. The term loan which was repayable by March 20, 2018 has been repaid during the year.
- (ii) ₹ Nil (As at March 31, 2016 ₹ Nil, As at April 1, 2015 ₹ 807.69 lakh) secured by first charge over the fixed assets of the Company pertaining to Tower Testing Station situated in Nagpur.
- (iii) ₹ 4,600.00 lakh (As at March 31, 2016 ₹ Nil, As at April 1, 2015 ₹ Nil) in respect of an Indian subsidiary secured by security stated against Note 26.2(a)(vii). The loan shall be repaid in 51 structured quarterly installments commencing from January 1, 2018. The present rate of interest is 10.10% p.a.
- 26.4 Finance Lease Obligations :**
- (i) ₹ 8.51 lakh (As at March 31, 2016 ₹ 22.40 lakh, As at April 1, 2015 ₹ 286.47 lakh) secured against equipment of a joint operation at Saudi Arabia. The lease obligation is repayable in monthly installments through November 2017 and the present interest rate is 10.63% p.a.
- (ii) ₹ 412.35 lakh (As at March 31, 2016 ₹ 828.45 lakh, As at April 1, 2015 ₹ 176.19 lakh) secured against certain vehicles of a Joint Operation at Saudi Arabia. The lease obligations are repayable in monthly installments through December 2018 and the present interest rates are in the range of 10.63% to 14.84% p.a.
- (iii) ₹ 1,682.44 lakh (As at March 31, 2016 ₹ 2,322.62 lakh, As at April 1, 2015 ₹ 2,858.57 lakh) secured against certain equipments 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) ₹ 78.60 lakh (As at March 31, 2016 ₹ 37.99 lakh, As at April 1, 2015, ₹ 70.82 lakh) secured against certain equipments & vehicle of a subsidiary at Brazil. The lease obligations are repayable in monthly installments through May 2019 and the present interest rates are in the range of 5% to 22.80% p.a.

Notes forming part of the consolidated financial statements

Note 27 - Other financial liabilities

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current :			
Yield accrued but not due on debentures [Refer Note 26.1 (i)]	1,006.52	-	-
	1,006.52	-	-

Note 28 - Provisions

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current :			
Provision for employee benefits			
- Compensated absences	2,030.84	920.35	1,218.14
- Gratuity (Refer Note 53)	981.54	710.62	510.75
- Others (includes provision towards judicial deposits of a subsidiary)	477.22	395.22	238.32
	3,489.60	2,026.19	1,967.21

Note 29 - Deferred tax liabilities / assets (net)

29.1 Significant components of deferred tax liabilities (net) of the Company and its subsidiaries as at March 31, 2017 are as follows :

Particulars	₹ in Lakh				
	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)
Deferred tax (liabilities) in relation to :					
Property, plant and equipment and Intangible assets	(10,749.60)	2,093.98	-	-	(8,655.62)
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)
Deferred tax created as a result of business combination adjustment	(1,926.22)	128.13	-	-	(1,798.09)
	(A)	(18,673.49)	(653.49)	-	(19,326.98)
Deferred tax assets in relation to :					
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	166.63	120.24	-	382.02
	(B)	6,635.30	(1,391.05)	207.74	5,594.61
Deferred Tax Liabilities (net)	(12,038.19)	(2,044.54)	207.74	142.62	(13,732.37)

Notes

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Significant components of deferred tax assets (net) of subsidiaries as at March 31, 2017 are as follows :

Particulars	₹ in Lakh				
	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)
Deferred tax (liabilities) in relation to :					
Property, plant and equipment and Intangible assets	(55.36)	(258.79)	-	-	(314.15)
Remeasurement of defined benefit obligations recognised through Other Comprehensive Income (OCI)	16.69	-	(26.37)	-	(9.68)
(A)	(38.67)	(258.79)	(26.37)	-	(323.83)
Deferred tax assets in relation to :					
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
Deferred tax asset created as a result of business combination adjustment	81.23	(27.78)	-	-	53.45
Others	1.33	44.80	-	-	46.13
(B)	1,739.02	(83.06)	-	-	1,655.96
Deferred Tax Assets (net)	1,700.35	(341.85)	(26.37)	-	1,332.13

29.2 Significant components of deferred tax liabilities (net) of the Company and its subsidiaries as at March 31, 2016 are as follows :

Particulars	₹ in Lakh				
	Opening Balance (As at April 1, 2015)	Recognised in Consolidated Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2016)
Deferred tax (liabilities) in relation to :					
Property, plant and equipment and Intangible assets	(10,542.24)	(207.36)	-	-	(10,749.60)
Undistributed earnings of joint operations	(4,644.74)	(1,275.25)	-	-	(5,919.99)
Mark to Market adjustments on derivatives measured at Fair Value through Profit or Loss (FVTPL)	(69.55)	125.89	(134.02)	-	(77.68)
Deferred tax created as a result of business combination adjustment	(1,913.73)	(12.49)	-	-	(1,926.22)
(A)	(17,170.26)	(1,369.21)	(134.02)	-	(18,673.49)
Deferred tax assets in relation to :					
Allowance for doubtful debts, loans and advances	3,629.76	(159.43)	-	-	3,470.33
Remeasurement of defined obligation through Other Comprehensive Income (OCI)	22.61	(109.19)	109.19	-	22.61
Amalgamation Expenses	66.57	1.21	-	-	67.78
VRS Expenditure u/s 35DDA of the Income Tax Act, 1961	378.96	(126.55)	-	-	252.41
Expenses debited to the Statement of Profit and Loss allowable in subsequent years	1,630.40	404.46	-	-	2,034.86
Provision for expected loss on construction contracts, etc.	-	692.16	-	-	692.16
Exchange differences on translating the financial statements of foreign operations	-	(165.32)	-	165.32	-
Others	(71.03)	(35.01)	201.19	-	95.15
(B)	5,657.27	502.33	310.38	165.32	6,635.30
Deferred Tax Liabilities (net)	(11,512.99)	(866.88)	176.36	165.32	(12,038.19)

Notes

forming part of the consolidated financial statements

Significant components of deferred tax assets (net) of subsidiaries as at March 31, 2016 are as follows :

Particulars	₹ in Lakh				
	Opening Balance (As at April 1, 2015)	Recognised in Consolidated Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2016)
Deferred tax (liabilities) in relation to :					
Property, plant and equipment and Intangible assets	(294.98)	239.62	-	-	(55.36)
	(A)	(294.98)	-	-	(55.36)
Deferred tax assets in relation to :					
Expenses debited to the Statement of Profit and Loss allowable in subsequent years	248.43	524.92	-	-	773.35
Tax loss carry forward*	1,026.79	(143.68)	-	-	883.11
Remeasurement of defined benefit obligations recognised through Other Comprehensive Income (OCI)	-	-	16.69	-	16.69
Deferred tax asset created as a result of business combination adjustment	104.62	(23.39)	-	-	81.23
Others	-	1.33	-	-	1.33
	(B)	1,379.84	16.69	-	1,755.71
Deferred Tax Assets (net)	1,084.86	598.80	16.69	-	1,700.35

Note :

Unused tax credits of subsidiaries for which no deferred tax asset has been recognized are ₹ 1,593.89 lakh (As at March 31, 2016 ₹ 2,083.56 lakh, As at April 1, 2015 ₹ 1,965.47 lakh). The unrecognized tax credits will expire in 2022-2023.

* Recognised in view of confirmed profitable orders secured by an overseas subsidiary.

29.3 - Unrecognised deductible temporary differences, unused tax losses and unused tax credits

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
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)	1,593.89	2,083.56	1,965.47
	1,593.89	2,083.56	1,965.47

Note : The unrecognized tax credits will expire in 2022-2023

Note 30 - Borrowings

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I Loans repayable on demand			
From Banks			
-Secured [Refer Note 30.1 (a)]	26,670.27	126,230.70	71,978.21
-Unsecured [Refer Note 30.1 (b)]	913.85	4,618.22	2,629.19
	27,584.12	130,848.92	74,607.40
II Other short term borrowings			
From Banks			
-Secured [Refer Note 30.2 (a)]	54,887.86	80,005.12	78,441.63
-Unsecured [Refer Note 30.2 (b)]	10,090.60	14,492.76	3,408.94
	64,978.46	94,497.88	81,850.57
From other parties			
-Secured [Refer Note 30.2 (c)]	30,691.05	17,654.11	41,128.46
	123,253.63	243,000.91	197,586.43

Notes forming part of the consolidated financial statements

30.1 Loans repayable on demand from banks :

(a) Secured

(i) ₹ 5,088.32 lakh (As at March 31, 2016 ₹ 90,468.99 lakh, As at April 1, 2015 ₹ 51,931.78 lakh) secured by first charge by hypothecation on the whole of the current assets of the Company, both present and future (except specific receivables financed by financial institutions and banks) and second charge on all the movable fixed assets of the Company. Further secured by first charge on flat situated at Juhu, Mumbai and second charge created on the Company's immovable properties situated at Jaipur, Jabalpur and Nagpur factories. The present interest rates are in the range of 9.50% to 13.50% p.a.

(ii) ₹ 1.53 lakh (As at March 31, 2016 ₹ 19,138.39 lakh, As at April 1, 2015 ₹ 12,735.79 lakh) guaranteed by banks, which in turn is secured by security stated against Note 30.1 (a) (i) above. The present interest rates are in the range of 2.41% to 3.48% p.a.

(iii) ₹ 1,489.00 lakh (As at March 31, 2016 ₹ 983.10 lakh, As at April 1, 2015 ₹ 4,046.69 lakh) secured by assignment of certain overseas book debts of the Company. The present interest rate is 6.00% p.a.

(iv) ₹ 20,091.42 lakh (As at March 31, 2016 ₹ 14,805.73 lakh, As at April 1, 2015 ₹ 1,096.09 lakh) secured by the contract receivables of certain projects of a joint operation at Saudi Arabia. Also secured by Bank guarantee given by bankers of the Company which in turn is secured by security of the Company stated against Note 30.1 (a) (i) corporate guarantee of the Company. The present interest rates are in the range of 3.50% to 4.50% p.a.

(v) ₹ Nil (As at March 31, 2016 ₹ 834.49 lakh, As at April 1, 2015 ₹ 2,167.86 lakh) secured by customer contracts and their related receivables of the subsidiaries at Mexico, Brazil and USA and in some cases, fixed assets of the respective subsidiaries.

(b) Unsecured

(i) ₹ 913.85 lakh (As at March 31, 2016 ₹ 4,618.22 lakh, As at April 1, 2015 ₹ 2,629.19 lakh) pertain to subsidiaries at Mexico and Brazil. The present interest rates are in the range of 3.05% to 4.05 % p.a.

30.2 Other short-term borrowings

(a) From Banks-Secured

(i) ₹ 44,281.45 lakh (As at March 31, 2016 ₹ 46,025.58 lakh, As at April 1, 2015 ₹ 63,143.99 lakh) secured by security

stated against Note 30.1 (a) (i) above. The present interest rates are in the range of 1.44% to 2.50% p.a.

(ii) ₹ 10,606.41 lakh (As at March 31, 2016 ₹ 13,832.76 lakh, As at April 1, 2015 ₹ 4,331.08 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 by the company. The present interest rates are in the range of 3.88% to 4.31% p.a.

(iii) ₹ Nil (As at March 31, 2016 ₹ 20,146.78 lakh, As at April 1, 2015 ₹ 10,966.56 lakh) secured by contract receivables of certain projects of the Company discounted with banks.

(b) From Bank-unsecured

(i) ₹ 4,559.71 lakh (As at March 31, 2016 ₹ 14,008.76 lakh, As at April 1, 2015 ₹ 3,408.94 lakh) pertains to the Company. The present interest rates are in the range of 9.50% to 10.50% p.a.

(ii) ₹ 5,530.89 lakh (As at March 31, 2016 ₹ 484.00 lakh, As at April 1, 2015 ₹ Nil), pertaining to a joint operation at Saudi Arabia. The present interest rates are in the range of 2.0% to 4.40% p.a.

(c) From Other Parties-secured

(i) ₹ 13,589.90 lakh (As at March 31, 2016 ₹ 14,341.61 lakh, As at April 1, 2015 ₹ 15,141.18 lakh) secured by security stated against Note 30.1 (a) (i) above. The loan of ₹ 3,894.74 lakh carries interest rate of 3.82% p.a, loan of ₹ 4,857.67 lakh carries interest rate of 3.51% p.a and loan of ₹ 4,837.49 lakh carries interest rate of 3.54% p.a.

(ii) ₹ 14,831.58 lakh (As at March 31, 2016 ₹ Nil, As at April 1, 2015 ₹ 25,987.28 lakh) being commercial papers issued against standby facilities from certain banks which in turn is secured by security stated against Note 30.1 (a) (i) above. The present interest rates are in the range of 6.75% to 7.25% p.a., Maximum balance outstanding anytime during the year is ₹ 80,000 lakh (during the year ended March 31, 2016 ₹ 80,000 lakh)

(iii) ₹ 2,269.57 (As at March 31, 2016 ₹ 3,312.50 lakh, As at April 1, 2015 ₹ Nil) 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.

Notes forming part of the consolidated financial statements

Note 31 - Acceptances

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Acceptances	96,887.70	79,349.92	97,343.90
	96,887.70	79,349.92	97,343.90

Acceptances comprises of credit availed for payment to suppliers for materials (including project bought outs) purchased and services availed by the Company. The arrangements are payable as per agreed credit terms. The fair value of acceptances is not materially different from the carrying values presented.

Note 32 - Trade payables

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note 61)	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	219,832.26	202,650.83	199,720.05
	219,832.26	202,650.83	199,720.05

Credit period varies as per the contractual terms of various suppliers/vendors. No interest is generally charged by the suppliers/vendors. The Group has appropriate policy in place to ensure that all dues are paid within the credit terms agreed with the parties.

Note 33 - Other financial liabilities

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Current maturities of long-term debt (Refer Note 26)	8,681.31	18,782.43	14,242.86
(b) Current maturities of finance lease obligations (Refer Note 26)	1,072.39	1,049.83	2,644.51
(c) Interest accrued but not due on borrowings	207.09	1,279.98	1,159.85
(d) Unpaid / unclaimed dividends #	209.38	321.80	202.31
(e) Other payables			
-Interest accrued on acceptances and customer advances	746.26	876.84	635.58
-Payable towards purchase of property plant and equipment	120.56	704.48	1,562.02
-Mark to market loss on forward and commodity contracts	976.56	66.11	53.10
-Directors' commission	403.72	233.88	76.38
-Liability towards claims	1,263.00	1,263.00	1,263.00
	3,510.10	3,144.31	3,590.08
	13,680.27	24,578.35	21,839.61

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.

Notes forming part of the consolidated financial statements

Note 34 - Other current liabilities

₹ in Lakh

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Advances from customers (Refer Note 60)	100,026.42	84,425.34	70,664.57
(b) Advances against assets classified as held for sale (Refer Note 22.1)	940.94	940.94	940.94
	100,967.36	85,366.28	71,605.51
(c) Other payables			
- Amount due to customers for contract work	44,079.91	30,039.87	8,316.32
- Statutory remittances (contribution to PF and ESIC, withholding tax, Excise Duty, VAT, Service Tax, etc.)	9,580.45	10,567.54	8,171.40
- Others	597.91	255.74	109.42
	54,258.27	40,863.15	16,597.14
	155,225.63	126,229.43	88,202.65

Note 35 - Provisions

₹ in Lakh

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Provision for employee benefits			
- Compensated absences	408.06	569.88	118.69
- Gratuity (Refer Note 53)	294.41	228.91	82.69
	702.47	798.79	201.38
(b) Provision - others :			
- Provision for expected loss on long term contracts	5,944.31	7,317.11	7,226.18
- Warranty provisions (Refer Note 35.1)	332.13	217.47	180.34
	6,276.44	7,534.58	7,406.52
	6,978.91	8,333.37	7,607.90

35.1 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, 2017	As at March 31, 2016	As at April 1, 2015
Opening balance	217.47	180.34	290.42
Additions	179.49	115.77	219.01
Utilisations / reversals	(64.05)	(117.08)	(315.52)
Effect of translation adjustment gain / (loss)	(0.78)	38.44	(13.57)
Closing balance	332.13	217.47	180.34

Notes forming part of the consolidated financial statements

Note 36 - Current tax liabilities (net)

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income tax liabilities less payments	3,530.95	2,564.92	1,240.52
	3,530.95	2,564.92	1,240.52

Note 37 - Revenue from operations

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
(a) Sale of products (including excise duty)		
- Towers and structurals	82,631.50	70,919.84
- Cables	92,986.85	100,745.54
	175,618.35	171,665.38
(b) Turnkey contracts revenue (including excise duty) (Refer Note 49)		
-Transmission and distribution*	601,866.41	622,136.48
-Others	80,772.91	58,416.82
	682,639.32	680,553.30
(c) Sale of services		
-Telecom - erection and management service	55.00	311.71
-Tower testing and design revenue	4,584.71	6,476.67
-Others	97.96	82.71
	4,737.67	6,871.09
(d) Other operating revenue		
-Scrap sales (including excise duty)	7,537.43	8,539.48
-Export incentives	3,464.80	2,677.83
-Others	1,506.95	654.44
	12,509.18	11,871.75
	875,504.52	870,961.52

* includes ₹ 19,706.97 lakh (for the year ended March 31, 2016 ₹ 146.70 lakh) being revenue from construction services under service concession arrangement. (Refer Note 56)

Note 38 - Other income

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
(a) Interest income earned on financial assets that are not designated at fair value through profit or loss:		
(i) Bank deposits (at amortised cost)	229.95	180.62
(ii) Other financial assets carried at amortised cost	159.64	14.69
(iii) Income tax refund	910.72	-
(iv) Others (claims from customer, etc.)	837.17	-
	2,137.48	195.31
(b) Other non-operating income		
(i) Guarantee charges	83.04	40.76
(ii) Profit on sale of property, plant and equipment (net)	39.58	573.91
(iii) Miscellaneous income	626.51	215.91
	749.13	830.58
	2,886.61	1,025.89

Notes forming part of the consolidated financial statements

Note 39 - Cost of materials consumed

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Cost of materials consumed (including project bought outs)	417,369.73	413,330.94
	417,369.73	413,330.94

Note 40 - Changes in inventories of finished goods and work-in-progress

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Opening stock		
Finished goods	4,310.59	9,408.69
Work-in-progress	11,518.14	8,297.20
	15,828.73	17,705.89
Less: Closing stock		
Finished goods	3,858.35	4,310.59
Work-in-progress	12,876.90	11,518.14
	16,735.25	15,828.73
	(906.52)	1,877.16

Note 41 - Erection & sub-contracting expenses

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Erection / construction materials consumed	31,057.32	39,229.25
Stores consumed	3,790.36	4,745.22
Sub-contracting expenses	115,853.07	125,748.27
Power, fuel and water charges	1,903.15	2,955.02
Construction transport	11,956.18	17,739.61
Others	13,868.93	12,358.29
	178,429.01	202,775.66

Note 42 - Employee benefits expense

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Salaries and wages	65,170.42	57,038.79
Contribution to provident fund and other funds (Refer Note 53)	2,262.68	2,120.12
Staff welfare expenses	5,694.84	4,683.97
Workmen's compensation	138.63	78.03
	73,266.57	63,920.91

Note 43 - Finance costs

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Interest expense for financial liabilities not classified at FVTPL (including Yield on debentures)	24,326.49	26,926.37
Other borrowing costs (processing fees, etc.)	1,034.68	1,012.45
	25,361.17	27,938.82

Notes forming part of the consolidated financial statements

Note 44 - Depreciation and amortisation expense

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Depreciation of property, plant and equipment (Refer Note 6)	11,272.40	11,447.19
Amortisation of intangible assets (Refer Note 8)	1,696.35	1,730.95
	12,968.75	13,178.14

Note 45 - Other expenses

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Tools, non-erection stores and maintenance spares	1,411.12	1,550.20
Power and fuel	4,483.81	4,573.91
Rent	5,139.69	5,016.96
Rates and taxes, excluding taxes on income (net)	17,632.40	15,264.00
Excise duty (Refer Note 45.1)	363.06	(47.25)
Insurance	4,264.71	4,061.44
Bank (guarantee, letter of credit and other) charges	7,795.44	8,909.64
Commission	2,764.12	1,962.10
Freight and forwarding (net)	11,357.80	11,893.44
Repairs to buildings	584.39	377.59
Repairs to plant and equipment	1,589.46	1,489.37
Repairs to other property, plant and equipment	1,082.23	1,067.03
Travelling and conveyance	6,355.64	7,132.00
Payment to statutory auditors (net of service tax input credit, where applicable)		
-as auditors (for audit, limited reviews and audit of financial statements)	156.60	156.10
-for taxation matters	23.10	22.00
-for other services	33.05	24.49
-for reimbursement of expenses	2.33	2.52
	215.08	205.11
Professional fees	6,969.15	7,051.73
Bad debts, loan and advances written off	22,446.72	16,193.50
Less: Adjusted against allowance for bad and doubtful debts, loans and advances	(2,678.99)	(2,143.36)
	19,767.73	14,050.14
Allowance for bad and doubtful debts, loans and advances (net)	2,768.19	1,633.21
Directors' fees	64.42	44.00
Loss on property, plant and equipment discarded & intangible assets derecognised	1,528.74	385.67
Net loss on foreign currency transactions and translation	2,225.66	4,086.42
Amortisation of leasehold prepayments	62.68	77.50
Corporate Social Responsibility (Refer Note 64)	217.50	93.00
Miscellaneous expenses (Refer Note 45.2)	9,849.99	9,764.90
	108,493.01	100,642.11

45.1 : Excise duty shown above includes ₹ (67.99) lakh (Previous Year ₹ (371.98) lakh) being excise duty related to the difference between the closing stock and opening stock of finished goods.

45.2 : Other expenses shown above include fees of ₹ 152.26 lakh (Previous Year ₹ 164.54 lakh) paid to branch auditors, ₹ 49.92 lakh for auditors of joint operations (Previous year of ₹ 23.07 lakh) and fees of ₹ 7.00 lakh (Previous Year ₹ 7.00 lakh) paid to the cost auditors of the Company and ₹ 187.03 lakh (Previous Year ₹ 258.85 lakh) paid to the auditors of subsidiaries.

Notes forming part of the consolidated financial statements

Note 46 - Income tax recognised in Consolidated Statement of Profit and Loss

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Current tax		
In respect of the current year	13,110.16	12,241.79
In respect of prior year	370.00	2,383.46
	13,480.16	14,625.25
Deferred tax		
In respect of the current year	2,386.39	(268.08)
	2,386.39	(268.08)
Total income tax expense recognised in the Consolidated Statement of Profit and Loss	15,866.55	14,357.17

46.1 - 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 :

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Profit before tax from continuing operations	46,344.39	29,141.66
Indian Statutory income tax rate	34.61%	34.61%
Income tax expense	16,039.79	10,085.93
Effect of expenses that are not deductible in determining taxable profit	735.87	374.69
Effect of dividend received from subsidiary operating in other jurisdictions which is taxed at different rates	-	(4.68)
Net effect of different tax rates of joint operations operating in other jurisdictions	(1,548.28)	(251.18)
Effect of unused tax losses and tax offsets of the subsidiaries not recognised as deferred tax assets earlier	(461.06)	(321.18)
Effect of different tax rates of subsidiaries operating in other jurisdictions	651.02	1,874.61
Effect of no deferred tax assets created on losses by subsidiaries	14.78	17.52
Others	64.43	198.00
	15,496.55	11,973.71
Adjustments recognised in the current year in relation to the current tax of prior years	370.00	2,383.46
Income tax expense in the Consolidated Statement of Profit and Loss	15,866.55	14,357.17

The tax rate used for the financial years 2016-17 and 2015-16 reconciliations above is the corporate tax rate of 34.61% payable by corporate entities in India on taxable profits under the Indian tax law.

46.2 - Income tax recognised in other comprehensive income

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
- Translation of foreign joint operations	123.44	201.19
- Net gain on designated portion of hedging instruments	(3.20)	(134.02)
- Remeasurement of defined obligations	61.13	125.89
	181.37	193.06
Total income tax recognised in other comprehensive income	181.37	193.06
Bifurcation of the income tax recognised in other comprehensive income into :		
- Items that will not be reclassified to profit or loss	61.13	125.89
- Items that may be reclassified to profit or loss	120.24	67.17
	181.37	193.06

Notes forming part of the consolidated financial statements

Note 47 - Earnings per share

Particulars	For the Year ended March 31, 2017 (₹ Per Share)	For the Year ended March 31, 2016 (₹ Per Share)
(a) Basic earnings per share	11.86	5.75
(b) Diluted earnings per share	11.86	5.75

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:

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Profit for the year attributable to the equity share holders of the Company	30,477.84	14,786.86
Earnings used in the calculation of basic / diluted earnings per share	30,477.84	14,786.86

₹ in Lakh

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Weighted average number of equity shares for the purposes of basic / diluted earnings per share	257,088,370	257,088,370

Quantity

Note 48 - Joint Operations

Details of the Company's Joint Operations are as under:

Particulars	Ownership Interest		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Joint Operations			
i Al-Sharif Group and KEC Ltd Company, Saudi Arabia	49%	49%	49%
ii EJP KEC Joint Venture, South Africa	50%	50%	50%
iii KEC - ASSB JV, Malaysia	67%	67%	67%
iv KEC - ASIAKOM - UB JV	60%	60%	60%
v KEC - ASIAKOM JV	51%	51%	51%
vi KEC - DELCO - VARAHA JV	80%	80%	80%
vii KEC - VARAHA - KHAZANA JV	80%	80%	80%
viii KEC - VALECHA - DELCO JV	51%	51%	51%
ix KEC - SIDHARTH JV	80%	80%	80%
x KEC - TRIVENI - KPIPL JV	55%	55%	55%
xi KEC - UNIVERSAL JV	80%	80%	80%
xii KEC - DELCO - DUSTAN JV	51%	51%	51%
xiii KEC - ANPR - KPIPL JV	60%	60%	60%
xiv KEC - PLR - KPIPL JV	55%	55%	55%
xv KEC - BJCL JV	51%	51%	51%
xvi KEC - KEIL JV	90%	90%	90%
xvii KEC - ABEPL JV	90%	90%	90%
xviii KEC - TNR INFRA JV	51%	51%	51%
xix KEC - SMC JV	51%	51%	51%
xx KEC - WATERLEAU JV	51%	51%	51%

Notes forming part of the consolidated financial statements

- b) 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 ₹ 119,343.53 lakh (for the year ended March 31, 2016 ₹ 165,052.02 lakh), total expenditure (including tax) ₹ 100,665.36 lakh (for the year ended March 31, 2016 ₹ 146,252.15 lakh), total assets as at March 31, 2017 ₹ 178,725.71 lakh (as at March 31, 2016 ₹ 165,598.36 lakh, as at April 1, 2015 ₹ 129,114.57 lakh) and total liabilities as at March 31, 2017 ₹ 138,356.72 lakh (as at March 31, 2016 ₹ 142,932.10 lakh, as at April 1, 2015 ₹ 111,048.36 lakh).

Note 49 - Disclosure under Ind AS - 11 "Construction contracts"

		₹ in Lakh	
Sr. No.	Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
a	(i) Contract revenue (including excise duty of ₹ 9,364.22 lakh), (for the year ended March 31, 2016 ₹ 10,733.13 lakh) recognised during the year (Refer Note 37)	682,639.32	680,553.30
	(ii) Method used to determine the contract revenue recognised and the stage of completion of contracts in progress	Refer Note 3.9.3	Refer Note 3.9.3

		₹ in Lakh		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
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)	2,829,341.84	2,248,288.86	1,804,482.24
	(ii) Advances received	75,430.06	68,655.84	55,348.58
	(iii) Retention receivables	198,242.02	153,434.49	149,150.36
	(iv) Amount due from customers for contract works	147,234.74	137,971.72	117,113.90
	(v) Amount due to customers for contract works	44,079.91	30,039.87	8,316.32

Note 50 - Leases

(A) - Operating Lease

- (i) The Company has entered into various long term lease agreements for land. The Company does not have an option to purchase the leased land at the expiry of the lease period. The unamortised operating lease prepayments as at March 31, 2017 aggregating ₹ 4,123.77 lakh (as at March 31, 2016 ₹ 4,201.33 lakh, as at April 1, 2015 ₹ 4,270.21 lakh) is included in other non current/current assets.
- (ii) The Company has also entered into agreements for taking on operating leases a factory facility, residential premises, office premises, warehouses, furniture and fixtures and machineries, etc. Further, subsidiaries have various operating leases for certain facilities and automobiles.

		₹ in Lakh	
Particulars		For the Year ended March 31, 2017	For the Year ended March 31, 2016
1	Lease payments recognised in the Consolidated Statement of Profit and Loss for the year. [Includes minimum lease payment ₹ 1,291.86 lakh (for the year ended March 31, 2016 ₹ 1,767.50 lakh)].	5,139.69	5,016.96
2	(i) Under some of the agreements, refundable interest free deposits have been given		
	(ii) Some of the agreements provide for increase in rent		
	(iii) Some of the agreements provide for early termination by either party with a specified notice period		
	(iv) Some of the agreements contain a provision for its renewal		
3	Future minimum lease payments under the agreements, which are non-cancellable are as follows:		
	(i) Not later than one year	1,151.90	1,291.86
	(ii) Later than one year and not later than five years	4,720.13	5,033.34
	(iii) Later than five year	3,698.11	5,014.46

Notes forming part of the consolidated financial statements

Note 50 - Leases

(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, 2017 - Refer Note 6 Property, Plant and Equipment

- (ii) The maturity profiles of finance lease obligations are as follows:

Finance Lease liabilities

Particulars	As at	Total minimum lease payments outstanding	Future Finance charges	₹ in Lakh
				Present value of minimum lease payments
Not later than one year	March 31, 2017	1,208.78	136.39	1,072.39
	March 31, 2016	1,242.85	193.02	1,049.83
	April 1, 2015	2,828.30	183.79	2,644.51
Later than one year and not later than five years	March 31, 2017	1,201.46	91.95	1,109.51
	March 31, 2016	2,317.60	156.03	2,161.63
	April 1, 2015	968.70	238.74	729.96
Later than five years	March 31, 2017	-	-	-
	March 31, 2016	-	-	-
	April 1, 2015	17.58	-	17.58
Total	March 31, 2017	2,410.24	228.34	2,181.90
	March 31, 2016	3,560.51	349.05	3,211.46
	April 1, 2015	3,814.58	422.53	3,392.05

Included in the consolidated financial statements as:

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
-Current maturities of Finance lease obligations (Refer Note 33)	1,072.39	1,049.83	2,644.51
-Non current borrowings (Refer Note 26)	1,109.51	2,161.63	747.54
Total	2,181.90	3,211.46	3,392.05

Notes forming part of the consolidated financial statements

51 - Financial Instruments

51.1 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 26 and 30 offset by cash and bank balances in Notes 17 and 18) 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.

Gearing ratio

The gearing ratio at end of the reporting period is as follows.

		₹ in Lakh		
Particulars		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Debt *	A	210,780.42	323,401.57	288,259.53
Cash and bank balances	B	20,797.10	8,530.84	19,771.42
Net debt (C)	C=A-B	189,983.32	314,870.73	268,488.11
Total equity	D	158,635.39	129,038.60	118,331.32
Net debt to equity ratio (E)	E=C/D	1.20	2.44	2.27

* Debt is defined as long-term and short-term borrowings and current maturities of long term debts and finance lease obligations (excluding derivative, financial guarantee contracts and contingent consideration), as described in Notes 26 and 30 and includes interest accrued but not due on borrowings.

51.2 Categories of financial instruments

		₹ in Lakh		
Particulars		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets#				
Measured at fair value through profit or loss (FVTPL)				
(a) Mandatorily measured				
Derivative instruments in designated hedge accounting relationships		124.52	128.72	-
Forward Exchange Contracts		438.85	138.54	30.97
Over the counter (OTC) commodity derivative contracts		-	-	405.18
(b) Investments designated as at FVTPL		13,039.16	2,534.78	2,398.53
Measured at amortised cost				
(a) Cash and bank balances		20,797.10	8,530.84	19,771.42
(b) Other financial assets at amortised cost				
Investment		0.49	3.45	1.08
Trade receivables		422,675.54	470,660.27	392,517.48
Loans		4,510.92	11,791.80	10,557.37
Other financial assets		33,011.57	15,753.85	18,441.27
Financial liabilities				
Measured at fair value through profit or loss (FVTPL)				
Designated as at FVTPL upon initial recognition		-	66.11	53.10
Measured at amortised cost				
Borrowings		199,813.11	302,289.33	270,212.31
Acceptances		96,887.70	79,349.92	97,343.90
Trade payables		219,832.26	202,650.83	199,720.05
Other financial liabilities		14,686.79	24,512.24	21,786.51

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Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Derivative instruments in designated hedge accounting relationships*	145.53	139.49	(116.92)
Financial assets designated as at FVTPL			
Carrying amount of financial assets designated as at FVTPL	13,039.16	2,534.78	2,398.53

* Net of deferred tax

Financial assets (except investments) pledged as collateral for borrowings - Refer Notes 26 and 30

51.3 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 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.

51.4 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 51.5 and 51.10 below) and commodity price (see Note 51.8 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 and Zinc.
- Interest rate swaps / currency swap to mitigate the risk of variability in interest rates and repayment of principal amount.

Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the approved guidelines.

51.5 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

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The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as under:

	USD	BRL	SAR	AED	EUR	ZAR	Others	₹ in Lakh Total
As at March 31, 2017								
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)
As at March 31, 2016								
Assets	116,877.59	19,460.45	101,285.92	10,306.75	10,574.70	12,081.13	60,990.16	331,576.70
Liabilities	(248,387.76)	(20,969.60)	(38,693.37)	(5,924.08)	(8,812.43)	(2,272.30)	(30,328.84)	(355,388.38)
As at April 1, 2015								
Assets	80,078.90	15,668.49	119,297.94	11,588.30	10,675.00	14,196.41	81,038.77	332,543.81
Liabilities	(198,896.06)	(17,298.81)	(76,721.53)	(8,952.16)	(17,202.14)	(14,375.07)	(47,927.10)	(381,372.87)

51.6 Sensitivity for above exposures:

5% appreciation / depreciation in the functional currency of the respective entities of the Group with respect to the respective foreign currencies would result in decrease/ increase in the Group's profit before tax and equity by ₹ 17,305.26 lakh and ₹ 15,959.43 lakh for financial assets and financial liabilities respectively, for the year ended March 31, 2017. 5% appreciation / depreciation in the functional currency of the respective entities of the Group with respect to the respective foreign currencies would result in decrease/ increase in the Group's profit before tax and equity by ₹ 16,578.83 lakh and ₹ 17,769.42 lakh for financial assets and financial liabilities respectively, for the year ended March 31, 2016. 5% appreciation / depreciation in the functional currency of the respective entities of the Group with respect to the respective foreign currencies would result in decrease/ increase in the Group's equity by ₹ 16,627.19 lakh and ₹ 19,068.64 lakh for financial assets and financial liabilities respectively, as at April 1, 2015.

51.7 Forward exchange contracts

The Company has adopted a Risk Management Policy approved by the Board of Directors of the Company for managing foreign currency exposure 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, 2017	For the Year ended March 31, 2016	For the Year ended March 31, 2015		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
					2017	2016	2015	2017	2016	2015	2017	2016	2015
Buy EURO / USD													
Less than 3 Months	1.10	1.10	1.27		-	-	45.08	-	-	3,568.67	-	-	25.82
3 to 6 months	1.10	1.10	1.27		-	-	53.69	-	-	2,999.34	-	-	38.10
More than 6 Months	1.10	1.10	1.27		3.48	15.13	25.08	241.14	1,102.71	1,671.53	(1.57)	50.24	17.04
Sell USD/INR													
Less than 3 Months	67.14	65.43	61.14		171.26	102.08	-	11,105.59	6,871.38	-	238.63	83.44	-
3 to 6 months	67.14	65.43	61.14		50.00	-	-	3,242.25	-	-	203.17	-	-
Sell GBP/USD													
More than 6 Months	1.31	1.51	1.61		9.63	-	-	778.88	-	-	(1.38)	-	-
Sell JPY/USD													
Less than 3 months	0.62	0.55	0.56		-	785.33	-	-	458.60	-	-	4.86	-
Buy USD/INR													
Less than 3 months	67.14	65.43	61.14		-	-	136.76	-	-	8,650.02	-	-	(49.99)
									Total		438.85	138.54	30.97

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, 2017, the aggregate amount of gains under forward foreign exchange contracts recognised in the Consolidated Statement of Profit and Loss account is ₹ 438.85 lakh (for the year ended March 31, 2016 ₹ 138.54 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, 2017	For the Year ended March 31, 2016	For the Year ended March 31, 2015		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
					2017	2016	2015	2017	2016	2015	2017	2016	2015
Cash flow hedges													
Buy USD/INR													
More than 6 months	67.14	65.43	61.14		330.00	-	-	21,398.85	-	-	(643.32)	-	-
Less than 3 months	67.14	65.43	61.14		18.50	-	-	1,199.63	-	-	(40.26)	-	-
Buy USD/MYR													
More than 6 months	4.19	4.03	3.35		1,098.40	-	-	16,249.85	-	-	(280.49)	-	-
											(964.07)		

*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

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resulted in an approximate gain/(loss) of ₹ 1,182.50 lakh/(₹ 1,182.50 lakh) and an approximate gain/(loss) of ₹ 57.65 lakh/(₹ 57.65 lakh) for the year ended March 31, 2017 and the year ended March 31, 2016 respectively in the Company's Statement of Profit and Loss/Other Comprehensive Income.

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 approximate gain/(loss) of ₹ 526.13 lakh/(₹ 526.13 lakh) as at April 1, 2015 in the Company's Other Equity.

In respect of the Company's foreign currency forward contract (sell), a 5 % appreciation/depreciation of the foreign currency underlying such contracts would have resulted in an approximate (loss)/gain of (₹ 73.73 lakh)/ ₹ 73.73 lakh and an approximate (loss)/gain of (₹ 407.32 lakh)/ ₹ 407.32 lakh for the year ended March 31, 2017 and the year ended March 31, 2016 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 approximate (loss)/gain of (₹ Nil lakh)/ ₹ Nil lakh as at April 1, 2015 in the Company's Other Equity.

51.8 Commodity price risk

The Group is exposed to movement in metal commodity prices of Copper, Aluminium, Steel and Zinc. 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, the Company either places a firm order on the supplier or hedges its exposure on the London Metal Exchange directly. For Steel, the Group either places a long term firm price order with the suppliers or builds stocks on need basis. Further the subsidiary also hedges its exposure for steel on London Metal Exchange (LME) on need basis to mitigate the risk.

Outstanding commodity contracts:

Cash flow hedges	Exchange rate	Foreign currency (USD in Lakh)		Nominal Amount ₹ in Lakh		Fair value (USD in Lakh)		
		Aluminium	Copper	Aluminium	Zinc	Aluminium	Copper	Zinc
As at March 31, 2017								
< 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	-
As at March 31, 2016								
< 3 months	65.43	44.70	14.39	2,961.55	(1.31)	953.54	45.51	16.99
3 to 6 months		55.80	53.82	3,697.04	5.17	3,565.89	55.56	53.26
As at April 1, 2015								
< 3 months	61.14	45.43	107.51	2,837.89	-	6,719.13	44.61	113.47
3 to 6 months		4.07	56.81	254.26	-	3,550.29	4.05	57.32

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 ₹ 512.04 lakh/(₹ 512.04 lakh) and an approximate gain/(loss) of ₹ 1,179.75 lakh/(₹ 1,179.75 lakh) in the Statement of Profit and Loss for the year ended March 31, 2017 and for the year ended March 31, 2016 respectively.

51.9 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the 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.

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Credit period varies as per the contractual terms with the customers. No interest is generally charged on overdue trade receivables

The Group directly reduce 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 current trade receivables (Note 16) considered by the Management for this purpose are as under:

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment.	50,807.19	45,682.94	38,331.26
Other trade receivables	373,222.96	422,947.92	348,085.26
Total - Gross	424,030.15	468,630.86	386,416.52

Apart from the largest customer in Saudi Arabia 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 20% 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, 2017 ₹ 21,535.75 lakh (as at March 31, 2016 ₹ 12,273.64 lakh and as at April 1, 2015 ₹ 1,976.04 lakh). These financial guarantees have been issued to the banks on behalf of the joint operations under the agreements entered into by the joint operations with the banks. Based on expectations at the end of the reporting period, the Group considers the likelihood of any claim under such guarantee is remote.

51.10 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 on financial assets and financial liabilities are detailed in the liquidity risk management (Refer Note 51.11) of this note.

Interest rate sensitivity analysis

The sensitivity analyses 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 before tax for the year ended March 31, 2017 would decrease/increase by ₹ 1,532.27 lakh (for the year ended March 31, 2016: decrease/increase by ₹ 2,007.36 lakh). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

During the year, Group's sensitivity in interest rate has decreased due to reduction in variable debt instruments.

51.11 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors of the Company, which 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.

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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 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.

Particulars						₹ in Lakh	
	Less than 1 year	1-3 Years	3-5 Years	More than 5 years	Total	Carrying Amount	
As at March 31, 2017							
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	
Financial Guarantees	4,545.60	15,508.10	1,482.05	-	21,535.75	-	
Total	458,421.41	30,415.33	47,195.49	16,945.34	552,977.57	531,219.86	
As at March 31, 2016							
Interest bearing liabilities	342,362.79	29,385.68	15,841.40	14,061.34	401,651.21	401,471.51	
Trade payables	202,650.83	-	-	-	202,650.83	202,650.83	
Other financial liabilities	4,746.09	-	-	-	4,746.09	4,746.09	
Financial Guarantees	4,093.02	5,928.32	2,252.30	-	12,273.64	-	
Total	553,852.73	35,314.00	18,093.70	14,061.34	621,321.77	608,868.43	
As at April 1, 2015							
Interest bearing liabilities	312,013.56	28,355.78	23,041.92	21,228.19	384,639.45	384,443.58	
Trade payables	199,720.05	-	-	-	199,720.05	199,720.05	
Other financial liabilities	4,952.24	-	-	-	4,952.24	4,952.24	
Financial Guarantees	119.86	1,856.18	-	-	1,976.04	-	
Total	516,805.71	30,211.96	23,041.92	21,228.19	591,287.78	589,115.87	

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 51.9).

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 ₹ 559,977.80 lakh as at March 31, 2017 (₹ 445,530.31 lakh as at March 31, 2016 and ₹ 392,514.72 lakh as at April 1, 2015).

51.12 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 that are measured at fair value 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, 2017	March 31, 2016	April 1, 2015		
	₹ in Lakh	₹ in Lakh	₹ in Lakh		
1) Foreign currency forward contracts not designated in hedge accounting relationships	Assets ₹ 438.85 lakh	Assets ₹ 138.54 lakh	Assets ₹ 30.97 lakh	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at FEDAI 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))	Assets ₹ 124.51 lakh	Assets ₹ 128.73 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 (Over the Counter Derivative Commodity Contracts)	-	-	Assets ₹ 405.18 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 (Over the Counter Derivative Commodity Contracts)	-	Liabilities ₹ 66.11 lakh	Liabilities ₹ 53.10 lakh	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at FEDAI closing rates and discounted at a USD funding rate.
5) 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.
6) Derivative instruments (Derivative instruments in designated hedge accounting relationships (Hedges of Highly Forecasted Purchases using Over the Counter (OTC) Derivative Commodity Contracts))	Assets ₹ 102.42 lakh	Assets ₹ 109.72 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.
7) Derivative instruments (Derivative instruments in designated hedge accounting relationships (Fair value hedges of interest rates))	Liability ₹ 12.49 lakh	-	Asset ₹ 2,797.90 lakh	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves) at the end of reporting period and contract interest rates, discounted at a rate.

Note 52 - Research & Development Expenditure

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Revenue expenses charged to consolidated Statement of Profit and Loss (including depreciation on Property, plant and equipment)	2,249.71	1,662.75
Expenditure capitalised during the year	-	-

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Note 53 - Employee Benefit Plans

1 Defined contribution plans

Superannuation

All eligible employees of the Company 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 ₹ 103.74 lakh and ₹ 107.02 lakh to the Employees' Superannuation fund for the year ended March 31, 2017 and March 31, 2016, respectively.

Provident Fund

All eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and employer (at a determined rate) contribute monthly. The Company contributes as specified under the law to the Provident Fund where set up as a trust and to the respective Regional Provident Fund Commissioner. The Company contributes to the Provident Fund where set up as a trust are liable for future provident fund benefits to the extent of its annual contribution and any short fall in fund assets based on government specified minimum rates of return relating to the current period service and recognizes such contributions and any shortfall, if any, as an expense in year incurred. 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. The Company contributed ₹ 894.03 lakh and ₹ 838.92 lakh towards the provident fund and family pension fund during the year ended March 31, 2017 and March 31, 2016 respectively.

Foreign Defined Contribution Plan

The Overseas subsidiaries contributed ₹ 180.91 lakh and ₹ 194.44 lakh during the year ended March 31, 2017 and March 31, 2016, respectively, towards foreign defined contribution plan.

2 Defined Benefit Plan

a. A general description of the Employee Benefit Plan:

(i) Company (Funded)

The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days / one month salary, as applicable, payable for each

completed year of service or part thereof in excess of six months in terms of Gratuity scheme of the Company or as per payment of the Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service.

The Company has set up an income tax approved trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The Company makes contribution to the plan. There are no minimum funding requirement for the plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. 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 (Unfunded)

The Joint Operation has an obligation towards a defined benefit retirement plan (akin to gratuity) covering eligible employees. The benefits payable are as under:

For Service Less Than 5 years	$1/2 \times \text{Service} \times \text{Applicable salary}$
For Service more Than 5 years	First Five Years: $1/2 \times \text{Service} \times \text{Applicable Salary}$ Beyond 5 Years: $\text{Service} \times \text{Applicable Salary}$

(iii) Overseas subsidiaries (unfunded)

The subsidiaries have a 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 Group 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.

Notes forming part of the consolidated financial statements

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, joint operation in Saudi and overseas subsidiaries, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out as at March 31, 2017 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.

c. Details of defined benefit plan - As per Actuarial Valuation are as follows:

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
I Components of defined benefit cost		
1 Current service cost	539.69	508.91
2 Interest cost on benefit obligation (Net)	15.00	2.96
3 Total expenses included in Profit and Loss (P&L)	554.69	511.87
4 Actuarial changes arising from changes in demographic assumptions	15.16	(49.40)
5 Actuarial changes arising from changes in financial assumptions	123.80	265.32
6 Actuarial changes arising from changes in experience assumptions	46.00	139.30
7 Return on Plan Assets (excluding interest income)	(12.62)	15.93
8 Total recognized in Other Comprehensive Income (OCI)	172.34	371.15
9 Total defined benefit cost recognized in P&L and OCI	727.03	883.02
II Actual Contribution and Benefits Payments for the year		
1 Actual Benefits Payments	(345.99)	(587.50)
2 Actual Contributions	390.59	411.22

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
III Net asset/(liability) recognized in the Balance Sheet			
1 Present Value of Defined Benefit Obligation	4,311.73	3,695.08	3,252.55
2 Fair Value of Plan Assets of the Company	3,035.78	2,755.55	2,737.92
3 Net asset/(liability) recognized in the Balance Sheet	(1,275.95)	(939.53)	* (514.63)
*Net of ₹ 78.81 lakh included in other current assets			
IV Change in Present Value of Defined Benefit Obligation during the year			
1 Present Value of Defined Benefit Obligation as at the beginning of the year	3,695.08	3,252.55	2,476.35
2 Current Service Cost	539.69	508.91	878.26
3 Interest Cost	237.99	212.81	205.32
4 Benefits paid	(345.99)	(587.50)	(410.26)
5 Settlement / Curtailment effect	-	(46.91)	-
6 Actuarial changes arising from changes in demographic assumptions	15.16	(49.40)	-

Notes

forming part of the consolidated financial statements

₹ in Lakh

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
7 Actuarial changes arising from changes in financial assumptions	123.80	265.32	242.35
8 Actuarial changes arising from changes in experience assumptions	46.00	139.30	(139.47)
9 Present Value of Defined Benefit Obligations as at the end of the year	4,311.73	3,695.08	3,252.55
V Change in Fair Value of Plan Assets of the Company during the year			
1 Plan Assets as at the beginning of the year	2,755.55	2,737.92	2,627.20
2 Interest Income	223.01	209.85	200.90
3 Actuarial Gains/ (Losses)	-	-	-
4 Actual Company Contributions	390.59	411.22	283.71
5 Benefits paid	(345.99)	(587.50)	(410.26)
6 Expected return on Plan Assets (excluding interest income)	12.62	(15.94)	36.37
7 Plan Assets as at the end of the year	3,035.78	2,755.55	2,737.92
VI Actuarial Assumptions (Considered for the Company)			
1 Discount Rate	7.10%	7.80%	7.80%
2 Expected Return on plan assets	7.10%	7.80%	7.80%
3 Salary escalation Rate	8.00%	8.00%	6.00%
4 Mortality Table	Indian Assured Lives Mortality (IALM) (2006-08) (Modified) (Ult)		
5 Disability	5% of Mortality Rate	5% of Mortality Rate	5% of Mortality Rate
6 Withdrawal (Rate of Employee Turnover)	Upto 30 years	14.00%	21.00%
	31-44 years	10.00%	9.00%
	45 years and above	5.00%	8.00%
VII Actuarial Assumptions (Considered for Joint Operation in Saudi)			
1 Discount Rate	4.35%	*	*
2 Salary escalation Rate	7.00%	*	*
3 Mortality Table	Implicit in Withdrawal		
4 Disability	Implicit in Withdrawal		
5 Withdrawal (Rate of Employee Turnover)	Managers (M0 to M6)	8.00%	*
	Others	14.00%	*
VIII Actuarial Assumptions (Considered by overseas subsidiaries)			
1 Discount Rate	7.12%	5.82%	*
2 Salary escalation Rate	5.50%	5.50%	*

IX The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.

Notes forming part of the consolidated financial statements

X The major categories of Plan Assets as a percentage of the total plan assets of the Company

	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity	9.52%	12.09%	8.01%
Debt	80.85%	62.06%	83.71%
Money Market Investments	9.63%	23.36%	8.28%
Mutual Fund		2.49%	

XI Contribution expected to be paid to the Plan during the year ended March 31, 2017 ₹ 200 lakh

		₹ in Lakh		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Maturity profile of defined benefit obligation				
1	Year 1	506.22	568.77	252.28
2	Year 2	724.47	484.39	363.45
3	Year 3	615.32	513.74	206.59
4	Year 4	635.90	481.79	289.42
5	Year 5	616.05	523.23	414.37
6	Next 5 years	3,518.81	2,272.43	1,554.79

		₹ in Lakh		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Quantitative sensitivity analysis of the company (including joint operations) for significant assumption is as below:				
0.5 percentage increase in discount rate		3,946.83	2,935.43	2,560.52
0.5 percentage decrease in discount rate		4,204.04	3,079.91	2,765.23
0.5 percentage increase in salary rate		4,186.30	3,071.71	2,766.56
0.5 percentage decrease in salary rate		3,960.88	2,942.60	2,558.44
One percentage increase in employee turnover rate		4,028.12	2,989.47	2,652.38
One percentage decrease in employee turnover rate		4,119.98	3,024.01	2,668.30

Quantitative sensitivity analysis of the Overseas Subsidiaries for significant assumption is as below:

As of March 31, 2017, 0.50% point increase / decrease in discount rate will affect the gratuity benefit obligation by approximately ₹ 5.50 lakh.

As of March 31, 2017, 0.5% point increase / decrease in salary escalation rate will affect the gratuity benefit obligation by approximately ₹ 7.90 lakh.

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.

* Details are not readily available

Notes forming part of the consolidated financial statements

Note 54 - 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

Associate	Country of Incorporation	% age of ownership interest either directly or through subsidiaries		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
RP Goenka Group of Companies Employees Welfare Association	India	49	49	49

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 (Managing Director upto April 1, 2015)
 Mr. S. M. Kulkarni - Non - Executive Director
 Mr. S. M. Trehan - Non - Executive Director
 Mr. S. S. Thakur - Non - Executive Director
 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

Harsh Anant Goenka HUF
 Chattarpati Investments LLP
 Atlantus Dwellings & Infrastructure LLP
 CEAT Limited
 B. N. Elias & Co. LLP
 Palacino Properties LLP
 RPG Enterprises Limited
 M/s. Feedback Infra Private Limited
 Raychem RPG Private Limited
 Ceat Speciality Tyres Limited
 Spencers and Company Limited
 Zensar Technologies Limited

Notes forming part of the consolidated financial statements

(B) Transactions with the Related Parties

Transactions	For the year ended March 31, 2017				For the year ended March 31, 2016				
	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post-employment benefit plan	Total	Associate Management Personnel	Key Management Personnel	Relatives of Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Total
Sale of Products		514.59		514.59				157.95	157.95
CEAT Speciality Tyres Limited		246.44		246.44					
CEAT Limited		19.14		19.14					
Raychem RPG Private limited		249.01		249.01				157.95	157.95
Freight and Service tax recovered on sales		5.01		5.01				4.96	4.96
Raychem RPG Private limited		5.01		5.01				4.96	4.96
Services received		1,446.79		1,446.79				1,306.98	1,306.98
M/s. Feedback Infra Private Limited		17.37		17.37				11.45	11.45
RPG Enterprises Limited		1,429.42		1,429.42				1,295.53	1,295.53
Services rendered		5.36		5.36				4.27	4.27
CEAT Limited		5.36		5.36				4.27	4.27
Purchase of goods		731.48		731.48				1,706.97	1,706.97
Raychem RPG Private limited		731.08		731.08				1,706.62	1,706.62
CEAT Limited		0.40		0.40				0.35	0.35
Rent & maintenance charges paid		1,090.52		1,090.52				853.69	853.69
Palacio Properties LLP		20.13		20.13				17.14	17.14
Spencer and Company Limited		413.70		413.70				206.10	206.10
Raychem RPG Private limited		8.39		8.39				7.97	7.97
B N Elias & Co. LLP		8.40		8.40				9.80	9.80
Zensar Technologies Limited								0.14	0.14
CEAT Limited		639.90		639.90				612.54	612.54
Compensation to Key Management Personnel									
Mr. Vimal Kejriwal		384.50		384.50				348.36	348.36
Short-term employee benefits (Including bonus and value of perquisites)		365.35		365.35				330.30	330.30
Post-employment benefits # \$		19.15		19.15				18.06	18.06
Mr. R.D. Chandak - Managing Director								85.45	85.45
Short-term employee benefits								85.41	85.41
Post-employment benefits # \$								* 0.04	0.04
Sitting fees & Commission paid to Non-Executive Directors		489.38		489.38				303.87	303.87
Mr. H. V. Goenka		366.96		366.96				223.62	223.62

Notes

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Transactions	For the year ended March 31, 2017				For the year ended March 31, 2016				
	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post-employment benefit plan	Total	Entity having significant influence over the Company	Associate Management Personnel	Key Management Personnel	Relatives of Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist
Mr. A. T. Vaswani	16.45			16.45		12.10			12.10
Mr. D. G. Piramal	12.00			12.00		8.75			8.75
Mr. G. L. Mirchandani	12.00			12.00		8.00			8.00
Ms. Nirupama Rao	11.00			11.00		6.50			6.50
Mr. R. D. Chandak	13.00			13.00		4.61			4.61
Mr. S. M. Kulkarni	17.46			17.46		11.88			11.88
Mr. S. M. Trehan	12.00			12.00		8.75			8.75
Mr. S. S. Thakur	17.51			17.51		12.41			12.41
Mr. Vinayak Chatterjee	11.00			11.00		7.25			7.25
Deposit given									
Spencer and Company Limited									270.00
Advance received towards project execution		32.80		32.80					270.00
Raychem RPG Private limited		32.80		32.80					
Contribution made			838.39	838.39					816.83
KEC International Ltd. Employees' Group Gratuity Scheme			390.59	390.59					411.22
KEC International Limited - Provident Fund			344.06	344.06					298.59
KEC International Ltd. Superannuation Scheme			103.74	103.74					107.02
Dividend paid					1,321.39	22.32	92.12	0.76	7.72
Mr. H. V. Goenka						92.12			92.12
Mr. Anant Goenka								0.76	0.76
Swallow Associates LLP									1,321.39
Harsh Anant Goenka HUF								3.22	3.22
Chattarpati Investments LLP								4.02	4.02
Atlantus Dwellings & Infrastructure LLP								0.48	0.48
R.P. Goenka Group of Companies Welfare Association								22.32	22.32

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.

* excludes gratuity paid by the KEC International Ltd. Employees' Group Gratuity Scheme of ₹ 175.06 lakh

Notes forming part of the consolidated financial statements

Note 55 - CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(i) Contingent Liabilities

(a) Claims against the Group not acknowledged as debt:

					₹ in Lakh
Sr. No.	Particulars	Relating to various years comprise in the period	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1	Sales Tax /Value Added Tax* (Tax/Penalty/Interest)	1994-2016 1994-2014 1993-2013	11,389.67	9,929.41	9,093.46
2	Excise Duty *(Tax/Penalty/Interest)	1994-2016 1994-2016 1994-2014	5,467.18	5,234.92	3,992.58
3	Service Tax *(Tax/Penalty/ Interest)	2003-2013 2003-2013 1998-2013	28,783.83	28,684.71	16,822.00
4	Entry Tax*(Tax/Penalty/Interest)	2001-2016 2001-2016 2001-2015	69.85	1,252.99	2,158.28
5(i)	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 2012-13 A.Y 2013-14 A.Y 2007-08 A.Y 2011-12 A.Y 2012-13 A.Y 2006-07	1,560.04	1,918.46	2,416.10
(ii)	Income Tax matters at overseas unit/s of the Company	2002-2008 2002-2008 2002-2013	2,970.06	3,136.61	5,903.96
(iii)	Income Tax matters of a joint operation (Company's share)	2000-2007 2000-2007 2000-2007	368.86	376.69	355.61
6	Customs Duty	1995-1996 1995-1996 1995-1996	60.14	60.14	60.14
7	Civil Suits	1993-2004 1993-2004 1993-2004	67.02	67.02	67.02
8 (i)	Claims including amounts withheld by the Customers of the Company and an overseas subsidiary		7,225.62	17,629.87	24,319.76
(ii)	Claim by the sub contractor of a joint operation (Company' s share)		-	889.14	-

* These claims mainly relate to the issues of applicability, issue of disallowance of cenvat / VAT credit and in case of Sales Tax / Value added tax, also relate to the issue of submission of relevant forms and the Company's claim of exemption for MVAT on export sales and services.

excluding financial guarantees refer Note 51.9

Notes forming part of the consolidated financial statements

(b) Other money for which the Group is contingently liable:

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
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	188.01	188.01	596.25

Footnote for Note 55 (i) (a) and (b) above:

Future ultimate outflow of resources embodying economic benefits in respect of the above matters are uncertain as it depends on the final outcome of the matters involved.

(ii) COMMITMENTS

Sr. No.	Particulars	₹ in Lakh		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	1,022.22	914.08	1,842.46
2	Other Commitments:			
i)	Amount of future minimum lease payment under non-cancellable operating leases [Refer Note 50 (A) (3)]	9,570.14	11,339.66	9,368.35
ii)	Derivative related commitments	Refer Note 51.7 and 51.8		

Note 56 - 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 Arrangements" (Refer Note 11). 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 carrying amount of the financial assets as on March 31, 2017 is ₹ 16,580.80 lakh, (As at March 31, 2016 ₹ Nil, As at April 1, 2015 ₹ Nil). The amount of revenue and profits or losses recognized in the period on exchanging construction services for a financial asset are ₹ 19,706.97 lakh (for the year ended March 31, 2016 ₹ 146.70 lakh) and Loss after Tax ₹ 40.85 lakh (for the year ended March 31, 2016 ₹ 130.13 lakh) respectively.

Notes forming part of the consolidated financial statements

Note 57 - 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, 2017	Year ended March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
India	452,923.32	436,840.58	87,883.09	105,520.59	110,608.05
Saudi Arabia	96,063.68	146,804.31	3,416.96	3,212.32	2,191.04
Others	326,517.52	287,316.63	50,062.77	50,562.19	48,449.82
Total	875,504.52	870,961.52	141,362.82	159,295.10	161,248.91

Information about major customers

Revenue of ₹ 96,063.68 lakh (for the year ended March 31, 2016 ₹ 146,804.31 lakh) arising from a major customer in Saudi Arabia and Revenue of ₹ 194,877.65 lakh (for the year ended March 31, 2016 ₹ 153,683.74 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 current year ended March 31, 2017 and previous ended March 31, 2016.

Note 58 - Reconciliation of Equity and Total Comprehensive Income

(a) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016

₹ in Lakh

Particulars	Note	For the Year ended March 31, 2016
Profit as per previous GAAP		19,152.27
Effect on account of retrospective application of Ind AS 103 Business Combination	1	(98.82)
Effect on account of functional currency of subsidiaries	2	(2,665.17)
Expected Credit Loss	4	(306.80)
Impact of measuring derivative financial instruments at fair value	5	(418.20)
Actuarial loss on employees defined benefits plans recognised in Other Comprehensive Income	6	371.15
Others		(196.03)
Impact of Deferred Tax (including on undistributed earnings of joint operation)	7	(1,051.54)
Net Profit under Ind AS		14,786.86
Other Comprehensive Income (net of tax)	6	1,793.99
Total Comprehensive Income		16,580.85

(b) Reconciliation of equity as at March 31, 2016 and April 1, 2015:

₹ in Lakh

Reconciliation of Equity	Note	As at March 31, 2016	As at April 1, 2015 (Date of transition)
Equity as per previous GAAP		151,189.11	132,979.72
Effect on account of retrospective application of Ind AS 103 "Business Combinations" (includes related deferred tax of ₹ 1,844.99 lakh, as at April 1, 2015 ₹ 1,809.11 lakh)	1	(12,716.34)	(10,331.96)
Reversal of proposed dividend and tax there on	3	-	2,784.83
Expected credit loss	4	(4,498.66)	(4,191.86)
Impact of measuring derivative financial instruments at fair value	5	17.98	436.18
Others		(831.51)	-
Impact of deferred tax (including on undistributed earnings of joint arrangements)	7	(4,121.98)	(3,345.59)
Total Equity under Ind-AS		129,038.60	118,331.32

Notes forming part of the consolidated financial statements

Notes:

1. The Group has opted to apply Ind AS 103 'Business Combinations' retrospectively from April 1, 2010. Consequently, one of the wholly owned subsidiary has applied Ind-AS 103 to the acquisition of SAE Towers Holding, LLC and its subsidiaries (SAE) with changes in fair value of assets, liabilities and deferred tax on account of fair value changes, which occurred in September 2010.

The necessary consequential effect from the acquisition date till transition date (i.e. April 01, 2015) have been given in the retained earnings. The impact of the retrospective application of Ind AS 103 on the assets and liabilities appearing in the consolidated financial statements of the Group as per Previous GAAP are as under:

The carrying amount of Property, plant and equipment as at March 31, 2016 has increased by ₹ 11,407.79 lakh (As at April 01, 2015 ₹ 12,493.53 lakh), Goodwill on business combination as at March 31, 2016 has decreased by ₹ 22,279.14 lakh (As at April 01, 2015 ₹ 21,016.38 lakh), Deferred tax assets as at March 31, 2016 has increased by ₹ 81.23 lakh (As at April 01, 2015 ₹ 104.62 lakh) and Deferred tax liabilities as at March 31, 2016 has increased by ₹ 1926.22 lakh (As at April 01, 2015 ₹ 1913.73 lakh).

This has resulted in equity as at March 31, 2016 decreased by ₹ 12,716.34 lakh (As at April 01, 2015 ₹ 10,331.96 lakh) and profit for the year ended March 31, 2016 decreased by ₹ 98.82 lakh.

2. On transition to Ind AS, the wholly owned subsidiary of the Group has, at the transition date, concluded that functional currency of its certain subsidiaries viz. KEC US LLC, KEC Transmission LLC, KEC Brazil LLC, KEC Mexico LLC and KEC International Holding LLC, is Indian Rupees and accordingly the gains/ loss on foreign exchange fluctuations of monetary assets and liabilities is recognised in the Consolidated Statement of Profit and Loss. The profit for the year ended March 31, 2016 is decreased by ₹ 2,665.17 lakh, however there is no ultimate impact on equity.
3. Under Previous GAAP, dividends on equity shares recommended by the Board of Directors of the Company after the end of the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under Ind AS, such dividends are recognised when declared by the members in a general meeting. The effect of this change is an increase in total equity as at March 31, 2016 of ₹ Nil (₹ 2,784.83 lakh as at April 1, 2015), but does not affect Profit after tax for the year ended March 31, 2016.

4. Under Previous GAAP, the Group has created provision for doubtful debts on receivables on the basis of incurred loss. Under Ind AS, loss allowance on financial assets has been determined on the basis of Expected Credit Loss (ECL). Consequently the Group has recognised ECL on its financial assets as at March 31, 2016 aggregating ₹ 4,498.66 lakh (As at April 01, 2015 ₹ 4,191.86 lakh). The above has resulted decrease in equity and financial assets as at March 31, 2016 by ₹ 4,498.66 lakh (As at April 01, 2015 ₹ 4,191.86 lakh) and decrease profit before tax by ₹ 306.80 lakh.
5. Under Previous GAAP, mark to market gain on outstanding commodity contracts are not recognised, until realised, on ground of prudence. Under Ind AS, since these contracts are measured at fair value, the Group has recognised gain of ₹ 404.31 lakh as at transition date and the same got reversed during the year ended March 31, 2016.

Further under Previous GAAP, in respect of forward exchange contracts the Company has recognised the mark to market loss by comparing the spot rates on booking date with the reporting date and also amortised forward premium over the life of the contract. Under Ind AS, the Company has fair valued the forward contracts. As a result the Company has recognised gain of ₹ 17.98 lakh as at March 31, 2016 (As at April 01, 2015 ₹ 31.87 lakh which got reversed during the year ended March 31, 2016).

The above have resulted in increase in equity as at March 31, 2016 by ₹ 17.98 lakh (as at April 1, 2015 ₹ 436.18 lakh) and decrease in profit for the year ended March 31, 2016 by ₹ 418.20 lakh.

6. Under Previous GAAP, there is no concept of the Other Comprehensive Income (OCI). Under Ind-AS specified items of income, expenses, gains and losses are required to be presented in OCI.

Under Previous GAAP, for designated hedging relationships, the Company has recognised mark to market gain on derivative and non-derivative instruments which are designated in hedging relationship under the Hedging Reserve. Under Ind-AS, movement in this reserve during the year ended March 31, 2016 of ₹ 256.41 lakh (net of deferred tax of ₹ 134.02 lakh) is shown under OCI. Further, exchange gain in translating assets and liabilities of joint operations outside India and foreign subsidiaries which are denominated in foreign currency as at March 31, 2016 aggregating ₹ 1,782.84 lakh (net of deferred tax ₹ 201.19 lakh) is also recognised in OCI.

Notes

forming part of the consolidated financial statements

Under Previous GAAP, re-measurement of defined benefit plans (gratuity) arising primarily due to change in actuarial assumptions was recognised as employee benefit expenses in the Consolidated Statement of Profit and Loss. Under Ind-AS, such re-measurements changes relating to defined benefit plans is recognised in the Other Comprehensive Income (OCI). This change does not affect equity, but there is increase in profit before tax for the year ended March 31, 2016 by ₹ 371.15 lakh and corresponding decrease in OCI along with the related deferred tax effect of ₹ 125.89 lakh.

The above has resulted in increase in OCI (net of tax) for the year ended March 31, 2016 by ₹ 1,793.99 lakh

7. Consequent to classification of Joint arrangements as Joint operations (referred to in Note 5.1.1), the Company has recognised deferred tax liability on undistributed profits as at March 31, 2016 amounting to ₹ 5,919.99 lakh (As at April 1, 2015 ₹ 4,644.74 lakh). The Company has also recognised deferred tax assets on all other

transition adjustments mentioned above aggregating ₹ 1,798.01 lakh (as at April 01, 2015 ₹ 1,299.17 lakh).

The above has impacted decrease in equity as at March 31, 2016 by ₹ 4,121.98 lakh (As at April 01, 2015 ₹ 3345.57 lakh) and decrease in profit after tax for the year ended March 31, 2016 by ₹ 1,051.54 lakh.

8. Under the previous GAAP, excise duty on sale of goods was reduced from sales to present the revenue from operations. Whereas, under Ind AS, this excise duty is included in the revenue from operations and the corresponding expense is included as part of total expenses. The change does not affect total equity as at April 1, 2015 and March 31, 2016, profit for the year ended March 31, 2016.

- (c) **There are no material adjustments to the Consolidated Statement of Cash Flows as reported under previous GAAP.**

Note 59 - 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:

Particulars	₹ in Lakh		
	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 60

The details of amounts which are expected by the Group (and relied upon by the Auditors) 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:

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivables (Note 16)	97,211.75	145,734.85	131,015.78
Amount Due from Customers for long term contracts (Note 22)	10,171.79	19,432.10	17,166.18
Advance from customers (Note 34)	11,261.72	22,765.82	19,184.50

Notes forming part of the consolidated financial statements

Note 61

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). This has been relied upon by the auditors.

Note 62

The execution of the construction works under contracts of the Company with General Electric Company Libya (a Government of Libya undertaking) is disrupted since February, 2011 due to civil/political unrest in that country. The net assets [including fixed assets, trade receivables etc.] as at March 31, 2017 of the Company relating to these contracts aggregate ₹ 2,557.11 lakh (As at March 31, 2016 ₹ 3,134.86 lakh, As at April 1, 2015 ₹ 5,125.96 lakh) The Company has been receiving time extension from the client, from time to time, for completion of the contracts. The Company is confident of completing these projects.

Note 63

In terms of the agreement entered into, in an earlier year, by the Company with the another joint operator, the Company had funded (including for the other operator's share) its joint operation at South Africa viz. EJP KEC Joint Venture, South Africa (JO) for smooth execution of the transmission line projects at South Africa referred to in the said agreement, which was ultimately completed by the JO in April 2014. The Company's share of loss accounted in retained earnings as at March 31, 2016 ₹ 11,558.21 lakh. The amounts outstanding (including trade receivables) as on March 31, 2016 was ₹ 10,049.44 lakh (net of the Company's share).

The JO had suffered the loss in execution of the aforesaid projects, interalia, on account of unexpected weather and

terrain conditions, breach of contract by the client (e.g. changes in the specification, withholding payment due to JO). The JO lodged various claims (viz. compensation and damages claims) on the client to recover additional costs incurred / damages suffered by the JO during the execution of the project. The adjudication proceedings got completed in August 2016 and vide Order dated March 17, 2017 the Adjudicator has awarded claims aggregating ₹ 5,797.91 lakh (inclusive of interest of ₹ 1,674.34 lakh) to JO. The client has filed a notice of dis-satisfaction of award.

Pending the final resolution of matter, during the year the Company has accounted for loss of ₹ 7,593.07 lakh under "Other expenses" Note 45 in the Consolidated Statement of Profit and Loss and amount outstanding towards claims referred to above of ₹ 5,630.05 lakh (net of exchange loss) has been considered good and recoverable.

Note 64

The Corporate Social Responsibility (CSR) obligation for the year as computed by the Company and relied upon by the auditor ₹ is ₹ 217.50 lakh (for the year ended March 31, 2016 ₹ Nil). CSR amount spent during the year is ₹ 217.50 lakh (for the year ended March 31, 2016 ₹ 93.00 lakh).

Note 65

The transaction for sale of telecom tower assets at 381 sites in the states of Chhattisgarh, Meghalaya and Mizoram to ATC Telecom Tower Corporation Private Limited was completed at a total consideration of ₹ 8,230 lakh on July 22, 2015. Profit on sale of these assets (net of related expenses) of ₹ 536.06 lakh was included under "Other Income" Note 38 in the Consolidated Statement of Profit and Loss for the year ended March 31, 2016.

Notes forming part of the consolidated financial statements

Note 66 - 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') and an associate	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
Parent:								
KEC International Limited	105.46	167,301.51	92.43	28,171.41	94.72	(834.48)	92.36	27,336.93
(Including joint operations and net of consolidation adjustment)								
Subsidiaries								
Indian:								
1 KEC Power India Private Limited	0.02	34.74	0.00	1.37	-	-	0.00	1.37
2 KEC Bikaner Sikar Transmission Private Limited	1.56	2,468.40	(0.13)	(40.86)	-	-	(0.14)	(40.86)
Foreign:								
1 RPG Transmission Nigeria Limited, Nigeria	0.00	1.27	(0.00)	(0.12)	1.44	(12.72)	(0.05)	(12.84)
2 KEC Global FZ - LLC - Ras UL Khaimah, UAE	0.79	1,247.53	(0.11)	(34.87)	3.36	(29.58)	(0.22)	(64.45)
3 KEC Investment Holdings, Mauritius	(7.37)	(11,690.97)	0.00	1.14	-	-	0.00	1.14
4 KEC Global Mauritius, Mauritius	0.01	10.13	(0.04)	(11.32)	0.07	(0.63)	(0.03)	(11.95)
5 KEC International (Malaysia) SDN BHD	0.00	2.42	(0.00)	(0.54)	-	-	0.01	(0.54)
6 KEC International Holdings LLC (Refer foot note)	(0.47)	(740.13)	7.85	2,391.65	0.41	(3.64)	8.07	2,388.01
Associates (Investments as per equity Method)								
Indian:								
1 RP Goenka Group of companies Employees Welfare Association	0.00	0.49	-	-	-	-	-	-

Footnote :

The information has been furnished based on the Audited Consolidated Financial Statement of KEC International Holdings, LLC and its subsidiaries (KIH Group). The requisite additional information for KIH Group based on information considered in the Audited Consolidated Financial Statement of KIH Group are as under:

Notes forming part of the consolidated financial statements

Name of the entity in Consolidated Financial Statements of KIH 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 KEC International Holdings LLC, USA	0.00	(0.13)	-	-	-	-	-	-
2 KEC Brazil LLC, USA	0.00	(0.14)	-	-	-	-	-	-
3 KEC Mexico LLC, USA	0.00	(0.14)	0.00	0.00	-	-	0.00	0.00
4 KEC Transmission LLC, USA	3.90	6,185.35	(3.71)	(1,129.70)	-	-	(3.82)	(1,129.70)
5 KEC US LLC, USA	2.60	4,129.11	(2.47)	(752.91)	-	-	(2.54)	(752.91)
6 SAE Towers Holdings LLC, USA	13.73	21,773.70	0.00	0.00	-	-	0.00	0.00
7 SAE Towers Brazil Subsidiary Company LLC, USA	0.00	0.00	0.00	0.00	-	-	0.00	0.00
8 SAE Towers Mexico Subsidiary Holding Company LLC, USA	0.00	1.38	0.00	0.00	-	-	0.00	0.00
9 SAE Towers Mexico S de RL de CV, Mexico	4.87	7,722.35	5.83	1,776.01	-	-	6.00	1,776.01
10 SAE Towers Brazil Torres de Transmission Ltda, Brazil	6.90	10,947.49	7.89	2,405.31	-	-	8.13	2,405.31
11 SAE Prestadora de Servicios Mexico, S de RL de CV, Mexico	0.69	1,090.77	0.29	87.60	-	-	0.30	87.60
12 SAE Towers Ltd, USA	1.00	1,580.00	0.27	82.24	-	-	0.28	82.24
13 SAE Engenharia E Construcão Ltda, Brazil	-	-	-	-	-	-	-	-
14 SAE Engineering & Construction Services S de RL de CV, Mexico	(0.14)	(215.39)	0.00	0.00	-	-	0.00	0.00
Less: Net effect of Ind AS 103 business combination & Intra group elimination	(34.02)	(53,954.48)	(0.25)	(76.92)	0.41	(3.64)	(0.28)	(80.56)
Total	(0.47)	(740.13)	7.85	2,391.63	0.41	(3.64)	8.07	2,387.99

Notes

forming part of the consolidated financial statements

Note 67

The Board of Directors of the Company at its meeting held on May 19, 2017, have recommended a Dividend of ₹ 1.60/- per equity share of ₹ 2/- each for the year ended March 31, 2017, subject to approval of shareholders at the ensuing Annual General Meeting.

Note 68

The Group has approved its Consolidated financial statements in its Board Meeting held on May 19, 2017.

Signatures to Notes 1 to 68 which form an integral part of financial statements.

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman
DIN - 00026726

VIMAL KEJRIWAL
Managing Director & CEO
DIN - 00026981

RAJEEV AGGARWAL
Chief Financial Officer

CH. V. JAGANNADHA RAO
Company Secretary

Place: Mumbai

Date: May 19, 2017

A. T. VASWANI
Director
DIN - 00057953

Notes forming part of the consolidated financial statements

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

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & surplus	Total Assets	Total Liabilities (excluding Capital and Reserves)	Investments (except in case of investment in the Subsidiaries)	Turnover **	Profit/ (Loss) before Taxation **	Provision for Taxation **	Profit/ (Loss) after Taxation **	Proposed Dividend (excluding dividend paid)	% of Shareholding (either directly or through subsidiaries)
1	SAE Towers Holdings LLC, USA*	INR	23,623.59	(1,849.89)	21,812.40	38.70	-	-	-	-	-	-	100%
		USD(000)	36,430.85	(2,852.78)	33,637.75	59.68	-	-	-	-	-	-	-
2	SAE Towers Brazil Subsidiary Company LLC, USA*	INR	-	@	@	-	-	-	-	-	-	-	100%
		USD(000)	-	#	#	-	-	-	-	-	-	-	-
3	SAE Towers Mexico Subsidiary Holding Company LLC, USA*	INR	-	1.38	1.38	-	-	-	-	-	-	-	100%
		USD(000)	-	2.13	2.13	-	-	-	-	-	-	-	-
4	SAE Towers Mexico S de RL de CV, Mexico*	INR	14,317.14	(6,594.79)	23,598.30	15,875.95	-	37,116.97	2,120.20	344.19	1,776.01	-	100%
		USD(000)	22,079.02	(10,170.09)	36,391.86	24,482.93	-	55,392.17	3,164.12	513.65	2,650.47	-	-
5	SAE Towers Brazil Torres de Transmissao Ltda, Brazil*	INR	3,095.26	7,852.23	47,333.27	36,385.78	-	62,983.87	3,630.21	1,224.90	2,405.30	-	100%
		USD(000)	4,773.32	12,109.23	72,994.47	56,111.92	-	93,995.11	5,417.60	1,828.01	3,589.60	-	-
6	SAE Prestadora de Servicios Mexico, S de RL de CV, Mexico*	INR	-	1,090.77	2,308.22	1,217.45	-	5,185.59	196.57	108.97	87.60	-	100%
		USD(000)	-	1,682.12	3,559.60	1,877.48	-	7,738.81	293.36	162.63	130.73	-	-
7	SAE Towers Ltd, USA*	INR	1,297.55	282.45	4,883.23	3,303.23	-	17,221.54	124.31	42.07	82.24	-	100%
		USD(000)	2,001.00	435.58	7,530.62	5,094.04	-	25,700.88	185.52	62.79	122.73	-	-
8	SAE Engenharia E Construcacao Ltda, Brazil*	INR	-	-	-	-	-	-	-	-	-	-	100%
		USD(000)	-	-	-	-	-	-	-	-	-	-	-
9	SAE Engineering & Construction Services S de RL de CV, Mexico*	INR	-	(215.39)	(212.59)	2.80	-	-	-	-	-	-	100%
		USD(000)	-	(332.16)	(327.85)	4.31	-	-	-	-	-	-	-
10	KEC Investment Holdings, Mauritius	INR	6,873.57	(52.88)	18,852.04	12,031.35	-	-	1.14	-	1.14	-	100%
		USD(000)	10,600.00	(81.55)	29,072.47	18,554.02	-	-	1.69	-	1.69	-	-
11	KEC International Holdings LLC, USA (Refer note 1)	INR	0.03	(0.16)	0.03	0.16	-	-	@@	-	@@	-	100%
		USD(000)	0.02	(0.16)	0.02	0.16	-	-	@@	-	@@	-	100%

₹ in Lakh

Notes

forming part of the consolidated financial statements

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & surplus	Total Assets	Total Liabilities (excluding Capital and Reserves)	Investments (except in case of investment in the Subsidiaries)	Turnover **	Profit/ (Loss) before Taxation **	Provision for Taxation **	Profit/ (Loss) after Taxation **	Proposed Dividend (excluding dividend paid)	% of Shareholding (either directly or through subsidiaries)
13	KEC Mexico LLC, USA (Refer note 1)	INR	0.02	(0.16)	0.02	0.16	-	-	@@	-	@@	-	100%
14	KEC Transmission LLC, USA (Refer note 1)	INR	0.02	6,185.33	37,240.49	31,055.14	-	-	(1,129.70)	-	(1,129.70)	-	100%
15	KEC US LLC, USA (Refer note 1)	INR	0.02	4,129.09	24,825.76	20,696.65	-	-	(752.91)	-	(752.91)	-	100%
16	KEC Global Mauritius, Mauritius	INR	77.81	(61.20)	20.11	3.50	-	-	(11.32)	-	(11.32)	-	100%
		USD(000)	120.00	(94.38)	31.01	5.39	-	-	(16.89)	-	(16.89)	-	
17	KEC International (Malaysia) SDN.BHD	INR	4.98	(2.56)	3.22	0.80	-	-	(0.54)	-	(0.54)	-	100%
		RM(000)	36.62	(18.83)	23.70	5.91	-	-	(3.42)	-	(3.42)	-	
18	RPG Transmission Nigeria Limited, Nigeria	INR	20.60	0.18	20.86	0.08	-	-	(0.12)	-	(0.12)	-	100%
		Naira(000)	10,000.00	89.61	10,127.11	37.50	-	-	(50.00)	-	(50.00)	-	
19	KEC Global FZ - LLC, Ras UL Khaimah, UAE	INR	176.52	1,204.07	1,431.37	50.77	-	-	(30.96)	3.91	(34.87)	-	100%
		AED(000)	1,000.00	6,821.18	8,108.82	287.64	-	-	(169.02)	21.36	(190.38)	-	
20	KEC Power India Private Limited, India	INR	22.10	12.64	34.79	0.05	-	-	1.99	0.62	1.37	-	100%
21	KEC Bikaner Sikar Transmission Private Limited	INR	1,000.00	1,840.20	19,954.07	17,113.87	-	19,706.97	(29.82)	111.04	(40.86)	-	99.99%

The figures reported above are without considering elimination

Exchange rates as at year end considered for conversion:

1USD = ₹ 64.8450

1AED = ₹ 17.6520

1NAIRA = ₹ 0.206

1 RM = ₹ 13.5909

* Based on the information considered in the audited consolidated financial statements of SAE Towers Holdings, LLC

@ ₹ 259/-

#USD4

@@ ₹ 351/-

** Average exchange rates for the year considered for conversion

Footnotes:

1. In case of following companies functional currency considered as reporting currency
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

Notes

forming part of the consolidated financial statements

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	31-03-2017
2. Shares of Associate/ Joint Ventures held by the company on the year end	
No.	-
Amount of Investment in Associates/ Joint Venture	-
Extend of Holding %	49
3. Description of how there is significant influence	By virtue of shareholding
4. Reason why the associate/ joint venture is not consolidated	Yes
5. Net worth attributable to Shareholding as per latest audited Balance Sheet	-
6. Profit / Loss for the year	(2.96)
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 Associates are not considered in the Consolidated Financial Statements.

Footnotes:

- There are no associates or joint ventures which are yet to commence operations.
- 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

CH. V. JAGANNADHA RAO
Company Secretary

A.T.VASWANI
Director
DIN - 00057953

Place: Mumbai
Date: May 19, 2017

Independent Auditor's Report

TO THE MEMBERS OF KEC INTERNATIONAL LIMITED

Report on the Standalone Ind AS Financial Statements

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, 2017, 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 the Returns for the year ended on that date audited by the branch auditors of the Company's branches located at Abu Dhabi, Afghanistan, Algeria, Bangladesh, Congo, Egypt, Ethiopia, Georgia, Ghana, Indonesia, Ivory Coast, Kazakhstan, Kenya, Laos, Lebanon, Libya, Malaysia, Nepal, Nigeria, Oman, Philippines, South Africa, Sri Lanka, Tanzania, Thailand, Tunisia, Uganda, and Zambia and which includes 20 Joint Operations referred to in Note 45 in Standalone Ind AS financial Statements.

Management's Responsibility for the Standalone Ind AS Financial Statements

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 that 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 (Ind AS) prescribed 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, 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.

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. Those Standards 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.

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 auditor's 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.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and 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 standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the branch auditors and other auditors on separate financial statements / financial information of the branches and joint operations referred to in the Other Matters paragraph below, 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, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

- (a) We did not audit the financial statements / financial information of 28 branches and 19 joint operations included in the standalone Ind AS financial statements of the Company whose financial statements/financial information reflect total assets of ₹ 106,556.33 lakh as at March 31, 2017 and total revenues of ₹ 121,644.62 lakh for the year ended on that date, as considered in the standalone Ind AS financial statements. The financial statements/financial information of these branches and joint operations have been audited by the branch auditors and other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches and joint operations and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branches and Joint operations, is based solely on the report of such branch auditors and other auditors.
- (b) The comparative financial information for the year ended March 31, 2016 and the transition date opening balance sheet as at April 01, 2015 in respect of 28 branches and 19 joint operations included in this Standalone Ind AS financial statements prepared in accordance with the Ind AS have been audited by the branch auditors and other auditors.

Our opinion on the standalone Ind AS financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the branch auditors and other auditors on the separate financial statements/financial Information of the branches, referred to in the Other Matters paragraph above we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - 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 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 the 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 Statement of Changes in Equity dealt with by this Report are in agreement with the relevant 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 prescribed under Section 133 of the Act.
 - f) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 over financial reporting of the Company and its branches and the operating effectiveness of such

controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 52 to the standalone Ind AS financial statements;
- ii. The Company has made provision, as required under the applicable accounting standards, for material foreseeable losses, on long-term contracts - Refer Note 32 to the standalone Ind AS financial statements. Further, the Company did not have any material foreseeable losses on derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements

as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by branch auditor and other auditors by the Management.

2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm’s Registration No. 117365W)

SAIRA NAINAR
Partner

Mumbai, May 19, 2017

(Membership No. 040081)

Annexure “A” To The Independent Auditor’s Report

(Referred to in paragraph 1(g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date on the standalone Ind AS financial statements for the year ended March 31, 2017 of KEC INTERNATIONAL LIMITED)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **KEC INTERNATIONAL LIMITED** (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date, which includes internal financial controls over financial reporting of the Company’s branches and joint operations.

Management’s Responsibility for Internal Financial Controls

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 Companies Act, 2013.

Auditor’s Responsibility

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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditors of branches, 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

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

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

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors on internal financial controls system over financial reporting of the branches referred to in the Other Matters paragraph below, 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, 2017, based on the internal control over financial reporting criteria established by the respective 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

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 28 branches, is based on the corresponding reports of the branch auditors.

Our opinion is not modified in respect of this matter.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

SAIRA NAINAR
Partner
(Membership No. 040081)

Mumbai, May 19, 2017

Annexure "B" To The Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the standalone Ind AS financial statements for the year ended March 31, 2017 of KEC INTERNATIONAL LIMITED)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deeds / transfer deeds / conveyance deeds and other relevant records [including confirmations from trustee of the lenders in respect of immovable properties (land and buildings thereof) whose title deeds have been mortgage as security for loans taken by the Company] provided to us, we report that:
- (i) The title deeds of all the freehold immovable properties (land and buildings thereof) are held in the name of the Company as at the balance sheet date, 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 ₹ 2,582.45 lakh as at Balance Sheet date, the title of which have been transferred to and vested in the Company, pursuant to the 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 leasehold deeds of immovable properties (land and buildings thereof) are in the name of the Company as at Balance Sheet date.
- (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 Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have unclaimed deposits as at March 31, 2017 and accordingly, provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act are not applicable to the Company.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the amount relates	Amount involved (₹ in Lakh)
Sales Tax/Value Added Tax Acts	Tax/Penalty/Interest	Assistant Commissioner / Joint Commissioner/Deputy Commissioner / Additional Commissioner (Appeal)	1994-1995 to 2015-2016	8,904.15
	Tax/Penalty/Interest	Rajasthan Tax Board, Ajmer	1994-1995 to 1997-1998	46.66
	Tax/Interest	Appellate Tribunal	2000-2001 to 2013-2014	53.38
The Central Excise Act, 1944	Excise Duty/ Penalty/Interest	Assistant Commissioner / Joint Commissioner / Deputy Commissioner /Additional Commissioner (Appeal)	1997-1998 to 2015-2016	1,632.68
	Excise Duty/ Penalty/Interest	Custom Excise and Service Tax Appellate Tribunal	1994-1995 to 2015-2016	2,636.91
	Interest on differential duty of excise	High Court	2001-2002 to 2005-2006	61.76
	Excise Duty	Supreme Court	2008-2009 to 2009-2010	13.44
The Finance Act, 1994	Service Tax/Penalty/Interest	Commissioner (Appeal)	2008-2009 to 2012-2013	68.44
	Service Tax/Penalty/Interest	Custom Excise and Service Tax Appellate Tribunal	2003-2004 to 2012-2013	28,702.13
The Customs Act, 1962	Customs Duty	Commissioner of Customs (Appeal)	1995 -1996	60.14
The Income Tax Act, 1961	Income Tax/ Interest	Income Tax Appellate Tribunal	AY 2007-2008	192.80
	Income Tax	High Court	AY 2008-2009	53.53

For the above purpose, only statutory dues payable in India have been considered.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders.
- (ix) The Company has not raised 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 raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013,
- where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Standalone Ind AS financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 117365W)

SAIRA NAINAR
Partner

Mumbai, May 19, 2017

(Membership No. 040081)

Balance Sheet

as on March 31, 2017

Particulars	Note No.	₹ in Lakh		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
(1) Non-Current Assets				
(a) Property, plant and equipment	6	56,576.94	63,816.30	65,569.91
(b) Capital work-in-progress		423.04	664.29	1,241.69
(c) Other intangible assets	7	10,536.96	11,900.07	13,212.78
		67,536.94	76,380.66	80,024.38
(d) Financial Assets				
(i) Investments	8	12,233.47	8,070.14	718.20
(ii) Trade receivables	9	2,640.54	4,900.45	7,955.67
(iii) Other financial assets	10	4,735.16	6,827.48	5,809.29
		19,609.17	19,798.07	14,483.16
(e) Non-current tax assets (Net)	11	5,161.90	10,725.27	10,489.79
(f) Other non-current assets	12	24,588.34	27,759.25	28,410.19
Total Non-Current Assets		116,896.35	134,663.25	133,407.52
(2) Current Assets				
(a) Inventories	13	26,976.08	25,270.29	28,975.72
(b) Financial assets				
(i) Trade receivables	14	394,883.65	438,426.40	365,661.97
(ii) Cash and cash equivalents	15	12,302.48	5,818.75	16,299.04
(iii) Bank balances other than (ii) above	16	3,244.23	1,070.71	1,319.16
(iv) Loans	17	16,539.48	17,284.87	14,632.84
(v) Other financial assets	18	11,584.20	10,572.82	7,441.39
		438,554.04	473,173.55	405,354.40
(c) Current Tax Assets (Net)	19	4,009.37	875.13	1,251.67
(d) Other current assets	20	182,525.95	164,953.27	159,109.89
Total Current Assets		652,065.44	664,272.24	594,691.68
Total Assets		768,961.79	798,935.49	728,099.20
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	21	5,141.77	5,141.77	5,141.77
(b) Other equity	22	160,432.08	133,084.08	119,689.17
Total equity		165,573.85	138,225.85	124,830.94
LIABILITIES				
(1) Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	23	25,082.69	16,744.87	21,102.01
(ii) Other financial liabilities	24	1,006.52	-	-
		26,089.21	16,744.87	21,102.01
(b) Provisions	25	2,919.42	2,167.26	1,565.91
(c) Deferred tax liabilities (Net)	26	13,212.56	11,049.60	10,436.68
Total Non-Current Liabilities		42,221.19	29,961.73	33,104.60
(2) Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	27	120,070.21	234,235.70	192,789.38
(ii) Acceptances	28	96,887.70	79,349.92	97,343.90
(iii) Trade payables	29	200,462.63	185,543.52	180,622.64
(iv) Other financial liabilities	30	4,188.90	10,021.64	12,716.81
		421,609.44	509,150.78	483,472.73
(b) Other current liabilities	31	129,722.38	111,739.28	78,383.36
(c) Provisions	32	6,418.23	7,299.30	7,072.87
(d) Current tax liabilities (Net)	33	3,416.70	2,558.54	1,234.70
Total Current Liabilities		561,166.75	630,747.91	570,163.66
Total Equity And Liabilities		768,961.79	798,935.49	728,099.20

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

SAIRA NAINAR
Partner

RAJEEV AGGARWAL
Chief Financial Officer

H. V. GOENKA
Chairman
DIN - 00026726

CH. V. JAGANNADHA RAO
Company Secretary

VIMAL KEJRIWAL
Managing Director & CEO
DIN - 00026981

Place : Mumbai
Date : May 19, 2017

Place : Mumbai
Date : May 19, 2017

A. T. VASWANI
Director
DIN - 00057953

Statement of Profit and Loss for the year ended March 31, 2017

₹ in Lakh

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I Revenue from operations	34	773,708.55	788,223.74
II Other income	35	3,708.40	1,557.53
III Total Income (I+II)		777,416.95	789,781.27
IV Expenses			
(i) Cost of materials consumed	36	359,992.10	364,903.20
(ii) Changes in inventories of finished goods and work-in-progress	37	163.20	1,892.23
(iii) Erection & sub-contracting expenses	38	177,340.84	202,775.66
(iv) Excise duty on sale of goods		17,065.02	19,182.01
(v) Employee benefits expense	39	50,591.74	44,969.57
(vi) Finance costs	40	20,883.14	23,794.40
(vii) Depreciation and amortisation expense	41	11,538.91	11,800.97
(viii) Other expenses	42	97,488.53	86,590.35
Total expenses		735,063.48	755,908.39
V Profit before tax (III - IV)		42,353.47	33,872.88
VI Tax expense :	43		
(i) Current Tax		11,666.71	13,628.01
(ii) Deferred Tax		2,504.28	700.90
		14,170.99	14,328.91
VII Profit for the period from continuing operation (V-VI)		28,182.48	19,543.97
VIII Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit obligations	50	(204.57)	(315.51)
(ii) Income tax relating to items that will not be reclassified to profit or loss	43.2	70.80	109.19
B (i) Items that will be reclassified to profit or loss	22		
- Exchange differences on translating the financial statements of foreign joint operations		(830.20)	(526.80)
- Net gain on designated portion of hedging instruments		9.25	390.44
(ii) Income tax relating to items that will be reclassified to profit or loss	43.2	120.24	67.17
Total Other Comprehensive Income		(834.48)	(275.51)
IX Total Comprehensive Income for the period (VII + VIII) (Comprising Profit and Other Comprehensive Income for the period)		27,348.00	19,268.46
X Earnings per equity share for continuing operation (of ₹ 2 each)			
(i) Basic		10.96	7.60
(ii) Diluted	44	10.96	7.60

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

SAIRA NAINAR
Partner

RAJEEV AGGARWAL
Chief Financial Officer

H. V. GOENKA
Chairman
DIN - 00026726

CH .V. JAGANNADHA RAO
Company Secretary

VIMAL KEJRIWAL
Managing Director & CEO
DIN - 00026981

Place : Mumbai
Date : May 19, 2017

Place : Mumbai
Date : May 19, 2017

A. T. VASWANI
Director
DIN - 00057953

Statement of changes in equity

for the year ended March 31, 2017

Statement of changes in equity for the year ended March 31, 2017

A. Equity Share Capital

Particulars	Note	Amount
Balance as at April 1, 2015		5,141.77
Change in equity share capital during the year	21	-
As at March 31, 2016		5,141.77
Change in equity share capital during the year	21	-
As at March 31, 2017		5,141.77

B. Other Equity

Particulars	Reserve and Surplus				Other Comprehensive Income			Total		
	Capital Reserve	Securities Premium Reserve	Capital 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, 2015	8,497.87	8,674.89	1,427.95	357.88	10,899.16	94.88	89,919.97	-	(66.51)	119,689.17
Profit for the year	-	-	-	-	-	-	19,543.97	-	-	19,543.97
Other Comprehensive Income for the year	-	-	-	-	-	-	-	256.42	(325.61)	(206.32)
Total Comprehensive Income for the year	-	-	-	-	-	-	19,543.97	256.42	(325.61)	19,268.46
Dividends	-	-	-	-	-	-	(4,884.68)	-	-	(4,884.68)
Tax on distributed profits	-	-	-	-	-	-	(988.87)	-	-	(988.87)
Transfer from retained earnings	-	-	-	584.75	1,580.10	-	(2,164.85)	-	-	-
Balance as at March 31, 2016	8,497.87	8,674.89	1,427.95	942.63	12,479.26	94.88	1,01,425.54	139.50	(325.61)	1,33,084.08
Balance as at April 1, 2016	8,497.87	8,674.89	1,427.95	942.63	12,479.26	94.88	1,01,425.54	139.50	(325.61)	1,33,084.08
Profit for the year	-	-	-	-	-	-	28,182.48	-	-	28,182.48
Other Comprehensive Income for the year	-	-	-	-	-	-	-	6.05	(706.76)	(834.48)
Total Comprehensive Income for the year	-	-	-	-	-	-	28,182.48	6.05	(706.76)	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	1,27,053.59	145.55	(1,032.37)	1,60,432.08

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

SAIRA NAINAR
Partner

Place : Mumbai
Date : May 19, 2017

For and on behalf of the Board of Directors

RAJEEV AGGARWAL
Chief Financial Officer

H. V. GOENKA
Chairman
DIN - 00026726

CH. V. JAGANNADHA RAO
Company Secretary

VIMAL KEJRIWAL
Managing Director & CEO
DIN - 00026981

A. T. VASWANI
Director
DIN - 00057953

Cash Flow Statement for the year ended March 31, 2017

₹ in Lakh

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES:		
PROFIT FOR THE YEAR	28,182.48	19,543.97
Adjustments for:		
Income tax expense	14,170.99	14,328.91
Depreciation and amortisation expense	11,538.91	11,800.97
Amortization of leasehold prepayments	62.68	77.50
Profit on sale of property, plant and equipment (net)	(19.31)	(551.52)
Loss on property, plant and equipment discarded & intangible assets derecognised	1,528.74	385.67
Finance costs	20,883.14	23,794.40
Interest income	(2,541.68)	(373.32)
Adjustment on account of fair value of financial guarantees	(468.34)	(349.11)
Dividend income from equity investments in subsidiary	-	(27.06)
Bad debts, loans and advances written off (net)	19,767.73	14,050.14
Allowance for bad and doubtful debts, loans and advances (net)	1,948.08	1,633.21
Mark to market loss on forward and commodity contracts	400.70	(201.15)
Net loss arising on financial assets mandatorily measured at FVTPL	429.00	-
Net unrealised exchange (gain) / loss	760.76	1,215.60
	68,461.40	65,784.24
Changes in assets and liabilities	96,643.88	85,328.21
Changes in working capital:		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(1,705.79)	3,705.43
Trade receivables	23,998.79	(83,869.36)
Loans	7,280.88	(2,978.09)
Other financial assets	58.65	(1,576.47)
Other current assets	(17,572.68)	(12,459.73)
Other non-current assets	4,098.50	619.75
	16,158.35	(96,558.47)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables and acceptances	32,342.37	(14,376.19)
Other current liabilities	17,983.09	33,355.93
Other financial liabilities	103.73	104.41
Provisions	(17.96)	578.78
	50,411.23	19,662.93
CASH GENERATED FROM OPERATIONS	163,213.46	8,432.67
Taxes paid (net of refunds)	(8,719.77)	(12,163.14)
NET CASH FLOW FROM GENERATED BY / (USED IN) OPERATING ACTIVITIES (A)	154,493.69	(3,730.47)

Cash Flow Statement

for the year ended March 31, 2017

Particulars	₹ in Lakh	
	For the year ended March 31, 2017	For the year ended March 31, 2016
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment & intangible assets (after adjustment of increase/decrease in capital work-in-progress and advances for capital expenditure)	(5,896.86)	(10,026.11)
Proceeds from sale of property, plant and equipment	146.17	9,228.91
Payment for investments in subsidiaries (including share application money)	(2,050.00)	(9,076.83)
Loans given to a subsidiary	(9,974.68)	(4,364.90)
Loans repaid by a subsidiary	3,531.06	3,223.55
Interest received	1,403.03	577.51
Dividend received from a subsidiary	-	27.06
Bank balances (including non-current) not considered as Cash and cash equivalents (net)	(2,424.20)	94.82
	(15,265.48)	(10,315.99)
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	(15,265.48)	(10,315.99)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from other than short-term borrowings (including debentures)	25,000.00	652.26
Repayments of other than short-term borrowings (including debentures)	(22,479.15)	(8,240.27)
Net increase / (decrease) in short-term borrowings	(114,165.80)	40,382.21
Finance costs paid	(20,986.93)	(23,474.16)
Dividend paid (including tax on distributed profit)	(112.42)	(5,754.08)
	(132,744.30)	3,565.96
NET CASH FLOW (USED IN) / GENERATED BY FINANCING ACTIVITIES (C)	(132,744.30)	3,565.96
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	6,483.91	(10,480.50)
Cash and cash equivalents at the beginning of the year (Refer Note 15)	5,818.75	16,299.04
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	(0.18)	0.21
Cash and cash equivalents at the end of the year (Refer Note 15)	12,302.48	5,818.75

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

SAIRA NAINAR
Partner

RAJEEV AGGARWAL
Chief Financial Officer

H. V. GOENKA
Chairman
DIN - 00026726

CH. V. JAGANNADHA RAO
Company Secretary

VIMAL KEJRIWAL
Managing Director & CEO
DIN - 00026981

Place : Mumbai
Date : May 19, 2017

Place : Mumbai
Date : May 19, 2017

A. T. VASWANI
Director
DIN - 00057953

Notes forming part of the financial statements

(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, and related activities.

2. Application of new and revised Indian Accounting Standards (Ind ASs)

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows'. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

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.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the Accounting Standards notified under Section 133 of the Companies Act, 2013 (Previous GAAP). These financial statements for the year ended March 31, 2017 are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 4 for the details of first-time adoption exemptions availed by the Company.

3.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial

instruments 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 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:

Notes forming part of the financial statements

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.

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, 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.

3.5.3 Construction contract:

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 will be recoverable. 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.

Notes forming part of the financial statements

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.

3.6 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 liability 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. 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 (see Note 3.8 below). 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 recognised in the year in which such benefits accrue. 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 retranslated. Foreign currency denominated monetary assets and liabilities are retranslated 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:
- At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for:

Notes forming part of the financial statements

- 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 is recognised in the Statement of Profit and Loss at the end of each reporting period.

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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 and the Company's contribution towards provident fund are 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.

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 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, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

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 at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

3.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Notes forming part of the financial statements

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.

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.

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 an 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.

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.

Notes forming part of the financial statements

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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 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.

3.12.4 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 Softwares 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.

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.

Notes forming part of the financial statements

3.14 Investments

Investment in equity shares of subsidiaries and associate are measured at cost.

Investment in preference shares have been analysed by the Company to determine the underlying business model and whether the contractual cash flows are solely payments of principal and interest. Basis the evaluation, the criteria of solely payments of principal and interest is not met, the Company has classified the investment in preference shares as at fair value through Profit or Loss.

3.15 Inventories

Inventories 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.

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.

3.17 Financial instruments

Financial assets and financial liabilities are recognised when a Company entity 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.

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.

Notes forming part of the financial statements

3.18.3 Impairment of financial assets

The Company recognises 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 to the amount that is required to be recognised 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. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

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 values 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 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

Notes forming part of the financial statements

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 48.

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 48 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 purposes of the Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.23 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Notes forming part of the financial statements

3.24 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 realise 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.

4. First-time adoption – mandatory exceptions, optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the Company as detailed below.

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Classification of debt instruments:

The Company has determined the classification of financial instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, 'First Time Adoption of Indian Accounting Standards',

it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Assessment of embedded derivatives

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Cumulative translation differences on foreign operations

The Company has elected the option to reset the cumulative translation differences on foreign operations that exist as of the transition date to zero.

Joint operation- Transition provisions in the financial statements.

Under the previous GAAP, the Company has accounted investment in Al Sharif Group and KEC Limited Company, being a Jointly Controlled Entity as an investment at cost. Under Ind AS, this joint arrangement has been classified as joint operation (Refer Note 5.1.1).

Accordingly, the Company has de-recognised the investment and recognised the assets and liabilities in respect of its interest in joint operation. The effect of this transition provision at the date of transition to Ind AS i.e. April 1, 2015 is as under:

Notes forming part of the financial statements

Particulars	₹ in Lakh
	As at April 1, 2015
Investment	
147,000 Fully paid Shares of Saudi Riyal 10 each of Al-Sharif Group and KEC Ltd Company, Saudi Arabia	Nil @
Assets recognised	129,114.57
Liabilities recognised	111,048.36
Net remaining difference adjusted in the retained earnings	18,066.21

@ 'Nil' realisable value was considered by the Company for this investment when it was acquired as a part of the Power Transmission Business under the Composite Scheme of Arrangement, in an earlier year.

5. Critical accounting judgements and key sources of estimation uncertainty

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.

5.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see Note 5.2 below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

5.1.1 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
- 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

Although Al Sharif Group and KEC Ltd. Company, Saudi Arabia 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, Al Sharif Group and KEC Ltd. Company, Saudi Arabia is classified as a joint operation of the Company.

5.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.2.1 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

Notes forming part of the financial statements

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.

5.2.2 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.

5.2.3 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 managements have 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 material effect on its financial position or profitability.

5.2.4 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.

Notes forming part of the financial statements

Note 6 - Property, plant and equipment

Particulars	Freehold 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, 2015	6,589.87	14,083.44	51,219.71	43.85	8,794.73	1,775.27	4,105.89	569.98	959.02	1,959.98	90,101.74
Additions	-	579.00	3,205.48	-	3,028.87	736.16	693.37	771.56	243.46	504.49	9,762.39
Disposal	-	740.05	1,548.44	-	4,276.17	377.69	273.76	10.82	123.71	207.64	7,558.28
Effect of foreign currency exchange differences	-	17.81	48.24	2.62	34.20	21.49	39.66	34.10	6.56	6.21	210.89
As at March 31, 2016	6,589.87	13,940.20	52,924.99	46.47	7,581.63	2,155.23	4,565.16	1,364.82	1,085.33	2,263.04	92,516.74
Additions	-	249.12	1,675.11	-	1,080.79	153.05	452.34	-	86.36	386.09	4,082.86
Disposal	-	362.93	1,564.53	-	1,155.09	296.79	670.53	-	134.68	319.84	4,504.39
Effect of foreign currency exchange differences	-	(11.55)	(34.75)	(0.97)	(33.29)	(10.45)	(16.65)	(28.32)	(3.24)	(3.29)	(142.51)
As at March 31, 2017	6,589.87	13,814.84	53,000.82	45.50	7,474.04	2,001.04	4,330.32	1,336.50	1,033.77	2,326.00	91,952.70
Accumulated depreciation											
As at April 1, 2015	-	3,199.60	16,527.69	2.33	-	815.81	2,015.90	56.38	511.18	1,402.94	24,531.83
Depreciation expenses	-	689.67	3,752.79	9.21	4,194.88	227.02	602.55	266.74	157.36	261.25	10,161.47
Elimination on disposal	-	688.96	691.35	-	3,963.08	222.16	222.41	1.09	106.22	196.55	6,091.82
Effect of foreign currency exchange differences	-	10.35	28.59	0.25	-	13.73	33.57	6.68	3.10	2.69	98.96
As at March 31, 2016	-	3,210.66	19,617.72	11.79	231.80	834.40	2,429.61	328.71	565.42	1,470.33	28,700.44
Depreciation expenses	-	699.42	3,941.58	9.39	3,675.21	234.61	543.20	344.13	158.33	295.12	9,900.99
Elimination on disposal	-	289.37	1,229.32	-	296.66	281.46	611.58	-	122.89	303.55	3,134.83
Effect of foreign currency exchange differences	-	(7.78)	(21.87)	(0.53)	(14.63)	(8.13)	(15.80)	(17.33)	(2.44)	(2.33)	(90.84)
As at March 31, 2017	-	3,612.93	22,308.11	20.65	3,595.72	779.42	2,345.43	655.51	598.42	1,459.57	35,375.76
Net carrying amount											
As at April 1, 2015	6,589.87	10,883.84	34,692.02	41.52	8,794.73	959.46	2,089.99	513.60	447.84	557.04	65,569.91
As at March 31, 2016	6,589.87	10,729.54	33,307.27	34.68	7,349.83	1,320.83	2,135.55	1,036.11	519.91	792.71	63,816.30
As at March 31, 2017	6,589.87	10,201.91	30,692.71	24.85	3,878.32	1,221.62	1,984.89	680.99	435.35	866.43	56,576.94

Note 6.1

^The title deeds of freehold land and buildings, having gross carrying amount aggregating ₹ 2,634.79 lakh (as at March 31, 2016 ₹ 2,634.79 lakh, as at April 1, 2015 ₹ 2,634.79 lakh) and net carrying amount aggregating ₹ 2,582.45 lakh (as at March 31, 2016 ₹ 2,586.81 lakh, as at April 1, 2015 ₹ 2,591.26 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 6.2

For details of Property, plant and equipment having gross carrying amount aggregating ₹ 86,222.33 lakh (As at March 31, 2016 ₹ 86,064.38 lakh, as at April 1, 2015 ₹ 85,863.30 lakh), which are pledged as security for borrowings - refer Notes 23 and 27.

Notes forming part of the financial statements

Note 7 - Other intangible assets

Particulars	₹ in Lakh		
	Brands (Refer Note 7. 1)	Computer softwares	Total
Gross carrying amount			
As at April 1, 2015	24,694.77	2,117.81	26,812.58
Additions	-	359.36	359.36
Disposal	-	43.44	43.44
As at March 31, 2016	24,694.77	2,433.73	27,128.50
Additions	-	327.65	327.65
Disposal	-	177.74	177.74
As at March 31, 2017	24,694.77	2,583.64	27,278.41
Accumulated amortisation:			
As at April 1, 2015	12,317.00	1,282.80	13,599.80
Amortisation expenses	1,269.50	370.00	1,639.50
Elimination on disposal	-	10.87	10.87
As at March 31, 2016	13,586.50	1,641.93	15,228.43
Amortisation expenses	1,269.50	368.42	1,637.92
Elimination on disposal	-	124.90	124.90
As at March 31, 2017	14,856.00	1,885.45	16,741.45
Net carrying value			
As at April 1, 2015	12,377.77	835.01	13,212.78
As at March 31, 2016	11,108.27	791.80	11,900.07
As at March 31, 2017	9,838.77	698.19	10,536.96

Note 7.1

Brands includes 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, 2017 is ₹ 9,600 lakh (as at March 31, 2016 ₹ 10,800 lakh, as at April 1, 2015 ₹ 12,000 lakh) and the remaining amortisation period is 8 years (as at March 31, 2016 - 9 years, as at April 1, 2015 - 10 years).

Notes forming part of the financial statements

Note 8 - Investments

₹ in Lakh

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	
Non-current :				
(A) Investment in Equity Instruments:				
Unquoted				
(a) Subsidiaries - wholly owned				
10,000,000	Fully paid Ordinary Shares of Naira 1 each of RPG Transmission Nigeria Limited	34.52	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	118.65
10,600,000	(As at March 31, 2016, 10,600,000, as at April 1, 2015, 600,000) Fully paid Ordinary Shares of US \$ 1 each of KEC Investment Holdings, Mauritius	* 7,792.72	* 7,433.45	* 433.96
120,000	(As at March 31, 2016, 120,000, As at April 1, 2015, 80,000) Fully paid Ordinary Shares of US \$ 1 each of KEC Global, Mauritius	70.74	70.74	44.29
221,022	Fully paid Equity Shares of ₹ 10 each of KEC Power India Private Limited	86.29	86.29	86.29
Subsidiary				
9,999,990	(As at March 31, 2016 3,260,000 Fully paid Equity Shares of ₹ 10 each of KEC Bikaner Sikar Transmission Private Limited subscribed during the year ended March 31, 2016) (Refer Note 8.2)	* 1,109.06	326.00	-
		9,211.98	8,069.65	717.71
(b) Associate				
4,900	Fully paid Equity Shares of ₹ 10 each of RP Goenka Group of Companies Employees Welfare Association	0.49	0.49	0.49
		9,212.47	8,070.14	718.20
(B) Investment in Preference Shares (At fair value through profit and loss) :				
Unquoted				
Subsidiary				
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 8.3)	3,021.00	-	-
		12,233.47	8,070.14	718.20
Aggregate book value of quoted investments and market value thereof				
		-	-	-
Aggregate book value of unquoted investments				
		12,233.47	8,070.14	718.20
Aggregate amount of impairment in value of investments				
		-	-	-

8.1 Investments in equity instruments in subsidiaries and associate is at cost.

8.2 Includes 5,100,000 equity shares pledged in respect of term loan availed during the year by KEC Bikaner Sikar Transmission Private Limited.

8.3 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 share 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 48.13. The loss on fair valuation of preference shares of ₹ 429.00 lakh is recognised in "Other expenses" (Note 42).

* Includes ₹ 979.14 lakh (As at March 31, 2016 ₹ 510.80 lakh, as at April 1, 2015 ₹ 161.69 lakh) towards adjustment on account of fair value of financial guarantees issued to subsidiaries and step down subsidiaries, as applicable.

Notes forming part of the financial statements

Note 9 - Trade receivables

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current trade receivables - Unsecured			
(i) Considered good	2,640.54	4,900.45	7,955.67
(ii) Doubtful	1,951.08	2,398.01	2,787.54
	4,591.62	7,298.46	10,743.21
Less: Allowance for bad and doubtful receivables (expected credit loss allowance)*	1,951.08	2,398.01	2,787.54
	2,640.54	4,900.45	7,955.67

*Movement in the allowance for bad and doubtful receivables (expected credit loss allowance). Also refer Note 48.9.

Particulars	Amount
	₹ in Lakh
Balance as at April 1, 2015	2,787.54
Add: Created during the year	707.76
Less: Released during the year	1,097.29
Balance as at March 31, 2016	2,398.01
Add: Created during the year	204.25
Less: Released during the year	651.18
Balance as at March 31, 2017	1,951.08

Note 10 - Other financial assets

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current			
(i) Bank deposits with more than 12 months maturity	-	-	5.92
(ii) Security deposits	1,036.58	989.49	887.14
Less: Allowance for bad and doubtful security deposits*	34.53	34.53	87.89
	1,002.05	954.96	799.25
(iii) 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	135.49	64.92
(iv) Amount withheld by customer [Refer Note 52(i)(a)(8)(i)]	4,189.62	6,933.08	5,888.90
Less: Allowance for bad and doubtful receivables (expected credit loss allowance)*	573.48	1,196.05	949.70
	3,616.14	5,737.03	4,939.20
	4,735.16	6,827.48	5,809.29

*Movement in the allowance for bad and doubtful receivables (ECL) / deposits - Also refer Note 48.9

Particulars	Amount
	₹ in Lakh
Balance as at April 1, 2015	1,037.59
Add: Created during the year	246.35
Less: Released during the year	53.36
Balance as at March 31, 2016	1,230.58
Add: Created during the year	-
Less: Released during the year	622.57
Balance as at March 31, 2017	608.01

Notes forming part of the financial statements

Note 11 - Non-current tax assets (net)

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income tax payments less liabilities	5,161.90	10,725.27	10,489.79
	5,161.90	10,725.27	10,489.79

Note 12 - Other non-current assets

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Capital Advances	1,021.69	94.10	125.29
(b) Others			
-Service tax cenvat receivable	608.56	626.32	758.84
-Excise duty recoverable from Government authorities	2,339.68	2,339.68	2,339.68
-VAT Credit / WCT Receivables	12,037.97	14,835.96	15,034.41
-Prepaid expenses	607.92	877.44	605.24
-Operating lease prepayments	4,046.27	4,123.83	4,192.71
-Export benefits	2,011.48	2,223.66	3,427.26
-Sales tax/ excise duty/ entry tax, etc. paid under protest	1,914.77	2,638.26	1,926.76
	23,566.65	27,665.15	28,284.90
	24,588.34	27,759.25	28,410.19

Note 13 - Inventories

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Inventories (lower of cost or net realisable value)			
(a) Raw materials			
(i) in stock	13,579.30	11,633.31	12,101.70
(ii) goods-in-transit	475.20	1,350.18	1,762.11
	14,054.50	12,983.49	13,863.81
(b) Work-in-progress (Refer Note 13.1)	6,499.65	5,985.81	5,079.73
(c) Finished goods	3,629.22	4,306.26	7,104.57
(d) Stores and spares	852.73	582.38	652.77
(e) Erection materials	461.64	174.66	978.97
(f) Scrap	1,478.34	1,237.69	1,295.87
	26,976.08	25,270.29	28,975.72

13.1 Details of inventory of work-in-progress :

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Towers and structurals	2,515.93	1,537.86	1,969.88
Cables	3,983.72	4,447.95	3,109.85
	6,499.65	5,985.81	5,079.73

13.2 The cost of inventories recognised as an expense during the year was ₹ 360,155.30 lakh (for the year ended March 31, 2016 ₹ 366,795.43 lakh).

13.3 The cost of inventories recognised as expense includes ₹ 1,894.06 lakh (for the year ended March 31, 2016 ₹ 712.79 lakh) in respect of write-downs of inventory to net realisable value, and has been reduced by ₹ 271.86 lakh (for the year ended March 31, 2016 ₹ Nil) in respect of reversal of such write downs.

13.4 The above inventories have been pledged as security for borrowings (Refer Notes 23 and 27)

Notes forming part of the financial statements

Note 14 - Trade receivables

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivables - Unsecured (Refer Note 48.9 and 55)			
(i) Considered good	394,883.65	438,426.40	365,661.97
(ii) Doubtful	3,129.69	2,791.10	1,854.71
	398,013.34	441,217.50	367,516.68
Less: Allowance for bad and doubtful debts (expected credit loss allowance)*	3,129.69	2,791.10	1,854.71
	394,883.65	438,426.40	365,661.97

*Movement in the allowance for bad and doubtful receivables (expected credit loss allowance)

Particulars	₹ in Lakh
	Amount
Balance as at April 1, 2015	1,854.71
Add: Created during the year	936.39
Less: Released during the year	-
Balance as at March 31, 2016	2,791.10
Add: Created during the year	1,274.98
Less: Released during the year	936.39
Balance as at March 31, 2017	3,129.69

14.1 Transfer of financial assets

During the current year the Company discounted trade receivables with an aggregate carrying amount of ₹ 34,076.25 lakh to banks for cash proceeds of ₹ 32,840.37 lakh. These arrangements are non-recourse to the Company and accordingly, the Company has de-recognized these receivables as at March 31, 2017. 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, 2017 ₹ 10,606.41 lakh (As at March 31, 2016 ₹ 33,979.54 lakh, As at April 1, 2015 ₹ 15,297.64 lakh) are recognized as trade receivables and the corresponding carrying amount of associated liabilities are recognized as secured borrowings (Note 27).

Note 15 - Cash and cash equivalents

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Balances with banks			
(i) In current accounts	11,533.27	5,221.37	8,617.08
(ii) In deposit accounts	528.69	22.38	-
	12,061.96	5,243.75	8,617.08
(b) Cheques on hand	0.41	232.55	698.03
(c) Cash on hand	240.11	342.45	285.89
(d) Others - Remittances in transit	-	-	6,698.04
	12,302.48	5,818.75	16,299.04

Note 16 - Bank balances other than cash and cash equivalents

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Earmarked balances with banks - unpaid dividend accounts	209.38	321.80	202.31
(ii) Bank deposit with original maturity of more than 3 months but less than 12 months	1,729.58	3.96	206.76
(iii) Balances with banks to the extent held as margin money or security against the borrowings, guarantees and other commitments	1,305.27	744.95	910.09
	3,244.23	1,070.71	1,319.16

Notes forming part of the financial statements

Note 17 - Loans

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
(i) Loans to related parties - KEC Investment Holdings, Mauritius (wholly owned subsidiary)	12,028.56	5,493.07	4,077.95
(ii) Loans and advances to Joint operations (net of the Company's share)	* 4,510.92	11,791.80	10,554.89
	16,539.48	17,284.87	14,632.84

17.1 The Company had 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.

17.2 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.

* Includes short-term loans aggregating ₹ 1,028.39 lakh which are given at rates comparable to the average commercial rate of interest.

17.3 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.

Name of Subsidiary	₹ in Lakh	
	Loans (interest bearing) outstanding	Maximum amount outstanding during the year
KEC Investment Holdings Mauritius		
As at March 31, 2017	12,028.56	12,028.56
As at March 31, 2016	5,493.07	5,493.07
As at April 1, 2015	4,077.95	4,077.95

(ii) KEC Investment Holdings, Mauritius has no investment in the Company. It has investment of 1 Ordinary Share of USD 50 in KEC International Holdings LLC, USA, its wholly owned subsidiary. During the previous year ended March 31, 2016, KEC Investment Holdings, Mauritius has made investment in SAE Towers Holdings LLC, its wholly owned step-down subsidiary, amounting to USD 10,000,000

Note 18 - Other financial assets

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Security deposits	1,721.37	1,826.94	2,503.26
(ii) Bank deposit with original maturity more than 12 months	-	115.92	147.95
(iii) Margin money (bank deposits) with original maturity more than 12 months	607.14	222.01	101.01
(iv) Contractually re-imbursable expenses	8,671.87	6,018.13	4,220.23
(v) Interest accrued on fixed deposits	14.40	18.14	20.40
(vi) Insurance claims	2.32	12.89	12.39
(vii) Mark to market gain on forward and commodity contracts	563.37	267.26	436.15
(viii) Share application money pending allotment for investment in preference and equity shares in KEC Bikaner Sikar Transmission Private Limited, Subsidiary	-	2,074.00	-
(ix) Others	3.73	17.53	-
	11,584.20	10,572.82	7,441.39

Notes forming part of the financial statements

Note 19 - Current tax assets (net)

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income tax payments less liabilities	4,009.37	875.13	1,251.67
	4,009.37	875.13	1,251.67

Note 20 - Other current assets

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Others			
- Advances to suppliers	10,258.54	7,276.43	14,972.03
Less: Allowance for doubtful advances	-	-	1,250.00
	10,258.54	7,276.43	13,722.03
- Employee advances	344.67	405.06	526.01
- Cenvat / Service tax input credit receivable	4,634.83	4,006.84	5,423.61
- Amount due as refund of custom duty	1,448.64	1,448.64	-
- Excise duty recoverable from Government authorities	2,300.95	2,467.26	3,349.19
- VAT Credit / WCT Receivables	5,672.21	4,977.78	4,214.83
- Prepaid expenses	7,509.63	7,174.31	6,351.71
- Operating lease prepayments	77.50	77.50	77.50
- Amount due from customers for contract works (Refer Note 55)	147,016.12	134,302.50	114,817.21
- Interest receivable on income tax refund	-	-	302.33
- Export benefits	3,017.86	2,571.95	2,516.46
- Assets classified as held for sale (Refer Note 20.1)	245.00	245.00	7,809.01
	172,267.41	157,676.84	145,387.86
	182,525.95	164,953.27	159,109.89

20.1 Details of assets classified as held for sale

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Leasehold Land	245.00	245.00	245.00
Plant and Equipment	-	-	7,561.96
Furniture and Fixtures	-	-	1.77
Office Equipment	-	-	0.20
Computers	-	-	0.08
Total	245.00	245.00	7,809.01

Liabilities associated with assets classified as held for sale (i.e. advance against assets classified as held for sale) ₹ 940.94 lakh (As at March 31, 2016, ₹ 940.94 lakh, As at April 1, 2015, ₹ 940.94 lakh) included under Note 31 "Other current liabilities"

Notes forming part of the financial statements

Note 21 - Equity share capital

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Nos.	₹ in Lakh	Nos.	₹ in Lakh	Nos.	₹ in Lakh
Authorised:						
Equity Shares:						
Equity Shares of ₹ 2 each	570,000,000	11,400.00	570,000,000	11,400.00	550,000,000	11,000.00
Issued, Subscribed and Paid-up						
Equity Shares:						
Equity Shares of ₹ 2 each fully paid up	257,088,370	5,141.77	257,088,370	5,141.77	257,088,370	5,141.77
	257,088,370	5,141.77	257,088,370	5,141.77	257,088,370	5,141.77

21.1 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, 2015	257,088,370	5,141.77
Add: Shares issued during the year	-	-
Equity Shares Outstanding as at March 31, 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

21.2 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, 2017		As at March 31, 2016		As at April 1, 2015	
		Nos. of Shares Held	Percentage of Shares held	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	69,546,616	27.05
2	Summit Securities Limited	27,602,945	10.74	27,602,945	10.74	26,974,152	10.49
3	HDFC Trustee Company Limited	23,060,249	8.97	23,110,249	8.99	23,110,249	8.99
4	Instant Holdings Limited	17,855,651	6.95	17,855,651	6.95	16,592,755	6.45

* Shares held in multiple folios have been combined

21.3 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.

21.4 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

Note 22 - Other equity

Particulars	Reserve and Surplus						Other Comprehensive Income				Total
	Capital Securities Reserve	Capital Redemption Reserve	Debt Redemption Reserve	General Reserve	Statutory Reserve	Retained Earnings	Effective portion of Hedges on the financial statements of a foreign operations	Exchange differences on translating the financial statements of a foreign operations	Other items of other comprehensive income (Remeasurement of defined benefit obligations)		
Notes	(a)	(b)	(c)	(d)	(e)	(f)					
Balance as at April 1, 2015	8,497.87	8,674.89	1,427.95	357.88	10,899.16	94.88	89,919.97	(116.92)	(66.51)	119,689.17	
Profit for the year	-	-	-	-	-	-	19,543.97	-	-	19,543.97	
Other Comprehensive Income for the year	-	-	-	-	-	-	-	256.42	(206.32)	(275.51)	
Total Comprehensive Income for the year	-	-	-	-	-	-	19,543.97	256.42	(206.32)	19,268.46	
Dividends	-	-	-	-	-	-	(4,884.68)	-	-	(4,884.68)	
Tax on distributed profits	-	-	-	-	-	-	(988.87)	-	-	(988.87)	
Transfer from retained earnings	-	-	-	584.75	1,580.10	-	(2,164.85)	-	-	-	
Balance as at March 31, 2016	8,497.87	8,674.89	1,427.95	942.63	12,479.26	94.88	101,425.54	139.50	(272.83)	133,084.08	
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	(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)	(834.48)	
Total Comprehensive Income for the year	-	-	-	-	-	-	28,182.48	6.05	(706.76)	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)	160,432.08	

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.

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 23.

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

Note 23 - Borrowings

₹ in Lakh

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current:			
Measured at amortised cost :			
I Debentures			
Secured (Refer Note 23.1)	25,000.00	7,500.00	7,500.00
II Term loans			
(a) From banks			
Secured (Refer Note 23.2)	-	9,247.54	14,412.41
Less : Current maturities of long-term debt [Refer Note 30 (a)]	-	(2,937.50)	(5,175.13)
	-	6,310.04	9,237.28
(b) From others parties			
Secured (Refer Note 23.3)	-	4,595.65	6,968.56
Less : Current maturities of long-term debt [Refer Note 30 (a)]	-	(2,088.00)	(2,894.65)
	-	2,507.65	4,073.91
III Long term maturities of finance lease obligations (Refer Note 23.4)	420.86	850.85	462.66
Less : Current maturities of finance lease obligations [Refer Note 30 (b)]	(338.17)	(423.67)	(171.84)
	82.69	427.18	290.82
	25,082.69	16,744.87	21,102.01

23.1 Debentures

- (a) 2,500, Secured, Rated, Listed, Redeemable Non-Convertible Debentures ("NCD") of face value of ₹ 10 lakh each aggregating ₹ 25,000 lakh issued during the year are secured by first charge on the immovable properties at Vadodara and Mysore. Further secured by hypothecation of movable assets of the Company situated at Mysore and Vadodara. 500 NCD of ₹ 10 lakh each aggregating ₹ 5,000 lakh are repayable on December 20, 2021, 500 NCD of ₹ 10 lakh each aggregating ₹ 5,000 lakh are repayable on April 20, 2021 and 1,500 NCD of ₹ 10 lakh each aggregating to ₹ 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.)
- (b) ₹ Nil (As at March 31, 2016 ₹ 7,500 lakh, As at April 1, 2015 ₹ 7,500 lakh) 750, 11.65%, Privately Placed, Secured, Redeemable Non-Convertible Debenture ("NCD") of ₹ 10 lakh each aggregating ₹ 7,500 lakh, secured by first charge on the Company's immovable property located at Mysore and hypothecation of all fixed and movable assets of the Company located at Mysore. 350 Debentures of ₹ 10 lakh each aggregating ₹ 3,500 lakh which were repayable on June 15, 2018 and 400 Debentures of ₹ 10 lakh each aggregating ₹ 4,000 lakh which were repayable on June 14, 2017 have been repaid during the year.

23.2 Term loans from banks

- (a) ₹ Nil (As at March 31, 2016 ₹ 5,006.27 lakh, As at April 1, 2015 ₹ 6,313.55 lakh) secured by first charge on land, building and plant & machinery at Jabalpur and

Nagpur factories. The term loan which was repayable by September 28, 2018 has been repaid during the year.

- (b) ₹ Nil (As at March 31, 2016 ₹ 4,241.27 lakh, As at April 1, 2015 ₹ 4,736.05 lakh) secured by first charge on land, building and plant & machinery situated at Jaipur factory. The term loan which was repayable by March 31, 2019 has been repaid during the year.
- (c) ₹ Nil (As at March 31, 2016 ₹ Nil, As at April 1, 2015 ₹ 2,798.50 lakh) secured by first charge on movable assets of Telecom Division including Telecom Towers.
- (d) ₹ Nil (As at March 31, 2016 ₹ Nil, As at April 1, 2015 ₹ 564.31 lakh) secured by first charge on movable fixed assets i.e construction equipment pertaining to the Transmission, Distribution and Railway business situated at various projects sites in India.

23.3 Term loans from other parties

- (a) ₹ Nil (As at March 31, 2016 ₹ 4,595.65 lakh, As at April 1, 2015 ₹ 6,160.87 lakh) secured by exclusive first charge on the project assets, including immovable properties at Cable factory, Vadodara. The term loan which was repayable by March 20, 2018 has been repaid during the year.
- (b) ₹ Nil (As at March 31, 2016 ₹ Nil, As at April 1, 2015 ₹ 807.69 lakh) secured by first charge over the fixed assets pertaining to Tower Testing Station situated in Nagpur.

Notes forming part of the financial statements

23.4 Finance Lease Obligations

(a) ₹ 8.51 lakh (As at March 31, 2016 ₹ 22.40 lakh, As at April 1, 2015 ₹ 286.47 lakh) secured against equipment of a joint operation at Saudi Arabia. The lease obligation is repayable in monthly instalments through November, 2017 and the present interest rate is 10.63% p.a.

(b) ₹ 412.35 lakh (As at March 31, 2016 ₹ 828.45 lakh, As at April 1, 2015 ₹ 176.19 lakh) secured against certain vehicles of a joint Operation at Saudi Arabia. The lease obligations are repayable in monthly instalments through December, 2018 and the present interest rates are in the range of 10.63% to 14.84% p.a.

Note 24 - Other financial liabilities

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current:			
Yield accrued but not due on debentures [Refer Note 23.1 (a)]	1,006.52	-	-
	1,006.52	-	-

Note 25 - Provisions

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current:			
Provision for employee benefits			
- Compensated absences	2,030.84	1,543.80	1,218.14
- Gratuity (Refer Note 50)	888.58	623.46	347.77
	2,919.42	2,167.26	1,565.91

Note 26 - Deferred tax liabilities (Net)

26.1 Significant components of deferred tax liabilities (net) as at March 31, 2017 are as follows :

Particulars	₹ in Lakh				
	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)
Deferred tax (liabilities) in relation to :					
Property, plant and equipment and intangible assets	(10,631.39)	1,784.61	-	-	(8,846.78)
Undistributed earnings of joint operations	(5,919.99)	(2,885.70)	-	-	(8,805.69)
Mark to Market adjusted on derivatives measured at Fair Value through Profit or Loss (FVTPL)	(77.69)	10.09	-	-	(67.60)
Others	(175.44)	-	-	-	(175.44)
	(A) (16,804.51)	(1,091.00)	-	-	(17,895.51)
Deferred tax assets in relation to :					
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 allowable in subsequent years	1,136.80	288.72	-	-	1,425.52
Provision for expected loss on construction contracts, etc.	692.16	(151.88)	-	-	540.28
Exchange differences on translating the financial statements of foreign operations	-	(150.28)	-	150.28	-
Others	112.82	298.75	120.24	-	531.81
	(B) 5,754.91	(1,413.28)	191.04	150.28	4,682.95
Deferred Tax Liabilities (net)	(11,049.60)	(2,504.28)	191.04	150.28	(13,212.56)

Notes forming part of the financial statements

26.2 Significant components of deferred tax liabilities (net) as at March 31, 2016 are as follows :

Particulars	₹ in Lakh				
	Opening Balance (As at April 1, 2015)	Recognised in Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2016)
Deferred tax (liabilities) in relation to :					
Property, plant and equipment and intangible Assets	(10,619.11)	(12.28)	-	-	(10,631.39)
Undistributed earnings of joint operations	(4,644.74)	(1,275.25)	-	-	(5,919.99)
Mark to Market adjustments on derivatives measured at Fair Value through Profit or Loss (FVTPL)	(69.55)	125.89	(134.03)	-	(77.69)
Others	(73.45)	(101.99)	-	-	(175.44)
(A)	(15,406.85)	(1,263.63)	(134.03)	-	(16,804.51)
Deferred tax assets in relation to :					
Allowance for doubtful debts, loans and advances	3,629.72	(159.39)	-	-	3,470.33
Remeasurement of defined obligation through Other Comprehensive Income (OCI)	22.61	(109.19)	109.19	-	22.61
Amalgamation Expenses	66.57	1.21	-	-	67.78
VRS Expenditure u/s 35DDA of the Income Tax Act, 1961	378.96	(126.55)	-	-	252.41
Expenses debited to the Statement of Profit and Loss allowable in subsequent years	872.31	264.49	-	-	1,136.80
Provision for expected loss on construction contracts, etc.	-	692.16	-	-	692.16
Exchange differences on translating the financial statements of foreign operations	-	88.38	-	(88.38)	-
Others	-	(88.38)	201.20	-	112.82
(B)	4,970.17	562.73	310.39	(88.38)	5,754.91
Deferred Tax Liabilities (net)	(10,436.68)	(700.90)	176.36	(88.38)	(11,049.60)

Note 27 - Borrowings

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I Loans repayable on demand			
From Banks			
-Secured [Refer Note 27.1 (a)]	26,670.27	125,396.21	69,810.35
II Other short term borrowings			
From Banks			
-Secured [Refer Note 27.2 (a)]	54,887.86	80,005.12	78,441.63
-Unsecured [Refer Note 27.2 (b)]	10,090.60	14,492.76	3,408.94
From Other Parties			
-Secured [Refer Note 27.2 (c)]	28,421.48	14,341.61	41,128.46
	120,070.21	234,235.70	192,789.38

Notes forming part of the financial statements

27.1 Loans repayable on demand from banks :

(a) Secured

- (i) ₹ 5,088.32 lakh (As at March 31, 2016 ₹ 90,468.99 lakh, As at April 1, 2015 ₹ 51,931.78 lakh) secured by first charge by hypothecation on the whole of the current assets of the Company, both present and future (except specific receivables financed by financial institutions and banks) and second charge on all the movable fixed assets of the Company. Further secured by first charge on flat situated at Juhu, Mumbai and second charge created on the Company's immovable properties situated at Jaipur, Jabalpur and Nagpur factories. The present interest rates are in the range of 9.50% to 13.50% p.a.
- (ii) ₹ 1.53 lakh (As at March 31, 2016 ₹ 19,138.39 lakh, As at April 1, 2015 ₹ 12,735.79 lakh) guaranteed by banks, which in turn is secured by security stated against Note 27.1 (a) (i) above. The present interest rates are in the range of 2.41% to 3.48% p.a.
- (iii) ₹ 1,489.00 lakh (As at March 31, 2016 ₹ 983.10 lakh, As at April 1, 2015 ₹ 4,046.69 lakh) secured by assignment of certain overseas book debts of the Company. The present interest rate is 6.00% p.a.
- (iv) ₹ 20,091.42 lakh (As at March 31, 2016 ₹ 14,805.73 lakh, As at April 1, 2015 ₹ 1,096.09 lakh), secured by the contract receivables of certain projects of a joint operation at Saudi Arabia. Also secured by bank guarantee given by bankers of the Company which in turn is secured by security of the Company stated against Note 27.1 (a) (i), corporate guarantee of the Company. The present interest rates are in the range of 3.50% to 4.50% p.a.

27.2 Other short-term borrowings

(a) From Banks-secured

- (i) ₹ 44,281.45 lakh (As at March 31, 2016 ₹ 46,025.58 lakh, As at April 1, 2015 ₹ 63,143.99 lakh) secured by security stated against Note 27.1 (a) (i) above. The present interest rates are in the range of 1.44% to 2.50% p.a.

- (ii) ₹ 10,606.41 lakh (As at March 31, 2016 ₹ 13,832.76 lakh, As at April 1, 2015 ₹ 4,331.08 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. The present interest rates are in the range of 3.88% to 4.31% p.a.

- (iii) ₹ Nil (As at March 31, 2016 ₹ 20,146.78 lakh, As at April 1, 2015 ₹ 10,966.56 lakh) secured by contract receivables of certain projects of the Company discounted with the banks.

(b) Unsecured

- (i) ₹ 4,559.71 lakh (As at March 31, 2016 ₹ 14,008.76 lakh, As at April 1, 2015 ₹ 3,408.94 lakh), pertains to the Company. The present interest rates are in the range of 9.50% to 10.50% p.a.

- (ii) ₹ 5,530.89 lakh (As at March 31, 2016 ₹ 484.00 lakh, As at April 1, 2015 ₹ Nil), 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) ₹ 13,589.90 lakh (As at March 31, 2016 ₹ 14,341.61 lakh, As at April 1, 2015 ₹ 15,141.18 lakh) secured by security stated against Note 27.1 (a) (i) above. The loan of ₹ 3,894.74 lakh carries interest rate of 3.82% p.a, loan of ₹ 4,857.67 lakh carries interest rate of 3.51% p.a and loan of ₹ 4,837.49 lakh carries interest rate of 3.54% p.a.

- (ii) ₹ 14,831.58 lakh (As at March 31, 2016 ₹ Nil, As at April 1, 2015 ₹ 25,987.28 lakh) being commercial papers issued against standby facilities from certain banks which in turn is secured by security stated against Note 27.1 (a) (i) above. The present interest rates are in the range of 6.75% to 7.25% p.a. Maximum balance outstanding anytime during the year is ₹ 80,000 lakh (during the year ended March 31, 2016 ₹ 80,000 lakh)

Notes forming part of the financial statements

Note 28 - Acceptances

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Acceptances	96,887.70	79,349.92	97,343.90
	96,887.70	79,349.92	97,343.90

Acceptances comprises of credit availed for payment to suppliers for materials (including project bought outs) purchased and services availed by the Company. The arrangements are payable as per agreed credit terms. The fair value of acceptances is not materially different from the carrying values presented.

Note 29 - Trade payables

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note 57)	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	200,462.63	185,543.52	180,622.64
	200,462.63	185,543.532	180,622.64

Credit period varies as per the contractual terms of various suppliers/vendors. No interest is generally charged by the suppliers/vendors. The Company has appropriate policy in place to ensure that all dues are paid within the credit terms agreed with the parties.

Note 30 - Other financial liabilities

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Current maturities of long-term debts (Refer Note 23)	-	5,025.50	8,069.78
(b) Current maturities of finance lease obligations (Refer Note 23)	338.17	423.67	171.84
(c) Interest accrued but not due on borrowings	143.74	1,123.47	1,044.49
(d) Unpaid / unclaimed dividends #	209.38	321.80	202.31
(e) Other payables			
- Interest accrued on acceptances and customer advances	746.26	876.84	635.58
- Payable towards purchase of property, plant and equipment	120.56	687.37	1,200.33
- Mark to market loss on forward and commodity contracts	964.07	66.11	53.10
- Directors' commission	403.72	233.88	76.38
- Liability towards claims	1,263.00	1,263.00	1,263.00
	3,497.61	3,127.20	3,228.39
	4,188.90	10,021.64	12,716.81

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.

Notes forming part of the financial statements

Note 31 - Other current liabilities

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Advances from customers (Refer Note 55)	76,898.69	71,857.62	62,966.66
(b) Advances against assets classified as held for sale (Refer Note 20.1)	940.94	940.94	940.94
	77,839.63	72,798.56	63,907.60
(c) Other payables			
- Amount due to customers for contract works	44,079.91	30,039.87	7,740.11
- Statutory remittances (contribution to PF and ESIC, withholding tax, Excise Duty, VAT, Service Tax, etc.)	7,587.97	8,647.64	6,626.24
- Others	214.87	253.22	109.41
	51,882.75	38,940.73	14,475.76
	129,722.38	111,739.29	78,383.36

Note 32 - Provisions

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Provision for employee benefits			
- Compensated absences	408.06	569.88	118.69
- Gratuity (Refer Note 50)	65.86	-	-
	473.92	569.88	118.69
(b) Provision - others :			
- Provision for expected loss on construction contracts	5,944.31	6,729.42	6,954.18
	6,418.23	7,299.30	7,072.87

Note 33 - Current tax liabilities (net)

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income tax liabilities less payments	3,416.70	2,558.54	1,234.70
	3,416.70	2,558.54	1,234.70

Notes forming part of the financial statements

Note 34 - Revenue from operations

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
(a) Sale of products (including excise duty)		
-Towers and structurals	971.50	8,499.14
- Cables	92,986.85	100,745.54
	93,958.35	109,244.68
(b) Construction contracts revenue (including excise duty) (Refer Note 46)		
-Transmission and distribution	584,755.62	604,601.41
-Others	80,772.91	58,416.82
	665,528.53	663,018.23
(c) Sale of services		
-Telecom - erection and management service	55.00	311.71
-Tower testing and design revenue	3,781.01	5,695.11
-Others	97.96	82.71
	3,933.97	6,089.53
(d) Other operating revenue		
-Scrap sales (including excise duty)	6,073.91	7,098.60
-Export incentives	3,464.80	2,677.83
-Others	748.99	94.87
	10,287.70	9,871.30
	773,708.55	788,223.74

Note 35 - Other income

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
(a) Interest income earned on financial assets that are not designated at fair value through profit or loss:		
(i) Bank deposits (at amortised cost)	215.28	66.32
(ii) Other financial assets carried at amortised cost	578.51	307.00
(iii) Income tax refund	910.72	-
(iv) Others (claims from customer, etc.)	837.17	-
	2,541.68	373.32
(b) Dividend income from equity instruments		
- in Subsidiary	-	27.06
(c) Other non-operating income		
- Guarantee charges	551.39	389.87
- Profit on sale of property, plant and equipment (net)	19.31	551.52
- Miscellaneous income	596.02	215.76
	1,166.72	1,157.15
	3,708.40	1,557.53

Note 36 - Cost of materials consumed

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Cost of materials consumed (including project bought outs)	359,992.10	364,903.20
	359,992.10	364,903.20

Notes forming part of the financial statements

Note 37 - Changes in inventories of finished goods and work-in-progress

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Opening stock		
Finished goods	4,306.26	7,104.57
Work-in-progress	5,985.81	5,079.73
	10,292.07	12,184.30
Less: Closing stock		
Finished goods	3,629.22	4,306.26
Work-in-progress	6,499.65	5,985.81
	10,128.87	10,292.07
	163.20	1,892.23

Note 38 - Erection & sub-contracting expenses

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Erection / construction materials consumed	31,057.32	39,229.25
Stores consumed	3,790.36	4,745.22
Sub-contracting expenses	114,764.90	125,748.27
Power, fuel and water charges	1,903.15	2,955.02
Construction transport	11,956.18	17,739.61
Others	13,868.93	12,358.29
	177,340.84	202,775.66

Note 39 - Employee benefits expense

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Salaries and wages	45,606.63	40,758.20
Contribution to provident fund and other funds (Refer Note 50)	2,081.77	1,925.68
Staff welfare expenses	2,764.71	2,207.66
Workmen's compensation	138.63	78.03
	50,591.74	44,969.57

Note 40 - Finance costs

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Interest expense for financial liabilities not classified at FVTPL (including yield on debentures)	20,054.92	23,185.82
Other borrowing costs (processing fees, etc.)	828.22	608.58
	20,883.14	23,794.40

Note 41 - Depreciation and amortisation expenses

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Depreciation of property, plant and equipment (Refer Note 6)	9,900.99	10,161.47
Amortisation of intangible assets (Refer Note 7)	1,637.92	1,639.50
	11,538.91	11,800.97

Notes forming part of the financial statements

Note 42 - Other expenses

₹ in Lakh

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Tools, non-erection stores and maintenance spares	1,235.34	1,417.89
Power and fuel	3,206.30	3,294.90
Rent	3,995.13	3,860.45
Rates and taxes, excluding taxes on income (net)	17,469.41	15,165.34
Excise duty (Refer Note 42.1)	363.06	(47.25)
Insurance	4,049.05	3,787.28
Bank (guarantee, letter of credit and other) charges	7,618.67	8,357.95
Commission	2,169.70	1,883.19
Freight and forwarding (net)	6,837.42	7,228.08
Repairs to buildings	308.26	258.78
Repairs to plant and equipment	686.64	996.09
Repairs to other property, plant and equipment	1,082.23	1,067.03
Travelling and conveyance	6,008.92	6,810.64
Payment to statutory auditors (net of service tax input credit, where applicable)		
-as auditors (for audit, limited reviews and audit of financial statements)	156.60	156.10
-for taxation matters	23.10	22.00
-for other services	33.05	24.49
-for reimbursement of expenses	2.33	2.52
	215.08	205.11
Professional fees	6,036.95	6,151.23
Bad debts, loans and advances written off	22,446.72	16,193.50
Less: Adjusted against allowance for bad and doubtful debts, loans and advances	(2,678.99)	(2,143.36)
	19,767.73	14,050.14
Allowance for bad and doubtful debts, loans and advances (net)	1,948.08	1,633.21
Directors' fees	64.42	44.00
Loss on property, plant and equipment discarded & intangible assets derecognised	1,528.74	385.67
Net loss on foreign currency transactions and translation	3,482.66	1,423.06
Net loss arising on financial assets mandatorily measured at FVTPL	429.00	-
Amortisation of leasehold prepayments	62.68	77.50
Corporate Social Responsibility (Refer Note 60)	217.50	93.00
Miscellaneous expenses (Refer Note 42.2)	8,705.56	8,447.06
	97,488.53	86,590.35

42.1 Excise duty shown above includes ₹ (67.99) lakh (Previous Year ₹ (371.98) 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 ₹ 152.26 lakh (Previous Year ₹ 164.54 lakh) paid to branch auditors, fees of ₹ 49.92 lakh for auditors of joint operations (Previous Year of ₹ 23.07 lakh) and fees of ₹ 7.00 lakh (Previous Year ₹ 7.00 lakh) paid to the cost auditors.

Notes forming part of the financial statements

Note 43 - Income tax recognised in profit and loss

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Current tax		
In respect of the current year	11,272.70	11,244.55
In respect of prior year	394.01	2,383.46
	11,666.71	13,628.01
Deferred tax		
In respect of the current year	2,504.28	700.90
	2,504.28	700.90
Total income tax expense recognised in the Statement of Profit or Loss	14,170.99	14,328.91

43.1 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:

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Profit before tax from continuing operations	42,353.47	33,872.88
Indian Statutory income tax rate	34.61%	34.61%
Income tax expense	14,658.54	11,723.40
Effect of expenses that are not deductible in determining taxable profit	651.78	289.27
Effect of dividend received from subsidiary operating in other jurisdictions which is taxed at different rates	-	(4.68)
Net effect of different tax rates of joint operations operating in other jurisdictions	(1,548.28)	(251.18)
Others	14.94	188.64
	13,776.98	11,945.45
Adjustments recognised in the current year in relation to the current tax of prior years	394.01	2,383.46
Income tax expense recognised in statement of Profit or Loss	14,170.99	14,328.91

The tax rate used for the financial years 2016-17 and 2015-16 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.

43.2 Income tax recognised in other comprehensive income

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
- Translation of foreign joint operations	123.44	201.19
- Net gain on designated portion of hedging instruments	(3.20)	(134.02)
- Remeasurement of defined obligations	70.80	109.19
Total income tax recognised in other comprehensive income	191.04	176.36
Bifurcation of the income tax recognised in other comprehensive income into :		
- Items that will not be reclassified to profit or loss	70.80	109.19
- Items that may be reclassified to profit or loss	120.24	67.17
	191.04	176.36

Notes forming part of the financial statements

Note 44 - Earnings per share

Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016
	(₹ Per Share)	(₹ Per Share)
(a) Basic earnings per share	10.96	7.60
(b) Diluted earnings per share	10.96	7.60

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

	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Profit for the year attributable to the equity share holders of the Company	28,182.48	19,543.97
Earnings used in the calculation of basic/ diluted earnings per share	28,182.48	19,543.97
		Quantity
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Weighted average number of equity shares for the purposes of basic / diluted earnings per share	257,088,370	257,088,370

Note 45 - Joint Operations

Details of the Company's Joint Operations are as under:

Particulars	Ownership Interest		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a) Joint Operations			
i Al-Sharif Group and KEC Ltd Company, Saudi Arabia	49%	49%	49%
ii EJP KEC Joint Venture, South Africa	50%	50%	50%
iii KEC - ASSB JV, Malaysia	67%	67%	67%
iv KEC - ASIAKOM - UB JV	60%	60%	60%
v KEC - ASIAKOM JV	51%	51%	51%
vi KEC - DELCO - VARAHA JV	80%	80%	80%
vii KEC - VARAHA - KHAZANA JV	80%	80%	80%
viii KEC - VALECHA - DELCO JV	51%	51%	51%
ix KEC - SIDHARTH JV	80%	80%	80%
x KEC - TRIVENI - KPIPL JV	55%	55%	55%
xi KEC - UNIVERSAL JV	80%	80%	80%
xii KEC - DELCO - DUSTAN JV	51%	51%	51%
xiii KEC - ANPR - KPIPL JV	60%	60%	60%
xiv KEC - PLR - KPIPL JV	55%	55%	55%
xv KEC - BJCL JV	51%	51%	51%
xvi KEC - KEIL JV	90%	90%	90%
xvii KEC - ABEPL JV	90%	90%	90%
xviii KEC - TNR INFRA JV	51%	51%	51%
xix KEC - SMC JV	51%	51%	51%
xx KEC - WATERLEAU JV	51%	51%	51%

- b) The Company accounts for the 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 ₹ 119,343.53 lakh (for the year ended March 31, 2016 ₹ 165,052.02 lakh), total expenditure (including tax) ₹ 100,665.36 lakh (for the year ended March 31, 2016 ₹ 146,252.15 lakh), total assets as at March 31, 2017 ₹ 178,725.71 lakh (as at March 31, 2016 ₹ 165,598.36 lakh, as at April 1, 2015 ₹ 129,114.57 lakh) and total liabilities as at March 31, 2017 ₹ 138,356.72 lakh (as at March 31, 2016 ₹ 142,932.10 lakh, as at April 1, 2015 ₹ 111,048.36 lakh).

Notes forming part of the financial statements

Note 46 - Disclosure under Ind-AS 11 "Construction contracts"

		₹ in Lakh		
Sr. No.	Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016	
a	(i) Contract revenue (including excise duty of ₹ 9,364.22 lakh, for the year ended March 31, 2016 ₹ 10,733.13 lakh) recognised during the year (Refer Note 34)	665,528.53	663,018.23	
	(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	
		₹ in Lakh		
b	Disclosure in respect of contracts in progress as at the year end :	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	(i) Aggregate amount of cost incurred and recognised profits (less recognised losses)	2,806,092.43	2,263,508.76	1,801,067.51
	(ii) Advances received	74,914.37	66,820.05	55,348.58
	(iii) Retentions receivable	198,242.02	153,434.49	149,150.36
	(iv) Amount due from customers for contract works	147,016.12	134,302.50	114,817.21
	(v) Amount due to customers for contract works	44,079.91	30,039.87	7,740.11

Note 47 - Leases

(A) - Operating Leases

- (i) The Company has entered into various long term lease agreements for land. The Company does not have an option to purchase the leased land at the expiry of the lease period. The unamortised operating lease prepayments as at March 31, 2017 aggregating ₹ 4,123.77 lakh (as at March 31, 2016 ₹ 4,201.33 lakh, as at April 1, 2015 ₹ 4,270.21 lakh) is included in other non current/current assets.
- (ii) The Company has also entered into agreements for taking on operating lease a factory facility, residential premises, office premises, warehouses, furniture and fixtures and machinery, etc.

		₹ in Lakh		
Particulars	For the Year ended March 31, 2017	For the Year ended March 31, 2016		
1	Lease payments recognised in the Statement of Profit and Loss for the year [Includes minimum lease payment ₹ 196.08 lakh (for the year ended March 31, 2016 ₹ 455.73 lakh)].	3,995.13	3,860.45	
2	(i) Under some of the agreements, refundable interest free deposits have been given.			
	(ii) Some of the agreements provide for increase in rent.			
	(iii) Some of the agreements provide for early termination by either party with a specified notice period.			
	(iv) Some of the agreements contain a provision for its renewal.			
3	Future minimum lease payments under the agreements, which are non-cancellable are as follows:			
	(i) Not later than one year	196.08	196.08	
	(ii) Later than one year and not later than five years	629.06	825.14	
	(iii) Later than five year	-	-	

Notes forming part of the financial statements

(B) - Finance Leases

- (i) The Joint operation of the Company 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 10.63% to 14.84% p.a

For net carrying amount of assets acquired under finance lease as at March 31, 2017 - Refer Note 6 Property , Plant and Equipment.

- (ii) The maturity profiles of finance lease obligations are as follows:

Finance Lease liabilities

Particulars	As at	Total minimum lease payments outstanding	Future Finance charges	₹ in Lakh
				Present value of minimum lease payments
	March 31, 2017	371.11	32.94	338.17
Not later than one year	March 31, 2016	514.11	90.44	423.67
	April 1, 2015	224.93	53.09	171.84
	March 31, 2017	85.77	3.08	82.69
Later than one year and not later than five years	March 31, 2016	463.19	36.01	427.18
	April 1, 2015	322.16	31.34	290.82
	March 31, 2017	-	-	-
Later than five years	March 31, 2016	-	-	-
	April 1, 2015	-	-	-
	March 31, 2017	456.88	36.02	420.86
Total	March 31, 2016	977.30	126.45	850.85
	April 1, 2015	547.09	84.43	462.66

Included in the financial statements as:

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
- Current maturities of Finance lease obligations (Refer Note 30)	338.17	423.67	171.84
- Non current borrowings (Refer Note 23)	82.69	427.18	290.82
Total	420.86	850.85	462.66

Note 48 - Financial Instruments

48.1 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 23 and 27 offset by cash and bank balances in Notes 15 and 16) 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.

Notes forming part of the financial statements

Gearing ratio

The gearing ratio at end of the reporting period is as follows.

		₹ in Lakh		
Particulars		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Debt *	A	146,641.33	257,553.21	223,177.50
Cash and bank balances	B	15,546.71	6,889.46	17,618.20
Net debt (C)	C=A-B	131,094.62	250,663.75	205,559.30
Total equity	D	165,573.85	138,225.85	124,830.94
Net debt to equity ratio (E)	E=C/D	0.79	1.81	1.65

* Debt is defined as long-term and short-term borrowings (excluding derivative, financial guarantee contracts and contingent consideration), as described in Notes 23 and 27 and includes interest accrued but not due on borrowings.

48.2 Categories of financial instruments

		₹ in Lakh		
Particulars		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial assets#				
Measured at fair value through profit or loss (FVTPL)				
a) Mandatorily measured				
Derivative instruments in designated hedge accounting relationships		124.52	128.72	-
Investment in Optionally Convertible Redeemable Preference shares		3,021.00	-	-
Forward Exchange Contracts		438.85	138.54	30.97
Over the counter (OTC) commodity derivative contracts		-	-	405.18
b) Financial Guarantee Contracts (Refer Note 8)		979.14	510.80	161.69
Measured at amortised cost				
(a) Cash and bank balances		15,546.71	6,889.46	17,618.20
(b) Other financial assets at amortised cost				
Investments		8,233.33	7,559.34	556.51
Trade receivables		397,524.19	443,326.85	373,617.64
Loans		16,539.48	17,284.87	14,632.84
Other financial assets		15,755.99	17,133.04	12,814.53
Financial liabilities				
Measured at fair value through profit or loss (FVTPL)				
Mandatorily measured				
Over the counter (OTC) commodity derivative contracts		-	66.11	53.10
Measured at amortised cost				
Borrowings		145,152.90	250,980.57	213,891.39
Acceptances		96,887.70	79,349.92	97,343.90
Trade payables		200,462.63	185,543.52	180,622.64
Other financial liabilities		5,195.42	10,021.64	12,716.81
Derivative instruments in designated hedge accounting relationships*		145.53	139.49	(116.92)

* Net of deferred tax

Financial assets (except investments) pledged as collateral for borrowings - Refer Notes 23 and 27

48.3 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

Notes forming part of the financial statements

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.

48.4 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 48.5 and 48.10 below)

and commodity price (see Note 48.8 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 and Zinc.

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.

48.5 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as under:

	USD	SAR	EUR	ZAR	AED	Others	Total
₹ in Lakh							
As at March 31, 2017							
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)
As at March 31, 2016							
Assets	104,739.06	101,285.92	10,574.70	12,081.13	8,847.89	60,952.05	298,480.75
Liabilities	(164,406.36)	(38,693.37)	(8,812.43)	(2,272.30)	(5,873.12)	(30,018.70)	(250,076.28)
As at April 1, 2015							
Assets	67,953.54	119,297.94	10,675.00	14,196.41	10,433.79	81,036.97	303,593.65
Liabilities	(125,993.73)	(76,721.53)	(17,202.14)	(14,253.98)	(8,898.23)	(47,927.10)	(290,996.71)

48.6 Sensitivity for above exposures

5% appreciation / depreciation in the functional currency of the Company i.e rupee with respect to the respective foreign currencies would result in decrease/ increase in the Company's profit before tax and equity by ₹ 15,809.86 lakh and ₹ 12,643.89 lakh for financial assets and financial liabilities respectively, for the year ended March 31, 2017. 5% appreciation / depreciation in the functional currency of the company i.e rupee with respect to the respective foreign currencies would

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result in decrease/ increase in the Company's profit before tax and equity by ₹ 14,924.04 lakh and ₹ 12,503.81 lakh for financial assets and financial liabilities respectively, for the year ended March 31, 2016. 5% appreciation / depreciation in the functional currency of the company i.e rupee with respect to the respective foreign currencies would result in decrease/ increase in the Company's equity by ₹ 15,179.68 lakh and ₹ 14,549.84 lakh for financial assets and financial liabilities respectively, as at April 1, 2015.

48.7 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.

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, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Buy EURO/ USD												
Less than 3 Months	1.10	1.10	1.27	-	-	45.08	-	-	3,568.67	-	-	25.82
3 to 6 months	1.10	1.10	1.27	-	-	53.69	-	-	2,999.34	-	-	38.10
More than 6 Months	1.10	1.10	1.27	3.48	15.13	25.08	241.14	1,102.71	1,671.53	(1.57)	50.24	17.04
Sell USD/INR												
Less than 3 Months	67.14	65.43	61.14	171.26	-	-	11,105.59	6,871.38	-	238.63	83.44	-
3 to 6 months	67.14	65.43	61.14	50.00	-	-	3,242.25	-	-	203.17	-	-
Sell GBP/USD												
Less than 3 Months	1.31	1.51	1.61	9.63	-	-	778.88	-	-	(1.38)	-	-
Sell JPY/USD												
Less than 3 months	0.62	0.55	0.56	-	785.33	-	-	458.60	-	-	4.86	-
Buy USD/INR												
Less than 3 months	67.14	65.43	61.14	-	-	136.76	-	-	8,650.02	-	-	(49.99)
										438.85	138.54	30.97

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, 2017, the aggregate amount of gains under forward foreign exchange contracts recognised in the Statement of Profit and Loss is ₹ 438.85 lakh (for the year ended March 31, 2016 gain of ₹ 138.54 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, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash flow hedges												
Buy USD/INR												
More than 6 months	67.14	65.43	61.14	330.00	-	-	21,398.85	-	-	(643.32)	-	-
Less than 3 months	67.14	65.43	61.14	18.50	-	-	1,199.63	-	-	(40.26)	-	-
Buy USD/MYR												
3 to 6 months	4.19	4.03	3.35	1,098.40	-	-	16,249.85	-	-	(280.49)	-	-
										(964.07)	-	-

*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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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 Rs. 1,182.50 lakh/(₹ 1,182.50 lakh) and an approximate gain/(loss) of ₹ 57.65 lakh/ (₹ 57.65 lakh) for the year ended March 31, 2017 and the year ended March 31, 2016 respectively in the Company's Statement of Profit and Loss/Other Comprehensive Income.

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 approximate gain/(loss) of ₹ 526.13 lakh/ (₹ 526.13 lakh) as at April 1, 2015 in the Company's Other Equity.

In respect of the Company's foreign currency forward contract (sell), a 5 % appreciation/depreciation of the foreign currency underlying such contracts would have resulted in an approximate (loss)/gain of (₹ 73.73 lakh)/ ₹ 73.73 lakh and an approximate (loss)/gain of (₹ 407.32 lakh)/ ₹ 407.32 lakh for the year ended March 31, 2017 and the year ended March 31, 2016 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 approximate (loss)/gain of (₹ Nil lakh)/ ₹ Nil lakh as at April 1, 2015 in the Company's Other Equity.

48.8 Commodity price risk

The Company is exposed to movement in metal commodity prices of Copper, Aluminium, Steel and Zinc. 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 and Zinc, the Company either places a firm order on the supplier or hedges its exposure on the London Metal Exchange (LME) directly. For Steel, the Company either places a long term firm price order with the suppliers or builds stocks on need basis to mitigate the risk.

Outstanding commodity contracts

Cash flow hedges	Average exchange rate	Foreign currency (USD in Lakh)			Nominal Amount (₹ in Lakh)			Fair value (USD in Lakh)		
		Aluminium	Copper	Zinc	Aluminium	Copper	Zinc	Aluminium	Copper	Zinc
As at March 31, 2017	Less than 3 months	25.15	45.53	-	1,630.83	2,952.09	-	27.92	45.18	-
	3 to 6 months	67.14	5.77	-	373.93	-	-	5.90	-	-
As at March 31, 2016	Less than 3 months	44.70	14.39	(1.31)	2,961.55	953.54	(87.10)	45.51	16.99	-
	3 to 6 months	65.43	55.80	53.82	3,697.04	3,565.89	342.69	55.56	53.26	6.82
As at April 1, 2015	Less than 3 months	45.43	107.51	-	2,839.56	6,719.13	-	44.61	113.47	-
	3 to 6 months	61.14	4.07	56.81	254.26	3,550.29	-	4.05	57.32	-

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 ₹ 512.04 lakh/ (₹ 512.04 lakh) and an approximate gain/(loss) of ₹ 1,179.75 lakh/ (₹ 1,179.75 lakh) in the Statement of Profit and Loss/other comprehensive income for the year ended March 31, 2017 and for the year ended March 31, 2016 respectively.

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 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 reduce 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

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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 are due and the expected credit loss rate.

Ageing of current trade receivables (Note 14) considered by the Management for this purpose are as under:

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivables outstanding for a period exceeding six months from the date they are due for payment.	45,583.89	37,604.40	37,094.25
Other trade receivables	352,429.45	403,613.10	330,422.43
Total - Gross	398,013.34	441,217.50	367,516.68

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, 2017 ₹ 76,797.28 lakh (as at March 31, 2016, ₹ 58,437.96 lakh, as at March 31, 2015, ₹ 46,840.07 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 expectations at the end of the reporting period, the Company considers the likelihood of any claim under the guarantee is remote.

48.10 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 on financial assets and financial liabilities are detailed in the liquidity risk management (Refer Note 48.12) of this Note.

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 Company's profit for the year ended March 31, 2017 would decrease/increase by ₹ 1,211.89 lakh (for the year ended March 31, 2016 decrease/increase by ₹ 1,678.90 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 decreased due to reduction in variable debt instruments.

48.12 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which 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 tables detail the Company'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 Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

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Particulars					₹ in Lakh
	Less than 1 year	1-3 Years	3-5 Years	Total	Carrying Amount
As at March 31, 2017					
Interest bearing liabilities	217,517.68	82.69	25,000.00	242,600.37	242,378.77
Trade payables	200,462.63	-	-	200,462.63	200,462.63
Other financial liabilities	3,850.73	-	1,006.52	4,857.25	4,857.25
Financial guarantee contracts	4,545.60	15,508.10	56,743.58	76,797.28	-
Total	426,376.64	15,590.79	82,750.10	524,717.53	447,698.65
As at March 31, 2016					
Interest bearing liabilities	319,214.50	16,744.87	-	335,959.37	335,779.66
Trade payables	185,543.52	-	-	185,543.52	185,543.52
Other financial liabilities	4,572.47	-	-	4,572.47	4,572.47
Financial guarantee contracts	5,086.76	5,928.32	47,422.88	58,437.96	-
Total	514,417.26	22,673.19	47,422.88	584,513.32	525,895.65
As at April 1, 2015					
Interest bearing liabilities	298,570.77	4,265.01	16,837.00	319,672.78	319,476.91
Trade payables	180,622.64	-	-	180,622.64	180,622.64
Other financial liabilities	4,475.19	-	-	4,475.19	4,475.19
Financial guarantee contracts	119.85	1,856.18	44,864.04	46,840.07	-
Total	483,788.45	6,121.19	61,701.04	551,610.68	504,574.74

The amounts included above for financial guarantee contracts are the maximum amounts the Company 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 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

as at March 31, 2017 ₹ 556,674.58 lakh, (as at March 31, 2016 ₹ 441,198.22 lakh, as at April 1, 2015 ₹ 381,946.82 lakh).

48.13 Fair value measurements

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis. This note provides information about how the Company determines fair values of various financial assets and financial liabilities.

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).

Notes forming part of the financial statements

₹ in Lakh

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, 2017	March 31, 2016	April 1, 2015				
Investment in Optionally convertible non Cumulative Preference Shares (Unquoted) (see Note 8)	Assets ₹ 3,021 lakh	-	-	Level 3	Binomial Model approach for the option component Discounted cash flow approach for the debt component	Discount rate of 12% taking into account terms of the instrument, cost of debt, seniority and liquidity preference, taxation, expected returns etc. Risk free rate of return of 7.38% 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 ₹ 32 lakh and increase by ₹ 35 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 ₹ 22 lakh and decrease by ₹ 23 lakh.

Financial assets/ financial liabilities	Fair values as at			Fair value hierarchy	Valuation technique(s) and key input(s)
	March 31, 2017	March 31, 2016	April 1, 2015		
1) Foreign currency forward contracts not designated in hedge accounting relationships	Assets ₹ 438.85 lakh	Assets ₹ 138.54 lakh	Assets ₹ 30.97 lakh	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at FEDAI 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)	Assets ₹ 124.52 lakh	Assets ₹ 128.72 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 (Over the Counter Derivative Commodity Contracts)	-	-	Assets ₹ 405.18 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) Financial Guarantee contracts	Assets ₹ 979.14 lakh	Assets ₹ 510.80 lakh	Assets ₹ 161.69 lakh	Level 2	Market Approach. Market corroborated inputs
5) Derivative instruments (Over the Counter Derivative Commodity Contracts)	-	Liabilities ₹ 66.11 lakh	Liabilities ₹ 53.10 lakh	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at FEDAI closing rates and discounted at a USD funding rate.
6) Derivative instruments (Derivative instruments in designated hedge accounting relationships (Hedges of Highly Forecasted Purchases using Over the Counter (OTC) Derivative Commodity Contracts)	Assets ₹ 102.42 lakh	Assets ₹ 109.72 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.

Notes forming part of the financial statements

7) 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.
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Reconciliation of level 3 fair value measurements

Particulars	₹ in Lakh	
	Investment in Optionally convertible non cumulative preference shares (Unquoted) For the year ended March 31, 2017	
Opening balance*		1,400.00
Purchases		2,050.00
Loss through FVTPL		429.00
Closing balance		3,021.00

*represents share application money pending allotment of 14,000,000 1% Fully paid Optionally Convertible Non-Cumulative Preference Shares of ₹ 10 each fully paid.

Note 49 - Research and Development Expenses

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
Revenue expenses charged to Statement of Profit and Loss (including depreciation on Property, plant and equipment)	2,249.71	1662.75
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 ₹ 103.74 lakh and ₹ 107.02 lakh to the Employees' Superannuation fund for the year ended March 31, 2017 and March 31, 2016, respectively.

Provident Fund

All eligible employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan in which both the employee and employer (at a determined rate) contribute monthly. The Company contributes as specified under the law to the Provident Fund where set up as a trust and to the respective Regional Provident Fund Commissioner. The Company contributes to the Provident Fund where set up as a trust are liable for future provident fund benefits to the extent of its annual contribution and any short fall

in fund assets based on government specified minimum rates of return relating to the current period service and recognizes such contributions and any shortfall, if any, as an expense in year incurred. 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. The Company contributed ₹ 894.03 lakh and ₹ 838.92 lakh towards the provident fund and family pension fund during the year ended March 31, 2017 and March 31, 2016 respectively.

2. Defined Benefit Plan

a. A general description of the Employee Benefit Plan:

(i) Company (Funded)

The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days / one month salary, as applicable, payable for each completed year of service or part thereof in excess of six months in terms of Gratuity scheme of the Company or as per payment of the Gratuity Act,

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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 (Unfunded)

The Joint Operation has an obligation towards a defined benefit retirement plan (akin to gratuity) covering eligible employees. The benefits payable are as under:

For Service Less Than 5 years	$1/2 \times \text{Service} \times \text{Applicable salary}$
For Service more Than 5 years	First Five Years: $1/2 \times \text{Service} \times \text{Applicable Salary}$ Beyond 5 Years: $\text{Service} \times \text{Applicable Salary}$

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, 2017 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

c. Details of defined benefit plan - As per Actuarial Valuation are as follows:

Particulars	₹ in Lakh	
	For the Year ended March 31, 2017	For the Year ended March 31, 2016
I Components of defined benefit cost		
1 Current service cost	513.10	464.85
2 Interest cost on benefit obligation (Net)	3.90	(14.64)
3 Total expenses included in Statement of Profit and Loss (P&L)	517.00	450.21
4 Actuarial changes arising from changes in demographic assumptions	25.79	(60.52)
5 Actuarial changes arising from changes in financial assumptions	136.70	238.61
6 Actuarial changes arising from changes in experience assumptions	54.70	121.49
7 Return on Plan Assets (excluding interest income)	(12.62)	15.93
8 Total recognized in Other Comprehensive Income (OCI)	204.57	315.51
9 Total defined benefit cost recognized in P&L and OCI	721.57	765.72
II Actual Contribution and Benefits Payments for the year		
1 Actual Benefits Payments	(345.99)	(506.20)
2 Actual Contributions	390.59	411.22

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
III Net asset/(liability) recognised in the Balance Sheet			
1 Present Value of Defined Benefit Obligations	4,071.55	3,460.34	3,006.88
2 Fair Value of Plan Assets	3,117.11	2,836.88	2,737.92
3 Net asset/(liability) recognized in the Balance Sheet	(954.44)	(623.46)	*(268.96)
* Net of ₹ 78.81 lakh included in other current assets			
IV Change in Present Value of Defined Benefit Obligation during the year			
1 Present Value of Defined Benefit Obligation as at the beginning of the year	3,460.34	3,006.88	2,476.35
2 Current Service Cost	513.10	464.85	632.59
3 Interest Cost	226.91	195.23	205.32
4 Benefits paid	(345.99)	(506.20)	(410.26)
5 Actuarial changes arising from changes in demographic assumptions	25.79	(60.52)	-
6 Actuarial changes arising from changes in financial assumptions	136.70	238.61	242.35
7 Actuarial changes arising from changes in experience assumptions	54.70	121.49	(139.47)
8 Present Value of Defined Benefit Obligations as at the end of the year	4,071.54	3,460.34	3,006.88
V Change in Fair Value of Plan Assets during the year			
1 Plan Assets as at the beginning of the year	2,836.86	2,737.92	2,627.20
2 Interest Income	223.01	209.87	200.90
3 Actuarial Gains/ (Losses)	-	-	-
4 Actual Company Contributions	390.59	411.22	283.71
5 Benefits paid	(345.99)	(506.20)	(410.26)
6 Expected return on Plan Assets (excluding interest income)	12.62	(15.93)	36.37
7 Plan Assets as at the end of the year	3,117.11	2,836.88	2,737.92
VI-A Actuarial Assumptions (Considered for the Company)			
1 Discount Rate	7.10%	7.80%	7.80%
2 Expected Return on plan assets	8.00%	8.00%	6.00%
3 Salary escalation Rate			

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₹ in Lakh

Particulars		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
4 Mortality Table		Indian Assured Lives Mortality (IALM) (2006-08) (Modified) (Ult)		
5 Disability		5% of Mortality Rate	5% of Mortality Rate	5% of Mortality Rate
6 Withdrawal (Rate of Employee Turnover)	Upto 30 years	14.00%	21.00%	3.00%
	31-44 years	10.00%	9.00%	2.00%
	45 years and above	5.00%	8.00%	1.00%
VI-B Actuarial Assumptions (Considered for Joint Operation in Saudi)				
1 Discount Rate		4.35%	*	*
2 Salary escalation Rate		7.00%	*	*
3 Mortality Table		Implicit in Withdrawal		
4 Disability		Implicit in Withdrawal		
5 Withdrawal (Rate of Employee Turnover)	Managers (M0 to M6)	8.00%	*	*
	Others	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.

VIII The major categories of Plan Assets of the Company as a percentage of the total plan assets	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity	9.52%	12.09%	8.01%
Debt	80.85%	62.06%	83.71%
Money Market Investments	9.63%	23.36%	8.28%
Mutual Fund	-	2.49%	-

IX Contribution expected to be paid to the Plan of the Company during the year ended March 31, 2017 ₹ 200 lakh

₹ in Lakh

Maturity profile of defined benefit obligation	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1 Year 1	445.91	502.48	252.28
2 Year 2	672.86	427.67	363.45
3 Year 3	570.98	465.18	206.59
4 Year 4	597.92	440.54	289.42
5 Year 5	583.25	487.76	414.37
6 Next 5 years	3,291.76	2,024.15	1,554.79
Quantitative sensitivity analysis for significant assumption is as below:			
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
0.5 percentage increase in discount rate	3,946.83	2,935.43	2,560.52
0.5 percentage decrease in discount rate	4,204.04	3,079.91	2,765.23
0.5 percentage increase in salary rate	4,186.30	3,071.71	2,766.56
0.5 percentage decrease in salary rate	3,960.88	2,942.60	2,558.44
One percentage increase in employee turnover rate	4,028.12	2,989.47	2,652.38
One percentage decrease in employee turnover rate	4,119.98	3,024.01	2,668.30

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.

* Details are not readily available.

Notes forming part of the financial statements

Note 51 - 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, 2017	As at March 31, 2016	As at April 1, 2015
RPG Transmission Nigeria Limited	Nigeria	100	100	100
KEC Global FZ - LLC, Ras UL Khaimah	UAE	100	100	100
KEC Investment Holdings, Mauritius	Mauritius	100	100	100
KEC Global Mauritius	Mauritius	100	100	100
KEC Power India Private Limited	India	100	100	100
KEC Bikaner Sikar Transmission Private Limited*	India	99.99	99.99	-
KEC International Holdings LLC	USA	100	100	100
KEC Brazil LLC	USA	100	100	100
KEC Mexico LLC	USA	100	100	100
KEC Transmission LLC	USA	100	100	100
KEC US LLC	USA	100	100	100
SAE Towers Holdings LLC	USA	100	100	100
SAE Towers Brazil Subsidiary Company LLC	USA	100	100	100
SAE Towers Mexico Subsidiary Holding Company LLC	USA	100	100	100
SAE Towers Mexico S de RL de CV	Mexico	100	100	100
SAE Towers Brazil Torres de Transmission Ltda	Brazil	100	100	100
SAE Prestadora de Services Mexico, S de RL de CV	Mexico	100	100	100
SAE Towers Ltd	USA	100	100	100
SAE Towers Panama Holdings LLC**	USA	-	-	100
SAE Towers Panama S de RL #	Panama	-	-	100
SAE Engenharia E Construcao Ltda	Brazil	100	100	100
SAE Engineering & Construction Services, S de RL de CV	Mexico	100	100	100
KEC International (Malaysia) SDN BHD	Malaysia	100	100	100

* Incorporated on September 3, 2015.

** Liquidated on August 6, 2015.

Liquidated on July 1, 2015.

(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 Ltd, USA
 KEC Transmission LLC, USA
 KEC US LLC, USA
 SAE Towers Mexico S de RL de CV, Mexico
 KEC Investment Holdings, Mauritius
 KEC Global, Mauritius
 KEC Bikaner Sikar Transmission Private Limited

Notes

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Associate	Country of Incorporation	% age of ownership interest either directly or through subsidiaries		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
RP Goenka Group of Companies Employees Welfare Association	India	49	49	49

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 (Managing Director upto April 1, 2015)
 Mr. S. M. Kulkarni - Non - Executive Director
 Mr. S. M. Trehan - Non - Executive Director
 Mr. S. S. Thakur - Non - Executive Director
 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

Relative 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

Harsh Anant Goenka HUF
 Chattarpati Investments LLP
 Atlantus Dwellings & Infrastructure LLP
 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

Transactions	For the year ended March 31, 2017					For the year ended March 31, 2016							
	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post-employment benefit plan	Total	Entity having significant influence over the Company	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post-employment benefit plan	Total
KEC International Ltd. Superannuation Scheme				103.74	103.74							107.02	107.02
Investment made (including share application money paid)	2,050.00				2,050.00	9,076.83							9,076.83
Investment in equity shares						1,000.00							1,000.00
KEC Bikaner Sikar Transmission Private Limited						26.45							26.45
KEC Global Mauritius, Mauritius						6,650.38							6,650.38
KEC Investment Holdings, Mauritius													
Investment in preference shares (including share application money paid)													
KEC Bikaner Sikar Transmission Private Limited	2,050.00				2,050.00	1,400.00	22.32	92.12	0.76	7.72			1,400.00
Dividend paid								92.12					92.12
Mr. H. V. Goenka									0.76				0.76
Mr. Anant Goenka													
Swallow Associates LLP													
Harsh Anant Goenka HUF													
Chattarpati Investments LLP										3.22			3.22
Atlantus Dwellings & Infrastructure LLP										4.02			4.02
R.P. Goenka Group of Companies Welfare Association							22.32			0.48			0.48
													22.32

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.

*excludes gratuity paid by the KEC International Ltd. Employees' Group Gratuity Scheme of ₹ 175.06 lakh

Notes

forming part of the financial statements

(C) Balances outstanding as at the year end

	As at March 31, 2017						As at March 31, 2016						As at April 1, 2015							
	Subsidiaries	Associates	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post-employment benefit plan	Total	Entity having significant influence over the Company	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post-employment benefit plan	Total	Subsidiaries	Associates	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post-employment benefit plan	Total
Amount receivable/ (payable)	12,237.03		(424.96)	(466.83)	(231.34)	11,139.90		3,199.58	(259.87)			(557.18)	(194.46)	2,188.07	3,860.18		(288.55)	(714.24)	55.66	2,993.05
KEC Investment Holdings, Mauritius	12,028.56					12,028.56	5,493.07							5,493.07	4,077.95					4,077.95
SAE Towers Mexico S de RL de CV, Mexico							(33.83)							(33.83)	29.99					29.99
KEC Bikaner Sikar Transmission Private Limited	361.19					361.19	(1,991.92)					(1,991.92)		(1,991.92)						
KEC Global FZLLC, Ras-Ul-Khaimah	(33.07)					(33.07)	(35.97)					(35.97)		(35.97)	(217.57)					(217.57)
RPG Transmission Nigeria Limited	(19.65)					(19.65)	(31.77)					(31.77)		(31.77)	(30.19)					(30.19)
Raychem RPG Pvt. Ltd												(215.43)		(215.43)						(215.43)
Pakano Properties LLP																				
CEAT Limited				9.20		9.20						(1.78)		(1.78)						(1.78)
CEAT Specialty Tyres Limited				0.31		0.31														
Spencer and Company Limited				270.00		270.00						270.00		270.00						270.00
RPG Enterprises Limited				(729.42)		(729.42)						(609.97)		(609.97)						(609.97)
KEC International Ltd. Employees' Group Gratuity Scheme KEC International Limited - Provident Fund					(201.36)	(201.36)								(168.93)						(168.93)
KEC International Limited - Provident Fund					(29.98)	(29.98)								(25.53)						(25.53)
Mr. H. V. Goenka			6361.96			6361.96			(219.87)					(219.87)						(219.87)
Mr. A. T. Vasvani			(7.00)			(7.00)			(5.00)					(5.00)						(5.00)
Mr. D. G. Primal			(7.00)			(7.00)			(5.00)					(5.00)						(5.00)
Mr. G.L. Mithrandani			(7.00)			(7.00)			(5.00)					(5.00)						(5.00)
Ms. Nirupama Rao			(7.00)			(7.00)			(5.00)					(5.00)						(5.00)
Mr. R. D. Chandak			(7.00)			(7.00)			(5.00)					(5.00)						(5.00)
Mr. S. M. Kulkarni			(7.00)			(7.00)			(5.00)					(5.00)						(5.00)
Mr. S. M. Trehan			(7.00)			(7.00)			(5.00)					(5.00)						(5.00)
Mr. S. S. Thakur			(7.00)			(7.00)			(5.00)					(5.00)						(5.00)
Mr. Vinayak Chatterjee			(7.00)			(7.00)			(5.00)					(5.00)						(5.00)
Investment (including share application money)	12,232.98	0.49				12,233.47	10,168.65	0.49						10,144.14	717.71	0.49				718.20
RPG Transmission Nigeria Limited	34.52					34.52	34.52							34.52	34.52					34.52
KEC Global FZLLC, Ras-Ul-Khaimah	118.65					118.65	118.65							118.65	118.65					118.65
KEC Investment Holdings, Mauritius@	7,792.72					7,792.72	7,433.45							7,433.45	433.96					433.96
KEC Global, Mauritius	70.74					70.74	70.74							70.74	44.29					44.29
KEC Power India Private Limited	86.29					86.29	86.29							86.29	86.29					86.29
Bikaner Sikar Transmission Private Limited @ ^ i \$	4,130.06					4,130.06	2,400.00							2,400.00						
RP Goenka Group of Companies Employees Welfare Association					0.49	0.49								0.49						0.49
Guarantees given on behalf of the related party:	63,399.03					63,399.03	80,700.00							80,700.00	50,183.48					50,183.48
SAE Towers Ltd USA	1,945.35					1,945.35	10,401.25							10,401.25						
KEC Bikaner Sikar Transmission Private Limited	17,100.00					17,100.00	17,100.00							17,100.00						
KEC Transmission LLC USA	26,612.21					26,612.21	31,919.25							31,919.25	30,110.09					30,110.09
KEC US LLC, USA	17,744.47					17,744.47	2,129.50							2,129.50	20,073.39					20,073.39

@ Includes fair value of financial guarantees issued to subsidiaries and step down subsidiaries.

^ Net of loss of ₹ 429 lakh on fair valuation of preference shares during the year.

\$ Includes 5,100,000 equity shares pledged in respect of term loan availed by KEC Bikaner Sikar Transmission Private Limited during the year.

Notes:

i) No amount has been written off / provided for or written back in respect of amounts receivable from or payable to the related parties.

ii) The sales/provision of services to and purchase/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances as at the year end are unsecured and interest free (except for loans given to KEC Investment Holdings, Mauritius which carries interest rate of 3 months LIBOR rate plus 4.75% per annum) and settlement occurs in cash.

Notes forming part of the financial statements

Note 52 - CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(i) Contingent Liabilities

(a) 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, 2017	As at March 31, 2016	As at April 1, 2015
1	Sales Tax /Value Added Tax* (Tax/Penalty/Interest)	1994-2016	11,389.67		
		1994-2014		9,929.41	
		1993-2013			9,093.46
2	Excise Duty * (Tax/Penalty/Interest)	1994-2016	5,467.18		
		1994-2016		5,234.92	
		1994-2014			3,992.58
3	Service Tax * (Tax/Penalty/ Interest)	2003-2013	28,783.83		
		2003-2013		28,684.71	
		1998-2013			16,822.10
4	Entry Tax* (Tax/Penalty/Interest)	2001-2016	69.85		
		2001-2016		1,252.99	
		2001-2015			2,158.28
5 (i)	Income Tax matters mainly on account of disallowance of depreciation and Tax levied on guarantees given to Associated Enterprises, etc.	A.Y 2007-08	1,560.04		
		A.Y 2008-09			
		A.Y 2012-13			
		A.Y 2013-14			
		A.Y 2007-08	1,918.46		
	A.Y 2011-12				
	A.Y 2012-13				
		A.Y 2006-07			2,416.10
(ii)	Income Tax matters at overseas unit/s	2002-2008	2,970.06		
		2002-2008		3,136.61	
		2002-2013			5,903.96
(iii)	Income Tax matters of a joint operation (Company's share)	2000-2007	368.86		
		2000-2007		376.69	
		2000-2007			355.61
6	Customs Duty	1995-1996	60.14		
		1995-1996		60.14	
		1995-1996			60.14
7	Civil Suits	1993-2004	67.02		
		1993-2004		67.02	
		1993-2004			67.02
8 (i)	Claims including amount withheld by Customer of the Company		7225.62	17,629.87	18,788.95
(ii)	Claim by the sub contractor of a joint operation (Company's share)		-	889.14	-

* These claims mainly relate to the issues of applicability, issue of disallowance of cenvat / VAT credit and in case of Sales Tax / Value added tax, also relate to the issue of submission of relevant forms and the Company's claim of exemption for MVAT on export sales and services.

excluding financial guarantees referred to in Note 48.9

Notes forming part of the financial statements

(b) Other money for which the Company is contingently liable:

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
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	188.01	188.01	596.25

Footnote for Note 52 (i) (a) and (b) above:

Future ultimate outflow of resources embodying economic benefits in respect of the above matters are uncertain as it depends on the final outcome of the matters involved.

(ii) Commitments

Sr. No.	Particulars	₹ in Lakh		
		As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	974.14	914.03	1,246.42
2	Other Commitments:			
i)	Amount of future minimum lease payment under non-cancellable agreements [Refer Note 47 (A) (3)]	825.14	1,021.22	423.05
ii)	Derivative related commitments	Refer Note 48.7 and 48.8		

Note 53 - Reconciliation of Equity and Total Comprehensive Income

(a) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016:

Particulars	Note	₹ in Lakh
		For the year ended March 31, 2016
Profit as per Indian GAAP		15,800.96
Net effect of Ind AS 111: "Joint Arrangements" (net of dividend income recognised under previous GAAP)	1	5,058.13
Impact of measuring derivative financial instruments at fair value	3	(418.20)
Expected credit loss	5	(306.80)
Guarantee charges from subsidiary	6	349.11
Actuarial gain on employees defined benefits plans recognised in Other Comprehensive Income	7	315.51
Impact of Deferred Tax including deferred tax on retained earnings of joint operation	8	(1,254.74)
Net Profit under Ind AS		19,543.97
Other Comprehensive Income (net of tax)	7	(275.51)
Total Comprehensive income		19,268.46

(b) Reconciliation of equity as at March 31, 2016 and April 1, 2015:

Reconciliation of Equity	Note	₹ in Lakh	
		As at March 31, 2016	As at April 1, 2015 (Date of transition)
Equity as per previous GAAP		123,962.73	111,088.81
Net effect of Ind-AS 111 "Joint Arrangements"	1	22,666.26	18,066.21
Reversal of proposed dividend and tax thereon	2	-	2,784.83
Impact of measuring derivative financial instruments at fair value	3	17.98	436.18
Accounting under common control under Ind-AS 103 "Business Combinations"	4	-	(114.34)
Expected Credit Loss	5	(4,498.66)	(4,191.86)
Others	6	422.41	161.63
Deferred tax	8	(4,344.87)	(3,400.52)
Adjusted equity under Ind AS		138,225.85	124,830.94

Notes forming part of the financial statements

Notes:

- Under Previous GAAP, all joint arrangements (referred to in Note 5.1.1) were classified as jointly controlled entities and accounted for using proportionate consolidation method in the Consolidated Financial Statements. Based on assessment under Ind AS 111 "Joint Arrangements", these Joint Arrangements have been classified as joint operations and have been accounted accordingly in this financial statements.

Consequently total assets as at March 31, 2016 aggregating ₹ 165,598.36 lakh (as at April 1, 2015 ₹ 129,114.57 lakh), and total liabilities as at March 31, 2016 ₹ 142,932.10 lakh (as at April 1, 2015 ₹ 111,048.36 lakh) and total income (net of consolidated adjustments) ₹ 112,685.90 lakh and total expenditure (net of consolidated adjustments) for the year ended March 31, 2016 aggregating ₹ 107,627.77 lakh of Joint Operations have been proportionately consolidated. As a result, the total equity as at March 31, 2016 increased by ₹ 22,666.26 lakh (As at April 1, 2015 ₹ 18,066.21 lakh) and profit after tax for the year ended March 31, 2016 increased by ₹ 5,058.13 lakh.

- Under Previous GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under Ind AS, such dividends are recognised when declared by the members in a general meeting. The effect of this change is an increase in total equity as at March 31, 2016 of ₹ Nil (as at April 1, 2015 ₹ 2,784.83 lakh), but does not affect Profit after tax for the year ended March 31, 2016.
- Under Previous GAAP, mark to market gain on outstanding commodity contracts are not recognised, until realised, on ground of prudence. Under Ind AS, since these contracts are measured at fair value, the Company has recognised gain of ₹ 404.31 lakh as at transition date and the same got reversed during the year ended March 31, 2016.

Further under Previous GAAP, in respect of forward exchange contracts the Company has recognised the mark to market loss by comparing the spot rates on booking date with the reporting date and also amortised forward premium over the life of the contract. Under Ind AS, the Company has fair valued the forward contracts. As a result the Company has recognised gain of ₹ 17.98 lakh as at March 31, 2016 (As at April 1, 2015 ₹ 31.87 lakh which got reversed during the year ended March 31, 2016).

The above have resulted in increase in equity as at March 31, 2016 by ₹ 17.98 lakh (as at April 1, 2015 ₹ 436.18 lakh) and decrease in profit for the year ended March 31, 2016 by ₹ 418.20 lakh.

- Under Previous GAAP, the Scheme of Amalgamation (the Scheme) between Jay Railway Projects Private Limited and the Company which was effective from April 1, 2014 was accounted in the year ended March 31, 2016 since the Scheme became operative from December 30, 2015 upon filing of the certified copy of the order of the High Court with the Registrar of Companies. Accordingly, the Company has recorded all the assets and liabilities of Jay Railway Projects Private Limited at their respective book values on the transition date. This has resulted in decrease in equity as on the transition date by ₹ 114.34 lakh.
- Under Previous GAAP, the Company has created provision for doubtful debts on receivables on the basis of incurred loss. Under Ind AS, loss allowance on financial assets has been determined on the basis of Expected Credit Loss (ECL). Consequently, the Company has recognised ECL on its financial assets as at March 31, 2016 aggregating ₹ 4,498.66 lakh (As at April 1, 2015 ₹ 4,191.86 lakh). The above has resulted decrease in equity and financial assets as at March 31, 2016 by ₹ 4,498.66 lakh (As at April 1, 2015 ₹ 4,191.86 lakh) and decrease in profit before tax for the year ended March 31, 2016 by ₹ 306.80 lakh.
- Others includes impact of fair value of financial guarantee contracts in respect of guarantees given on behalf of the subsidiaries which under Previous GAAP were disclosed under contingent liability. This has resulted in increase in carrying amount of certain investments and equity as at March 31, 2016 by ₹ 510.80 lakh (As at April 1, 2015 ₹ 161.69 lakh) and increase in profit before tax for the year ended March 31, 2016 by ₹ 349.11 lakh.
- Under Previous GAAP, there is no concept of Other Comprehensive Income (OCI). Under Ind-AS specified items of income, expenses, gains and losses are required to be presented in OCI.

Under Previous GAAP, for designated hedging relationships, the Company has recognised mark to market gain on derivative and non-derivative instruments which are designated in hedging relationship under the Hedging Reserve. Under Ind-AS, movement in this reserve during the year ended March 31, 2016 of ₹ 256.41 lakh (net of deferred tax of ₹ 134.03 lakh) is shown under OCI. Further, exchange loss in translating assets and liabilities of joint operations outside India which are denominated in foreign currency as at March 31, 2016 aggregating ₹ 325.60 lakh (net of deferred tax of ₹ 201.20 lakh) is also recognised in OCI.

Under Previous GAAP, re-measurement of defined benefit plans (gratuity) arising primarily due to change in actuarial assumptions was recognised as employee benefit expenses in the Statement of Profit and Loss. Under Ind-AS, such re-measurements changes relating

Notes forming part of the financial statements

to defined benefit plans is recognised in the OCI. This change does not affect equity, but there is increase in profit before tax for the year ended March 31, 2016 by ₹ 315.51 lakh and corresponding decrease in OCI along with the related deferred tax charge of ₹ 109.19 lakh.

The above has resulted in decrease in OCI (net of tax) for the year ended March 31, 2016 by ₹ 275.51 lakh and increase in profit by ₹ 315.51 lakh

8. Consequent to classification of Joint arrangements as Joint operations referred to in Note 1 above, the Company has recognised deferred tax liability on undistributed profits as at March 31, 2016 amounting to ₹ 5,919.99 lakh (As at April 1, 2015 ₹ 4,644.74 lakh). The Company has also recognised deferred tax assets on all other transition adjustments mentioned above aggregating ₹ 1,575.49 lakh (as at April 1, 2015 ₹ 1,244.22 lakh).

The above has impacted decrease in equity as at March 31, 2016 by ₹ 4,344.87 lakh (As at April 1, 2015 ₹ 3,400.52 lakh) and decrease in profit after tax for the year ended March 31, 2016 by ₹ 1,254.74 lakh. Further deferred tax credit of ₹ 310.39 lakh recognised in OCI.

9. Under the previous GAAP, excise duty on sale of goods was reduced from sales to present the revenue from operations. Whereas, under Ind AS, this excise duty is included in the revenue from operations and the corresponding expense is included as part of total expenses. The change does not affect total equity as at April 1, 2015 and profit for the year ended March 31, 2016.
- (c) Except for Ind AS adjustment mentioned in Note 1 which resulted in net cash outflow of ₹ 3,505.84 lakh for the year ended March 31, 2016, other Ind AS adjustments are either non-cash adjustments or regrouping among the cash flows from operating, investing and financing activities.

Note 54 - 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:

Particulars	₹ in Lakh		
	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 55

The details of amounts which are expected by the Company (and relied upon by the Auditors) 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:

Particulars	₹ in Lakh		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivables (Note 14)	97,211.75	145,734.85	131,015.78
Amount due from customers for contract work (Note 20)	10,171.79	19,432.10	17,166.18
Advance from customers (Note 31)	11,261.72	22,765.82	19,184.50

Note 56

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. "Operating Segments". As the Company also prepares the

consolidated financial statements (CFS), other relevant segment information is disclosed in the CFS.

Note 57

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). This has been relied upon by the auditors.

Note 58

The execution of the construction works under contracts of the Company with General Electric Company Libya (a Government

Notes forming part of the financial statements

of Libya undertaking) is disrupted since February, 2011 due to civil/political unrest in that country. The net assets [including fixed assets, trade receivables etc.] as at March 31, 2017 of the Company relating to these contracts aggregate ₹ 2,557.11 lakh (As at March 31, 2016 ₹ 3,134.86 lakh, As at April 1, 2015 ₹ 5,125.96 lakh) The Company has been receiving time extension from the client, from time to time, for completion of the contracts. The Company is confident of completing these projects.

Note 59

In terms of the agreement entered into, in an earlier year, by the Company with the another joint operator, the Company had funded (including for the other operator's share) its joint operation at South Africa viz. EJP KEC Joint Venture, South Africa (JO) for smooth execution of the transmission line projects at South Africa referred to in the said agreement, which was ultimately completed by the JO in April 2014. The Company's share of loss accounted in retained earnings as at March 31, 2016 ₹ 11,558.21 lakh. The amounts outstanding (including trade receivables) as on March 31, 2016 was ₹ 10,049.44 lakh (net of the Company's share).

The JO had suffered the loss in execution of the aforesaid project, inter alia, on account of unexpected weather and terrain conditions, breach of contract by the client (e.g. changes in the specification, withholding payment due to JO). The JO lodged various claims (viz. compensation and damages claims) on the client to recover additional costs incurred / damages suffered by the JO during the execution of the project. The adjudication proceedings got completed in August 2016 and vide Order dated March 17, 2017 the Adjudicator has awarded claims aggregating ₹ 5,797.91 lakh (inclusive of interest of ₹ 1,674.34 lakh) to JO. The client has filed a notice of dis-satisfaction of award.

Pending the final resolution of matter, during the year the Company has accounted for loss of ₹ 7,593.07 lakh under "Other expenses" Note 42 in the Statement of Profit and Loss and amount outstanding towards claims referred to above of ₹ 5,630.05 lakh (net of exchange loss) has been considered good and recoverable.

RAJEEV AGGARWAL
Chief Financial Officer

CH.V. JAGANNADHA RAO
Company Secretary

Place: Mumbai
Date: May 19, 2017

Note 60

The Corporate Social Responsibility (CSR) obligation for the year as computed by the Company and relied upon by the auditors is ₹ 217.50 lakh (for the year ended March 31, 2016 ₹ Nil). CSR amount spent during the year is ₹ 217.50 lakh (for the year ended March 31, 2016 ₹ 93.00 lakh).

Note 61

The transaction for sale of telecom tower assets at 381 sites in the states of Chhattisgarh, Meghalaya and Mizoram to ATC Telecom Tower Corporation Private Limited was completed at a total consideration of ₹ 8,230.00 lakh on July 22, 2015. Profit on sale of these assets (net of related expenses) of ₹ 536.06 lakh was included under "Other Income" Note 35 in the Statement of Profit and Loss for the year ended March 31, 2016.

Note 62

Figures in respect of the Company's overseas branches in Abu Dhabi, Afghanistan, Algeria, Bangladesh, Congo, Egypt, Ethiopia, Georgia, Ghana, Indonesia, Ivory Coast, Kazakhstan, Kenya, Laos, Lebanon, Libya, Malaysia, Nepal, Nigeria, Oman, Philippines, 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. Further, in respect of overseas branches in Bhutan, Cameroon, Jordan, Kuwait, Mozambique, Namibia, and Senegal the financial statements have been prepared and audited in India.

Note 63

The Board of Directors at its meeting held on May 19, 2017, have recommended a Dividend of ₹ 1.60/- per equity share of ₹ 2/- each for the year ended March 31, 2017, subject to approval of shareholders at the ensuing Annual General Meeting.

Note 64

Company has approved its financial statements in its board meeting dated May 19, 2017.

Signatures to Notes 1 to 64 which form an integral part of financial statements.

For and on behalf of the Board of Directors

H.V.GOENKA
Chairman
DIN - 00026726

VIMAL KEJRIWAL
Managing Director & CEO
DIN - 00026981

A.T.VASWANI
Director
DIN - 00057953

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