



KEC INTERNATIONAL LTD.
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www.kecrpg.com

June 26, 2019

National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex Bandra (East), Mumbai 400 051 Symbol: KEC	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai – 400 001 Script Code: 532714
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Ref: Disclosure under Regulation 34 and Regulation 30(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sub: Intimation of Annual General Meeting and Annual Report of FY 2018-19

Dear Sir(s),

This is to inform you that the Fourteenth Annual General Meeting ("AGM") of Members of the Company will be held on Tuesday, July 23, 2019 at 3.30 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025., *inter alia*, to transact the businesses stated in the Notice dated May 8, 2019 convening the said AGM.

Pursuant to Regulation 34(1) and Regulation 30(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Annual Report of the Company along with the Notice of AGM for the financial year 2018-19 which are being dispatched/ sent to the Members by the permitted mode(s). The Annual Report for the financial year 2018-19 is also available on the website of the Company i.e. www.kecrpg.com.

Kindly take the above on records.

Thanking you,

Yours faithfully,

For KEC International Limited

Amit Kumar Gupta
Company Secretary & Compliance Officer



Encl: as above

DIVERSIFICATION ⇌ OUTPERFORMANCE



About RPG Group

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

hello happiness

Last year, we launched the RPG Group's new brand tagline – 'hello happiness', which is now an integral part of our Group's ethos. Our Vision tenets clearly outline the path we all collectively traverse – one that seeks to propel every RPGian to overcome their own limitations; one that drives each one of us to contribute and shape the lives of others around us positively; an organisation where dreams will not be constrained by fences. The smiley signifies 'THAT' happiness which is within our grasp and is the culmination of our Vision tenets captured in our tagline. 'hello happiness' is a bold statement that helps us open our doors to a world of opportunities and possibilities; a statement that signifies our intent to touch and enrich the lives of others.

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 assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

DIVERSIFICATION ⇌ OUTPERFORMANCE

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

Growth that is enabled by delivering complex projects in every corner of the world. Growth that touches lives and empowers people across countries that we operate in.

Starting from the early 1940s, we have grown from strength to strength and are today amongst the most respected Engineering, Procurement, and Construction companies in the world. We have consistently outperformed the industry on the back of rationale diversification into a wide variety of sectors from Power Transmission to Substations, Railways, Solar, Cables, Civil, and recently, Smart Infra.

Outperformance is not only an outcome for us but also a fundamental building block that permeates all strategies, processes and functions of the Company. Our well-integrated and streamlined operations enable us to be responsive & agile and yet build a scale that drives efficiency and industry leadership. A combination of diverse sectors and geographies have empowered us with a unique platform to offer a comprehensive range of services to clients in multiple marketplaces across six continents. This has helped us reach newer heights and successfully deliver projects in tough and inhospitable terrains.

Together with our partners, we bring innovation, excellence, passion, and an unwavering drive to Outperform, helping us build infrastructure for the world of tomorrow.

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765 kV Bhuj-Banaskantha Transmission Line, Gujarat, part of the Green Energy Corridor



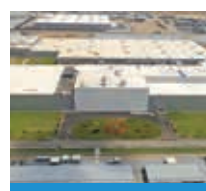
Cables manufacturing facility at Vadodara, Gujarat



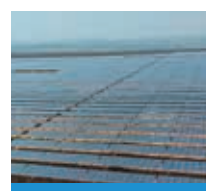
Railway Electrification of Utrertia-Shrirajnagar section, Uttar Pradesh



765/400 kV GIS Substation at Aligarh, Uttar Pradesh, dedicated to the nation by Hon'ble Prime Minister Shri Narendra Modi



Press and Paint shop for an international automobile manufacturer, Andhra Pradesh



130 MWp Ground Mount Solar project, Andhra Pradesh

Highlights FY 2018-19

6,420

Employees

₹ 11,001 crore

Revenue

₹ 20,307 crore

Order Book (as on March 31, 2019)

2,522 km

Transmission Lines executed
(India – 1,346 km,
International – 1,176 km)

83

Substation Bays built
(India – 70 bays,
International - 13 bays)

1,576 km

30% of India's Railway Tracks
electrified

Vision Statement

Unleash Talent

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

Touch Lives

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

Outperform

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



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

Values



Integrity



Respect



Openness



Courage



Passion

KEC INTERNATIONAL LIMITED

KEC International, headquartered in Mumbai, India, is the flagship company of the RPG Group. An Engineering, Procurement, and Construction (EPC) major, we have delivered several iconic infrastructure projects in more than 100 countries. The Company is delivering projects in key sectors such as Power Transmission & Distribution, Railways, Civil, Solar, Smart Infra, and Cables.

We have robust and integrated capabilities spanning the entire spectrum of 'concept to commissioning'. Our unmatched expertise across EPC is aided by a strong, customer centric approach, quest for world-class quality, and 'safety-first' attitude. We have unrivalled expertise in manufacturing and testing, with a footprint extending across India, Brazil and Mexico. Our vast global presence has enabled a robust and agile supply chain that extends across six continents. Integrity in our actions and respect for people, environment and all our stakeholders are the cornerstones of our corporate responsibility.

Experienced professionals from 29 diverse nationalities are successfully executing complex projects across some of the world's most difficult terrains and local conditions with unparalleled success.



Construction of CEAT's manufacturing facility, Tamil Nadu

765/ 400 kV GIS Substation for PGCL at Koteshwar, Uttarakhand

220 kV Nkenda-Fort Portal Transmission Line, Uganda

Our Strengths

- Well diversified across businesses and geographies
- Strong project management and execution capabilities
- Preferred contractor for ahead of schedule delivery of projects
- Capabilities to execute projects in difficult terrains and conditions
- Unparalleled Engineering and Design capabilities
- Backward integration of operations – Transmission & Distribution, Railways, and Solar
- Well-integrated global supply chain

CORPORATE INFORMATION

REGISTERED OFFICE

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

MANUFACTURING FACILITIES

Transmission

India

Butibori
B-190 Industrial Area
Butibori 441108, 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

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

BANKERS

India

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

Middle East

Abu Dhabi Commercial Bank, Abu Dhabi
Bank Muscat, Saudi Arabia
First Abu Dhabi Bank, Abu Dhabi
Arab Banking Corporation, Bahrain
Alinma Bank, Saudi Arabia
Banque Saudi Fransi, Saudi Arabia
Emirates National Bank of Dubai
(ENBD), Abu Dhabi
National Bank of Oman, Muscat
Union National Bank, Abu Dhabi
Bank of Baroda, Abu Dhabi
ICICI Bank Ltd., Bahrain
Arab Bank PLC, Bahrain

USA

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

Mexico

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

Brazil

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



500 kV Transmission Line from South
Helwan Power Plant to Zahraa El-Ma'adi
Substation, Egypt

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

Manisha Girotra
Independent Director

Nirupama Rao
Independent Director

R.D. Chandak
Independent Director

S.M. Kulkarni
Independent Director

S.M. Trehan
Independent Director

Vinayak Chatterjee
Independent Director

MANAGEMENT TEAM

Vimal Kejriwal
Managing Director & CEO

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

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

Kaushal Kodesia
Chief Executive – Railways

Nagesh Veeturi
Chief Executive – Civil

Gustavo Cedeno
CEO, SAE Towers

Rajeev Agarwal
Chief Financial Officer

Anand Kulkarni
Executive Director – Business Operations

Somraj Roy
Chief Human Resources Officer

Amit Kumar Gupta
Company Secretary & Compliance Officer

AUDITORS

Price Waterhouse Chartered
Accountants LLP
Chartered Accountants

REGISTRAR AND SHARE TRANSFER AGENTS

Link Intime India Private Limited
C 101, 247 Park, LBS Marg, Vikhroli West
Mumbai 400 0083
Ph: +91 22 49186000
Fax: +91 22 49186060
Email: rnt.helpdesk@linkintime.co.in



BOARD OF DIRECTORS



H.V. GOENKA

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

Mr. Harsh Vardhan Goenka is the Chairman of RPG Enterprises, one of the largest industrial groups in India, active in key business segments such as tyres, infrastructure, information technology and other diversified segments having an annual turnover of over US \$ 4 billion. Born in December 1957, Mr. Goenka is a graduate in Economics and MBA from the International Institute of Management Development (IMD), Lausanne, Switzerland and is now on the Foundation Board of IMD, Lausanne. Mr. Goenka is a past President of the Indian Merchants' Chamber, now known as the IMC Chamber of Commerce and Industry and is a member of the Executive Committee of FICCI. He has been the Chairman of the Board of the Company since 2006.

VIMAL KEJRIWAL

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

Mr. Vimal Kejriwal is the MD & CEO of KEC International Limited. He has successfully led the Company towards profitable growth during his tenure. Mr. Kejriwal has over 36 years of rich corporate experience globally in the areas of Power Infrastructure, Oil & Gas, Pharmaceuticals, Fertilisers, and Investment Banking. He also serves on the Boards of SAE Towers Holdings LLC, USA, a wholly owned subsidiary of KEC, and Raychem RPG Private Ltd., a JV between TE Connectivity, USA and RPG Enterprises, India. He is also an Executive Council Member of Indian Electrical and Electronics Manufacturers' Association (IEEMA).

A.T. VASWANI

Chartered Accountant, ICAI; Company Secretary, ICSI

Mr. A.T. Vaswani has over 58 years of experience in the industry. Since 1981, he has served on the Board of leading multinational companies in both executive and non-executive capacities, including as the Deputy CEO of Metal Box of India Ltd., a leading packaging company and as the Director & Senior Vice President of Glaxo India Ltd., India's largest and most respected pharmaceutical company. He currently serves as an Independent Director on a few Boards and chairs the Audit Committee of some of these companies.

D.G. PIRAMAL

4

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

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

G.L. MIRCHANDANI

5

Bachelor of Engineering (Mechanical), BITS Pilani

Mr. G.L. Mirchandani is an eminent industrialist who remains closely involved with the development of corporate strategy & formulation, incubation, and delivery of emerging technologies & services in television and other electronic products. Mr. Mirchandani is the Founder Chairman of the Onida Group and is on the Boards of VIP Industries, and Fractal Analytics, India's second largest company in Big Data, Analytics, AI & Machine Learning. He is also the Chairman of Algorhythm Tech Pvt. Ltd., a supply chain solutions provider and is the former Chairman of the Bombay Chapter of the World Presidents' Organisation (WPO).

MANISHA GIROTRA

6

Bachelor of Economics (Hons), St. Stephen's College; Master of Arts (Economics), DSE (Gold Medallist)

Ms. Manisha Girotra has more than 26 years of investment banking experience, with extensive cross-border M&A expertise. She began her investment banking career at ANZ Grindlays in Delhi. Presently, she holds the position of Chief Executive Officer of Moelis & Company (India) and serves as an Independent Director on the Boards of Ashok Leyland and Jio Payments Bank. She has held senior positions at UBS India and Barclays Bank. She has also been a regular feature in Business Today's '25 Most Powerful Women in Business in India' and Fortune India's '50 Most Powerful Women in Business'.

NIRUPAMA RAO

7

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

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

R.D. CHANDAK

8

Chartered Accountant, ICAI; Advanced Management Programme Harvard Business School

Mr. R.D. Chandak specialises in individualised leadership coaching and strategic planning & management, focusing on improving profitability across the enterprise. He has acquired significant experience in Succession Planning and Performance Management Strategy over a successful career spanning over 40 years across manufacturing and infrastructure industries in India, USA, and Malaysia. One of his key career achievements as former MD & CEO of KEC is growing the Company's annual turnover from ₹ 500 crore to over ₹ 8,500 crore. He is the former President of IEEMA.

S.M. KULKARNI

9

Bachelor of Engineering, University of Pune

Mr. S.M. Kulkarni is a Corporate Adviser and Business Consultant, and a Fellow of the Institute of Engineers India. He consults and advises several Indian and International companies and has headed major international and Indian corporate entities during his varied global experience spanning over 55 years. His area of expertise covers Business Development, International Alliance Management, Strategic Planning, Technology & Innovation Advisory, Financial Services, and Corporate Governance. He is actively involved with several NGOs and educational trusts.

S.M. TREHAN

10

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

Mr. S.M. Trehan is a gold medallist engineering graduate with a rich experience in the engineering field. He has held the position of CEO & MD of Crompton Greaves Ltd. (now known as CG Power and Industrial Solutions Ltd.) from 2000 to 2011. During his tenure, Crompton Greaves achieved phenomenal growth and received global status through its various acquisitions. He has also served as Chairman of the Board of Governors of Thapar University and is the past Chairman of the Confederation of India Industries (CII) - Western Region.

VINAYAK CHATTERJEE

11

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

Mr. Vinayak Chatterjee is the Co-Founder and Chairman of Feedback Infra (P) Ltd. He has often been called upon to play a strategic advisory role to leading domestic and international corporates, Ministries dealing with infrastructure, as well as multi and bilateral institutions in the areas of infrastructure planning and implementation. Currently, he is the Chairman of CII's 'National Council on Infrastructure'. He is also on the Boards of ACC Ltd. and Apollo Hospitals Enterprises Ltd. He is a member of the Advisory Board of JCB India, and on the Boards of Governors of National Rail & Transportation University and IIM (Sirmaur).

- Chairman
- Managing Director & CEO
- Independent Director

DIVERSIFIED GLOBAL FOOTPRINT

100+

Footprint in countries
(Includes EPC, Supply of Towers & Cables)

40%

Business from
outside India

7

Manufacturing plants across
India, Brazil and
Mexico

3,72,200 MTs

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

6,420

Employee count

29

Nationalities

Americas

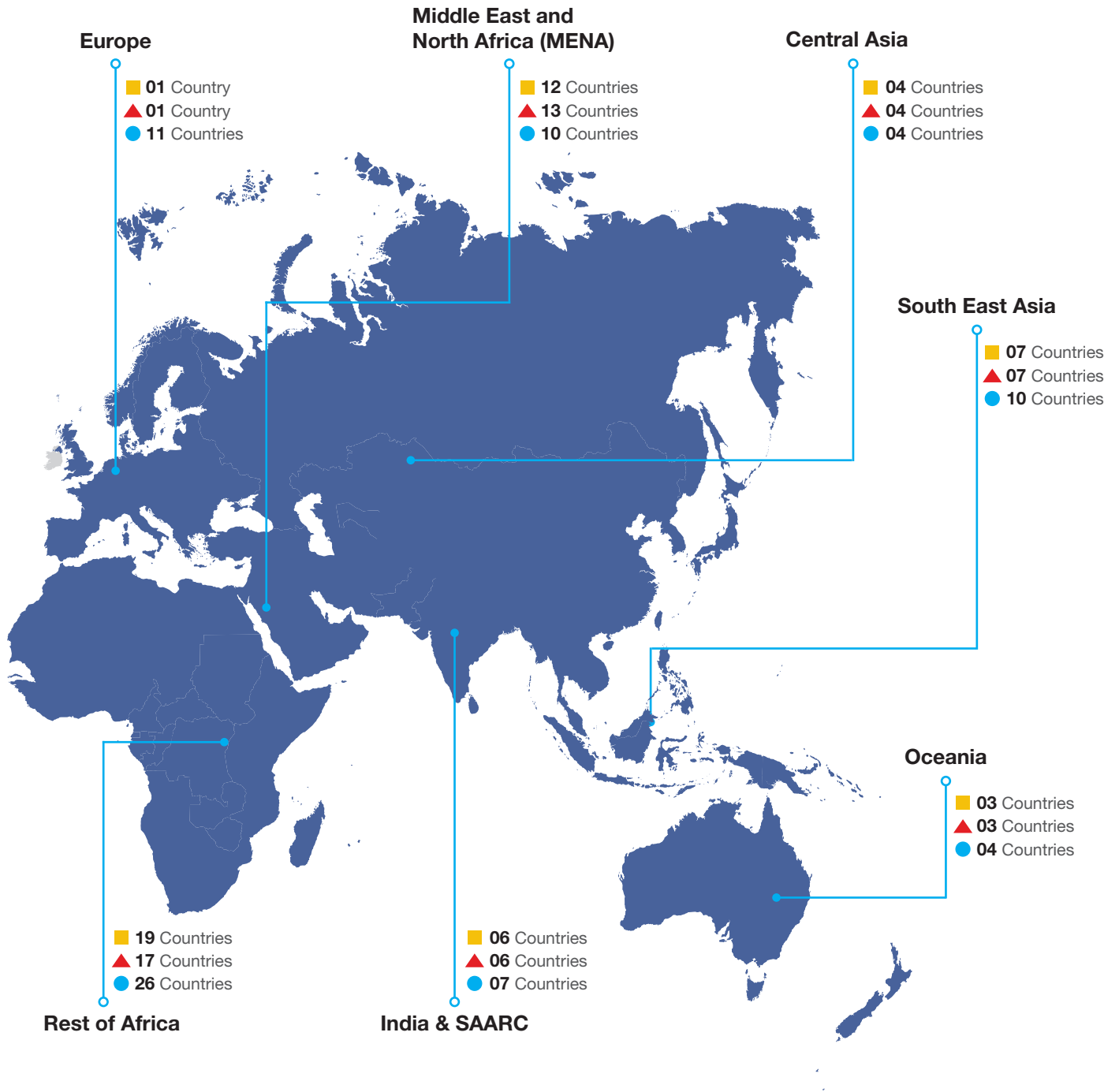
- 16 Countries
- ▲ 11 Countries
- 05 Countries



68 Countries

EPC





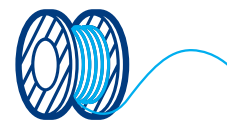
▲ 62 Countries

Tower Supply



● 77 Countries

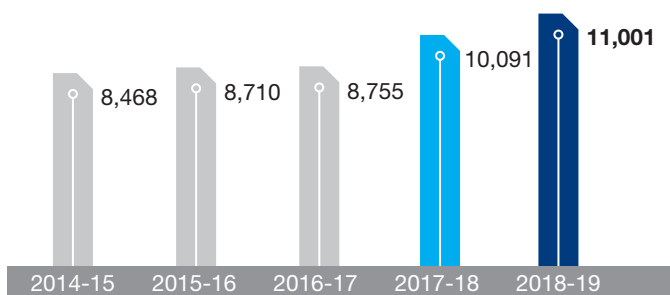
Cables Export



FINANCIAL PERFORMANCE

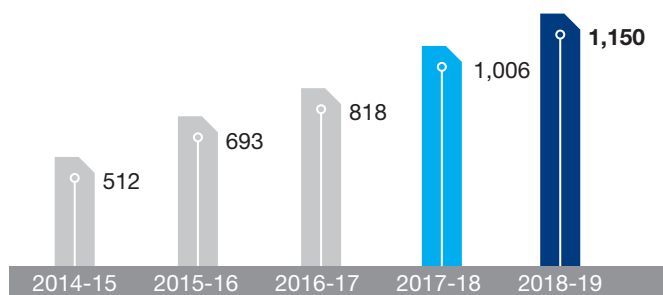
Revenue

(₹ in crore)



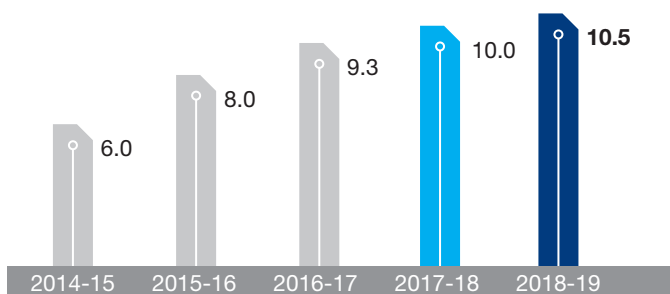
EBITDA

(₹ in crore)



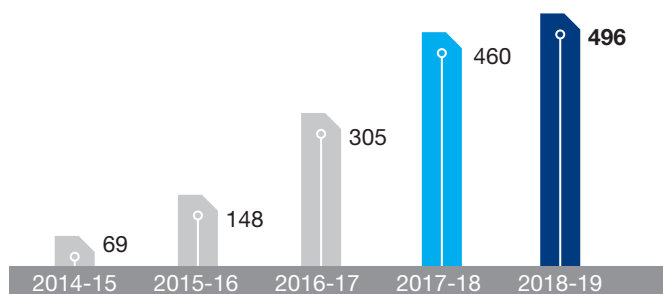
EBITDA Margin

(%)



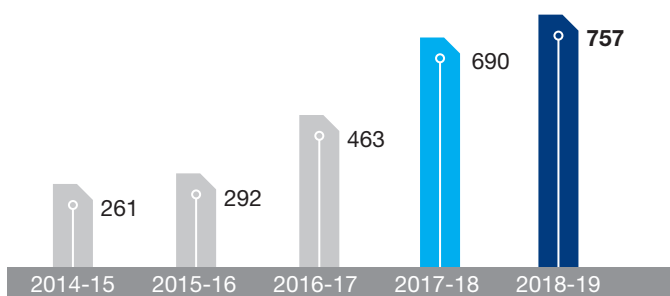
PAT

(₹ in crore)



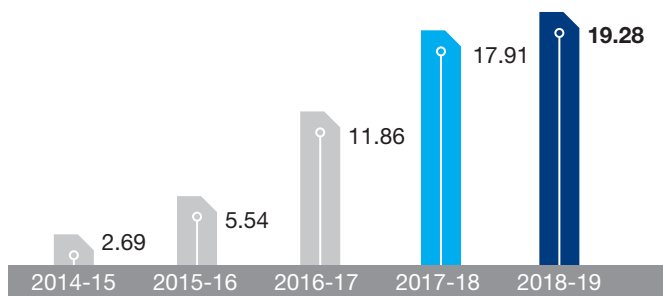
PBT

(₹ in crore)



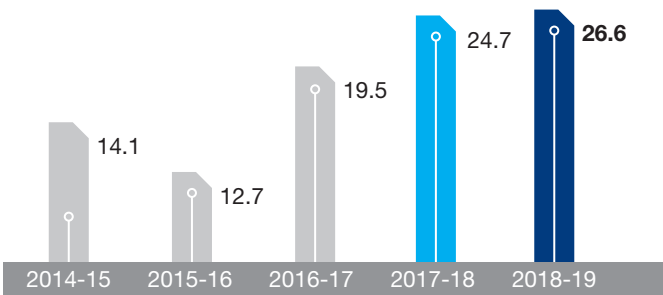
EPS#

(Face value ₹ 2 each)



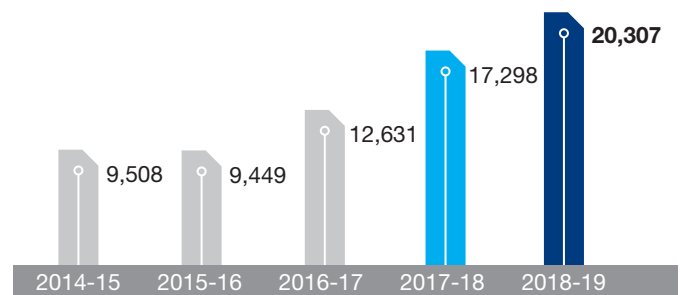
Return on Capital Employed (ROCE)

(%)



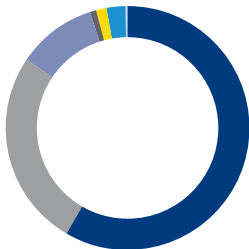
Order Book

(₹ in crore)



Business-wise Order Book

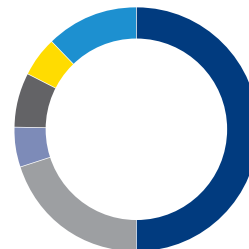
(%)



58.5	Power T&D
26.1	Railways
10.4	SAE
1.1	Smart Infra
1.3	Cables
2.4	Civil
0.2	Solar

Geography-wise Order Book

(%)



50.0	India
20.1	SAARC
5.5	EAP + CIS
6.9	MENA
5.5	Rest of Africa
12.0	Americas

NOTES:

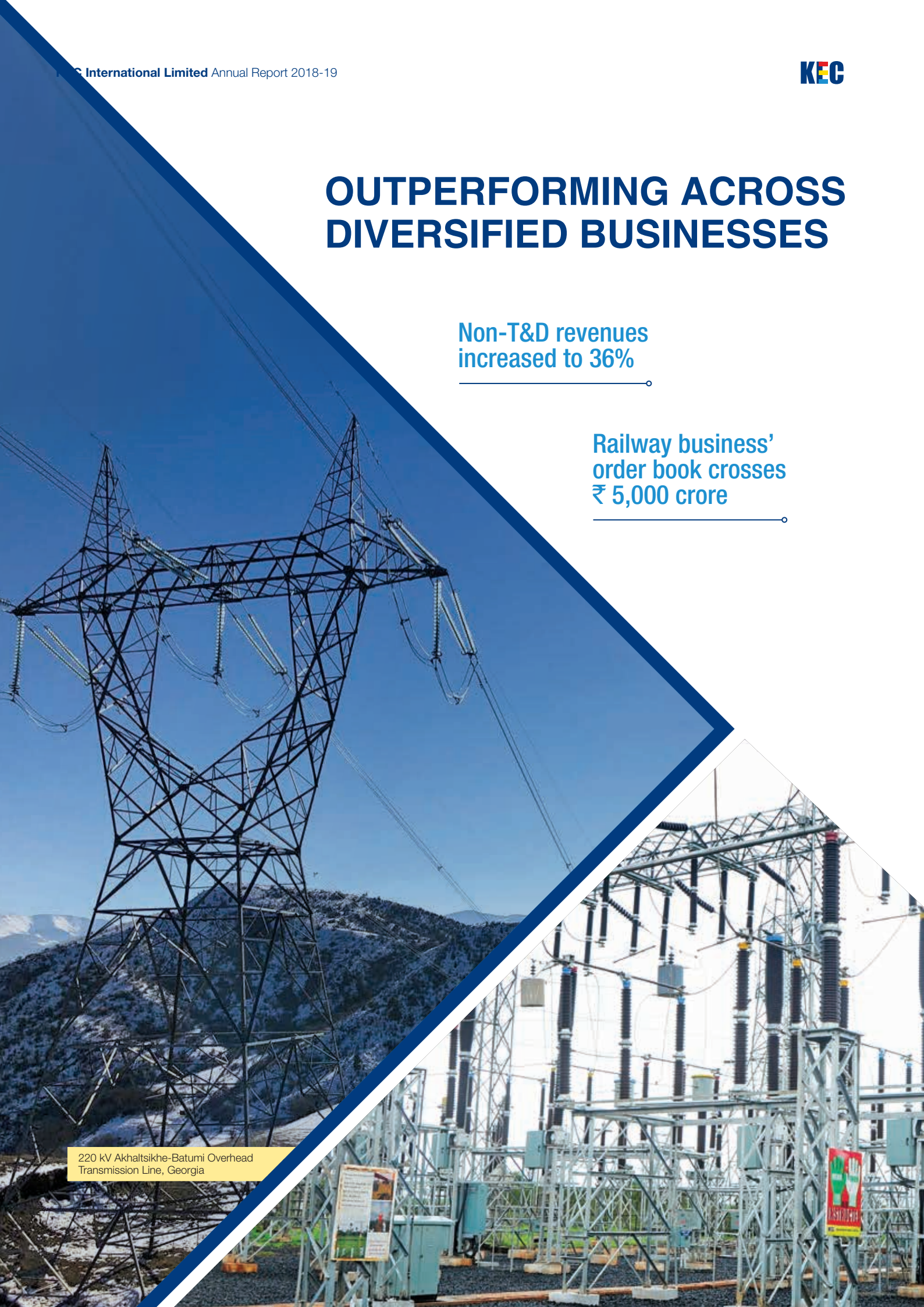
1. FY 2018-19, FY 2017-18, FY 2016-17, and FY 2015-16 numbers are Indian Accounting Standards (IND AS) compliant
2. FY 2014-15 numbers are INDIAN GAAP, IFRS compliant
3. # Before impact of Disposal of Assets (FY 2014-15 and FY 2015-16)
4. SAARC – South Asian Association for Regional Cooperation Countries; MENA – Middle East & North Africa, ROA – Rest of Africa, EAP – East Asia Pacific Countries, CIS – Commonwealth of Independent States
5. Graphs are not up to the scale

OUTPERFORMING ACROSS DIVERSIFIED BUSINESSES

Non-T&D revenues
increased to 36%

Railway business'
order book crosses
₹ 5,000 crore

220 kV Akhaltsikhe-Batumi Overhead
Transmission Line, Georgia



Over the past seven decades, our strong capabilities, well-defined strategies, and robust processes & offerings have enabled us to Outperform across businesses and tap lucrative growth opportunities. During the year, the Company's various businesses continued to expand across business segments, clients, and geographies.

In T&D business, we continued to expand our geographical presence and entered/re-entered five new countries. We won our first EPC orders in the Americas as well as Oceania regions. Our strategy to expand the Substation portfolio has also borne fruits; we secured several new orders during FY19 across global markets, some of which include Papua New Guinea, Nicaragua, Dubai and Thailand. We significantly strengthened our presence in the SAARC region, including winning an order in Bangladesh, which is the single largest order in the Company's history. We continue to diversify our presence across India and secured multiple transmission line, as well as substation orders in Bihar.

We successfully completed several landmark projects;

- 220/66 kV GIS Substation in Drass (part of the Srinagar-Leh Transmission System), the second coldest inhabited place on Earth
- 765/400 kV GIS Substation built across nine levels on mountainous slopes
- Connected India's North-East-West grid to the Southern grid through the 'Transmission System Beyond Vemagiri' project
- Erected the tallest River Crossing Towers in Thailand

We have successfully pivoted SAE Towers, our wholly owned subsidiary in the Americas, from a manufacturing to an EPC company. The business is currently executing ~800 km of transmission lines in Brazil. EPC contributes to nearly 50% of the SAE order book, auguring well for the growth of the business in the coming year.

The Railway business has delivered an exceptional performance. Continuing our momentum for the past two years, we have more than doubled our revenue in FY19, and our diversification in composite projects (including Signalling & Telecommunication) is yielding positive results, with these projects now forming nearly 70% of our current orderbook.

During the year, we augmented our operational and execution excellence, resulting in accelerated delivery and early commencement of several Railway projects. We continue to be one of the largest contributors to the Indian Railway Electrification (RE) Mission having electrified 1,576 km during the year, which is nearly 30% of electrification completed across the country.

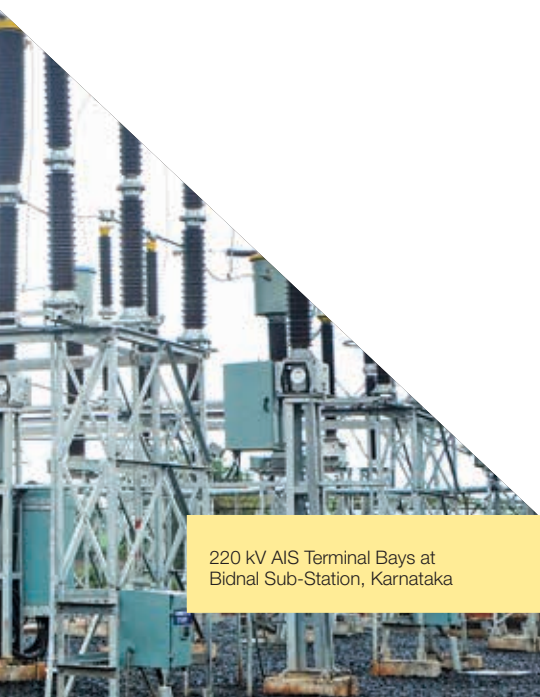
During the year, we successfully completed the 130 MWp turnkey EPC project for APGENCO, taking our cumulative commissioning capacity to more than 348 MWp. We also secured our single largest Solar order in terms of capacity, a

150 MWp order in Rajasthan. We continue our efforts to diversify the business into newer geographies and tap opportunities in the international markets.

Two years ago, we expanded our portfolio to include Civil business. We continue to build our capabilities and processes to enter newer segments that offer promising growth opportunities. During FY19, we delivered several marquee projects, demonstrating our capabilities to execute large scale projects in Auto, Cement and Residential sectors. In line with our strategy, we have also secured orders in high-rise residential and FMCG sectors.

Our newest business Smart Infra had a good start in its very first year. We have secured two major orders in the core Smart City segment. We are very confident that the business will achieve success in this fast-emerging field.

Cables business continued its upward trajectory, with considerable improvement in performance due to increased revenue from exports and EHV & HT cables. In line with our strategy for value enhancement, we have commenced the production of several new products – Railway Signalling Cables, copper conductors, ADSS cables, quad cable, 110-degree FR cable, lead sheath instrumentation cable and long length MV cable. The business has delivered a revenue growth of ~17% over FY18.



220 kV AIS Terminal Bays at Bidhal Sub-Station, Karnataka

TRANSMISSION & DISTRIBUTION

EMPOWERING BEYOND BOUNDARIES

We are one of the largest Power Transmission & Distribution EPC companies in the world with a footprint spread across 68 countries. We provide integrated solutions on turnkey basis for Transmission Lines up to 1200 kV and large size Substations – Air insulated up to 1150 kV, Gas insulated up to 765 kV and Hybrid Substations.



765 kV Banskantha-Chittorgarh Transmission Line; part of the Green Energy Corridor

Our robust presence extends across South Asia, the Middle East, East Asia Pacific, Commonwealth of Independent States, Africa, Oceania, and the Americas. Our state-of-the-art transmission lines span across raging rivers such as the Nile in Egypt and Ganges in India, the deserts of the Middle East and West Africa, mountains in the Himalayas, as well as the snowfields of Georgia and Afghanistan. We have built India's highest substations at Kargil-Drass-Khalsti-Leh under sub-zero temperatures at an altitude of more than 11,500 feet. This landmark project was dedicated to the nation by the Hon'ble Prime Minister of India Shri Narendra Modi, this year. We have also mastered the art of seamless execution in politically sensitive regions of the world.

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

Aided by a pool of highly experienced professionals, we are committed to deliver world-class quality projects ahead of time. Our success has been a result of:

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

FY 2018-19 Highlights



SOUTH ASIA BUSINESS (INDIA AND SAARC)

- Won our largest order in Bangladesh (₹ 1,496 crore), which is also the largest order secured in the Company's history; strengthened our presence in SAARC region
- Continued to diversify presence in India, with several Transmission Line and Substation orders secured in Bihar
- Delivered over 30 projects; commercially closed 49 projects, including the following prestigious projects:
 - One of India's highest altitude GIS Substations, 220/66 kV at Drass and Kargil (part of the Srinagar-Leh Transmission System) – one of the most challenging terrains and extreme weather conditions
 - 400 kV Ashuganj-Bhulta Transmission Line - includes the tallest transmission towers of Bangladesh
 - 400 kV Wangdue-Jigmeling Transmission Line in Bhutan - use of Drone for stringing power conductors across valleys
- Received 'Best Safety practices in Transmission Line Construction' Award from Power Grid Corporation of India Ltd.
- Received 'Gold Award' at the 17th Annual Greentech Safety Awards 2018
- Divested our entire stake in our first BOT project - Bikaner Sikar Transmission Line in Rajasthan

INTERNATIONAL BUSINESS

- Entered/re-entered five new markets this year
- Further strengthened the Middle East portfolio by re-entering the Dubai market after 20 years with three new orders
- Expanded the Substation portfolio by securing orders in several new markets; delivering projects across 12 countries
- Won our first 500 kV AIS Substation order in Thailand
- Commercially closed 17 projects
- Received multiple awards & appreciation for safety practices and environmental compliance across projects in Saudi Arabia, Oman, UAE, and Malaysia

SAE

- Successfully pivoted the organisation from a Manufacturing company to an EPC driven business
- Currently executing ~800 km of Transmission Lines in Brazil
- Completed eight EPC projects till date
- New products added in Hardware:
 - 500 kV Elliptical Spacer Damper for expanded bundle of six conductors
 - Asymmetrical Anchor Clamps for concrete foundation
 - Helical Piles
 - 230 kV Insulator Hardware fittings

RAILWAYS

ENGINE FOR FAST TRACK GROWTH

Our Railways division is a turnkey solutions provider in the Railway Infrastructure EPC space. One of the early entrants in the Railway electrification segment, we have electrified over 40% of the Indian Railway network till date, spanning more than 16,500 km.



Mathura-Achhnera Railway Electrification for CORE, Uttar Pradesh; completed 90 days ahead of schedule

We have significantly augmented our capabilities to cater to the evolving needs of the Railway industry by focusing on building people, processes and technological competencies.

In line with the strategy to diversify our portfolio, 70% of our order book now comprises composite/non-overhead electrification projects for signalling and telecommunication works, doubling and tripling of railway lines, track laying, building stations, and bridges, etc. Additionally, to strengthen the Railway Supply Chain and enhance our competitiveness, we have integrated backwards into manufacturing of railway contact & catenary conductors and signalling cables at our Cables factories, and galvanised steel structures for Railways at our tower manufacturing units.

The business has delivered an exceptional performance during the year by more than doubling its revenues, executing nearly one-third of the country's railway electrification during the year, and commissioning six projects/sections ahead of schedule.

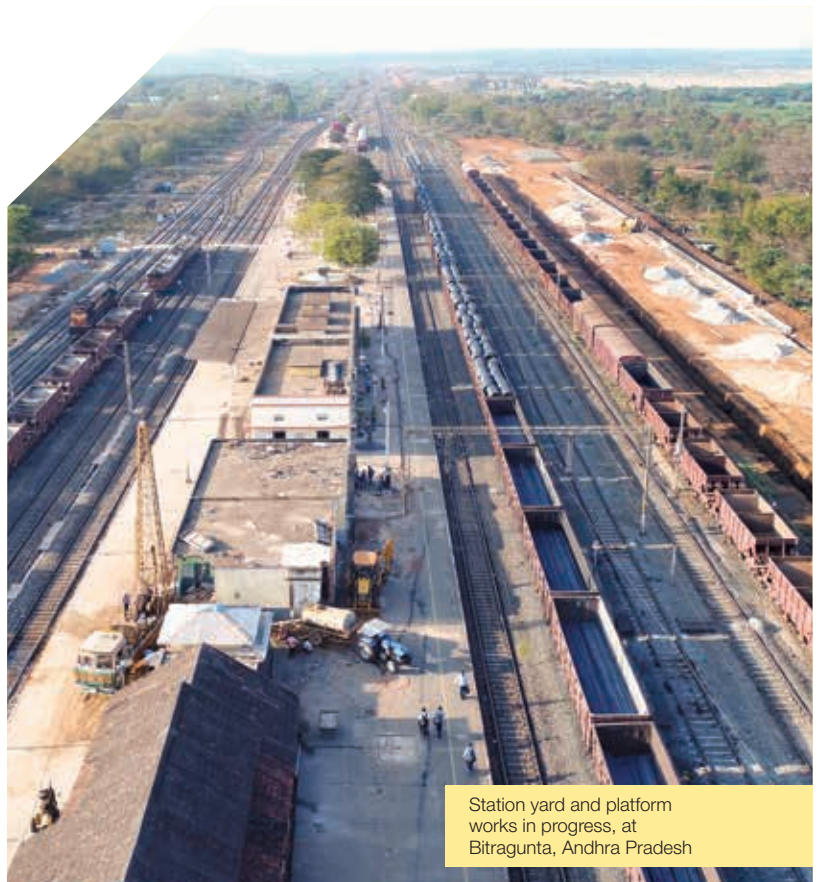
Services

- Overhead electrification systems
- Signalling and Telecommunication systems for outdoor and indoor installation including Electronic Interlocking (EI) for new lines and capacity augmentation works
- Traction substations
- Doubling, Tripling, and New Railway lines
 - Earthwork and track-laying
 - Civil infrastructure such as bridges, platforms, stations, residential buildings and workshops

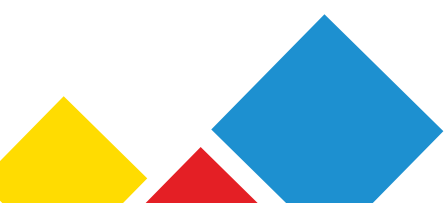
FY 2018-19 Highlights



- Secured orders of over ₹ 3,100 crore, with significant L1 positions
- One of the largest contributors to the Indian Railway Electrification Mission; commissioned ~30% railway electrification projects in India totalling to 1,576 km
- Six projects commissioned ahead of schedule
- 40,000 MTs of galvanised steel structures produced during the year
- Successfully completed track laying of the Parauna to Bhua and Venkatachalam to Obulavaripalle sections for Rail Vikas Nigam Limited (RVNL)
- Received recognition and appreciation by the Commissioner of Railway Safety for quality of work during multiple CRS inspections



Station yard and platform works in progress, at Bitragunta, Andhra Pradesh



CIVIL

BUILDING TOMORROW

Our Civil business focuses on the construction of factories, warehouses, residential buildings, commercial complexes, railway stations, airports, metros, and sewage & water treatment plants. We are one of the few EPC players offering services in an area dominated by small unorganised players and by few large companies.



Cement manufacturing unit under construction at Mangrol, Rajasthan

Our extensive expertise and capabilities coupled with significant investments in leading-edge technologies & equipment and a talent pool of over 260 people have empowered us to deliver world-class construction to our clients. Our integrated project management proficiencies ensure that we deliver our projects on or ahead of schedule with strict adherence to quality and safety. Our commitment towards adhering to international quality and EHS standards has been acknowledged by our clients and the industry time and again through various awards and appreciations.

In line with our growth plan, the Civil business has nearly doubled its revenue in FY19 and is well on track to become a significant part of the business portfolio in the coming years. During the year, we secured several new orders aggregating to over ₹ 700 crore and expanded our business portfolio by securing orders in the high-rise residential and FMCG sectors. The business is currently executing turnkey EPC projects comprising factories, workshops, and residential buildings for a repertoire of clients in varied sectors such as Auto & Auto ancillaries, Cement, Metals & Mining, FMCG and Real Estate, among others.

FY 2018-19 Highlights



- Established ourselves as a preferred agency in the construction of factories especially Cement, Automobile and Auto ancillary segments by successfully delivering several marquee projects
- Executed 2+ million sq.ft. in industrial workshops, 500+ thousand sq.ft. in residential and township projects
- Completed 4,000+ MTs of PEB works, poured over 1 lakh cubic metre of concrete and executed several cement silos of up to a height of 50m using specialised climbing formwork, slipform and panel formwork
- Implemented 'Safety as a way of life' at every site; achieved 5 million+ safe person hours across projects
- Received 'Gold' award at the 17th Annual Greentech Safety Award 2018

Achieved an aggressive Revenue growth of 2x in FY19



Shuttering work for Tower & Non-Tower area at KEC's first high-rise residential building project, Mumbai

CABLES

SUSTAINING MOMENTUM

Our Cables business is synonymous with superior quality and reliability in the industry. We offer a broad range of Cables, viz. power, control & instrumentation, telecom, railways and solar cables. We also provide turnkey cabling solutions for HT and EHV cables globally.

Integrated Vadodara Factory post consolidation with Silvassa factory



Cables manufacturing facility in Mysore, Karnataka



The Cables business has achieved significant growth in revenues with improved profitability, primarily due to a rise in revenue from exports and EHV & HT cables. Additionally, the result of various initiatives such as the consolidation of Silvassa manufacturing unit with Vadodara facility, increased focus on sales and operations planning processes, efficient supply chain, etc., have also contributed to this growth.

In FY19, we further diversified our product offerings and now manufacture five new types of cables at our fully integrated manufacturing units at Vadodara and Mysore, enabling us to tap into the growing cables market globally.

FY 2018-19 Highlights



- Significant improvement in profitability
- Exported cables and cabling solutions to 33 countries across the globe; exports business grew by 35% and EHV business grew by 32%
- Commenced manufacturing and supply of Railway contact and catenary conductors; received approval from RDSO for Signalling Cables, will begin commercial production in FY20
- Added new products to our offerings – All-Dielectric Self-Supporting (ADSS) fibre optic cable, quad cable, 110-degree FR cable, lead sheath instrumentation cable and long length MV cable

Product Portfolio



POWER CABLES

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



CONTROL AND INSTRUMENTATION CABLES



RAILWAYS

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



TELECOM CABLES

Optic Fibre Cables
ADSS Cables
PIJF Cables



SPECIAL CABLES

Solar Cables
CPR Compliant FR Cables
110 Deg C FR Cables
Lead sheathed LT Power and Instrumentation Cables
Nylon sheathed termite resistant Cables



220 kV Chandigarh-Panchkula Underground Cabling works for PGCIL

SOLAR

RENEW THE FUTURE

The Solar business offers comprehensive EPC services across large-scale ground-mounted and rooftop solutions, including Single Axis Tracking projects. We are one of the few companies with the capabilities to execute large scale projects of more than 130 MWp, with significant experience in Single Axis Tracker implementation.

Our clients include government utilities, private solar park developers and industries developing captive power plants. We are also empaneled with the Ministry of New and Renewable Energy (MNRE), under its solar on-grid programme, contributing to the national roof-top mission.

In FY19, we successfully completed and commissioned our first 130 MWp project for Andhra Pradesh Power Generation Corporation Limited (APGENCO), ahead of all other contractors. We are currently

executing a 150 MWp project in Rajasthan for a private developer, our single largest Solar project in terms of capacity till date.

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

FY 2018-19 Highlights



- Strengthened our partnership with various developers
- Talent pool of over 130 dedicated professionals, including 100+ engineers
- Developing capabilities in emerging technologies such as floating solar, energy storage solutions and use of bifacial modules, etc.

Services

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



150 MWp Ground Mount Solar project for a private developer in Badhla, Rajasthan

SMART INFRA

PLATFORM FOR SMART GROWTH

In FY18, we expanded our business portfolio to include the promising Smart Infrastructure sector, with the objective of providing innovative technology solutions for sustainable development of cities and urban infrastructure. Our objectives are aligned with Government of India’s agenda to enhance India’s digital infrastructure and building 100+ Smart Cities.

As Master System Integrators, we provide solutions embedded with new-age technology in the areas of Smart Cities and Communication, Smart Grid and Smart Mobility.

In its first year of operations, the business has successfully made inroads into the market by securing three orders, two of which are in the core Smart City segment and one in Smart Grid. One of the Smart City orders is a greenfield project, part of the Delhi-Mumbai Industrial Corridor, while the

other project is for brownfield development of a neighbouring city. KEC will deploy public safety solutions (such as surveillance cameras), command & control centers, WiFi solutions, Internet of Things (IoT) devices with environmental sensors & flood sensors, and smart public transport.

As part of a new-age solution demonstration, KEC in partnership with Ludhiana Smart City has deployed the first, state-of-the-art Smart Pole in Ludhiana. An innovation by the RPG Group in the ‘Make in India’ domain, the Smart Pole provides citizens with unique offerings such as, surveillance cameras, Wi-Fi, digital display, environmental sensor, etc.

With a strong thrust from the Government on equipping the rapidly increasing urban population with modern infrastructure and technology, coupled with our rich EPC experience spanning several decades, we are well-poised to service large-scale Smart Infrastructure projects, both within and outside the country.

FY 2018-19 Highlights



- Secured three projects during FY19 aggregating to ₹ 230+ crore, in Smart City and Smart Grid domains
- Created a robust technology eco-system by partnering with major global and Indian OEMs and technology start-ups

Solutions & Services

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



Smart Pole deployed by KEC at Ludhiana

MANUFACTURING & ENGINEERING

ROBUST OPERATIONAL EXCELLENCE

Our focused investments in processes, quality, innovation and technology have bolstered our capabilities in Manufacturing, Engineering & Design, Testing and Supply Chain. Our constant endeavour for operational excellence and quest for continuous process improvement differentiate us from the competition.

Manufacturing



Manufacturing of Railway Structures at Jaipur

OUR STRENGTH

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

We continuously enhance and strengthen our manufacturing capabilities by adopting latest technologies and best-in-class equipment. Our stringent quality assurance helps us deliver superior products of international quality. Our seven factories spread across India, Brazil, and Mexico manufacture transmission towers, monopoles, hardware, cables and structures for substation, railways and solar.

We have five tower manufacturing units with a consolidated capacity of 3,12,200 MTs per annum. Over the last two years, we have integrated backwards into manufacturing overhead electrification structures and contact and catenary

conductors for our Railways division. We have augmented our capacity from 30,000 to 48,000 MTs per annum, which has significantly enhanced quality and production capabilities.

Our Cables manufacturing units located in India manufacture a complete range of products, viz. power, instrumentation & control, telecom, solar and railway signalling cables. The creation of an integrated manufacturing facility at Vadodara has resulted in improved customer service, streamlined operations, improved production, while also enabling greater control on quality and reduction in costs through operational efficiencies.



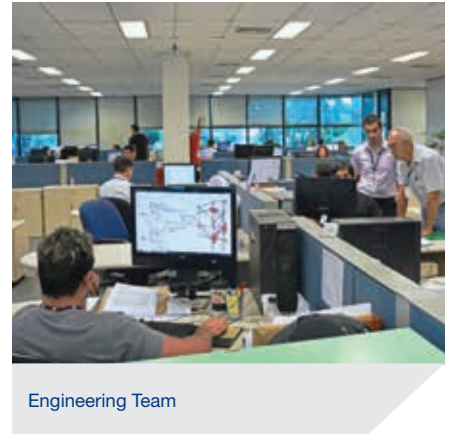
HT Cables Manufacturing Plant at Vadodara

Engineering & Design

Our world class engineering & design capabilities originate from a rich pool of 220+ experienced engineers spread across eight centres in India, the Middle East and the Americas. Our engineers enable us to deliver excellent, cutting edge and innovative engineering & design solutions, which help us provide significant value to the customers. We have an unparalleled experience of having designed all types of towers globally. We leverage the latest design technologies to build solutions for complex engineering projects.

OUR STRENGTH

- Rich pool of 220+ engineers across eight locations
- More than 60 years library of Transmission Line design database, including Towers, Hybrid Poles and Monopoles
- Expertise across designing Substations (AIS, GIS, Hybrid) and Solar structures
- Equipped with the latest design, detailing, and profiling softwares
- Adoption of latest technology; Lidar, Drones, and Photogrammetry to conduct surveys
- Stringent design-to-delivery cycle time



Engineering Team

Tower Testing



Tower Testing Station in Brazil

We have four sophisticated tower testing stations spread across India and the Americas, capable of testing towers of up to 1200 kV, including Lattice and Guyed Towers, Tubular and Monopoles. Our testing stations are strategically located near our manufacturing facilities and provide complete testing solutions to all kinds of transmission tower requirements.

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

OUR STRENGTH

- Only Company in the world to have four tower testing stations, three in India and one in Brazil
- The testing station in Nagpur is one of the largest facilities in the world, with a capability to test towers up to 1200 kV
- Belo Horizonte facility in Brazil is the largest tower testing station in the Americas
- Testing stations in India are ISO 17025:2005 accredited by the National Accreditation Board for Testing and Calibration Laboratories (NABL); Brazil Testing Station is ISO 9001:2015 accredited by Bureau Veritas

Supply Chain Management

At KEC, we have a well-integrated and robust supply chain system, backed by a large network of world-class vendors and logistics service providers. We believe in cultivating strategic relationships with key vendors, who are wholly integrated into our supply chain processes.

We have embraced various tools and techniques such as Business Excellence (RPGOE), Lean Six Sigma, Kaizen, Best Practices sharing, Internal/External benchmarking, etc. In order to improve and monitor our businesses excellence, we use Total Productive Maintenance (TPM) and Quality Based Management (QBM) as excellence tools. Additionally,

we have implemented IoT solutions to capture real-time operational data from CNC machines at all our manufacturing plants in India.

During the year, our transformation programme to augment our logistics processes and capabilities has yielded significantly positive results. The programme helped us re-assess processes to optimise logistics cycle time, especially for inaccessible/difficult locations through commercial and logistical process interventions, reduce costs and look at new ways of operations such as multimodal, leverage digital technologies to enhance transparency of operations.




Dispatch of poles, SAE Towers

DIGITAL ENABLING OUTPERFORMANCE


With a major thrust on Digital Transformation, we have rolled out several initiatives in the areas of automation, geo-spatial, artificial intelligence, machine learning, computer vision and analytics.

The Company is investing in a host of digital initiatives across the EPC value chain to re-imagine and re-engineer business operations, realise quantum leap in productivity, improve estimation accuracy and enhance compliance to processes. During the year, we continued our focus on sustenance and horizontal deployment of ongoing initiatives across businesses and explored several new use cases and technologies.




We continue leveraging drones to string power conductors between towers, especially across valleys and rivers. We are innovating and developing the technology further to enhance the productivity of stringing through drones. Drones have emerged as a highly viable commercial tool in the construction space. Over the years, we have maximised its usage for site surveys, route analysis, project tracking and monitoring.

The Company has rolled out SAP S/4HANA across all businesses and project sites, enabling robust project monitoring, improved transparency, lean processes and real-time financial performance management.




Safety at work is of utmost importance to us. To strengthen safety compliance and improve safety awareness across the organisation, we have developed a robust digital platform for EHS management, which actively involves our vendors and contractors across sites and factories. The EHS dashboard will provide real-time statistics of safety compliance.



Conventional practices in EHS are being modernised with the use of cutting-edge technologies such as Virtual and Augmented reality, Artificial Intelligence enabled solutions for violation detection and GPS based safety compliance. We continue to make use of digital platforms such as BIM across the project lifecycle in engineering functions.

All HR related queries and questions are answered by a smart digital assistant and chatbot solution. Over 20,000 queries have been addressed without any human intervention.



Effective utilisation of key assets is crucial to reduce costs. To avoid unplanned downtimes and improve asset performance, we have implemented IoT based asset monitoring solutions. Moreover, P&M tracking and monitoring is enabled with the use of RFID and GPS technologies. Various geo-spatial solutions have been deployed to improve accuracy and efficiency. We are also leveraging artificial intelligence and machine learning technologies to optimise cost and time efforts from bidding to execution stage.



Stringing of power conductors using drone

INNOVATING TO DELIVER EXCELLENCE

Innovation is an ongoing exercise at KEC. We have established Innovation Centers of Excellence across businesses, to further strengthen the culture of innovation across the organisation, and ensure dedicated effort on significant opportunities and complex challenges.

We have been at the forefront of adopting innovative construction technologies that help us enhance our construction productivity, accelerate project execution, reduce costs, ensure superior quality, improve safety standards and reduce wastage, apart from differentiating us from the competition and setting new industry benchmarks.

During the year, multiple innovation-led initiatives such as increasing the packing efficiency of conductors and cables in containers, optimising the insulation thickness of cables in line with client requirements, recycling of aluminium conductor waste to reduce costs, leveraging alternate modes of transportation, photogrammetry based surveys, productivity improvement for

drone based stringing, etc., have been rolled out across projects. Some of the advanced solutions implemented across our projects include the use of specialised Climbing Formwork technology for silo construction, deployment of Track Laying Machine for laying railway tracks, use of precast structures for building construction, etc.



Modularisation in Tower Erection using Boom Crane



Track laying in progress at Jhansi-Bhimsen Railway Project



Climbing Formwork technology for clinker tank construction



Modular system formwork for column shuttering



Precast Building

DELIVERING OUTPERFORMANCE, DELIVERING GROWTH

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

Some of our noteworthy projects executed during FY19 include:

01

220/66 kV Gas Insulated Substation, Kargil & Drass, Jammu & Kashmir, India



220/66 kV GIS Substation at Kargil & Drass, Jammu & Kashmir

- Engineering, Procurement, and Construction of GIS Substations at Kargil and Drass for Power Grid Corporation of India Limited (PGCIL)
- Execution at the second coldest inhabited place on Earth, Drass, with an average of -20°C (sometimes as low as -49°C) during winters and an average of 23°C during summers

Challenges

The substations built at Drass and Kargil are amongst the highest altitude substations in India, and an integral part of the 220 kV Srinagar-Leh Transmission System, a critical project aimed at strengthening and enabling continuous reliable power in the region. Building the substations in the tricky geographical terrain and arranging logistics of heavy equipment (transformers and reactors) were some of the biggest challenges faced during

construction. Connectivity to numerous roads in the region is also cut off for close to eight months during the year due to extreme snowfall.

Outperformance

To ensure smooth on-ground implementation of the project, we undertook meticulous project planning that reinforced a cross-functional communication charter. Transformers were dispatched six months in advance to ensure that they reach the location on time, dummy containers with stone/debris were deployed to verify safety of the route, roads and bridges leading up to the project site were strengthened and reinforced, and materials and workmen were airlifted when required.

The Hon'ble Prime Minister of India Shri Narendra Modi dedicated the 220 kV Srinagar-Leh Transmission System to the nation in February 2019. The project will ensure quality power supply to Ladakh throughout the year, giving a huge boost to the tourism sector and enhancing socio-economic development of the region.

Project Status

Expected completion in July 2019

02

765 kV DC Vindhyachal-Jabalpur Transmission Line, Madhya Pradesh, India



765 kV Vindhyachal-Jabalpur Transmission Line, Madhya Pradesh

- EPC works associated with Transmission System for Vindhyachal-V project (Pkg-3 & 4), under the Tariff Based Competitive Bidding (TBCB) scheme
- Execution of two hotline stringing crossings of 765 kV Single Circuit line

Challenges

A majority of the line length was stuck under severe Right of Way (RoW) issues. The line passes through a highly cultivated and low land area, restricting the working period during monsoon and harvest seasons. Additionally, supply of the entire material (i.e., Stubs, Towers, Insulators, Conductors and Hardware fittings) was under the scope of client (Operations and Supply Chain Management), leading to limited visibility of timeline for supplies.

Outperformance

The project was completed with meticulous planning and maintenance of utmost safety standards. Due to unavailability of shutdown, we successfully executed two hotline stringing crossings of 765 kV Single Circuit under live-line conditions. Additionally, the team deployed an innovative technique of Hydraulic Scalp holding to execute stringing work across railway crossings, in compliance with the prescribed safety guidelines. We also circumvented several difficulties such as RoW and tough terrains by forging successful partnerships with local administrators. As a testament to our quality, we received the Taking Over Certificate (TOC) for the project just one day post commissioning and that too with zero punch points.

Project Status

Project completed in December 2018

03

765 kV DC Vemagiri Transmission Line, Andhra Pradesh, India



765 kV Chilakaluripet-Cuddapah Vemagiri Transmission Line, Andhra Pradesh

- Supply and Construction of 765 kV Transmission Line from Chilakaluripet to Cuddapah
- First transmission line project in India to implement Pyramid type foundation

Challenges

This 281 km transmission line built in the interiors of Andhra Pradesh, passes through forests, mountains and paddy fields. Moreover, the project required the construction of 768 towers at locations with hard rock forming the soil strata. Transportation of material to these locations was also a mammoth task. Heavy rainfall and severe heat, with temperatures rising to ~49 degree Celsius during peak summers also added to the challenges.

Outperformance

To optimise the design of towers, we introduced 'Winged Towers' with unique cross-arm design. We were also able to create a milestone in tower erection, where one of the gangs erected 11 towers, totalling to 406 MTs in a single month.

To mitigate the risk of rectification work, we collected and verified digital photographs of all completed towers and received swift approvals from the client. We were successful in completing the project ahead of all three competitors working on the same package and with zero loss time injury.

Project Status

Project completed in January 2019

04

500/220 kV Dasht-e-Alwan Air Insulated Substation, Afghanistan



500/220 kV Dasht-e-Alwan AIS Substation at Pul-e-khumri, Afghanistan

- Design, Supply, and Construction of Substation at Dasht-e-Alwan for DA Afghanistan Breshna Sherkat (DABS)

Challenges

This is the first 500 kV substation built in Afghanistan. In addition to being politically sensitive, the terrain is very difficult for project execution, with harsh environmental conditions. Additionally, lower capacity bridges posed a serious challenge for

the movement of heavy equipment to the project site. Heavy snowfall in the region also restricted the working period to approximately nine months in a year.

Outperformance

To overcome the security related hurdles, we established a good working relationship with the locals, along with requesting assistance from Afghanistan police to ensure protection of manpower and materials. We introduced 'Zero-degree concreting practices', suitable for undertaking concrete work at sub-zero temperatures. Despite these hurdles, the project was successfully completed ahead of schedule while ensuring the highest quality standards at site.

Project Status

Project completed ahead of schedule in January 2019

05

400 kV DC Ashuganj-Bhulta Transmission Line, Bangladesh



400 kV Ashuganj-Bhulta Transmission Line; tallest transmission towers in Bangladesh

- Design, Supply, Construction, Testing, and Commissioning of 400 kV D/C Transmission Line from Ashuganj Gas Power Plant to Bhulta Substation for Power Grid Company of Bangladesh Ltd.

Challenges

The 74 km long line had three distinct sections, which posed an interesting challenge for the team.

- Over land portion of 68 km along the river
- 2 km of river crossing section (anchor to anchor) across River Meghna, including a 1.3 km single span with two special towers (186 m in height; tallest transmission line structures in Bangladesh)
- 4 km of LILO from existing line connecting to Bhulta Substation on 230 kV D/C bus

The line route consisted of multiple rivers and National Highway crossings. Access to remote location through lowland and vegetation corridors resulted in huge challenges in the supply of materials. Additionally, Right of Way issues and litigations faced by the client, impacted the timeline for completion of several sections of the project.

Outperformance

The scope was split into three major activities due to the varied geographical terrain. River crossing towers (186 m in height) were erected using Gin Poles and huge ferry boats due to high water levels. Additionally, stringing the river

crossing span posed a major challenge due to strong water currents and rising and ebbing tide levels. The team utilised two sets of separate TSE machines to string the conductor to equalise the departure. All line foundations were executed by casting in suite piles; totaling to 4230 piles.

Project Status

Project completed in April 2018

06

500 kV Thai Lao Border-Ubon Ratchthani Transmission Line, Thailand



500 kV Thai Lao Border-Ubon Ratchthani Transmission Line, Thailand

Outperformance

Excellent supplier and subcontractor relationships were leveraged for timely supplies and mobilisation of resources. Deployment of heavy machinery, training of subcontractors, and comprehensive project management practices helped the team overcome challenges posed by the terrain, sub-strata and climatic conditions. 15,000 cu.m of rock excavation, 15,000 cu.m of concrete pouring, 11,500 MTs of tower erection, and 2,300 km of conductor stringing were the key accomplishments in a 23-month period.

This line will strengthen EGAT's transmission system in Ubon Ratchathani, Yasothon, and Amnat Charoen provinces; and enable power purchase from Laos. Ahead of time completion of the project ensured that the client was able to honour their terms as part of their PPA with power producers in Laos.

Challenges

- Supply and Construction of 500 kV Thai/Laos Border-Ubon Ratchathani 3 Transmission Line for Electricity Generating Authority of Thailand (EGAT)
- Tallest River Crossing lines in Thailand

The project was located in a varied terrain including mountainous sections and swampy rice fields that posed significant execution challenges. Heavy flooding during the monsoons and significant rock excavation also added to the challenges.

Project Status

Project completed 73 days ahead of schedule, in August 2018

07

Overhead Electrification of Mathura-Achnera-Ilgah-Bharatpur sections, Uttar Pradesh/Rajasthan, India

- Railway Overhead Electrification (OHE) of 87 route kilometer (RKM) section between Mathura-Achnera and Ilgah-Bharatpur for Central Organization for Railway Electrification (CORE)

Challenges

We were entrusted with the task of electrifying 87 route kilometers on fast track mode between Uttar Pradesh and Rajasthan, within a strict time frame of 15 months. In line

with the ambitious milestones set by the client, the team had to accomplish a huge volume of work in significantly lesser time, without compromising on safety and quality.



Railway Overhead Electrification between Mathura-Achnera Uttar Pradesh/Rajasthan

Outperformance

In order to complete the project well within time, multiple teams were mobilised simultaneously to expedite foundation work, as well as overhead electrification works. Excellent co-ordination between Design & Engineering, Procurement and Execution teams enabled us to achieve ahead of schedule completion. We commissioned 87 RKM section, including eight Switching Stations and one Traction Substation, along with SCADA, within a span of 12 months from the date of receipt of Letter of Acceptance (LOA) from the client.

Project Status

Project was physically completed 90 days ahead of schedule, in September 2018

08

Overhead Electrification between Narwana and Kurukshetra, Haryana, India



Electrification of 85 RKM section between Narwana to Kurukshetra, Haryana

2022. Moreover, difficult approach roads, water logging during monsoon and shortage of raw materials and resources owing to the aggressive reduction in timeline, posed additional challenges for the team.

Outperformance

To meet the strict timelines, multiple project teams were deployed for various sections to carry out simultaneous works. Timely supply of mast structures, portals, SPS and PSI steel structures manufactured at our factories enabled greater integration and synergy, helping us achieve faster execution in accordance with the strict timelines laid out by CORE. The Commissioner of Railway Safety (CRS) in his authorisation note, has applauded the overall quality of the work demonstrated by the team.

Project Status

Project completed 173 days ahead of contractual schedule, in January 2019

- Foundation, structure erection, wiring and post wiring works, including Switching Stations along 85 RKM for Central Organisation of Railway Electrification (CORE)

Challenges

The duration for completion of the project was 18 months, which was later cut down to 12 months in line with the Railway Ministry's target to complete 100% electrification by

09

Railway Electrification and Construction of New Broad Gauge Track between Obulavaripalle-Venkatachalam, Andhra Pradesh, India



Electrification works of India's third longest railway tunnel

- Electrification of 142 km between Obulavaripalle and Krishnapatnam port for Rail Vikas Nigam Limited
- Track Linking of 59 km
- Electrification of India's third longest railway tunnel (6.75 km)

Challenges

We executed the project on a high embankment area spanning 60 km, with an average height between 9m to 12m. There were several space constraints, with only a 6m wide embankment and 12 access points available in the entire

section. The project also included the electrification of India's third longest railway tunnel, which posed numerous challenges such as poor air quality, low visibility and limited working space.

Outperformance

Within one year of project commencement, 94 km of track was linked with overhead electrification, including Signalling & Telecommunication works. A spring mechanism for auto tensioning was introduced for the first time in Indian Railways, earlier adopted only in Metro works. The successful demonstration has now led to its adoption by other railway subsidiaries, such as Konkan Railways. Further, within a span of 12 months, the project has achieved P-way (permanent way) credentials, qualifying the Company for other such projects in the future.

Project Status

Electrification and track linking completed in December 2018 (12 months from LOA). Tunnel-2 construction is underway.

10

Construction of third line between Gudur-Bitragunta, Andhra Pradesh, India



Work at major bridge across river Penna

- Construction of 3rd line between Gudur-Bitragunta, spanning ~77 km, including formation, bridges, service/station buildings, P-way works, OHE & general electrification works, and Signalling & Telecommunication works, for Rail Vikas Nigam Limited

- The line route is a part of the Grand Trunk Route connecting northern and southern states

Challenges

Initially, the target set for completion of the project was 48 months (April 2022), but being an integral part of the Prime Minister's Pragati programme, the timeline was revised to 44 months. The alignment of the project is parallel to the coastal area, resulting in extremely hot and humid working conditions. Additionally, during November-December 2018, all the water bodies were flooded due to incessant rains, leading to severe challenges in execution. Working next to the functional railway line and ensuring minimum disruption of operations, with utmost safety was of paramount importance to the team. The collapsible soil on Penna river bridge also increased difficulties.

Outperformance

We were awarded the project in March 2018 and commenced execution in April 2018. Despite severe climatic conditions, we have completed 33% of the project, and have received appreciation from the client. Work on the route was mobilised

simultaneously on 13 major bridges, out of 16. Pile-foundations of 20,500 running meters were completed in a record time of 14 months by deploying high capacity piling rig machines, thus paving the way for uninterrupted construction, especially during monsoon.

Project Status

33% of the project completed; target 100% completion by December 2021

11

130 MWp Ground Mount Solar PV project, Andhra Pradesh, India



130 MWp Ground Mount Solar Project, Andhra Pradesh

- Design, Engineering, Manufacturing, Supply, Construction and Commissioning of 130 MWp grid connected Solar PV project for Andhra Pradesh Power Generation Corporation Limited (APGENCO)

Challenges

At the time of commencement of execution, this was KEC's largest project in terms of capacity. The project, an integral part of the 500 MW Solar Park involved construction on rocky strata, posing several challenges for the team.

Outperformance

The team adopted a modular approach to ensure seamless scaling up of project management capabilities. Rigorous planning, monitoring, and controlling, along with several kaizen initiatives helped us achieve one of the highest productivities for piling and structure erection work and attain an overall leadership position amongst all other contractors working in the park. These initiatives helped in on-time completion of the project.

Project Status

Project physically completed in September 2018, commissioned in January 2019.

12

Brownfield Cement Manufacturing unit at Mangrol, Rajasthan, India



136m tie-beam at brownfield cement manufacturing plant, Rajasthan

- Civil and structural work for a 7,500 TPD Cement Plant

Challenges

The brownfield project presented several challenges for the team, including space constraints, hard rock strata and extreme weather conditions. Additionally, the team had to ensure that no disruption was caused to the operating plant.

Outperformance

We engaged specialised formwork such as jumpform and slipform, which enabled a faster construction cycle. The construction of the pre-heater, a critical structure in the cement plant was completed in a short duration of nine months, ahead of schedule. The milestone project was completed with the highest safety and quality standards, involving 2.5 million safe person hours and zero incidents. The client has appreciated the finishing and quality of the final product and the execution capabilities of the team. As a testament to our quality of work, we have also received repeat orders from the client for the construction of another cement plant.

Project Status

Project completed in March 2019

13

Construction of a factory for an automobile manufacturer, Andhra Pradesh, India



Manufacturing facility for an automobile manufacturer, Andhra Pradesh

- Civil and structural works for construction of Bus body building, and chassis line (161 m x 150 m)
- Civil work for admin, canteen and other infra buildings for bus body plant

Challenges

Stringent project timelines, remote site location, and mobilisation of huge resources in a very short time frame were some of the major challenges encountered by the team. Furthermore, the design and construction of the plant was undertaken simultaneously.

Outperformance

The team adopted a tighter control on the material procurement process to keep a strict vigil on material delivery lead times. This led to timely delivery of long lead finishing material such as tiles, aluminium doors and windows, GRC at site and structural steel raw material at PEB factories, thus facilitating faster fabrication, in line with our project requirements. Close monitoring and prompt decisions ensured that there were no delays in critical processes. For instance, the project team decided to mobilise a roof sheet profile machine to enable faster execution of roofing works. This helped the team save time that would have been spent on transporting 32,000 sq.m. of sheet material.

Project Status

Project completed in March 2019

ENVIRONMENT, SAFETY, SOCIAL AND GOVERNANCE

TOWARDS A SUSTAINABLE FUTURE

At KEC, we believe that promoting sustainable operations and encouraging sustainable practices year on year create a positive impact on our planet.

We are committed towards building a sustainable world for all our stakeholders through a continued focus on pro-environment initiatives, strict adherence to safety regulations, social empowerment of communities, and

transparency in business conduct and governance. In the process, this enables us to create a safe, healthy and conducive work environment for our people, assets, communities and the environment.

Key Certifications - Integrated Management System (IMS)



ISO 9001:2015



ISO 14001:2015



ISO 45001:2018

In our efforts towards standardising processes and strengthening our focus on Environment, Health, Safety and Quality initiatives, we are certified in accordance with Integrated Management System (IMS) - ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications, accredited by DAKKS, Federal Republic of Germany. KEC's continuous focus on ESSG is evident from the numerous initiatives taken during FY19.

Committed to building a sustainable world for all our stakeholders.

Environment

KEC has established credibility in delivering products and services with minimum carbon footprint, while also ensuring that the community and society at large accrue maximum benefits without causing any negative impact on the environment. The Company leveraged cutting-edge design technology for optimising the weight and size of transmission towers and recycled several tonnes of copper and aluminium, leading to lower consumption of steel and precious natural resources. With the use of digital initiatives such as

drones for stringing power conductors, our project planning teams ensured that there is minimum deforestation and impact on standing crops. During the year, the Company electrified 30% of the Indian Railways' electrification targets, enabling the Railways' largely reduce diesel consumption and lower air pollution. We have also replaced the use of wooden battens to pack drums with flexi packaging, a recyclable, environment friendly material at our Cables manufacturing plants.



Flexi packaging of drums

Safety



Safety net to minimise the impact of an unexpected fall

At KEC, a critical aspect that ensures the successful delivery of projects is the strict adherence to safety protocols defined by our EHS team. Our continued focus on implementing advanced and customised safety practices for each of our projects, along with enhancing safety awareness amongst our workforce through specialised, tech-enabled training programmes help us achieve high standards of EHS excellence.

We have developed a Fatality Prevention Plan comprising of a Fall Prevention System, Safety Marshalls and Safety Stewards to safeguard our team, especially workmen working at height:

- Fall Prevention System – A Safety Net designed by KEC's Quality-EHS team to minimise the impact of an unexpected fall during tower works
- Safety Marshall - To monitor, maintain and improve the culture of safety and discipline at work-at-height locations

1,25,000

person hours of safety training for employees in FY19

- Safety Steward - To monitor and maintain EHS activities at site under the guidance of safety officer

Some of our other key initiatives include:

- Safety App to provide safety information and checklists, training modules, incident reporting etc.
- RFID tags to locate workers instantly, elevate safety and improve performance
- Emergency vehicle with a foldable stretcher, first aid box and emergency road map at all project sites
- A complete ban on using toxic materials, and replacing them with 100% eco-friendly materials

The Company has also facilitated several safety trainings and skill development workshops for its operations team globally. These include imparting training through digital technology such as Virtual Reality to sensitise workers on the dangers of working at height, e-learning modules and on-ground demonstrations. In FY19, nearly 125,002 and 434,998 person hours of training were conducted for employees and contractor workmen respectively.

Our unrelenting focus on institutionalising best safety, quality and environment

4,34,998

person hours of safety-training for contract workers in FY19

related practices has earned us several awards and accolades from clients and the industry. During the year, PGCIL conferred the prestigious 'Best Safety Practices in Transmission Line' award to the 765 kV Chittorgarh-Banaskantha Transmission Line project executed by the Company. T&D South Asia and Civil businesses both won Gold Awards at the Annual Greentech Safety Award 2018, while the Cables Vadodara unit won the Gold Award at the International Convention on Quality Control Circle (ICQCC). On the international front, the Company was once again recognised for its commitment towards environment compliance by its client Sarawak Energy Berhad, Malaysia at the Contractor EIA Compliance Award 2018.



Safety training at Malaysia

Social

Driving the holistic empowerment of the community is at the core of our corporate philosophy. Aligned with the RPG Group's CSR Vision, our CSR programmes are aimed to facilitate development and sustainable growth in communities

through various initiatives focusing on entrepreneurship, education, and health.

We encourage our employees to participate in our social responsibility programmes, which remain a key driver for the success

of our CSR initiatives. During FY 2018-19, we were successful in creating a positive impact on several lives through our various projects.

PEHLAY AKSHAR



We believe in the importance of education and training as key enablers of empowerment and employment. The Pehlay Akshar programme adopts unconventional and creative methods to enhance functional English skills, while also improving infrastructure in government schools across India. The Pehlay Akshar School Enrichment Programme (Training) aims at transforming public education by helping teachers develop 'magic classrooms', where children feel secure, appreciated, and encouraged to continue learning.

Impact 15 schools targeted, 2,100 children benefitted, 457 government and municipal school teachers trained, 23 schools adopted for infrastructure development

SAKSHAM



We empower women from local communities by imparting entrepreneurship development and skill training and enabling them to become self-sufficient. The programme imparts vocational training, such as tailoring and develops their business acumen and leadership skills. The programme offers these women an opportunity to augment their incomes.

Impact 305 women empowered, ₹5,500 per month average income

SANJEEVANI



We are striving to fill the gap for affordable nursing and homecare staff in the healthcare sector. The programme provides health care and bed-side assistance, general duty assistance, first-aid training to women, who move on to become bed-side and home care assistants at nursing homes and hospitals.

Impact 800 women trained, 75% placed in hospitals and as home care assistants, ₹7,000 per month average income

SWAYAM



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

Impact 123 women trained

NETRANJALI



Our flagship CSR project 'Netranjali' continues to touch lives by providing preventive eye care solutions to local communities situated around the Company's manufacturing units and project sites across India. We create awareness about the importance of eye-care through eye camps, eye screenings, and distribution of spectacles and reading material on preventive eye care practices to beneficiaries ranging from school children to villagers, bus drivers, and workmen. We have also instituted a Netranjali Vision Centre in Jaipur, which has been very well received by local residents.

Impact 525 eye camps organised, 87,131 pairs of eyes screened, 42,898 spectacles distributed, 9,899 people provided further referrals, 4,157 people provided cataract referrals

DIGITAL LITERACY DRIVE



We have embarked on an ambitious drive to make India a digitally literate country. The programme, aligned with the National Digital Literacy Mission, provides training to communities in and around our manufacturing units at Jaipur, Jabalpur, and Butibori. The training imparts knowledge about the use of computers, internet, email and advanced digital tools. Additionally, in association with SAP India, we take computer training and skill development to the remotest corners of India through a mobile van.

Impact 3,600 people trained

JEEVAN



As part of Jeevan, we provide clean and safe drinking water to school children in Jaipur, Jabalpur and Nagpur, to safeguard them from waterborne diseases. We have also installed water ATMs in these cities to provide safe, clean, and affordable drinking water to local communities. Additionally, the Company has installed rain water harvesting units in Nagpur.

Impact 28 water huts installed, benefitting 5,600 students; 6 water ATMs installed, benefitting 30,000 people; 2 rain water harvesting units installed, benefitting over a 1,000 people

INTEGRATED COMMUNITY CENTRE, HALOL, GUJARAT



Along with our Group companies CEAT and Zensar, we have set up an Integrated Community Centre at Halol, Gujarat. The Centre, through a 360 degree approach, implements multiple CSR projects aimed at improving healthcare, education, skilling & training, water conservation, sanitation, and strengthening Anganwadis.

Impact 2,200 school children receive additional nutrition in 13 villages; 60 women trained in entrepreneurship & skill development; 13 Anganwadis supported; rain water harvesting units installed in 10 schools; Digital Literacy training for 817 people from ten villages

INDUSTRIAL TRAINING INSTITUTE (ITI)



Furthering our long-term commitment to education and provide employability enhancement opportunities, the Company has adopted ITI Ashti, located in Wardha district of Maharashtra, under the Public Private Partnership (PPP) scheme of the Government of India. Through this initiative, we aid in the upgradation of technical infrastructure and facilitate on-the-job training, finishing school training, industry visits, soft skills training, workshops and additional technical training for various industrial and housekeeping jobs. ITI Ashti is also the first ITI in Vidarbha region to receive ISO 9001:2008 Government certification.

Impact 383 candidates trained; 284% increase in admission of girls to ITI; 100% placement

Governance

KEC has been synonymous with setting high standards of transparency, ethics and governance. The Company's Corporate Governance philosophy encompasses regulatory and legal requirements as per Securities and Exchange Board of India (SEBI) regulations, along with several inherent core values at a superior level, in terms of business ethics, effective supervision and enhancement of shareholders' value. The Company is helmed

by a 11-member Board and a professional leadership team of competent individuals having vast experience in their respective fields. The Company also has independent Audit and Risk Committees in place to safeguard its assets and assure integrated, objective and reliable financial information. The implementation of SAP in FY19 ensures tight integration between all business functions, transparency in accounting and

stringent accounting controls. The Company also maintains the required standard of information transparency and regularly shares information to media, investors and analysts and other stakeholders, and publishes a detailed annual report with disclosures on all important aspects.

DRIVING CULTURE, COMMUNICATION, DIVERSITY AND CAPABILITY

The KEC Way of Life

Built to thrive under the overarching RPG vision of – Unleash Talent, Touch Lives, Outperform, and 😊, at KEC, we genuinely believe that the key driver of our performance is our talent. Our employees work in tough terrains to build the infrastructure of tomorrow, and exhibit

world-class professionalism in adverse conditions across geopolitical, climatic and bureaucratic situations. We believe in providing autonomy and high ownership to our employees to enable them to execute the projects in challenging conditions.

Culture



Winners of an inter-SBU cricket match

We are a forward looking, merit-based organisation that celebrates individuality while embracing diversity without bias. KEC is extremely conscious about the perception of fairness it propagates among its employees and takes pride in its culture of meritocracy and in celebrating individuality. Our HR processes ensure fairness and transparency for all our 6000+ global employees right from recruitment to career development and performance management. Talent is nurtured solely on performance and potential. We believe that empowered people drive high performance. We are extensively focused on our people practices, which are amongst the best in the industry. Our culture pillars aim at nurturing an environment of mutual care and respect, with a focus on personal and professional growth.

Communication



Townhall at Vadodara factory

As a Company, we understand the need for employees to connect with the Company and its leadership and be a 'listening' organisation. We believe that when the employees of an organisation clearly understand the direction their Company is taking and are excited about it, the Company automatically performs better in ways that go beyond financial metrics. We have several programmes that encourage open communication in the Company, such as townhalls, Management Review Meetings (MRM), focus/talent group interactions by senior management and Fun@Work (celebration

of events, sports activities), among others. Every SBU connects with its employees periodically via newsletters and townhalls to share the latest updates. Special focus is given on organising sessions exclusively for women employees to enable them

to voice their opinion directly to the leadership. The Management team also regularly interacts with young talent hired through the Company’s flagship, ‘Engineering Leadership Program and ‘Graduate Management Resource’, in

addition to the top talent identified across the Company. Many of the inputs captured during these sessions are converted to action plans, which are reviewed by the leadership regularly.

Diversity

We are extremely conscious of the rich diversity we have in our organisation – be it in gender, nationality, age, or capability. This year, we have enhanced the rigour in our Diversity & Inclusion agenda with an increased focus on Gender Diversity, aiming to undertake specific initiatives to assist career aspirations of women employees and thus bridge the gender gap in the EPC industry. Our journey began with the ‘ADMIRE’ Framework, which enables us to;

- Acquire more women employees through increased hiring of women employees across talent pipelines
- Develop women through focused Management/Leadership Development programmes, continuous education support and gender sensitisation workshop
- Motivate women through periodic Leadership Connect and effective roll out of related policies



Recognised among India's top 100 workplaces for women in 2018

- Involve women by organising site and factory visits and making them a part of different councils and committees
- Retain women employees through focused talent analytics enabling decisions towards retention

- Empower women through effective career mapping and ensuring a safe workplace environment

As a recognition of our efforts, this year we were recognised as one of the Top 100 Best Companies for Women in India by the Avtar Group & Working Mother Media.

Capability



KEC wins Program of the Year award at Skillsoft Perspectives India 2019 for its Digital Learning Championship program

At KEC, we continue to focus on capability building by developing our talent, both organically, and inorganically. We truly believe that if we build the (right) Culture, the talent will come (and stay) here. In the past few years, our focus has been on building an ecosystem that focuses on high learning environment. We are continuously enhancing the fungibility of our talent in line with our diversified businesses through blended training, consisting of e-learning and class room training programmes.

We are focused on building our leadership pipeline through various programmes such as Group Management Resource, Engineering Leadership Program, Commercial Leadership Program, and Armed Forces Program. We will continue to pursue the talent agenda through our three-pronged focused approach of Sourcing, Building, and Integrating. Sourcing of the right talent (internally first, complemented with external hires), Building of capabilities through contemporary interventions (dedicated talent pipelines, interactive learning mediums, bespoke interventions such as Young Executive Board, etc.) and Integrating talent culturally (into the RPG Way of life, Vision, Values) will be our concerted path going forward.

**Total Learning
Person Hours:
56,884 (FY19)
versus 31,982 (FY18)**

AWARDS



Best Executed Landmark Project Award for 132 kV Kohalpur–Mahendranagar Transmission Line at Nepal Infrastructure & Construction Excellence Awards 2019



Excellence in Performance & Quality Awards from Saudi Electricity Company



HSE Appreciation from Oman Electricity Transmission Company for 400 kV OHL and 132 kV UGC Sohar Free Zone to Shinas Grid Station 1



Best Safety Practices in Transmission Line Construction Award - Northern Region from Power Grid for 765 kV Chittorgarh- Banaskantha Transmission Line



Gold Award for T&D South Asia at 17th Annual Greentech Safety Awards 2018



Gold Award in Construction for Civil business at 17th Annual Greentech Safety Awards 2018



Environmental Impact Assessment Compliance Award at Sarawak Energy Berhad Contractor's EIA Compliance Award 2018



Excellence in Infrastructure Award at the Rail & Metro Awards 2019



EY-Mint Digital Innovation Award for implementation of Artificial Intelligence for project execution



Excellence in Construction - Infrastructure Development (Power) at Dun & Bradstreet Infra Awards 2018



Award from Sterlite Power for the successful execution of Jalandhar-Samba-Amargarh Transmission Line



Excellence in Manufacturing (Indian Company in the US) at the Indo American Chamber of Commerce Awards



Productivity Excellence Award 2016-17 to Jaipur Manufacturing plant from Rajasthan State Productivity Council



Service Excellence Award to Jabalpur Manufacturing plant by the Federation of Madhya Pradesh Chamber of Commerce and Industry



Excellence in Cost Management - Manufacturing - Private - Mega category at the 15th National Awards for Excellence in Cost Management



Diamond Award for Vadodara Manufacturing plant at Quality Circle Forum of India's 1st HR Convention



Gold Award for Vadodara Manufacturing plant at the International Convention on Quality Control Circle (ICQCC)



Gold Award - Engineering Category for Jaipur Manufacturing plant at the SEEM National Energy Management Awards (SNEMA) 2017



Silver Award - Engineering Category for Jabalpur Manufacturing plant at the SEEM National Energy Management Awards (SNEMA) 2017



Program of the Year Award at Skillsoft Perspectives India 2019 for 'Digital Learning Championship (DLC)' programme



Best CSR Activity of the Year 2018 for Pehlay Akshar at Construction Times Awards



Outstanding Performance in CSR - Excellence Trophy 2017 for Jaipur Manufacturing plant by Employer Association of Rajasthan

DIRECTORS' REPORT

To the Members of KEC International Limited

The Directors are pleased to present the Fourteenth Annual Report of the Company together with Consolidated and Standalone Audited Financial Statements of the Company for the financial year ended on March 31, 2019.

1. FINANCIAL RESULTS

(₹ in Crore)

Particulars	Consolidated		Standalone	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Revenue from Operations	11,000.53	10,090.98	10,117.80	9,075.74
EBITDA	1,149.91	1,005.72	1,086.74	910.13
Finance Cost	311.86	229.37	284.15	195.81
Depreciation & Amortisation	117.13	109.74	105.52	95.43
Profit Before Tax	756.93	690.24	735.19	641.48
Tax Expenses	261.16	229.82	237.50	211.43
Profit After Tax	495.77	460.42	497.69	430.05
Dividend on equity shares (including tax on dividend)	83.68	74.26	83.68	74.26

2. PERFORMANCE

Financial Performance

The Company continued its growth trajectory in FY 2018-19 with a 9 percent growth over FY 2017-18, achieving a turnover of ₹ 11,000.53 Crore on a consolidated basis. Profitability showed improvement with EBITDA margins expanding to reach 10.5 percent vis-à-vis 10 percent in FY 2017-18, on a consolidated level. The net profit for the year was ₹ 495.77 Crore as against ₹ 460.42 Crore in FY 2017-18, a growth of 7.61 percent. Interest as a percentage to sales stood at 2.8 percent for the year as against 2.3 percent for FY 2017-18. Higher interest rates in India and globally contributed in part to the increase in Finance Costs. On a standalone basis, the Company achieved a turnover of ₹ 10,117.80 Crore and a net profit of ₹ 430.05 Crore.

During the year, the Company secured orders of ₹14,084 Crore, ending the year with a robust order book of ₹ 20,307 Crore as against ₹ 17,298 Crores at the end of the previous year, a growth of over 17 percent.

Power Transmission & Distribution (T&D) - The Power Transmission and Distribution business continues to be the Company's largest business vertical, which includes turnkey construction of power transmission lines as well as the construction of Gas Insulated Substations (GIS) and Air Insulated Substations (AIS). During the year, the T&D business secured orders of ₹ 8,791 Crore across both domestic and international markets, majorly contributed by India, SAARC and MENA regions.

During the year, the domestic market witnessed a slowdown in orders from State Electricity Boards (SEBs) and Private players. However, the Company has successfully broadened its customer base to include new SEBs in its client list.

Railways - The Railway business continued its growth trajectory with order inflows for the year of over ₹ 3,000 Crore and a large unexecuted order base of over ₹ 5,000 Crore. The business doubled its revenues to ₹ 1,918 Crore in FY 2018-19 against ₹ 844 Crore in FY 2017-18.

Civil - The Civil business bagged orders of ₹ 718 Crore in FY 2018-19 and has achieved revenues of ₹ 498 Crore, almost double of the previous year. During the year, it continued to expand its client base, as well as sub segments securing orders from the FMCG sector and select residential projects.

Solar - The Company completed the execution of one of its large projects from APGENCO during the year and secured new orders of ₹ 206 Crore. While the GST rate anomalies have been rectified by the Government during the year, the domestic markets continue to be volatile on pricing.

Cables - The Cables business has grown by 17 percent as compared to the previous year with revenues of ₹ 1,183 Crore for FY 2018-19. The revenue growth has been delivered on the back of higher exports and HT/EHV cables sales. The consolidation of the Silvassa plant operations with Vadodara plant has also led to improvement in operational efficiencies in the business.

3. DIVIDEND

The Board of Directors is pleased to recommend a final dividend of ₹ 2.70 per equity share i.e. 135 percent of the nominal value of ₹ 2/- each for the financial year ended March 31, 2019 (previous year final dividend of ₹ 2.40 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 ₹ 83.68 Crore, including Dividend Distribution Tax of ₹ 14.27 Crore. The said Dividend Distribution Tax on the proposed dividend shall be set-off to the extent of the income tax paid/ payable by the Company on the dividend received/ to be received by the Company from its subsidiaries during the current FY 2019-20.

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

4. SHARE CAPITAL

The paid up Equity Share Capital of the Company as on March 31, 2019 was ₹ 51.42 Crore. There was no change in the share capital during the year under review.

5. DEBENTURES

As on March 31, 2019, the Company has 2,500 secured, rated, listed, non-convertible, redeemable, taxable Debentures (Series I, II and III) of the face value of ₹ 1,000,000/- each aggregating to ₹ 250 Crore issued on a private placement basis. The redemption/ repayment is in accordance with the terms of the respective Series of Debentures. These Debentures are listed on BSE Limited.

6. DEPOSITS

The Company has not accepted any deposits within the meaning of sub-section (31) of Section 2 and Section 73 of the Companies Act, 2013 ("the Act") and the Rules framed thereunder. As on March 31, 2019, there were no deposits lying unpaid or unclaimed.

7. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

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

In terms of Regulation 34 of SEBI Listing Regulations, a separate section on Management Discussion and Analysis, Business Responsibility Report and Corporate Governance

Report together with a certificate from a Practicing Company Secretary confirming compliance with the Regulations relating to Corporate Governance of SEBI Listing Regulations are set out and form part of this Annual Report.

9. CONSOLIDATED FINANCIAL STATEMENTS

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

10. SUBSIDIARY AND ASSOCIATE COMPANIES

The Company has sixteen subsidiaries as on March 31, 2019 comprising of six direct subsidiaries and ten step down subsidiaries. It also has one associate company in India and one step down Joint Venture company in Malaysia.

During the year, the Company divested its entire stake in the subsidiary, KEC Bikaner Sikar Transmission Private Limited and consequently it ceased to be the subsidiary of the Company w.e.f. February 08, 2019.

During the year, the Company through its step-down subsidiary KEC International (Malaysia) SDN. BHD. has incorporated a step-down Joint Venture company in Malaysia namely KEC GHCS (Malaysia) SDN. BHD.

Performance Highlights

The Company has four operating subsidiaries, three subsidiaries functioning as special purpose vehicles and nine subsidiaries are non-operating companies. Further, the Company has one associate company which is a company incorporated under Section 8 of the Act for the welfare of the past employees and one newly incorporated step down joint venture company which is yet to commence business.

The performance highlights of operating subsidiaries and their contribution to the overall performance of the Company during the financial year ended March 31, 2019 are as under:

Subsidiary	Performance during FY 2018-19 (₹ in Crore)		Contribution to overall performance of the Company (%)	
	Revenue	Profit After Tax	Revenue	Profit After Tax
Al Sharif Group & KEC Ltd. Co.	311.60	46.38	2.83	9.36
SAE Towers Brazil Torres de Transmisao Ltda.	645.30	35.30	5.87	7.12
SAE Towers Mexico, S de RL de CV.	300.40	(7.91)	2.73	(1.60)
SAE Towers Ltd.	208.71	0.48	1.90	0.10

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, associate 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.

Pursuant to the provisions of Section 136 of the Act, the Financial Statements of these subsidiaries are uploaded on the website of the Company i.e. www.kecprg.com under 'Investors' tab and shall also be available for inspection by

any Member at the Registered Office of the Company on all working days (Monday to Friday) during business hours till the date of ensuing Annual General Meeting. Any Member desirous of having a copy of Financial Statements of subsidiary companies can obtain the same from the Company by making a written request in this regard.

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

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

1. in the preparation of the annual accounts for the financial year ended on March 31, 2019, the applicable Accounting Standards have been followed and no material departures have been made from the same;
2. we have selected such accounting policies and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on March 31, 2019;
3. we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. we have prepared the annual accounts for the financial year ended on March 31, 2019 on a going concern basis;
5. we have laid down internal financial controls and the same have been followed by the Company and that such internal financial controls are adequate and were operating effectively; and
6. we have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

12. DIRECTORS & KEY MANAGERIAL PERSONNEL

12.1 Directors

Mr. Ramesh D. Chandak, who has been a Non-Executive Director since April 2, 2015, was appointed by the Board as an Independent Director for a period of five years w.e.f. May 8, 2019, subject to the approval of Members in the ensuing Annual General Meeting.

Mr. S. M. Kulkarni, Mr. G. L. Mirchandani, Mr. D. G. Piramal, Mr. S. M. Trehan and Mr. Vinayak Chatterjee, who were appointed as "Independent Directors" by the Members at the Ninth Annual General Meeting of the Company effective July 28, 2014 for a period of five years up to July 27, 2019, will be completing their first term as Independent Directors and are eligible for re-appointment for a second term of five years.

Mr. S. M. Kulkarni, Independent Director has expressed his desire not to be re-appointed for a second term as an Independent Director. The Board has placed on record its sincere appreciation for the valuable contributions made by Mr. Kulkarni during his long association with the Company as Director of the Company.

The evaluation of Independent Directors was conducted by the entire Board of Directors (excluding the Director being evaluated). Based on the evaluation, the Nomination and Remuneration Committee and the Board of Directors of the Company at their respective meetings held on May 7, 2019 and May 8, 2019 have recommended the re-appointment of Mr. G. L. Mirchandani, Mr. D. G. Piramal, Mr. S. M.

Trehan and Mr. Vinayak Chatterjee as Independent Directors, not liable to retire by rotation, for a second terms of five consecutive years commencing from July 28, 2019 upto July 27, 2024, subject to approval of the Members by special resolution at the ensuing Annual General Meeting of the Company. The said Directors have given their consent for re-appointment and have also confirmed that they retain the status as Independent Directors and do not suffer from any disqualifications for re-appointment.

Mr. Vimal Kejriwal was appointed as Managing Director & CEO of the Company by the Members on March 30, 2015 effective April 1, 2015 for a period of 5 years. The present term of Mr. Vimal Kejriwal as Managing Director & CEO is completing on March 31, 2020. Based on the performance evaluation of Mr. Vimal Kejriwal, the Nomination and Remuneration Committee and the Board of Directors of the Company at their respective meetings held on May 7, 2019 and May 8, 2019 have recommended and approved the re-appointment of Mr. Vimal Kejriwal as Managing Director and CEO of the Company w.e.f April 1, 2020 for a further period of two years, subject to approval of Member at the ensuing Annual General Meeting.

Pursuant to the provisions of sub-section (6) of Section 152 of the Act, Mr. Vimal Kejriwal, Managing Director & CEO, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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

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

12.2 Key Managerial Personnel (KMP)

Pursuant to the provisions of sub-section (51) of Section 2 and Section 203 of the Act read with the Rules framed thereunder, the following persons were Key Managerial Personnel of the Company as on March 31, 2019:

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

During the year, Mr. Ch. V. Jagannadha Rao, Vice President-Legal & Company Secretary resigned from the services of the Company with effect from April 30, 2018. Mr. Amit Kumar Gupta, Head-Secretarial, who was appointed as "Compliance Officer" with effect from May 01, 2018, was also appointed as Company Secretary on November 2, 2018.

12.3 Declaration by Independent Directors

In terms of the provisions of sub-section (6) of Section 149 of the Act and Regulation 16 of SEBI Listing Regulations including amendment thereof, the Company has received declarations from all the Independent Directors of the Company that they meet with the criteria of independence as provided in the Act and SEBI Listing Regulations. There has been no change in the circumstances affecting their status as an Independent Director during the year. Further the Non-Executive Directors of the Company had no pecuniary

relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses, if any, incurred by them for the purpose of attending meetings of the Company.

12.4 Board Evaluation

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

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

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

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

The Board of Directors has adopted a Nomination and Remuneration Policy in terms of the provisions of sub-section (3) of Section 178 of the Act and SEBI Listing Regulations dealing with appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Personnel. The policy covers criteria for determining qualifications, positive attributes, independence and remuneration of its Directors, Key Managerial Personnel and Senior Management Personnel. The said Policy is annexed to this Report as *Annexure 'B'*.

12.6 Meetings of the Board of Directors

During the year, the Board of Directors met six times. The details are given in the Corporate Governance Report annexed to the Annual Report.

12.7 Meetings of the Audit Committee

During the year, the Audit Committee met seven times. The details of the meetings, composition and terms of the reference of the Committee are given in the Corporate Governance Report.

13. AUDITORS

13.1 Statutory Auditors

Price Waterhouse Chartered Accountants LLP, Chartered Accountants (Firm's Registration No. 012754N/N500016) ("PwC"), were appointed as the Statutory Auditors of the Company to hold office for a period of five years from the conclusion of the Twelfth Annual General Meeting until the conclusion of the Seventeenth Annual General Meeting.

The said appointment of the Statutory Auditors was required to be ratified at every Annual General Meeting. However, pursuant to the amendment in the proviso to Section 139 which has been made effective on May 07, 2018, the requirement of ratification of appointment of Statutory Auditors at every Annual General Meeting has been omitted. In view of such omission of proviso, agenda item relating to ratification of Statutory Auditors is not included in the Notice of ensuing Annual General Meeting. Pursuant to the same, PwC continues to hold the office of Statutory Auditors for the FY 2019-20.

The Statutory Auditors' Report for the FY 2018-19 does not contain any qualifications, reservations, adverse remarks or disclaimer and no frauds were reported by the Auditors to the Company under sub-section (12) of Section 143 of the Act.

13.2 Branch Auditors

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

13.3 Cost Auditors

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

The Company has filed the Cost Audit Report for the FY 2017-18 with the Ministry of Corporate Affairs on August 31, 2018.

13.4 Secretarial Auditors

In terms of the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. Parikh Parekh & Associates, Practising Company Secretaries, as Secretarial Auditors to conduct Secretarial Audit for the FY 2018-19. The Secretarial Audit Report in Form MR-3 is annexed to this report as *Annexure 'C'*. The said Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

14. CORPORATE SOCIAL RESPONSIBILITY

The Board has constituted a Corporate Social Responsibility ("CSR") Committee, in terms of the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, *inter alia* to give strategic direction to the CSR initiatives, formulate and review annual CSR plans and programmes, formulate annual budget for the CSR programmes and monitor the progress on various CSR activities. Details of the composition of the CSR Committee have been disclosed separately as part of the Corporate Governance Report. In accordance with Schedule VII of the Act, the Company had adopted a CSR Policy outlining various CSR activities to be undertaken by the Company in the areas of health, water, sanitation, promoting education, skill development etc. The CSR policy of the Company is available on the Company's website i.e. www.kecrpg.com under 'Investors' tab.

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

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

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

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

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

16. VIGIL MECHANISM

The Vigil Mechanism as envisaged in the provisions of sub-section (9) of Section 177 of the Act, the Rules framed thereunder and Regulation 22 of SEBI Listing Regulations is implemented by the Company through a Whistle Blower Policy to enable the Directors, its employees to voice their concerns or observations without fear, or raise reports

of instance of any unethical or unacceptable business practice or event of misconduct/ unethical behavior, actual or suspected fraud and violation of RPG Code etc. to the Corporate Ethics and Governance Committee.

Under the Whistle Blower Policy, confidentiality of those reporting violation(s) is protected and they shall not be subject to any discriminatory practices. The Policy also provides for adequate safeguards against victimization of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee in appropriate and exceptional cases. The Policy can be accessed on the Company's website i.e. www.kecrpg.com under 'Investors' tab.

17. RISK MANAGEMENT POLICY

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

The Company has 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 reviewed these risks on periodical basis and ensured that the mitigation plan is in place. The Board of Directors of the Company at its meeting held on January 29, 2019 has constituted a Risk Management Committee of Directors as mandated by SEBI Listing Regulations for Top 500 companies determined on the basis of Market Capitalisation. The Company also has a mechanism in place to inform the Board members about risk assessment, minimization procedures and periodical review thereof.

The risks faced by the Company and the various measures taken by the Company are detailed in Management Discussion and Analysis section.

18. INTERNAL FINANCIAL CONTROL

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

19. RELATED PARTY TRANSACTIONS

All transactions entered into by the Company with related parties were in the ordinary course of business and 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 are required under Indian Accounting Standards ("IND AS") -

24 have been made in the Note No. 49 to the Standalone Financial Statements.

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

20. EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of sub-section (3) of Section 92 and sub-section (3) of Section 134 of the Act and the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as on March 31, 2019 in the prescribed Form MGT-9 is enclosed as *Annexure 'E'* and copy of Annual Return as on March 31, 2019 shall be placed on the Company's website www.kecrpg.com under 'Investors' tab.

21. ENVIRONMENT HEALTH AND SAFETY (EHS)

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

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

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

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

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

23. PARTICULARS OF EMPLOYEES

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

In terms of the provisions of sub-rules (2) and (3) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other details of the employees drawing remuneration in excess of the limits set out in these Rules forms part of the Annual Report. In terms of Section 136 of the Act, this report is being sent to the Members and others entitled thereto, excluding the aforesaid information. The said information shall be available for inspection by the Members at the Registered Office of the Company during business hours on all working days (Monday to Friday) upto the date of the ensuing Annual General Meeting. The said information shall also be provided to any Member of the Company, who sends a written request to the Company.

24. HUMAN RESOURCE/INDUSTRIAL RELATIONS

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

The employee relations remained cordial throughout the year. The Company had 5,040 permanent employees on its rolls as on March 31, 2019. The Board places on record its sincere appreciation for the valuable contribution made by employees across all levels whose enthusiasm, team efforts, devotion and sense of belonging has always made the Company proud.

25. OTHER DISCLOSURES

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

- a. The Company has not issued any equity shares with differential rights as to dividend, voting or otherwise.
- b. The Company has not issued shares (including sweat equity shares) to employees under any scheme.
- c. The Managing Director & CEO of the Company did not receive any remuneration or commission from any of its subsidiaries.
- d. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- e. There have been no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.
- f. The Company has been in compliance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India, during the financial year.

26. ACKNOWLEDGEMENT

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.

- 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)

27. ANNEXURES

The following annexures, form part of this Report:

- a. Dividend Distribution Policy – *Annexure 'A'*
- b. Nomination and Remuneration Policy – *Annexure 'B'*

Place: Mumbai
Date: May 8, 2019

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 Listing Regulations, the Company has framed Dividend Distribution Policy which will be effective from the date of adoption of the same by the Board of Directors (the Board).

I Objective

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

II Regulatory Framework

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

III Parameters to be considered for declaration of dividend

A General

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

B Financial and Internal Parameters

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

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

C External Parameters

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

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

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

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

V Policy as to how the retained earnings shall be utilized

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

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

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

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

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

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

VII Procedure for deciding quantum of dividend

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

VIII Disclosure

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

IX Amendments

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

X Effective Date

This policy shall be effective from January 31, 2017.

ANNEXURE 'B' TO DIRECTORS' REPORT

Nomination and Remuneration Policy

1. INTRODUCTION

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

2. OBJECTIVE

The Policy sets out the guiding principles on:

- i. Appointment and remuneration of the Directors, KMP and SMP;
- ii. Determining qualifications, positive attributes and independence for appointment of a Director (Executive/Non-Executive/Independent) and recommend to the Board a policy relating to the remuneration for the Directors, KMP and SMP;
- iii. Formulating the criteria for performance evaluation of all Directors;
- iv. Board diversity.

3. CONSTITUTION OF THE NOMINATION AND REMUNERATION COMMITTEE

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

4. DEFINITIONS:

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

"Board" means Board of Directors of the Company.

"Company" means KEC International Limited.

"Directors" means Directors of the Company.

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

"Key Managerial Personnel" (KMP) means

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

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

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

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

The following matters shall be dealt by the Committee:

a) Directors

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

b) Evaluation of performance

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

c) Familiarization

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

d) Remuneration framework and policies

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

- i. The remuneration of MD/CEO, KMP and SMP.
- ii. Remuneration of Non-Executive Directors and Chairman.
- iii. Remuneration Policy for all employees including KMP and SMP which requires:
 - a. Attract and motivate talent to accomplish Company's long term growth.
 - b. Demonstrate a clear link between executive compensation and performance.

6. BOARD DIVERSITY

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

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

A. Appointment criteria and qualifications

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

B. Term /Tenure

1. Managing Director / CEO

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

2. Independent Director

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

C. Retirement

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

D. Removal

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

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

MD/CEO

- i. The remuneration to be paid to the MD/CEO at the time of his/her appointment shall be recommended by the NRC and approved by the Board of Directors and the shareholders of the Company
- ii. Annual increment /subsequent variation in remuneration to the MD/CEO shall be approved by the NRC/Board of Directors, within the overall limits approved by the shareholders of the Company.

NEDs

- i. NEDs shall be entitled to sitting fees as may be decided by the Board of Directors from time to time for attending the Meeting of the Board and sub Committees of the Board.
- ii. Commission as may be recommended by NRC and subsequently approved by the Board of Directors and wherever required approval of the shareholders of the Company shall be obtained.
- iii. The NEDs shall be eligible for remuneration of such professional services rendered if in the opinion of the NRC, the NED possesses the requisite qualification for rendering such professional services.

KMP & SMP

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

9. DIRECTOR AND OFFICER LIABILITY INSURANCE

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

10. GENERAL

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

ANNEXURE 'C' TO DIRECTORS' REPORT

Secretarial Audit Report

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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

To,
The Members,
KEC International Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, 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, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)
- (vi) Other laws applicable specifically to the Company, namely:
 1. The Electricity Act, 2003
 2. The Indian Electricity Rules, 1956

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings were taken unanimously.

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

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

For Parikh Parekh & Associates
Company Secretaries

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

Place: Mumbai

Date: May 8, 2019

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

'Annexure A'

To,
The Members
KEC International Limited

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

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

For Parikh Parekh & Associates
Company Secretaries

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

Place: Mumbai

Date: May 8, 2019

ANNEXURE 'D' TO DIRECTORS' REPORT

Annual Report on CSR Activities for Financial Year 2018-19

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

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

- (i) **Netranjali** - Vision/Eye Care: KEC and RPG Foundation, began the Netranjali program in FY 2014-15, with the objective to reduce the incidence of avoidable blindness in India. The program specifically targets communities with a high need of eye care - school children, elderly, slum communities, truckers and bus drivers. Our comprehensive three stage (promotive, preventive and curative) intervention module impacted vulnerable communities across Jaipur, Jabalpur, Nagpur, Halol and 76 project sites across India. In FY 2018-19, we screened 87,131 beneficiaries for refractive errors through 525 eye check-up camps and 227 days of vision centre; and awareness sessions. To prevent avoidable blindness, we distributed 42,898 free spectacles and referred 9,899 beneficiaries to eye-care hospitals for severe cases.
- (ii) **Pehlay Akshar** - Schooling (Education): Pehlay Akshar aims to provide knowledge of functional English through its "magic classrooms" to provide students from the lower socio-economic groups a skill that will enable them to be employable in the global market. In FY 2018-19, this project helped over 2,000 children across 15 schools. This financial year, we also developed 23 Pehlay Akshar classrooms across Mumbai, Nagpur, Jabalpur, and Jaipur to strengthen our intervention and support the development of an English library to enhance their English reading skills.
- (iii) **Pehlay Akshar** - Training (Education): Pehlay Akshar- Training is a unique intervention that trains government school teachers and encourages them to create 'Magic Classrooms', where children feel safe and motivated to engage in their learning. This year we trained 457 government school teachers impacting over 34,000 children.
- (iv) **Community Development** - This project focuses on holistic development, by working in the areas such as clean drinking water, sanitation, nutrition-based interventions and skilling/employability initiatives.

In FY 2018-19, we significantly scaled our Supplementary Nutrition Program in the Halol location to provide nutritious snacks to 2,200 children in government schools as a proactive effort to reduce malnourishment in Panchmahal, Gujarat.

As part of livelihoods generation, we also trained 60 women, who prepare and supply nutritious snacks to these 2,200 children. For comprehensive and long-term impact, we also worked with 13 Integrated Child Development Centers (ICDS Anganwadis) to create awareness about malnourishment in the first 1,000 days of a child's development, with sessions for 146 adolescent girls and 66 pregnant women.

In FY 18-19, we undertook multiple interventions to provide clean water to communities:

- Installation of 2 Water ATMs (Jaipur - 1 and Jabalpur - 1) is completed and installation of 6 Water ATMs are in progress. (Rajasthan - 2, Jabalpur - 2 and Nagpur - 2);
- Water huts in schools across Jaipur (16 units), Jabalpur (8 units) and Nagpur (4 units).
- Rainwater Harvesting systems across 2 schools in Nagpur and in 10 schools in Panchmahal district in Gujarat.

- (v) **Women Empowerment Program** - Project Sanjeevani and Swayam focus on skill training in the healthcare and commercial driving sector respectively. This enables women from marginalized communities to be financially independent or supplement family income. Both programs provide training through the partner agencies and provide employment once the training is complete. A total of 800 candidates in the Sanjeevani project and 123 candidates in the Swayam project have been trained in the last year.

The CSR Policy is available at the Company's website and can be accessed at <http://www.kecrpg.com/KEC%20data/Investor%20relations/policies/CSR%20Policy.pdf>

2. The Composition of the CSR Committee	<p>1. Mr. Ramesh D. Chandak, Chairman</p> <p>2. Mr. S. M. Kulkarni, Member*</p> <p>3. Mr. A. T. Vaswani, Member</p> <p>*Mr. S. M. Kulkarni has ceased to be Member of the Committee w.e.f. May 8, 2019 and Mr. S. M. Trehan has been appointed as the Member of the Committee in his place.</p>
3. Average net profit of the Company for last three financial years	₹ 303.79 Crore
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹ 6.08 Crore
5. Details of CSR spent during the financial year.	
(a) Total amount to be spent for the financial year	₹ 6.08 Crore
(b) Amount unspent, if any	Nil
(c) Manner in which the amount spent during the financial year	As per the details enclosed herewith
6. Reason for shortfall in spent, if any	Not Applicable
7. Responsibility statement of CSR Committee	We hereby confirm that the implementation and monitoring of the CSR Policy is in Compliance with the CSR objectives and policies of the Company

Vimal Kejriwal
 Managing Director & CEO
 (DIN: 00026981)

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

Place: Mumbai
 Date: May 8, 2019

DETAILS OF CSR ACTIVITIES OF THE COMPANY FOR THE FY 2018-19:

(1)	(2)	(3)	(4)		(5)	(6)	(7)	(8)	
			Local Area or Other	District (State)					
Sr. No.	CSR Project or Activity Identified	Sector in Which the Project is Covered	Location of Projects or Programmes undertaken		Amount Outlay (Budget) Project or Programme-wise	Amount Spent on Projects or Programmes Direct Expenses	Cumulative Expenditure up to the reporting period	Amount Spent: Direct or through implementing Agency	
1.	Project Netranjali	Vision- Eye Care	Butibori Jaipur Jabalpur Mumbai Vadodara	Nagpur (Maharashtra) Jaipur (Rajasthan) Jabalpur (MP) Mumbai (Maharashtra) Vadodara (Gujarat)	1.92	1.79	1.79	RPG Foundation	
2.	Project Pehlay Akshar	Education	Butibori Jaipur Jabalpur Mumbai	Nagpur (Maharashtra) Jaipur (Rajasthan) Jabalpur (MP) Mumbai (Maharashtra)	0.90	0.95	0.95	RPG Foundation	
3	Community Development	Health, Water & Sanitation, Entrepreneurship and Skill Development	Butibori Jaipur Jabalpur Savli Halol	Nagpur (Maharashtra) Jaipur (Rajasthan) Jabalpur (MP) Vadodara (Gujarat) Panchmahal (Gujarat)	2.21	2.37	2.37	RPG Foundation	
4	Women Empowerment	Healthcare Skilling and Driving Training for women	Butibori Jaipur Jabalpur Gurgaon Vadodara Halol	Nagpur (Maharashtra) Jaipur (Rajasthan) Jabalpur (MP) Gurgaon (Haryana), Vadodara (Gujarat) Panchmahal (Gujarat)	1.05	0.97	0.97	RPG Foundation	
Total Amount Spent on CSR						6.08	6.08	6.08	

ANNEXURE 'E' TO DIRECTORS' REPORT

Extract of Annual Return

FORM NO. MGT-9

As on the Financial Year Ended March 31, 2019

[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 - 49186000/49186270; Fax: 022 - 49186060 Email: 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	65
2	Construction of Railways	421	19

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section of Companies Act, 2013
9	SAE Towers Mexico S de RL de CV Km. 24 Arco Vial Saltillo - Nuevo Laredo, 66050, General Escobedo, Nuevo León, Mexico	Foreign Company	Subsidiary	100	2(87)
10	SAE Towers Brazil Torres de Transmission Ltda Rua Moacyr Gonçalves Costa nº 15, Jardim Piemont, Brazil	Foreign Company	Subsidiary	100	2(87)
11	SAE Prestadora de Servicios Mexico S de RL de CV Km. 24 Arco Vial Saltillo - Nuevo Laredo, 66050, General Escobedo, Nuevo León Mexico	Foreign Company	Subsidiary	100	2(87)
12	SAE Towers Limited Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA	Foreign Company	Subsidiary	100	2(87)
13	SAE Engenharia E Construcao Ltda. State of Minas Gerais, at Rua Moacyr Gonsalves Costa, No. 15, Bairro Jardim Piemont, CEP, Brazil	Foreign Company	Subsidiary	100	2(87)
14	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)
15	KEC International (Malaysia) SDN. BHD. Unit D-3-5, Level 5, Block D Setiawalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160 Puchong, Selangor Darul Ehsan, Malaysia	Foreign Company	Subsidiary	100	2(87)
16	Al Sharif Group & KEC Ltd. Co. PO Box 51953, 102-104 Al – Wessal Tower, Near Lexus Showroom, Madian Road – Jeddah, Saudi Arabia	Foreign Company	Subsidiary	51.10	2(87)
17	RP Goenka Group of Companies Employees Welfare Association 8th Floor, Building No. 9A, DLF Cyber City Phase – III, Gurgaon – 122 002, India	U93000HR2012NPL046012	Associate	49	2(6)
18	KEC GHCS (Malaysia) SDN. BHD. 1st Floor, Lot 8663, NG J OO Yan, Jalan Simpang Tiga, Kuching Sarawak	Foreign Company	Joint Venture	49	2(6)

Note : KEC Bikaner Sikar Transmission Private Limited ceased to be a subsidiary of the Company on February 08, 2019.

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

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year		
	Demat	Physical	Total	% of total Shares	Demat	Physical		Total	% of total Shares
(A) Promoters									
(1) Indian									
a) Individual/ HUF	5,058,080	-	5,058,080	1.97	5,058,090	-	5,058,090	1.97	0.00
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	126,025,213	-	126,025,213	49.02	126,950,759	-	126,950,759	49.38	0.36
e) Banks/FIs	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1):-	131,083,293	-	131,083,293	50.99	132,008,849	-	132,008,849	51.35	0.36
(2) Foreign									
a) NRIs -Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	131,083,293	-	131,083,293	50.99	132,008,849	-	132,008,849	51.35	0.36
(B) Public Shareholding									
(1) Institutions									
a) Mutual Funds	47,003,725	41,515	47,045,270	18.30	57,800,971	41,545	57,842,516	22.50	4.20
b) Banks/FIs	502,720	10,465	513,185	0.20	821,446	10,465	831,911	0.32	0.12
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	4,360,311	-	4,360,311	1.70	4,360,311	-	4,360,311	1.70	-
g) FIs	27,355,116	44,625	27,399,741	10.66	16,956,252	44,625	17,000,877	6.61	(4.05)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others:	-	-	-	-	-	-	-	-	-
Foreign Banks	5,480	-	5,480	0.00	5,480	-	5,480	0.00	-
Unit Trust of India	-	1,500	1,500	0.00	-	-	-	-	(0.00)
Sub-total (B)(1):-	79,227,352	98,135	79,325,487	30.86	79,944,460	96,635	80,041,095	31.13	0.27

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% change during the year	
	Demat	Physical	Total	% of total Shares	Demat	Physical		Total
2. Non-Institutions								
a) Bodies Corporate								
i) Indian	7,403,172	1,209,125	8,612,297	3.35	7,614,936	1,207,245	8,822,181	3.43
ii) Overseas	-	-	-	-	-	-	-	-
b) Individuals								
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	23,507,402	3,452,681	26,960,083	10.49	26,223,160	2,883,883	29,107,043	11.32
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	5,276,504	-	5,276,504	2.05	1,894,487	-	1,894,487	0.74
c) Others:								
NRIs/OCBs	1,610,267	18,420	1,628,687	0.63	1,626,176	14,675	1,640,851	0.64
Clearing Members	755,289	-	755,289	0.29	409,423	-	409,423	0.16
Trusts	197,475	393,050	590,525	0.23	65,251	393,050	458,301	0.18
Directors and Relatives	5	-	5	0.00	5	-	5	0.00
Foreign Nationals	43,575	-	43,575	0.02	75	-	75	-
Foreign Companies	-	46,425	46,425	0.02	-	46,425	46,425	0.02
Hindu Undivided Family	1,256,534	315	1,256,849	0.49	1,001,701	315	1,002,016	0.39
IEPF	1,509,351	-	1,509,351	0.59	1,616,564	-	1,616,564	0.63
NBFCs registered with RBI	-	-	-	-	41,055	-	41,055	0.01
Sub-total (B)(2) :-	41,559,574	5,120,016	46,679,590	18.16	40,492,833	4,545,593	45,038,426	17.52
Total Public Shareholding (B)= (B)(1)+(B)(2)	120,786,926	5,218,151	126,005,077	49.01	120,437,293	4,642,228	125,079,521	48.65
(C) Shares held by Custodian for GDRs & ADRs	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Grand Total (A+B+C)	251,870,219	5,218,151	257,088,370	100.00	252,446,142	4,642,228	257,088,370	100.00

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total Shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total Shares	
1	Swallow Associates LLP	69,546,616	27.05	-	67,756,616	26.36	-	(0.69)
2	Summit Securities Limited	27,753,845	10.80	-	27,910,754	10.86	-	0.06
3	Instant Holdings Limited	21,042,105	8.18	-	21,647,691	8.42	-	0.23
4	STEL Holdings Limited	4,685,880	1.82	-	4,848,891	1.89	-	0.06
5	Carnival Investments Limited	2,970,981	1.16	-	2,970,981	1.16	-	-
6	Chattapati Apartments LLP	785	0.00	-	1,790,785	0.70	-	0.70
7	Atlantus Dwellings and Infrastructure LLP	25,000	0.01	-	25,000	0.01	-	-
8	Ektara Enterprises LLP	-	-	-	10	0.00	-	0.00
9	Malabar Coastal Holdings LLP	-	-	-	10	0.00	-	0.00
10	Sofreal Mercantrade Pvt Ltd.	-	-	-	10	0.00	-	0.00
11	Vayu Udaan Aircraft LLP	-	-	-	10	0.00	-	0.00
12	Sudarshan Electronics and TV Limited	1	0.00	-	1	0.00	-	-
13	Mr. Harsh Vardhan Goenka Mrs. Mala Goenka Mr. Anant Vardhan Goenka	3,914,482	1.52	-	3,914,482	1.52	-	-
14	Mr. Harsh Vardhan Goenka ⁽¹⁾ Mrs. Mala Goenka	100	0.00	-	100	0.00	-	-
15	Mr. Harsh Vardhan Goenka	933,943	0.36	-	933,943	0.36	-	-
16	Mr. Harsh Vardhan Goenka ⁽²⁾	169,500	0.07	-	169,500	0.07	-	-
17	Mr. Anant Vardhan Goenka	40,000	0.02	-	40,000	0.02	-	-
18	Mrs. Mala Goenka Mr. Harshvardhan Ramprasad Goenka Mr. Anant Vardhan Goenka	50	0.00	-	50	0.00	-	-
19	Mr. Harsh Vardhan Goenka ⁽³⁾	1	0.00	-	1	0.00	-	-
20	Mr. Harsh Vardhan Goenka ⁽⁴⁾	1	0.00	-	1	0.00	-	-
21	Mr. Harsh Vardhan Goenka ⁽⁵⁾	1	0.00	-	1	0.00	-	-
22	Mr. Harsh Vardhan Goenka ⁽⁶⁾	1	0.00	-	1	0.00	-	-
23	Mr. Harsh Vardhan Goenka ⁽⁷⁾	1	0.00	-	1	0.00	-	-
24	Ms. Radha Anant Goenka	-	-	-	10	0.00	-	0.00
	Total	131,083,343	50.99	-	132,008,849	51.35	-	0.36

Note(s):

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

(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	01.04.2018				
		(1,790,000)	(0.69)	05.02.2019	(1,790,000)	Inter-se transfer		
		67,756,616	26.36	31.03.2019			69,756,616	26.36
2	Summit Securities Limited	27,753,845	10.80	01.04.2018				
		27,755,995	10.80	28.06.2018	2,150			
		27,823,812	10.82	29.06.2018	67,817			
		27,832,312	10.83	02.07.2018	8,500			
		27,851,812	10.83	08.10.2018	19,500	Market Purchase		
		27,877,366	10.84	11.10.2018	25,554			
		27,889,709	10.85	17.10.2018	12,343			
		27,893,554	10.85	07.12.2018	3,845			
		27,910,754	10.86	14.12.2018	17,200			
		27,910,754	10.86	31.03.2019			27,910,754	10.86
		21,042,105	8.18	01.04.2018				
3	Instant Holdings Limited	21,052,105	8.19	25.06.2018	10,000			
		21,059,071	8.19	26.06.2018	6,966			
		21,061,003	8.19	27.06.2018	1,932			
		21,104,505	8.21	28.06.2018	43,502			
		21,112,005	8.21	02.07.2018	7,500			
		21,212,848	8.25	19.09.2018	100,843			
		21,360,648	8.31	21.09.2018	147,800			
		21,377,076	8.32	24.09.2018	16,428	Market Purchase		
		21,401,387	8.32	25.09.2018	24,311			
		21,431,387	8.34	26.09.2018	30,000			
		21,451,387	8.34	27.09.2019	20,000			
21,456,316	8.35	28.09.2018	4,929					
21,471,316	8.35	01.10.2018	15,000					
21,511,316	8.37	03.10.2018	40,000					
21,647,691	8.42	08.10.2018	136,375					
21,647,691	8.42	31.03.2019			21,647,691	8.42		

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
4	STEL Holdings Limited	4,685,880	1.82	01.04.2018				
		4,743,540	1.85	08.03.2019	57,660			
		4,797,449	1.87	11.03.2019	53,909			
		4,800,949	1.87	12.03.2019	3,500			
		4,833,949	1.88	15.03.2019	33,000	Market Purchase		
		4,838,884	1.88	18.03.2019	4,935			
		4,841,884	1.88	19.03.2019	3,000			
		4,841,891	1.88	22.03.2019	7			
		4,848,891	1.89	25.03.2019	7,000			
		4,848,891	1.89	31.03.2019			4,848,891	1.89
5	Carnival Investments Limited	2,970,981	1.16	01.04.2018	No change			
		2,970,981	1.16	31.03.2019			2,970,981	1.16
6	Chattarpati Apartments LLP	785	0.00	01.04.2018				
		17,90,000	0.70	05.02.2019	17,90,000	Inter-se transfer		
		1,790,785	0.70	31.03.2019			1,790,785	0.70
7	Atlantus Dwellings and Infrastructure LLP	25,000	0.01	01.04.2018	No change			
		25,000	0.01	31.03.2019			25,000	0.01
8	Sudarshan Electronics and TV Limited	1	0.00	01.04.2018	No change			
		1	0.00	31.03.2019			1	0.00
9	Mr. Harsh Vardhan Goenka ⁽¹⁾	100	0.00	01.04.2018	No change			
	Mrs. Mala Goenka	100	0.00	01.04.2018	No change			
10	Mr. Harsh Vardhan Goenka	3,914,482	1.52	01.04.2018	No change			
	Mrs. Mala Goenka	3,914,482	1.52	01.04.2018	No change			
	Mr. Anant Vardhan Goenka						3,914,482	1.52
11	Mr. Harsh Vardhan Goenka ⁽²⁾	169,500	0.07	01.04.2018	No change			
		169,500	0.07	31.03.2019			169,500	0.07
12	Mr. Anant Vardhan Goenka	40,000	0.02	01.04.2018	No change			
		40,000	0.02	31.03.2019			40,000	0.02
13	Mrs. Mala Goenka	50	0.00	01.04.2018	No change			
	Mr. Harshvardhan Ramprasad Goenka	50	0.00	31.03.2019			50	0.00
	Mr. Anant Vardhan Goenka							
14	Mr. Harsh Vardhan Goenka	933,943	0.36	01.04.2018	No change			
		933,943	0.36	31.03.2019			933,943	0.36
15	Mr. Harsh Vardhan Goenka ⁽³⁾	1	0.00	01.04.2018	No change			
		1	0.00	31.03.2019			1	0.00
16	Mr. Harsh Vardhan Goenka ⁽⁴⁾	1	0.00	01.04.2018	No change			
		1	0.00	31.03.2019			1	0.00

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
17	Mr. Harsh Vardhan Goenka ⁽⁶⁾	1	0.00	01.04.2018	No change		1	0.00
		1	0.00	31.03.2019				
18	Mr. Harsh Vardhan Goenka ⁽⁶⁾	1	0.00	01.04.2018	No change		1	0.00
		1	0.00	31.03.2019				
19	Mr. Harsh Vardhan Goenka ⁽⁷⁾	1	0.00	01.04.2018	No change		1	0.00
		1	0.00	31.03.2019				
20	Ms. Radha Anant Goenka	-	-	01.04.2018				
		10	0.00	09.04.2018	10	Market Purchase		
		10	0.00	31.03.2019			10	0.00
21	Ektara Enterprises Limited	-	-	01.04.2018				
		10	0.00	09.04.2018	10	Market Purchase		
		10	0.00	31.03.2019			10	0.00
22	Malabar Coastal Holdings LLP	-	-	01.04.2018				
		10	0.00	09.04.2018	10	Market Purchase		
		10	0.00	31.03.2019			10	0.00
23	Sofreal Mercantrade Pvt Ltd.	-	-	01.04.2018				
		10	0.00	09.04.2018	10	Market Purchase		
		10	0.00	31.03.2019			10	0.00
24	Vayu Udaan Aircraft LLP	-	-	01.04.2018				
		10	0.00	10.04.2018	10	Market Purchase		
		10	0.00	31.03.2019			10	0.00

Note(s):

- (1) Held as a trustee of Stellar Energy Trust
- (2) Held as Karta of Harsh Anant Goenka HUF
- (3) Held as a trustee of Crystal India Tech Trust
- (4) Held as a trustee of Nucleus Life Trust
- (5) Held as a trustee of Monitor Portfolio Trust
- (6) Held as a trustee of Secura India Trust
- (7) Held as 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.	18,198,378	7.08	23,066,897	8.97
2.	Aditya Birla Sun Life Trustee Private Ltd.	3,358,600	1.31	9,061,630	3.52
3.	Reliance Capital Trustee Co. Ltd.	6,215,457	2.42	7,620,538	2.96
4.	Kotak Standard Multicap Fund	4,300,000	1.67	6,800,000	2.64
5.	IDFC Sterling Value Fund	2,475,000	0.96	4,982,401	1.94
6.	LIC Corporation of India	4,360,311	1.70	4,360,311	1.70
7.	Abu Dhabi Investment Authority	1,495,473	0.58	2,191,129	0.85
8.	FIL Investments (Mauritius) Ltd.	2,849,333	1.11	2,170,256	0.84
9.	TATA AIA Life Insurance Company Ltd.	49,565	0.02	1,698,252	0.66
10.	L & T Mutual Fund Trustee Ltd.	3,432,174	1.34	1,576,041	0.61
11.	UTI- Infrastructure Fund	2,133,743	0.83	1,360,000	0.53

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	01.04.2018	No Change		3,914,482	1.52
		3,914,482	1.52	31.03.2019				
2	Mr. Harsh Vardhan Goenka	933,943	0.36	01.04.2018	No Change		933,943	0.36
		933,943	0.36	31.03.2019				
3	Mr. Vimal Kejriwal#	875	-	01.04.2018	No Change		875	-
		875	-	31.03.2019				
4	Mr. R. D. Chandak	5	-	01.04.2018	No Change		5	-
		5	-	31.03.2019				

Note(s):

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

#Held as second holder jointly with Mrs. Sunita Kejriwal

V. INDEBTEDNESS

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

Particulars	(₹ in Crore)			Total Indebtedness
	Secured Loans excluding deposits	Unsecured Loans	Deposits	
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,289.89	44.07	-	1,333.96
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.90	-	-	2.90
Total (i+ii+iii)	1,292.79	44.07	-	1,336.86
Change in Indebtedness during the financial year				
Addition	297.11	-	-	297.11
Reduction	(7.83)	(44.07)	-	(51.90)
Net Change	289.29	(44.07)	-	245.22
Indebtedness at the end of the financial year				
i) Principal Amount	1,577.42	-	-	1,577.42
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4.66	-	-	4.66
Total (i+ii+iii)	1,582.08	0.00	-	1,582.08

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	(₹ in Crore)	
		Name of MD/WTD/ Manager	Mr. Vimal Kejriwal (MD & CEO)
1.	Gross salary		4.28
	(a) Salary as per provisions contained in Section 17(1) of Income tax Act, 1961		
	(b) Value of perquisites u/s 17(2) of Income tax Act, 1961		0.14
	(c) Profits in lieu of salary u/s 17(3) of Income tax Act, 1961		-
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission		-
	- as % of profit		-
	- others, specify		-
5.	Others, please specify		
	- Performance Bonus		1.63
	- Provident & other Fund		0.12
	Total (A)		6.17
	Ceiling as per the Act		
	(Being 5 percent of Net Profits of the Company calculated as per section 198 of the Act)		35.77

B. Remuneration to other Directors:

Particulars of Remuneration	Name of Directors								Total Amount (₹ in Crore)
	Mr. A. T. Vaswani	Mr. D. G. Piramal	Mr. G. L. Mirchandani	Ms. Manish Girotra	Nirupama Rao	Mr. S. M. Kulkarni	Mr. S. M. Trehan	Mr. Vinayak Chatterjee	
1. Independent Directors									
• Fee for attending Board/Committee Meetings	0.10	0.06	0.05	0.05	0.04	0.11	0.06	0.05	0.52
• Commission [#]	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.80
• Others, please specify	-	-	-	-	-	-	-	-	-
Total (1)									1.32
2. Other Non-Executive Directors									
• Fee for attending Board/Committee meetings	0.06	0.11							0.17
• Commission	6.25	0.10							6.35
• Others, please specify:-	-	-							-
Total (2)									6.52
Total (B)=(1+2)									7.84
Total Managerial Remuneration (A+B)									14.01
Overall Ceiling as per the Act [#]									71.54

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

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

(₹ in Crore)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Rajeev Aggarwal Chief Financial Officer	Mr. Ch. V. Jagannadha Rao* Company Secretary	Mr. Amit Kumar Gupta# Company Secretary	
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of Income tax Act, 1961	2.29	0.12	0.20	2.61
	(b) Value of perquisites u/s 17(2) of Income tax Act, 1961	0.00	-	-	0.00
	(c) Profits in lieu of salary under Section 17(3) of Income tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others:				
	- Performance Bonus	0.81	0.27	-	1.08
	- Provident Fund	0.07	0.00	0.01	0.08
	Total	3.17	0.39	0.21	3.77

*Mr. Ch. V. Jagannadha Rao resigned as the Company Secretary of the Company w.e.f. April 30, 2018.

#Mr. Amit Kumar Gupta was appointed as the Company Secretary w.e.f. November 02, 2018

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

(₹ in Crore)

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

ANNEXURE 'F' TO DIRECTORS REPORT

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

(A) CONSERVATION OF ENERGY

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

1. Installation of LED Lights and Surrounding light sensing devices deployed for auto switching on-off at various locations resulting in saving of energy.
2. Installation of VFD's in extrusion machines resulting in saving of energy.
3. Reduction in fuel consumption by continuous monitoring of standby power.
4. Maintained power factor and maximum demand average which resulted in energy conservation.
5. Compressor screw element refurbished to increase the efficiency of the compressor resulting energy saving.
6. Reduction in air leakages by optimization of compressed air pressure.
7. Replacement of old motors with energy efficient motors;
8. Installation of capacitor banks to improve the power factor for efficient use of energy from grid resulted in energy saving.
9. Reduction in electrical energy consumption by installing AC Drive and AC motors.
10. LT plant sheds of the Company at various locations have been designed with transparent sheets at regular intervals to allow sunlight inside the plant in day times, thereby reducing electricity consumption.

(B) TECHNOLOGY ABSORPTION

Research & Development ("R&D")

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

Installation of Acid re-generation Plant to cut down on ETP expenses and make the plant atmosphere friendly. The Company has installed AC drives and motors in place of DC technology in various extrusion machines with absorption of new technology in order to eliminate DC drives and motors. The Company has also successfully carried out R&D activities in manufacturing of All Dielectric Self Supporting (ADSS) cables which has high tensile strength to use in hill areas, Fibre to the home cables (FTTH) and LT cables to pass Construction Product Regulation test (CPR).

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

The R&D efforts will provide the Company a technological edge and new products will open up new business opportunities for the Company. The Company has also significantly saved on power cost due to installation of new machines.

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

- a. Technology imported: No technology has been imported in the last 3 years
- b. Year of import: Not Applicable
- c. Has the technology been fully absorbed? Not Applicable
- d. If not fully absorbed, areas where this has not taken place, reasons hereof and future plans of action: Not Applicable

IV. Expenditure on R&D

- i. Capital: ₹ 0.15 Crore
- ii. Recurring: ₹ 27.61 Crore
- iii. Total: ₹ 27.76 Crore
- iv. Total R&D expenditure as a percentage of total turnover 0.25 percent.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

Particulars	(₹ in Crore)	
	FY 2018-19	FY 2017-18
Foreign exchange earned	3,572.32	3,077.21
Foreign exchange used	2,683.16	2,119.75

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	110.88
	Mr. Vimal Kejriwal	108.35
	Mr. A. T. Vaswani	3.48
	Mr. D. G. Piramal	2.81
	Mr. G. L. Mirchandani	2.63
	Ms. Manisha Girotra	2.63
	Ms. Nirupama Rao	2.46
	Mr. R. D. Chandak	3.64
	Mr. S. M. Kulkarni	3.64
	Mr. S. M. Trehan	2.81
	Mr. Vinayak Chatterjee	2.63
	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
Mr. Vimal Kejriwal		31.89
Mr. A. T. Vaswani		8.49
Mr. D. G. Piramal		14.29
Mr. G. L. Mirchandani		7.14
Ms. Manisha Girotra ⁽¹⁾		-
Ms. Nirupama Rao		7.69
Mr. R. D. Chandak		23.88
Mr. S. M. Kulkarni		6.43
Mr. S. M. Trehan		14.29
Mr. Vinayak Chatterjee		7.14
Mr. Rajeev Aggarwal, Chief Financial Officer		18.00
Mr. Ch. V. Jagannadha Rao ⁽²⁾ Vice President-Legal & Company Secretary		-
Mr. Amit Kumar Gupta ⁽²⁾ Company Secretary	-	
The percentage increase in the median remuneration of employees in the financial year	10 percent	
The number of permanent employees on the rolls of Company	5,040 (as on March 31, 2019)	
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 2018-19 was 8.58 percent as against an increase of 31.89 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>The percentile increase in managerial remuneration was higher in comparison with percentile increase of other employees. Under the leadership of MD & CEO, the Company had achieved significant improvement in its overall performance in terms of turnover and profitability.</p>	

Note(s):

1. Increase in remuneration is not given as the concerned Director was only for the part of the previous year and hence increase is not comparable between previous and current financial years.
2. Increase in remuneration is not given as the concerned KMPs were only for the part of the current financial year.

<p>The key parameters for any variable component of remuneration availed by the Directors.</p>	<p>The variable component of Non-Executive Directors' remuneration consists of commission. The commission is paid at a rate of 1 percent per annum of the profits of the Company computed in accordance with the provisions of the Companies Act, 2013. The distribution of commission among the Non-Executive Directors 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.</p>
<p>Affirmation that the remuneration is as per the remuneration policy of the Company</p>	<p>The remuneration to employees of the Company is as per the remuneration policy of the Company.</p>

MANAGEMENT DISCUSSION & ANALYSIS

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

OVERVIEW

Global economy

Global GDP growth moderated to 3.6 percent in 2018 from 3.8 percent in 2017 (Source: IMF, World Economic Outlook, April 2019). The global expansion has faded on the backdrop of weakening financial market sentiment, trade policy uncertainty and concerns about China's outlook. Economic activity in advanced economies has been diverging lately. While, growth in the United States remained solid, bolstered by fiscal stimulus, activity in the Euro Area has been weaker than expected, owing to slowing net exports. In Emerging Market and Developing Economies (EMDEs), growth has stalled owing to softening external demand, tighter external financing conditions and policy uncertainties. Trade related disputes dominated the markets during 2018, which slowed global trade growth significantly below the 2017 average.

Commodity prices have fluctuated markedly. The prices peaked around June 2018, with sharp falls toward the end of 2018. Slowdown in demand led by China along with strong dollar and trade war resulted in softening of commodity prices. Between January 2018 and December 2018, zinc prices fell by 24 percent and aluminium and copper prices fell by 13 percent and 14 percent respectively. Crude oil prices have been volatile, reflecting supply influences. With the US sanctions on Iranian oil, crude oil prices rose to USD 81/bbl in October 2018 but fell sharply to US\$



220/66 kV GIS Substation at Drass, Jammu & Kashmir; second coldest inhabited place on Earth

57/bbl in December 2018 on fears of global slowdown and the US oil supply hitting record highs.

Global growth is projected to decline to 3.3 percent in 2019 before picking up slightly to 3.6 percent in 2020 (Source: IMF, World Economic Outlook, April 2019). This reflects a persistent decline in the growth rate of advanced economies together with a temporary decline in the growth rate for EMDEs in 2019, driven by potential impact of trade actions on China and other Asian economies.

Key risks to the global outlook are:

- 1. Outcome of trade negotiations:** Higher trade policy uncertainty and concerns over escalation and retaliation may lead to higher costs of imported goods, lower business investment, disrupt supply chains and slow productivity growth. The resulting depressed outlook for corporate profitability could hurt financial market sentiments and dampen growth.
- 2. Direction of global financial conditions:** A sharper-than-expected tightening of global financing conditions could exert further downward pressure on activity in EMDEs, including those with large current account deficits financed by foreign portfolio flows.
- 3. Simultaneous slowdown in US and China:** The US expansion is on track to be the longest in more



than a century. The probability of a US recession in the short term is low but has increased with growing corporate debt vulnerabilities. Increased concerns about the health of China's economy can trigger abrupt, wide-reaching sell-offs in financial and commodity markets that place its trading partners, commodity exporters and other emerging markets under pressure. Markedly weaker-than-expected activity in the world's two largest economies simultaneously could have a severe impact on global economic prospects.

GDP growth (% Y-o-Y)	2017	2018	2019 (Projections)	2020 (Projections)
World	3.8	3.6	3.3	3.6
Advanced economies	2.4	2.2	1.8	1.7
United States	2.2	2.9	2.3	1.9
Euro area	2.4	1.8	1.3	1.5
Emerging market and developing economies	4.7	4.5	4.4	4.8
Commonwealth of Independent States	2.1	2.8	2.2	2.3
Emerging and developing Asia	6.5	6.4	6.3	6.3
Emerging and developing Europe	6	3.6	0.8	2.8
Latin America and the Caribbean	1.3	1	1.4	2.4
Middle East, North Africa, Afghanistan, and Pakistan	2.2	1.8	1.5	3.2
Sub-Saharan Africa	2.9	3	3.5	3.7

Source: IMF, World Economic Outlook, April 2019

Indian economy

India's growth moderated to 6.8% in FY19 from 7.2% last fiscal year, on the back of weak growth in agriculture and services sector. While investment continued to strengthen amid Goods and Service Tax (GST) harmonisation and a rebound of credit growth, consumption remained a major contributor to growth. India recorded a jump of 23 positions in World Bank's Ease of Doing Business Index 2019, where it now ranks 77th among 190 countries.

The rupee was one of the better performing emerging market currencies in FY18 and started FY19 on a firm footing. However, quantitative tightening by the US Fed, Foreign Institutional Investor (FII) outflows, emerging market currency weakness and higher crude prices led to a weak INR throughout FY19. The USD-INR fell sharply to an all-time low of 74.4 in mid-October 2018 but recovered to 69.2 by the end of March 2019. The sharp movements in the rupee were largely driven by foreign investment.

According to the IMF estimates, India's GDP growth is projected to pick up to 7.3 percent in 2019 and 7.5 percent in 2020, supported by the sustained recovery of investment and robust consumption. In addition, continued implementation of structural reforms and easing of infrastructure bottlenecks will accelerate growth.

Risks to India's growth outlook include:

1. Excessive tightening of global liquidity
2. Election led domestic policy uncertainty
3. Trade wars and geopolitical risks
4. Fears of global slowdown

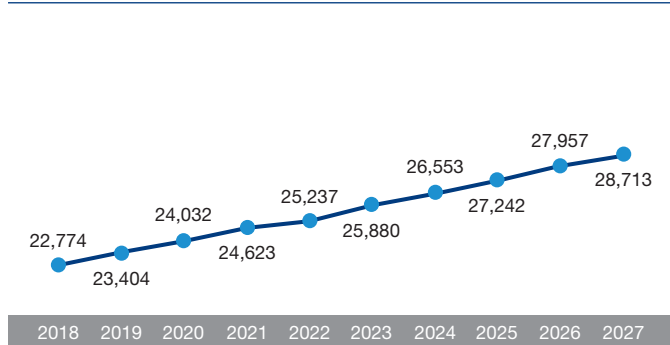
GLOBAL POWER SECTOR REVIEW

According to World Energy Outlook (WEO) 2018, under its New Policies Scenario, rising incomes and increasing population will push the global energy demand up by more than a quarter, by 2040. All the growth comes from developing economies, led by India. Until the year 2000, Europe and North America accounted for more than 40 percent of global energy demand and developing economies in Asia accounted for around 20 percent. However, it is estimated that by 2040, this situation would be completely reversed. India is one of the largest contributors to demand growth today and its share of global energy use is expected to rise to 11 percent by 2040.

Global Transmission Research estimates that by 2027, around 1,993 GW of new generation capacity will be added across the globe. Asia alone is expected to account for over 65 percent of this capacity addition. Another 10 percent each is expected to come up in Africa and Europe, while Latin America and Middle East will account for around 7 percent each.

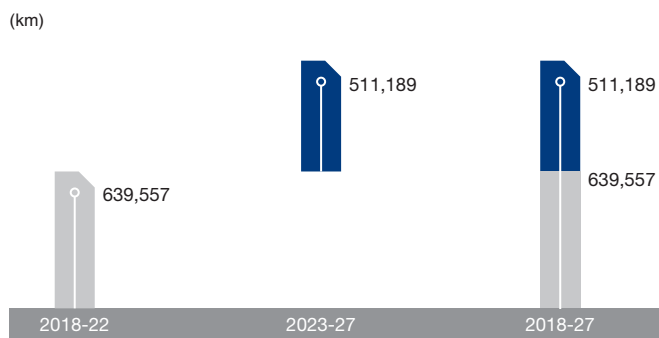
Around 1,150,750 km of transmission line length and over 5,000 GVA of transformer capacity is slated to be added at 100 kV and above voltage levels by 2027 globally. Asia will account for over two-thirds of the total new transmission line length addition.

Expected growth in electricity demand (TWh)



Source: Global Transmission Report, 2018

Planned line length addition



Source: Global Transmission Report, 2018

According to the Global Transmission Report, global electricity transmission sector is expected to witness investments of around USD 1,220-1,240 billion over the next 10 years. Majority of these will be on the creation of new grid infrastructure (including offshore transmission) to connect renewable energy projects. Investments are also being made to improve reliability, resiliency and security of electricity supply. Asia is expected to make over 55 percent of the tracked future investments over the next decade, followed by North America at 17.5 percent and Europe at 12.8 percent. Latin America, Africa and Middle East, each account for 4-5 percent of the planned investments.

BUSINESS SCENARIO AND INDUSTRY OUTLOOK & OPPORTUNITIES

POWER TRANSMISSION & DISTRIBUTION BUSINESS

Overview

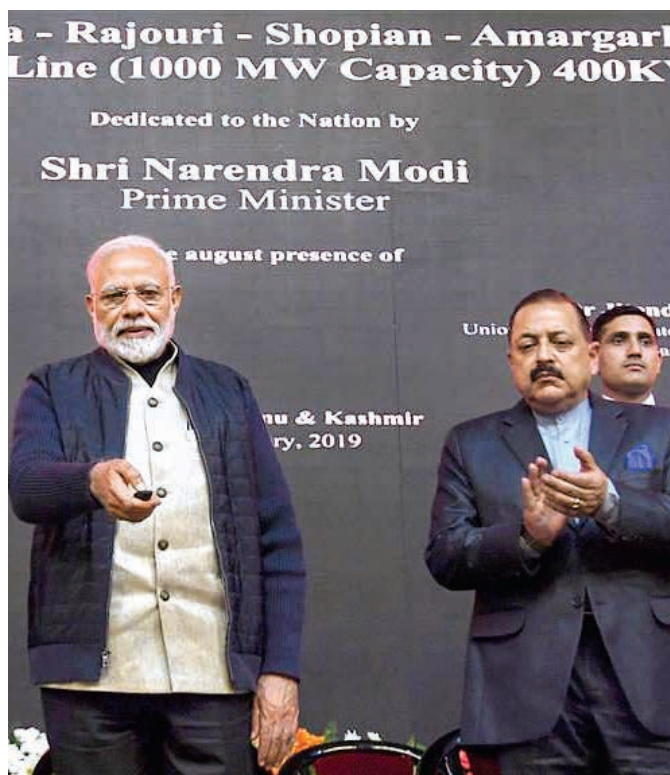
KEC is a leading player in the Power Transmission & Distribution industry and offers integrated solutions ranging from design, manufacturing, supply, installation, and commissioning of Transmission Lines, Underground Cabling Network (Power and Optical Fibre Cables), and Substations in both domestic and international markets.

The Company's service offerings are strengthened by its state-of-the-art manufacturing units spread across India and the Americas, supplying over 3.1 lakh tonne of tower components annually, one of the largest tower manufacturing capacities in the world. It is also among the few companies to own and operate four tower testing stations spread across India and the Americas.

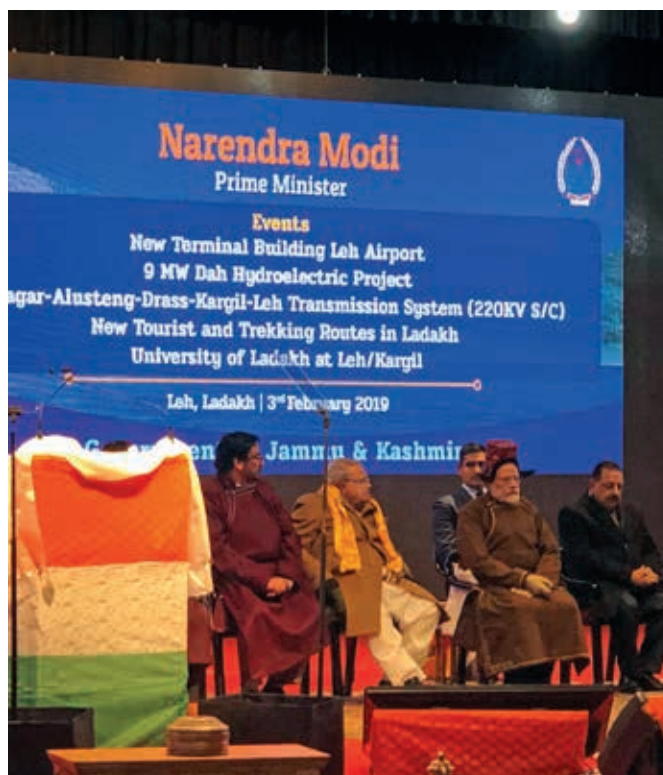
KEC's T&D business has a footprint in 68 countries, across Asia (South Asia, South East Asia, Central Asia, Middle East), Africa, the Americas, and Oceania. The Company's region-wise outlook and opportunities are highlighted below:

I) South Asia business (India and SAARC)

During the year, the Company continued its growth momentum and was successful in securing significantly large orders in the SAARC region. The Company secured its single largest order till date of ₹ 1,496 crore. This order secured in



Hon'ble PM Shri Narendra Modi dedicated the Jalandhar-Samba Transmission Line, constructed by KEC, to the nation



Hon'ble PM Shri Narendra Modi dedicated the 220 kV Srinagar-Leh Transmission System to the nation; KEC has built all four substations at Kargil, Drass, Khalsti, Leh and the Leh-Khalsti Transmission Line

Bangladesh has helped the Company fortify its presence in the region. India T&D business succeeded in diversifying its client base by entering new states such as Bihar, tapping substantial opportunities in Tariff Based Competitive Bidding (TBCB) projects from both private and government clients, and forayed into its first industrial T&D project.

The business successfully delivered over 30 Transmission & Distribution projects in FY19, including a few prestigious and challenging projects such as – High altitude 220/66 kV GIS Substations at Drass-Kargil, the 2nd coldest inhabited place on Earth; 400 kV Ashuganj Bhulta river crossing lines, among the tallest transmission towers in Bangladesh; 400 kV AIS Gadag Substation, which included a 500 MVA transformer, one of the largest capacities executed by the Company so far.

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

Region-wise Outlook & Opportunities

a) India

The Indian power sector has witnessed significant growth in energy demand, generation capacity and transmission & distribution networks over the past few years. India's energy consumption has doubled since the year 2000 and the potential for further rapid growth is enormous. The country has the fifth largest installed capacity globally, which stands at 356 GW (as of March 2019). In FY19, the sector witnessed an addition of ~12,000 MW, along with an addition of 22,437 ckm of transmission lines (growing ~6 percent from last year) and 72,705 MVA of substation capacity (growing ~9 percent from last year). Power generation from renewable sources was primarily driven by Solar, which

reached a capacity of over 28 GW (as of March 2019). (Source: CEA reports)

The Indian Government continues to exert thrust and has embarked on numerous initiatives towards the objective of '24x7 Power for All', with special emphasis on rural electrification. Schemes such as Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), SAUBHAGYA and Integrated Power Development Scheme (IPDS) are directed towards improving power availability in all households.

The Government's enhanced push for Renewable Energy (RE) is anticipated to be a potential game changer for the sector. With the fast pace of RE capacity addition, transmission planning will be crucial to enable the flow of renewable energy into the National Grid Network. In line with this, the Government has already initiated work on Green Energy Corridors; the Company anticipates a significant volume of work in this area over the next three to four years. Furthermore, the Government has recently announced one of the largest solar parks (~7.5 GW) in Ladakh region, which will bring in significant opportunities for building a transmission network. The Government has also released various transmission jobs valuing about ₹ 16,000 crore for evacuation of renewable power in Rajasthan, Gujarat and southern regions. All of these are expected to unfold tremendous opportunities for the business.

With the push for 'Make in India' and high industrial expansion outlook, India is set to become a global manufacturing hub with investments across the value chain. As per Government reports, demand

for electricity is expected to increase at a CAGR of 7 percent to 1,894.7 BU over the next few years.

In the backdrop of 'Power for All', push for renewable energy, 'Make in India' and growing demand for power and capacity expansion, there remains a pressing need for transmission network augmentation. Timely implementation of transmission lines would be critical in the years to come.

The sector continues to transform and undergo radical changes and paradigm shifts. It is transitioning to higher transmission voltages of 765 kV, and developing new technologies for bulk power transmission and High Capacity Power Transmission Corridors (HCPTCs). Additionally, prominence is being given to newer substation technologies such as Gas Insulated and Hybrid Gas Insulated Substations.

Issues pertaining to smooth and timely project execution are however, still dominant by way of challenges such as Right of Way (RoW), land acquisition, environment & forest clearances, etc. This creates an additional burden on EPC companies through time & cost overruns and/or mobilisation challenges, leading to contractual disputes with clients. The Government is working towards resolving these by introducing amendments to ease environmental clearances and is enhancing compensation levels for land acquisition/Right of Way.

The Company has built significant capabilities and is well-positioned in terms of preparedness to cater to the varied requirements of its clients. Firstly, the Central Government and private clients are targeting to award most new projects through the TBCB route, driving participation and ownership from private players. Ahead of time delivery, quality, cost and safety are thus becoming important parameters, as they directly impact the returns on TBCB projects. This trend is beneficial to the industry, especially for players like us with matured processes & capabilities and a proven track record for ahead of schedule deliveries. Secondly, with the setup of cross-country national grid, huge investments are being planned by the states to improve connectivity, reliability and affordability. The Company is witnessing a surge in large size transmission line as well as substation orders from state utilities. In line with the changing business dynamics, the Company is focusing on enhancing its footprint across states on a selective basis. Additionally, the Company envisages that the share of investments in substations will rise to about 40-45 percent of the total investment, with a push towards GIS technology at voltages of 220/400 kV levels. Significant opportunities in the form of combination jobs, HTLS conductors and cabling projects are expected in the coming months.

b) SAARC

SAARC region has been a key growth driver for the Company, offering substantial business opportunities consistently for the last few years. The Company has consolidated its presence in the region with a few large order wins in the past three years.

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



Hon'ble CM of Bihar, Shri Nitish Kumar and Minister of Power, Shri R.K. Singh lay the foundation stone for the 400/220/132 kV Sitamarhi Substation in Bihar, being built by KEC

plans to construct 10,500 km of transmission lines and 160 substations by 2030. EXIM Bank of India has also committed to fund large transmission lines valuing about USD 1 billion to evacuate power from the nuclear facility, which is currently under construction in the country. The region promises high EPC business opportunities for the next two years, followed by Nepal.

Nepal is emerging as a new destination for private investment in hydro power, leading to several opportunities in composite transmission and distribution projects. About 4300 km of transmission lines and 59 substations are expected to be built by 2035 in the country.

Afghanistan is also expected to offer consistent opportunities. The Government is working on improving power infrastructure in the country and has planned to build nearly 3000 ckm of transmission lines and 34 substations between FY19 and FY23.

Myanmar has started floating mid-sized transmission line and substation tenders, funded by multilateral agencies. The region offers bountiful opportunities for infrastructure development, however, given the political and administrative instability in the country, it may take some time for the opportunities to emerge.

The SAARC region is witnessing a growth in multilateral funding from agencies such as Japan International Cooperation Agency, World Bank, KfW Bank, Asian Development Bank, and European Investment Bank to strengthen power networks and grid connectivity. There is also an enhanced focus on inter-regional energy connectivity by governments of India, Bangladesh, Nepal and Bhutan. In line with all these developments, it is expected that the SAARC T&D market will grow at over 25 percent between FY18 and FY22 and shall remain a key focus area for the Company in the coming years.

II) International business (Middle East & North Africa, Rest of Africa, South East Asia, Central Asia, Americas)

After a sluggish FY18 owing to global uncertainties, the Company's International T&D business witnessed a healthy order intake in FY19. The Company's strategy to diversify the business across geographies and product portfolio has yielded rich dividends. During FY19, the International T&D business secured orders of ₹ 3,074 crore and entered/re-entered five

new markets across varied geographies - Dubai, Nicaragua, Papua New Guinea, Guinea, and Sierra Leone.

The focus on rebalancing the Middle East portfolio continued with four new order wins in Dubai and Abu Dhabi. The Company re-entered the Dubai market after more than two decades, by securing orders for the construction of both transmission lines and GIS substations. The Company has successfully reduced its concentration risk in Saudi Arabia, and is currently executing projects in UAE, Jordan, Egypt, and Oman in the Middle East. During the year, the business expanded its international substation portfolio, both in AIS and GIS, with order wins across the Middle East, Africa, East Asia Pacific, Oceania and Americas.

The Company continued to strengthen its presence in Africa. The business entered two new countries in FY19, Guinea and Sierra Leone and secured four new orders in Senegal and Ivory Coast.

Additionally, the business secured two new orders in Thailand, including the Company's first 500 kV Substation order in the South East Asian market. It continues to reinforce its presence in the region. During the year, the business also forayed into the American market, with an order win in Nicaragua.

The Company is currently focusing on pivoting its SAE Towers business from a manufacturing to an EPC driven company. The business is currently executing ~800 km of transmission lines in Brazil.

Region Wise Outlook & Opportunities

a) Middle East and North Africa (MENA)

Post the economic slowdown witnessed by the MENA region in the last couple of years, growth is expected to accelerate to 3.2 percent in 2019, reinforced by easing geopolitical tensions, rise in oil prices and regulatory reforms. Strong GDP growth is forecasted in GCC economies owing to an accommodative fiscal environment, planned investments in infrastructure and non-oil sector reforms. (Source: World Bank)

Power sector in the region is expected to grow significantly due to increased activities in industrial and construction sectors, rapid urbanisation and rising income, necessitating investments in power, a priority for the governments. A likely investment of USD 152 billion would be required in generation capacity and

an additional USD 108 billion to build and upgrade the transmission and distribution (T&D) network. (Source: MENA Power Industry Outlook by Middle East Electricity)

Today, the Gulf Cooperation Council (GCC) countries represent 47 percent of the current power generating capacity in MENA. Over the next five years, the region is looking at an additional investment of approximately USD 55 billion for the addition of 43 GW of generating capacity and USD 34 billion for T&D. United Arab Emirates (UAE) and Kingdom of Saudi Arabia (KSA) are expected to lead the investments in the T&D domain, with planned investments of USD 12.7 billion and USD 8 billion respectively in the next five years. (Source: MENA Power Industry Outlook by Middle East Electricity). KEC's strong presence in these markets will be key to its growth in the region.

The T&D infrastructure development in Iraq is also receiving a major boost. The country is working towards building and upgrading its power infrastructure, which was damaged due to armed conflicts over the past few years.

North Africa continues to remain a key market for the Company. Egypt, Morocco, Algeria and Tunisia have planned major investments in both Generation and T&D infrastructure to meet the increasing demands of the developing region. These investments, in addition to the improved political scenario make it a lucrative market for the Company.

KEC will continue to maintain its focus on diversifying its foothold in the MENA region, which has historically been a key growth driver for the organisation.

b) Rest of Africa

Africa has emerged as one of the major energy investment destinations due to its growing energy demand, investments in infrastructure development and regulatory reforms. Currently, the average per capita electricity consumption in sub-Saharan Africa is 153 kWh/year, merely 6 percent of the global average. It is anticipated that the electricity consumption in the continent will grow at a CAGR of 5.5 percent over the next ten years. Ethiopia, Mozambique and Tanzania are expected to be some of the fastest growing markets in this region, with double-digit growth in electricity consumption. (Source: Prospects for the African Power Sector by International Renewable Energy Agency)

Africa's transmission grid requires an estimated investment of USD 61 billion over the next decade. Significant investments have already been made to create cross-border links and regional power markets. Furthermore, financial and development authorities are laying a strong emphasis on opening the domestic transmission market and making it lucrative for private players, to increase investments in this sector. (Source: Global Electricity Transmission Report 2018 by Global Transmission Research)

Additionally, structural reforms through unbundling of integrated utilities into separate generation, transmission and distribution companies have gained significant



400 kV Al Qatrana-New Ma'an Transmission Line, Jordan

traction, especially in countries such as Ghana, Kenya, Namibia, South Africa, Uganda and Zimbabwe.

Significant capacity addition is also expected in countries such as Mozambique, Tanzania, Zambia and Ghana. It is estimated that around 4,111 km of new transmission lines and 2,560 MVA of transformer capacity will be added to Mozambique's grid over the next three years. Tanzania is expected to add around 7,523 km of new transmission lines and 5,855 MVA of transformer capacity to its grid. (Source: Global Electricity Transmission Report 2018 by Global Transmission Research)

The power sector in Africa has huge potential and will be a major growth driver for the region's overall growth. However, political stability and a steady regulatory environment is crucial to ensure a timely and smooth implementation of power projects.

Africa remains an important market for KEC's International T&D business, and the Company continues to work in close collaboration with its various stakeholders to play a pivotal role in the region's developing energy sector.

c) South East Asia

Power sector in the South East Asia region is expected to continue its growth trajectory owing to economic development, enhanced regional co-operation, strengthening of regulatory framework and rising electrification rates. Energy demand in Indonesia, Philippines and Vietnam will see an annual growth between 6-10 percent, while Cambodia and Laos are expected to witness double digit growth.

Significant investments are being planned in countries such as Indonesia and Vietnam, with a focus on expanding and strengthening of the existing grid structure to supply reliable and efficient power to end consumers.

Thailand and Malaysia are also witnessing huge investments. It is estimated that USD 5.1 billion will be invested on improving Malaysia's transmission network over the next decade. The Electricity Generating Authority of Thailand (EGAT) is expected to invest over USD 8 billion to strengthen the transmission infrastructure in Thailand over the next five years. Indonesia has planned an investment of about USD 17 billion to improve the transmission network over the next decade. Vietnam is expected to invest over USD 8.2 billion on expanding its high voltage grid over the next six to seven years. The support extended by international funding agencies such as Asian Development Bank, Japan International Cooperation Agency and World Bank to implement grid expansion projects will play a critical role in meeting investment requirements of the region. (Source: Global Electricity Transmission Report 2018 by Global Transmission Research)

Over the years, KEC has made significant inroads in this market and strengthened its position in Malaysia and Thailand.

d) Central Asia

The Central Asia region is seeing a rise in demand for power. The focus has been on integrating electricity grids and upgrading transmission lines, which will reduce frequency of power shortages. Several ambitious plans are in the pipeline to harness the region's electricity generation potential. Investments are being planned in Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan and Tajikistan towards cross border interconnections, to build an internal energy market in the region.

e) North America

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

Several individual states in the US have made commitments to renewable sources of energy by placing a desire to enhance transmission from areas rich in renewables to areas of high demand.

While the Company expects the demand to be robust, imposition of import tariffs on steel and aluminium by the US may impact the overall supply dynamics. Countries such as Mexico and Canada are currently excluded out of the tariffs for finished goods, but further course of action will depend upon continuing negotiations between these countries. The new US, Mexico, Canada Agreement (USMCA) negotiated by the parties is yet to become a law. Until then, the existing North American Free Trade Agreement, (NAFTA) agreements hold. The Company is monitoring and assessing the evolving scenario and its overall impact on the business.

In Mexico, the state-owned Comisión Federal de Electricidad (CFE), which owns and operates transmission lines jointly with Centro Nacional de Control de Energía (CENACE), plans to focus on transmission line projects to evacuate power from wind power generation, mostly in the South-East and North-East regions. Nearly 9,300 ckm of 115/230 kV and 400 kV transmission lines are being 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')

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

The Company is exploring opportunities in other countries in the Central American region and has

recently won a project in Nicaragua, helping it establish a presence in the growing market.

f) **South America**

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

2017 ushered in the beginning of a slow recovery in Brazil's economy with low interest rates, improving business sentiments, robust agricultural output, and stronger dynamics in the labour market. The region remains a key market for the Company, with large expansion plans for power transmission and distribution expected over the next five years. The Decennial Energy Expansion Plan 2027 (PDE 2027) approved by Brazil's energy agency Empresa de Pesquisa Energética (EPE), lays a foundation for an investment of BRL 1.8 trillion for the expansion of energy infrastructure by 2027 (Source: <http://www.epe.gov.br/pt/publicacoes-dados-abertos/publicacoes/plano-decenal-de-expansao-de-energia-pde>). About 22 percent of the investment will go towards energy generation and transmission segments. The total investment for the power transmission segment is likely to reach BRL 108 billion, of which BRL 73 billion will be invested in transmission lines and BRL 35 billion in substations, including border facilities.

A surge in investments in power transmission and generation was witnessed starting 2017, demonstrating growing demand for power and increasing investor confidence in the region. ANEEL, the Brazilian Electricity Regulatory Agency held two auctions for transmission infrastructure in 2018. The first one was held in June 2018, in which 20 of 20 lots were awarded at an investment of BRL 6.0 billion, to add 2,562 km of transmission lines and 12,223 MVA of substation capacity. The second auction was held in December 2018, under which 16 lots of 7,152 km and 14,819 MVA were awarded at an investment of BRL 13.2 billion. Until 2024, the Government plans to hold 1-2 auctions each year to meet the growing energy demands of the country. This presents good opportunities for the Company in both EPC for transmission lines and substations, as well as the supply of towers and hardware.

The Argentine government has identified large number of projects under its national budget, to be developed through a public-private partnership model. Chile is focusing on expanding its national and regional grids through construction of about 5,000 km of transmission lines and associated transformer capacity. Peru is investing significantly in building up generation and transmission capacity, driven by increasing demand from mining sector and the growing middle class. The country has prioritised investment in transmission infrastructure to ensure that it meets its energy goals.

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

RAILWAY BUSINESS

Overview

KEC is one of the leading players with a vast experience in undertaking engineering, procurement, and construction of various works for Railways, such as doubling and tripling of tracks, signalling and telecommunication, overhead electrification, traction power supply, and civil works, viz., railway stations, bridges, residential quarters, etc.

During the year, the Company witnessed significant growth in its business. After successfully doubling its revenue for two consecutive years, the business has more than doubled its revenue this year. It has executed 1,576 km, which is nearly 30 percent of the country's overhead electrification projects commissioned during the year. It expanded its client portfolio from CORE and RVNL to include the entire gamut viz., IRCON, RITES and PGCIL, and succeeded in diversifying its project portfolio with 70 percent of its order book comprising of composite works.

The Company's strategy of enhancing control over the supply chain and building fast track execution capabilities is reaping benefits. Over the last two years, the Company has integrated backwards into manufacturing overhead electrification structures, contact and catenary conductors and signalling cables, leading to enhanced certainty of supplies and better control over costs and quality. The Company has also extended its value proposition and capabilities of fast track project execution from T&D business into the Railway business. During the year, the Company commissioned six overhead electrification projects ahead of schedule.

Currently, the Company is exploring relevant opportunities in other areas of Railways such as Regional Rapid Transit System (RRTS), Dedicated Freight Corridors (DFC), Signalling & Telecommunication, and the international markets.

Outlook & Opportunities

The outlook for the Railway sector is very positive, with clear plans set by the Government for network expansion and upgradation & modernisation of the existing infrastructure. The interim budget for FY20 outlines a substantial hike in the budget allocation to railways, with a planned expenditure of ₹ 1.59 lakh crore; ~17 percent higher than the revised estimates of capex of ₹ 1.32 Lakh Crore for FY19.

Primary developments in the sector that present several opportunities for the Company include the construction of new lines for ₹ 34,764 crore, track renewal for ₹ 10,120 crore, gauge conversion for ₹ 3,548 crore and doubling of tracks for ₹ 18,487



Erection of a complex Boom structure in Ajmer-Rani Railway Electrification project



Hon'ble VP Shri Venkaiah Naidu and Minister of Railways, Shri Piyush Goyal inaugurate the Obulavaripalli - Venkatachalam Railway Project, executed by KEC

crore. Additionally, the Government is targeting 100 percent electrification, i.e. 33,000 km of broad-gauge tracks by FY22 with 7,000 km of electrification to be completed during FY20.

Apart from the conventional market, the following areas are also emerging as new business opportunities for the Company:

- a) Regional Rapid Transit System (RRTS) – High speed (160 km) and high frequency (5 to 10 mins) operations, (COMMA) eight corridors totalling around ₹ 20,000 crore have been identified for execution in Phase-I
- b) Dedicated Freight Corridor Corporation (DFCC) – Four corridors, North South, East West, East Coast, South West, totalling ₹ 1.5 lakh crore have been identified
- c) Modernisation of the signalling system by adopting and upgrading to ETCS Level II system – The Government has already allocated a budget of ₹ 78,000 crore in FY18, and projects worth ₹ 2,000 crore for 640 km have been announced by RailTel Corporation of India

Furthermore, the Company is exploring opportunities in select international markets such as SAARC, Africa and Commonwealth of Independent States (CIS) regions. Given the key developments in both domestic and international markets, the Railway business has emerged as a major growth driver for the Company.

SOLAR BUSINESS

Overview

The Solar business offers comprehensive, state-of-the-art engineering, procurement, and construction services across ground mounted and rooftop solutions. Launched in 2016, KEC's Solar business has grown to be among the few companies in India with capabilities to execute large-scale projects of over 125 MWp.

During the year, the Solar business recorded a 20 percent growth in revenue, as compared to the previous year. The business received its largest single-order in terms of capacity to develop a 150 MWp solar project for a leading domestic player. It also successfully completed the execution of the 130 MWp turnkey EPC order received from Andhra Pradesh Power Generation Corporation Limited (APGENCO).

The Company continues to build significant capabilities in both domestic and international markets. Due to continuing uncertainties in the domestic market, the Company has increased its focus on the international market and is well poised to tap opportunities in SAARC, Middle East, Africa, EAP, and CIS regions. Additionally, the team continues to build capabilities in niche areas such as Battery Energy Storage Systems, Off Grid Solar, and Floating Solar.

The Company has integrated backwards and is manufacturing solar structures, enabling it to accelerate project execution and delivery. It is also in discussion with prospective clients for solar structures and is initiating strategic tie-ups with tracker manufacturers for the supply of structure components, along with the installation of the same.

Outlook & Opportunities

The Indian solar market witnessed an extended slowdown during FY19, with the full year capacity addition expected to be around 6 GW, as against 10 GW during FY18. The imposition of safeguard duty and a preference for tariff-based bidding are putting pressure on tariffs, and consequently on the margins of EPC players. These have also resulted in a significant slowdown in the pace of execution. Additionally, cancellation of the Inter-State Transmission System (ISTS) tenders post reverse auction have not helped improve sentiments amongst developers and EPCs alike.

The Indian Government's enhanced push for Renewable Energy (RE) is expected to be a potential game changer for the sector. The Government has set the target to augment renewable energy capacity to 175 GW by 2022, including an ambitious plan to add 100 GW of Solar power. India's renewable energy sector is expected to attract investments of up to USD 80 billion in the next four years. The Government has recently announced one of the largest solar parks (~7.5 GW) in Ladakh region, which will bring significant opportunities for players like us, both for Solar as well as T&D businesses. Additionally, initiatives by the Government such as providing custom and excise duty benefits to the solar rooftop sector and increased sustained energy efficient measures by the Indian Railways are expected to augur well for the sector. (Source: India Brand Equity Foundation)

The global capacity addition for solar in 2018 was 104 GW, taking the overall capacity to 512 GW. The growth is expected to remain robust, with the target to add around 123 GW in 2019. While China constituted nearly 50 percent of all capacity addition for the past few years, its dominance is set to reduce with nearly two-thirds of the addition expected to happen outside China. Middle East is expected to drive growth along with India and Americas beyond 2019. The Company is seeing huge traction in countries such as Saudi Arabia, Egypt, Oman, Kuwait, Qatar, Iraq and Bahrain in MENA region. The high Global Horizontal Irradiance (GHI) quality, coupled with the availability of large tracts of contiguous land parcels is driving growth of solar penetration in the region.



150 MWp Ground Mount Solar project for a leading domestic player

The Government supported Feed-In-Tariff (FIT) and preferential bidding has helped initiate the solar industry in countries such as Vietnam, Malaysia and Cambodia in the EAP region. Africa demonstrates great potential in the off-grid segment. Significant investments are expected in North Africa, especially in countries such as Morocco, Algeria and Tunisia. The region will continue to evince interest from stakeholders due to good quality of solar irradiation. Amongst neighbouring countries, there has been a keen interest in expanding power generation through Solar in the SAARC region. Bangladesh plans to install 2 GW renewable energy, with an aim of adding 10 percent renewables in its energy mix by 2020.

CIVIL BUSINESS

Overview

The Company forayed into the Civil construction business two years ago to expand its business portfolio. The Civil business is focused on the construction of large industrial and infrastructure projects, such as industrial plants, residential buildings, railway stations, metros, commercial complexes, airports and water segments.

The Company's strategy to target the midsize market segment is delivering results. The Company is successfully creating a niche by bringing in leading technologies, professional project management expertise and intense focus on safety & quality into this segment, which was so far being dominated by unorganised players. The business achieved an aggressive growth of ~2x in revenue in FY19. It has successfully established itself as a premier contractor in the industrial segment, especially cement, automobile, auto-ancillaries, metals & mining, and FMCG by executing several key projects for marquee clients.

During the year, the Company bagged and executed the maiden plant in India for a Korean automobile company. It is currently constructing a prestigious plant for a multinational German automobile brand and is building factories for several large Indian players in the automobile and auto ancillary sectors. The business continues to be a preferred partner for the construction of cement factories and received several repeat orders from reputed clients in FY19. The Company has diversified its portfolio and is currently executing its first set of high-rise residential towers in Mumbai, India, by deploying the latest system formwork technologies for a reputed client.

It continues to build significant capabilities by investing in the latest technology, cutting-edge construction equipment, and a strong team comprising of highly skilled and experienced professionals, all of which enable ahead of time delivery of projects with utmost safety and quality standards. The Company is pioneering deployment of leading-edge digital technologies such as drones and photogrammetry to unlock value for its clients and differentiate itself from the competition.

Outlook & Opportunities

Infrastructure sector, especially the Construction industry is a key driver for the Indian economy. With improving business sentiments, rapid urbanisation, consumption driven growth, and Government's focus on building world-class infrastructure, the future looks promising for the sector. The Company is entering an exciting phase of growth, aided by a buoyant market scenario and massive capability augmentation. Presently, the business is focused on Industrial, Residential, Railway stations, Commercial, Metros, Airports, and Water segments.



Manufacturing plant for an automobile manufacturer

a) Industrial Plants

The Government's efforts to improve ease of doing business has put India in a favourable position to act as a major manufacturing hub for exports in several global value chains. Additionally, backed by the 'Make in India' initiative, the country is on the path to becoming the hub for hi-tech manufacturing, as global giants have either set up or are in the process of setting up manufacturing plants in India, attracted by a market of more than a billion consumers. Investments in industrial plants has triggered large investments in cement, steel and other infrastructure segments.

This trend is bound to grow further with Government's investment towards developing industrial corridors and through flagship programmes such as Bharatmala and Sagarmala. Several logistics parks along industrial corridors and coastal economic zones have been identified to host discrete manufacturing clusters. The Company will benefit from these initiatives targeting quantum growth in the manufacturing sector.

b) Residential & Commercial Buildings

Reforms such as RERA, GST, REIT, etc., have made the sector safer by bringing in greater transparency in the industry. Additionally, flagship schemes of the Government such as 'Housing for All' have seen major traction in the market, with affordable housing being given the infrastructure status. All of this is expected to provide a boost to the residential segment.

In the commercial building space, several government buildings and railway stations are undergoing redevelopment, along with the establishment of numerous educational and healthcare institutes across the country. Moreover, several international companies are setting up a base in India, especially in Hyderabad, Bengaluru, Pune, NCR, Mumbai and Ahmedabad, thereby influencing commercial development in these regions.

c) Airports

India's civil aviation market is expected to become the third largest by 2020, and largest in the world by 2030. Under the Government's UDAN scheme launched in 2016 to improve regional connectivity, 22 airports will be upgraded at an investment of ₹ 17,000 crore. Additionally, 17 greenfield airports have been sanctioned to be built at an investment of ₹ 30,000 crore. Increased use of public-private partnership in this space is a boon for private players like us, as it is furthering development at a faster pace.

d) Metros

In a bid to accommodate growing urban population, decongest roads, and provide safer and faster transport solutions, governments of major states have announced new metro projects or upgradation of their existing capacity. From the already announced projects, opportunities worth more than ₹ 1 lakh crore will come into the market over the next four years. Over 60 percent of this investment will be utilised in making elevated metros and the remaining in the construction of underground metro lines. This is also expected to provide significant opportunities for our Railway business in areas such as track laying, signalling & telecommunication, etc.

e) Water

With India's rising population and expanding industrial landscape, wastewater volume is increasing at an alarming pace. In addition to this, freshwater sources such as rivers, wells, and groundwater continue to shrink. Several state governments have begun to implement water and sewage treatment plants in the metros to counter this rampant issue. Further, on the lines of 'Namami Gange', which has a budget allotment of ₹ 20,000 crore, a host of projects from sewage treatment plants, river front development, river surface cleaning and industrial effluent treatment plants, etc., are being launched in the country.

In India, the main initiatives of the Government are 'Smart City Programme', setting up a pan-city and state-wide digital network and infrastructure through 'Digital India Initiative', and 'National Smart Grid Mission'. With the results of the already executed Smart City projects coming to the fore, the focus will be to implement global technologies customised to Indian conditions and city specific needs. The Company will continue to work closely with city administrations and develop specific case studies to demonstrate its solutions. In the coming year, a strong pipeline of around 35-40 smart city projects are expected.

The Government is also keen on promoting Make-in-India products and solutions, for which the Company is already actively engaged with Indian manufacturers. New age technologies such as Smart Poles, EV charging infrastructure and smart mobility continue to gain traction. In Communication, several projects are expected to be launched under the Digital India BharatNet – II initiative. A few major states are expected to roll out large-scale tenders for pan-state network with IP/MPLS and GPON network technology.

In the Smart Grids domain, the Government is focused on improving grid infrastructure through analytics enabled on ICT infrastructure. The Company plans to leverage its existing competencies in utilities to expand in to grid automation and identifies it as a key area of growth. It has also identified strategic long-term opportunities in urban mobility such as Intelligent Traffic Control System.

SMART INFRASTRUCTURE

Overview

The Company expanded its business portfolio in 2018 to include Smart Infra, focusing on digital infrastructure initiatives of the Government. The business will primarily target:

1. Smart Cities - Integrated Command & Control Centres, Surveillance, E-Governance, etc.
2. Smart Communication - Core Connectivity Infra, IP/MPLS, DWDM, etc.
3. Smart Mobility - Traffic Management, Mobility Platforms, etc.
4. Smart Utilities - Electric AMI, SCADA/DMS, etc.

The business plays the role of a master system integrator and works closely with central and state governments and utility providers in developing digital infrastructure.

The first year of the business has been quite successful. In the core domain of smart cities, the business secured two major orders in Maharashtra. The business continues to build capabilities, both in terms of developing a highly qualified team and building technology and consortium partnerships with leading players in the industry. The Company's existing EPC credentials, well developed industry eco-system, and focus on technology, enables it to create the right value proposition for its customers.

Outlook and Opportunities

Smart Infrastructure represents a USD 2.57 trillion global market opportunity by 2025. Global analysts expect a strong CAGR of 18.4 percent during the period 2019-2025. The driving factors of this change are growing urban population, limited natural resources, focus on environmental sustainability and rapidly evolving technology. The major areas seeing growth are smart governance, smart infrastructure, smart energy, smart mobility, smart healthcare, smart buildings, and smart education.

CABLES BUSINESS

Overview

During FY19, the Cables business achieved a growth of 17 percent in revenue and delivered a significant increase in profitability. The sustained improvement in performance has been delivered on the back of multiple strategic initiatives such as introduction of new product lines (railway contact & catenary conductors and signalling cables), focus on export markets and EHV, and targeted dealer network. The exports business grew substantially as the business continued to make inroads in to newer countries.

The Company also benefitted from the creation of an integrated manufacturing facility at Vadodara, which offers the entire gamut of products ranging from HT, LT, to EHV cables. The consolidated factory has helped improve customer service, streamline operations, enhance production, ensure greater control on quality and reduce costs through operational efficiencies.

During the year, as part of new products development, the Company built significant capabilities in All Dielectric Self Supporting (ADSS) cables and Construction Products Regulation (CPR) compliant cables, the latter being used in the European Union.

Telecom business remained subdued for most part of the last year, due to fibre supply constraints, which have eased significantly in the last quarter of FY19.

The Company is currently executing Power Grid's 220 kV underground cabling project, helping it build pre-qualification in EHV/HT cabling segment.

Product-wise Outlook & Opportunities

The Cables business offers an extensive range of cables and turnkey cabling solutions across 33 countries. The business specialises in manufacturing Power Cables, Control and Instrumentation Cables, Telecom Cables, Railway Contact & Catenary Conductors, Signalling Cables and Cabling solutions



HT Cables manufacturing plant at Vadodara, Gujarat

for EHV cable installations. The Company owns two world-class, fully integrated manufacturing facilities at Vadodara and Mysore, both in India.

During the year, the business secured various approvals from key industrial customers as well as State Electricity Boards.

a) **Power Cables**

Demand for power cables is highly dependent on infrastructure and industrial development. The Government's focus on Metros, Smart Cities, Affordable Housing, and Highways will continue to provide a significant boost to the domestic power cable market, which is estimated to grow at 12-15 percent over the medium-term. GDP growth projections for the next few years indicate that industries will continue to expand and invest in capex, resulting in increased power cable offtake. EHV cables market has grown significantly in the last few years with a shift towards 220 kV. With significant capabilities and credentials built over the past 60 years, the Company is gearing for advantageous growth in its order book in this space. The exports business is also looking favourably poised for growth with increasing demand from Africa, Middle East, and Australia.

b) **Telecom Cables**

The demand for Optic Fibre cables has significantly increased owing to various initiatives by the Government, such as BharatNet 2, dedicated communication network for Defence and development of Smart Cities. The Government, plans to fully connect all Gram Panchayats by broadband connection of at least 2 Mbps speed. Further, exponentially growing data usage by mobile users has led to existing service providers working towards upgrading their systems. Fiber to the Home (FTTH) is also expected to boost demand for such cables in the urban market over the next five years. In addition to the domestic market, there is huge potential for optical fibre cables in the international market.

c) **Cabling Business**

Rapid urbanisation, 'Power for All' and the need for enhanced reliability in power supply, especially in severe weather conditions is driving the demand for underground cabling. Several underground cabling projects have been proposed under the Smart Cities Mission to enable reliable power

supply and enhance aesthetics. Underground distribution cabling projects are also being envisaged under other state and central government schemes for network improvements such as the Andhra Pradesh Disaster Recovery Project, National Cyclone Risk Mitigation Programme, and the North Eastern Region Power System Improvement Project.

Additionally, majority of the underground cabling projects for distribution are being implemented under the Government's Integrated Power Development Scheme (IPDS), which has allocated ₹ 20 billion towards the implementation of ~18,000 km of underground cables across various states.

This trend is expected to increase the demand for EHV cables and turnkey cabling solutions segment.

FINANCIAL PERFORMANCE

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

PROFIT AND LOSS STATEMENT ANALYSIS

Our Revenue increased by 9.01 percent y-o-y to ₹ 11,000.53 crore on the back of strong performance demonstrated by non-T&D businesses such as Railways, Civil, and Cables.

We have grown our EBITDA by 10.45 percent to ₹ 1,149.91 crore. EBITDA margins improved from 10 percent in FY18 to 10.5 percent in FY19. The margin improvement was primarily driven by internal efficiencies in T&D and Railway businesses.

Depreciation increased in FY19 to ₹ 117.13 crore from ₹ 109.74 crore in FY18 on account of implementation of SAP and growth capex.

Increase in interest rates in India and globally, as well as higher working capital during the year resulted in finance costs increasing to ₹ 311.86 crore in FY19 from ₹ 229.37 crore in FY18. Finance costs to sales ratio increased to 2.83 percent as against 2.27 percent in FY18.

Net profit stood at ₹ 495.77 crore as against ₹ 460.42 crore in FY18, a y-o-y growth of 7.68 percent.

Earnings per Share (EPS) increased to ₹ 19.28 in FY19 from ₹ 17.91 in FY18.

Dividend for the year is 135 percent of face value of equity share (₹ 2.70 per equity share), reflecting an outgo of ₹ 83.68 crore (including dividend distribution tax).

BALANCE SHEET ANALYSIS

Net Worth increased to ₹ 2,435.10 crore from ₹ 1,997.46 crore in FY18. The Company has not raised any Equity Capital during the year, keeping the Equity Share Capital unchanged at ₹ 51.42 crore. Reserves and Surplus increased to ₹ 2,383.68 crore from ₹ 1,946.04 crore recorded in FY18.

Book Value per share increased to ₹ 94.72 from ₹ 77.70 in FY18.

Gross Borrowings increased to ₹ 1,845.06 crore from ₹ 1,769.63 crore in FY18.

The Company's Net Working Capital days have increased substantially from 93 days in FY18 to 103 days in FY19.

Return on Capital Employed (before tax) increased to 26.59 percent in FY19 as compared to 24.69 percent in FY18.

KEY FINANCIAL RATIOS

Key Financial Ratios ⁽¹⁾	2018-19	2017-18	Change (%)
Debtors Turnover	2.26	2.00	12.80
Inventory Turnover	17.16	16.08	6.70
Interest Service Coverage Ratio	3.80	4.49	-15.26
Current Ratio	1.19	1.15	2.81
Debt Equity Ratio	0.22	0.37	39.90
Operating Profit Margin %	10.45%	9.97%	4.88
Net Profit Margin %	4.51%	4.56%	-1.23
Return on Net Worth %	22.37%	25.69%	-12.94

- Debt Equity Ratio has improved due to increase in Net Worth and reduction of debt on account of sale of KEC Bikaner Sikar Transmission Private Limited (BOT asset)
- Change in Return on Net Worth is mainly on account of lower PAT growth
- There were no other significant changes (25% or more) in any of the above key financial ratios

⁽¹⁾ Assessment of key ratios have been derived at as follows:

(Debtors Turnover = Revenue from Operations/Trade Receivables)

(Inventory Turnover = Revenue from Operations/Inventories)

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

(Current Ratio = Current Assets/Current Liabilities)

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

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

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

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

OPERATIONAL PERFORMANCE – KEY HIGHLIGHTS

- T&D order book grows to ₹ 15,000 crore with a strong order inflow from International T&D and SAARC
- Non-Transmission & Distribution businesses continued their growth trajectory
- Railway business has doubled its revenue growth for the third consecutive year, while Civil business revenues have almost doubled
- Civil business has added more customers to its client base as well as expanded its sub-segments of operations
- Smart Infra business has taken off well during its first year of operations with two new orders as master system integrators in the state of Maharashtra

ADEQUACY OF INTERNAL CONTROL

The Company operates through ERP system – SAP and has implemented adequate internal controls, which safeguards the Company's resources and ensures efficiency in operations, effective monitoring systems, and compliance with laws and regulations. The Company has an internal control mechanism which is aligned with its evolving needs.

The Internal Control system assures integrated, objective and reliable financial information. The Internal Auditors, M/s Grant Thornton LLP conduct audits at the Company's various locations and covers all the major functions, with a focus on various operational areas and internal control systems.

Suggestions, recommendations and implementation are placed before the Management and the Audit Committee of the Board of Directors periodically. The Audit Committee periodically reviews the adequacy of the internal control systems and provides direction and guidance. During FY19, the Audit Committee was satisfied with the adequacy of the Internal Control systems and procedures of the Company.

ENTERPRISE RISK MANAGEMENT AND INTERNAL AUDITS BY EXTERNAL SPECIALISTS

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

RISKS AND CHALLENGES

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

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

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

- 1. Commodity price variations and currency fluctuations:**
 The Company deals with various commodities, such as steel, zinc, copper, and aluminium. Fixed price contracts can have a negative impact on the Company's profits, if input costs rise without proper hedging mechanisms. Additionally, with operations in several countries, adverse movement in any particular currency can negatively impact financials.
Mitigation: The Company believes in keeping its commodity and currency exposures hedged to optimum levels and measures and manages these risks centrally. It carries out periodic reviews of these risks at appropriate levels.
- 2. Geopolitical risks:** Unexpected political unrest or change in some of the developed/developing countries, trade barriers, increasing conflict in the Middle East are some of the risks that the Company faces.
Mitigation: The Company monitors such risks and develops suitable mitigation strategies addressing the feasibility of operating in the country, strategic sourcing options, and regularly monitoring international sanctions and funding to cover its exposure in the local markets.
- 3. Demand risk:** Infrastructure investment slowdown can lead to lower order intake and lower sales.
Mitigation: The Company's robust global presence helps it minimise the impact on business during a slowdown in

investment in a country or region. It has a significant presence in several underdeveloped and emerging economies, where infrastructure investment remains a key priority for sustainable growth. Further, the Company has diversified its business portfolio to include Substations, Railways, Solar, Civil, Smart Infrastructure, and Cables, all of which provide ample growth opportunities in the future.

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

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

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

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

HUMAN RESOURCES

The people practices at KEC have evolved remarkably over the last few years. The Company has effectively bolstered its position as a contemporary, open and, safe place to work.

During the year, the Company launched/revamped several employee friendly policies to effectively address employee needs. It has strengthened communication and has adopted various channels to ensure it reaches the employees even at the remotest locations. Leadership and HR connect have increased significantly, quarterly Reward & Recognition programmes have been institutionalised and employee engagement activities are being led at the Strategic Business Unit (SBU) level. As per the 2019 Great Place To Work (GPTW) survey, the Company's employees have once again endorsed their trust in areas that continue to be its strength.

With the Company's ongoing pursuit towards accelerating the learning cycle time and fostering a self-development culture, it has rolled out the 3rd edition of Digital Learning Championship, an intra-business competition for eLearning. This edition unleashed gamification as well as enhanced the employee experience, thus creating a pull. The contest yielded significant impact with an annual eLearning adoption of 60 percent. Additionally, the Company continued its endeavour to build capabilities of its workforce, by focusing on technical, behavioural and functional learning across various capabilities. The Total Learning Person Hours increased to 56,884 during the year, compared to 31,982 last year.

On the HR digitalisation front, the Company continued to push the digital and employee experience frontier. It has leveraged intelligent dashboards for its leadership and successfully launched a bot to partner with employees in resolving their queries. In the next phase, the Company plans to integrate the bot with all existing modules to create a single platform for all systems

and practices, including business activities. The Company has successfully launched digital onboarding for its new recruits and has several exciting digital projects in the pipeline aimed at improving employee experience.

The Company continued to attract the best talent from across the country – the Group Management Resource Programme aims at hiring the best brains from premiere B-Schools, while the flagship Engineering Leadership Programme hires from IITs and NITs. In its 4th year currently, the Engineering Leadership Programme has recently hired over 200 graduate and post graduate trainees from across India. The Company continued to strengthen its Armed Forces Programme as a new talent pipeline from IIM Ahmedabad, aimed at building leadership capabilities.

A sustained focus on diversity and inclusion has enhanced entry-level women hires across all roles at KEC. As a recognition of its efforts, this year, the Company was recognised as one of the Top 100 Best Companies for Women in India by the Avtar Group and Working Mother Media. The Company continued to increase its diversity in nationalities by hiring foreign nationals for business roles at its international locations. It is also making a concerted effort towards hiring people with special abilities. The Company is confident that these numbers will grow manifold in the future.

Employee Count as on March 31, 2019: KEC has 6,420 employees (including subsidiaries)

CAUTIONARY STATEMENT

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

BUSINESS RESPONSIBILITY REPORT

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

As a responsible Corporate citizen, the Company views itself as an important component of the society. It considers itself accountable to all its stakeholders, including investors, shareholders, employees, customers and vendors. It believes in adoption and implementation of responsible business practices in the interests of the society and environment. The Company has always taken keen interest in creating sustainable value for all its stakeholders in a responsible manner. Besides, the organisation has been actively enabling the communities (where it operates) in enhancing the quality of life.

This Business Responsibility Report ("BRR") is aligned to the National Voluntary Guidelines ("NVGs") on social, environmental and economic responsibilities of business, released by the Ministry of Corporate Affairs, Government of India. It is also in accordance with the Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations"), as amended from time to time. The report provides information on the Company's initiatives from an environmental, social and governance perspective, in the format given under the SEBI Listing Regulations.

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Identification Number (CIN) of the Company:**
L45200MH2005PLC152061
- Name of the Company:** KEC International Limited
- Registered address:** RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai – 400 030
- Website:** www.kecrpg.com
- E-mail id:** investorpoint@kecrpg.com
- Financial Year reported:** April 01, 2018 to March 31, 2019
- Sector(s) that the Company is engaged in (industrial activity code-wise):**

Group	Class	Sub - Class	Industrial Activity
422	4220	42202	Construction or erection and maintenance of power and transmission lines
421	4210	42102	Construction of railways
273	2732	27320	Manufacture of electric wires and cables
251	2511	25112	Manufacture of metal frameworks or skeletons for construction and parts thereof (power transmission and telecom towers, among others)
429	4290	42901 42909	Construction of industrial facilities and other civil engineering projects

- List three key products/ services that the Company manufactures/ provides (as in balance sheet)**
 - EPC services providing turnkey solutions for Power Transmission and Distribution ("T&D") projects

- EPC services for Railways including overhead railway electrification, track laying, doubling & tripling of tracks, signaling & telecommunication, and civil works
- Manufacturing of Cables; power, telecom, instrumentation & control and railway signaling cables

9. Total number of locations where business activity is undertaken by the Company

a) International Locations	Project sites at twenty nine locations across the world
b) National Locations	Five manufacturing facilities at Jaipur, Jabalpur, Butibori, Mysore, Vadodara, Registered Office in Mumbai, Project sites and regional offices at various locations across India

10. Markets served by the Company (Local/ State/ National/ International) – All

SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital:** ₹ 51.42 Crore
- Total Turnover:** ₹ 10,117.80 Crore
- Total profit after taxes:** ₹ 497.69 Crore
- Total spending on Corporate Social Responsibility ("CSR") as a percentage of profit after tax (%):**
The Company spent ₹ 6.08 Crore during FY 2018-19 on CSR activities. This amounts to 2 percent of the average net profit (calculated in terms of Section 198 and other provisions of the Companies Act, 2013) in the preceding three financial years.
- List of activities in which expenditure in 4 above has been incurred:**
The Company has established the following CSR Projects in line with its CSR Policy:
 - Netranjali – Vision-eye care
 - Pehlay Akshar – Education
 - Community Development – Entrepreneurship Development, Skill Development, Water & Sanitation and Healthcare
 - Sanjeevani and Swayam – Women Empowerment

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies?**
The Company has sixteen subsidiaries (including step down subsidiaries) in India and abroad as on March 31, 2019.
- Does the Subsidiary Company/ Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**
The Company, along with all its subsidiaries, is guided by RPG Code of Corporate Governance & Ethics ("RPG Code") to conduct their business in an ethical, transparent and accountable manner. It encourages its subsidiaries to

carry out Business Responsibility (“BR”) initiatives. The BR policies of foreign subsidiaries are in line with their respective local requirements and laws.

- 3. Do any other entity/ entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]**

Other entities such as suppliers, clients and others with whom the Company does its business, do not participate in BR initiatives of the Company.

Tel No.: 022-66670200,
Email id: brr@kecrpg.com

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

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

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/ policies for these principles?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	Yes, the policies conform to the principles of NVGs, the Companies Act, 2013 and International Standards of ISO 9001, ISO 14001, BS OHSAS 18001 as applicable to the respective polices.								
4.	Has the policy been approved by the Board? If yes, has it been signed by the MD/owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	All the policies except HR policies can be viewed at https://www.kecrpg.com/policies . HR policies are restricted to employees of the Company and uploaded on Company's Intranet.								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	N

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

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The Company has not understood the Principles									
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									Not Applicable
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next one year									
6	Any other reason (please specify)									

3. Governance related to BR

- a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, three to six months, Annually, More than 1 year.**

The Management Committee meets to review the BR performance of the Company on need basis. The CSR Committee of the Board meets atleast twice a year.

- b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

BR Report of the Company forms part of Annual Report and the same can be accessed on the website of the Company i.e. <https://www.kecrpg.com/agm>

the Chairman of the Audit Committee in appropriate and exceptional cases.

Principle 2 - (Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle)

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.**

The Company is a global leader in Engineering, Procurement, and Construction ("EPC"), providing turnkey solutions in the areas of Transmission & Distribution, Railways, Solar, Civil, Smart Infra, and Cables. Across its various businesses, the Company endeavors to provide products and services, which are sustainable throughout their life cycle and ensure no damage is caused to the environment.

Aided by superior talent, processes and technology, the Company continues to set new benchmarks in the industry, across design, execution, quality, and safety. It has established credibility in delivering products and services with minimum carbon footprint, while also ensuring that the community and society at large accrue maximum benefits without causing any negative impact on the environment. As a recognition of our efforts towards contributing to Environmental, Health, Safety and Quality through our sustained practices, we have received the IMS certification ISO 9001, ISO 14001, BS OHSAS 18001 for our businesses (T&D, Railway, Underground Cabling, Solar and Infrastructure/ Civil).

The Company leverages leading-edge design technology to optimise the weight and size of transmission towers manufactured. The designs and project planning teams ensure no adverse impact is caused to the environment, and that designs are optimised to cause minimum deforestation and reduce impact on standing crops.

The Company's enhanced project management and execution capabilities enable it to consistently deliver projects ahead of time, to cope with increasing demands in infrastructure development, in India and other developing countries, thus benefiting societies at large.

It has also replaced the use of wooden battens to pack drums with flexi packaging, a recyclable, environment friendly material at its Cables manufacturing plants. The initiative aims to create a positive impact on the environment through its processes and facilities.

Renewables continues to be a key focus area across the world to achieve sustainable and responsible development. Over the past few years, the Company has significantly built its capabilities in both domestic and international markets and has cumulatively commissioned over 325 MWp of Solar projects, including 65 MWp on single axis tracking in India. Additionally, the Company has installed solar rooftops at its various offices, project sites and manufacturing plants to maximize the usage of clean and green energy.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - (Businesses should conduct and govern themselves with Ethics, Transparency and Accountability)

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

The Company has adopted RPG Code which *inter alia* covers the issues, related to ethics, conflict of interest and so on. Besides, the RPG Code ensures that every transaction is transparent. Every employee of the Company and its subsidiaries are required to mandatorily adhere to the RPG Code. In the case of foreign subsidiaries and Joint Venture, the RPG Code is applicable in line with the local requirements prevailing in the respective countries of operations. It does not extend to suppliers/ contractors/ NGOs/ others.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

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

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

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

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

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

- Reduction in the index wastage of steel by more than 5.0 percent of LFY;
- Sustain the index consumption of equalized zinc with variation below 0.05 percent;
- Reduction in energy consumption approximately 4 to 5 percent per MT of production
- Enhance reuse of recyclable material e.g. use of flexi packing material like Poly Propylene bags instead of wood-based packaging

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

- i. Process improvement with new technology for waste water treatment and recycling processes
 - **Zero discharge:** The Company has a ‘Zero Discharge’ status for its plants. The water from Sewage Treatment Plants (STP) and Effluent Treatment Plant (ETP) processes are re-used for gardening, clean floors, process tanks and civil construction. Further, use of in-house RO water plant results in good quality of water to employees and water conservation due to less wastage of water. This has resulted in saving approximately 3,000 - 3,500 kilo litres of water per month, reducing fresh water requirement by nearly 70 percent.
 - **Technology improvement:** In its constant endeavour to improve quality of product and conserve natural resources, the Company

has designed cables with minimum copper tape thickness. The Company also supports the efficient working of closed loop flux regeneration system to avoid the water rinsing processor. Besides, it has introduced cooling towers in quenching process and replacement of boilers by making use of the drying oven concept. This has resulted in saving approximately 2,500 - 3,000 kilo litres of water every month.

- **Rainwater harvesting:** The Company has made provisions for rainwater harvesting at all three of its tower manufacturing facilities in India, resulting in very good water level in the region. It has in total sixteen harvesting points at its three tower manufacturing plants. From the date of installation of these harvesting points, an approximate increase in water level by 9 -13 feet has been observed at all locations. The Company’s unit at Vadodara is IGBC certified green building which ensures conservation of all natural resources like water, fossil fuel and electricity.
- **Special taps:** Push button taps or sensors help save approximately 500 - 600 kilo litres of water every month.
- **Awareness programmes:** The Company conducts several awareness programmes and sessions on ‘water conservation and its importance’ for its employees.

- ii. Complete water mapping for all manufacturing plants has been undertaken. The Company has identified sources of consumption with consumption pattern and Environmental Management Programmes (EMPs) to reduce consumption. The Company’s factories at Jaipur and Jabalpur have applied for CGWA (Central Ground Water Authority) authorization.

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

The Company continues to consistently focus on innovative product(s) that provide energy efficiency to its customers. These provide substantial benefits to consumers.

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

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

The Company takes care of Sustainable sourcing through effective Supplier evaluation on quality, financial, reliability grounds before awarding business. Methodology of awarding involves equitable RFQ

management and contracting which encourages higher participation and trust between the Company and supplier. The Company believes in long term partnership with major suppliers rather than one time business focus.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company consistently endeavours to develop vendors near its worksites unless under exceptional circumstances. Our tower manufacturing facilities have introduced small fabricator vendors to work inside the plant premises, which enables the Company to receive quality products on time. Besides, it has helped the Company to effectively control steel wastage, processes and product quality. Moreover, the vendors are also made a part of the TPM journey along with the Company's assets. This strategy has directly supported the Company to reduce cost and has paved the way for a flexible manufacturing system.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)? Also, provide details thereof, in about 50 words or so.

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

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

The metal scrap from factories is recycled through authorized vendor and recycled material is again used as raw material. For other polymer waste, the Company reprocesses the material for further use as raw material. The total waste recycled is in the range of 5 to 10 percent.

Wood used for packaging is recycled from sites. The wood within retainable steel containers & PP Bags is also replaced.

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

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

1. Please indicate the total number of employees:

The Company has 5,040 permanent employees (excluding Subsidiaries) as on March 31, 2019.

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

Particulars	As on March 31, 2019
Contractual Employees	5,959
ITI Apprentice/EPP	88
Casual/Badli	56
Retainer	53
Contract/Trainee	38
Total Non-Permanent employees	6,194

3. Please indicate the number of permanent women employees:

The Company has 198 permanent women employees as on March 31, 2019.

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

The Company has 15 disabled permanent employees as on March 31, 2019.

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 are members of these recognised employee association?

~14 percent.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	Number of complaints filed during the financial year	Number of complaints pending as on end of the financial year
1.	Child labour/forced labour/ involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety training and skill updation training in the last year?

Type of Employees	Skill updation training (%)	Safety training (%)
Permanent Employees	75	99
Permanent Women Employees	77	100
Casual/Temporary/ Contractual Employees	100*	100
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. The Company conducts various activities, which upholds its philosophy and values towards underprivileged communities.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.

The Company has undertaken special initiatives for the development of underprivileged communities in and around its plants, business locations and project sites. These initiatives are in the areas of preventive healthcare, education, drinking water, sanitation, employability, skill development, health care skilling and digital literacy.

Principle 5 – (Businesses should respect and promote human rights)

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

Human rights are given utmost respect and promoted in the Company. These rights are covered in the RPG Code and various human resource practices and policies. Equal opportunity is given to all the employees of the Company based on merits. It regards them with dignity, apart from maintaining a congenial work environment free from all sorts of harassment (physical, verbal or psychological). The Code covers the Company and all its subsidiaries.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

The Company has not received any complaint of human rights violation.

Principle 6 – (Businesses should respect, protect, and make efforts to restore the environment)

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others.

The Environment Health and Safety (“EHS”) policy covers the Company, its subsidiaries and contractors.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/ N. If yes, please give hyperlink for webpage etc.

The Company does have strategies/ initiatives to address global environment issues. Its EHS policy objectives include the reduction of environmental degradations and promotion of 3Rs (Reduce, Reuse and Recycle) to help combat the perils of climate change. Besides, the policy objectives are designed to optimise the utilisation of resources to help safeguard the environment. The Environment Objectives are the part of the employees P01 under EHS score where we covered the 30 percent weightage on environment initiatives & compliances like Start calculating the carbon footprint, water consumption, management programs etc. The Company focuses on minimum use of fossil fuel and hydrocarbon material to minimize the impact on global warming. Further, Fossil Fuel furnaces are being replaced with Induction Furnaces.

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

The Company’s plant at Butibori has successfully installed the Acid Recovery Plant to precipitate the FeCl₂ from spent acid. This system enables huge reduction in generation of Lime Sludge (previously Spent acid was neutralized in ETP through Lime).

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 compliances, when needed. Periodical compliance reports, as applicable, are submitted to CPCB and SPCB.

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/ N. If yes, please give hyperlink for web page etc.

The Company has taken various initiatives like installation of renewable power plants at its factory locations. In addition, it invests in various Research and Development initiatives to make its manufacturing process more energy efficient. It has also completed the installation of energy efficient lighting across various locations. The Company's plants at Jaipur & Jabalpur won the GOLD & SILVER Award respectively in May 2018 under SEEM National Energy Management Awards for the sustainable energy & environment conservation initiatives.

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

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

The emission levels were within the permissible limits given by CPCB and respective SPCB for the financial year ended on March 31, 2019.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (not resolved to satisfaction) as on end of Financial Year.

The Company has not received any show cause/ legal notices either from CPCB or SPCB which is pending as on March 31, 2019.

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
6. Bombay Chamber of Commerce & Industry
7. Central Board of Irrigation & Power

2. Have you advocated/ lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: governance and administration, economic reforms, inclusive development policies, energy security, water, food security, sustainable business principles, others)

The matters concerning taxation and other economic policies affecting the industry as a whole are advocated by the Company through above associations.

Principle 8 – (Businesses should support inclusive growth and equitable development)

1. Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

In pursuit of its Corporate Social Responsibility ("CSR") Policy, the Company has identified various programmes and initiatives. Brief details of these programmes are as under:

- A. **Netranjali (Vision-Eye Care)** – The Company takes this special initiative to work towards the cause of preventing avoidable blindness through early stage interventions. Under this project, various eye check-up camps and awareness sessions were conducted.
- B. **Pehlay Akshar (Schooling Education)** – This project is undertaken to positively impact education with a special focus on practical English speaking and reading skills. By improving their English language skills, it helps enhance their employability, thereby giving these children an equal opportunity for making their lives brighter.
- C. **Pehlay Akshar (Training Education)** – In this program, work is undertaken with teachers in Government schools to train them on creating a 'Magic Classroom' - a place where children feel safe, motivated and are engaged to continue learning.
- D. **Community Development (Community Development and Employability)** – This is an integrated community project, which focuses on improving the quality of life and enhancing livelihoods. It is focused on access to clean drinking water, sanitation, overall health and providing relevant skills for employment.
- E. **Women Empowerment (Healthcare Skilling and Drivers training for employment)** – This program focuses on providing skills and employment opportunities to women, helping them progress on the path to financial independence. Healthcare and driving skill training are imparted, and employment linkages are also provided.

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

All the programmes of the Company are undertaken through RPG Foundation.

3. **Have you done any impact assessment of your initiative?**
The Company undertakes impact assessment on a continuous basis and monitors gains to the community arising out of all its CSR activities.
4. **What is your Company's direct contribution to community development projects? Amount in INR and the details of the projects undertaken.**
During the year under review, the Company spent ₹ 6.08 Crore towards various CSR projects. The details of these projects are given in *Annexure 'D'* (CSR section) 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 successfully adopted by the community. Data provided in *Annexure 'D'* (CSR Section) of Directors' Report endorses successful adoption of initiatives by the community.
3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/ or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**
In the last five years, no such case has been filed against the Company on the above referred matters.
4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**
The Company has carried out consumer survey/ consumer satisfaction surveys in FY 2018-19. It also regularly receives certificates/ awards from its customers, recognising its products and services.

Principle 9 – (Businesses should engage with and provide value to their customers and consumers in a responsible manner)

1. **What percentage of customer complaints/ consumer cases are pending as on the end of financial year.**
Out of total 94 complaints received during the year, 7 complaints (7.45 percent) were pending as on March 31, 2019.
2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/ N.A./ Remarks (additional information).**
The Company displays customer specified information viz., customer name, project name for which the product is being supplied as per contractual agreement.

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's Corporate Governance philosophy encompasses not only regulatory and legal requirements in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), 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 SEBI Listing Regulations, which prescribes the obligations of the listed entities that has listed its specified securities on any of the recognised Stock Exchanges.

II. BOARD OF DIRECTORS

Composition of the Board of Directors

The Company has an optimum combination of such number of Executive, Non-Executive and Women Directors as required under the relevant provisions of the Companies Act, 2013 ("the Act") and the SEBI Listing Regulations. The Board of Directors comprises of personalities with adequate experience, qualifications, knowledge and diversified expertise relevant to the diversified business operations of the Company.

As on March 31, 2019, 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.

The composition of the Board is reviewed from time to time for ensuring that it remains aligned with statutory as well as business requirements. The Company also has a succession plan in place for the Board, Key Managerial Personnel and Senior Management of the Company.

All the Independent Directors of the Company have confirmed that they meet with the criteria of independence laid down under the Act and the SEBI Listing Regulations. All such confirmations are placed before the Board. In the opinion of the Board, all Independent Directors of the Company fulfill the conditions specified under the Act and SEBI Listing Regulations and are independent of the management of the Company. The Independent Directors on the Board are senior, highly competent individuals having

vast experience in their respective fields. This brings an ideal blend of professionalism, knowledge and experience to the table.

Further, pursuant to Section 164(2) of the Act, all the Directors have also provided annual declarations that they have not been disqualified to act as Directors. Certificate from M/s. Parikh Parekh & Associates, Practicing Company Secretaries, confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the SEBI/ Ministry of Corporate Affairs or any such statutory authority, was placed before the Board at its meeting held on May 8, 2019 and also forms part of this Annual Report.

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Act.

Board Meetings

The Board meets at least four times in a year in accordance with the applicable laws. Additional meetings are held as and when required. The Company plans and schedules the meetings of the Board and its Committee(s) well in advance. Agenda and detailed notes on agenda are circulated to the Directors in advance along with detailed supporting documents. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meetings. Where it is not feasible to attach any document to the agenda, being an Unpublished Price Sensitive Information, the same is placed before the meeting with the general consent of the Directors obtained at the beginning of the financial year. In special and exceptional circumstances, additional item(s) on the agenda is/are taken up with due permission.

The members of the Board have access to all the information of the Company and are free to recommend inclusion of any matter in the agenda for discussion. It is ensured that the relevant information prescribed to be provided under the SEBI Listing Regulations along with such other information, as may be deemed necessary for effective decision making, is presented to the Board.

The meetings of the Board are generally held at the Company's registered office at Mumbai. Video Conferencing facilities are made available to facilitate Directors to enable them to join the meeting from other locations as well.

The Board met six times during the financial year 2018-19 on May 14, 2018, August 03, 2018, November 02, 2018, January 29, 2019, March 06, 2019, and March 28, 2019. As stipulated, the gap between two consecutive Board meetings did not exceed one hundred and twenty days.

Details of Directors forming part of the Board as on March 31, 2019 along with the attendance of each Director at the Board meetings/ Annual General Meeting ("AGM"), their Directorship(s), Committee(s) Membership(s)/ Chairmanship(s) in other companies as on March 31, 2019 are as follows:

Particulars of Directors	Attendance at		Directorship(s) in other companies and other Membership(s)/ Chairmanship(s) in committee(s)		
	Board Meeting	Last AGM	Other Directorship(s) ⁽¹⁾	Committee Membership(s) ⁽²⁾	Committee Chairmanship(s) ⁽²⁾
Promoter Director					
Mr. H. V. Goenka, Chairman (DIN: 00026726)	6	Yes	6	-	-
Executive Director					
Mr. Vimal Kejriwal, Managing Director & CEO (DIN: 00026981)	6	Yes	2	-	-
Non-Executive Director					
Mr. R. D. Chandak (DIN: 00026581) ⁽³⁾	6	Yes	6	2	3
Independent Director					
Mr. A. T. Vaswani (DIN: 00057953)	6	Yes	2	-	3
Mr. D. G. Piramal (DIN: 00032012)	6	Yes	6	2	-
Mr. G. L. Mirchandani (DIN: 00026664)	5	Yes	4	2	1
Ms. Manisha Girotra (DIN: 00774574)	5	No	2	1	-
Ms. Nirupama Rao (DIN: 06954879)	4	No	2	1	-
Mr. S. M. Kulkarni (DIN: 00003640)	6	Yes	4	1	4
Mr. S. M. Trehan (DIN: 00060106)	6	Yes	-	-	-
Mr. Vinayak Chatterjee (DIN:00008933)	5	No	4	2	1

Note(s):

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

(2) Membership/ Chairmanship in Audit Committee and Stakeholders' Relationship Committee only has been considered. The numbers of posts held as Chairperson are given separately than that of Membership.

(3) Mr. R. D. Chandak, Non-Executive Director was appointed as an Independent Director w.e.f May 8, 2019.

Details of Directorships held by Directors of the Company in other listed entities are given below:

Name of Director	Directorship in other listed entities	Category of Directorship
Mr. H. V. Goenka	CEAT Limited	Chairman, Non-Executive Director
	Bajaj Electricals Limited	Independent Director
	Zensar Technologies Limited	Chairman, Non-Executive Director
	RPG Life Sciences Limited	Chairman, Non-Executive Director
Mr. Vimal Kejriwal	Nil	Nil
Mr. A. T. Vaswani	Zensar Technologies Limited	Independent Director
Mr. D. G. Piramal	V I P Industries Limited	Chairman and Managing Director
	Alkyl Amines Chemicals Limited	Independent Director
Mr. G. L. Mirchandani	MIRC Electronics Limited	Chairman and Managing Director
	V I P Industries Limited	Independent Director
Ms. Manisha Girotra	Ashok Leyland Limited	Independent Director
Ms. Nirupama Rao	ITC Limited	Independent Director
	JSW Steel Limited	Independent Director
Mr. R. D. Chandak	Summit Securities Limited	Chairman, Non-Executive Director
	Parag Milk Foods Limited	Independent Director
	Ram Ratna Wires Limited	Independent Director
Mr. S. M. Kulkarni	Hindustan Construction Company Limited	Independent Director
	Navin Fluorine International Limited	Independent Director
	Camlin Fine Sciences Limited	Independent Director
	Bayer Crop Science Limited	Independent Director
Mr. S. M. Trehan	Nil	Nil
Mr. Vinayak Chatterjee	Indraprastha Medical Corporation Limited	Independent Director
	Apollo Hospitals Enterprise Limited	Independent Director
	ACC Limited	Independent Director

Skills/ expertise/ competence of the Board:

The Board has identified the following skills/ expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Global Business - Understanding of global business dynamics across various geographies, industry verticals and regulatory jurisdictions.

Strategy and Planning - Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.

Governance - Experience in developing governance framework, serving the best interests of all stakeholders, driving board and management accountability, building long-term effective stakeholder engagements and sustaining corporate ethics and values.

Board's Responsibilities

The Board of Directors play a primary role in ensuring good governance, in the creation of Stakeholders' value and in smooth functioning of the Company. As the Board's primary role is fiduciary in nature, it is responsible for ensuring that the Company runs on sound ethical business practices and that the resources of the Company are utilised in a manner so as to create sustainable growth and value for the Company's shareholders and the other stakeholders, and simultaneously to fulfill the aspirations of the society and the communities in which it operates. The Board's mandate is to oversee the Company's strategic direction, review and monitor performance, ensure regulatory compliance and safeguard the interest of the stakeholders. The Board has complete access to any information within the Company. As a part of its function, the Board periodically reviews all the relevant information, which is required to be placed before it, pursuant to the SEBI Listing Regulations and, in particular, reviews and approves financial statements, business plans, corporate strategies, annual budgets, projects and capital expenditure. The Board discharges all its responsibilities, functions, duties and obligations in timely and effective manner in accordance with applicable laws, keeping close watch on the business operations of the Company. The day-to-day affairs are managed by the Managing Director & CEO of the Company under the overall supervision of the Board.

Role of Independent Directors

The Independent Directors play an essential role in ensuring transparency in the working mechanism of the Company. They uphold and nurture the principles of good governance which translates into ethical business practices, functional operational matters, address various business challenges and monitor implementation of decisions taken. Alongwith independent judgment, they also bring to the Company their expertise in the fields of business, commerce, finance, management, law and public policy which enriches the decision making process at the Board.

A formal Letter of Appointment, which *inter alia* covers their role, responsibilities, duties and remunerations, was issued to each Independent Director in the manner provided under the Act and SEBI Listing Regulations.

Criteria for performance evaluation of Independent Directors

The Nomination and Remuneration Committee has laid down the evaluation criteria for performance evaluation of Independent Directors of the Company, which *inter alia* includes active and consistent participation in the Board Meetings, sharing of knowledge and experience which has bearing on the performance of the Company, positive and constructive discussion, ethical practices etc.

Separate Meeting of Independent Directors

In compliance with Regulation 25(3) of the SEBI Listing Regulations and Schedule IV to the Act, a separate meeting of the Independent Directors of the Company, chaired by Mr. A. T. Vaswani, Lead Independent Director, was held on March 6, 2019 without the presence of Non-Independent Directors and members of the management, *inter alia* to discuss the following:

- a. Evaluation of the performance of Non-Independent Director and the Board as a whole;
- b. Evaluation of the performance of Chairperson of the Company, taking into account the views of Executive and Non-Executive Directors; and
- c. Assessment of the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at this meeting.

Familiarization Programme for Independent Directors

A Letter of Appointment setting out the terms of appointment, role, rights, duties and responsibilities is issued to the Independent Directors at the time of their appointment along with a set of documents such as snapshot of the Company, its major activities, Annual Report of the last three years, Corporate presentations etc., which enables him/ her to have an adequate and fair idea about the Company, its Board of Directors, the Management, various Codes of Conduct and Policies applicable to the Company etc. Upon appointment of a new Independent Director, the Company undertakes an orientation exercise to familiarize the Director about the Company's business operations, products, corporate objectives, financial performance, management structure, compliance etc., apart from explaining him/ her about his/ her role, responsibility, rights and duties. In order to familiarize the Independent Directors with the business of the Company, presentations are being made by the Strategic Business Unit ("SBU") Heads at every Board Meeting in respect of the business under their SBUs.

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

The Board has adopted a Policy on Familiarization Programme for the Independent Directors which aims to provide significant insight into the business of the Company. The details of familiarization programme imparted to Independent Directors during the financial year 2018-19 are available at the Company's website and can be accessed at <https://www.kecprg.com/KEC%20data/Investor%20relations/Familiarization%20Programme%20for%20Independent%20Directors.pdf>

Information placed before the Board

All the information that is required to be made available to the Directors in terms of provisions of the SEBI Listing Regulations and the Act, so far as applicable to the Company, is made available to the Board.

Key decisions taken by the Board and its Committees are promptly communicated to the concerned departments or divisions. Action taken/ status reports on decisions of the previous meeting(s) are placed at the next meeting(s) for information and further recommended actions, if any.

Details of Director(s)

In compliance with Regulation 36(3) of the SEBI Listing Regulations, the brief resume, expertise in specific functional areas, disclosure of relationships between directors inter-se, details of other Directorships, Membership in Committees of Directors of other listed companies and shareholding in the Company, of the Director(s) proposed to be appointed/ re-appointed are given in the Notice convening the ensuing Annual General Meeting.

Code of Conduct

The Board has laid down a Code of Conduct for all Board members and Senior Management Personnel of the Company, which helps them to observe the highest standards of ethical conduct alongwith integrity and to work to the best of their ability and judgment for ethical conduct of the business and compliance of the applicable laws. The Code incorporates the duties of Independent Directors as laid down in the Act.

The said Code is available at the Company's website www.kecrpg.com 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, as amended, the Board has formulated and adopted the Code of Fair Disclosure, Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders ("the Code"). The Code lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company. The Code aims at preserving and preventing misuse of Unpublished Price Sensitive Information ("UPSI"). All Directors, functional employees and connected persons of the Company are covered under the Code, which provides *inter alia* for disclosures and obtaining pre-clearances for trading in securities of the Company by the Directors, functional employees and connected persons of the Company. The Code provides for the formulation of a trading plan subject to certain conditions and requires pre-clearance for dealing in the Company's shares. It also prohibits the purchase or sale of Company's shares by the Directors, functional employees and connected persons, while in possession of UPSI in relation to the Company and during the period when the trading window is closed. The Code was communicated to all concerned. Trading window closures, i.e. when all concerned are not permitted to trade in the securities of the Company, are intimated in advance, whenever required. The Code is intended to serve as a guideline to all persons connected with the Company, which they should imbibe and practice, both in letter and spirit, while trading in the securities of the Company.

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, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, and Finance Committee. The terms of reference of these Board Committees are reviewed and determined by the Board, from time to time.

The recommendations of the Committee(s) are submitted to the Board for its approval. During the year, all recommendations of the Committee(s) were duly considered and approved by the Board of Directors. The minutes of the meetings of all Committees are circulated to the Board for discussion/ noting/ ratification.

(A) Audit Committee Composition

The Audit Committee comprises of 3 Non-Executive Directors as its members, with requisite financial, legal and management expertise, out of which 2 are Independent Directors.

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

Note(s):

(1) Mr. S. M. Kulkarni has ceased to be Member of the Committee w.e.f. May 8, 2019 and Mr. S. M. Trehan has been appointed as a Member of the Committee in his place.

(2) Appointed as an Independent Director w.e.f. May 8, 2019.

All members of Audit Committee are financially literate and the Chairman of the Audit Committee has accounting and related financial management expertise and the composition of the Committee is in compliance with the requirements of Section 177 of the Act and the Regulation 18(1) of the SEBI Listing Regulations.

Representatives of the Statutory Auditors are invited to attend meetings of the Committee. The Committee also invites the Managing Director & CEO, Chief Financial Officer, Internal Auditors, Cost Auditors and Risk Management consulting firm, as and when their presence at the meeting of the Committee is considered appropriate. On some occasions, it also meets without the presence of any Executives of the Company.

The Company Secretary of the Company acts as the Secretary to the Committee.

Meetings

During the year under review, seven meetings of the Audit Committee were held on May 14, 2018, June 29, 2018, August 02, 2018, November 2, 2018, December 19, 2018, January 28, 2019 and March 28, 2019. These meetings of Audit Committee were attended by all the members of the Committee. The Chairman of the Audit Committee was present at the Thirteenth Annual General Meeting to answer shareholders' queries.

Terms of reference

The role and terms of reference of the Audit Committee, specified by the Board, are in conformity with the requirements of Schedule II Part C of the Listing Regulations and Section 177 of the Act. The Committee acts as a link between the Statutory and Internal Auditors and the Board.

The Audit Committee assists the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes to ensure fairness, adequate disclosures and credibility of financial statements, recommendation of appointment and removal of Statutory Auditors, Branch Auditors, Cost Auditors, reviewing systems of internal financial controls, governance and reviewing the Company's statutory and internal audit activities. The Audit Committee reviews independence of Statutory Auditors and adequacy of the Internal Audit at regular intervals.

The Audit Committee is authorized to:

1. investigate any activity within its terms of reference;
2. seek information from any employee of the Company or its subsidiaries;
3. obtain outside legal or other professional advice; and
4. secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

The role of Audit Committee includes the following:

1. Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment, remuneration and terms of appointment of auditors of the Company and, if required, their replacement or removal.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Review with the management, the annual financial statements and Auditors' Report thereon before submission to the Board for approval, with particular reference to:
 - a) matters required to be included in the Directors' Responsibility Statement to be

included in the Board's Report in terms of sub-section 5 of Section 134 of the Act;

- b) changes, if any, in accounting policies and practices, and reasons for the same;
 - c) major accounting entries involving estimates based on the exercise of judgment by management;
 - d) significant adjustments made in the financial statements arising out of audit findings;
 - e) compliance with listing and other legal requirements relating to financial statements;
 - f) disclosure of any related party transactions; and
 - g) modified opinions in the draft audit report.
5. Review with the management, the quarterly financial statements before submission to the Board for approval.
 6. Review of management discussion and analysis of financial condition and results of operations.
 7. Review with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, qualified institutional placement etc.), and making appropriate recommendations to the Board to take up steps in this matter.
 8. Review the quarterly statement of deviation(s) including report of monitoring agency, if applicable, in terms of Regulation 32(1) of the Listing Regulations, being submitted to the Stock Exchange(s).
 9. Review the annual statement of funds utilized for purpose other than those stated in the offer document/ prospectus in terms of Regulation 32(7) of the Listing Regulations.
 10. Review and monitoring the auditor's independence and performance and effectiveness of audit process.
 11. Approval or any subsequent modification, ratification of transactions of the Company with related parties including review of statement of significant related party transactions submitted by the management.
 12. Scrutiny of inter-corporate loans and investments.
 13. Review financial statements, in particular the investments made by the Company's unlisted subsidiaries.
 14. Review the utilization of loans and/ or advances from/ investment made by the Company in its subsidiary exceeding ₹ 100 crore or 10% of the total gross assets of the subsidiary, whichever is lower including existing loans/ advances/

- investment or such other limit as may be prescribed from time to time.
15. Valuation of undertakings or assets of the Company, wherever it is necessary.
 16. Evaluation of internal financial controls and risk management systems.
 17. Review with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 18. Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 19. Review internal audit reports relating to internal control weaknesses and discussion with internal auditors regarding any significant findings and follow up thereon.
 20. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 21. Review management letters/ letters of internal control weaknesses issued by the statutory auditors.
 22. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 23. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 24. Review the functioning of vigil mechanism/ whistle blower mechanism for the Directors and employees to report their genuine concerns or grievances and provide mechanism for adequate safeguards against victimization.
 25. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate.
 26. Review the appointment, removal and terms of remuneration of the chief internal auditor.
 27. Review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively.

28. Carry out all the functions as may be entrusted (i) by the Board of Directors, from time to time; and (ii) by the virtue of applicable provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable provisions of Laws, as amended from time to time.

(B) Nomination and Remuneration Committee Composition

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

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

Note(s):

(1) Mr. S. M. Kulkarni has ceased to be Chairman of the Committee w.e.f. May 8, 2019 and Mr. S. M. Trehan has been appointed as the Chairman of the Committee in his place.

(2) Appointed as an Independent Director w.e.f. May 8, 2019.

The composition of the Nomination and Remuneration Committee is in compliance with the requirements of Section 178 of the Act and Regulation 19(1) of the SEBI Listing Regulations.

Meetings

During the year under review, four meetings of the Nomination and Remuneration Committee were held on May 14, 2018, June 06, 2018, October 25, 2018 and January 28, 2019. These meetings were attended by all the members of the Committee. The Chairperson of the Nomination and Remuneration Committee was present at the Thirteenth Annual General Meeting of the Company, to answer the shareholders' queries.

Terms of Reference

1. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel (KMP), Senior Management Personnel (SMP) and other employees.
2. Identify persons who are qualified to become Directors and recommend their appointment to the Board.
3. Recommend to the Board, appointment and removal of KMPs or SMPs in accordance with the criteria laid down.
4. Recommend to the Board, remuneration payable to Directors, KMPs and SMPs in accordance with the Nomination and Remuneration Policy.
5. Formulate the criteria for effective evaluation of performance of Board of Directors, its Committees and individual Directors, to be carried out either by the Board or by NRC or through an independent external agency and review its implementation and compliance.

6. Determine whether to extend or continue the term of appointment of the Independent Director, based on the report of performance evaluation of Independent Directors.
7. Devise a policy on diversity of Board of Directors.
8. Opine whether the Director possess the requisite qualification, as required under Section 197(4)(b).
9. Carry out functions as may be entrusted (i) by the Board of Directors from time to time; and (ii) by the virtue of applicable provisions of the Companies Act, 2013 (iii) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable provisions of Laws, as may be amended from time to time.

Remuneration Policy and other terms of appointment of Directors

Executive Director:

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

Details of remuneration paid to the Managing Director & CEO during financial year 2018-19

(₹ in Crore)

Name	Salary and Allowance	Performance Bonus ⁽¹⁾	Perquisites ⁽²⁾	Contribution to Provident and other Funds	Total ⁽³⁾
Mr. Vimal Kejriwal	4.28	1.63	0.14	0.12	6.17

Note(s):

(1) Based on performance of financial year 2017-18.

(2) Value of perquisites u/s 17(2) of the Income Tax Act, 1961.

(3) Excludes provision for gratuity and compensated absences, which is determined on the basis of actuarial valuation done on overall basis for the Company.

Non-Executive Directors

The Non-Executive Directors ("NEDs") including Independent Directors are paid remuneration by way of commission. They are also paid sitting fees on a uniform basis for attending various meetings of the Board and the Committees thereof.

Commission paid to the NEDs

The NEDs of the Company are having diversified & rich knowledge and experience and have contributed in a very significant way in the growth process of the Company. They add substantial value to the Company through their contribution to the Management of the Company and thereby they safeguard the interests of the investors at large by playing an appropriate control role. In view of valuable contributions being made by the NEDs (including Independent Directors) in running the business affairs of the Company, the Board of Directors at its meeting held on May 08, 2019, has approved the payment of commission to NEDs of 1 percent of net profits in the financial year 2018-19, computed in accordance with the provisions of Section 198 of the Act. The commission is generally paid on a uniform basis, to reinforce the principles of collective responsibility of the Board. The Nomination and Remuneration Committee has 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 including the criteria for making payments to the NEDs is set out as Annexure to the Directors' Report.

Details of sitting fees and commission paid to Non-Executive Directors are given below:

(₹ in Crore)

Name of the Director	Financial Year 2018-19	
	Sitting Fees	Commission ⁽¹⁾
Mr. H. V. Goenka	0.06	6.25
Mr. A. T. Vaswani	0.10	0.10
Mr. D. G. Piramal	0.06	0.10
Mr. G. L. Mirchandani	0.05	0.10
Ms. Manisha Girotra	0.05	0.10
Ms. Nirupama Rao	0.04	0.10
Mr. R. D. Chandak	0.11	0.10
Mr. S. M. Kulkarni	0.11	0.10
Mr. S. M. Trehan	0.06	0.10
Mr. Vinayak Chatterjee	0.05	0.10

Note:

(1) Commission for financial year 2018-19 is being paid in financial year 2019-20. Commission to Mr. H. V. Goenka is subject to approval by the Members at the ensuing AGM.

Equity Shares held by the Directors

Except as stated hereunder, none of the Directors hold any shares in the Company as on March 31, 2019

Name of the Director	No. of shares held face value of ₹ 2/- each
Mr. H. V. Goenka ⁽¹⁾	4,848,425
Mr. H. V. Goenka ⁽²⁾	100
Mr. H. V. Goenka ⁽³⁾	169,500
Mr. H. V. Goenka ⁽⁴⁾	1
Mr. H. V. Goenka ⁽⁵⁾	1
Mr. H. V. Goenka ⁽⁶⁾	1
Mr. H. V. Goenka ⁽⁷⁾	1
Mr. H. V. Goenka ⁽⁸⁾	1
Mr. H. V. Goenka ⁽⁹⁾	3,750
Mr. Vimal Kejriwal ⁽¹⁰⁾	875
Mr. R. D. Chandak	5

Note(s):

(1) 3,914,482 shares held jointly with Mrs. Mala Goenka and Mr. Anant Vardhan Goenka

(2) Held as a trustee of Stellar Energy Trust

(3) Held as Karta of Harsh Anant Goenka HUF

(4) Held as a trustee of Crystal India Tech Trust.

(5) Held as a trustee of Nucleus Life Trust

(6) Held as a trustee of Monitor Portfolio Trust

(7) Held as a trustee of Secura India Trust

(8) Held as a trustee of Prism Estates Trust

(9) Held in trust on behalf of certain shareholders against their rights of Equity Shares of the erstwhile RPG Transmission Limited, since merged with the Company in the year 2007-08, kept in abeyance under Section 206A(b) of the erstwhile Companies Act, 1956, due to pending court cases/ issues. These shares were initially held by Mr. J. M. Kothary and transferred to Mr. H. V. Goenka, upon cessation of Directorship of Mr. J. M. Kothary

(10) Held as second holder jointly with Mrs. Sunita Kejriwal

The Company does not have any Stock Option Scheme.

(C) Stakeholders' Relationship Committee Composition

The composition of Stakeholders' Relationship Committee and its terms of reference comply with the requirement of the SEBI Listing Regulations and with the provisions of Section 178 of the Act.

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

Note(s):

(1) Appointed as an Independent Director w.e.f. May 8, 2019.

(2) Mr. S. M. Kulkarni has ceased to be a Member of the Committee w.e.f. May 8, 2019 and Mr. S. M. Trehan has been appointed as a Member of the Committee in his place.

Meetings

During the year under review, ten meetings of the Stakeholders' Relationship Committee were held on April 18, 2018, May 14, 2018, June 11, 2018, July 09, 2018, August 03, 2018, August 30, 2018, October 25, 2018, December 19, 2018, January 29, 2019 and March 28, 2019. These meetings were attended by

all three members of the Committee except Mr. R. D. Chandak and Mr. S. M. Kulkarni to whom leave of absence was granted for the meeting held on April 18, 2018 and August 30, 2018 respectively.

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

Terms of Reference

- Consider and resolve the grievances of the security holders *inter alia* consisting of shareholders, debenture-holders, deposit holders, etc. of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
- Review measures taken for effective exercise of voting rights by shareholders.
- Review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company.
- Consider and approve issue of duplicate share certificates in lieu of those lost or destroyed.
- Approve and/or reject the transfer or transmission of securities of the Company and authorizing the Compliance officer and/or the Registrar & Share Transfer Agent of the Company for the same.
- Issue of duplicate certificates, Remat Share Certificates, and certificates to be issued in accordance with Sub-rule 3 of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time.
- Oversee compliances in respect of transfer of unclaimed amounts and shares to and from the Investor Education and Protection Fund.
- Carry out all the functions as may be entrusted by (i) the Board of Directors from time to time; and (ii) by virtue of applicable provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable provisions of Laws, as amended from time to time.

The work relating to share transfer etc. is being looked after by Link Intime India Private Limited, the Registrar and Share Transfer Agent.

Name and Designation of the Compliance Officer

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

SEBI Listing Regulations. Subsequent to the resignation of Mr. Rao from the services of the Company with effect from April 30, 2018, Mr. Amit Kumar Gupta, Head-Secretarial was appointed as Compliance Officer of the Company w.e.f. May 01, 2018. Thereafter, Mr. Gupta was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. November 2, 2018.

Statement of Investors' Grievance

No. of complaints pending at the beginning of the financial year 2018-19	Nil
No. of complaints received during the financial year 2018-19	23
No. of complaints resolved to the satisfaction of shareholders during the financial year 2018-19	23
No. of complaints pending to be resolved at the end of the financial year 2018-19	Nil

(D) Corporate Social Responsibility Committee

Composition

In terms of Section 135 of the Act, the Board has constituted the Corporate Social Responsibility ("CSR") Committee as follows:

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

Note(s):

(1) Appointed as an Independent Director w.e.f. May 8, 2019.

(2) Mr. S. M. Kulkarni has ceased to be a Member of the Committee w.e.f. May 8, 2019 and Mr. S. M. Trehan has been appointed as a Member of the Committee in his place.

Meetings

During the year under review, two meetings of the CSR Committee were held on May 14, 2018 and March 28, 2019. These meetings were attended by all the members of the Committee.

Terms of Reference

- 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.
- To recommend the amount of expenditure to be incurred on the CSR activities undertaken by the Company.
- To monitor the CSR policy of the Company from time to time.

(E) Risk management Committee

The Company has a well-defined risk management framework in place which works at various levels across the Company. The Board of Directors has constituted a Risk Management Committee at its Meeting held on January 29, 2019. During the year, no meetings of the Committee were held.

Composition

The Committee consists of three Directors as follows:

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

Note(s):

(1) Mr. S. M. Kulkarni has ceased to be a Member of the Committee w.e.f. May 8, 2019 and Mr. S. M. Trehan has been appointed as a Member of the Committee in his place.

(2) Appointed as an Independent Director w.e.f. May 8, 2019.

Terms of Reference

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

- Framing, implementing, monitoring and reviewing Risk Management plan, policies, systems and framework of the Company.
- Validating, evaluating and monitoring key risks including strategic, operational, financial, cyber security and compliance risks.
- Reviewing the measures taken for risk management and mitigation plan and monitor effectiveness thereof.
- Carrying out all the functions as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification as may be applicable.

(F) Finance Committee

Composition

The Committee consists of three Directors as follows:

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

Note(s):

(1) Mr. S. M. Kulkarni has ceased to be the Chairman of the Committee w.e.f. May 8, 2019 and Mr. S. M. Trehan has been appointed as a Member of the Committee in his place.

(2) Appointed as an Independent Director and as the Chairman of the Committee w.e.f. May 8, 2019.

Meetings

During the year under review, eleven meetings of the Finance Committee were held on April 18, 2018, May 14, 2018, June 11, 2018, July 09, 2018, August 03, 2018, August 30, 2018, October 04, 2018, November 13, 2018, December 19, 2018, March 01, 2019, and March 28, 2019. These meetings were attended by all three members of the Committee except Mr. R. D. Chandak to whom leave of absence was granted for the meeting held on April 18, 2018 and Mr. S. M. Kulkarni to whom leave of absence was granted for the meetings held on August 30, 2018 and October 4, 2018.

Terms of Reference

1. Issue power of attorney(ies) to authorize the representatives/ employees of the Company in relation to tenders, branch offices(s) or project site office(s) operational requirements, execution and/or operations of contracts/ projects, excise, customs and shipping matters, financial and taxation matters, matters related to income tax, service tax, sales tax and excise matters and other Central and State laws and such other purposes relating to day to day operations of the Company.
2. Approve issuance of corporate guarantees as may be required in the ordinary course of business of the Company.
3. Approve the opening/ closure of Branch Office(s) of the Company in India or outside India in connection with the business of the Company and to do all such other acts in relation to the Branch Office(s) of the Company.
4. Approve and pass necessary Resolutions relating to following matters:
 - a) To open, authorize to operate, modify the operating authorities, issue necessary instructions to banks and close various Bank Account(s) in the name of the Company as per the business requirements;
 - b) To transact foreign exchange swaps, options, futures, forwards and any other derivatives, as permissible under "Forex and Commodity Risk Management Policy" adopted by the Board of Directors, that may from time to time be used as tools to hedge the Company's interest and foreign exchange exposures arising in the ordinary course of the business of the Company;
 - c) Enter into one or more transactions/ agreements with Banks and/or Exchange Houses in domestic and international market(s) relating to futures, forward, options, swaps etc., and combination(s) thereof in Steel, Aluminum, Zinc, Copper or any other commodities, as per the requirements in the ordinary course of the business of the Company and in accordance with provisions of the Reserve Bank of India Act, 1945 and any other laws as may be applicable and guidelines, notifications, circulars, regulations or approval(s) etc. issued from time to time by any regulatory authority and as permissible under "Forex and Commodity Risk Management Policy" adopted by the Board of Directors;
 - d) To approve borrowing by way of long term or short term loans, inter corporate deposits or any kind of financial assistance and fund and/or non fund based working capital credit facility(ies) repayable on demand/ temporary or otherwise, in any currency, from bank(s) and/or institution(s) and/or other lenders from time to time and to create charge/ security/ mortgage on the immovable/ movable properties of the Company to secure such loans/ inter corporate deposits/ financial assistance/ credit facility(ies) as may be required in terms of each of the sanctions by the said bank(s) and/or financial institution(s) and/or other lenders, subject to an overall limit of ₹ 20,000 Crore (Rupees Twenty Thousand Crore only);
 - e) To approve investment in the shares of subsidiary(ies) (including stepdown subsidiary(ies)) and/or Joint Venture(s) of the Company, granting of loans to them, issuing guarantees or providing any security in respect of financial assistance availed by them, within the overall limit of ₹ 4,000 Crore and subject to recommendation of Managing Director & CEO or Chief Financial Officer, and to authorise employee(s)/ representative(s) of the Company for executing various deeds, documents, papers, undertakings as may be required for the purpose of implementing the decisions in this regard;
 - f) To invest in the equity shares or equity convertible instruments of the Bodies Corporate, for the purpose of undertaking the projects on BOOM, BOLT, BOT, BOOST and BOOT or any such other basis, (within the overall limit as stated above) and to sell/ transfer the equity shares/ equity convertible instruments invested/ purchased/ acquired by the Company for the above purpose;
 - g) To authorise the employee(s)/ representative(s) for the purpose of bidding and execution of the project(s) undertaken in consortium, joint venture and also to authorise the employee(s)/ representative(s) to sign Memorandum of Understanding, Consortium Agreement, Joint Venture agreement, such other documents required to be signed on behalf of the Company and enter into liability against the Company and/or do any other act on behalf of the Company, required for the above said purpose.
5. Approve all other matters & issues of urgent nature arising in the ordinary course of the business of the Company.

Subsidiary Companies

The Company has the following two unlisted material subsidiaries as on March 31, 2019 as per Regulation 16(1)(c) of SEBI Listing Regulations:

- a) SAE Towers Holdings LLC
- b) Al Sharif Group & KEC Ltd. Co.

The Company has formulated a Policy for Determining Material Subsidiaries, which is disclosed on the Company's website and can be accessed at: <https://www.kecprg.com/KEC%20data/Investor%20relations/Policy%20for%20determining%20material%20subsidiaries.pdf>

In accordance with amended Regulation 24(1) of SEBI Listing Regulations, Mr. R. D. Chandak, Independent Director of the Company has been nominated as an Independent member of the Management Committee of SAE Towers Holdings LLC, and as an Independent Manager of Al Sharif Group & KEC Ltd. Co. w.e.f May 8, 2019.

The Company has sixteen subsidiaries as on March 31, 2019, comprising of six direct subsidiaries and ten step down subsidiaries. During the year under review the Company divested its entire stake in its subsidiary, namely KEC Bikaner Sikar Transmission Private Limited and it ceased to be the subsidiary of the Company w.e.f. February 8, 2019.

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
2017-18	July 30, 2018	03:00 p.m	Ravindra Natya
2016-17	July 26, 2017	02:30 p.m.	Mandir, P. L.
2015-16	July 29, 2016	04:00 p.m.	Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025

Special Resolutions passed in the last three Annual General Meetings

July 30, 2018

- Continuation of Directorship of Mr. A. T. Vaswani post attainment of age of seventy-five years.
- Continuation of Directorship of Mr. S. M. Kulkarni post attainment of age of seventy-five years.
- Continuation of Directorship of Mr. G. L. Mirchandani post attainment of age of seventy-five years.
- Issuance of Non-Convertible Debentures on Private Placement Basis.

July 26, 2017

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

July 29, 2016

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

Postal Ballot

No Special Resolutions were passed by way of Postal Ballot in the last three financial years.

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

III. DISCLOSURES

Related Party Transactions

The Company has formulated a Policy on Related Party Transaction and the same is available at the Company's website and can be accessed at <https://www.kecprg.com/KEC%20data/Investor%20relations/Policy%20on%20Related%20Party%20Transactions.pdf>

Transactions with related parties entered in the ordinary course of business have been disclosed in Note No. 49 of the Standalone Financial Statements of the Company. The Company does not have transactions with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the Company.

Material Significant Related Party Transactions

There were no material 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, the SEBI Listing Regulations and other SEBI 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.kecprg.com under 'Investors' tab.

Risk Management

The Company has laid down procedures to inform the Audit Committee, Risk Management 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.

Commodity Price Risk and Hedging Activities

Exposure of the Company to commodity and commodity risks throughout the financial year 2018-19 were as under:

- Total exposure to commodities: ₹ 2,031 Crore.

b) Exposure to various commodities were as under:

Commodity Name	Exposure (₹ in Crore)	Exposure in Quantity (MT)	% of such exposure hedged through commodity derivatives				
			Domestic market		International market		Total
			OTC	Exchange	OTC	Exchange	
Steel	1,042	224,822	-	-	-	-	
Aluminium	411	34,132	-	-	77	77	
Copper	407	9,219	-	-	46	46	

c) Commodity risks faced and managed by the Company during the year:

The Company is exposed to movement in metal commodity prices of Steel, Copper, Aluminium, Zinc and Lead. Most of our contracts with the Indian customers are backed by a price variation for most of these metals. However, profitability in case of firm price orders is impacted by movement in the prices of these metals. The Company has a well-defined hedging policy approved by Board of Directors of the Company, which to a large extent takes care of the commodity price fluctuations and minimises the risk. For base metals like Aluminium, Copper, Zinc and Lead, the Company either places a firm order on the supplier or hedges its exposure on the London Metal Exchange (LME) directly.

Credit Ratings

List of credit ratings obtained by the Company along with any revisions thereto during FY 2018-19 are given below:

Instruments/Facilities	Ratings			
	ICRA	CARE	CRISIL	India Ratings
Long Term Facilities	AA-	AA-	AA-	-
Short Term Facilities	A1+	A1+	A1+	IND A1+

Note(s):

- 1) Ratings by various agencies are subject to regular revisions. Kindly refer to the respective agencies' website for the latest ratings.
- 2) Rating "AA" (Long term facilities) - High degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
- 3) Rating "A1+" & "IND A1+" (Short term facilities) - Very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the Statutory Auditor and all entities in the network entity of which the Statutory Auditor is a part are given below:

Name of Statutory Auditor and network entity	Type of Services	Name of Company or its subsidiaries obtaining the service	Amount (₹ in Crore)
Price Waterhouse Chartered	Audit Service	KEC International Limited	1.29
Accountants LLP	Other Services (Tax audit, Certification & reimbursement)	KEC International Limited	0.94
Pricewaterhouse Coopers, Jordan	Audit Service	KEC International Limited - Jordan Branch	0.12
Pricewaterhouse Coopers, Jeddah, KSA	Audit Service	Al-Sharif Group and KEC Ltd. Co.	0.47
Total			2.82

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the year under review, no complaints of any nature were received under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Details of non-compliance by the Company, penalties and strictures imposed, if any

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by SEBI or by any other Statutory Authorities on any matters related to capital markets during the last three years, except a penalty of ₹ 2.00 Lakh imposed by SEBI vide its order dated November 29, 2017. The said penalty which was imposed due to failure on the part of Registrar and Transfer Agent (RTA), M/s. Link Intime India Private Limited, have been recovered by the Company from RTA.

Apart from complying with the mandatory requirements prescribed by the SEBI Listing Regulations, the Company has complied with the following non-mandatory requirements:

- The Company has appointed separate persons to the post of Chairperson and Managing Director & CEO.
- The Chairman, being a Non-Executive Director, entitled to maintain a Chairperson's office at the Company's expense and also allowed reimbursement of expenses incurred in performance of his duties.
- The Company's Financial Statements for the year ended March 31, 2019 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 SEBI Listing Regulations, for the financial year 2018-19 was placed before the Board at its meeting held on May 8, 2019 and also forms part of this Annual Report.

IV. MEANS OF COMMUNICATION

Quarterly Results

As on March 31, 2019, the Company's shares are listed on BSE Limited and National Stock Exchange of India Limited.

The Company from time to time and as may be required, communicates with its investors through multiple channels of communications such as dissemination of information on the website of the Stock Exchanges, the Annual Reports, Press Releases and uploading relevant information on its website.

The quarterly financial results along with the notes are furnished on a quarterly basis to the Stock Exchanges as per the format prescribed and within the time period stipulated under Regulation 33(3) of the SEBI Listing Regulations. The Company discloses all information required to be disclosed under Regulation 30 read with Part 'A' and Part 'B' of Schedule III of the SEBI Listing Regulations including material information having bearing on the performance/operations of the Company and other price sensitive information. Information to Stock Exchanges is filed electronically on the online portals of BSE Limited i.e. BSE Corporate Compliance & Listing Centre (Listing Centre)

and National Stock Exchange of India 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.kecprg.com under 'Investors' tab.

Company's Website

The Company's corporate website www.kecprg.com depicts comprehensive information about the business activities of the Company. The website contains a dedicated section "Investors" which provides information regarding financial results, Annual Reports, shareholding patterns, quarterly compliance reports on Corporate Governance, credit ratings, terms and conditions of appointment of Independent Directors, the policies framed by the Company under various laws and regulations, contact information of the nodal officer and designated officials responsible for assisting and

handling investor grievances, email address for grievance and redressal and other relevant details, details of familiarization programs imparted to Independent Directors, schedule of analyst or institutional investor meet and presentations made by the Company on the quarterly financial results and such other information as may be required to be uploaded on the website of the Company. Further, the Memorandum and Articles of Association of the Company, Code of Conduct adopted by the Board, NECS form and Nomination form are also uploaded on the website of the Company.

The achievements and important events such as receipt of major orders by the Company etc. are announced through press & electronic media and also posted on the Company's website.

All other press coverage and news release are communicated by the Company through its corporate website. Corporate presentations made to Institutional Investors/Analysts at Investor Meets organized by the Company are also hosted on the website for wider dissemination. The means of communication between the Company and the shareholders are transparent and investor friendly and the Company takes all possible endeavors to inform its stakeholders about every material information having bearing on the performance and operations of the Company and other price sensitive information.

The Company has also uploaded Frequently Asked Questions (FAQs) giving information about the Company and the 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 23, 2019 at 03:30 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 2019*
Second quarter results	By second week of November 2019*
Third quarter results	By second week of February 2020*
Results for the year ending March 2020	By the end of May 2020*
Dates of Book closure	Wednesday, July 17, 2019 to Tuesday, July 23, 2019 (both days inclusive)
Dividend Payment date	The dividend will be paid on or before Wednesday, August 21, 2019

* Tentative

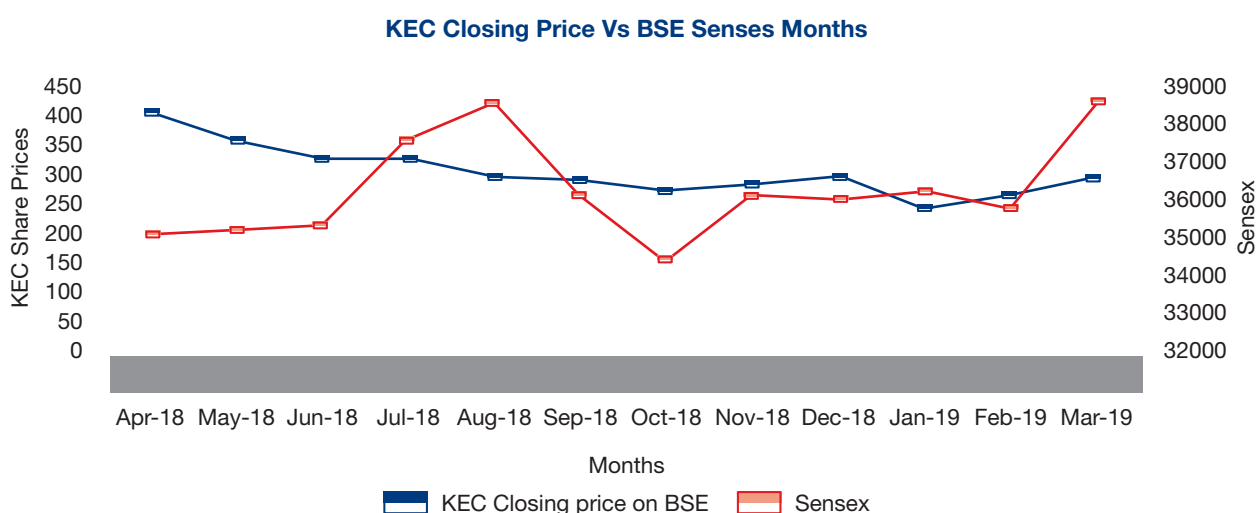
Status of Listing on Stock Exchanges

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 not 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 2018	442.60	388.30	443.40	386.00	35,160.36
May 2018	428.20	356.00	427.25	354.00	35,322.38
June 2018	383.95	303.00	384.00	310.40	35,423.48
July 2018	355.00	315.00	354.70	316.05	37,606.58
August 2018	346.00	289.35	340.90	288.60	38,645.07
September 2018	318.50	278.85	318.80	278.60	36,227.14
October 2018	296.00	244.20	295.00	240.00	34,442.05
November 2018	317.00	270.35	316.95	270.00	36,194.30
December 2018	316.20	265.00	315.80	265.00	36,068.33
January 2019	306.00	233.40	306.00	233.30	36,256.69
February 2019	278.80	229.95	279.40	234.00	35,867.44
March 2019	313.00	261.30	313.80	261.15	38,672.91

Performance of Company's Equity Share's price in comparison to BSE Sensex**Registrar and Share Transfer Agent**

Link Intime India Private Limited is the Company's Registrar and Share Transfer Agent. Their contact details are as follows:

Link Intime India Private Limited
 (Unit: KEC International Limited)
 C 101, 247 Park, LBS Marg, Vikhroli West,
 Mumbai - 400 083
 Tel: 022 - 49186000/49186270
 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 shall 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.

Pursuant to Regulation 40 of SEBI Listing Regulations, with effect from April 1, 2019, transfer of shares of the Company shall not be processed if shares are held in physical form, except in case of transmission or transposition of shares.

Distribution of Shareholding

Distribution of shares according to size of holding as on March 31, 2019

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-500	84,537	87.62	9,559,645	3.72
501-1,000	6,195	6.42	4,758,231	1.85
1,001-2,000	2,853	2.96	4,119,666	1.60
2,001-3,000	983	1.02	2,439,771	0.95
3,001-4,000	457	0.47	1,598,582	0.62
4,001-5,000	316	0.33	1,448,433	0.56
5,001-10,000	560	0.58	4,002,657	1.56
10,001 & above	574	0.60	229,161,385	89.14
Total	96,475	100.00	257,088,370	100.00

Categories of Shareholders as on March 31, 2019

Category	No. of Shares Held	% of Shareholding
Promoters	132,008,849	51.35
Mutual Funds/UTI	56,791,516	22.09
Financial Institutions, Insurance Companies and Banks (including Foreign Banks)	5,197,702	2.02
Foreign Institutional Investors	44,750	0.01
Foreign Portfolio Investor	16,957,127	6.60
Foreign Companies	46,425	0.02
General Public	31,001,530	12.06
NRIs/OCBs	1,639,851	0.64
Other Bodies Corporate	8,822,181	3.43
Clearing Members	409,423	0.16
Trusts	458,301	0.18
Foreign Nationals	75	0.00
Alternate Investment Funds	1,051,000	0.41
Government Companies	Nil	Nil
Hindu Undivided Family	1,002,016	0.39
Directors and Relatives	5	0.00
Investor Education And Protection Fund	1,616,564	0.63
NBFCs Registered with RBI	41,055	0.01
Total	257,088,370	100.00

Unclaimed Shares

As per Regulation 39 read with Schedule VI of the SEBI Listing Regulations, a listed company is required to transfer the unclaimed shares, if any, of its shareholders to an Unclaimed Suspense Account with a depository participant upon serving three reminders to the shareholders. Accordingly, the Company, in compliance of the requirement and after giving three reminders, transferred unclaimed shares to an Unclaimed Suspense Account in dematerialised mode. The voting rights on the shares in the suspense account shall remain frozen till the rightful owners claim the shares. During the financial year 2018-19, few requests to claim these shares were received, which were released after a thorough due diligence. Following are the details of the unclaimed shares at the beginning and at the end of the year and the requests processed during the year:

Particulars	No. of Shareholders	No. of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2018	1,162	230,565
Shareholders who approached the Company for transfer of shares from suspense account during the year	27	6,090
Shareholders to whom shares were transferred from the suspense account during the year	27	6,090
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	216	36,055
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2019	919	188,420

Dematerialisation of Shares and Liquidity

The Company has executed agreement with both the depositories of the Country i.e. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for admission of its securities under dematerialized mode. The International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE389H01022. As on March 31, 2019, total Equity Shares representing 98.19 percent are held in dematerialised form.

Outstanding GDRs/ADRs/Warrants or any convertible instruments or options, conversion date and likely impact on Equity

There are no outstanding GDRs/ADRs/Warrants or any convertible instruments or options.

Transfer of Unpaid/Unclaimed amounts and shares to Investor Education and Protection Fund (IEPF)

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 dividends, if not claimed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF").

Further, shares in respect of such dividends which have not been claimed for a period of 7 consecutive years are also liable to be transferred to the demat account of the IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

The Company had sent a reminder to the shareholders to claim their dividends in order to avoid transfer of dividends /shares to IEPF Authority. Notices in this regard were also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, were also uploaded on the Company's website www.kecrpg.com under the 'Investor' Tab.

In light of the aforesaid provisions, the Company has during the year, transferred to IEPF the unclaimed dividends which were outstanding for more than 7 consecutive years. Further, shares of the Company, in respect of which dividend

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
2011-12	July 05, 2012	60	August 08, 2019
2012-13	August 21, 2013	25	September 22, 2020
2013-14	July 28, 2014	30	September 04, 2021
2014-15	July 29, 2015	45	August 30, 2022
2015-16 (Interim Dividend)	March 30, 2016	50	April 15, 2023
2016-17	July 26, 2017	80	August 27, 2024
2017-18	July 30, 2018	120	August 31, 2025

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

has not been claimed for 7 consecutive years or more, have also been transferred to the demat account of IEPF Authority.

The Company had dispatched new share certificates to the shareholders of the Company pursuant to the sub-division of each equity share of face value of ₹ 10/- each into 5 equity shares of ₹ 2/- each. Subsequently, in accordance with Clause 5A, such shares which remained unclaimed, were transferred to "Unclaimed Suspense Account" ("Suspense Account") of the Company in the year 2013. The Company sent reminders to these shareholders requesting them to claim their shares in order to avoid transfer of their respective shares to IEPF account. During the year, such shares in respect of which dividend remained unclaimed for more than 7 consecutive years have also been transferred to IEPF.

The details of unclaimed dividends and shares transferred to IEPF during the financial year 2018-19 are as follows:

Particulars	Amount of unclaimed dividend transferred (₹)	Number of shares Transferred
2010-11	3,353,453	107,213*

*36,055 Equity shares represent the shares which were lying in the Unclaimed Suspense Account of the Company and transferred to demat account of IEPF Authority. The dividend in respect of these shares remained unclaimed for more than 7 consecutive years.

The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred.

Debenture Trustee

IDBI Trusteeship Services Limited
1105, Arunachal Building, Barakhamba Road,
New Delhi - 110 001
Tel No.: 011-45138885

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

Note:

(1) 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, 2019, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Vimal Kejriwal
Managing Director & CEO
(DIN: 00026981)

Place: Mumbai
Date: May 8, 2019

CEO/CFO CERTIFICATE

The Board of Directors
KEC International Limited

We certify to the Board that:

- A. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief:
 - 1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - 2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operations of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee:
 - 1) significant changes in internal control over financial reporting during the year;
 - 2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - 3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Vimal Kejriwal
Managing Director & CEO
(DIN: 00026981)

Rajeev Aggarwal
Chief Financial Officer

Place: Mumbai
Date: May 8, 2019

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON DEBARMENT OR DISQUALIFICATION OF DIRECTORS

This certificate is issued pursuant to clause 10 (i) of the Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended vide circular dated May 9, 2018 of the Securities and Exchange Board of India.

We have examined the compliance of provisions of the aforesaid clause 10 (i) of the Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and to the best of our information and according to the explanations given to us by the Company, and the declarations made by the Directors, we certify that none of the directors of KEC INTERNATIONAL LIMITED ("the Company") CIN L45200MH2005PLC152061 having its registered office at RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai 400030 have been debarred or disqualified as on March 31, 2019 from being appointed or continuing as directors of the Company by SEBI/ Ministry of Corporate Affairs or any other statutory authority.

For Parikh Parekh & Associates
Practising Company Secretaries

Jigyasa N. Ved
FCS: 6488 CP: 6018

Place: Mumbai
Date: May 8, 2019

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
KEC International Limited

We have examined the compliance of the conditions of Corporate Governance by KEC International Limited ("the Company") for the year ended on March 31, 2019, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D & E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2019.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Parikh Parekh & Associates
Practising Company Secretaries

P. N. Parikh
FCS: 327 CP: 1228

Place: Mumbai
Date: May 8, 2019

INDEPENDENT AUDITORS' REPORT

To the Members of KEC International Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

1. We have audited the accompanying consolidated financial statements of KEC International Limited (the Company) in which are incorporated 20 jointly controlled operations and the Return of the Company's 39 branches at Abu Dhabi, Afghanistan, Algeria, Bangladesh, Egypt, Ethiopia, Georgia, Ghana, Guinea, Indonesia, Ivory Coast, Jordan, Kenya, Laos, Lebanon, Libya, Malaysia, Mali, Mozambique, Nepal, Nicaragua, Nigeria, Oman, Papua New Guinea, Philippines, Srilanka, Sierra Leone, Senegal, South Africa, Tanzania, Thailand, Tunisia, Uganda, Bhutan, Cameroon, Congo, Kazakhstan, Kuwait and Zambia. (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its 16 subsidiaries together referred to as "the Group"); (refer Note 3.3 and 46 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, of the consolidated total comprehensive income (comprising

of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 18 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

4. We draw attention to Note 63 of the consolidated financial statements, regarding delays in recovery of receivable amounting to ₹ 145 crore from a customer. The recovery of the amount is dependent upon transfer of contract from the customer to a new sponsor.

KEY AUDIT MATTERS

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Estimation of contract cost and revenue recognition (Refer to note 3.8 and 35 of the Consolidated financial statements)</p> <p>Contract revenue for engineering, procurement and construction contracts which usually extends over a period of 2-3 years, contract prices are fixed / subject to price variance clauses.</p> <p>The contract revenue is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.</p> <p>This method requires the Company to perform an initial assessment of total estimated cost and further, reassess the total construction cost at each reporting period to determine the appropriate percentage of completion.</p> <p>On transition to Indian Accounting Standard (IND AS) 115, Revenue from Contracts with Customers w.e.f. April 1, 2018, the management has performed a detailed evaluation of the implications under the new standard and has concluded that there are no material implications on account of applicability of Ind AS 115.</p> <p>We considered the estimation of construction contract cost as a key audit matter given the involvement of significant management judgement which has consequential impact on revenue recognition.</p>	<p>Our procedures over the recognition of construction revenue included the following:</p> <ul style="list-style-type: none"> • Understood and evaluated the design and tested effectiveness of key internal financial controls, including those related to review and approval of estimated project cost and review of provision for estimated loss by the authorised representatives. • For sample of contracts, we obtained the percentage of completion calculations, agreed key contractual terms back to signed contracts, tested the mathematical accuracy of the cost to complete calculations and re-performed the calculation of revenue recognized during the year based on the percentage of completion. • For costs incurred to date, we tested samples to appropriate supporting documentation and performed cut off procedures • To test the forecasted cost to complete, we obtained the breakdown of forecasted costs and tested elements of the forecast by obtaining executed purchase orders and agreements, evaluating reasonableness of management's judgements / and assumptions using past trends and comparing the estimated costs to the actual costs incurred for the similar completed projects. • Checked the implications and related disclosures in the financial statements pursuant to applicability of Ind AS 115. <p>Based on the procedures performed above, we considered manner of estimation of contract cost and recognition of revenue to be reasonable.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of accounts receivable in view of risk of credit losses (Refer to Note 50 'Financial Instruments' and Note 9 and 15 'Trade receivables')</p> <p>Accounts receivables is a significant item in the Company's financial statements as at March 31, 2019 and assumptions used for estimating the credit loss on receivables is an area which is influenced by management's judgment.</p> <p>The Company makes an assessment of the estimated credit losses basis credit risk, project status, past history, latest discussion/ correspondence with the customer.</p> <p>Given the relative significance of these receivables to the financial statements and the nature and extent of audit procedures involved to assess the recoverability of receivables, we determined this to be a key audit matter.</p>	<p>Our audit incorporated the following procedures with regards to provisioning of receivables:</p> <ul style="list-style-type: none"> • Understood and evaluated the accounting policy of the company. • We evaluated the design and tested the operating effectiveness of key controls in relation to determination of estimated credit loss. • Inquired with senior management regarding status of collectability of the receivable. • For material balances, the basis of provision was discussed with the audit committee. • Assessed and challenged the information used by the Management to determine the expected credit losses by considering credit risk of the customer, cash collection, performance against historical trends and the level of credit loss charges over time; <p>Based on our work as stated above, no significant deviations were observed in respect of management's assessment of valuation of accounts receivables.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Reliance on controls and processes relating to new IT system and data migration impacting financial reporting</p> <p>The company migrated its transaction and financials systems from JD Edwards to SAP w.e.f. from 1 April, 2018.</p> <p>The migration has resulted in a significant change in the company's process and the related controls.</p> <p>Data migration, is assumed to have a significant impact on the processes and controls related to the financial reporting and consequently has been considered to be an area of audit focus and accordingly determined to be a key audit matter.</p>	<p>We performed following procedures with respect to the new system and data migration:</p> <ul style="list-style-type: none"> • Obtained understanding and tested the controls over data migration including proper authorization, completeness and accuracy. • Tested the migrated balances, for completeness and accuracy as of April 1, 2018. • We evaluated the design and operating effectiveness of the IT General Controls (ITGC), business process controls post migration (both automated and manual) of the new system. <p>We took the above procedures into consideration in planning and executing our audit.</p>

6. The following Key Audit Matters were included in the audit report dated May 6, 2019, containing an unmodified audit opinion on the consolidated financial statements of SAE Tower Holdings, LLC, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants reproduced by us as under:

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of accounts receivable in view of risk of credit losses pursuant to ongoing litigation (Refer to Note 39 - Financial risk management objectives and policies and Note 9 - Trade receivables)</p> <p>The Company's trade receivables amount to INR 182.01 crores as at 31 March 2019.</p> <p>The Company has significant overdues from various customers/parties for which expected credit loss provision is measured by the management based on past trends using practical expedients as prescribed by Ind AS 109: 'Financial instruments'. This involves significant management estimates and judgements.</p> <p>The recoverable amount was estimated by management based on their specific recoverability assessment on individual debtor with reference to ageing profile, historical pattern and the past record of default of the customer. The Company makes an assessment of the credit losses basis past history and latest discussion/correspondence with the customer.</p> <p>Given the relative significance of these receivables to the financial statements and the nature and extent of audit procedures involved to assess the recoverability of receivables, we determined this to be a key audit matter.</p>	<p>Our audit incorporated the following procedures with regards to provisioning of receivables:</p> <ul style="list-style-type: none"> • We evaluated the design, implementation and operating effectiveness of the Group's key internal controls over the processes of collection of trade receivables; follow up of overdue balances; assessing provisions for receivables and controls relating to litigations; • We reviewed the Company's credit policy outlining the authority for approving and responsibility to manage credit limits. • We tested the expected credit loss model for appropriateness of past data and provisioning matrix used and reasons for other long outstanding balances were also obtained from the management. • We obtained an understanding of the basis of management's judgements about the recoverability of trade receivable balances and evaluated the allowance for doubtful debts made by management for these individual balances with reference to correspondence between the Group and the debtors, the recovery plan and corroborated the inputs with our understanding of the matter and externally available information. • We considered payments received subsequent to year-end, past payment history and unusual patterns to identify potentially impaired balances. • We obtained confirmation from attorney to ensure recoverability of the receivable amount in case of litigations. • We also ensured that the appropriate disclosures in accordance with Ind AS 32 have been made in the special purpose consolidated financial information.

OTHER INFORMATION

7. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.
8. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
9. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 18 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

10. The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness

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

11. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
12. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

13. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
14. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
15. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

18. We did not audit the financial statements/financial information of i) 20 jointly controlled operations and 34 branches (Abu Dhabi, Afghanistan, Algeria, Bangladesh, Egypt, Ethiopia, Georgia, Ghana, Guinea, Indonesia, Ivory Coast, Jordan, Kenya, Laos, Lebanon, Libya, Malaysia, Mali, Mozambique, Nepal, Nicaragua, Nigeria, Oman, Papua New Guinea, Philippines, Srilanka, Sierra Leone, Senegal, South Africa, Tanzania, Thailand, Tunisia, Uganda and Zambia) considered in the preparation of the consolidated financial statements which constitute total assets of ₹ 2,646 Crore and net assets of ₹ 394 Crore as at March 31, 2019, total revenue of ₹ 2,009 Crore, and net cash flows amounting to ₹ 23 Crore for the year then ended; and ii) 16 subsidiaries considered in the preparation of the consolidated financial statements which constitute total assets of ₹ 1,108 Crore and net assets of ₹ 377 Crore as at March 31, 2019, total revenue of ₹ 967 Crore, and net cash flows amounting to ₹ 12 Crore for the year then ended as considered in the consolidated financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled operations and branches and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the subsidiaries incorporated in India, jointly controlled operations and branches is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

19. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiary incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow

Statement dealt with by this Report are in agreement with the relevant books of account and records maintained by the Holding Company and its subsidiary incorporated in India including relevant records for the purpose of preparation of the consolidated financial statements.

- In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- On the basis of the written representations received from the directors of the KEC International Limited as on March 31, 2019 taken on record by the Board of Directors of KEC International Limited and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group are disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- With respect to the adequacy of internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2019 on the consolidated financial position of the Group – Refer Note 54 to the consolidated financial statements.
 - Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2019 – Refer Note 20(a) and 33 to the consolidated financial statements in respect of such items as it relates to the Group.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India during the year ended March 31, 2019.
 - The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2019.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Sarah George
Partner

Place: Mumbai
Date: May 08, 2019

Membership Number 045255

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 19(f) of the Independent Auditors' Report of even date to the members of KEC International Limited on the consolidated financial statements for the year ended March 31, 2019

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to financial statements of KEC International Limited including 39 branches (hereinafter referred to as "the Holding Company") and its 1 subsidiary company, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The respective Board of Directors of the Holding company, and its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in

conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

8. In our opinion, the Holding Company and its 1 subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTER

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to 1 subsidiary company, which is a Company incorporated in India, and 34 branches, is based on the corresponding reports of the auditors of such company incorporated in India and the report of the auditors of such branches. Our opinion is not qualified in respect of this matter.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Sarah George
Partner

Place: Mumbai
Date: May 08, 2019

Membership Number 045255

CONSOLIDATED BALANCE SHEET

as at March 31, 2019

Particulars	Note No.	₹ in Crore	
		As at March 31, 2019	As at March 31, 2018
ASSETS			
(1) Non-current Assets			
(a) Property, plant and equipment.	5	866.56	828.76
(b) Capital work-in-progress		7.32	78.07
(c) Goodwill	6	203.71	191.98
(d) Intangible assets	7	112.12	91.46
		1,189.71	1,190.27
(e) Financial assets			
(i) Investments	8	*	*
(ii) Trade receivables	9	-	5.47
(iii) Other financial assets	10	13.58	205.54
		13.58	211.01
(f) Deferred tax assets (net)	28	31.32	26.50
(g) Non-current tax assets (net)	11	119.68	45.15
(h) Other non-current assets	12	189.08	227.22
Total Non-Current Assets		1,543.37	1,700.15
(2) Current assets			
(a) Inventories	13	641.01	627.41
(b) Financial assets			
(i) Investments	14	13.21	39.29
(ii) Trade receivables	15	4,875.26	5,038.93
(iii) Cash and cash equivalents	16	175.23	193.00
(iv) Bank balances other than (iii) above	17	100.94	38.31
(v) Loans	18	33.57	60.44
(vi) Other financial assets	19	105.73	2,135.73
		5,303.94	7,505.70
(c) Contract Assets	20 (a)	3,331.26	-
(d) Current tax assets (net)	21	13.62	99.62
(e) Other current assets	22	861.25	606.11
Total Current Assets		10,151.08	8,838.84
Total Assets		11,694.45	10,538.99
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	23	51.42	51.42
(b) Other equity	24	2,383.68	1,946.04
- Equity attributable to owners of the Company		2,435.10	1,997.46
(c) Non-controlling interests	25	-	*
Total Equity		2,435.10	1,997.46
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
- Borrowings	26	541.06	738.44
(b) Provisions	27	13.92	17.68
(c) Deferred tax liabilities (net)	28	149.65	127.20
Total Non-Current Liabilities		704.63	883.32
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	29	1,155.75	900.97
(ii) Trade payables			
- total outstanding dues of micro and small enterprises	30	71.19	-
- total outstanding dues other than micro and small enterprises	30	4,729.75	4,657.84
(iii) Other financial liabilities	31	159.34	170.18
		6,116.03	5,728.99
(b) Contract liabilities	20 (b)	2,252.19	-
(c) Other current liabilities	32	100.35	1,746.25
(d) Provisions	33	50.33	83.24
(e) Current tax liabilities (net)	34	35.82	99.73
Total Current Liabilities		8,554.72	7,658.21
Total Equity and Liabilities		11,694.45	10,538.99

* less than rounding off norms adopted by the Company.

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

In terms of our report attached

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

H. V. GOENKA
Chairman
DIN: 00026726

SARAH GEORGE
Partner
Membership Number: 045255

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 08, 2019

Place: Mumbai
Date: May 08, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

₹ in Crore

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
Continuing operations			
I Revenue from operations	35	11,000.53	10,090.98
II Other income	36	22.59	20.70
III Total Income (I+II)		11,023.12	10,111.68
IV Expenses			
(i) Cost of materials consumed	37	5,344.45	5,245.30
(ii) Changes in inventories of finished goods and work-in-progress	38	65.23	(104.86)
(iii) Erection and sub-contracting expenses	39	2,713.36	2,126.52
(iv) Excise duty on sale of goods		-	38.35
(v) Employee benefit expenses	40	832.19	798.35
(vi) Finance costs	41	311.86	229.37
(vii) Depreciation and amortisation expense	42	117.13	109.74
(viii) Other expenses	43	895.39	981.61
Total expenses		10,279.61	9,424.38
V Profit before tax from continuing operations (III - IV)		743.51	687.30
VI Tax expense:	44		
(i) Current tax		251.93	249.30
(ii) Deferred tax		5.14	(20.29)
		257.07	229.01
VII Profit for the year from continuing operations (V-VI)		486.44	458.29
VIII Discontinued Operations	48		
Profit from discontinued operations		13.43	2.94
Tax expense of discontinued operations		4.10	0.81
IX Profit from discontinued operations		9.33	2.13
X Profit for the year (VII + IX)		495.77	460.42
XI Other Comprehensive Income			
A Items that will not be reclassified to profit or loss			
(i) Remeasurement of defined benefit obligations	52	0.57	(2.02)
(ii) Income tax relating to items that will not be reclassified to profit or loss	44.2	(0.22)	0.83
B Items that will be reclassified to profit or loss			
(i) Exchange differences on translation of joint operations and subsidiaries	24	17.66	(2.28)
(ii) Net gain/(losses) on cash flow hedges	24	8.44	(6.13)
(iii) Income tax relating to items that will be reclassified to profit or loss	44.2	(10.65)	1.44
Total Other Comprehensive Income		15.80	(8.16)
XII Total Comprehensive Income for the year (X+XI)		511.57	452.26
Profit for the year attributable to:			
Owners of the Company		511.57	452.26
Non-controlling interests	25	*	*
Other Comprehensive Income attributable to:			
Owners of the Company		15.80	(8.16)
Non-controlling interests		*	*
Total Other Comprehensive Income attributable to:			
Owners of the Company		511.57	452.26
Non-controlling interests		*	*
XIII Earnings per equity share for continuing operations (of ₹ 2 each)			
(i) Basic	45	18.92	17.83
(ii) Diluted		18.92	17.83
XIV Earnings per equity share for discontinued operation (of ₹ 2 each)			
(i) Basic	45	0.36	0.08
(ii) Diluted		0.36	0.08
XV Earnings per equity share (for continuing and discontinued operations) (of ₹ 2 each)			
(i) Basic	45	19.28	17.91
(ii) Diluted		19.28	17.91

* less than rounding off norms adopted by the Company.

The above Consolidated statement of profit and loss should be read in conjunction with the accompanying notes.

In terms of our report attached

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

H. V. GOENKA
Chairman
DIN: 00026726

SARAH GEORGE
Partner
Membership Number: 045255

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Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 08, 2019

Place: Mumbai
Date: May 08, 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

A. EQUITY SHARE CAPITAL

Particulars	Notes	Amount
Balance as at April 01, 2018		51.42
Changes in equity share capital during the year	23	-
Balance as at March 31, 2019		51.42

B. OTHER EQUITY

Particulars	Reserves and Surplus							Other Comprehensive Income			Total		
	Other items (Share issue expenses)	Capital Reserve	Capital Reserve on consolidation	Securities Premium	Capital Redemption Reserve	Debt Redemption Reserve	Statutory Reserve	General Reserve	Retained Earnings	Effective portion of Hedges		Exchange differences on translation of foreign operations	Other items of other comprehensive income (Remeasurement of defined benefit obligations)
Balance as at April 01, 2017	(0.30)	84.98	0.04	86.75	14.28	6.79	0.95	152.98	1,180.88	1.46	10.37	(4.23)	1,534.95
Profit for the year	-	-	-	-	-	-	-	-	460.42	-	-	-	460.42
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	(3.95)	(3.02)	(1.19)	(8.16)	(8.16)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	460.42	(3.95)	(3.02)	(1.19)	452.26
Transactions with owners in their capacity as owner	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(49.51)	-	-	-	(49.51)
Dividend distribution tax	-	-	-	-	-	-	-	-	8.37	-	-	-	8.37
Transfer from retained earnings	-	-	-	-	-	15.98	-	-	(15.98)	-	-	-	-
Transferred to other items due to changes in income tax rate	(0.03)	-	-	-	-	-	-	-	-	-	-	-	(0.03)
Balance as at March 31, 2018	(0.33)	84.98	0.04	86.75	14.28	22.77	0.95	152.98	1,584.18	(2.49)	7.35	(5.42)	1,946.04
Balance as at April 01, 2018	(0.33)	84.98	0.04	86.75	14.28	22.77	0.95	152.98	1,584.18	(2.49)	7.35	(5.42)	1,946.04
Profit for the year	-	-	-	-	-	-	-	-	495.77	-	-	-	495.77
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	5.45	10.00	0.35	0.35	15.80
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	495.77	5.45	10.00	0.35	511.57
Transactions with owners in their capacity as owner	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(61.70)	-	-	-	(61.70)
Dividend distribution tax	-	-	-	-	-	-	-	-	(12.56)	-	-	-	(12.56)
Transfer from retained earnings	-	-	-	-	-	15.98	-	-	(15.98)	-	-	-	-
Transferred on disposal of subsidiary	0.33	-	-	-	-	-	-	-	-	-	-	-	0.33
Balance as at March 31, 2019	-	84.98	0.04	86.75	14.28	38.75	0.95	152.98	1,989.71	2.96	17.35	(5.07)	2,383.68

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

In terms of our report attached

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

H. V. GOENKA
Chairman
DIN: 00026726

SARAH GEORGE
Partner
Membership Number: 045255

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 08, 2019

Place: Mumbai
Date: May 08, 2019

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2019

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit after income tax from		
Continuing operations	486.44	458.29
Discontinued operations	9.33	2.13
Profit for the year after tax	495.77	460.42
Adjustments for:		
Income tax expense	261.17	229.82
Depreciation and amortisation expense	117.13	109.74
Profit on sale of property, plant and equipment (net)	(1.08)	(0.79)
Loss on property, plant and equipment discarded & intangible assets derecognised	0.59	1.19
Gain on sale of subsidiary	(7.25)	-
Finance costs	311.86	246.61
Interest income	(14.80)	(35.48)
Bad debts, loans and advances written-off (net)	35.78	66.04
Allowance for bad and doubtful debts, loans and advances (net)	1.87	37.28
Mark to market loss on forward and commodity contracts	(96.53)	9.15
Net loss arising on financial assets mandatorily measured at FVTPL	1.84	-
Net unrealised exchange (gain)/loss	(31.23)	(1.03)
	579.35	662.53
Changes in assets and liabilities	1,075.12	1,122.95
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Inventories	(13.60)	(232.75)
Trade receivables	(80.50)	(895.34)
Loans	26.92	2.82
Other financial assets & contract assets	(1,008.56)	(568.43)
Other current assets	(254.62)	(172.87)
Other non-current assets	39.16	(18.40)
	(1,291.20)	(1,884.97)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	165.27	1,481.06
Other current liabilities & contract liabilities	597.82	193.98
Other financial liabilities	(14.26)	(7.15)
Provisions	(36.33)	(16.69)
	712.50	1,651.20
Cash generated from operations	496.42	889.18
Taxes paid (net of refunds)	(297.68)	(229.56)
NET CASH FLOW GENERATED BY OPERATING ACTIVITIES (A)	198.74	659.62

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2019

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment & intangible assets (after adjustment of increase/decrease in capital work-in-progress and advances for capital expenditure)	(113.44)	(137.40)
Proceeds from sale of property, plant and equipment	5.16	1.88
Purchase of short-term investments	(595.43)	(520.49)
Proceeds from disposal of short-term investment	621.52	611.59
Proceeds from sale of subsidiary	57.37	-
Interest received	14.77	35.55
Bank balances (including non-current) not considered as Cash and cash equivalents (net)	(59.40)	4.41
NET CASH FLOW USED IN INVESTING ACTIVITIES (B)	(69.45)	(4.46)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from other than short-term borrowings (including debentures)	62.64	195.13
Repayments of other than short-term borrowings (including debentures)	(103.56)	(220.25)
Repayment of finance lease obligations	(5.69)	(11.08)
Net increase/(decrease) in short-term borrowings	274.80	(340.31)
Finance costs paid	(316.74)	(220.51)
Dividend paid	(61.36)	(41.13)
NET CASH FLOW USED IN FINANCING ACTIVITIES (C)	(149.91)	(638.15)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(20.62)	17.01
Cash and cash equivalents at the beginning of the year (Refer Note 16)	193.00	175.53
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	2.85	0.46
Cash and cash equivalents at the end of the year (Refer Note 16)	175.23	193.00

Reconciliation of liabilities arising from financing activities:

₹ in Crore

Particulars	As at March 31, 2018	Cash flows	Non-cash changes			As at March 31, 2019
			Disposal of subsidiary	Foreign exchange movement	Interest accrued	
Debentures	285.39	-	-	-	27.80	313.19
Long-term borrowings including current maturities of long-term debts (other than debentures and lease liabilities)	572.37	(40.92)	(167.58)	4.72	4.84	373.43
Short-term borrowings	900.98	274.80	-	(20.03)	0.78	1,156.53
Lease liabilities (including current maturities of finance lease obligations)	10.89	(5.69)	-	-	-	5.20
Total liabilities from financing activities	1,769.63	228.19	(167.58)	(15.31)	33.42	1,848.35

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

In terms of our report attached

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

H. V. GOENKA
Chairman
DIN: 00026726

SARAH GEORGE
Partner
Membership Number: 045255

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 08, 2019

Place: Mumbai
Date: May 08, 2019

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

1. GENERAL INFORMATION

KEC International Limited (“the Company”) is a public limited company incorporated and domiciled in India. The registered office of the Company is located at RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai- 400 030.

The Company together with its subsidiaries is herein after referred to as the ‘Group’.

The Group is primarily engaged in Engineering, Procurement and Construction business (EPC) relating to infrastructure *interalia* products, projects and systems for power transmission, distribution, railways and related activities.

2. STANDARDS ISSUED BUT NOT YET EFFECTIVE

- 2.1** In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116, ‘Leases’. This will replace Ind AS 17, Leases. Ind AS 116 sets out the principles of recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on their balance sheet. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets and ‘short-term’ leases. At the commencement date of a lease, lessees are required to recognise a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-to-use asset.

The new standard is mandatory for financial years commencing on or after April 01, 2019. The standard permits either full retrospective or a modified retrospective approach for the adoption. The Group plans to adopt Ind AS 116 using modified retrospective approach.

The Group is in the process of identifying and implementing changes to processes to meet the standard’s updated reporting and disclosure requirements, as well as evaluating the internal control changes required, if any, during the implementation and continued application of new standard. The Group will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as on the date of initial application, and lease contracts for which the underlying asset is of low value.

New standards adopted by the Group:

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing April 01, 2018:

- Ind AS 115, Revenue from Contracts with Customers
- Appendix B, Foreign Currency Transactions and Advances Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 40, Investment Property
- Amendment to Ind AS 12, Income Taxes

Amendments listed above did not have any material impact on the current period and are not expected to significantly affect the future period.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements comply in all material aspects with Ind AS notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the act.

3.2 Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and employee benefit obligations that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for 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.

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.

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:-

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during

the year are included in the Consolidated Statement of Profit and Loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component's other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of the Company and its Subsidiary Companies have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless transaction provides evidence of an impairment of the transferred asset.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

The following subsidiaries have been considered in preparation of the consolidated financial statements:

Particulars	Country of Incorporation	% of ownership interest either directly or through subsidiaries	
		As at March 31, 2019	As at March 31, 2018
Direct Subsidiaries			
RPG Transmission Nigeria Limited	Nigeria	100	100
KEC Global FZ-LLC-Ras UL Khaimah	UAE	100	100
KEC Investment Holdings, Mauritius	Mauritius	100	100
KEC Global Mauritius	Mauritius	100	100
KEC Power India Private Limited	India	100	100
KEC Bikaner Sikar Transmission Private Limited*	India	-	99.99
Indirect Subsidiaries			
SAE Towers Holdings LLC	USA	100	100
SAE Towers Brazil Subsidiary Company LLC	USA	100	100
SAE Towers Mexico Subsidiary Holding Company LLC	USA	100	100
SAE Towers Mexico S de RL de CV	Mexico	100	100
SAE Towers Brazil Torres de Transmission Ltda.	Brazil	100	100
SAE Prestadora de Servicios Mexico, S de RL de CV	Mexico	100	100
SAE Towers Ltd.	USA	100	100
SAE Engenharia E Construcao Ltda.	Brazil	100	100
SAE Engineering & Construction Services, S de RL de CV	Mexico	100	100
KEC International (Malaysia) SDN BHD	Malaysia	100	100
KEC GHCS (Malaysia) SDN BHD	Malaysia	49	-

*Sold the entire stake on February 8, 2019. (Refer Note 48)

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Acquisition-related costs are generally recognised in the Consolidated Statement of Profit and Loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 *Income Taxes* and Ind AS 19 *Employee Benefits* respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see Note 3.4 above) less accumulated impairment losses, if any. Goodwill is not amortised but it is tested for impairment.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the Consolidated Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to

the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

1. its assets, including its share of any assets held jointly;
2. its liabilities, including its share of any liabilities incurred jointly;
3. its revenue from the sale of its share of the output arising from the joint operation;
4. its share of the revenue from the sale of the output by the joint operation; and
5. its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues, and expenses relating to its interest in a joint operation in accordance with the Ind AS applicable to the particular assets, liabilities, revenues, and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

3.7 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale and are presented separately from the other assets in the balance sheet. The liabilities related to the assets held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;

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- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or;
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss from discontinued operations in the statement of profit or loss.

3.8 Revenue recognition

The Group derives revenue principally from following streams:

- Sale of products (towers and cables)
- Sale of services
- Construction contracts
- Other Operating Revenue
- Revenue from Service Concession Arrangements (SCA)

3.8.1 Sale of products:

Revenue from sale of products is recognised upon satisfaction of performance obligations, i.e. at a point of time, which occurs when the control is transferred to the customer.

Customers obtain control as per the incoterms. In determining the transaction price for sale of product, the Group considers the effects of variable consideration, if any. Invoices are issued according to contractual terms and are usually payable as per the credit period agreed with the customer.

3.8.2 Sale of services:

Services rendered include tower testing and designing, operating and maintenance and other services.

Revenue from providing services is recognised in the accounting period in which the services are rendered.

Invoices are issued according to contractual terms and are usually payable as per the credit period agreed with the customer.

3.8.3 Construction contracts:

The Group recognises revenue from Engineering, Procurement and Construction Contracts ('EPC') over the period of time, as performance obligations are satisfied over time due to continuous transfer of control to the customer. EPC contracts are generally accounted for as a single performance obligation as it involves complex integration of goods and services.

The performance obligations are satisfied over time as the work progresses. The Group recognises revenue using input method (i.e. percentage-of-completion method), based primarily on contract cost incurred to date compared to total estimated contract costs. Changes to total estimated contract costs, if any, are recognised in the period in which they are determined as assessed at the contract level. If the consideration in the contract includes price variation clause or there are amendments in contracts, the Group estimates the amount of consideration to which it will be entitled in exchange for work performed.

Due to the nature of the work required to be performed on many of the performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgement. Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, discounts, if any. The Group considers its experience with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be constrained. The Group includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Progress billings are generally issued upon completion of certain phases of the work as stipulated in the contract. Billing terms of the over-time contracts vary but are generally based on achieving specified milestones. The difference between the timing of revenue recognised and customer billings result in changes to contract assets and contract liabilities. Payment is generally due upon receipt of the invoice, payable within 90 days or less. Contractual retention amounts billed to customers are generally due upon expiration of the contract period.

The contracts generally result in revenue recognised in excess of billings which are presented as contract assets on the statement of financial position. Amounts billed and due from customers are classified as receivables on the statement of financial position. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component since it is usually intended to provide customer with a form of security for Company's remaining performance as specified under the contract, which is consistent with the industry practice. Contract liabilities represent amounts billed to customers in excess of revenue recognised till date. A liability is recognised for advance payments and it is not considered as a significant financing component because it is used to meet working capital requirements at the time of project mobilisation stage. The same is presented as contract liability in the statement of financial position.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For construction contracts the control is transferred over time and revenue is recognised based on the extent of progress towards completion of the performance obligations. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The percentage of completion is based

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primarily on contract cost incurred to date compared to total estimated contract cost for each contract in order to reflect the effective completion of the project. This percentage of completion could be based on technical milestones or as per the contractual terms specified. A construction contract is considered completed when the last technical milestone is achieved, which occurs upon contractual transfer of ownership of the asset.

3.8.4 Other Operating Revenue

Export benefits under Mercantile Export from India Incentive Scheme (MEIS), Service Export from India Scheme (SEIS) and Duty Drawback benefits are accounted as revenue on accrual basis as and when export of goods take place.

3.8.5 Revenue from Service Concession Arrangements (SCA):-

The Group through its subsidiary builds infrastructure assets under public-to-private Service Concession Arrangement (SCA) which it operates and maintains for periods specified in the SCA. Under the SCA, where the Subsidiary has acquired contractual rights to receive specified determinable amounts, such rights are recognised and classified as "Financial Assets", even though payments are contingent on the subsidiary ensuring that the infrastructure meets the specified quality or efficiency requirements. Such financial assets are classified as "Receivables against Service Concession Arrangements".

Consideration for various services (i.e. construction or upgrade services, operation and maintenance services, etc.) under the SCA is allocated on the basis of costs actually incurred or the estimates of cost of services to be delivered.

The subsidiary has contractual obligations to maintain the infrastructure to a specified level of serviceability or restore the infrastructure to a specified condition before it is handed over to the grantor of the SCA. Such obligations are measured at the best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. Such costs are recognised in the period in which such costs are actually incurred.

Revenue from financial asset is recognised in the Consolidated Statement of Profit and Loss as interest, finance income calculated using the effective interest method from the year in which construction activities are started. Revenue from operating and maintenance services and from overlay services is recognised in the period in which such services are rendered.

The subsidiary recognises and measures revenue, costs and margin for providing construction services during the period of construction of the infrastructure, on the same basis as that for construction contract referred to in Note 3.8.3.

Refer Note 48 on disposal of the subsidiary. Consequently, the amounts with respect to the said subsidiary have been disclosed under discontinued operation.

3.9 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations (net of finance charges) to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are accounted in the year in which it is incurred. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.10 Foreign currency translation

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates (functional currency). The group's functional and presentation currency is Indian Rupees (INR) and these consolidated financial statements are presented in Indian rupees. For each entity (subsidiaries), the group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

In preparing these consolidated financial statements, the Group has applied following policies:

A) Foreign Branches of the Company:-

1. Income and expense items are translated at the exchange rates at the dates of the transactions and all resulting exchange differences are recognised in the Statement of Profit and Loss.
2. Non-monetary assets and liabilities are measured in terms of historical cost in foreign currencies and are not translated at the rates prevailing at the reporting period. Monetary assets and liabilities are translated at the rates prevailing at the end of

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each reporting period. Exchange differences on translations are recognised in the Consolidated Statement of Profit and Loss.

B) Joint Operations and subsidiaries outside India with functional currency other than presentation currency:

1. Assets and liabilities, both monetary and non-monetary are translated at the rates prevailing at the end of each reporting period.
2. Income and expense items are translated at exchange rates at the dates of the transactions and all resulting exchange differences are accumulated in the foreign currency translation reserve in the statement of changes in equity.

C) Other foreign currency transactions:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gain and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currency at the year end exchange rate are generally recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

In case of consideration paid or received in advance for foreign currency denominated contracts, the related expense or income is recognised using the rate on the date of transaction on initial recognition of a related asset or liability.

Exchange differences on monetary items are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 3.25 below for hedging accounting policies); and

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Forward Exchange Contracts:

The forward exchange contracts are marked to market and gain/loss on such contracts are recognised in the Consolidated Statement of Profit and Loss at the end of each reporting period, except for those contracts which are designated as hedge instruments.

The net foreign exchange difference reported in statement of profit and loss has been disclosed in Note 43.

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Finance expenses are recognised immediately in the Consolidated Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

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

3.12 Employee benefits

3.12.1 Long-term Employee Benefits:

(a) **Defined Contribution Plans:**

Payments to defined contribution retirement benefit scheme for eligible employees in the form of superannuation fund and provident fund are recognised as expense when employees have rendered service entitling them to the contributions. The group has no further payment obligation once the contribution have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses when they are due.

(b) **Defined Benefit Plans:**

The Company has established 'KEC International Limited Provident Fund' in respect of employees other than factory workers, to which both the employee and the employer make contribution equal to 12% of the employee's basic salary. The Company's contribution to the provident fund for all employees are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the

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return from its investments and the administered interest rate, the same is required to be provided for by the Company.

The defined benefit plan i.e. gratuity plan, provides for lump sum payment to vested employees on retirement/termination of an amount equivalent to 15 days salary and on death while in employment or on death of an employee an amount equivalent to one month salary, payable for each completed year of service or part thereof in excess of six months in terms of Gratuity scheme of the Company or as per payment of the Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service. 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:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Group presents the first two components of defined benefit costs in the Consolidated Statement of Profit and Loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

3.12.2 Short-term employee benefits:

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within 12 months after the end of period in which the employees rendered the related services are recognised in respect of employee services upto the end of reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit and loss. The obligations are presented as current liabilities in the balance sheet, if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

3.13 Taxation

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

3.13.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

3.13.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised

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to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liabilities simultaneously.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and credits only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

3.13.3 Current and deferred tax for the year

Current and deferred tax are recognised in the Consolidated Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.14 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Freehold land is not depreciated. Leasehold land is amortised over the remaining period of the lease.

On transition to Ind AS, the Group has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 01, 2016 measured as per previous GAAP and use that carrying value as deemed cost of the property, plant and equipment.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Depreciation on other items of Property, Plant and Equipment has been provided on the straight-line method as per the useful life as estimated by the Management. The estimate of the useful life of the assets has been based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, etc. The estimated useful life of these Property, Plant and Equipment is mentioned below:

Particulars	Estimated useful life (in years)
Buildings (including roads and temporary structures)	3-60
Plant and Equipment/Office Equipment	3-23
Erection tools	3-5
Furniture and Fixtures	10
Vehicles	4-8
Computers	3-6

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Profit and Loss.

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3.15 Intangible assets

3.15.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.15.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.15.3 Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

3.15.4 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Consolidated Statement of Profit and Loss when the asset is derecognised.

3.15.5 Useful lives of intangible assets

Brand in respect of the power transmission business acquired under the High Court approved Composite Scheme of Arrangement in an earlier year is amortised by the Company in terms of the said Scheme over its useful life, which based on an expert opinion is estimated to be of 20 years. Brand in respect of the railway signaling business transferred to the Company pursuant to the High Court approved Scheme of Amalgamation is amortised over 10 year being its useful life, as estimated by the management.

Computer Software are amortised on straight line basis over the estimated useful life ranging between 4-6 years.

3.16 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Consolidated Statement of Profit and Loss.

3.17 Investment

The Company classifies its financial assets in the measurement categories as those to be measured subsequently at fair value (through other comprehensive income or through profit and loss) and those measured at amortised cost. The classification depends on the Company's business model for managing the financial asset and the contractual terms of the cash flows. (Refer 3.21)

3.18 Inventories

Inventories (raw material, work-in-progress, finished goods, stores and spares and erection material) are stated at the lower of cost and net realisable value. Cost of purchased material is determined on the weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Scrap is valued at net realisable value.

Cost of work-in-progress and finished goods includes material cost, labour cost, and manufacturing overheads absorbed on the basis of normal capacity of production.

3.19 Provisions and contingencies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation in respect of which a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle

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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 recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty related costs is revised annually.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

Contingent assets: A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised but disclosed only when an inflow of economic benefits is probable.

3.20 Financial instruments

Financial assets and financial liabilities are recognised when a group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities [other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)] are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Consolidated Statement of Profit and Loss.

Purchases or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

3.21 Financial assets

3.21.1 Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognised in the Consolidated Statement of Profit and Loss.

3.21.2 Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. Gains or losses arising on remeasurement are recognised in the Consolidated Statement of Profit and Loss. The net gain or loss recognised in the Consolidated Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

3.21.3 Dividend income is recognised when the right to receive payment has been established.

3.21.4 Impairment of financial assets

The Group 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 is recognised as an impairment gain or loss in the Consolidated Statement of Profit and Loss.

3.21.5 Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party and does not retain control of the asset. The Company continues to recognise the asset to the extent of Company's continuing involvement.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Consolidated Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Consolidated Statement of Profit and Loss on disposal of that financial asset.

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3.21.6 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost, the exchange differences are recognised in the Consolidated Statement of Profit and Loss except for those which are designated as hedging instruments in a hedging relationship.

3.22 Financial liabilities and equity instruments

3.22.1 Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.22.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

3.22.3 Financial liabilities

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

3.22.3.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

3.22.3.2 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair value and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109, 'Financial Instruments'; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18, 'Revenue'.

3.22.3.3 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are included in the Consolidated Statement of Profit and Loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

3.22.3.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange with a new lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Consolidated Statement of Profit and Loss.

3.23 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks and commodity price risks, including foreign exchange forward contracts, and commodity contracts - Over the Counter (OTC) derivatives. Derivatives are only used for economic hedging purposes and not as a speculative investment. Further, details of derivative financial instruments are disclosed in Note 50.

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.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3.24 Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, commodity price risk as cash flow hedges. Hedges of foreign exchange risk and commodity price risk on firm commitments are accounted for as fair value hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument

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is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 50 sets out details of the fair values of the derivative instruments used for hedging purposes.

3.24.1 Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to the Consolidated Statement of Profit and Loss in the periods when the hedged item affects the Consolidated Statement of Profit and Loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Consolidated Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Consolidated Statement of Profit and Loss.

Where the hedged item subsequently results in the recognition of a non-financial asset, both the deferred hedging gains and losses and the deferred time value of the option contracts, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss through cost of material consumed.

3.24.2 Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss is recognised in profit or loss.

3.25 Cash and cash equivalents

For the purpose of presentation in statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of 3 months or less that are readily convertible to known amount of cash and which are subject to an insignificant risk of change in value.

3.26 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group

- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

3.27 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crore as per the requirement of Schedule III, unless otherwise stated.

4. CRITICAL ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical estimates and judgements, that have the significant effect on the amounts recognised in the consolidated financial statements.

4.1 Classification of Joint Arrangement as a Joint Operation

In terms of Ind AS 111, 'Joint Arrangement' the following joint arrangements of the Company have been classified as joint operations in the Standalone Financial Statements of the Company as the contractual arrangements between the parties specify that parties have rights to the assets, and obligations for the liabilities, relating to the arrangement:

- Al-Sharif Group and KEC Ltd. Company, Saudi Arabia* [refer Note 46]
- EJP KEC Joint Venture, South Africa
- KEC – ASSB JV
- KEC – ASIAKOM – UB JV
- KEC – ASIAKOM JV
- KEC – DELCO – VARAHA JV
- KEC – VARAHA – KHAZANA JV
- KEC – VALECHA – DELCO JV

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- ix) KEC – SIDHARTH JV
- x) KEC – TRIVENI – KPIPL JV
- xi) KEC – UNIVERSAL JV
- xii) KEC – DELCO – DUSTAN JV
- xiii) KEC – ANPR – KPIPL JV
- xiv) KEC – PLR – KPIPL JV
- xv) KEC – BJCL JV
- xvi) KEC – KIEL JV
- xvii) KEC – ABEPL JV
- xviii) KEC – TNR Infra JV
- xix) KEC – SMC JV
- xx) KEC – WATERLEAU JV

* KEC International Limited (Company) holds 51.10% share capital of Al Sharif Group and KEC Ltd. Company, Saudi Arabia ("Al Sharif JV"), having a joint arrangement located in Saudi Arabia, with the JV partner Al Sharif Group (ASG) [also refer Note 43]. Al Sharif JV is a subsidiary of the Company as per the definition of 'subsidiary' under the Companies Act, 2013. However, Al Sharif JV is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the Company itself, the internal agreements (contractual arrangements) entered into between the parties to the joint arrangements for execution of projects (turnkey contracts) reverses or modifies the rights and obligations conferred by the legal form and establishes and define their respective rights and obligations on these projects. As per these contractual arrangements, the parties to the joint arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Accordingly, for financial reporting purposes, Al Sharif JV is classified as jointly controlled operation as per the requirements of Ind AS 111 Joint Arrangements.

4.2 Revenue recognition for construction contracts

Refer Note 3.9.3 and Note 47.

4.3 Useful lives of property, plant and equipment and intangible assets

As described in Notes 3.15 and 3.16 above, the Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. There was no change in the useful life of property, plant and equipment and intangible assets as compared to previous year.

4.4 Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Guarantees are also given in the normal course of business. There are certain obligations which management has concluded based on all available facts and circumstances are treated as contingent liabilities and disclosed in the Notes but

are not provided for in the consolidated financial statements. Although there can be no assurance of the final outcome of the legal proceedings in which the Company is involved it is not expected that such contingencies will have a material effect on its financial position or profitability.

4.5 Income Taxes

In preparing the consolidated financial statements, the Group recognises income taxes in each of the jurisdictions in which it operates. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. The uncertain tax positions are measured at the amount expected to be paid to taxation authorities when the Company determines that the probable outflow of economic resources will occur. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4.6 Impairment of trade receivables

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, credit risk, existing market conditions as well as forward looking estimates at the end of each reporting period.

4.7 Defined benefit obligations

The present value of defined benefit obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period that have terms approximating to the terms of the related obligation.

4.8 Impairment of Goodwill

Goodwill is tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit or groups of cash-generating units which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long-term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

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NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Particulars	₹ in Crore											Total				
	Freehold Land ^	Leasehold Land	Buildings ^	Plant and Equipment	Plant and Equipment (under finance lease)	Erection Tools	Furniture and Fixtures	Vehicles	Vehicles (under finance lease)	Office Equipment	Computers					
Gross Carrying Amount																
As at April 01, 2017	136.31	50.08	240.59	626.54	27.61	74.74	22.25	43.79	13.36	10.45	30.49	30.49	1,276.21			
Additions	-	-	3.72	20.23	0.37	31.11	5.39	4.15	-	0.86	5.95	5.95	71.78			
Disposal	-	-	0.37	8.91	0.57	17.48	0.02	1.87	-	0.25	0.40	0.40	29.87			
Adjustments	(0.24)	-	(0.47)	1.28	0.73	0.09	0.40	0.03	0.07	0.00	(0.06)	(0.06)	1.85			
As at March 31, 2018	136.07	50.08	243.47	639.14	28.14	88.46	28.02	46.10	13.43	11.06	35.98	35.98	1,319.95			
Additions	-	-	22.42	75.41	1.47	22.01	0.32	0.99	-	0.70	3.53	3.53	126.85			
Disposal	-	-	0.02	7.85	1.49	8.71	0.31	5.81	-	0.34	0.43	0.43	24.96			
Adjustments	2.41	-	2.60	(0.77)	1.06	(0.63)	0.15	14.61	(13.43)	0.06	(0.55)	(0.55)	5.51			
As at March 31, 2019	138.48	50.08	268.47	705.93	29.18	101.13	28.18	55.88	(0.00)	11.48	38.53	38.53	1,427.34			
Accumulated depreciation:																
As at April 01, 2017	-	8.84	62.84	250.76	0.84	35.96	8.52	23.74	6.56	6.08	20.49	20.49	424.63			
Depreciation expense	-	0.78	10.82	45.10	0.39	21.20	2.75	4.31	3.04	1.54	4.19	4.19	94.12			
Disposal	-	-	0.36	7.54	0.57	16.95	0.01	1.66	-	0.23	0.27	0.27	27.59			
Adjustments	-	-	(0.12)	0.18	0.01	0.08	(0.00)	0.03	0.06	0.00	(0.20)	(0.20)	0.04			
As at March 31, 2018	-	9.62	73.18	288.50	0.67	40.29	11.26	26.42	9.66	7.39	24.21	24.21	491.20			
Depreciation expense	-	0.78	6.02	47.45	0.44	20.10	3.03	6.46	-	1.21	4.63	4.63	90.12			
Disposal	-	-	0.02	6.12	0.45	7.57	0.20	5.38	-	0.16	0.39	0.39	20.29			
Adjustments	-	-	1.07	(0.67)	(0.44)	(0.91)	0.14	10.75	(9.66)	0.04	(0.56)	(0.56)	(0.24)			
As at March 31, 2019	-	10.40	80.25	329.16	0.22	51.91	14.23	38.25	-	8.48	27.89	27.89	560.79			
Net carrying amount																
As at March 31, 2018	136.07	40.46	170.29	350.64	27.47	48.17	16.76	19.68	3.77	3.67	11.77	11.77	828.76			
As at March 31, 2019	138.48	39.68	188.22	376.77	28.96	49.22	13.95	17.63	-	3.00	10.64	10.64	866.56			

Note 5.1

^The title deeds of freehold land and buildings, having gross carrying amount aggregating ₹ 26.35 crore (as at March 31, 2018 ₹ 26.35 crore) and net carrying amount aggregating ₹ 25.74 crore (as at March 31, 2018 ₹ 25.78 crore), have been transferred to and vested in the Company, pursuant to the Schemes of Amalgamation/Arrangement in earlier years and the procedural formalities for transfer in the name of the parent Company is pending.

Note 5.2

For details of Property, plant and equipment having gross carrying amount aggregating ₹ 711.35 crore (as at March 31, 2018 ₹ 596.09 crore), which are pledged as security for borrowings - Refer Notes 26 and 29.

Note 5.3

Adjustments represents foreign currency exchange translation adjustment on account of jointly controlled operations and subsidiary which have different functional currency.

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NOTE 6 - GOODWILL

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	191.98	191.03
Effect of foreign currency exchange difference recognised in other comprehensive income (OCI)	11.73	0.95
Balance at the end of year	203.71	191.98

The Company through its wholly owned subsidiaries, has paid the purchase consideration to obtain the control of business of SAE Tower Holdings LLC and its subsidiaries (SAE).

On acquisition of SAE, goodwill amounting to ₹ 134.63 crore was recognised on the acquisition date. This goodwill represents the future economic benefits that shall enable the Group to enter more geographies and help its overseas business growth by acquisition of SAE business.

Goodwill is tested for impairment annually in accordance with the Group's procedure for determining the recoverable amount of such assets. For the purpose of impairment testing, SAE entire business is considered as one Cash Generating Unit.

The recoverable amount of this Cash Generating Unit is based on value in use. The value in use is determined based on discounted cash flow projections. The fair value measurement has been categorised as level 3 fair value based on the inputs to the valuation technique used.

The key assumptions used in the estimation of value in use are set out below.

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Discount rate	7%	7%
Terminal value growth rate	3%	3%
Period considered for discounting	5 years	5 years

The cash flow projections include specific estimates for five years and terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimates of the EBITDA margins at SAE level.

Based on the above, no impairment was identified as of March 31, 2019 and March 31, 2018 as the recoverable value of the cash generating unit exceeded the carrying value.

NOTE 7 - INTANGIBLE ASSETS

Particulars	₹ in Crore		
	Brands (Refer Note 7.1)	Computer softwares	Total
Gross carrying amount			
As at April 01, 2017	246.95	33.57	280.52
Additions	-	0.75	0.75
Disposal	-	-	-
Adjustments	-	0.02	0.02
As at March 31, 2018	246.95	34.34	281.29
Additions	-	47.85	47.85
Disposal	-	0.02	0.02
Adjustments	-	(0.16)	(0.16)
As at March 31, 2019	246.95	82.01	328.96
Accumulated amortisation			
As at April 01, 2017	148.56	25.81	174.37
Amortisation expense	12.70	2.94	15.64
Disposal	-	-	-
Adjustments	-	(0.17)	(0.17)
As at March 31, 2018	161.26	28.58	189.84
Amortisation expense	12.68	14.34	27.02
Disposal	-	0.02	0.02
Adjustments	-	-	-
As at March 31, 2019	173.94	42.90	216.84
Net carrying amount			
As at March 31, 2018	85.69	5.76	91.46
As at March 31, 2019	73.01	39.11	112.12

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Note 7.1

Brands include brand of the power transmission business amounting to ₹ 240 crore which was acquired by the Parent Company under the High Court approved Composite Scheme of Arrangement (the 'Scheme') in an earlier year. In terms of the Scheme, the brand is being amortised by the Company over its useful life, which based on an expert opinion is estimated to be of 20 years. The carrying amount of the brand as on March 31, 2019 ₹ 72 crore (as at March 31, 2018 ₹ 84 crore) and the remaining amortisation period is 6 years (as at March 31, 2018 - 7 years).

Note 7.2

Adjustments represents foreign currency exchange translation adjustment on account of jointly controlled operations and subsidiary which have different functional currency.

NOTE 8 - INVESTMENTS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Non-current:		
Investment in equity shares (at fair value through other comprehensive income)		
Unquoted		
4,900 Fully paid Equity Shares of ₹ 10 each of RP Goenka Group of Companies Employees Welfare Association	*	*
	*	*
Aggregate book value of quoted investments and market value thereof	-	-
Aggregate book value of unquoted investments	*	*
Aggregate provision for diminution in value of investments	-	-

* less than rounding off norms adopted by the Company.

As per Article of Association of the 'RP Goenka Group of Companies Employees Welfare Association (Company)', no portion of income or property shall be paid or transferred directly or indirectly, by way of dividend, bonus or otherwise by way of profit to members of the Company. Any surplus upon winding up or dissolution of the Company shall not be distributed amongst the members of the Company but shall be given or transferred to such other Companies having objects similar to the objects of this Company, to be determined by the members of the Company at or before the time of dissolution or in default thereof, by the High Court of Judicature that has or may acquire jurisdiction in the matter.

As, there are significant restrictions on the ability of the Company to transfer funds to the Group in the form of cash dividends, the fair value of the Group's interest in the Company is concluded to be equal to cost.

NOTE 9 - TRADE RECEIVABLES

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Non-current trade receivables - Unsecured		
(i) Considered good	-	5.47
(ii) Having significant increase in credit risk	-	-
(iii) Credit impaired	0.80	11.69
Less: Allowance for bad and doubtful receivables (expected credit loss allowance)*	0.80	11.69
	-	5.47

* Movement in the allowance for bad and doubtful receivables (expected credit loss allowance) - Also refer Note - 50.9

Particulars	₹ in Crore
Balance as at March 31, 2017	19.52
Add: Created during the year	2.78
Less: Released during the year	10.61
Balance as at March 31, 2018	11.69
Add: Created during the year	-
Less: Released during the year	10.89
Balance as at March 31, 2019	0.80

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NOTE 10 - OTHER FINANCIAL ASSETS

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
(i) Security deposits, Secured		
(a) Considered good	8.82	9.06
(b) Having significant increase in credit risk	-	-
(c) Credit impaired	0.76	0.76
	9.58	9.82
Less: Allowance for bad and doubtful security deposits *	0.76	0.76
	8.82	9.06
(ii) Balances with banks to the extent held as margin money or security against borrowings, guarantees and other commitments, which have a maturity period of more than 12 months from Balance Sheet date	-	3.10
(iii) Amount withheld by customers [Refer Note 54(i)(9)]		
(a) Considered good	-	-
(b) Having significant increase in credit risk	-	-
(c) Credit impaired	17.61	17.61
	17.61	17.61
Less: Allowance for bad and doubtful receivables (expected credit loss allowance) *	12.85	12.85
	4.76	4.76
(iv) Receivables against Service Concession Arrangement (Refer Note 55)	-	188.62
	13.58	205.54

* Movement in the allowance for bad and doubtful receivables (Expected Credit Loss)/deposits - Refer Note 50.9

Particulars	₹ in Crore
Balance as at March 31, 2017	6.08
Add: Created during the year	8.13
Less: Released during the year	0.60
Balance as at March 31, 2018	13.61
Add: Created during the year	-
Less: Released during the year	-
Balance as at March 31, 2019	13.61

NOTE 11 - NON-CURRENT TAX ASSETS (NET)

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018
Income tax payments less provisions	119.68	45.15
	119.68	45.15

NOTE 12 - OTHER NON-CURRENT ASSETS

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Capital Advances	12.04	10.51
(b) Others		
- Excise duty recoverable from Government authorities	24.45	24.45
- VAT Credit/WCT /Service tax receivables	97.45	131.60
- Prepaid expenses	3.28	5.25
- Export benefits	9.26	18.24
- Sales tax/ excise duty/ service tax/ entry tax, etc. paid under protest	19.92	14.46
- Others (includes amounts towards judicial deposits)	22.68	22.71
	177.04	216.71
	189.08	227.22

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NOTE 13 - INVENTORIES

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Inventories (lower of cost and net realisable value)		
(a) Raw materials		
(i) in stock	406.16	316.79
(ii) in-transit	0.14	11.18
	406.30	327.97
(b) Work-in-progress (Refer Note 13.1)	87.64	220.24
(c) Finished goods	119.34	51.97
(d) Erection tools and spares	14.44	13.97
(e) Scrap	13.29	13.26
	641.01	627.41

13.1 Details of inventory of work-in-progress :

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Towers and structurals	62.95	169.62
Cables	24.69	50.62
	87.64	220.24

NOTE 14 - INVESTMENTS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Unquoted - Other investments		
Investments in Commercial Papers (Carried at fair value through profit or loss)	13.21	39.29
	13.21	39.29
Notes: Unquoted investments		
Aggregate book value of unquoted investments	13.21	39.29
Aggregate book value of unquoted investments and market value thereof	13.21	39.29

NOTE 15 - TRADE RECEIVABLES

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Trade receivables - Unsecured (Refer Note 15.2 and 50.9)		
(a) Considered good	4,910.27	5,096.52
(b) Having significant increase in credit risk	-	-
(c) Credit impaired	-	-
	4,910.27	5,096.52
Less: Allowance for bad and doubtful debts (expected credit loss allowance)*	35.01	57.59
	4,875.26	5,038.93

*Movement in the allowance for bad and doubtful receivables (expected credit loss allowance). (Refer Note 50.9)

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Balance as at March 31, 2017		39.95
Add: Created during the year		26.61
Less: Released during the year		8.97
Balance as at March 31, 2018		57.59
Add: Created during the year		1.87
Less: Released during the year		24.45
Balance as at March 31, 2019		35.01

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Note 15.1 Transfer of financial assets

During the current year, the Company has discounted trade receivables with an aggregate carrying amount of ₹ 101.48 crore with banks for cash proceeds of ₹ 100.08 crore. These arrangements are “non-recourse” to the Company and accordingly, the Company has de-recognised these receivables as at March 31, 2019. 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, 2019 ₹ 100.84 crore (As at March 31, 2018 ₹ Nil) are recognised as trade receivables and corresponding carrying amount of associated liabilities of ₹ 93.20 crore (As at March 31, 2018 ₹ Nil) are recognised as secured borrowings (Note 26) and there are restriction on further selling and pledging of these receivables.

Note 15.2 Receivable from related parties is ₹ 0.22 crore (as at March 31, 2018 ₹ 2.31 crore) [Refer Note 53 (c)].

NOTE 16 - CASH AND CASH EQUIVALENTS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
(a) Balances with banks		
(i) In current accounts	148.24	178.56
(ii) In deposit accounts	19.25	10.68
	167.49	189.24
(b) Cheques on hand	-	1.19
(c) Cash on hand	7.74	2.57
	175.23	193.00

NOTE 17 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
(i) Earmarked balances with banks - unpaid dividend accounts	2.43	2.09
(ii) Bank deposit with original maturity of more than 3 months but less than 12 months	0.38	9.74
(iii) Margin Money deposit with maturity less than 12 months	0.75	4.66
(iv) Balances with banks to the extent held as margin money or security against the borrowings, guarantees and other commitments.	97.38	21.82
	100.94	38.31

NOTE 18 - LOANS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
- Loans and advances to Joint operations (net of the Group's share)	5.06	39.14
- Security deposits	28.51	21.30
	33.57	60.44

Loans and advances to Joint Operations have been provided by the Group to meet the short-term working capital requirements for execution of projects by the joint operations.

NOTE 19 - OTHER FINANCIAL ASSETS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
(i) Margin money (bank deposits) with original maturity more than 12 months	3.28	-
(ii) Contractually reimbursable expenses (Refer Note 20.2 and Note 47.4)	-	71.66
(iii) Amount due from customers for contract work (Refer Note 20.2, Note 47.4, Note 47.5 and Note 57)	-	2,035.98
(iv) Interest accrued on fixed deposits	0.14	0.11
(v) Insurance claims	0.31	-
(vi) Mark to market gain on forward and commodity contracts (Refer Note 50.7 and Note 50.8)	101.37	-
(vii) Receivables against Service Concession Arrangement (Refer Note 55)	-	27.72
(viii) Others	0.63	0.26
	105.73	2,135.73

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Note 20 (A) - CONTRACT ASSETS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
(i) Contractually reimbursable expenses (Refer Note 20.2 and Note 47.4)	49.37	-
(ii) Amount due from customers for contract work (Refer Note 20.2, Note 47.4 and Note 57)	3,289.20	-
Less: Provision for expected loss on construction contracts (Refer Note 20.1, Note 20.2 and Note 47.4)	7.31	-
	3,331.26	-

Note 20 (B) - CONTRACT LIABILITIES

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
(i) Amount due to customers for contract works (Refer Note 20.2 and Note 47.4)	647.70	-
(ii) Advance from customer (Refer Note 20.2 and Note 47.4)	1,597.65	-
(iii) Interest on customer advance (Refer Note 20.2 and Note 47.4)	6.84	-
	2,252.19	-

Note 20.1 Provision for expected loss on construction contracts

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Opening balance	42.83	59.44
Additions	3.79	33.97
Reversals	39.37	50.58
Effect of translation adjustment gain/(loss)	0.06	0.00
Closing balance	7.31	42.83

Note 20.2 Contract Assets and Liabilities balances

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Contract assets		
(i) Contractually reimbursable expenses		71.66
(ii) Amount due from customers for contract work		2,035.98
Less: Provision for expected loss on construction contracts		42.84
		2,064.80
Contract liabilities		
(i) Amount due to customers for contract works		420.34
(ii) Advance from customer		1,208.41
(iii) Interest on customer advance		6.84
		1,635.59

Contract assets', as disclosed in current year representing "Amount due from customers for contract works", Contractually reimbursable expenses" and "Provision for expected loss on construction contracts" have been presented as part of 'Other financial assets' and 'Provisions' respectively, in the previous year. Contract liabilities as disclosed in current year representing "Advance from customer", "Amount due to customers for contract works" and "Interest on customer advance" have been presented as part of other current liabilities and other financial liabilities respectively, in the previous year.

NOTE 21 - CURRENT TAX ASSETS (NET)

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Income tax payments less provisions	13.62	99.62
	13.62	99.62

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NOTE 22 - OTHER CURRENT ASSETS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Advances to suppliers	160.41	106.26
Employee advances	7.36	5.16
Cenvat/Service tax input credit receivable	0.97	1.54
Amount due as refund of custom duty	3.70	3.70
Excise duty recoverable from Government authorities	1.26	1.34
VAT credit/WCT receivables	165.31	144.81
GST receivable	243.99	207.72
GST/Excise rebate receivable on exports	102.76	14.62
Prepaid expenses	102.48	87.25
Export benefits	70.56	31.26
Assets classified as held for sale (Refer Note 22.1)	2.45	2.45
	861.25	606.11

Note 22.1 - Details of assets classified as held for sale

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Leasehold Land	2.45	2.45

The Company has signed Memorandum of understanding (MOU) against which the Company had received sales consideration amounting to ₹ 9.41 crore (as at March 31, 2018 ₹ 9.41 crore) (Refer Note 32). However, the title and possession of the land is yet to be transferred due to pending approvals from regulatory authorities.

NOTE 23 - SHARE CAPITAL

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos.	₹ in Crore	Nos.	₹ in Crore
Authorised:				
Equity Shares:				
Equity Shares of ₹ 2 each	57,00,00,000	114.00	57,00,00,000	114.00
Preference Shares:				
Redeemable Preference Shares of ₹ 100 each	15,00,000	15.00	15,00,000	15.00
Issued, Subscribed and Paid-up				
Equity Shares:				
Equity Shares of ₹ 2 each fully paid up	25,70,88,370	51.42	25,70,88,370	51.42
	25,70,88,370	51.42	25,70,88,370	51.42

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

Particulars	Nos.	₹ in Crore
Equity Shares Outstanding as at April 01, 2017	25,70,88,370	51.42
Add: Shares issued during the year	-	-
Equity Shares Outstanding as at March 31, 2018	25,70,88,370	51.42
Add: Shares issued during the year	-	-
Equity Shares Outstanding as at March 31, 2019	25,70,88,370	51.42

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

Sr. No.	Name of the shareholder*	As at March 31, 2019		As at March 31, 2018	
		Nos. of Shares Held	Percentage of Shares held	Nos. of Shares Held	Percentage of Shares held
1	Swallow Associates LLP	6,77,56,616	26.36	6,95,46,616	27.05
2	Summit Securities Limited	2,79,10,754	10.86	2,77,53,845	10.80
3	Instant Holdings Limited	2,16,47,691	8.42	2,10,42,105	8.18
4	HDFC Trustee Company Limited	1,80,69,573	7.03	1,81,98,378	7.08

*Shares held in multiple folios have been combined.

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

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

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

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NOTE 24 - OTHER EQUITY

Particulars	Reserves and Surplus							Other Comprehensive Income			Total		
	Other items (Share issue expenses)	Capital Reserve	Capital Reserve on consolidation	Securities Premium	Capital Redemption Reserve	Debt Redemption Reserve	Statutory Reserve	General Reserve	Retained Earnings	Effective portion of Hedges		Exchange differences on translation of foreign operations	Other items of other comprehensive income (Remeasurement of defined benefit obligations)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
Balance as at April 01, 2017	(0.30)	84.98	0.04	86.75	14.28	6.79	0.95	152.98	1,180.88	1.46	10.37	(4.23)	1,534.95
Profit for the year	-	-	-	-	-	-	-	-	460.42	-	-	-	460.42
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	(3.95)	(3.02)	(1.19)	(8.16)
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	460.42	(3.95)	(3.02)	(1.19)	452.26
Transactions with owners in their capacity as owner													
Dividends	-	-	-	-	-	-	-	-	(49.51)	-	-	-	(49.51)
Dividend distribution tax	-	-	-	-	-	-	-	-	8.37	-	-	-	8.37
Transfer from retained earnings	-	-	-	-	-	15.98	-	-	(15.98)	-	-	-	-
Transferred to other items due to changes in income tax rate	(0.03)	-	-	-	-	-	-	-	-	-	-	-	(0.03)
Balance as at March 31, 2018	(0.33)	84.98	0.04	86.75	14.28	22.77	0.95	152.98	1,584.18	(2.49)	7.35	(5.42)	1,946.04
Balance as at April 01, 2018	(0.33)	84.98	0.04	86.75	14.28	22.77	0.95	152.98	1,584.18	(2.49)	7.35	(5.42)	1,946.04
Profit for the year	-	-	-	-	-	-	-	-	495.77	-	-	-	495.77
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	5.45	10.00	0.35	15.80
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	495.77	5.45	10.00	0.35	511.57
Transactions with owners in their capacity as owner													
Dividends	-	-	-	-	-	-	-	-	(61.70)	-	-	-	(61.70)
Dividend distribution tax	-	-	-	-	-	-	-	-	(12.56)	-	-	-	(12.56)
Transfer from retained earnings	-	-	-	-	-	15.98	-	-	(15.98)	-	-	-	-
Transferred on disposal of subsidiary	0.33	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2019	-	84.98	0.04	86.75	14.28	38.75	0.95	152.98	1,989.71	2.96	17.35	(5.07)	2,383.68

Note (a) Other items was created on account of share issue expenses of KEC Bikaner Sikar Transmission Private Limited.

Note (b) Capital reserve was created on account of merger of RPG Cables Limited (RPGCL) with the Company pursuant to the Scheme of Amalgamation in the financial year 2009-10.

Note (c) Capital Reserve on consolidation Created on acquisition of two subsidiaries, where the net assets were more than the consideration paid in earlier years

Note (d) Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Note (e) Capital Redemption Reserve was created for redemption of preference shares. The preference shares were redeemed in the financial years 2007-08 and 2008-09.

Note (f) Debentures Redemption Reserve is created towards redemption of debentures referred to in Note 26.1.

Note (g) Statutory reserve pertains to the Joint Operation at Saudi Arabia. In accordance with the Saudi Arabian Companies law and the Articles of Association, 10 % of the annual net income is required to be transferred to the Statutory Reserve until the reserve reaches 50% of the capital of the Joint Operation.

Note (h) General reserve is created from time to time by way of transfer of profits from retained earnings. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

Note (i) Retained earnings represents cumulative profit of the Group. The reserve can be utilised in accordance with the provision of the Companies Act, 2013.

Note (j) The cash flow hedging reserve is used to recognize the effective portion of gains or losses on derivative that are designated and qualify as cashflow hedges, as described in accounting policy note 3.24.

Note (k) Foreign currency translation reserve pertains to exchange difference arising on translation of the foreign operation are recognised in other comprehensive income as described in accounting policy note 3.10 and accumulated in a separate reserve within equity. The cumulative amount reclassified to profit or loss when the net investment is disposed-off.

Note (l) Reserve for remeasurement of defined benefit obligations represents the effects of remeasurement of defined benefit obligations on account of actuarial gains and losses.

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NOTE 25 - NON-CONTROLLING INTERESTS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	*	*
Share of profit/(loss) for the year	*	*
Balance at the end of the year (Refer Note 25.1)	-	*

* less than rounding off norms adopted by the Company.

Note 25.1 During the year Group had disposed off its entire stake in the subsidiary “KEC Bikaner Sikar Transmission Private Limited”. (Refer Note 48)

NOTE 26 - BORROWINGS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Non-Current		
Measured at amortised cost:		
I Debentures		
Secured (Refer Note 26.1)	313.19	285.39
II Term loans		
(a) From banks		
Secured [Refer Note 26.2 (a)]	293.17	471.14
Less : Current maturities of long-term debt [Refer Note 31 (a)]	(96.54)	(75.86)
	196.63	395.28
Unsecured [Refer Note 26.2 (b)]	72.14	51.96
Less : Current maturities of long-term debt [Refer Note 31 (a)]	(40.90)	(43.70)
	31.24	8.26
(b) From others parties		
Secured (Refer Note 26.3)	-	46.00
Less : Current maturities of long-term debt [Refer Note 31 (a)]	-	(1.38)
	-	44.62
III Long-term maturities of finance lease obligations [Refer Note 26.4 and Note 49 (B)]	5.19	10.89
Less : Current maturities of finance lease obligations [(Refer Note 31 (b))]	(5.19)	(6.00)
	-	4.89
	541.06	738.44

Note 26.1 Debentures:

2,500, Secured, Rated, Listed, Redeemable Non-Convertible Debentures (“NCD”) of face value of ₹ 0.10 crore each aggregating ₹ 250 crore issued by the Company during the earlier year are secured by first charge on the immovable properties at Vadodara and Mysore and further secured by hypothecation of movable fixed assets of the Company situated at Mysore and Vadodara. 500 NCD ₹ 0.10 crore each aggregating ₹ 50 crore are repayable on December 20, 2021, 500 NCD ₹ 0.10 crore each aggregating ₹ 50 crore are repayable on April 20, 2021 and 1,500 NCD of ₹ 0.10 crore each aggregating ₹ 150 crore are repayable on April 20, 2020. Debentures are Zero Coupon with yield on maturity of 9.33% p.a. monthly compounded and payable at maturity (with a yield to maturity @9.74% p.a.)

Note 26.2 Term loans

(a) From banks: Secured

- (i) ₹ 87.12 crore (As at March 31, 2018 ₹ 104.92 crore) loan of a jointly controlled operation at Saudi Arabia, secured by unconditional and irrevocable Corporate Guarantee from the Company. Loan is repayable in 10 equal quarterly

instalments started from December 2018. The present interest rate is 4.86% p.a.

- (ii) ₹ 33.27 crore (As at March 31, 2018 ₹ 50.18 crore) loan of a jointly controlled operation at Saudi Arabia, secured by unconditional and irrevocable Corporate Guarantee from the Company. Quarterly instalment has started from December 2017 and loan will be repaid in 10 equal quarterly instalments. The present interest rates are in the range of 4.54% to 5.14% p.a.
- (iii) ₹ 0.35 crore (As at March 31, 2018 ₹ 0.93 crore) secured by first charge, on plant and machinery of Brazil subsidiary of SAE Tower Holdings, LLC repayable in Brazilian Real(BRL). These loans bear fixed interest rates ranging from 1.47% to 5.50% p.a. and repayable in monthly principal payments during 2019 to 2022.
- (iv) ₹ 168.04 crore (As at March 31, 2018 ₹ 190.11 crore) secured by exclusive charge on fixed deposits with a bank amounting to ₹ 3.28 crore (As at March 31, 2018 ₹ 3.10 crore) of two subsidiaries in USA and exclusive

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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 14 quarterly structured instalments by September 2022.

- (v) Nil (As at March 31, 2018 ₹ 125.00 crore) in respect of an Indian subsidiary secured by first ranking Security interest on hypothecation of both present and future movable and immovable assets, both present and future tangible and intangible assets, all insurance policies, contractor guarantees, performance bonds, letters of credit that may be provided by any party for the Project and insurance policies in favour of the Lenders/Security Trustee, all rights, title, benefit, claims and demands under the project documents and Contracts, all the rights under each letter of credit/guarantee or performance bond that may be posted by any party to any Project Documents and all the rights under the Clearances, all rights, title and interest under the Transmission License issued by Rajasthan Electricity Regulatory Commission (RERC) subject to certain conditions, both present and future book debts, operating cash flows, receivables, all other current assets, commission, and revenues, all the accounts and all other bank accounts of a subsidiary. Further, secured by the corporate guarantee of the Company and pledge of the Company's Investment in 51,00,000 shares of ₹ 10 each in the said subsidiary. The repayment of loan instalments have started from January 1, 2018 and will be repaid in 51 structured quarterly instalments. The present rate of interest is 9.85% p.a.

- (vi) ₹ 4.39 crore (As at March 31, 2018 Nil) secured against inventory and trade receivables of Brazil subsidiary. The loan bear fixed interest rates 12.35% and repayable in monthly principal payments with interest during 2019 to 2023.

(b) From Banks: unsecured:

- (i) ₹ 13.90 crore (As at March 31, 2018 ₹ 51.95 crore) pertains to a subsidiary at Brazil and repayable in monthly structured instalments by June 2019. The present rate of interest ranges between 10.41% to 16.67% p.a. These loans are repayable in Brazilian Real (BRL)
- (ii) ₹ 58.24 crore (As at March 31, 2018 ₹ Nil) pertains to a subsidiary at Brazil and repayable in monthly structured instalments during from 2019 to 2022 and the present rate of interest ranges between 9.28% to 13.86% p.a.

Note 26.3 Term loans from other parties:

₹ Nil (As at March 31, 2018 ₹ 46.00 crore) in respect of an Indian subsidiary secured by security stated against Note 26.2(a)(v). This loan has been repaid during the current year.

Note 26.4 Finance Lease Obligations:

- (i) ₹ Nil (As at March 31, 2018 ₹ 0.91 crore) secured against certain vehicles of a jointly controlled operation at Saudi Arabia and repaid during the current year.
- (ii) ₹ 5.19 crore (As at March 31, 2018 ₹ 9.97 crore) secured against certain plant and machinery of a subsidiary at Mexico. The lease obligations are to be settled in monthly instalments through February 2020 and the present interest rates are in the range of around 5%

NOTE 27 - PROVISIONS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Non-current:		
Provision for employee benefits		
- Gratuity, post employment benefits (Refer Note 52)	11.14	14.23
- Others (includes provision towards judicial deposits of a subsidiary) (Refer Note 27.1)	2.78	3.45
	13.92	17.68

Note 27.1 Provision towards judicial deposits *

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Opening balance	3.45	4.77
Additions	-	-
Reversals	0.67	1.32
Closing balance	2.78	3.45

*These represents provision created for Judicial deposits kept with labour authorities of foreign subsidiaries related to various ongoing labour cases.

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NOTE 28 - DEFERRED TAX LIABILITIES/ASSETS (NET)

Note 28.1 Significant components of deferred tax liabilities (net) of the Company and its subsidiaries are as follows:

₹ in Crore					
Particulars	Opening Balance (As at April 01, 2018)	Recognised in Consolidated Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2019)
Deferred tax (liabilities) in relation to:					
Property, plant and equipment and Intangible assets	(98.26)	7.45	-	-	(90.81)
Undistributed earnings of joint operations	(92.26)	25.31	-	-	(66.95)
Mark to Market adjustments on derivatives measured at Fair Value through Profit or Loss (FVTPL)	5.46	(36.46)	-	-	(31.00)
(A)	(185.06)	(3.70)	-	-	(188.76)
Deferred tax assets recognised in P&L in relation to:					
Allowance for doubtful debts, loans and advances	22.85	(6.32)	-	-	16.53
Remeasurement of defined obligation through Other Comprehensive Income (OCI)	1.92	-	0.03	-	1.95
Amalgamation Expenses	(1.25)	(0.01)	-	-	(1.26)
VRS Expenditure u/s 35DDA of the Income Tax Act, 1961	1.26	-	-	-	1.26
Expenses debited to the Consolidated Statement of Profit and Loss of the Company allowable in subsequent years	15.48	(0.01)	-	-	15.47
Provision for expected loss on construction contracts, etc.	2.27	(3.24)	-	-	(0.97)
Tax loss carry forward*	-	2.43	-	-	2.43
Asset held for sale	0.76	-	-	-	0.76
Others	14.57	0.57	(10.65)	(1.55)	2.94
(B)	57.86	(6.58)	(10.62)	(1.55)	39.11
Deferred Tax Liabilities (net)	(127.20)	(10.28)	(10.62)	(1.55)	(149.65)

Significant components of deferred tax assets (net) of subsidiaries are as follows:

₹ in Crore					
Particulars	Opening Balance (As at April 01, 2018)	Recognised in Consolidated Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2019)
Deferred tax (liabilities) in relation to:					
Property, plant and equipment and Intangible assets	(2.20)	0.94	-	-	(1.26)
(A)	(2.20)	0.94	-	-	(1.26)
Deferred tax asset in relation to:					
Remeasurement of defined benefit obligations recognised through Other Comprehensive Income (OCI)	(0.09)	-	(0.25)	-	(0.34)
Expenses debited to the Consolidated Statement of Profit and Loss allowable in subsequent years	11.53	(4.54)	-	-	6.99
Tax loss carry forward*	16.63	8.73	-	-	25.36
Others	0.63	-	-	(0.06)	0.57
(B)	28.70	4.19	(0.25)	(0.06)	32.58
Deferred Tax Assets (net)	26.50	5.13	(0.25)	(0.06)	31.32

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

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Note 28.2 Significant components of deferred tax liabilities (net) of the Company and its subsidiaries as at March 31, 2018 are as follows:

₹ in Crore					
Particulars	Opening Balance (As at April 01, 2017)	Recognised in Consolidated Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2018)
Deferred tax (liabilities) in relation to:					
Property, plant and equipment and Intangible assets	(104.54)	6.28	-	-	(98.26)
Undistributed earnings of joint operations	(88.06)	(4.20)	-	-	(92.26)
Mark to Market adjustments on derivatives measured at Fair Value through Profit or Loss (FVTPL)	(0.68)	6.14	-	-	5.46
	(A)	(193.28)	8.22	-	(185.06)
Deferred tax assets recognised in P&L in relation to:					
Allowance for doubtful debts, loans and advances	18.97	3.87	-	-	22.84
Remeasurement of defined obligation through Other Comprehensive Income (OCI)	0.93	-	0.99	-	1.92
Amalgamation Expenses	0.69	(1.93)	-	-	(1.24)
VRS Expenditure u/s 35DDA of the Income Tax Act, 1961	1.26	-	-	-	1.26
Expenses debited to the Consolidated Statement of Profit and Loss of the Company allowable in subsequent years	21.60	(6.13)	-	-	15.47
Provision for expected loss on construction contracts, etc.	5.40	(3.13)	-	-	2.27
Tax loss carry forward*	3.27	(3.27)	-	-	-
Exchange differences on translation the financial statements of foreign operations	-	(1.53)	-	1.53	-
Asset held for sale	-	0.76	-	-	0.76
Others	3.82	9.31	1.44	-	14.57
	(B)	55.94	(2.05)	2.43	57.85
Deferred Tax Liabilities (net)	(137.34)	6.17	2.43	1.53	(127.21)

Significant components of deferred tax assets (net) of subsidiaries as at March 31, 2018 are as follows :

₹ in Crore					
Particulars	Opening Balance (As at April 01, 2017)	Recognised in Consolidated Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Recognised directly in OCI	Closing Balance (As at March 31, 2018)
Deferred tax (liabilities) in relation to:					
Property, plant and equipment and Intangible assets	(2.61)	0.41	-	-	(2.20)
	(A)	(2.61)	0.41	-	(2.20)
Deferred tax in relation to:					
Remeasurement of defined benefit obligations recognised through Other Comprehensive Income (OCI)	0.07	-	(0.16)	-	(0.09)
Expenses debited to the Consolidated Statement of Profit and Loss allowable in subsequent years	15.49	(3.96)	-	-	11.53
Tax loss carry forward*	0.08	16.55	-	-	16.63
Others	0.29	0.34	-	-	0.63
	(B)	15.93	(0.16)	-	28.70
Deferred Tax Assets (net)	13.33	13.33	(0.16)	-	26.50

Foot Note:

Deferred tax liabilities/assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

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Note 28.3 Unrecognised deductible temporary differences, unused tax losses and unused tax credits

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
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)	27.80	2.98
	27.80	2.98

Note : The unrecognised tax credits will expire in 2025-2026

NOTE 29 - BORROWINGS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Loans repayable on demand		
From Banks		
- Secured [Refer Note 29.1 (a)]	240.25	248.28
- Unsecured [Refer Note 29.1 (b)]	8.93	8.42
	249.18	256.70
Other short-term borrowings		
From Banks		
- Secured [Refer Note 29.2 (a)]	497.84	499.84
- Unsecured [Refer Note 29.2 (b)]	-	44.07
	497.84	543.91
From other parties		
- Secured [Refer Note 29.2 (c)]	408.73	100.36
	1,155.75	900.97

Note 29.1 Loans repayable on demand from banks :

(a) Secured

- (i) ₹ 225.49 crore (As at March 31, 2018 ₹ 113.75 crore) secured by first charge on the whole of the current assets of the Company, both present and future (except specific receivables financed by financial institutions and banks), second charge on fixed assets of the Company's immovable properties situated at Jaipur, Jabalpur and Nagpur factories and further secured by first charge on flat situated at Juhu, Mumbai. The present interest rates ranges from 7.90% to 12.85% p.a.
- (ii) ₹ 11.78 crore (As at March 31, 2018 ₹ 2.27 crore) secured by assignment of certain book debts of the Company. The present interest rates ranges from 4.20% to 7.90% p.a.
- (iii) ₹ Nil (As at March 31, 2018 ₹ 132.27 crore), pertains to certain projects of a jointly controlled operation at Saudi Arabia and repaid during the current year.
- (iv) ₹ 2.98 crore (As at March 31, 2018 ₹ 8.42 crore) pertains to a subsidiary at Mexico secured against trade receivables at the present interest rates are in the range of 3.05% to 4.05% p.a.

(b) Unsecured

- ₹ 8.93 crore (As at March 31, 2018 ₹ Nil) pertains to subsidiaries at Brazil. The present interest rates ranges from 3.05% to 4.05% p.a.

Note 29.2 Other short-term borrowings

(a) From Banks-Secured

- (i) ₹ 404.64 crore (as at March 31, 2018 ₹ 499.84 crore) secured by security stated against Note 26.1 (a) (i) above. The present interest rates ranges from 6M EURibor+100 bps (all inclusive net 1.00% to 4.30% p.a.)
- (ii) ₹ 93.20 crore (As at March 31, 2018 ₹ Nil) loan of a jointly controlled operation at Saudi Arabia ₹ 90.96 crore and Oman branch ₹ 2.24 crore, secured by unconditional and irrevocable Corporate Guarantee from the Company. Repayment will be started for Saudi Arabia from June 2019 and Oman branch is repaid in April'19. The present interest rates are in the range of 4.54% to 4.87% p.a.

(b) From Bank-unsecured

- ₹ Nil (As at March 31, 2018 ₹ 44.07 crore), pertaining to a joint operation at Saudi Arabia and repaid during the current year.

(c) From Other Parties-secured

- (i) ₹ 161.39 crore (As at March 31, 2018 ₹ 100.36 crore) secured by security stated against Note 29.1 (a)(i) above. The present interest rates are in the range of 4.28% to 5.30% p.a.
- (ii) ₹ 247.34 crore (As at March 31, 2018 ₹ Nil) being commercial papers issued against standby facilities from certain banks which in turn is secured by security stated against Note 29.1 (a)(i) above. Said Commercial papers carries interest rate of 7.55% p.a.

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NOTE 30 - TRADE PAYABLES

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
(i) Total outstanding dues of micro and small enterprises (Refer Note 30.1)	71.19	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	3,530.56	2,582.12
(iii) Acceptances	1,199.19	2,075.72
	4,800.94	4,657.84

Note 30.1 Following disclosures required for Micro and Small Enterprises has been determined on the basis of information available with the Company.

₹ in Crore		
(a) The principal amount remaining unpaid to supplier as at the end of accounting year	66.43	-
(b) The interest due thereon remaining unpaid to supplier as at the end of accounting year.	3.14	-
(c) The amount of interest paid in terms of Section 16, along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	1.62	-
(e) The amount of interest accrued during the year and remaining unpaid at the end of the accounting year	4.76	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure.	-	-

NOTE 31 - OTHER FINANCIAL LIABILITIES

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
(a) Current maturities of long-term debt (Refer Note 26)	137.44	120.94
(b) Current maturities of finance lease obligations [Refer Note 26 and Note 49 (B)]	5.19	6.00
(c) Interest accrued but not due on borrowings	5.62	3.28
(d) Unpaid/unclaimed dividends #	2.43	2.09
(e) Other payables		
- Interest accrued on acceptances and customer advance	0.56	7.03
- Payable towards purchase of property plant and equipment	1.63	9.59
- Mark to market loss on forward and commodity contracts (Refer Note 50.7 and Note 50.8)	0.03	15.27
- Directors' commission	6.44	5.98
	8.66	37.87
	159.34	170.18

The figures reflect the position as at year end. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates.

NOTE 32 - OTHER CURRENT LIABILITIES

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
(a) Advances from customers (Refer Note 47.4 and Note 57)	-	1,208.41
(b) Advances against assets classified as held for sale (Refer Note 22.1)	9.41	9.41
(c) Other payables		
- Amount due to customers for contract works (Refer Note 47.4 and Note 57)	-	420.34
- Statutory remittances (contribution to PF and ESIC, withholding tax, Excise Duty, VAT, TDS, GST, Service Tax, etc.)	83.96	99.13
- Others	6.98	8.96
	90.94	528.43
	100.35	1,746.25

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NOTE 33 - PROVISIONS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
(a) Provision for employee benefits		
- Compensated absences (Refer Note 52)	21.61	20.10
- Gratuity, post employment benefits (Refer Note 52)	3.17	2.27
	24.78	22.37
(b) Provision - others		
- Provision for expected loss on construction contracts (Refer Note 20.2 and Note 47.4)	-	42.84
- Warranty provisions (Refer Note 33.1)	3.95	4.38
- Provision for litigation claims (Refer Note 33.2 and Note 33.3)	21.60	13.65
	25.55	60.87
	50.33	83.24

Note 33.1 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:

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Opening balance	4.38	3.32
Additions	1.04	1.61
Utilisations /(reversals)	(1.68)	(0.36)
Effect of translation adjustment gain/(loss)	0.21	(0.19)
Closing balance	3.95	4.38

Note 33.2

Provision for litigation claims represents liabilities that are expected to materialise on completion of negotiation/matters in appeals with judicial authorities.

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Opening balance	13.65	12.63
Additions	8.49	1.02
Reversals	0.54	-
Closing balance	21.60	13.65

Note 33.3

It includes provision of ₹ 12.63 crore related to an arbitration award passed against the Company. The same is challenged by the Company before Hon'ble Delhi High Court. The balance provision relate to various sales tax matters and civil suits. The cash flows against the said matters are dependent upon conclusion of the litigations.

NOTE 34 - CURRENT TAX LIABILITIES (NET)

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Income tax liabilities less payments	35.82	99.73
	35.82	99.73

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NOTE 35 - REVENUE FROM OPERATIONS

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
(a) Sale of products (including excise duty) (Refer Note 47)		
- Towers and structurals	786.39	943.91
- Cables	915.19	852.23
	1,701.58	1,796.14
(b) Construction contracts revenue (including excise duty) (Refer Note 47)		
- Transmission and distribution	5,995.50	6,661.93
- Other EPC	3,066.14	1,432.37
	9,061.64	8,094.30
(c) Sale of services (Refer Note 47)		
- Tower testing and design revenue	38.44	54.07
- Operating and maintenance revenue	1.01	2.41
- Others	-	3.85
	39.45	60.33
(d) Other operating revenue		
- Scrap sales (including excise duty)	134.67	97.01
- Export incentives	59.20	41.21
- Others	3.99	1.99
	197.86	140.21
	11,000.53	10,090.98

NOTE 36 - OTHER INCOME

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
(a) Interest income earned on financial assets that are not designated at fair value through profit or loss:		
(i) Bank deposits (at amortised cost)	6.06	2.57
(ii) Other financial assets carried at amortised cost	0.58	3.57
	6.64	6.14
(b) Interest income earned on financial assets that are designated at fair value through profit or loss:		
- Interest on Mutual Funds	-	0.26
- Interest on Commercial Paper	1.03	4.14
	1.03	4.40
(c) Other Interest Income		
(i) Excise and VAT refund	-	5.23
(ii) Income tax refund	7.13	-
	7.13	5.23
(d) Other non-operating income		
- Guarantee charges	0.74	0.75
- Profit on sale of property, plant and equipment (net)	1.08	0.79
- Miscellaneous income	5.97	3.39
	7.79	4.93
	22.59	20.70

NOTE 37 - COST OF MATERIALS CONSUMED

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Cost of materials consumed (including project bought outs)	5,344.45	5,245.30
	5,344.45	5,245.30

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NOTE 38 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Opening stock		
Finished goods	51.97	38.58
Work-in-progress	220.24	128.77
	272.21	167.35
Less: Closing stock		
Finished goods	119.34	51.97
Work-in-progress	87.64	220.24
	206.98	272.21
	65.23	(104.86)

NOTE 39 - ERECTION AND SUB-CONTRACTING EXPENSES

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Erection / construction materials consumed	403.44	389.75
Stores consumed	16.17	53.40
Sub-contracting expenses	1,990.02	1,366.98
Power, fuel and water charges	30.78	24.04
Construction transport	149.25	152.84
Others	123.70	139.51
	2,713.36	2,126.52

NOTE 40 - EMPLOYEE BENEFITS EXPENSE

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Salaries and wages	739.19	712.38
Contribution to provident fund and other funds (Refer Note 52)	32.18	24.01
Staff welfare expenses	60.82	61.96
	832.19	798.35

NOTE 41 - FINANCE COSTS

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Interest expense for financial liabilities not classified at FVTPL (including yield on debentures)	306.65	219.47
Other borrowing costs (processing fees, etc.)	5.21	9.90
	311.86	229.37

NOTE 42 - DEPRECIATION AND AMORTISATION EXPENSE

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Depreciation of property, plant and equipment (Refer Note 5)	90.11	94.11
Amortisation of intangible assets (Refer Note 7)	27.02	15.63
	117.13	109.74

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NOTE 43 - OTHER EXPENSES

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Tools, non-erection stores and maintenance spares	24.49	15.31
Power and fuel	62.12	50.79
Rent	48.84	54.58
Rates and taxes, excluding taxes on income (net)	58.79	66.93
Excise duty (Refer Note 43.1)	-	(0.22)
Insurance	56.59	51.27
Bank (guarantee, letter of credit and other) charges	86.28	88.51
Commission	33.96	38.31
Freight and forwarding (net)	273.46	189.27
Repairs to buildings	4.83	5.41
Repairs to plant and equipment	19.60	19.20
Repairs to other property, plant and equipment	13.27	11.01
Travelling and conveyance	92.16	75.29
Payment to statutory auditors (net of service tax input credit, where applicable) *		
- as auditors (for audit, limited reviews and audit of financial statements)	1.29	1.17
- for tax audit	0.10	0.25
- for certification work	0.75	0.57
- for reimbursement of expenses	0.09	0.06
	2.23	2.05
Professional fees	77.59	72.48
Bad debts, loan and advances written-off	72.18	85.97
Less: Adjusted against allowance for bad and doubtful debts, loans and advances	(36.40)	(19.93)
	35.78	66.04
Allowance for bad and doubtful debts, loans and advances (net)	1.87	37.27
Directors' fees	0.68	0.64
Loss on property, plant and equipment discarded	0.59	1.19
Net (gain)/loss on foreign currency transactions (Refer Note 43.3)	(163.96)	16.95
Net loss arising on financial assets mandatorily measured at FVTPL	1.84	-
Corporate Social Responsibility (Refer Note 59)	6.08	3.61
Miscellaneous expenses (Refer Note 43.2)	158.30	115.72
	895.39	981.61

* Previous year audit fees includes fees paid to previous auditor ₹ 0.66 crore.

Note 43.1 Excise duty shown above includes Nil (Previous Year ₹ (1.34) crore) being excise duty related to the difference between the closing stock and opening stock of finished goods.

Note 43.2 Miscellaneous expenses shown above include fees of ₹ 1.85 crore (Previous Year ₹ 1.63 crore) paid to branch auditors, fees of ₹ 0.39 crore for auditors of joint operations (Previous Year of ₹ 0.47 crore) and fees of ₹ 0.07 crore (Previous Year ₹ 0.07 crores) paid to the cost auditors and ₹ 2.30 crore (Previous Year ₹ 2.41 crores) paid to the auditor of subsidiaries.

Note 43.3 Net (gain)/loss on foreign currency transactions includes gain on derivative instruments ₹ 96.53 crore (Previous year loss ₹ 13.38 crore).

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NOTE 44 - INCOME TAX RECOGNISED IN CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Current tax		
In respect of the current year	251.85	249.24
In respect of prior years	0.08	0.06
	251.93	249.30
Deferred tax		
In respect of the current year	5.14	(20.29)
	5.14	(20.29)
Total income tax expense recognised in the Consolidated Statement of Profit and Loss	257.07	229.01

Note 44.1 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 Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Profit before tax from continuing operations	743.51	687.30
Indian Statutory income tax rate	34.94%	34.61%
Income tax expense	259.81	237.86
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	2.96	3.09
Corporate social responsibility expenditure	1.06	0.71
Donation	0.05	0.07
Net effect of different tax rates of joint operations operating in other jurisdictions	(5.97)	(11.12)
Effect of unused tax losses and tax offsets of the subsidiaries not recognised as deferred tax assets earlier	(3.13)	(13.04)
Effect of different tax rates of subsidiaries operating in other jurisdictions	1.06	10.74
Effect of no deferred tax assets created on losses by subsidiaries	(1.16)	-
Foreign Tax credit not available	0.29	0.78
Others	2.02	(0.02)
	256.99	229.07
Adjustments recognised in the current year in relation to the current tax of prior years	0.08	(0.06)
Income tax expense in the Consolidated Statement of Profit and Loss	257.07	229.01

The tax rate used for the financial years 2018-19 and 2017-18 reconciliations above is the corporate tax rate of 34.94% and 34.61% payable by the corporate entities in India on taxable profits under the Indian tax law.

Note 44.2 Income tax recognised in other comprehensive income

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
- Translation of foreign joint operations and subsidiaries	(7.66)	(0.74)
- Net gain on designated portion of hedging instruments	(2.99)	2.18
- Remeasurement of defined obligations	(0.22)	0.83
Total income tax recognised in other comprehensive income	(10.87)	2.27
Bifurcation of the income tax recognised in other comprehensive income into:		
- Items that will not be reclassified to profit or loss	(0.22)	0.83
- Items that will be reclassified to profit or loss	(10.65)	1.44
	(10.87)	2.27

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NOTE 45 - EARNINGS PER SHARE

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Continuing operations	(₹ Per Share)	(₹ Per Share)
(a) Basic earnings per share	18.92	17.83
(b) Diluted earnings per share	18.92	17.83
Discontinued operations		
(a) Basic earnings per share	0.36	0.08
(b) Diluted earnings per share	0.36	0.08
For discontinued and continuing operations		
(a) Basic earnings per share	19.28	17.91
(b) Diluted earnings per share	19.28	17.91

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, 2019	For the Year ended March 31, 2018
	₹ in Crore	
Continuing operations		
Profit for the year attributable to the equity share holders of the Company	486.44	458.29
Earnings used in the calculation of basic/diluted earnings per share	486.44	458.29
Discontinued operations		
Profit for the year attributable to the equity share holders of the Company	9.33	2.13
Earnings used in the calculation of basic/diluted earnings per share	9.33	2.13
Continuing and discontinued operations		
Profit for the year attributable to the equity share holders of the Company	495.77	460.42
Earnings used in the calculation of basic/diluted earnings per share	495.77	460.42

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
	Quantity	
Weighted average number of equity shares for the purposes of basic/diluted earnings per share	25,70,88,370	25,70,88,370

NOTE 46 - JOINT OPERATIONS

Details of the Company's Joint Operations are as under:

Particulars	As at March 31, 2019	As at March 31, 2018
a) Joint Operations		
i. Al-Sharif Group and KEC Ltd. Company, Saudi Arabia (Al Sharif JV) [Refer Note 46 (b)]	51%	51%
ii. EJP KEC Joint Venture, South Africa	50%	50%
iii. KEC – ASSB JV, Malaysia	67%	67%
iv. KEC – ASIAKOM – UB JV	60%	60%
v. KEC – ASIAKOM JV	51%	51%
vi. KEC – DELCO – VARAHA JV	80%	80%
vii. KEC – VARAHA – KHAZANA JV	80%	80%
viii. KEC – VALECHA – DELCO JV	51%	51%
ix. KEC – SIDHARTH JV	80%	80%
x. KEC – TRIVENI – KPIPL JV	55%	55%
xi. KEC – UNIVERSAL JV	80%	80%
xii. KEC – DELCO – DUSTAN JV	51%	51%
xiii. KEC – ANPR – KPIPL JV	60%	60%
xiv. KEC – PLR – KPIPL JV	55%	55%
xv. KEC – BJCL JV	51%	51%
xvi. KEC – KEIL JV	90%	90%
xvii. KEC – ABEPL JV	90%	90%
xviii. KEC – TNR INFRA JV	51%	51%
xix. KEC – SMC JV	51%	51%
xx. KEC – WATERLEAU JV	51%	51%

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b) i) KEC International Limited (the Company) holds 51.10% share capital in 'Al-Sharif Group and KEC Limited', located in Saudi Arabia (Al Sharif JV), having a joint arrangement with the JV partner Power Line Contracting Company which hold 48.90% in Al Sharif JV. Al Sharif JV is "Subsidiary" of the Company under the Companies Act, 2013. However, based on the control assessment under Ind AS, considering the nature of arrangement, Al Sharif JV has been classified as jointly controlled operation.

In addition to this, Al Sharif JV is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the Company itself, the internal agreements (contractual arrangements) entered into between the parties to the joint arrangements for execution of projects (turnkey contracts) reverses or modifies the rights and obligations conferred by the legal form and establishes and define their respective rights and obligations on these projects. As per these contractual

arrangements, the parties to the joint arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

ii) The Company accounts for assets, liabilities, revenue and expenses relating to its interest in joint operations based on the internal agreements/ arrangements entered into between the parties to the joint arrangements for execution of projects, which in some cases are different than the ownership interest disclosed above. Accordingly, the Company has recognised its share in total income from operations ₹ 522.30 crore (for the year ended March 31, 2018 ₹ 1,017.90 crore), total expenditure (including tax) ₹76.88 crore (for the year ended March 31, 2018 ₹ 901.93 crore), total assets as at March 31, 2019 ₹ 1,146.16 crore (as at March 31, 2018 ₹ 1,462.74 crore) and total liabilities as at March 31, 2019 ₹ 763.55 crore (as at March 31, 2018 ₹ 989.53 crore) in Jointly Controlled Operations.

NOTE 47 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group applied Ind AS 115 for the first time by using the "modified retrospective method of adoption" with the date of initial application of April 01, 2018. Under this method, comparative period has not been adjusted. The adoption of the new standard did not have a material impact on retained earnings as at April 01, 2018 for the revenue contracts that are not completed as at that date, except in case of presentation/disclosure of the balances in relation to construction contracts, which has been explained in note 47.4 below. Also refer note 3.8 for accounting policy on revenue recognition.

Note 47.1 Disaggregation of revenue from contracts with customers

The Group has determined the categories for disaggregation of revenue considering the types/nature of contracts. The group derives revenue from the transfer of goods and services over time in the following major product lines and geographical regions:

₹ in Crore						
As on March 31, 2019	Transmission & distribution	Railways	Civil	Cables	Solar	Total
Segment revenue						
- India	2,855.43	1,906.38	497.59	984.18	340.80	6,584.38
- Outside India	4,298.50	-	-	173.13	-	4,471.63
Less: Inter-segment (SBU) revenue						
- India	84.57	-	9.00	159.77	-	253.34
- Outside India	-	-	-	-	-	-
Revenue from external customers	7,069.36	1,906.38	488.59	997.54	340.80	10,802.67
Timing of revenue recognition						
- At a point in time	803.10	-	-	915.19	-	1,718.29
- Over time	6,266.26	1,906.38	488.59	82.35	340.80	9,084.38
	7,069.36	1,906.38	488.59	997.54	340.80	10,802.67

The Group recognised revenue amounting to ₹ 264.22 crore in the current reporting period that was included in the contract liability balance as of April 01, 2018.

Note 47.2 Unsatisfied performance obligations

The aggregate amount of transaction price allocated to performance obligations that are unsatisfied as at the end of reporting period is ₹ 20,307 crore. On an average, transmission, distribution and railway composite contracts have a life cycle of 2-3 years and other businesses performance obligations are met over a period of one or less than one year. Management expects that around 50% to 60% of the transaction price allocated to unsatisfied contracts as of March 31, 2019 will be recognised as revenue during next reporting period depending upon the progress on each contracts.

The remaining amount is expected to be recognised in subsequent years, with largely in year 2.

The amount disclosed above does not include variable consideration.

Note 47.3 There are no reconciliation items between revenue from operations and revenue recognised with contract price.

Note 47.4 The Group has changed the presentation of certain amounts in the balance sheet to reflect the terminology of Ind AS 115:

(a) "Contract assets" namely "Amount due from customers for contract works", "Contractually reimbursable expenses"

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and “Provision for expected loss on construction contracts” were previously presented as part of “other financial assets” and “provisions” respectively amounting to ₹ 2,035.99 crore, ₹ 71.66 crore and ₹ 42.84 crore as at March 31, 2018 (Refer Note 19, 20 and 33).

- (b) “Contract liabilities” namely “Advance from customer”, “Amount due to customers for contract works” and “Interest on customer advance” were previously presented as part of “other current liabilities” and “other financial liabilities” respectively amounting to ₹ 1,208.41 crore, ₹ 420.34 crore and ₹ 6.84 crore as at March 31, 2018 (Refer Note 20, 31 and 32).

- (c) Line items of consolidated statement of profit and loss were not affected by the application of Ind AS 115.

Note 47.5 In case of transmission and distribution projects, where the goods are procured from a third party, the Group makes an assessment on the impact of revenue recognition with respect to uninstalled materials. Considering the Group is significantly involved in designing and manufacturing the procured material and there is no significant time gap involved between transfer of control and installation, there is no impact on revenue recognised. There is significant judgement involved in making this assessment.

Note 47.6 Under the modified retrospective method, the comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 11, as follows:

Disclosure under Ind AS 11 - “Construction Contracts” for the year ended March 31, 2018:

Particulars	₹ in Crore For the year ended March 31, 2018
(i) Contract Revenue recognised during the year	8,099.68
Disclosure in respect of contracts in progress as at the year end:	
(i) Aggregate amount of cost incurred and recognised profits (less recognised losses)	19,576.08
(ii) Advances received	1,006.18
(iii) Retention Receivable	2,042.07
(iv) Amount Due from Customers for contract works (Refer Note 19)	2,035.99
(v) Amount Due to Customers for contract works (Refer Note 32)	420.34

NOTE 48 - DISCONTINUED OPERATION

(a) Description

On November 3, 2018 the Group announced its intention to dispose off its entire stake in the subsidiary “KEC Bikaner Sikar Transmission Private Limited”. The subsidiary was subsequently sold on February 8, 2019 after receiving all requisite approvals and has been reported as a discontinued operation. Financial information relating to the discontinued operation is set out below.

(b) Financial performance and cash flow information

The Financial performance and cash flow information for the year ended March 31, 2019 and the year ended March 31, 2018, as considered for consolidation are as below:

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Revenue	21.47	53.39
Less: Expenses	15.29	50.45
Profit before income tax	6.18	2.94
Less: Income tax expenses	1.73	0.81
Profit after income tax	4.45	2.13
Add: Gain on sales of the subsidiary after income tax (see (c) below)	4.88	-
Profit from discontinued operation	9.33	2.13
Net cash inflow (outflow) from operating activities	4.45	(14.99)
Net cash inflow from investing activities	57.37	0.14
Net cash inflow from financing activities	-	11.08
Net increase in cash generated from discontinued operation	61.82	(3.77)

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(c) Details of the sale of the subsidiary

Particulars	₹ in Crore	
	Amount	
Consideration received:		
Value of subsidiary		227.50
Less: Amount towards Banks & Financial Institution loans		167.58
Add: Cash Balance Taken over		0.10
Net Cash Consideration received		60.02
Less: Amount towards KEC International Ltd. (Holding Co.) loan		2.65
Net Cash Consideration received		57.37
Less: Carrying amount of net assets sold		49.80
Gain on sales of the subsidiary before income tax		7.57
Less: Reclassification of other reserves		0.32
Less: Income tax expenses on gain		2.37
Gain on sale after income tax		4.88

The carrying amounts of assets and liabilities over which the control has been transferred:

Particulars	₹ in Crore	
	Amount	
Trade Receivable		219.72
Other current assets		1.00
Total assets		220.72
Borrowing		170.23
Other current liabilities		0.69
Total liabilities		170.92
Net assets		49.80

NOTE 49 - LEASES

(A) Operating Leases

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
1. Lease payments recognised in the Consolidated Statement of Profit and Loss for the year [Includes minimum lease payment ₹ 9.74 crores (for the year ended March 31, 2018 ₹ 15.52 crores)].	48.84	54.58
The Company has operating leases for office premises and residential properties. These lease arrangements range for a period between 11 months to 5 years, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses and some contracts also includes clauses for early termination by either party with a specific notice period.		
2. Future minimum lease payments under the agreements, which are non-cancellable are as follows:		
i) Not later than one year	10.54	9.74
ii) Later than one year and not later than five years	43.70	40.57
iii) Later than five year	14.29	24.01

(B) Finance Leases

(i) The Jointly controlled operation of the Company at Saudi Arabia had taken certain vehicles and equipment under finance lease. The average lease term was 3 years. There was an option to purchase the assets at the end of lease terms. Accordingly Jointly controlled operation has exercised the option to purchase the assets at the end of lease term in the current financial year.

The Group has finance leases for various equipments. The Group's obligations under finance leases are secured against certain equipments of a subsidiary at Mexico.

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, 2019 - Refer Note 5 Property, Plant and Equipment.

(ii) The maturity profiles of finance lease obligations are as follows:

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Finance Lease liabilities

Particulars	As at	Total minimum lease payments outstanding	Future Finance charges	₹ in Crore
				Present value of minimum lease payments
Not later than one year	March 31, 2019	5.32	0.13	5.19
	March 31, 2018	6.41	0.41	6.00
Later than one year and not later than five years.	March 31, 2019	-	-	-
	March 31, 2018	5.01	0.12	4.89
Total	March 31, 2019	5.32	0.13	5.19
	March 31, 2018	11.42	0.54	10.89

Included in the consolidated financial statements as:

Particulars	₹ in Crore	₹ in Crore
	As at March 31, 2019	As at March 31, 2018
- Current maturities of Finance lease obligations (Refer Note 31)	5.19	6.00
- Non-current borrowings (Refer Note 26)	-	4.89
Total	5.19	10.89

NOTE 50 - FINANCIAL INSTRUMENTS

Note 50.1 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 29 offset by cash and bank balances in Notes 16 and 17) and total equity of the Group.

The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Gearing ratio

The gearing ratio at end of the reporting period is as follows.

Particulars		₹ in Crore	₹ in Crore
		As at March 31, 2019	As at March 31, 2018
Debt *	A	1,845.06	1,769.63
Cash and bank balances	B	276.17	231.30
Net debt	C=A-B	1,568.89	1,538.33
Total equity	D	2,435.10	1,997.45
Net debt to equity ratio	E=C/D	0.64	0.77

* Debt is defined as long-term and short-term borrowings (excluding derivative and financial guarantee contracts), as described in Notes 26 and 29 and includes interest accrued but not due on borrowings.

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Note 50.2 Categories of financial instruments

₹ in Crore

Particulars	As at March 31, 2019			As at March 31, 2018		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets[#]						
Non-current investment						
- Investment in equity instruments	-	*	-	-	*	-
- Investment in commercial paper	13.21	-	-	39.29	-	-
Trade receivables	-	-	4,875.26	-	-	5,044.40
Cash and bank balances	-	-	276.17	-	-	231.30
Loans	-	-	33.57	-	-	60.44
Other financial assets						
- Derivative instruments						
i) Forward exchange contracts	96.53	-	-	-	-	-
ii) Over the counter (OTC) commodity derivative contracts	-	4.84	-	-	-	-
- Others	-	-	17.94	-	-	233.62
Financial liabilities						
Borrowings	-	-	1,845.06	-	228.72	1,540.91
Trade payables	-	-	4,800.94	-	-	4,657.17
Other financial liabilities						
- Derivative instruments						
i) Forward exchange contracts	-	-	-	13.38	-	-
ii) Over the counter (OTC) commodity derivative contracts	-	0.03	-	-	1.89	-
- Others	-	-	11.06	-	-	25.36

* less than rounding off norms adopted by the Company.

Financial assets (except investments) pledged as collateral for borrowings - Refer Notes 26 and 29

FVPL - Fair Value Through Profit or Loss

FVOCI - Fair Value Through Other Comprehensive Income

Note 50.3 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 Group has a Risk Management Policies to mitigate the risks in commodity and foreign exchange which is also been followed by the subsidiaries. The use of financial derivatives and non derivatives is governed by the Company's policies approved by the Board of Directors (BOD), which provide written principles to use financial derivatives and non-derivative financial instruments, to hedge currency risk and commodity price risk. The Group does not enter into or trade financial instruments, including derivative financial instruments and non-derivative financial instruments, for speculative purposes.

The Treasury Department prepares and submits the report on performance along with the other details relating to forex and

commodity transaction to the Risk Management Committee. 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 for review.

Note 50.4 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 50.5 and 50.10 below) and commodity price (see Note 50.8 below). The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, interest rate risk and commodity price risk including:

- forward foreign exchange contracts to hedge the exchange rate risk arising from execution of international projects.
- Commodity Over the Counter (OTC) derivative contracts to hedge the Price Risk for base metals such as Copper, Aluminium, Zinc and Lead.

Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the approved guidelines set by the Board of Directors.

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Note 50.5 Foreign currency risk management

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions in various currencies. Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows.

Particulars	USD	BRL	SAR	AED	EUR	Others	Total
As at March 31, 2019							
Assets	1,457.79	134.70	668.43	201.45	149.64	454.91	3,066.92
Liabilities	(1,388.06)	(205.59)	(175.03)	(87.73)	(299.72)	(256.10)	(2,412.23)
As at March 31, 2018							
Assets	1,135.89	216.90	835.75	218.17	79.40	858.93	3,345.03
Liabilities	(1,213.73)	(101.69)	(630.54)	(233.30)	(110.69)	(577.83)	(2,867.78)

Note 50.6 Sensitivity for above exposures:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from financial instruments in the books of jointly controlled operations and subsidiaries. 5% appreciation/depreciation in the functional currency of the Company, with respect to foreign currency, will have following impact on profit/(loss) before tax and equity [gains/(losses)]:

Exposure to currencies	Change in rate	Impact on profit before tax		Impact on equity	
		For the year ended March 31, 2019	For the year ended March 31, 2018	As at March 31, 2019	As at March 31, 2018
USD	+5%	(19.36)	(24.59)	15.87	28.48
	-5%	19.36	24.59	(15.87)	(28.48)
BRL	+5%	-	-	3.54	(5.76)
	-5%	-	-	(3.54)	5.76
SAR	+5%	(0.20)	(0.39)	(24.47)	(9.87)
	-5%	0.20	0.39	24.47	9.87
AED	+5%	(5.68)	0.78	(0.01)	(0.03)
	-5%	5.68	(0.78)	0.01	0.03
EUR	+5%	7.43	(0.38)	0.08	1.95
	-5%	(7.43)	0.38	(0.08)	(1.95)
Others	+5%	(8.56)	(12.97)	(1.38)	(1.09)
	-5%	8.56	12.97	1.38	1.09

Note 50.7 Forward exchange contracts

The group 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 outstanding at the end of the reporting period:

Outstanding contracts	Foreign currency (FC in Crore)		Nominal amounts (₹ in Crore)		Change in fair value assets (liabilities) (₹ in Crore)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Sell EURO/INR						
Less than 3 Months	0.65	-	55.80	-	4.75	-
3 to 6 months	0.90	-	80.97	-	8.56	-
More than 6 Months	0.36	-	31.98	-	2.55	-
Sell EURO/USD						
Less than 3 Months	0.85	0.14	67.28	11.32	1.16	0.16
3 to 6 months	1.00	0.80	81.40	64.39	2.74	(2.13)
More than 6 Months	1.70	0.95	139.97	25.31	5.34	0.13
Buy USD/INR						
Less than 3 Months	0.38	2.80	26.82	181.79	(0.73)	2.31
3 to 6 months	0.17	0.50	12.33	32.96	(0.16)	0.07
Sell USD/INR						
Less than 3 Months	2.14	1.60	152.60	104.36	3.67	(0.36)
3 to 6 months	6.87	-	512.29	-	28.46	-
More than 6 Months	9.36	0.60	707.47	41.85	39.94	(0.06)
Buy USD/MYR						
Less than 3 Months	1.41	0.16	23.24	11.00	(0.59)	(1.35)
3 to 6 months	-	1.46	-	98.62	-	(12.05)
Sell AUD/USD						
Less than 3 Months	-	0.01	-	0.71	-	0.01
Sell GBP/USD						
Less than 3 Months	-	0.03	-	2.65	-	0.01
Buy JPY/INR						
More than 6 Months	58.42	-	38.35	-	(0.05)	-
Buy USD/BRL						
Less than 3 Months	0.42	19.05	29.30	12.41	0.82	(0.13)
3 to 6 months	0.06	-	4.20	-	0.06	-
More than 6 Months	0.06	-	3.84	-	0.01	-
Buy EURO/BRL						
Less than 3 Months	-	-	-	0.34	-	-
Total					96.53	(13.38)

In respect of the Group's foreign currency forward contract (buy), a 5 % appreciation/depreciation of the foreign currency underlying such contracts would have resulted in an approximate gain/(loss) of ₹ 3.80 crore/(₹ 3.80 crore) and ₹ 10.85 crore/(₹ 10.85 crore) for the year ended March 31, 2019 and the year ended March 31, 2018 respectively, in the Group's Consolidated Statement of Profit and Loss/Other Comprehensive Income.

In respect of the Group'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 (₹ 8.58 crore)/₹ 8.58 crore and an approximate (loss)/gain of (₹ 21.41 crore)/₹ 21.41 crore for the year ended March 31, 2019 and the year ended March 31, 2018 respectively, in the Group's Consolidated Statement of Profit and Loss/Other Comprehensive Income.

The line-items in the balance sheet that include the above instruments are "Other financial assets" and "Other financial liabilities".

For the year ended March 31, 2019, the aggregate amount of realised gain under forward foreign exchange contracts recognised in the Consolidated Statement of Profit and Loss is ₹ 42.95 crore (for the year ended March 31, 2018: Loss of ₹ 23.08 crore).

Note 50.8 Commodity price risk

The Group is exposed to movement in metal commodity prices of Copper, Aluminium, Zinc and Lead. Most of our contracts with the customers are backed by a price variation for most of these metals. However, profitability in case of firm price orders is impacted by movement in the prices of these metals. The Group 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 minimises the risk. These policies are also followed by the subsidiaries. For base metals like Aluminium, Copper, Zinc and Lead, the Company either places a firm order on the supplier or hedges its exposure on the London Metal Exchange directly.

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Outstanding commodity contracts:

Cash flow hedges		Foreign currency (USD in Crore)				Nominal Amount (₹ in Crore)				Fair value (₹ in Crore)			
		Aluminium	Copper	Zinc	Lead	Aluminium	Copper	Zinc	Lead	Aluminium	Copper	Zinc	Lead
As at March 31, 2019	Less than 3 months	1.38	0.50	0.08	0.06	97.04	35.42	5.35	3.91	2.25	1.03	0.90	(0.06)
	3 to 6 months	0.20	-	0.03	-	14.13	-	1.81	-	0.27	-	0.23	-
	More than 6 months	-	-	0.03	-	-	-	1.78	-	-	-	0.22	-
As at March 31, 2018	Less than 3 months	0.09	0.38		0.10	5.51	24.68		6.14	(0.34)	(0.83)		(0.37)
	3 to 6 months	0.04	0.27		-	2.77	17.64		-	(0.16)	(0.19)		-

Outstanding commodity contracts in subsidiary's books :

Cash flow hedges		Foreign currency (USD in Crore)		Nominal Amount (₹ in Crore)		Fair value (₹ in Crore)	
		Aluminium		Aluminium		Aluminium	
As at March 31, 2019	Less than 3 months		0.01		0.96		(0.01)
	3 to 6 months		0.02		1.61		(0.01)
	More than 6 months		0.01		0.64		(0.01)
As at March 31, 2018	Less than 3 months		-		-		-
	3 to 6 months		-		-		-
	More than 6 months		-		-		-

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 ₹ 20.92 crore/(₹ 11.24 crore) and an approximate gain/(loss) of ₹ 5.65 crore/(₹ 5.65 crore) in the Statement of Profit and Loss/other comprehensive income for the year ended March 31, 2019 and for the year ended March 31, 2018 respectively. In respect of Group's exposure in commodities (not hedged with commodity derivative contracts), a 10% increase/decrease in prices, will result in approximate (loss)/gain amounting to ₹ 49.36 crore/(₹ 49.36 crore) for the year ended March 31, 2019 and (₹ 45.08 crore)/₹ 45.08 crore for the year ended March 31, 2018.

Note 50.9 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 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 Group directly reduces the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The amounts

of financial assets are net of an allowance for doubtful accounts, estimated by the Group and based, in part, on the age of specific receivable balance and the current and expected collection trends. When assessing the credit risk associated with its receivables, the Group also considers the other financial and non-financial assets and liabilities recognised 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 payment profiles of sales over a period of 36 months before the reporting date and the corresponding historical credit loss experiences within this period. The historical loss rates are adjusted to reflect current and forward looking information on macro economic factors affecting the ability of the customers to settle the receivables. The expected credit loss is based on the ageing of the days, the receivables due and the expected credit loss rate. In addition, in case of event driven situation as litigations, disputes, change in customer's credit risk history, specific provisions are made after evaluating the relevant facts and expected recovery.

Refer Note No. 9, 10 and 15 for ECL provisioning and its movement on financial assets carried at amortised cost.

Concentration of credit risk related to the customer in Saudi Arabia, Afghanistan and 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 subsidiaries and joint operations (net of Company's share). The Group's maximum exposure in this respect is the maximum amount the Group could

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have to pay if the guarantee is called on (net of Group's share in joint operations), as at March 31, 2019 ₹ 133.04 crore (as at March 31, 2018; ₹ 371.54 crore). These financial guarantees have been issued to the banks on behalf of the subsidiaries and joint operations under the agreements entered into by the subsidiaries/ Joint operations with the banks. Based on management's assessment as at the end of the reporting period, the Company considers the likelihood of any claim under the guarantee is remote.

Cash and cash equivalents:

As at the year end, the Group held cash and cash equivalents of ₹ 175.23 (March 31, 2018 ₹ 192.99 crore). The cash and cash equivalents are held with bank and financial institution counterparties with good credit rating.

Other Bank Balances:

Other bank balances are held with bank and financial institution counterparties with good credit rating.

Derivatives:

The derivatives are entered into with bank and financial institution counterparties with good credit rating.

Other financial assets:

Other financial assets are neither past due nor impaired.

Note 50.10 Interest rate risk management

The Group is exposed to interest rate risk because the Group borrows funds at both fixed and floating interest rates.

The Group's exposures to interest rates changes at the end of the reporting period are as follows:

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Variable rate borrowing (including interest bearing acceptances)	2,109.17	3,488.67
Fixed rate borrowing	935.08	356.67
Total borrowings	3,044.25	3,845.34

Note 50.11 Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used for the purpose of sensitivity analysis.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's:

Profit for the year ended March 31, 2019 would decrease/increase by 10.72 Crore (for the year ended March 31, 2018: decrease/increase by ₹ 17.44 crore). 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 increased due to increase in variable debt instruments compared to previous year.

Note 50.12 Liquidity risk management

The Board of Directors of the Company have established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The said policy is also followed by the subsidiaries. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are linked to floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

Particulars	₹ in Crore				
	Less than 1 year	1-3 Years	3-5 Years	Total	Carrying Amount
As at March 31, 2019					
Interest bearing liabilities	2,427.13	589.47	27.65	3,044.25	3,044.25
Trade payables	3,601.75	-	-	3,601.75	3,601.75
Other financial liabilities	11.09	-	-	11.09	11.09
Total	6,039.98	589.47	27.65	6,657.10	6,657.10
As at March 31, 2018					
Interest bearing liabilities	3,106.91	440.76	297.68	3,845.35	3,845.35
Trade payables	2,581.45	-	-	2,581.45	2,581.45
Other financial liabilities	40.64	-	-	40.64	40.64
Total	5,729.00	440.76	297.68	6,467.44	6,467.44

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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 50.9).

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 ₹ 6,631.89 crore as at March 31, 2019 (₹ 5,309.52 crores as at March 31, 2018).

Note 50.13 Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities. Fair value of the Group's financial assets and financial liabilities are measured on a recurring basis.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial Assets / Liabilities	Fair values as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	March 31, 2019 ₹ In Crore	March 31, 2018 ₹ In Crore		
1. Investment in commercial paper	Assets – ₹ 13.21	Assets – ₹ 39.29	Level 2	Use of quoted market prices
2. Foreign currency forward contracts not designated in hedge accounting relationships	Assets - ₹ 96.53	Liability - ₹ 13.26	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at Reuters' closing rates and discounted at INR funding rate.
3. Derivative instruments (Derivative instruments in designated hedge accounting relationships (Hedges of Highly Forecasted Purchases using Over the Counter (OTC) Derivative Commodity Contracts)	Assets - ₹ 4.84	Liability - ₹ 1.89	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at LME forward prices and discounted at a USD funding rate.
4. Derivative instruments (Derivative instruments that are not designated in hedge accounting relationships)	Liability - ₹ 0.03	Liability - ₹ 0.13	Level 2	Discounted Cash Flow Future cash flows are estimated based on maturity converted at forward exchange rates available on bloomberg/reuters' platform.

NOTE 51 - RESEARCH AND DEVELOPMENT EXPENSES

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Revenue expenses charged to Consolidated Statement of Profit and Loss (including depreciation on Property, plant and equipment)	27.61	22.65
Expenditure capitalised during the year	0.15	-

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NOTE 52 - EMPLOYEE BENEFIT PLANS

Brief description of the plans

1. Defined contribution plans

(A) Superannuation

All eligible employees are entitled to benefits under Superannuation, a defined contribution plan. The Group makes yearly contributions until retirement or resignation of the employee. The Group recognises such contributions as an expense when incurred. The Group has no further obligations beyond its yearly contribution.

(B) Provident Fund

The Group makes contribution to respective regional provident fund commissioners in relation to the workers employed at factories located at Butibori, Jaipur, Jabalpur, Mysore and Vadodara. The Group recognises such contributions as an expense when incurred. The Group has no further obligations beyond its yearly contribution.

(C) Foreign Defined Contribution Plan

All eligible employees at Overseas subsidiaries are entitled under Foreign Defined Pension Fund. The Group recognises such contributions as an expense when incurred. The Group has no further obligations beyond its yearly contribution.

2. Defined Benefit Plans

(A) Gratuity

(i) Company

The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees on retirement/termination of an amount equivalent to 15 days salary and on death while in employment an amount equivalent to one month salary, payable for each completed year of service or part thereof in excess of six months in terms of Gratuity scheme of the Company or as per payment of the Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service.

The Company has set up an income tax approved trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The Company makes contribution to the plan. There are no minimum funding requirement for the plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Besides this, if the Company is covered by the Payment of Gratuity Act, 1972 then

the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

(ii) Jointly Controlled operation in Saudi

The Jointly Controlled Operation has an obligation towards an unfunded defined benefit retirement plan (akin to gratuity) covering eligible employees. The benefits payable are as under:

For Service Less Than 5 years	1/2 * Service * Applicable salary
For Service more Than 5 years	First Five Years: 1/2 * Service * Applicable Salary Beyond 5 Years: Service * Applicable Salary

In respect of the plan in India and 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, 2019 by an actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

(iii) Overseas subsidiaries

The subsidiaries have an unfunded retirement benefit and severance benefit plan, as per the requirement of Local Federal Labour 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 Labour Law.

(B) Provident Fund

The Company has established 'KEC International Limited Provident Fund' in respect of employees other than factory workers to which both the employee and the employer make contribution equal to 12% of the employee's basic salary respectively. The Company's contribution to the provident fund for all employees, are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company.

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.

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Salary risk The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Details of defined contribution plan

The Company has recognised following amounts in the statement of profit and loss:

Particulars	₹ in Crore	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Superannuation Fund	0.96	1.10
Provident Fund	2.58	5.10
Foreign Defined Contribution Plan	2.32	1.44

Details of defined benefit plan

(A) Gratuity

Particulars	₹ in Crore	
	For the year ended March 31, 2019	For the year ended March 31, 2018
I Components of defined benefit cost		
1. Current service cost	7.47	6.95
2. Interest cost on benefit obligation (Net)	0.87	0.59
3. Total expenses included in Statement of Profit and Loss (P&L) (1+2)	8.34	7.54
4. Actuarial changes arising from changes in demographic assumptions	(0.58)	1.21
5. Actuarial changes arising from changes in financial assumptions	(0.52)	(0.06)
6. Actuarial changes arising from changes in experience assumptions	(0.44)	(0.66)
7. Return on Plan Assets (excluding interest income)	0.96	1.53
8. Total recognised in Other Comprehensive Income (OCI) (4+5+6+7)	(0.57)	2.02
9. Total defined benefit cost recognised in P&L and OCI (3+8)	7.76	9.56
II Actual Contribution and Benefits Payments for the year		
1. Actual Benefits Payments	(6.20)	(4.77)
2. Actual Contributions	10.46	5.37
III Net asset/(liability) recognised in the Balance Sheet		
1. Present Value of Defined Benefit Obligations	51.34	48.15
2. Fair Value of Plan Assets	37.55	31.66
3. Exchange fluctuation on account of conversion of Jointly Controlled operation	0.52	-
4. Net asset/(liability) recognised in the Balance Sheet	(14.31)	(16.49)
IV Change in Present Value of Defined Benefit Obligation during the year		
1. Present Value of Defined Benefit Obligation as at the beginning of the year	48.15	43.12
2. Current Service Cost	7.47	6.95
3. Interest Cost	3.47	2.82
4. Benefits paid	(6.20)	(4.77)
5. Settlement/Curtailment effect		(0.46)
6. Actuarial changes arising from changes in demographic assumptions	(0.58)	1.21
7. Actuarial changes arising from changes in financial assumptions	(0.52)	(0.06)
8. Actuarial changes arising from changes in experience assumptions	(0.44)	(0.66)
9. Present Value of Defined Benefit Obligations as at the end of the year	51.34	48.15
V Change in Fair Value of Plan Assets during the year		
1. Plan Assets as at the beginning of the year	31.66	30.36
2. Interest Income	2.60	2.23
3. Actual Company Contributions	10.46	5.37
4. Benefits paid	(6.20)	(4.77)
5. Expected return on Plan Assets (excluding interest income)	(0.96)	(1.53)
6. Plan Assets as at the end of the year	37.55	31.66

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Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
VI-A Actuarial Assumptions (Considered for the Company)		
1. Discount Rate	7.30%	7.50%
2. Expected Return on plan assets	7.30%	7.50%
3. Salary escalation Rate	8.00%	8.00%
4. Mortality Table	Indian Assured Lives Mortality (IALM) (2006-08) (Modified) Ult	
5. Disability	5% of Mortality Rate	5% of Mortality Rate
6. Withdrawal (Rate of Employee Turnover)		
Upto 30 years	19.97%	16.00%
31-44 years	10.35%	10.00%
45 years and above	11.55%	11.00%
VI-B Actuarial Assumptions (Considered for Joint Operation in Saudi)		
1. Discount Rate	2.30%	2.60%
2. Salary escalation Rate	7.00%	7.00%
3. Mortality Table	Implicit in Withdrawal	
4. Disability	Implicit in Withdrawal	
5. Withdrawal (Rate of Employee Turnover)		
Managers (M0 to M6)	10.00%	9.00%
Others	15.00%	15.00%
VI-C Actuarial Assumptions (Considered by overseas subsidiary)		
1. Discount Rate	9.28%	7.20%
2. Salary escalation Rate	5.60%	5.50%
VII The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.		
VIII The major categories of Plan Assets of the Company as a percentage of the total plan assets	As at March 31, 2019	As at March 31, 2018
Equity	5.80%	13.21%
Debt	48.31%	75.04%
Money Market Investments	35.34%	11.75%
Mutual Fund	10.55%	0.00%
IX Contribution expected to be paid to the Plan of the Company during the year ended March 31, 2019 ₹ 1.70 crore		
X Weighed Average duration of the Plan	As at March 31, 2019	As at March 31, 2018
Considered for the Company	6 years	8 years
Considered for Joint Operation in Saudi	7 years	6 years
Maturity profile of defined benefit obligation	As at March 31, 2019 ₹ in Crore	As at March 31, 2018 ₹ in Crore
1. Year 1	6.62	6.52
2. Year 2	11.47	9.02
3. Year 3	6.78	7.30
4. Year 4	7.45	6.79
5. Year 5	7.77	7.79
6. Next 5 years	39.36	37.86
Financial assumptions sensitivity analysis	As at March 31, 2019 ₹ in Crore	As at March 31, 2018 ₹ in Crore
A. Discount rate		
Discount rate - 50 basis points	51.66	48.03
Discount rate + 50 basis points	48.71	45.22
B. Salary increase rate		
Salary rate - 50 basis points	48.94	45.55
Salary rate + 50 basis points	51.39	47.66
Demographic assumptions sensitivity analysis		
C. Withdrawal Rate		
Withdrawal Rate - 100 basis points	50.74	47.12
Withdrawal Rate + 100 basis points	49.60	46.10

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Sensitivity analysis method

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumption may be correlated. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years and same data, method and assumptions have been used in preparing the sensitivity analysis which are used to determine period end defined benefit obligation.

XI The following table shows a breakdown of the defined benefit obligation and plan assets by the Group:

₹ in Crore

Description	As at March 31, 2019				As at March 31, 2018			
	Gratuity				Gratuity			
	India	Saudi	US	Total	India	Saudi	US	Total
(A) Present value of obligation	40.06	9.42	3.20	52.69	37.95	7.82	2.38	48.15
(B) Fair value of plan assets	38.37	-	-	38.37	31.65	-	-	31.65
(C) Total liability = (A) - (B)	1.69	9.42	3.20	14.31	6.30	7.82	2.38	16.50

(B) Provident Fund

The Company has established 'KEC International Limited Provident Fund' in respect of certain employees to which both the employee and the employer make contribution equal to 12% of the employee's basic salary respectively. The Company's contribution to the provident fund for all employees, are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company. In accordance with the recent actuarial valuation, there is no deficiency in the interest cost as the present value of expected future earnings of the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest.

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018
Company's contribution to the provident fund	5.48	4.25

Assumptions used in determining the present value obligation of the interest rate guarantee are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
a) Approach used	Deterministic	Deterministic
b) Increase in compensation levels	8.00%	8.00%
c) Discount Rate	7.30%	7.50%
d) Attrition Rate		
Upto 30 years	16.00%	16.00%
31 - 44 years	10.00%	10.00%
45 years and above	11.00%	11.00%
e) Weighted Average Yield	8.50%	8.32%
f) Weighted Average YTM	8.50%	8.32%
g) Reinvestment Period on Maturity	6 years	8 years
h) Mortality Rate	Indian Assured Lives Mortality (IALM) (2006-08) (modified) Ultimate	Indian Assured Lives Mortality (IALM) (2006-08) (modified) Ultimate

3. Short-Term Employee Benefit (Compensated Absences)

The short-term employee benefit cover the Group's liability for sick and earned leave.

The amount of the provision of ₹ 21.61 crore (as at March 31, 2018 ₹ 20.10 crore) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations.

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NOTE 53 - 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

Key Management Personnel (KMP)

Mr. H. V. Goenka- Chairman

Mr. Vimal Kejriwal - Managing Director and CEO

Mr. A. T. Vaswani - Non - Executive Director

Mr. D. G. Piramal - Non - Executive Director

Mr. G. L. Mirchandani - Non - Executive Director

Ms. Nirupama Rao - Non - Executive Director

Mr. R. D. Chandak - Non - Executive Director

Mr. S. M. Kulkarni - Non - Executive Director

Mr. S. M. Trehan - Non - Executive Director

Mr. S. S. Thakur - Non - Executive Director (upto November 6, 2017)

Ms. Manisha Girotra - Non - Executive Director (w.e.f. February 6, 2018)

Mr. Vinayak Chatterjee - Non - Executive Director

List of other related parties

Post - employment benefit plan

KEC International Ltd. Employees' Group Gratuity Scheme

KEC International Limited - Provident Fund

KEC International Ltd. Superannuation Scheme

Entities where control/significant influence by KMPs and their relatives exists and with whom transactions have taken place

CEAT Limited

M/s. Feedback Infra Private Limited

B. N. Elias & Co. LLP

Palacino Properties LLP

RPG Life Sciences Limited

RPG Enterprises Limited

Raychem RPG Private Limited

Ceat Speciality Tyres Limited

Harrisons Malayalam Limited

Spencers and Company Limited

Zensar Technologies Limited

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(B) Transactions with the Related Parties

₹ in Crore

Transactions	For the year ended March 31, 2019				For the year ended March 31, 2018			
	Key Management Personnel	Entities where control/significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total	Key Management Personnel	Entities where control/significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total
Sale of Products		14.53		14.53		15.91		15.91
CEAT Limited		13.74		13.74		13.41		13.41
Raychem RPG Private Limited		0.79		0.79		2.50		2.50
Services received		12.31		12.31		14.48		14.48
M/s. Feedback Infra Private Limited						0.17		0.17
RPG Enterprises Limited		12.31		12.31		14.31		14.31
Services rendered		49.82		49.82		0.05		0.05
CEAT Limited		49.82		49.82		0.05		0.05
Purchase of goods		10.23		10.23		8.75		8.75
Raychem RPG Private Limited		10.16		10.16		8.75		8.75
CEAT Limited		0.07		0.07				
Rent & maintenance charges paid		9.14		9.14		9.42		9.42
Palacino Properties LLP		0.21		0.21		0.22		0.22
Spencer and Company Limited		3.87		3.87		3.60		3.60
B N Elias & Co. LLP		0.04		0.04		0.08		0.08
CEAT Limited		5.02		5.02		5.52		5.52
Compensation to Key Management Personnel								
Mr.Vimal Kejriwal - Managing Director & CEO	6.17			6.17	4.67			4.67
Short-term employee benefits (including Bonus and value of perquisites)	5.92			5.92	4.46			4.46
Post-employment benefits # \$	0.25			0.25	0.21			0.21
Sitting fees & Commission paid to Non - Executive Directors	7.84			7.84	7.19			7.19
Mr. H. V. Goenka	6.31			6.31	5.81			5.81
Mr. A. T. Vaswani	0.20			0.20	0.18			0.18
Mr. D. G. Piramal	0.16			0.16	0.14			0.14
Mr. G. L. Mirchandani	0.15			0.15	0.14			0.14
Ms. Nirupama Rao	0.14			0.14	0.13			0.13
Ms. Manisha Girotra	0.15			0.15	0.03			0.03
Mr. R. D. Chandak	0.21			0.21	0.17			0.17
Mr. S. M. Kulkarni	0.21			0.21	0.19			0.19
Mr. S. M. Trehan	0.16			0.16	0.14			0.14
Mr. S. S. Thakur					0.12			0.12
Mr. Vinayak Chatterjee	0.15			0.15	0.14			0.14
Payments made/expenses incurred on behalf of related party		0.07		0.07				
CEAT Speciality Tyres Limited		0.07		0.07				
Advance received towards project execution		22.10		22.10		5.82		5.82
CEAT Limited		22.10		22.10		5.82		5.82
Contribution made			14.50	14.50			9.26	9.26
KEC International Limited			8.00	8.00			4.01	4.01
Employee's Gratuity Fund								
KEC International Limited Provident Fund			5.48	5.48			4.25	4.25
KEC International Limited Superannuation Fund			1.02	1.02			1.00	1.00

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As the liability for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.

\$ Including PF and other benefits.

(C) Balances outstanding as at the year end

₹ in Crore

Balances	As at March 31, 2019				As at March 31, 2018			
	Key Management Personnel	Entities where control/significant influence by KMPs and their relatives exist	Post-employment benefit plan	Total	Key Management Personnel	Entities where control/significant influence by KMPs and their relatives exist	Post-employment benefit plan	Total
Amount receivable/ (payable)	(6.44)	(0.33)	(1.68)	(8.45)	(5.88)	8.45	(5.48)	(2.91)
RPG Life Sciences Limited		0.03		0.03		0.03		0.03
Raychem RPG Private Limited		(1.43)		(1.43)		0.92		0.92
M/s. Feedback Infra Private Limited						(0.06)		(0.06)
Palacino Properties LLP		0.07		0.07		0.09		0.09
B N Elias & Co. LLP		0.01		0.01		0.01		0.01
CEAT Limited		(3.52)		(3.52)		2.06		2.06
CEAT Speciality Tyres Limited		0.07		0.07		*		*
Spencer and Company Limited		2.70		2.70		2.70		2.70
Zensar Technologies		0.06		0.06		0.06		0.06
Harrisons Malayalam Limited		9.84		9.84		9.84		9.84
RPG Enterprises Limited		(8.16)		(8.16)		(7.20)		(7.20)
KEC International Ltd. Employees' Group Gratuity Scheme			(1.68)	(1.68)			(5.48)	(5.48)
Mr. H. V. Goenka	(5.63)			(5.63)	(5.17)			(5.17)
Mr. A. T. Vaswani	(0.09)			(0.09)	(0.08)			(0.08)
Mr. D. G. Piramal	(0.09)			(0.09)	(0.08)			(0.08)
Mr. G.L. Mirchandani	(0.09)			(0.09)	(0.08)			(0.08)
Ms. Nirupama Rao	(0.09)			(0.09)	(0.08)			(0.08)
Ms. Manisha Girotra	(0.09)			(0.09)	(0.08)			(0.08)
Mr. R. D. Chandak	(0.09)			(0.09)	(0.08)			(0.08)
Mr. S. M. Kulkarni	(0.09)			(0.09)	(0.08)			(0.08)
Mr. S. M. Trehan	(0.09)			(0.09)	(0.08)			(0.08)
Mr. S. S. Thakur					(0.05)			(0.05)
Mr. Vinayak Chatterjee	(0.09)			(0.09)	(0.02)			(0.02)

* less than rounding off norms adopted by the Company

Note: The sales/provision to and purchase/provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions.

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NOTE 54 - CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(i) Contingent Liabilities

₹ in Crore				
Sr. No	Particulars	Relating to various years comprise in the period	As at March 31, 2019	As at March 31, 2018
1.	Sales Tax /Value Added Tax* (Tax/Penalty/Interest)	1994-2017	87.38	
		1994-2016		89.08
2.	Excise Duty * (Tax/Penalty/Interest)	1994-2017	38.36	
		1994-2017		52.46
3.	Service Tax * (Tax/Penalty/ Interest)	2003-2013	294.33	
		2003-2013		296.43
4.	Entry Tax* (Tax/Penalty/Interest)	2001-2016	1.74	
		2001-2016		1.83
5.	Goods & Services Tax* (Tax/Penalty/Interest)	2018-2019	0.07	
6 (i).	Contingent liability of Income Tax taken over by the Company in terms of the Composite Scheme of Arrangement under which the Power Transmission Business was acquired by the Company.	A.Y. 2005-2006	1.88	
		A.Y. 2005-2006		1.88
(ii)	Income Tax matters of the Company mainly on disallowance of depreciation and Tax levied on guarantees given to Associated Enterprises, etc.	A.Y 2007-08 A.Y 2008-09 A.Y 2012-13 A.Y 2013-14 A.Y 2014-15 A.Y 2015-16	30.66	
		A.Y 2007-08 A.Y 2008-09 A.Y 2013-14 A.Y 2014-15 A.Y.2015-16		22.02
(iii)	Income Tax matters at overseas unit/s of the Company**	2002-2014	42.78	
		2002-2014		42.73
(iv)	Income Tax matters of a joint operation (Company's share)**	2000-2016	9.03	
		2000-2016		44.89
7	Customs Duty^	1995-1996	0.60	
		1995-1996		0.60
8	Civil Suits^^	1993-2018	17.51	
		1993-2016		7.16
9	Claims including amounts withheld by the Customers of the Company and an overseas subsidiary		4.76	4.76
10	Guarantees excluding financial guarantees - surety bonds obtained by Group's Subsidiaries in Brazil, Mexico and the United States for certain customer contracts.		652.29	558.20

*These claims mainly relate to the issues of applicability, issue of disallowance of cenvat/VAT credit and in case of Sales Tax/Value added tax, also relate to the issue of submission of relevant forms and the Company's claim of exemption for MVAT on export sales and services.

** These claims mainly relate to the issues of appropriate jurisdiction for tax applicability at overseas locations.

^ These claims mainly relate to the issues of clearance of goods from customs within time limit.

^^ These suits includes Civil suits as well as Industrial relations & labour laws cases.

excluding financial guarantees referred to in Note 50.9.

Footnote for Note 54 (i) above :

Future ultimate outflow of resources embodying economic benefits in respect of the above matters are uncertain as it depends on the final outcome of the matters involved.

(ii) Commitments

₹ in Crore				
Sr. No.	Particulars		As at March 31, 2019	As at March 31, 2018
1.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)		28.63	21.89
2.	Other Commitments:			
i)	Amount of future minimum lease payment under non-cancellable operating leases [Refer Note 49 (A) (3)]		-	74.32
ii)	Derivative related commitments		Refer Notes 50.7 and 50.8	

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

NOTE 55 - SERVICE CONCESSION ARRANGEMENTS

KEC Bikaner Sikar Transmission Private Limited (Concessionaire), subsidiary, had 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/RRVPL). The Transmission line of 172 kilometers will emanate from 400 KV Bikaner Substation of RRVPL to 400 KV Sikar Substation of Power Grid Corporation of India Limited. The Concession Arrangement granted by the Authority was for a period of 25 years including Construction Period of 630 days from the Appointed Date (i.e. May 3, 2016).

The Commercial Operation Date (COD) had been declared as on December 4, 2017 by the Concessionaire based on the Provisional Completion Certificate issued by the Independent Engineer.

On November 3, 2018 the Group announced its intention to dispose off its entire stake in the subsidiary "KEC Bikaner Sikar Transmission Private Limited". The subsidiary was subsequently sold on December 31, 2018 and has been reported as a discontinued operation. The closing is effected on February 8, 2019 as per the Letter of Transfer after receiving all the required

approvals and the subsidiary is transferred effective from January 1, 2019. (Also refer note 48).

The carrying amount of the financial assets as on March 31, 2019 is ₹ Nil (As at March 31, 2018 ₹ 216.34 Crore). The amount of revenue for the year ended March 31, 2019 ₹ 21.47 Crore (for the year ended March 31, 2018 ₹ 53.39 Crore) and Profit after Tax of ₹ 4.45 Crore (for the year ended March 31, 2018 Profit after Tax of ₹ 2.13 Crore) respectively.

NOTE 56 - 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 :

Particulars	Revenue from External customers		Non-Current Assets	
	Year ended March 31, 2019	Year ended March 31, 2018	As at March 31, 2019	As at March 31, 2018
	India	6,617.94	5,476.68	939.67
Outside India	4,382.59	4,614.30	558.79	551.77
Total	11,000.53	10,090.98	1,498.47	1,462.64

₹ in Crore

None of the geographies outside India contributes to more than 10% of the gross revenue in current year and previous year.

Information about major customers

Revenue of ₹ 1,187.11 crore (for the year ended March 31, 2018 ₹ 1,725.12 crore) arising from a customer in India are contributing to more than 10% of the group's revenue. No other customer outside India, individually contributed 10% or more to the Group's revenue for the year ended March 31, 2019 and for the year ended March 31, 2018.

NOTE 57 The details of amounts which are expected by the Group to be recovered or settled after twelve months in respect of assets and liabilities relating to long-term contracts which are classified as current are as under:

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Trade Receivables (Note 15 and Note 19)	1,003.28	1,189.62
Contract Assets (Note 19, Note 20 and Note 32)	421.01	-
Amount due from customers for contract works (Note 15 and Note 47.4)	-	139.09
Contract Liabilities (Note 20 and Note 32)	557.3	-
Advance from customers (Note 20 and Note 32)	-	316.06

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

NOTE 58 - ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO DIVISION II TO SCHEDULE III TO THE COMPANIES ACT, 2013

Name of the entity in Consolidated Financial Statements of KEC International Limited, its subsidiary companies (together 'KEC Group')	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)	
	2	3	4	5	6	7	8	9
Parent								
KEC International Limited	81.36	1,981.35	96.89	480.24	204.12	32.26	100.20	512.50
(Including joint operations and net of consolidation adjustments)								
Subsidiaries								
Indian								
1. KEC Power India Private Limited	0.01	0.34	-	-	-	-	-	-
2. KEC Bikaner Sikar Transmission Private Limited*	-	-	1.88	9.33	-	-	1.82	9.33
Foreign								
1. RPG Transmission Nigeria Limited, Nigeria	-	0.01	-	-	0.12	0.02	-	0.02
2. KEC Global FZ - LLC - Ras UL Khaimah, UAE	0.02	0.42	(0.12)	(0.58)	0.32	0.05	(0.10)	(0.53)
3. KEC Investment Holdings, Mauritius	1.44	35.05	(0.02)	(0.09)	1.79	0.28	0.04	0.19
4. KEC Global Mauritius, Mauritius	0.05	1.29	(0.03)	(0.14)	0.11	0.02	(0.02)	(0.13)
5. KEC International (Malaysia) SDN BHD	0.07	1.64	(0.02)	(0.08)	-	-	(0.02)	(0.08)
6. SAE Towers Holdings LLC, Delaware (USA) (Refer below note)	17.05	415.00	1.42	7.09	(106.46)	(16.83)	(1.92)	(9.73)

Footnote

* "KEC Bikaner Sikar Transmission Private Limited" has ceased to be a subsidiary of the Company w.e.f. February 8, 2019.

The information has been furnished based on the Audited Consolidated Financial Statement of SAE Towers Holdings LLC and its subsidiaries (SAE Group). The requisite additional information for SAE Group based on the information considered in the Audited Consolidated Financial Statement of SAE Group are as under:

Name of the entity in Consolidated Financial Statements of KEC International Limited, its subsidiary companies (together 'KEC Group')	Net Assets i.e. Total Assets - Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	2	3	4	5	6	7	8	9
1. SAE Towers Holdings LLC, Delaware (USA)	28.73	699.70	(1.22)	(6.04)	-	-	(1.18)	(6.04)
2. SAE Towers Brazil Subsidiary Company LLC, Delaware (USA)	-	-	-	-	-	-	-	-
3. SAE Towers Mexico Subsidiary Company LLC, Delaware (USA)	-	0.01	-	-	-	-	-	-
4. SAE Towers Mexico S de RL de CV, Mexico	3.72	90.60	(1.60)	(7.91)	-	-	(1.55)	(7.91)
5. SAE Towers Brazil Torres de Transmission Ltda, Brazil	6.59	160.48	7.11	35.29	-	-	6.89	35.30
6. SAE Priestadora de Servicios Mexico, S de RL de CV, Mexico	0.51	12.43	0.13	0.65	-	-	0.13	0.65
7. SAE Towers Ltd., Delaware (USA)	0.69	16.70	0.10	0.48	-	-	0.09	0.48
8. SAE Engenharia E Construcão Ltda, Brazil	(0.09)	(2.23)	-	-	-	-	-	-
9. SAE Engineering & Construction Services S de RL de CV, Mexico	(23.10)	(562.69)	(3.11)	(15.39)	(106.46)	(16.83)	(6.30)	(32.21)
Less: Net effect of intra group elimination								
Total	17.05	415.00	1.42	7.09	(106.46)	(16.83)	(1.92)	(9.73)

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

NOTE 59 - EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Sr. No	Particulars	₹ in Crore	
		As at March 31, 2019	As at March 31, 2018
(a)	Gross amount required to be spent by the Company during the year	6.08	3.61
(b)	Amount spent during the year (in cash) on:		
(i)	Construction/acquisition of any asset	-	-
(ii)	On purposes other than (i) above	6.08	3.61

NOTE 60 - The Board of Directors of the Company at its meeting held on May 8, 2019, have recommended a Dividend of ₹ 2.70/- per equity share of ₹ 2 each for the year ended March 31, 2019, subject to approval of shareholders at the ensuing Annual General Meeting.

NOTE 61 - The Company is in the process of evaluating the impact of the recent Supreme Court Judgement in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-1/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

NOTE 62 - In an old legal dispute between Joint Venture (JV) of the Company located in South Africa and its customer, a sole arbitrator had passed an order on October 5, 2018 against the JV reversing a favorable adjudication award of ₹ 62 Crores dated March 17, 2017. The JV has filed a notice of motion before the High Court of South Africa on November 16, 2018 against the said arbitration order. Pending the final legal outcome and based on the legal opinion obtained from the attorney by the management of the Company, no provision is considered necessary in the books.

NOTE 63 - The Company was awarded a contract to complete 880 km 765 KV and 400 KV transmission line in July 2017. This project is of strategic importance for grid connectivity and stability of the southern grid. The Company has completed almost 50% of the total project work involving critical activities including foundation, tower supply and erection. The project construction has substantially slowed down since January 2019 subsequent to delayed payments from the customer due to liquidity issues. As on March 31, 2019, the Company has an exposure of ₹ 145 Crores. The current sponsor and lenders are in the process of discussion with various parties to identify a new sponsor and the timing/amount of recovery of the amounts outstanding are largely dependent upon finalisation of the new sponsor.

Management is confident of a positive resolution and does not foresee a material impact on the financial statements, due to strategic nature of the project and considering the number of potential suitors for the project are in active discussion with the lenders and the sponsor of the project.

NOTE 64 - The Company has approved its financial statements in its board meeting dated May 08, 2019.

Signatures to Notes 1 to 64 which form an integral part of financial statements.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016
Chartered Accountants

SARAH GEORGE

Partner
Membership Number: 045255

Place: Mumbai
Date: May 08, 2019

For and on behalf of the Board of Directors

RAJEEV AGGARWAL
Chief Financial Officer

AMIT KUMAR GUPTA
Company Secretary

Place: Mumbai
Date: May 08, 2019

H. V. GOENKA
Chairman
DIN: 00026726

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

A. T. VASWANI
Director
DIN: 00057953

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

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	614.92	84.78	939.26	239.56	-	-	(5.85)	0.20	(6.05)	-	100%
		USD(000)	88,926.19	12,259.51	1,35,829.91	34,644.21	-	-	(852.24)	28.50	(880.74)	-	-
2	SAE Towers Brazil Subsidiary Company LLC, USA*	INR	-	-	-	-	-	-	-	-	-	-	100%
		USD(000)	-	-	-	-	-	-	-	-	-	-	-
3	SAE Towers Mexico Subsidiary Holding Company LLC, USA*	INR	-	-	-	-	-	-	-	-	-	-	100%
		USD(000)	-	-	-	-	-	-	-	-	-	-	-
4	SAE Towers Mexico S de RL de CV, Mexico*	INR	-	90.60	211.31	120.71	-	300.40	(0.78)	7.13	(7.91)	-	100%
		USD(000)	-	13,101.66	30,557.76	17,456.10	-	43,790.86	(113.90)	1,039.87	(1,153.77)	-	-
5	SAE Towers Brazil Torres de Transmissao Ltda, Brazil*	INR	33.01	127.47	496.91	336.43	-	645.30	49.79	14.49	35.30	-	100%
		USD(000)	4,773.32	18,434.10	71,860.26	48,652.84	-	94,069.37	7,258.31	2,112.78	5,145.53	-	-
6	SAE Prestadora de Servicios Mexico, S de RL de CV, Mexico*	INR	-	12.43	23.48	11.05	-	52.31	1.19	0.55	0.64	-	100%
		USD(000)	-	1,797.17	3,395.66	1,588.49	-	7,625.92	173.72	79.59	94.13	-	-
7	SAE Towers Ltd., USA*	INR	13.84	2.86	76.39	59.69	-	208.71	0.94	0.46	0.48	-	100%
		USD(000)	2,001.00	413.74	11,046.76	8,632.02	-	30,425.45	137.34	67.00	70.34	-	-
8	SAE Engenharia E Construciao Ltda, Brazil*	INR	-	-	-	-	-	-	-	-	-	-	100%
		USD(000)	-	-	-	-	-	-	-	-	-	-	-
9	SAE Engineering & Construction Services S de RL de CV, Mexico*	INR	-	(2.23)	(2.20)	0.03	-	-	-	-	-	-	100%
		USD(000)	-	(322.38)	(318.20)	4.18	-	-	-	-	-	-	-
10	KEC Investment Holdings, Mauritius	INR	383.97	48.89	467.25	34.39	-	-	(0.09)	-	(0.09)	-	100%
		USD(000)	55,527.09	7,069.90	67,570.03	4,973.04	-	-	(12.54)	-	(12.54)	-	-
11	KEC Global Mauritius, Mauritius	INR	2.56	(0.92)	3.12	1.48	-	-	(0.14)	-	(0.14)	-	100%
		USD(000)	370.00	(133.16)	450.71	213.87	-	-	(20.61)	-	(20.61)	-	-

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & surplus	Total Assets	Total Liabilities (excluding Capital and Reserves)	Investments in the Subsidiaries	Turnover **	Profit/ (Loss) before Taxation **	Provision for Taxation **	Profit/ (Loss) after Taxation **	Proposed Dividend (excluding dividend paid)	% of Shareholding (either directly or through subsidiaries)
12	KEC International (Malaysia) SDN.BHD	INR	1.73	(0.18)	2.84	1.29	-	-	(0.08)	-	(0.08)	-	100%
		RM(000)	1,021.74	(104.46)	1,679.31	762.03	-	-	(49.51)	-	(49.51)	-	
13	RPG Transmission Nigeria Limited, Nigeria	INR	0.23	-	0.23	-	-	-	-	-	-	-	100%
		Naira(000)	10,000.00	(10.39)	10,002.11	12.50	-	-	(50.00)	-	(50.00)	-	
14	KEC Global FZ - LLC, Ras UL Khaimah, UAE	INR	1.88	(1.60)	0.45	0.17	-	-	(0.58)	-	(0.58)	-	100%
		AED(000)	1,000.00	(850.17)	237.51	87.68	-	-	(306.13)	-	(306.13)	-	
15	Al-Sharif Group and KEC Ltd. Company, Saudi Arabia (Footnote 3)	INR	5.53	566.98	1,296.97	724.46	-	457.89	100.82	28.43	72.39	-	51.10%
		SAR(000)	3,000.00	3,07,504.31	7,03,421.41	3,92,917.10	-	2,51,160.12	55,303.09	15,594.61	39,708.48	-	
16	KEC Power India Private Limited, India	INR	0.22	0.12	0.35	0.01	-	-	-	-	-	-	100%
17	KEC Bikaner Sikar Transmission Private Limited, India (Footnote - 1)	INR	-	-	-	-	-	-	13.43	4.10	9.33	-	99.99%

The figures reported above are without considering elimination

Exchange rates as at year end considered for conversion:

1USD = ₹ 69.15

1AED = ₹ 18.827

1NAIRA = ₹ 0.2253

1SAR = 18.438

1 RM = ₹ 16.928

* Based on the information considered in the audited consolidated financial statements of SAE Towers Holdings, LLC

** Average exchange rates for the year considered for conversion

Footnotes:

1. "KEC Bikaner Sikar Transmission Private Limited" has ceased to be a subsidiary of the Company w.e.f. February 8, 2019.
2. There are no subsidiaries which are yet to commence operations
3. KEC International Limited (the Company) holds 51.10% share capital in 'Al-Sharif Group and KEC Limited', located in Saudi Arabia (Al Sharif JV), having a joint arrangement with the JV partner Power Line Contracting Company which hold 48.90% in Al Sharif JV. Al Sharif JV is "Subsidiary" of the Company under the Companies Act, 2013. In terms of Indian Accounting Standard (Ind AS- 11) the financial of Al Sharif JV continues to be forming part of standalone accounts due to Joint Operation Control between the shareholders.

NOTES

forming part of the Consolidated Financial Statements as at and for the year ended March 31, 2019

Part "B" : Associates and joint ventures

Name of Associates/joint ventures	KEC GHCS (Malaysia) SDN Bhd.	RP Goenka Group of Companies Employees Welfare Association
1. Latest audited balance sheet date	-	31/03/2019
2. Shares of Associate/joint ventures held by the Company on the year end		
No.	-	-
Amount of Investment in Associates/joint ventures	-	-
Extend of Holding %	49	49
3. Description of how there is significant influence	By virtue of shareholding	By virtue of shareholding
4. Reason why the associate /joint ventures is not consolidated	-	Refer footnote 2
5. Net worth attributable to Shareholding as per latest audited Balance Sheet	-	-
6. Profit/Loss for the year	-	-
i. Considered in Consolidation	Yes - Refer footnote 1	No
ii. Not considered in Consolidation	-	-

The figures reported above are without considering elimination

Footnotes:

1. KEC GHCS (Malaysia) SDN Bhd., joint venture, incorporated on March 8, 2019, is yet to commence operations.
2. As there are significant restrictions on the ability of the associate to transfer funds to the Group in the form of cash dividends, the carrying value of the Group's interest in the Associate are not considered in the consolidated financial statements.
3. 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

AMIT KUMAR GUPTA

Company Secretary

A. T. VASWANI

Director

DIN: 00057953

Place: Mumbai

Date: May 08, 2019

INDEPENDENT AUDITORS' REPORT

To the Members of KEC International Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

OPINION

1. We have audited the accompanying Standalone financial statements of KEC International Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, in which are incorporated 20 jointly controlled operations as referred to in Note 43 in the Standalone financial statements and Returns for the year ended on that date of the Company's branches located at Abu Dhabi, Afghanistan, Algeria, Bangladesh, Egypt, Ethiopia, Georgia, Ghana, Guinea, Indonesia, Ivory Coast, Jordan, Kenya, Laos, Lebanon, Libya, Malaysia, Mali, Mozambique, Nepal, Nicaragua, Nigeria, Oman, Papua New Guinea, Philippines, Sri Lanka, Sierra Leone, Senegal, South Africa, Tanzania, Thailand, Tunisia, Uganda, Bhutan, Cameroon, Congo, Kazakhstan, Kuwait and Zambia.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

BASIS FOR OPINION

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 14 of the Other Matter paragraph below is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

4. We draw your attention to Note 58 of the Standalone financial statements, regarding delays in recovery of receivable amounting to ₹ 145 Crores from a customer. The recovery of the amount is dependent upon transfer of contract from the customer to a new sponsor.

KEY AUDIT MATTERS

5. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Estimation of contract cost and revenue recognition (Refer note 3.5 and 32 of the standalone financial statements)</p> <p>Contract revenue for engineering, procurement and construction contracts which usually extends over a period of 2-3 years, contract prices are fixed / subject to price variance clauses.</p> <p>The contract revenue is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion.</p> <p>This method requires the Company to perform an initial assessment of total estimated cost and further, reassess the total construction cost at each reporting period to determine the appropriate percentage of completion.</p> <p>On transition to Indian Accounting Standard (IND AS) 115, Revenue from Contracts with Customers w.e.f. April 1, 2018, the management has performed a detailed evaluation of the implications under the new standard and has concluded that there are no material implications on account of applicability of Ind AS 115.</p> <p>We considered the estimation of construction contract cost as a key audit matter given the involvement of significant management judgement which has consequential impact on revenue recognition.</p>	<p>Our procedures over the recognition of construction revenue included the following:</p> <ul style="list-style-type: none"> • Understood and evaluated the design and tested effectiveness of key internal financial controls, including those related to review and approval of estimated project cost and review of provision for estimated loss by the authorised representatives. • For sample of contracts, we obtained the percentage of completion calculations, agreed key contractual terms back to signed contracts, tested the mathematical accuracy of the cost to complete calculations and re-performed the calculation of revenue recognized during the year based on the percentage of completion. • For costs incurred to date, we tested samples to appropriate supporting documentation and performed cut off procedures. • To test the forecasted cost to complete, we obtained the breakdown of forecasted costs and tested elements of the forecast by obtaining executed purchase orders and agreements, evaluating reasonableness of management's judgements / and assumptions using past trends and comparing the estimated costs to the actual costs incurred for the similar completed projects. • Checked the implications and related disclosures in the financial statements pursuant to applicability of Ind AS 115.
<p>Based on the procedures performed above, we considered manner of estimation of contract cost and recognition of revenue to be reasonable.</p>	
Key audit matter	How our audit addressed the key audit matter
<p>Valuation of accounts receivable in view of risk of credit losses (Refer to Note 46 'Financial Instruments' and Note 8 and 13 'Trade receivables')</p> <p>Accounts receivables is a significant item in the Company's financial statements as at March 31, 2019 and assumptions used for estimating the credit loss on receivables is an area which is influenced by management's judgment.</p> <p>The Company makes an assessment of the estimated credit losses basis credit risk, project status, past history, latest discussion/ correspondence with the customer.</p> <p>Given the relative significance of these receivables to the financial statements and the nature and extent of audit procedures involved to assess the recoverability of receivables, we determined this to be a key audit matter.</p>	<p>Our audit incorporated the following procedures with regards to provisioning of receivables;</p> <ul style="list-style-type: none"> • Understood and evaluated the accounting policy of the company. • We evaluated the design and tested the operating effectiveness of key controls in relation to determination of estimated credit loss. • Inquired with senior management regarding status of collectability of the receivable • For material balances, the basis of provision was discussed with the audit committee. • Assessed and challenged the information used by the Management to determine the expected credit losses by considering credit risk of the customer, cash collection, performance against historical trends and the level of credit loss charges over time.
<p>Based on our work as stated above, no significant deviations were observed in respect of management's assessment of valuation of accounts receivables.</p>	
Key audit matter	How our audit addressed the key audit matter
<p>Reliance on controls and processes relating to new IT system and data migration impacting financial reporting</p> <p>The company migrated its transaction and financials systems from JD Edwards to SAP w.e.f. from April 1, 2018.</p> <p>The migration has resulted in a significant change in the company's process and the related controls.</p> <p>Data migration, is assumed to have a significant impact on the processes and controls related to the financial reporting and consequently has been considered to be an area of audit focus and accordingly determined to be a key audit matter.</p>	<p>We performed following procedures with respect to the new system and data migration:</p> <ul style="list-style-type: none"> • Obtained understanding and tested the controls over data migration including proper authorization, completeness and accuracy. • Tested the migrated balances, for completeness and accuracy as of April 1, 2018. • We evaluated the design and operating effectiveness of the IT General Controls (ITGC), business process controls post migration (both automated and manual) of the new system. <p>We took the above procedures into consideration in planning and executing our audit.</p>

OTHER INFORMATION

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

7. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from

material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may

reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

14. We did not audit the financial statements/financial information of 20 jointly controlled operations and 34 branches considered in the preparation of the Standalone financial statements which constitute total assets of ₹ 2,646 Crore and net assets of ₹ 394 Crore as at March 31, 2019, total revenue of ₹ 2,009 Crore, and net cash flows amounting to ₹ 23 Crore for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the Standalone financial statements (including other information) to the extent they have been derived from such financial statements/financial information is based solely on the report of such other auditors.

Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

15. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
16. As required by Section 143(3) of the Act, we report that:
- 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.
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors for the branches not audited by us and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

- The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity and dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
- In our opinion, the aforesaid Standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The Company has disclosed the impact, if any, of pending litigations as at March 31, 2019 on its financial position in its financial statements – Refer Note 50 to the financial statements;
 - The Company has made provision as at March 31, 2019, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 18(a) and 30 to the Standalone financial statements. Further, the Company did not have any material foreseeable losses on derivative contracts as at March 31, 2019;
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year March 31, 2019;
 - The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Sarah George
Partner

Place: Mumbai
Date: May 08, 2019

Membership Number 045255

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 16(g) of the Independent Auditors' Report of even date to the members of KEC International Limited on the Standalone financial statements for the year ended March 31, 2019

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. We have audited the internal financial controls with reference to financial statements of KEC International Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date, which includes the internal financial controls over financial reporting of the Company's 39 branches.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a

material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with

reference to financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTER

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to 34 branches, is based on the corresponding reports of the auditors of such branches. Our opinion is not qualified in respect of this matter.

For **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Chartered Accountants

Sarah George

Partner

Place: Mumbai

Date: May 08, 2019

Membership Number 045255

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 15 of the Independent Auditors' Report of even date to the members of KEC International Limited on the standalone financial statements as of and for the year ended March 31, 2019

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, other than for self-constructed buildings, as disclosed in Note 5 on Property, plant and equipment to the financial statements, are held in the name of the Company, except in respect of Industrial plots situated at Gandhinagar, Gujarat, admeasuring to 4,891.45 sq. meters, Industrial plot situated at Mysore, Karnataka, admeasuring to 80,773 sq. meters, land and building situated at Jabalpur, Madhya Pradesh, admeasuring to 9,000 Sq. feet and a flat at Worli, Mumbai, admeasuring to 1,088.22 sq. feet, having Gross carrying amount aggregating ₹ 26.35 Crore and Net carrying amount aggregating ₹ 25.74 Crore as at Balance Sheet date, the titles of which have been transferred to and vested in the Company, pursuant to schemes of amalgamation/arrangement in the earlier years and the procedural formalities for transfer in the name of the Company in the relevant documents have not been completed.
- ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been appropriately dealt with in the books of accounts.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 56 to the financial statements regarding management's assessment on certain matters relating to provident fund.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and service tax, which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in crore)	Period to which the amount relates	Forum where the dispute is pending
The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Sales tax and value added tax	0.51	1999-2000 to 2015-2016	Appellate Tribunal
		0.48	1994-1995 to 1997-1998 and 2008-2009	Rajasthan Tax Board, Ajmer
		2.43	2003-2004 to 2011-2012	Commercial Tax Appellate Board, Madhya Pradesh
		18.89	2006-2007 to 2013-2014	Revisionary Board of Madhya Pradesh & West Bengal
		34.58	1995-1996 to 2016-2017	Appellate Authority – up to Commissioner's level

Name of the statute	Nature of dues	Amount (₹ in crore)	Period to which the amount relates	Forum where the dispute is pending
The Finance Act, 1994	Service Tax	294.13	2004-2005 to 2012-2013	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
The Customs Act, 1962	Customs Duty	0.60	1995-1996	High Court
The Central Excise Act, 1944	Excise Duty	11.99	1994-1995 to 2016-2017	Appellate Authority – up to Commissioner's level
		22.14	1988-1989 to 1993-1994, 2004-2005 to 2016-2017	Customs Excise and Service Tax Appellate Tribunal (CESTAT)
		0.62	2001-2002 to 2005-2006	Mumbai High Court
		0.13	2008-2009 to 2009-2010	Supreme Court of India
The Income- Tax Act, 1961	Income-Tax	1.93	Assessment Year 2007-2008	Income Tax Appellate Tribunal
		0.54	Assessment Year 2008-2009	High Court
The Rajasthan Tax on Entry of Goods into Local Areas Act, 1999	Entry Tax	1.13	1995-1996, 2004-2005, 2008-2009 to 2013-2014	Appellate Authority – up to Deputy Commissioner's level
Entry Tax Act, 1976, Madhya Pradesh	Entry Tax	0.29	2001-2002 to 2002-2003, 2009-2010 to 2011-2012, 2015-2016	Appellate Authority – up to Deputy Commissioner's level, Board of Appeals, Madhya Pradesh

*Net of amounts paid including under protest

Note: For the above purpose, only statutory dues payable in India have been considered

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016
Chartered Accountants

Sarah George

Partner

Membership Number 045255

Place: Mumbai
Date: May 08, 2019

BALANCE SHEET

as on March 31, 2019

₹ in Crore

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
(1) Non-Current Assets			
(a) Property, plant and equipment	5	616.77	595.40
(b) Capital work-in-progress		5.27	70.91
(c) Intangible assets	6	110.96	90.59
		733.00	756.90
(d) Financial assets			
(i) Investments	7	435.98	317.66
(ii) Trade receivables	8	-	5.47
(iii) Other financial assets	9	13.58	13.71
		449.56	336.84
(e) Non-current tax assets (net)	10	114.49	45.08
(f) Other non-current assets	11	166.40	204.51
Total Non-Current Assets		1,463.45	1,343.33
(2) Current Assets			
(a) Inventories	12	469.23	447.90
(b) Financial assets			
(i) Trade receivables	13	4,734.49	4,835.25
(ii) Cash and cash equivalents	14	146.69	176.31
(iii) Bank balances other than (ii) above	15	100.65	38.03
(iv) Loans	16	67.37	215.27
(v) Other financial assets	17	101.53	2,081.24
		5,150.73	7,346.10
(c) Contract Assets	18 (a)	3,226.01	-
(d) Current tax assets (net)	19	13.61	83.98
(e) Other current assets	20	777.20	513.46
Total Current Assets		9,636.78	8,391.44
Total Assets		11,100.23	9,734.77
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	21	51.42	51.42
(b) Other equity	22	2,442.92	1,987.23
Total Equity		2,494.34	2,038.65
Liabilities			
(1) Non-current liabilities			
(a) Financial Liabilities			
Borrowings	23	377.92	400.63
(b) Provisions	24	10.27	13.37
(c) Deferred tax liabilities (net)	25	143.57	125.13
Total Non-Current Liabilities		531.76	539.13
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	26	1,143.84	892.56
(ii) Trade payables	27		
- total outstanding dues of micro and small enterprises		71.19	-
- total outstanding dues other than micro and small enterprises		4,545.75	4,451.18
(iii) Other financial liabilities	28	71.38	78.59
		5,832.16	5,422.33
(b) Contract Liabilities	18 (b)	2,086.14	-
(c) Other current liabilities	29	81.03	1,576.83
(d) Provisions	30	44.05	77.33
(e) Current tax liabilities (net)	31	30.75	80.50
Total Current Liabilities		8,074.13	7,156.99
Total Equity And Liabilities		11,100.23	9,734.77

The above balance sheet should be read in conjunction with the accompanying notes.

In terms of our report attached

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

H. V. GOENKA
Chairman
DIN: 00026726

SARAH GEORGE
Partner
Membership Number: 045255

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 08, 2019

Place: Mumbai
Date: May 08, 2019

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

₹ in Crore

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I. Revenue from operations	32	10,117.80	9,075.74
II. Other income	33	38.12	22.60
III. Total Income (I+II)		10,155.92	9,098.34
IV. Expenses			
(i) Cost of materials consumed	34	4,910.58	4,676.24
(ii) Changes in inventories of finished goods and work-in-progress	35	20.36	(64.55)
(iii) Erection and sub-contracting expenses	36	2,713.36	2,126.52
(iv) Excise duty on sale of goods		-	38.35
(v) Employee benefits expense	37	629.96	562.12
(vi) Finance costs	38	284.15	195.81
(vii) Depreciation and amortisation expense	39	105.52	95.43
(viii) Other expenses	40	756.80	826.94
Total expenses		9,420.73	8,456.86
V Profit before tax (III - IV)		735.19	641.48
VI Tax expense	41		
(i) Current tax		229.68	216.00
(ii) Deferred tax		7.82	(4.57)
		237.50	211.43
VII Profit for the year (V-VI)		497.69	430.05
VIII Other Comprehensive Income			
A Items that will not be reclassified to profit or loss			
(i) Remeasurement of defined benefit obligations	48	(0.25)	(2.54)
(ii) Income tax relating to these items	41.2	0.03	0.99
B Items that will be reclassified to profit or loss			
(i) Exchange differences on translation of foreign joint operations	22	34.69	0.24
(ii) Net gain/(losses) on cash flow hedges	22	8.44	(6.13)
(iii) Income tax relating to these items	41.2	(10.65)	1.44
Total Other Comprehensive Income		32.26	(6.00)
IX Total Comprehensive Income for the year (VII + VIII)		529.95	424.05
X Earnings per equity share (of ₹ 2 each)			
(i) Basic	42	19.36	16.73
(ii) Diluted		19.36	16.73

The above statement of profit and loss should be read in conjunction with the accompanying notes.

In terms of our report attached

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Chartered Accountants

H. V. GOENKA

Chairman

DIN: 00026726

SARAH GEORGE

Partner

Membership Number: 045255

RAJEEV AGGARWAL

Chief Financial Officer

VIMAL KEJRIWAL

Managing Director & CEO

DIN: 00026981

AMIT KUMAR GUPTA

Company Secretary

A. T. VASWANI

Director

DIN: 00057953

Place: Mumbai

Date: May 08, 2019

Place: Mumbai

Date: May 08, 2019

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

A. EQUITY SHARE CAPITAL

Particulars	Note No.	Amount
Balance as at April 01, 2018		51.42
Change in equity share capital during the year	21	-
As at March 31, 2019		51.42

B. OTHER EQUITY

Particulars	Reserve and Surplus						Other Comprehensive Income			Total	
	Capital Reserve	Securities Premium	Capital Redemption Reserve	Debt Redemption Reserve	General Reserve	Statutory Reserve	Retained Earnings	Effective portion of Hedges	Exchange differences on translation of foreign operations		Other items of other comprehensive income (Remeasurement of defined benefit obligations)
Balance as at April 01, 2017	84.98	86.75	14.28	6.79	152.98	0.95	1,270.53	1.46	(10.33)	(4.07)	1,604.32
Profit for the year	-	-	-	-	-	-	430.05	-	-	-	430.05
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(3.95)	(0.50)	(1.55)	(6.00)
Total Comprehensive Income for the year	-	-	-	-	-	-	430.05	(3.95)	(0.50)	(1.55)	424.05
Transactions with owners in their capacity as owner											
Dividends	-	-	-	-	-	-	(49.51)	-	-	-	(49.51)
Dividend distribution tax	-	-	-	-	-	-	8.37	-	-	-	8.37
Transfer from retained earnings	-	-	-	15.98	-	-	(15.98)	-	-	-	-
Balance as at March 31, 2018	84.98	86.75	14.28	22.77	152.98	0.95	1,643.46	(2.49)	(10.83)	(5.62)	1,987.23
Balance as at April 01, 2018	84.98	86.75	14.28	22.77	152.98	0.95	1,643.46	(2.49)	(10.83)	(5.62)	1,987.23
Profit for the year	-	-	-	-	-	-	497.69	-	-	-	497.69
Other Comprehensive Income for the year	-	-	-	-	-	-	-	5.45	27.03	(0.22)	32.26
Total Comprehensive Income for the year	-	-	-	-	-	-	497.69	5.45	27.03	(0.22)	529.95
Transactions with owners in their capacity as owner											
Dividends	-	-	-	-	-	-	(61.70)	-	-	-	(61.70)
Dividend distribution tax	-	-	-	-	-	-	(12.56)	-	-	-	(12.56)
Transfer from retained earnings	-	-	-	15.98	-	-	(15.98)	-	-	-	-
Balance as at March 31, 2019	84.98	86.75	14.28	38.75	152.98	0.95	2,050.91	2.96	16.20	(5.84)	2,442.92

The above statement of changes in equity should be read in conjunction with the accompanying notes.

In terms of our report attached

For and on behalf of the Board of Directors

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

H. V. GOENKA
Chairman
DIN: 00026726

SARAH GEORGE
Partner
Membership Number: 045255

RAJEEV AGGARWAL
Chief Financial Officer

VIMAL KEJRIWAL
Managing Director & CEO
DIN: 00026981

AMIT KUMAR GUPTA
Company Secretary

A. T. VASWANI
Director
DIN: 00057953

Place: Mumbai
Date: May 08, 2019

Place: Mumbai
Date: May 08, 2019

CASH FLOW STATEMENT

for the year ended March 31, 2019

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit for the year after tax	497.69	430.05
Adjustments for:		
Income tax expense	237.50	211.43
Depreciation and amortisation expense	105.52	95.43
Profit on sale of property, plant and equipment (net)	(1.08)	(0.41)
Loss on property, plant and equipment discarded & intangible assets derecognised	0.43	1.19
Gain on sale of subsidiary	(9.98)	-
Finance costs	284.15	195.81
Interest income	(18.01)	(14.75)
Adjustment on account of fair value of financial guarantees	(2.33)	(2.57)
Dividend income from equity instruments in subsidiary	-	1.33
Bad debts, loans and advances written off (net)	35.77	54.64
Allowance for bad and doubtful debts, loans and advances (net)	1.87	22.69
Mark to market loss on forward and commodity contracts	(95.94)	9.02
Net loss arising on financial assets mandatorily measured at FVTPL	(4.70)	2.25
Net unrealised exchange (gain) / loss	(37.71)	(7.97)
	495.49	568.09
Changes in assets and liabilities	993.18	998.14
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(21.33)	(178.13)
Trade receivables	77.37	(916.71)
Loans	24.87	5.72
Other financial assets and contract assets	(1,152.30)	(493.77)
Other current assets	(262.22)	(159.14)
Other non-current assets	39.13	1.20
	(1,294.48)	(1,740.83)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	195.75	1,471.97
Other current liabilities and contract liabilities	581.17	279.61
Other financial liabilities	1.65	(7.03)
Provisions	(36.39)	(15.79)
	742.18	1,728.76
Cash generated from Operations	440.88	986.07
Taxes paid (net of refunds)	(269.79)	(211.88)
Net Cash Flow Generated by Operating Activities (A)	171.09	774.19
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)	(88.91)	(134.68)
Proceeds from sale of property, plant and equipment	4.17	1.40
Payment towards investments in subsidiaries (including share application money)*	-	(195.01)
Proceeds from sale of subsidiary	57.37	-
Loans given to a subsidiary*	(36.27)	(196.62)
Loans repaid by a subsidiary including interest*	18.86	166.14
Interest received	13.30	11.36
Dividend received from a subsidiary	-	(1.33)
Bank balances (including non-current) not considered as Cash and cash equivalents (net)	(62.48)	1.65
Net Cash Flow Used In Investing Activities (B)	(93.96)	(347.09)

CASH FLOW STATEMENT

for the year ended March 31, 2019

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from other than short-term borrowings (including debentures)	-	155.10
Repayments of other than short-term borrowings (including debentures)	(34.71)	-
Repayment of finance lease obligations	(0.91)	(3.30)
Net increase / (decrease) in short-term borrowings	278.52	(315.02)
Finance costs paid	(289.60)	(169.46)
Dividend paid	(61.36)	(41.13)
Net Cash Flow Used In Financing Activities (C)	(108.06)	(373.81)
Net Increase / (Decrease) In Cash And Cash Equivalents (A+B+C)	(30.93)	53.29
Cash and cash equivalents at the beginning of the year (Refer Note 14)	176.31	123.02
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	1.31	-
Cash and cash equivalents at the end of the year (Refer Note 14)	146.69	176.31

* Purchase of investment is a non-cash item. (Refer note - 7.2)

Reconciliation of liabilities arising from financing activities:

₹ in Crore

Particulars	As at March 31, 2018	Cash flows	Non-cash changes			As at March 31, 2019
			Acquisition	Foreign exchange movement	Interest accrued	
Debentures	285.39	-	-	-	27.80	313.19
Long-term borrowings	157.99	(34.71)	-	-	3.88	127.16
Short-term borrowings	892.56	278.52	-	27.24	0.78	1,199.10
Lease liabilities (including current maturities of finance lease obligations)	0.91	(0.91)	-	-	-	-
Total liabilities from financing activities	1,336.85	242.90	-	27.24	32.46	1,639.45

The above cash flow statement should be read in conjunction with the accompanying notes.

In terms of our report attached

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Chartered Accountants

SARAH GEORGE

Partner

Membership Number: 045255

For and on behalf of the Board of Directors

H. V. GOENKA

Chairman

DIN: 00026726

RAJEEV AGGARWAL

Chief Financial Officer

VIMAL KEJRIWAL

Managing Director & CEO

DIN: 00026981

AMIT KUMAR GUPTA

Company Secretary

A. T. VASWANI

Director

DIN: 00057953

Place: Mumbai

Date: May 08, 2019

Place: Mumbai

Date: May 08, 2019

NOTES

forming part of the financial statements as at and for the year ended March 31, 2019

1. GENERAL INFORMATION

KEC International Limited (“the Company”) is a public limited company incorporated and domiciled in India. The registered office of the Company is located at RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai- 400 030.

The Company is primarily engaged in Engineering, Procurement and Construction business (EPC) relating to infrastructure interalia products, projects and systems for power transmission, distribution, railways and related activities.

2. STANDARDS ISSUED BUT NOT YET EFFECTIVE

- 2.1 In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116, ‘Leases’. This will replace Ind AS 17, Leases. Ind AS 116 sets out the principles of recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on their balance sheet. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets and ‘short-term’ leases. At the commencement date of a lease, lessees are required to recognise a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-to-use asset.

The new standard is mandatory for financial years commencing on or after April 01, 2019. The standard permits either full retrospective or a modified retrospective approach for the adoption. The Company plans to adopt Ind AS 116 using modified retrospective approach.

The Company is in the process of identifying and implementing changes to processes to meet the standard’s updated reporting and disclosure requirements, as well as evaluating the internal control changes required, if any, during the implementation and continued application of new standard. The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as on the date of initial application, and lease contracts for which the underlying asset is of low value.

New standards adopted by the Company:

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing April 01, 2018:

- Ind AS 115, Revenue from Contracts with Customers
- Appendix B, Foreign Currency Transactions and Advances Consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 40, Investment Property
- Amendment to Ind AS 12, Income Taxes

Amendments listed above did not have any material impact on the current period and are not expected to significantly affect the future period.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements comply in all material aspects with Ind AS notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the act.

3.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments and employee benefit obligations, that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for 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:

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

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forming part of the financial statements as at and for the year ended March 31, 2019

related to such contracts as current, duration of each contract is considered as its operating cycle.

3.3 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a Company undertakes its activities under joint operations, the Company as a joint operator recognises in relation to its interest in a joint operation:

1. its assets, including its share of any assets held jointly;
2. its liabilities, including its share of any liabilities incurred jointly;
3. its revenue from the sale of its share of the output arising from the joint operation;
4. its share of the revenue from the sale of the output by the joint operation; and
5. its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenues, and expenses relating to its interest in a joint operation in accordance with the Ind AS applicable to the assets, liabilities, revenues, and expenses.

When a Company transacts with a joint operation in which a Company is a joint operator (such as a sale or contribution of assets), the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Company's financial statements only to the extent of other parties' interests in the joint operation.

When a Company transacts with a joint operation in which a Company is a joint operator (such as a purchase of assets), the Company does not recognise its share of the gains and losses until it resells those assets to a third party.

3.4 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less cost to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale and are presented separately from the other assets in the balance sheet. The liabilities related to the assets held for sale are presented separately from other liabilities in the balance sheet.

3.5 Revenue recognition

The Company derives revenue principally from following streams:

- Sale of products (towers and cables)
- Sale of services
- Construction contracts
- Other Operating Revenue

3.5.1 Sale of products:

Revenue from sale of products is recognised upon satisfaction of performance obligations, i.e. at a point of time, which occurs when the control is transferred to the customer.

Customers obtain control as per the incoterms. In determining the transaction price for sale of product, the Company considers the effects of variable consideration, if any. Invoices are issued according to contractual terms and are usually payable as per the credit period agreed with the customer.

3.5.2 Sale of services:

Services rendered include tower testing and designing, operating and maintenance and other services.

Revenue from providing services is recognised in the accounting period in which the services are rendered.

Invoices are issued according to contractual terms and are usually payable as per the credit period agreed with the customer.

3.5.3 Construction contracts:

The Company recognises revenue from Engineering, Procurement and Construction contracts ('EPC') over the period of time, as performance obligations are satisfied over time due to continuous transfer of control to the customer. EPC contracts are generally accounted for as a single performance obligation as it involves complex integration of goods and services.

The performance obligations are satisfied over time as the work progresses. The Company recognises revenue using input method (i.e. percentage-of-completion method), based primarily on contract cost incurred to date compared to total estimated contract costs. Changes to total estimated contract costs, if any, are recognised in the period in which they are determined as assessed at the contract level. If the consideration in the contract includes price variation clause or there are amendments in contracts, the Company estimates the amount of consideration to which it will be entitled in exchange for work performed.

Due to the nature of the work required to be performed on many of the performance obligations, the estimation of total revenue and cost at completion is complex, subject to many variables and requires significant judgement. Variability in the transaction price arises primarily due to liquidated damages, price variation clauses, changes in scope, incentives, discounts, if any. The Company considers its experience

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forming part of the financial statements as at and for the year ended March 31, 2019

with similar transactions and expectations regarding the contract in estimating the amount of variable consideration to which it will be entitled and determining whether the estimated variable consideration should be constrained. The Company includes estimated amounts in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. The estimates of variable consideration are based largely on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available.

Progress billings are generally issued upon completion of certain phases of the work as stipulated in the contract. Billing terms of the over-time contracts vary but are generally based on achieving specified milestones. The difference between the timing of revenue recognised and customer billings result in changes to contract assets and contract liabilities. Payment is generally due upon receipt of the invoice, payable within 90 days or less. Contractual retention amounts billed to customers are generally due upon expiration of the contract period.

The contracts generally result in revenue recognised in excess of billings which are presented as contract assets on the statement of financial position. Amounts billed and due from customers are classified as receivables on the statement of financial position. The portion of the payments retained by the customer until final contract settlement is not considered a significant financing component since it is usually intended to provide customer with a form of security for Company's remaining performance as specified under the contract, which is consistent with the industry practice. Contract liabilities represent amounts billed to customers in excess of revenue recognised till date. A liability is recognised for advance payments and it is not considered as a significant financing component since it is used to meet working capital requirements at the time of project mobilisation stage. The same is presented as contract liability in the statement of financial position.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For construction contracts the control is transferred over time and revenue is recognised based on the extent of progress towards completion of the performance obligations. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. The percentage of completion is based primarily on contract cost incurred to date compared to total estimated contract cost for each contract in order to reflect the effective completion of the project. This percentage of completion could be based on technical milestones or as

per the contractual terms specified. A construction contract is considered completed when the last technical milestone is achieved, which occurs upon contractual transfer of ownership of the asset.

3.5.4 Other Operating Revenue:

Export benefits under Mercantile Export from India Incentive Scheme (MEIS), Service Export from India Scheme (SEIS) and Duty Drawback benefits are accounted as revenue on accrual basis as and when export of goods take place.

3.6 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations (net of finance charges) to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are accounted in the year in which it is incurred. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.7 Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (functional currency). The Company's functional and presentation currency is Indian Rupees (INR) and the financial statements are presented in Indian rupees (INR).

In preparing these financial statements, the Company has applied following policies:

A) Foreign Branches of the Company:-

1. Income and expense items are translated at the exchange rates at the dates of the transactions and all

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forming part of the financial statements as at and for the year ended March 31, 2019

resulting exchange differences are recognised in the Statement of Profit and Loss.

2. Non-monetary assets and liabilities are measured in terms of historical cost in foreign currencies and are not translated at the rates prevailing at the end of each reporting period. Monetary assets and liabilities are translated at the rates prevailing at the end of each reporting period. Exchange differences on translations are recognised in the Statement of Profit and Loss.

B) Joint Operations outside India with functional currency other than presentation currency:

1. Assets and liabilities, both monetary and non-monetary are translated at the rates prevailing at the end of each reporting period.
2. Income and expense items are translated at the exchange rates at the dates of the transactions and all resulting exchange differences are accumulated in the foreign currency translation reserve in the statement of changes in equity.

C) Other foreign currency transactions:

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gain and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in foreign currency at the year end exchange rate are generally recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

In case of consideration paid or received in advance for foreign currency denominated contracts, the related expense or income is recognised using the rate on the date of transaction on initial recognition of a related asset or liability.

Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 3.21 below for hedging accounting policies); and

Forward Exchange Contracts:

The forward exchange contracts are marked to market and gain/loss on such contracts are recognised in the Statement of Profit and Loss at the end of each reporting period, except for those contracts which are designated as hedge instruments.

The net foreign exchange difference reported in statement of profit and loss has been disclosed in Note 40.

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Finance expenses are recognised immediately in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs.

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

3.9 Employee benefits

3.9.1 Long-Term Employee Benefits:

(a) Defined Contribution Plans:

Payments to defined contribution retirement benefit scheme for eligible employees in the form of superannuation fund and provident fund are recognised as expense when employees have rendered services entitling them to the contributions. The Company has no further payment obligation once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses when they are due.

(b) Defined Benefit Plans:

The Company has established 'KEC International Limited Provident Fund' in respect of employees other than factory workers, to which both the employee and the employer make contribution equal to 12% of the employee's basic salary. The Company's contribution to the provident fund for all employees are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company.

The defined benefit plan i.e. gratuity plan, provides for lump sum payment to vested employees on retirement / termination of an amount equivalent to 15 days salary and on death while in employment or on death of an employee an amount equivalent to one month salary, payable for each completed year of service or part thereof in excess of six months in terms of Gratuity scheme of the Company or as per payment of the Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service. 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.

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forming part of the financial statements as at and for the year ended March 31, 2019

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the Statement of Profit and Loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in Statement of Profit and Loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

3.9.2 Short-term employee benefit:

Liabilities for wages and salaries, including non monetary benefits that are expected to be settled wholly within 12 months after the end of period in which the employees rendered the related services are recognised in respect of employee services up to the end of reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit and loss. The obligations are presented as current liabilities in the balance sheet, if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

3.10 Taxation

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

3.10.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period in the countries where the Company, its branches and jointly controlled operations operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretations. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

3.10.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in joint operations except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the

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reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when entity has legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and credits only if, it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

3.10.3 Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.11 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Freehold land is not depreciated. Leasehold land is amortised over the remaining period of the lease.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 01, 2016 measured as per previous GAAP and use that carrying value as deemed cost of the property, plant and equipment.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Depreciation on other items of Property, Plant and Equipment has been provided on the straight-line method as per the useful life as estimated by the Management. The estimate of the useful life of the assets has been based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, etc. The estimated useful life of these Property, Plant and Equipment is mentioned below:

Particulars	Estimated useful life (in years)
Buildings (including roads and temporary structures)	3- 60
Plant and Equipment / Office Equipment	3-23
Erection tools	3-5
Furniture and Fixtures	10
Vehicles	4-8
Computers	3-6

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

3.12 Intangible assets

3.12.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.12.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, if any on the same basis as intangible assets that are acquired separately.

3.12.3 Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are

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recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

3.12.4 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.12.5 Useful lives of intangible assets

Brand in respect of the power transmission business acquired under the High Court approved Composite Scheme of Arrangement in an earlier year is amortised by the Company in terms of the said Scheme over its useful life, which based on an expert opinion is estimated to be of 20 years. Brand in respect of the railway signaling business transferred to the Company pursuant to the High Court approved Scheme of Amalgamation is amortised over 10 year being its useful life, as estimated by the management.

Computer Software are amortised on straight-line basis over the estimated useful life ranging between 4-6 years.

3.13 Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit)

in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

3.14 Investments

Investment in equity shares of subsidiaries are measured at cost. Investments in equity instruments are measured at fair value through other comprehensive income.

The Company classifies its financial assets in the measurement categories as those to be measured subsequently at fair value (through other comprehensive income or through profit and loss) and those measured at amortised cost. The classification depends on the Company's business model for managing the financial asset and the contractual terms of the cash flows. (Also refer 3.17)

3.15 Inventories

Inventories (Raw material, work-in-progress, finished goods, stores and spares and erection material) are stated at the lower of cost and net realisable value. Cost of purchased material is determined on the weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Scrap is valued at net realisable value.

Cost of work-in-progress and finished goods includes material cost, labour cost, and manufacturing overheads absorbed on the basis of normal capacity of production.

3.16 Provisions and Contingencies

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

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be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

Contingent assets: A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised but disclosed only when an inflow of economic benefits is probable.

3.17 Financial instruments

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities [other than financial assets and financial liabilities at Fair Value Through Profit or loss (FVTPL)] are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Purchases or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

3.18 Financial Assets

3.18.1 Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Effective interest method

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as FVTPL. Interest income is recognised in the Statement of Profit and Loss.

3.18.2 Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. Gains or losses arising on remeasurement are recognised in the Statement of Profit and Loss. The net gain or loss recognised in the Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item.

3.18.3 Dividend income is recognised when the right to receive payment has been established.

3.18.4 Impairment of financial assets

The Company 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 is recognised as an impairment gain or loss in the Statement of Profit and Loss.

3.18.5. Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party and does not retain control of the asset. The Company continues to recognise the asset to the extent of Company's continuing involvement.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

3.18.6 Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost, the exchange differences are recognised in the Statement of Profit and Loss except for those which are designated as hedging instruments in a hedging relationship.

3.19 Financial liabilities and equity instruments

3.19.1 Classification as debt or equity

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.19.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3.19.3 Financial liabilities

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

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3.19.3.1 Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

3.19.3.2 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a Company are initially measured at their fair value and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109, 'Financial Instruments'; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18, 'Revenue'.

The Financial guarantees issued to third parties on behalf of subsidiaries are recorded at fair value. The same is added in the cost of investment of a subsidiary and corresponding amount is recognised as Other income in the statement of Profit and Loss.

3.19.3.3 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are included in the Statement of Profit and Loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

3.19.3.4 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange with a new lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

3.20 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks and commodity price risks, including foreign exchange forward contracts, and commodity contracts - Over The Counter (OTC) derivatives. Derivatives are only used for economic hedging purposes and not as a speculative investments. Further, details of derivative financial instruments are disclosed in Note 45.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

3.21 Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives in respect of commodity price risk as cash flow hedges. Hedges of commodity price risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 46 sets out details of the fair values of the derivative instruments used for hedging purposes.

3.21.1 Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial

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liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the Statement of Profit and Loss.

Where the hedged item subsequently results in the recognition of a non-financial asset, both the deferred hedging gains and losses and the deferred time value of the option contracts, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss through cost of material consumed.

3.21.2 Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss is recognised in profit or loss.

3.22 Cash and cash equivalents

For the purpose of presentation in statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of 3 months or less that are readily convertible to known amount of cash and which are subject to a insignificant risk of change in value.

3.23 Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

3.24 Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crore as per the requirement of Schedule III, unless otherwise stated.

4. CRITICAL ESTIMATES AND JUDGEMENTS

In the application of the Company's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical estimates and judgements, that have the significant effect on the amounts recognised in the financial statements.

4.1 Classification of Joint Arrangement as a Joint Operation

In terms of Ind AS 111, 'Joint Arrangement', the following joint arrangements have been classified as joint operations as the contractual arrangements between the parties specify that parties have rights to the assets, and obligations for the liabilities, relating to the arrangement:

- i) Al- Sharif Group and KEC Ltd. Company, Saudi Arabia* [refer Note 43]
- ii) EJP KEC Joint Venture, South Africa
- iii) KEC – ASSB JV
- iv) KEC – ASIAKOM – UB JV
- v) KEC – ASIAKOM JV
- vi) KEC – DELCO – VARAHA JV
- vii) KEC – VARAHA – KHAZANA JV
- viii) KEC – VALECHA – DELCO JV
- ix) KEC – SIDHARTH JV
- x) KEC – TRIVENI – KPIPL JV
- xi) KEC – UNIVERSAL JV
- xii) KEC – DELCO – DUSTAN JV
- xiii) KEC – ANPR – KPIPL JV
- xiv) KEC – PLR – KPIPL JV
- xv) KEC – BJCL JV
- xvi) KEC-KIEL JV
- xvii) KEC - ABEPL JV
- xviii) KEC - TNR Infra JV
- xix) KEC - SMC JV
- xx) KEC - WATERLEAU JV

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* KEC International (Company) holds 51.10% share capital of Al Sharif Group and KEC Ltd. Company, Saudi Arabia ("Al Sharif JV"), having a joint arrangement located in Saudi Arabia, with the JV partner Al Sharif Group (ASG) [also refer Note 43]. Al Sharif JV is a subsidiary of the Company as per the definition of 'subsidiary' under the Companies Act, 2013. However, Al Sharif JV is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the Company itself, the internal agreements (contractual arrangements) entered into between the parties to the joint arrangements for execution of projects (turnkey contracts) reverses or modifies the rights and obligations conferred by the legal form and establishes and define their respective rights and obligations on these projects. As per these contractual arrangements, the parties to the joint arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Accordingly, for financial reporting purposes, Al Sharif JV is classified as jointly controlled operation as per the requirements of Ind AS 111 Joint Arrangements.

4.2 Revenue recognition for construction contracts

Refer Note 3.5.3 and Note 45.

4.3 Useful lives of property, plant and equipment and intangible assets

As described in Notes 3.11 and 3.12 above, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. There was no change in the useful life of property, plant and equipment and intangible assets as compared to Previous Year.

4.4 Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Guarantees are also given in the normal course of business.

There are certain obligations which management has concluded based on all available facts and circumstances are treated as contingent liabilities and disclosed in the Notes but are not provided for in the financial statements. Although there can be no assurance of the final outcome of the legal proceedings in which the Company is involved it is not expected that such contingencies will have a material effect on its financial position or profitability.

4.5 Income taxes

In preparing the financial statements, the Company recognises income taxes in each of the jurisdictions in which it operates. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. The uncertain tax positions are measured at the amount expected to be paid to taxation authorities when the Company determines that the probable outflow of economic resources will occur. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4.6 Impairment of trade receivables

The impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, credit risk, existing market conditions as well as forward looking estimates at the end of each reporting period.

4.7 Defined benefit obligations

The present value of defined benefit obligations is determined by discounting the estimated future cash outflows by reference to market yields at the end of reporting period that have terms approximating to the terms of the related obligation.

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NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

Particulars	₹ in Crore											
	Freehold Land ^	Leasehold Land	Buildings ^	Plant and Equipment	Plant and Equipment (under finance lease)	Erection Tools	Furniture and Fixtures	Vehicles	Vehicles (under finance lease)	Office Equipment	Computers	Total
Gross carrying amount												
As at April 01, 2017	65.90	50.08	138.15	530.00	0.46	74.74	20.01	43.30	13.37	10.34	23.26	969.61
Additions	-	-	3.48	20.23	-	31.11	5.39	4.15	-	0.86	5.35	70.57
Disposal	-	-	0.37	5.42	-	17.48	0.01	1.87	-	0.25	0.22	25.62
Adjustments	-	-	0.03	0.08	*	0.08	0.02	0.03	0.06	0.01	0.01	0.32
As at March 31, 2018	65.90	50.08	141.29	544.89	0.46	88.45	25.41	45.61	13.43	10.96	28.41	1,014.89
Additions	-	-	22.42	53.37	-	22.01	0.32	0.99	-	0.70	3.20	103.01
Disposal	-	-	0.02	7.28	-	8.71	0.09	5.81	-	0.34	0.43	22.68
Adjustments	-	-	0.34	1.40	(0.46)	(0.63)	0.25	14.61	(13.43)	0.10	0.10	2.28
As at March 31, 2019	65.90	50.08	164.03	592.38	-	101.12	25.89	55.40	-	11.43	31.29	1,097.50
Accumulated depreciation												
As at April 01, 2017	-	8.84	36.13	223.08	0.21	35.96	7.79	23.45	6.56	5.98	14.60	362.60
Depreciation expenses	-	0.78	6.81	36.24	0.08	21.20	2.48	4.26	3.04	1.54	3.62	80.05
Disposal	-	-	0.36	4.05	-	16.95	*	1.66	-	0.23	0.20	23.45
Adjustments	-	-	0.02	0.06	*	0.08	0.02	0.03	0.06	0.01	0.01	0.29
As at March 31, 2018	-	9.62	42.60	255.33	0.29	40.29	10.29	26.08	9.66	7.30	18.03	419.49
Depreciation expenses	-	0.78	7.49	36.13	-	20.10	2.74	6.35	-	1.20	4.13	78.92
Disposal	-	-	0.02	5.58	-	7.57	0.06	5.38	-	0.16	0.39	19.16
Adjustments	-	-	0.27	0.97	(0.29)	(0.91)	0.18	10.75	(9.66)	0.08	0.09	1.48
As at March 31, 2019	-	10.40	50.34	286.85	-	51.91	13.15	37.80	-	8.42	21.86	480.73
Net carrying amount												
As at March 31, 2018	65.90	40.46	98.69	289.56	0.17	48.16	15.12	19.53	3.77	3.66	10.38	595.40
As at March 31, 2019	65.90	39.68	113.69	305.53	-	49.21	12.74	17.60	-	3.01	9.43	616.77

* less than rounding off norms adopted by the Company

Note 5.1

^The title deeds of freehold land and buildings, having gross carrying amount aggregating ₹26.35 crore (as at March 31, 2018 ₹26.35 crore) and net carrying amount aggregating ₹25.74 crore (as at March 31, 2018 ₹25.78 crore) have been transferred to and vested in the Company, pursuant to the Schemes of Amalgamation/Arrangement in earlier years and the procedural formalities for transfer in the name of the Company is pending.

Note 5.2

For details of Property, plant and equipment having gross carrying amount aggregating ₹671.61 crore (As at March 31, 2018 ₹ 578.45 crore), which are pledged as security for borrowings - Refer Notes 23 and 26.

Note 5.3

Adjustments represents foreign currency exchange translation adjustment on account of jointly controlled operations which have different functional currency.

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NOTE 6 - INTANGIBLE ASSETS

Particulars	₹ in Crore		
	Brands (Refer Note 6. 1)	Computer softwares	Total
Gross carrying amount			
As at April 01, 2017	246.95	25.84	272.79
Additions	-	0.61	0.61
Disposal	-	-	-
As at March 31, 2018	246.95	26.45	273.39
Additions	-	46.96	46.96
Disposal	-	0.02	0.02
As at March 31, 2019	246.95	73.39	320.34
Accumulated amortisation			
As at April 01, 2017	148.56	18.85	167.41
Amortisation expense	12.70	2.69	15.39
Disposal	-	-	-
As at March 31, 2018	161.26	21.54	182.80
Amortisation expense	12.68	13.92	26.60
Disposal	-	0.02	0.02
As at March 31, 2019	173.94	35.44	209.38
Net carrying amount			
As at March 31, 2018	85.69	4.90	90.59
As at March 31, 2019	73.01	37.95	110.96

Note 6.1

Brands include brand of the power transmission business amounting ₹ 240 crore which was acquired by the Company under the High Court approved Composite Scheme of Arrangement (the 'Scheme') in an earlier year. In terms of the Scheme, the brand is being amortised by the Company over its useful life, which based on an expert opinion is estimated to be of 20 years. The carrying amount

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of the brand as on March 31, 2019 ₹ 72 crore (as at March 31, 2018 ₹ 84 crore) and the remaining amortisation period is 6 years (as at March 31, 2018 - 7 years).

NOTE 7 - INVESTMENTS

		₹ in Crore	
Particulars		As at March 31, 2019	As at March 31, 2018
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	0.35	0.35
1,000	Fully paid Equity Shares of AED 1,000 each of KEC Global FZ-LLC-Ras UL Khaimah, United Arab Emirates	1.19	1.19
25,527,094	(As at March 31, 2018, 10,600,000) Fully paid Ordinary Shares of US \$ 1 each of KEC Investment Holdings, Mauritius (Refer Note 7.2)	237.86 [#]	79.46 [#]
30,000,000	4% Non-Cumulative Convertible Preference Shares US \$ 1 each of KEC Investment Holdings, Mauritius (Refer Note 7.3)	193.39	193.39
370,000	Fully paid Ordinary Shares of US \$ 1.00 each of KEC Global, Mauritius	2.33	2.33
221,022	Fully paid Equity Shares of ₹ 10 each of KEC Power India Private Limited	0.86	0.86
(b) Subsidiary			
Nil	(As at March 31, 2018, 9,999,999) Fully paid Equity Shares of ₹ 10 each of KEC Bikaner Sikar Transmission Private Limited (Refer Note 7.5)	-	12.12 [#]
		435.98	289.70
		435.98	289.70
(B) Investment in Preference Shares (At fair value through profit and loss) :			
Unquoted			
Subsidiary			
Nil	(As at March 31, 2018, 34,500,000) 1% Fully paid Optionally Convertible Non-Cumulative Preference Shares (OCPS) of ₹ 10 each of KEC Bikaner Sikar Transmission Private Limited (Refer Note 7.4 and Note 7.5)	-	27.96
(C) Investment in equity shares (at fair value through other comprehensive income)			
Unquoted			
4,900	Fully paid Equity Shares of ₹ 10/- each of RP Goenka Group of Companies Employees Welfare Association	*	*
* less than rounding off norms adopted by the Company.		435.98	317.66
Aggregate book value of quoted investments and market value thereof		-	-
Aggregate book value of unquoted investments		435.98	317.66
Aggregate amount of impairment in the value of investments		-	-

Note 7.1: Investments in equity instruments in subsidiaries is at cost.

Note 7.2: The Company had given a loan of USD 22,092,099 to KEC Investment Holdings, Mauritius, a wholly owned subsidiary of the Company. The aforesaid loan has been converted by the subsidiary into 14,927,094 equity shares of USD 1 each at a premium of USD 0.48 per share as on August 31, 2018.

Note 7.3: This represents investment in preference shares of KEC Investment Holdings, Mauritius. These shares are compulsorily convertible into equity shares with a conversion ratio of one is to four. The issuer has the option of early conversion as well with above fixed ratio. There is no mandatory dividend payout year on year. Considering the said terms, the investment has been classified as equity.

Note 7.4: These shares were offered on a private placement basis and it carries a fixed non-cumulative dividend at a rate of 1% per annum. The Company has an option to convert each OCPS into one equity shares of Rs 10 each and to demand for the redemption of these shares after a lock in period of 5 years. Fair value is determined in the manner described in Note 46.13.

Note 7.5: During the year Company has disposed off its entire stake in the subsidiary "KEC Bikaner Sikar Transmission Private Limited" for net sale consideration of ₹ 57.37 crore and accordingly, ₹ 9.98 crore has been recognised as profit on sale of subsidiary (Refer note 33)

[#] Includes ₹ 11.80 crore (As at March 31, 2018 ₹12.36 crore) towards adjustment on account of fair value of financial guarantees issued to subsidiaries and step down subsidiaries, as applicable.

NOTES

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NOTE 8 - TRADE RECEIVABLES

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Non-current trade receivables - Unsecured		
(i) Considered good	-	5.47
(ii) Having significant increase in credit risk	-	-
(iii) Credit impaired	0.80	11.68
Total	0.80	17.15
Less: Allowance for bad and doubtful receivables (expected credit loss allowance)*	0.80	11.68
	-	5.47

***Movement in the allowance for bad and doubtful receivables (expected credit loss allowance). Refer Note 46.9**

Particulars	₹ in Crore	
	As at March 31, 2017	As at March 31, 2018
Balance as at March 31, 2017	19.51	
Add: Created during the year	2.78	
Less: Released during the year	10.61	
Balance as at March 31, 2018	11.68	
Add: Created during the year	-	
Less: Released during the year	10.88	
Balance as at March 31, 2019	0.80	

NOTE 9 - OTHER FINANCIAL ASSETS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Non-current		
(i) Security deposits, Secured		
(a) Considered good	8.82	8.95
(b) Having significant increase in credit risk	-	-
(c) Credit impaired	0.76	0.76
	9.58	9.71
Less: Allowance for bad and doubtful security deposits *	0.76	0.76
	8.82	8.95
(ii) Amount withheld by customers [Refer Note 50(i)(9)]		
(a) Considered good	-	-
(b) Having significant increase in credit risk	-	-
(c) Credit impaired	17.61	17.61
	17.61	17.61
Less: Allowance for bad and doubtful receivables (expected credit loss allowance)*	12.85	12.85
	4.76	4.76
	13.58	13.71

***Movement in the allowance for bad and doubtful receivables (expected credit loss allowance) / deposits - Refer Note 46.9.**

Particulars	₹ in Crore	
	As at March 31, 2017	As at March 31, 2018
Balance as at March 31, 2017	6.08	
Add: Created during the year	8.13	
Less: Released during the year	0.60	
Balance as at March 31, 2018	13.61	
Add: Created during the year	-	
Less: Released during the year	-	
Balance as at March 31, 2019	13.61	

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NOTE 10 - NON-CURRENT TAX ASSETS (NET)

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Income tax payments less provisions	114.49	45.08
	114.49	45.08

NOTE 11 - OTHER NON-CURRENT ASSETS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
(a) Capital Advances	12.04	10.51
(b) Others		
- Excise duty recoverable from Government authorities	24.45	24.45
- VAT Credit/ WCT/Service Tax Receivable	100.77	131.59
- Prepaid expenses	3.28	5.26
- Export benefits	9.26	18.24
- Sales tax/ excise duty/ service tax/ entry tax, etc. paid under protest	16.60	14.46
	154.36	194.00
	166.40	204.51

NOTE 12 - INVENTORIES

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Inventories (lower of cost and net realisable value)		
(a) Raw materials		
(i) in stock	295.88	244.94
(ii) in-transit	0.14	9.89
	296.02	254.83
(b) Work-in-progress (Refer Note 12.1)	33.32	126.26
(c) Finished goods	112.16	39.58
(d) Stores and spares	14.44	13.97
(e) Scrap	13.29	13.26
	469.23	447.90

Note 12.1 Details of inventory of work-in-progress :

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Towers and structurals	8.63	75.63
Cables	24.69	50.63
	33.32	126.26

NOTE 13 - TRADE RECEIVABLES

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Trade receivables - Unsecured (Refer Note 13.2 and 46.9)		
(a) Considered good	4,768.70	4,876.65
(b) Having significant increase in credit risk	-	-
(c) Credit impaired	-	-
	4,768.70	4,876.65
Less: Allowance for bad and doubtful debts (expected credit loss allowance)*	34.21	41.40
	4,734.49	4,835.25

NOTES

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*Movement in the allowance for bad and doubtful receivables (expected credit loss allowance) (Refer Note 46.9)

₹ in Crore

Particulars	As at March 31, 2019
Balance as at March 31, 2017	31.30
Add: Created during the year	12.02
Less: Released during the year	1.92
Balance as at March 31, 2018	41.40
Add: Created during the year	1.87
Less: Released during the year	9.06
Balance as at March 31, 2019	34.21

Note 13.1 Transfer of financial assets

During the current year, the Company has discounted trade receivables with an aggregate carrying amount of ₹ 101.48 crore with banks for cash proceeds of ₹ 100.08 crore. These arrangements are “non-recourse” to the Company and accordingly, the Company has derecognised these receivables as at March 31, 2019. 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, 2019 ₹ 100.84 crore (As at March 31, 2018 ₹Nil) are recognised as trade receivables and corresponding carrying amount of associated liabilities of ₹ 93.20 crore (As at March 31, 2018 ₹Nil) are recognised as secured borrowings (Note 26) and there are restriction on further selling and pledging of these receivables.

Note 13.2 Receivable from related party is ₹ 41.10 crore (As at March 31, 2018 ₹11.12 crore). [Refer Note 49 (c)]

NOTE 14 - CASH AND CASH EQUIVALENTS

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018
(a) Balances with banks		
(i) In current accounts	121.24	161.89
(ii) In deposit accounts	19.25	10.68
	140.49	172.57
(b) Cheques on hand	-	1.19
(c) Cash on hand	6.20	2.55
	146.69	176.31

NOTE 15 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Earmarked balances with banks - unpaid dividend accounts	2.43	2.09
(ii) Bank deposit with original maturity of more than 3 months but less than 12 months	0.09	9.47
(iii) Balances with banks to the extent held as margin money or security against the borrowings, guarantees and other commitments	97.38	21.82
(iv) Margin Money deposit with maturity less than 12 months	0.75	4.65
	100.65	38.03

NOTE 16 - LOANS

₹ in Crore

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
(i) Loans to related parties - KEC Investment Holdings, Mauritius (wholly owned subsidiary) (Refer Note 7.2)	34.35	150.56
(ii) Loans to related parties - KEC Global Mauritius (wholly owned subsidiary)	1.45	0.98
(iii) Loans to related parties - KEC Bikaner Sikar Transmission Private Limited (Refer Note 7.5)	-	6.27
(iv) Loans and advances to Joint operations (net of the Company's share)	5.20	39.14
(v) Security deposits	26.37	18.32
	67.37	215.27

NOTES

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Note 16.1 The Company has provided short-term loans to wholly owned subsidiary for the purpose of providing loans to and/or making strategic investments in the step down subsidiaries. These loans are given at rates comparable to the average commercial rate of interest.

Note 16.2 Loans and advances to Joint operations have been provided by the Company to meet the short-term working capital requirements for execution of projects by the joint operations.

Note 16.3 Disclosure required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(i) Loans and advances in the nature of loans given to the wholly owned subsidiary.

Name of Subsidiary	Loans (interest bearing) outstanding	₹ in Crore	
		Maximum amount outstanding during the year	
KEC Investment Holdings Mauritius			
As at March 31, 2019	34.35	154.75	
As at March 31, 2018	150.56	277.95	
KEC Global Mauritius			
As at March 31, 2019	1.45	1.45	
As at March 31, 2018	0.98	2.57	
KEC Bikaner Sikar Transmission Private Limited			
As at March 31, 2019	-	6.27	
As at March 31, 2018	6.27	6.27	

NOTE 17 - OTHER FINANCIAL ASSETS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
(i) Contractually reimbursable expenses (Refer Note 18.2 and Note 45.4)	-	71.66
(ii) Amount due from customers for contract works (Refer Note 18.2, Note 45.4 Note 45.5 and Note 51)	-	2,009.22
(iii) Interest accrued on fixed deposits	0.11	0.04
(iv) Insurance claims	0.31	-
(v) Mark to market gain on forward and commodity contracts (Refer Note 46.7 and Note 46.8)	100.48	-
(vi) Others	0.63	0.32
	101.53	2,081.24

NOTE 18 (a) - CONTRACT ASSETS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
(i) Contractually reimbursable expenses (Refer Note 18.2 and Note 45.4)	49.37	-
(ii) Amount due from customers for contract works (Refer Note 18.2, Note 45.4 and Note 51)	3,183.95	-
(iii) Less: Provision for expected loss on construction contracts (Refer Note 18.2, Note 45.4 and Note 18.1)	7.31	-
	3,226.01	-

NOTE 18 (b) - CONTRACT LIABILITIES

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
(i) Amount due to customers for contract works (Refer Note 18.2 and Refer Note 45.4)	647.67	-
(ii) Advance from customer (Refer Note 18.2 and Note 45.4)	1,431.63	-
(iii) Interest on customer advance (Refer Note 18.2 and Note 45.4)	6.84	-
	2,086.14	-

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Note 18.1 Movement in Provision for expected loss on construction contracts

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Opening balance	42.83	59.44
Additions	3.79	33.97
Reversals	39.36	50.58
Effect of translation adjustment gain / (loss)	0.05	0.00
Closing balance	7.31	42.83

Note 18.2 Contract Assets and Liabilities balances

Particulars	₹ in Crore	
	As at April 01, 2018	
Contract assets		
(i) Contractually reimbursable expenses		71.66
(ii) Amount due from customers for contract work		2,009.22
Less: Provision for expected loss on construction contracts		42.84
		2,038.04
Contract liabilities		
(i) Amount due to customers for contract works		420.10
(ii) Advance from customer		1,082.87
(iii) Interest on customer advance		6.84
		1,509.81

Contract assets', as disclosed in current year representing "Amount due from customers for contract works", "Contractually reimbursable expenses" and "Provision for expected loss on construction contracts" have been presented as part of 'Other financial assets' and 'Provisions' respectively, in the Previous Year.

Contract liabilities as disclosed in current year representing "Advance from customer", "Amount due to customers for contract works" and "Interest on customer advance" have been presented as part of other current liabilities and other financial liabilities respectively, in the Previous Year.

NOTE 19 - CURRENT TAX ASSETS (NET)

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Income tax payments less provisions	13.61	83.98
	13.61	83.98

NOTE 20 - OTHER CURRENT ASSETS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Advances to suppliers	150.48	101.80
Employee advances	6.27	5.16
Cenvat / Service tax input credit receivable	0.97	1.54
Amount due as refund of custom duty	3.70	3.70
Excise duty recoverable from Government authorities	1.26	1.34
VAT credit / WCT receivables	99.84	81.72
GST receivables	243.99	188.32
GST/Excise rebate receivable on exports	102.76	14.62
Prepaid expenses	94.92	81.55
Export benefits	70.56	31.26
Assets classified as held for sale (Refer Note 20.1)	2.45	2.45
	777.20	513.46

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Note 20.1 Details of assets classified as held for sale

Particulars	₹ in crore	
	As at March 31, 2019	As at March 31, 2018
Leasehold Land	2.45	2.45
	2.45	2.45

The Company has signed Memorandum of Understanding (MoU) against which the Company had received sales consideration amounting to ₹ 9.41 crore (as at March 31, 2018 ₹ 9.41 crore) (Refer Note 29). However, the title and possession of the land is yet to be transferred due to pending approvals from regulatory authorities.

NOTE 21 - SHARE CAPITAL

Particulars	As at March 31, 2019		As at March 31, 2018	
	Nos.	₹ in Crore	Nos.	₹ in Crore
Authorised:				
Equity Shares:				
Equity Shares of ₹2 each	57,00,00,000	114.00	57,00,00,000	114.00
Preference Shares:				
Redeemable Preference Shares of ₹ 100 each	15,00,000	15.00	15,00,000	15.00
Issued, Subscribed and Paid-up				
Equity Shares:				
Equity Shares of ₹ 2 each fully paid-up	25,70,88,370	51.42	25,70,88,370	51.42
	25,70,88,370	51.42	25,70,88,370	51.42

Note 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 Crore
Equity Shares Outstanding as at April 01, 2017	25,70,88,370	51.42
Add: Shares issued during the year	-	-
Equity Shares Outstanding as at March 31, 2018	25,70,88,370	51.42
Add: Shares issued during the year	-	-
Equity Shares Outstanding as at March 31, 2019	25,70,88,370	51.42

Note 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, 2019		As at March 31, 2018	
		Nos. of Shares Held	Percentage of Shares held	Nos. of Shares Held	Percentage of Shares held
1	Swallow Associates LLP	6,77,56,616	26.36	6,95,46,616	27.05
2	Summit Securities Limited	2,79,10,754	10.86	2,77,53,845	10.80
3	Instant Holdings Limited	2,16,47,691	8.42	2,10,42,105	8.18
4	HDFC Trustee Company Limited	1,80,69,573	7.03	1,81,98,378	7.08

*Shares held in multiple folios have been combined.

Note 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.

Note 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.

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NOTE 22 - OTHER EQUITY

₹ in Crore

Particulars	Reserves and Surplus						Other Comprehensive Income			Total	
	Capital Reserve	Securities Premium	Capital Redemption Reserve	Debt Redemption Reserve	General Reserve	Statutory Reserve	Retained Earnings	Effective portion of cash flow Hedges	Exchange differences on translation of foreign operations		Other items of other comprehensive income (Remeasurement of defined benefit obligations)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
Notes											
Balance as at April 01, 2017	84.98	86.75	14.28	6.79	152.98	0.95	1,270.53	1.46	(10.33)	(4.07)	1,604.32
Profit for the year	-	-	-	-	-	-	430.05	-	-	-	430.05
Other Comprehensive Income for the year	-	-	-	-	-	-	-	(3.95)	(0.50)	(1.55)	(6.00)
Total Comprehensive Income for the year	-	-	-	-	-	-	430.05	(3.95)	(0.50)	(1.55)	424.05
Transactions with owners in their capacity as owner											
Dividends	-	-	-	-	-	-	(49.51)	-	-	-	(49.51)
Dividend distribution tax	-	-	-	-	-	-	8.37	-	-	-	8.37
Transfer from retained earnings	-	-	-	15.98	-	-	(15.98)	-	-	-	-
Balance as at March 31, 2018	84.98	86.75	14.28	22.77	152.98	0.95	1,643.46	(2.49)	(10.83)	(5.62)	1,987.23
Balance as at April 01, 2018	84.98	86.75	14.28	22.77	152.98	0.95	1,643.46	(2.49)	(10.83)	(5.62)	1,987.23
Profit for the year	-	-	-	-	-	-	497.69	-	-	-	497.69
Other Comprehensive Income for the year	-	-	-	-	-	-	-	5.45	27.03	(0.22)	32.26
Total Comprehensive Income for the year	-	-	-	-	-	-	497.69	5.45	27.03	(0.22)	529.95
Transactions with owners in their capacity as owner											
Dividends	-	-	-	-	-	-	(61.70)	-	-	-	(61.70)
Dividend distribution tax	-	-	-	-	-	-	(12.56)	-	-	-	(12.56)
Transfer from retained earnings	-	-	-	15.98	-	-	(15.98)	-	-	-	-
Balance as at March 31, 2019	84.98	86.75	14.28	38.75	152.98	0.95	2,050.91	2.96	16.20	(5.84)	2,442.92

Note (a) Capital reserve was created on account of merger of RPG Cables Limited (RPGCL) with the Company pursuant to the Scheme of Amalgamation in the financial year 2009-2010.

Note (b) Securities premium is used to record the premium on issue of shares. It is utilized in accordance with the provisions of the Companies Act, 2013.

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

Note (d) Debentures redemption reserve is created towards redemption of debentures referred to in Note 23.

Note (e) General reserve is created from time to time by way of transfer of profits from retained earnings. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

Note (f) Statutory reserve pertains to the Joint Operation at Saudi Arabia. In accordance with the Saudi Arabian Companies law and the Articles of Association, 10% of the annual net income is required to be transferred to the Statutory Reserve until the reserve reaches 50% of the capital of the Joint Operation.

Note (g) Retained earnings represents cumulative profit of the Company. The reserve can be utilised in accordance with the provision of the Companies Act, 2013.

Note (h) The cash flow hedging reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in accounting policy Note 3.21

Note (i) Foreign currency translation reserve pertains to exchange difference arising on translation of the foreign operation are recognised in other comprehensive income as described in accounting policy Note 3.7 and accumulated in a separate reserve within equity. The cumulative amount reclassified to profit or loss when the net investment is disposed-off.

Note (j) Reserve for remeasurement of defined benefit obligations represents the effects of remeasurement of defined benefit obligations on account of actuarial gains and losses.

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NOTE 23 - BORROWINGS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Non-Current		
Measured at amortised cost:		
I Debentures	313.19	285.39
Secured (Refer Note 23.1)		
II Term loans		
(a) From banks		
Secured (Refer Note 23.2)	120.39	155.11
Less: Current maturities of long-term debt [Refer Note 28 (a)]	(55.66)	(39.87)
	64.73	115.24
III Long-term maturities of finance lease obligations (Refer Note 23.3)	-	0.91
Less: Current maturities of finance lease obligations [Refer Note 28 (b)]	-	(0.91)
	377.92	400.63

Note 23.1 Debentures:

2,500, Secured, Rated, Listed, Redeemable Non-Convertible Debentures ("NCD") of face value of ₹ 0.10 crore each aggregating ₹ 250 crore issued by the Company during the earlier year are secured by first charge on the immovable properties at Vadodara and Mysore and further secured by hypothecation of movable fixed assets of the Company situated at Mysore and Vadodara. 500 NCD ₹ 0.10 crore each aggregating ₹50 crore are repayable on December 20, 2021, 500 NCD ₹ 0.10 crore each aggregating ₹50 crore are repayable on April 20, 2021 and 1,500 NCD of ₹ 0.10 crore each aggregating ₹150 crore are repayable on April 20, 2020. Debentures are Zero Coupon with yield on maturity of 9.33% p.a. monthly compounded and payable at maturity (with a yield to maturity @ 9.74% p.a.)

Note 23.2 Term loans from banks:

(a) ₹ 87.12 crore (As at March 31, 2018 ₹ 104.92 crore) loan of a jointly controlled operation at Saudi Arabia, secured by unconditional and irrevocable Corporate Guarantee

from the Company. Loan is repayable in 10 equal quarterly instalments started from December 2018. The present interest rate is 4.86% p.a.

(b) ₹ 33.27 crore (As at March 31, 2018 ₹ 50.19) loan of a jointly controlled operation at Saudi Arabia, secured by unconditional and irrevocable Corporate Guarantee from the Company. Quarterly instalment has started from December 2017 and loan will be repaid in 10 equal quarterly installments. The present interest rates are in the range of 4.54% to 5.14% p.a.

Note 23.3 Finance Lease Obligations:

₹ Nil (As at March 31, 2018 ₹ 0.91 crore) secured against certain vehicles of a jointly controlled operation at Saudi Arabia and repaid during the current year.

NOTES

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NOTE 24 - PROVISIONS

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Non-current:		
Provision for employee benefits		
- Gratuity (Refer Note 48)	10.27	13.37
	10.27	13.37

NOTE 25 - DEFERRED TAX LIABILITIES (NET)

25.1 Significant components of deferred tax liabilities (net) are as follows:

Particulars	₹ in Crore			
	Opening Balance (As at April 01, 2018)	Recognised in Statement of Profit and Loss	Recognised directly in Other Comprehensive Income	Closing Balance (As at March 31, 2019)
Deferred tax (liabilities) recognised in P&L in relation to:				
Property, plant and equipment and intangible assets	(82.01)	9.15	-	(72.85)
Undistributed earnings of joint operations	(92.26)	25.31	-	(66.95)
Mark to Market losses / (gain) on derivatives	4.63	(34.17)	-	(29.54)
	(A)	0.29	-	(169.34)
Deferred tax assets recognised in P&L in relation to:				
Amalgamation Expenses	0.01	(0.01)	-	-
Allowance for doubtful debts, loans and advances	22.88	(6.32)	-	16.57
Expenses debited to the Statement of Profit and Loss allowable in subsequent years	8.07	3.73	-	11.80
Provision for expected loss on construction contracts, etc.	3.79	(3.24)	-	0.55
Fair valuation of Preference shares	2.29	(2.29)	-	-
Asset held for sale	0.76	-	-	0.76
	(B)	(8.13)	-	29.68
Deferred tax (liabilities) recognised in P&L	(A)+(B)	(7.84)	-	(139.66)
Deferred tax (liabilities) in relation to OCI:				
Net (Gain) / Losses on Cash flow hedges	1.41	-	(2.98)	(1.57)
Exchange differences on translation of foreign joint operations	2.50	-	(7.66)	(5.16)
	(C)	-	(10.64)	(6.73)
Deferred tax assets in relation to OCI:				
Remeasurement of defined benefit obligations	2.79	-	0.03	2.82
	(D)	-	0.03	2.82
Deferred tax assets recognised OCI:	(C)+(D)	-	(10.62)	(3.91)
Deferred Tax Liabilities (net)	(125.13)	(7.84)	(10.62)	(143.57)

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25.2 Significant components of deferred tax liabilities (net) as at March 31, 2018 are as follows :

₹ in Crore				
Particulars	Opening Balance (As at April 01, 2017)	Recognised in Statement of Profit and Loss	Recognised in other comprehensive income (OCI)	Closing Balance (As at March 31, 2018)
Deferred tax (liabilities) recognised in P&L in relation to :				
Property, plant and equipment and intangible assets	(88.47)	6.46	-	(82.01)
Undistributed earnings of joint operations	(88.05)	(4.20)	-	(92.25)
Remeasurement of defined benefit obligations	(1.09)	1.09	-	-
Guarantee Commission Income	(1.76)	1.76	-	-
	(A)	(179.37)	5.11	(174.26)
Deferred tax assets recognised in P&L in relation to :				
Amalgamation Expenses	1.94	(1.93)	-	0.01
Allowance for doubtful debts, loans and advances	19.01	3.87	-	22.88
Expenses debited to the Statement of Profit and Loss allowable in subsequent years	14.26	(6.19)	-	8.07
Provision for expected loss on construction contracts, etc.	6.92	(3.13)	-	3.79
Mark to Market losses / (gain) on derivatives	(1.49)	6.12	-	4.63
Fair valuation of Preference shares	1.48	0.80	-	2.28
Remeasurement of defined benefit obligations	0.23	(0.23)	-	-
Asset held for sale	-	0.76	-	0.76
Others	0.62	(0.62)	-	-
	(B)	42.97	(0.54)	42.43
Deferred tax (liabilities) recognised in P&L	(A)+(B)	(136.40)	4.57	(131.83)
Deferred tax (liabilities) in relation to OCI:				
Net (Gain) / Losses on Cash flow hedges	(0.77)	-	2.18	1.41
	(C)	(0.77)	2.18	1.41
Deferred tax assets in relation to OCI :				
Exchange differences on translation of foreign joint operations	3.25	-	(0.74)	2.50
Remeasurement of defined benefit obligations	1.80	-	0.99	2.79
	(D)	5.05	-	0.25
Deferred tax assets recognised OCI :	(C)+(D)	4.28	-	6.70
Deferred Tax Liabilities (net)		(132.13)	4.57	(125.13)

NOTE 26 - BORROWINGS

₹ in Crore		
Particulars	As at March 31, 2019	As at March 31, 2018
Loans repayable on demand		
From Banks		
- Secured [Refer Note 26.1]	237.27	248.29
Other short-term borrowings		
From Banks		
- Secured [Refer Note 26.2 (a)]	497.84	499.84
- Unsecured [Refer Note 26.2 (b)]	-	44.07
	497.84	543.91
From other parties		
- Secured [Refer Note 26.2 (c)]	408.73	100.36
	1,143.84	892.56

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Note 26.1 Loans repayable on demand from banks:

(a) Secured

- (i) ₹ 225.49 crore (As at March 31, 2018 ₹ 113.75 crore) secured by first charge on the whole of the current assets of the Company, both present and future (except specific receivables financed by financial institutions and banks), second charge on fixed assets of the Company's immovable properties situated at Jaipur, Jabalpur and Nagpur factories and further secured by first charge on flat situated at Juhu, Mumbai. The present interest rates ranges from 7.90% to 12.85% p.a.
- (ii) ₹ 11.78 crore (As at March 31, 2018 ₹ 2.27 crore) secured by assignment of certain book debts of the Company. The present interest rates ranges from 4.20% to 7.90% p.a.
- (iii) ₹ Nil (As at March 31, 2018 ₹ 132.27 crore), pertains to certain projects of a jointly controlled operation at Saudi Arabia and repaid during the current year.

Note 26.2 Other short-term borrowings

(a) From Banks-Secured

- (i) ₹ 404.64 crore (As at March 31, 2018 ₹ 499.84 crore) secured by security stated against Note 26.1 (a) (i) above. The present

interest rates ranges from 6M EURibor+100bps (all inclusive net 1.00% to 4.30% p.a.)

- (ii) ₹ 93.20 crore (As at March 31, 2018 ₹ Nil) loan of a jointly controlled operation at Saudi Arabia ₹ 90.96 crore and Oman branch ₹ 2.24 crore, secured by unconditional and irrevocable Corporate Guarantee from the Company. Repayment will be started for Saudi Arabia from June 2019 and Oman branch is repaid in April'19. The present interest rates are in the range of 4.54% to 4.87% p.a.

(b) From Bank-unsecured

₹ Nil (As at March 31, 2018 ₹ 44.07 crore), pertaining to a joint operation at Saudi Arabia and repaid during the current year.

(c) From Other Parties-secured

- (i) ₹ 247.34 crore (As at March 31, 2018 ₹ Nil) being commercial papers issued against standby facilities from certain banks which in turn is secured by security stated against Note 26.1 (a) (i) above. Said Commercial papers carries interest rate of 7.55% p.a.

- (ii) ₹ 161.39 crore (As at March 31, 2018 ₹ 100.36 crore) secured by security stated against Note 26.1 (a) (i) above. The present interest rates are in the range of 4.28% to 5.30% p.a.

NOTE 27 - TRADE PAYABLES

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
(i) Total outstanding dues of micro and small enterprises (Refer note 27.1)	71.19	-
(ii) Total outstanding dues of creditors other than micro and small enterprises	3,346.56	2,375.46
(iii) Acceptances	1,199.19	2,075.72
	4,616.94	4,451.18

Note 27.1 Following disclosures required for Micro and Small Enterprises has been determined on the basis of information available with the Company.

₹ in Crore		
(a) The principal amount remaining unpaid to supplier as at the end of accounting year	66.43	-
(b) The interest due thereon remaining unpaid to supplier as at the end of accounting year.	3.14	-
(c) The amount of interest paid in terms of Section 16, along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act.	1.62	-
(e) The amount of interest accrued during the year and remaining unpaid at the end of the accounting year	4.76	-
(f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure.	-	-

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NOTE 28 - OTHER FINANCIAL LIABILITIES

₹ in Crore		
Particulars	As at March 31, 2019	As at March 31, 2018
(a) Current maturities of long term-debts (Refer Note 23)	55.66	39.87
(b) Current maturities of finance lease obligations [Refer Note 23 and Note 44 (b)]	-	0.91
(c) Interest accrued but not due on borrowings	4.66	2.90
(d) Unpaid / unclaimed dividends [#]	2.43	2.09
(e) Other payables		
- Interest accrued on acceptances and customer advance	0.56	7.02
- Payable towards purchase of property, plant and equipment	1.63	4.67
- Mark to market loss on forward contracts (Refer note 46.7 and note 46.8)	-	15.15
- Directors' commission	6.44	5.98
	8.63	32.82
	71.38	78.59

[#] The figures reflect the position as at year end. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates.

NOTE 29 - OTHER CURRENT LIABILITIES

₹ in Crore		
Particulars	As at March 31, 2019	As at March 31, 2018
(a) Advances from customers (Refer Note 45.4 and Note 51)	-	1,082.87
(b) Advances against assets classified as held for sale (Refer Note 20.1)	9.41	9.41
(c) Other payables		
- Amount due to customers for contract works (Refer Note 45.4 and Note 51)	-	420.10
- Statutory remittances (contribution to PF and ESIC, withholding tax, Excise Duty, VAT, TDS, GST, Service Tax, etc.)	69.67	60.82
- Others	1.95	3.63
	71.62	484.55
	81.03	1,576.83

NOTE 30 - PROVISIONS

₹ in Crore		
Particulars	As at March 31, 2019	As at March 31, 2018
(a) Provision for employee benefits		
- Compensated absences (Refer Note 48)	21.61	20.10
- Gratuity (Refer Note 48)	0.84	0.74
	22.45	20.84
(b) Provision - others		
- Provision for expected loss on construction contracts (Refer Note 18.2 and Note 45.4)	-	42.84
- Provision for litigation claims (Refer Note 30.1 and Note 30.2)	21.60	13.65
	21.60	56.49
	44.05	77.33

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Note 30.1

Provision for litigation claims represents liabilities that are expected to materialise on completion of negotiation/matters in appeals with judicial authorities.

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Opening balance	13.65	12.63
Additions	8.49	1.02
Reversals	0.54	-
Closing balance	21.60	13.65

Note 30.2

It includes provision of ₹ 12.63 crore related to an arbitration award passed against the Company. The same is challenged by the Company before Hon'ble Delhi High Court. The balance provision relate to various sales tax matters and civil suits. The cashflows against the said matters are dependent upon conclusion of the litigations.

NOTE 31 - CURRENT TAX LIABILITIES (NET)

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Income tax liabilities less payments	30.75	80.50
	30.75	80.50

NOTE 32 - REVENUE FROM OPERATIONS

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
(a) Sale of products (including excise duty) (Refer Note 45)		
- Towers and structurals	73.07	109.19
- Cables	915.19	852.23
	988.26	961.42
(b) Construction contracts revenue (including excise duty) (Refer Note 45)		
- Transmission and distribution	5,856.35	6,507.22
- Other EPC	3,066.14	1,433.36
	8,922.49	7,940.58
(c) Sale of services (Refer Note 45)		
- Tower testing and design revenue	28.20	48.08
- Operating and maintenance revenue	1.01	1.94
- Others	-	3.59
	29.21	53.61
(d) Other operating revenue		
- Scrap sales (including excise duty)	114.65	76.96
- Export incentives	59.20	41.21
- Others	3.99	1.96
	177.84	120.13
	10,117.80	9,075.74

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NOTE 33 - OTHER INCOME

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
(a) Interest income earned on financial assets that are not designated at fair value through profit or loss:		
(i) Bank deposits (at amortised cost)	5.97	2.46
(ii) Other financial assets carried at amortised cost	4.91	11.29
	10.88	13.75
(b) Interest income earned on financial assets that are designated at fair value through profit or loss:		
- Interest on mutual funds	-	0.12
(c) Interest income earned on other assets		
(i) Excise and VAT refund	0.01	0.88
(ii) Income tax refund	7.12	-
	7.13	0.88
(d) Dividend income from equity instruments		
- in Subsidiary	-	1.33
(e) Other non-operating income:		
- Guarantee charges	3.08	3.32
- Profit from Sale of Subsidiary (Refer Note 7.5)	9.98	-
- Profit on sale of property, plant and equipment (net)	1.08	0.41
- Miscellaneous income	5.97	2.79
	20.11	6.52
	38.12	22.60

NOTE 34 - COST OF MATERIALS CONSUMED

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Cost of materials consumed (including project bought outs)	4,910.58	4,676.24
	4,910.58	4,676.24

NOTE 35 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Opening stock		
Finished goods	39.58	36.29
Work-in-progress	126.26	65.00
	165.84	101.29
Less: Closing stock		
Finished goods	112.16	39.58
Work-in-progress	33.32	126.26
	145.48	165.84
	20.36	(64.55)

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NOTE 36 - ERECTION AND SUB-CONTRACTING EXPENSES

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Erection / construction materials consumed	403.44	389.75
Stores consumed	16.17	53.40
Sub-contracting expenses	1,990.02	1,366.98
Power, fuel and water charges	30.78	24.04
Construction transport	149.25	152.84
Others	123.70	139.51
	2,713.36	2,126.52

NOTE 37 - EMPLOYEE BENEFITS EXPENSE

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Salaries and wages	570.64	508.50
Contribution to provident fund and other funds (Refer Note 48)	29.86	22.57
Staff welfare expenses	29.46	31.05
	629.96	562.12

NOTE 38 - FINANCE COSTS

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Interest expense for financial liabilities not classified at FVTPL (including yield on debentures)	280.08	191.25
Other borrowing costs (processing fees, etc.)	4.07	4.56
	284.15	195.81

NOTE 39 - DEPRECIATION AND AMORTISATION EXPENSES

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Depreciation of property, plant and equipment (Refer Note 5)	78.92	80.05
Amortisation of intangible assets (Refer Note 6)	26.60	15.38
	105.52	95.43

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NOTE 40 - OTHER EXPENSES

₹ in Crore

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Tools, non-erection stores and maintenance spares	22.81	13.48
Power and fuel	46.77	35.78
Rent	36.35	43.07
Rates and taxes, excluding taxes on income (net)	56.97	65.05
Excise duty (Refer Note 40.1)	-	(0.22)
Insurance	54.62	50.10
Bank (guarantee, letter of credit and other) charges	82.06	83.54
Commission	28.45	29.25
Freight and forwarding (net)	227.34	146.46
Repairs to buildings	2.06	1.90
Repairs to plant and equipment	11.68	9.51
Repairs to other property, plant and equipment	11.66	11.01
Travelling and conveyance	88.19	71.63
Payment to statutory auditors (net of service tax input credit, where applicable)*		
- as auditors (for audit, limited reviews and audit of financial statements)	1.29	1.17
- for tax audit	0.10	0.26
- for certification work	0.75	0.57
- for reimbursement of expenses	0.09	0.06
	2.23	2.06
Professional fees	63.59	60.24
Bad debts, loans and advances written off	55.72	67.52
Less: Adjusted against allowance for bad and doubtful debts, loans and advances	(19.95)	(13.13)
	35.77	54.39
Allowance for bad and doubtful debts, loans and advances (net)	1.87	22.93
Directors' fees	0.68	0.64
Loss on property, plant and equipment discarded	0.43	1.19
Net (gain)/loss on foreign currency transactions (Refer Note 40.3)	(165.43)	15.79
Net loss arising on financial assets mandatorily measured at FVTPL	(4.70)	2.25
Corporate Social Responsibility (Refer Note 53)	6.08	3.61
Miscellaneous expenses (Refer Note 40.2)	147.32	103.28
	756.80	826.94

* Previous year audit fees includes fees paid to previous auditor ₹ 0.66 crore

Note 40.1 Excise duty shown above includes Nil (Previous Year ₹(1.34) crore) being excise duty related to the difference between the closing stock and opening stock of finished goods.

Note 40.2 Miscellaneous expenses shown above include fees of ₹ 1.85 crore (Previous Year ₹ 1.63 crore) paid to branch auditors, fees of ₹ 0.39 crore for auditors of joint operations (Previous Year of ₹0.47 crore) and fees of ₹ 0.07 crore (Previous Year ₹0.07 crore) paid to the cost auditors.

Note 40.3 Net (gain)/loss on foreign currency transactions includes gain on derivative instruments ₹ 95.64 crore (Previous year loss ₹13.26 crore).

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NOTE 41 - INCOME TAX RECOGNISED IN STATEMENT OF PROFIT AND LOSS

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Current tax		
In respect of the current year	239.68	215.94
In respect of prior years	(10.00)	0.06
	229.68	216.00
Deferred tax		
In respect of the current year	7.82	(4.57)
	7.82	(4.57)
Total income tax expense recognised in the Statement of Profit and Loss	237.50	211.43

Note 41.1 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 Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Profit before tax from continuing operations	735.19	641.48
Indian Statutory income tax rate	34.94%	34.61%
Income tax expense	256.91	222.01
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	(0.50)	-
Corporate social responsibility expenditure	1.06	0.71
Donation	0.05	0.07
Net effect of different tax rates of joint operations operating in other jurisdictions	(9.04)	(12.06)
Long-Term Capital Gain on sale of Investment	(1.16)	-
Foreign Tax credit not available	0.29	0.78
Others	(0.11)	(0.02)
	247.50	211.49
Adjustments recognised in the current year in relation to the current tax of prior years	(10.00)	(0.06)
Income tax expense in Statement of Profit and Loss	237.50	211.43

The tax rate used for the financial years 2018-19 and 2017-18 reconciliations above is the corporate tax rate of 34.94% and 34.61% respectively payable by the corporate entities in India on taxable profits under the Indian tax law.

Note 41.2 Income tax recognised in other comprehensive income

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Deferred tax		
Arising on income and expenses recognised in other comprehensive income:		
- Translation of foreign joint operations	(7.66)	(0.74)
- Net gain on designated portion of hedging instruments	(2.99)	2.18
- Remeasurement of defined obligations	0.03	0.99
Total income tax recognised in other comprehensive income	(10.62)	2.43
Bifurcation of the income tax recognised in other comprehensive income into:		
- Items that will not be reclassified to profit or loss	0.03	0.99
- Items that will be reclassified to profit or loss	(10.65)	1.44
	(10.62)	2.43

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NOTE 42 - EARNINGS PER SHARE

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
	(₹ Per Share)	(₹ Per Share)
(a) Basic earnings per share	19.36	16.73
(b) Diluted earnings per share	19.36	16.73

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, 2019	For the Year ended March 31, 2018
	₹ in Crore	
Profit for the year attributable to the equity share holders of the Company	497.69	430.05
Earnings used in the calculation of basic/ diluted earnings per share	497.69	430.05

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
	Quantity	
Weighted average number of equity shares for the purposes of basic / diluted earnings per share	257,088,370	257,088,370

NOTE 43 - JOINT OPERATIONS

Details of the Company's Joint Operations are as under:

Particulars	Ownership Interest	
	As at March 31, 2019	As at March 31, 2018
a) Joint Operations		
i Al-Sharif Group and KEC Ltd Company, Saudi Arabia (Al Sharif JV) [Refer Note 43 (b)]	51%	51%
ii EJP KEC Joint Venture, South Africa	50%	50%
iii KEC – ASSB JV, Malaysia	67%	67%
iv KEC – ASIAKOM – UB JV	60%	60%
v KEC – ASIAKOM JV	51%	51%
vi KEC – DELCO – VARAHA JV	80%	80%
vii KEC – VARAHA – KHAZANA JV	80%	80%
viii KEC – VALECHA – DELCO JV	51%	51%
ix KEC – SIDHARTH JV	80%	80%
x KEC – TRIVENI – KPIPL JV	55%	55%
xi KEC – UNIVERSAL JV	80%	80%
xii KEC – DELCO – DUSTAN JV	51%	51%
xiii KEC – ANPR – KPIPL JV	60%	60%
xiv KEC – PLR – KPIPL JV	55%	55%
xv KEC-BJCL JV	51%	51%
xvi KEC-KEIL JV	90%	90%
xvii KEC-ABEPL JV	90%	90%
xviii KEC-TNR INFRA JV	51%	51%
xix KEC-SMC JV	51%	51%
xx KEC-WATERLEAU JV	51%	51%

b) KEC International Limited (the Company) holds 51.10% share capital in 'Al-Sharif Group and KEC Limited', located in Saudi Arabia (Al Sharif JV), having a joint arrangement with the JV partner Power Line Contracting Company which hold 48.90% in Al Sharif JV. Al Sharif JV is "Subsidiary" of the Company under the Companies Act, 2013. However, based on the control assessment under Ind AS, considering the nature of arrangement, Al Sharif JV has been classified as

jointly controlled operation. In addition to this, Al Sharif JV is a limited liability company whose legal form confers separation between the parties to the joint arrangement and the Company itself, the internal agreements (contractual arrangements) entered into between the parties to the joint arrangements for execution of projects (turnkey contracts) reverses or modifies the rights and obligations conferred by the legal form and establishes and define their respective rights and obligations

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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.

- c) The Company accounts for assets, liabilities, revenue and expenses relating to its interest in joint operations based on the internal agreements/arrangements entered into between the parties to the joint arrangements for execution of projects, which in some cases are different than the ownership interest disclosed above. Accordingly, the Company has

recognised its share in total income from operations ₹ 522.30 crore (for the year ended March 31, 2018 ₹1,017.90 crore), total expenditure (including tax) ₹ 476.88 crore (for the year ended March 31, 2018 ₹ 901.93 crore), total assets as at March 31, 2019 ₹ 1,146.16 crore (as at March 31, 2018 ₹ 1,462.74 crore) and total liabilities as at March 31, 2019 ₹ 763.55 crore (as at March 31, 2018 ₹ 989.53 crore) in Jointly Controlled Operations.

NOTE 44 - LEASES

(A) - Operating Leases

₹ in Crore

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1 Lease payments recognised in the Statement of Profit and Loss for the year [Includes minimum lease payment ₹Nil (for the year ended March 31, 2018 ₹1.96 crore)].	36.35	43.07
The Company has operating leases for office premises and residential properties. These lease arrangements range for a period between 11 months and 5 years, which include cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses and some contracts also includes clauses for early termination by either party with a specific notice period.		
2 Future minimum lease payments under the agreements, which are non-cancellable are as follows:		
(i) Not later than one year	-	-
(ii) Later than one year and not later than five years	-	-
(iii) Later than five year	-	-

(B) - Finance Leases

- (i) The Jointly controlled operation of the Company at Saudi Arabia had taken certain vehicles and equipment under finance lease. The average lease term was 3 years. There was an option to purchase the assets at the end of lease terms. Accordingly Jointly controlled operation has exercised the option to purchase the assets at the end of lease term in the current financial year.

The Financial lease liability pertaining to the above mentioned assets has been fully repaid during the financial year.

For net carrying amount of assets acquired under finance lease as at March 31, 2019 - Refer Note 5 Property, Plant and Equipment.

- (ii) The maturity profiles of finance lease obligations are as follows:

Finance Lease liabilities

₹ in Crore

Particulars	As at	Total minimum lease payments outstanding	Future Finance charges	Present value of minimum lease payments
Not later than one year	March 31, 2019	-	-	-
	March 31, 2018	0.94	0.03	0.91
Later than one year and not later than five years	March 31, 2019	-	-	-
	March 31, 2018	-	-	-
Total	March 31, 2019	-	-	-
	March 31, 2018	0.94	0.03	0.91

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Included in the financial statements as:

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
- Current Maturities of Finance lease obligations (Refer Note 28)	-	0.91
- Non-current borrowings (Refer Note 23)	-	-
Total	-	0.91

NOTE 45 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company applied Ind AS 115 for the first time by using the modified retrospective method of adoption with the date of initial application of April 01, 2018. Under this method, comparative period has not been adjusted. The adoption of the new standard did not have a material impact on retained earnings as at April 01, 2018 for the revenue contracts that are not completed as at that date, except in case of presentation / disclosure of the balances in relation to construction contracts, which has been explained in note 45.4 below. Also refer note 3.5 for accounting policy on revenue recognition.

Note 45.1 Disaggregation of revenue from contracts with customers

The Company has determined the categories for disaggregation of revenue considering the types / nature of contracts. The Company derives revenue from the transfer of goods and services over time in the following major product lines and geographical regions:

₹ in Crore						
As on March 31, 2019	Transmission & distribution	Railways	Civil	Cables	Solar	Total
Segment Revenue						
- India	2,855.43	1,906.38	497.59	984.18	340.80	6,584.38
- Outside India	3,351.22	-	-	173.13	-	3,524.35
Less: Inter-segment (SBU) revenue						
- India	-	-	9.00	159.77	-	168.77
- Outside India	-	-	-	-	-	-
Revenue from external customers	6,206.65	1,906.38	488.59	997.54	340.80	9,939.96
Timing of revenue recognition						
- At a point in time	89.78	-	-	915.19	-	1,004.97
- Over time	6,116.87	1,906.38	488.59	82.35	340.80	8,934.99
	6,206.65	1,906.38	488.59	997.54	340.80	9,939.96

The Company recognised revenue amounting to ₹263.99 crore in the current reporting period that was included in the contract liability balance as of April 01, 2018.

Note 45.2 Unsatisfied performance obligations

The aggregate amount of transaction price allocated to performance obligations that are unsatisfied as at the end of reporting period is ₹18,204 crore. On an average, transmission, distribution and railway composite contracts have a life cycle of 2-3 years and other businesses performance obligations are met over a period of one or less than one year. Management expects that around 50% to 60% of the transaction price allocated to unsatisfied contracts as of March 31, 2019 will be recognised as revenue during next reporting period depending upon the progress on each contracts.

The remaining amount is expected to be recognised in subsequent years, with largely in year 2.

The amount disclosed above does not include variable consideration.

Note 45.3 There are no reconciliation items between revenue from contracts with customers and revenue recognised with contract price.

Note 45.4 The Company has changed the presentation of certain amounts in the balance sheet to reflect the terminology of Ind AS 115:

(a) "Contract assets" namely "Amount due from customers for contract works", "Contractually reimbursable expenses" and "Provision for expected loss on construction contracts" were previously presented as part of "other financial assets" and "provisions" respectively amounting to ₹2,009.22 crore, ₹ 71.66 crore and ₹42.84 crore as at March 31, 2018 (Refer Notes 17, 18 and 30).

(b) "Contract liabilities" namely "Advance from customer", "Amount due to customers for contract works" and "Interest on customer advance" were previously presented as part of "other current liabilities" and "other financial liabilities" respectively amounting to ₹1,082.87 crore, ₹420.10 crore and ₹6.84 crore as at March 31, 2018 (Refer Notes 18 and 29).

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(c) Line items of statement of profit and loss were not affected by the application of Ind AS 115.

Note 45.5 In case of transmission and distribution projects, where the goods are procured from a third party, the Company makes an assessment on the impact of revenue recognition with respect to uninstalled materials. Considering the Company is significantly involved in designing and manufacturing the procured material and there is no significant time gap involved between transfer of control and installation, there is no impact on revenue recognised. There is significant judgement involved in making this assessment.

Note 45.6 Under the modified retrospective method, the comparative information in the financial statements would not be restated and would be presented based on the requirements of the previous standard i.e. Ind AS 11, as follows:

Disclosure under Ind AS 11 - "Construction Contracts" for the year ended March 31, 2018:

Particulars	₹ in Crore	
	As at and for the year ended March 31, 2018	
(i) Contract Revenue recognised during the year	7,940.57	
Disclosure in respect of contracts in progress as at the year end:		
(i) Aggregate amount of cost incurred and recognised profits (less recognised losses)	19,439.49	
(ii) Advances received	967.27	
(iii) Retention Receivable	2,042.07	
(iv) Amount Due from Customers for contract works (Refer Note 17)	2,009.22	
(v) Amount Due to Customers for contract works (Refer Note 29)	420.10	

NOTE NO 46 - FINANCIAL INSTRUMENTS

Note 46.1 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 26 offset by cash and bank balances in Notes 14 and 15) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Gearing ratio

The gearing ratio at end of the reporting period is as follows.

Particulars		₹ in Crore	
		As at March 31, 2019	As at March 31, 2018
Debt *	A	1,584.71	1,336.86
Cash and bank balances	B	247.34	214.34
Net debt	C=A-B	1,337.37	1,122.51
Total equity	D	2,492.16	2,038.65
Net debt to equity ratio	E=C/D	0.54	0.55

* Debt is defined as long-term and short-term borrowings (excluding derivative and financial guarantee contracts), as described in Notes 23 and 26 and includes interest accrued but not due on borrowings.

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Note 46.2 Categories of financial instruments

₹ in Crore

Particulars	As at March 31, 2019			As at March 31, 2018		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets#						
Non-current investment						
- Investment in equity instruments	-	*	-	-	*	-
- Investment in preference shares	-	-	-	27.96	-	-
Trade receivables	-	-	4,734.49	-	-	4,840.71
Cash and bank balances	-	-	247.34	-	-	214.34
Loans	-	-	67.37	-	-	215.27
Other financial assets						
- Derivative instruments						
i) Forward exchange contracts	95.64	-	-	-	-	-
ii) Over the counter (OTC) commodity derivative contracts	-	4.84	-	-	-	-
- Others	-	-	14.63	-	-	14.07
Financial liabilities						
Borrowings	-	-	1,582.08	-	228.72	1,108.14
Trade payables	-	-	4,616.94	-	-	4,450.51
Other financial liabilities						
- Derivative instruments						
i) Forward exchange contracts	-	-	-	13.26	-	-
ii) Over the counter (OTC) commodity derivative contracts	-	-	-	-	1.89	-
- Others	-	-	11.06	-	-	20.44

* less than rounding off norms adopted by the Company.

Financial assets (except investments) pledged as collateral for borrowings - Refer Notes 23 and 26

FVPL - Fair Value Through Profit or Loss

FVOCI - Fair Value Through Other Comprehensive Income

Note 46.3 Financial risk management objectives

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk.

The Company seeks to minimise the effects of currency risk and commodity price risk by using derivative and non derivative financial instruments to hedge risk exposures. The Company has Risk Management Policies to mitigate the risks in commodity and foreign exchange. The use of financial derivatives and non-derivatives is governed by the Company's policies approved by the Board of Directors (BOD), which provide written principles to use financial derivatives and non-derivative financial instruments, to hedge currency risk and commodity price risk. The Company does not enter into or trade financial instruments, including derivative financial instruments and non-derivative financial instruments, for speculative purposes.

The Treasury Department prepares and submits the report on performance along with the other details relating to forex and

commodity transaction to the Risk Management Committee. The periodical forex management report and commodity risk report as reviewed and approved by the Risk Management Committee is placed before the Audit Committee for review.

Note 46.4 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 46.5 and 46.10 below) and commodity price (see Note 46.8 below). The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, interest rate risk and commodity price risk including:

- forward foreign exchange contracts to hedge the exchange rate Risk arising from execution of international projects.
- Commodity Over the Counter (OTC) derivative contracts to hedge the Price Risk for base metals such as Copper, Aluminium, Zinc and Lead.

Derivatives are only used for economic hedging purposes and not as speculative investments. All such transactions are carried out within the approved guidelines set by the Board of Directors .

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Note 46.5 Foreign currency risk management

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions in various currencies. Foreign currency risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows.

Following is the foreign currency exposure of the Company:

Particulars						₹ in Crore
	USD	SAR	EUR	AED	Others	Total
As at March 31, 2019						
Assets	1,382.73	668.43	149.64	201.28	454.90	2,856.98
Liabilities	(1,180.81)	(175.03)	(299.72)	(87.71)	(256.31)	(1,999.58)
As at March 31, 2018						
Assets	1,057.97	835.75	79.40	217.58	858.92	3,049.63
Liabilities	(834.18)	(630.54)	(110.69)	(233.28)	(526.77)	(2,335.44)

Note 46.6 Sensitivity for above exposures:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from financial instruments in the books of jointly controlled operations, Packing Credit in Foreign Currency (PCFC) instruments and forward contracts denominated in hedge relationship. 5% appreciation / depreciation in the functional currency of the Company, with respect to foreign currency, will have following impact on profit / (loss) before tax and equity [gains / (losses)]:

Exposure to currencies	Change in rate	Impact on profit before tax		Impact on equity	
		For the year ended	For the year ended	As at	As at
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
USD	+5%	(19.36)	(24.59)	9.26	13.40
	-5%	19.36	24.59	(9.26)	(13.40)
SAR	+5%	(0.20)	(0.39)	(24.47)	(9.87)
	-5%	0.20	0.39	24.47	9.87
EUR	+5%	7.43	(0.38)	0.08	1.95
	-5%	(7.43)	0.38	(0.08)	(1.95)
AED	+5%	(5.68)	0.78	-	-
	-5%	5.68	(0.78)	-	-
Others	+5%	(8.56)	(12.97)	(1.37)	(3.64)
	-5%	8.56	12.97	1.37	3.64

Note 46.7 Forward exchange contracts

The Company has adopted a Risk Management Policy approved by the Board of Directors of the Company for managing foreign currency exposure. The policy enumerates the mechanism for Risk Identification, Risk Measurement and Risk Monitoring. The policy has approved a set of financial instruments for hedging foreign currency risk. The Company mainly uses forward contracts to manage the foreign currency risk.

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The following table details the forward foreign currency (FC) contracts outstanding at the end of the reporting period:

Outstanding contracts	Foreign currency (FC in Crore)		Nominal amounts (₹ in Crore)		Change in fair value assets (liabilities) (₹ in Crore)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Sell EURO/ INR						
Less than 3 Months	0.65	-	55.80	-	4.75	-
3 to 6 months	0.90	-	80.97	-	8.56	-
More than 6 Months	0.36	-	31.98	-	2.55	-
Sell EURO/USD						
Less than 3 Months	0.85	0.14	67.28	11.32	1.16	0.16
3 to 6 months	1.00	0.80	81.40	64.39	2.74	(2.13)
More than 6 Months	1.70	0.95	139.97	25.31	5.34	0.13
Buy USD/INR						
Less than 3 Months	0.38	2.80	26.82	181.79	(0.73)	2.31
3 to 6 months	0.17	0.50	12.33	32.96	(0.16)	0.07
Sell USD/INR						
Less than 3 Months	2.14	1.60	152.60	104.36	3.67	(0.36)
3 to 6 months	6.87	-	512.29	-	28.46	-
More than 6 Months	9.36	0.60	707.47	41.85	39.94	(0.06)
Buy USD/MYR						
Less than 3 Months	1.41	0.16	23.24	11.00	(0.59)	(1.35)
3 to 6 months	-	1.46	-	98.62	-	(12.05)
Sell AUD/USD						
Less than 3 Months	-	0.01	-	0.71	-	0.01
Sell GBP/USD						
Less than 3 Months	-	0.03	-	2.65	-	0.01
Buy JPY/INR						
More than 6 Months	58.42	-	38.35	-	(0.05)	-
Total					95.64	(13.26)

In respect of the Company's foreign currency forward contract (buy), a 5 % appreciation/depreciation of the foreign currency underlying such contracts would have resulted in an approximate gain/(loss) of ₹3.76 crore / (₹3.76 crore) and ₹10.85 crore / (₹ 10.85 crore) for the year ended March 31, 2019 and the year ended March 31, 2018 respectively, in the Company's Statement of Profit and Loss/Other Comprehensive Income.

In respect of the Company's foreign currency forward contract (sell), a 5 % appreciation/depreciation of the foreign currency underlying such contracts would have resulted in an approximate (loss)/gain of (₹8.58 crore) / ₹8.58 crore and an approximate (loss)/gain of (₹21.41 crore) / ₹ 21.41 crore for the year ended March 31, 2019 and the year ended March 31, 2018 respectively, in the Company's Statement of Profit and Loss/Other Comprehensive Income.

The line-items in the balance sheet that include the above instruments are "Other financial assets" and "Other financial liabilities".

For the year ended March 31, 2019, the aggregate amount of realised gain under forward foreign exchange contracts recognised in the Statement of Profit and Loss is ₹ 42.95 crore (for the year ended March 31, 2018: Loss of ₹ 22.96 crore).

Note 46.8 Commodity price risk

The Company is exposed to movement in metal commodity prices of Copper, Aluminium, Zinc and Lead. Most of our contracts with the Indian customers are backed by a price variation for most of these metals. However, profitability in case of firm price orders is impacted by movement in the prices of these metals. The Company has a well defined hedging policy approved by Board of Directors of the Company, which to a large extent takes care of the commodity price fluctuations and minimises the risk. For base metals like Aluminium, Copper, Zinc and Lead, the Company either places a firm order on the supplier or hedges its exposure on the London Metal Exchange (LME) directly.

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Outstanding commodity contracts :

Cash flow hedges		Foreign currency (USD in Crore)				Nominal Amount (₹ in Crore)				Fair value (₹ in Crore)			
		Aluminium	Copper	Zinc	Lead	Aluminium	Copper	Zinc	Lead	Aluminium	Copper	Zinc	Lead
As at March 31, 2019	Less than 3 months	1.38	0.50	0.08	0.06	97.04	35.42	5.35	3.91	2.25	1.03	0.90	(0.06)
	3 to 6 months	0.20	-	0.03	-	14.13	-	1.81	-	0.27	-	0.23	-
	More than 6 months	-	-	0.03	-	-	-	1.78	-	-	-	0.22	-
As at March 31, 2018	Less than 3 months	0.09	0.38	-	0.10	5.51	24.68	-	6.14	(0.34)	(0.83)	-	(0.37)
	3 to 6 months	0.04	0.27	-	-	2.77	17.64	-	-	(0.16)	(0.19)	-	-

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 ₹20.92 crore / (₹11.24 crore) and an approximate gain/(loss) of ₹5.65 crore / (₹5.65 crore) in the Statement of Profit and Loss/other comprehensive income for the year ended March 31, 2019 and for the year ended March 31, 2018 respectively.

The effect of cash flow hedge in the statement of profit and loss and other comprehensive income is as follows:

Year	Risk hedged	Change in the value of the hedging instrument recognised in other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
31-Mar-19	Commodity price risk	4.54	0.70	(0.14)	Cost of goods sold
31-Mar-18	Commodity price risk	(1.88)	0.23	0.09	Cost of goods sold

Note 46.9 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The Company's major customers includes government bodies and public sector undertakings. Further, many of the International projects are funded by the multilateral agencies such as World Bank, African Development Bank, Asian Development Bank, etc. For private customers, the Company evaluates the creditworthiness based on publicly available financial information and the Company's historical experiences. The Company's exposure to its counterparties are continuously reviewed and monitored by the Chief Operating Decision Maker (CODM).

Credit period varies as per the contractual terms with the customers. No interest is generally charged on overdue trade receivables.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The amounts of financial assets are net of an allowance for doubtful accounts, estimated by the Company and based, in part, on the age of specific receivable balance and the current and expected collection trends. When assessing the credit risk associated with its receivables, the Company also considers the other financial and non-financial assets and liabilities recognised within the same project to provide additional indications on the Company's exposure to credit risk. As such, in addition to the age of its Financial Assets, the Company also considers the age of its contracts in progress, as well as the existence of any deferred revenue or down payments on contracts on the same project or with the same client. The Company has used practical

expedient by computing expected credit loss allowance for trade receivable by taking into consideration payment profiles of sales over a period of 36 months before the reporting date and the corresponding historical credit loss experiences within this period. The historical loss rates are adjusted to reflect current and forward looking information on macro economic factors affecting the ability of the customers to settle the receivables. The expected credit loss is based on the ageing of the days, the receivables due and the expected credit loss rate. In addition, in case of event driven situation as litigations, disputes, change in customer's credit risk history, specific provisions are made after evaluating the relevant facts and expected recovery.

Refer Note 8, 9 and 13 for ECL provisioning and its movement on financial assets carried at amortised cost.

Concentration of credit risk related to the customer in Saudi Arabia, Afghanistan and 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, 2019 ₹301.09 crore (as at March 31, 2018; ₹731.92 crore). These financial guarantees have been issued to the banks on behalf of the subsidiaries and joint operations under the agreements entered into by the subsidiaries/ Joint operations with the banks. Based on management's assessment as at the end of the reporting period, the Company considers the likelihood of any claim under the guarantee is remote.

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Cash and cash equivalents:

As at the year end, the Company held cash and cash equivalents of ₹146.80 crore (March 31, 2018 ₹176.31 crore). The cash and cash equivalents are held with bank and financial institution counterparties with good credit rating.

Other Bank Balances:

Other bank balances are held with bank and financial institution counterparties with good credit rating.

Derivatives:

The derivatives are entered into with bank and financial institution counterparties with good credit rating.

Other financial assets:

Other financial assets are neither past due nor impaired.

Note 46.10 Interest rate risk management

The Company is exposed to interest rate risk because the Company borrows funds at both fixed and floating interest rates.

The Company's exposures to interest rates changes at the end of the reporting period are as follows:

Particulars	₹ in Crore	
	As at March 31, 2019	As at March 31, 2018
Variable rate borrowing (including interest bearing acceptances)	1,940.16	3,127.18
Fixed rate borrowing	841.11	285.39
Total borrowings	2,781.27	3,412.57

Note 46.11 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, 2019 would decrease/increase by ₹9.71 crore (for the year ended March 31, 2018: decrease/increase by ₹15.64 crore). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

During the year, the Company's sensitivity in interest rate has increased due to increase in variable debt instruments compared to previous year.

Note 46.12 Liquidity risk management

The Board of Directors of the Company have established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of the financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are linked to floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	₹ in Crore				
	Less than 1 year	1-3 Years	3-5 Years	Total	Carrying Amount
As at March 31, 2019					
Interest bearing liabilities	2,327.28	453.99	-	2,781.27	2,781.27
Trade payables	3,417.75	-	-	3,417.75	3,417.75
Other financial liabilities	11.06	-	-	11.06	11.06
Total	5,756.09	453.99	-	6,210.08	6,210.08
As at March 31, 2018					
Interest bearing liabilities	3,011.95	257.27	143.35	3,412.58	3,412.58
Trade payables	2,374.79	-	-	2,374.79	2,374.79
Other financial liabilities	35.59	-	-	35.59	35.59
Total	5,422.33	257.27	143.35	5,822.96	5,822.96

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The Company has access to various fund/non-fund based bank financing facilities. The amount of unused borrowing facilities (fund and non-fund based) available for future operating activities and to settle commitments is ₹ 6,312.47 crore as at March 31, 2019 (₹5,257.58 crore as at March 31, 2018).

Note 46.13 Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities. Fair value of the Company's financial assets and financial liabilities are measured on a recurring basis.

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial Assets / Liabilities	Fair values as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	March 31, 2019 (₹ in crore)	March 31, 2018 (₹ in crore)				
Investment in Optionally convertible non Cumulative Preference Shares (Unquoted) (Refer Note 7.5)	-	Assets – ₹27.96	Level 3	Binomial Model approach for the option component Discounted cash flow approach for the debt component	Discount rate of 11.35% taking into account terms of the instrument, cost of debt, seniority and liquidity preference, taxation, expected returns etc. Risk free rate of return of 7.72% based on YTM on government securities	If the discount rate were 0.5% higher/lower while all the other variables were held constant, the value of the shares would decrease by ₹ 0.38 crore and increase by ₹ 0.41 crore. 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 ₹ 0.20 crore and decrease by ₹ 0.22 crore.

Financial assets/ financial liabilities	Fair values as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	March 31, 2019 (₹ in crore)	March 31, 2018 (₹ in crore)		
1) Foreign currency forward contracts not designated in hedge accounting relationships	Asset- ₹ 95.64	Liability - ₹13.26	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at Reuters' closing rates and discounted at a INR funding rate.
2) Derivative instruments (Derivative instruments in designated hedge accounting relationships (Hedges of Highly Forecasted Purchases using Over the Counter (OTC) Derivative Commodity Contracts)	Asset - ₹4.84	Liability - ₹1.89	Level 2	Discounted cash flow. Future cash flows are estimated based on maturity converted at LME forward prices and discounted at a USD funding rate.

Reconciliation of level 3 fair value measurements

Financial assets / liabilities	₹ in Crore	
	Investment in Optionally convertible non cumulative preference shares (Unquoted)	For the year ended March 31, 2019
Opening balance		27.96
Add: Purchases		-
Less: Transfer on account of sale of subsidiary		27.96
Less: Reversal of Loss through FVTPL		-
Closing balance		-

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NOTE 47 - RESEARCH AND DEVELOPMENT EXPENSES

Particulars	₹ in Crore	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Revenue expenses charged to Statement of Profit and Loss (including depreciation on Property, plant and equipment)	27.61	22.65
Expenditure capitalised during the year	0.15	-

NOTE 48 - EMPLOYEE BENEFIT PLANS

Brief description of the plans

1 Defined contribution plans

(A) Superannuation

All eligible employees are entitled to benefits under Superannuation, a defined contribution plan. The Company makes yearly contributions until retirement or resignation of the employee. The Company recognises such contributions as an expense when incurred. The Company has no further obligations beyond its yearly contribution.

(B) Provident Fund

The Company makes contribution to respective regional provident fund commissioners in relation to the workers employed at factories located at Butibori, Jaipur, Jabalpur, Mysore and Vadodara. The Company recognises such contributions as an expense when incurred. The Company has no further obligations beyond its yearly contribution.

2 Defined Benefit Plans

(A) Gratuity

(i) Company

The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days / one month salary, as applicable, payable for each completed year of service or part thereof in excess of six months in terms of Gratuity scheme of the Company or as per payment of the Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service.

The Company has set up an income tax approved trust fund to finance the plan liability. The trustees of the trust fund are responsible for the overall governance of the plan. The Company makes contribution to the plan.

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.

There are no minimum funding requirement for the plan in India. The trustees of the gratuity fund have a fiduciary responsibility to act according to the provisions of the trust deed and rules. Besides this, if the Company is covered by the Payment of Gratuity Act, 1972 then the Company is bound to pay the statutory minimum gratuity as prescribed under this Act.

(ii) Jointly Controlled Operation in Saudi

The Jointly Controlled Operation has an obligation towards an unfunded defined benefit retirement plan (akin to gratuity) covering eligible employees. The benefits payable are as under:

For Service Less Than 5 years	1/2 * Service * Applicable salary
For Service more Than 5 years	First Five Years: 1/2 * Service * Applicable Salary Beyond 5 Years: Service * Applicable Salary

In respect of the plan in India and jointly controlled operation in Saudi, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at March 31, 2019 by an actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

(B) Provident Fund

The Company has established 'KEC International Limited Provident Fund' in respect of employees other than factory workers to which both the employee and the employer make contribution equal to 12% of the employee's basic salary respectively. The Company's contribution to the provident fund for all employees, are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company.

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Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Details of defined contribution plan

The Company has recognised following amounts in the statement of profit and loss:

Particulars	₹ in Crore	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Superannuation Fund	0.96	1.10
Provident Fund	2.58	5.10

Details of defined benefit plans

(A) Gratuity

	₹ in Crore	
	For the year ended March 31, 2019	For the year ended March 31, 2018
I Components of defined benefit cost		
1 Current service cost	6.57	6.87
2 Interest cost on benefit obligation (Net)	0.13	0.52
3 Total expenses included in Statement of Profit and Loss (P&L) (1+2)	6.70	7.39
4 Actuarial changes arising from changes in demographic assumptions	(0.37)	1.33
5 Actuarial changes arising from changes in financial assumptions	(0.23)	0.11
6 Actuarial changes arising from changes in experience assumptions	(0.11)	(0.42)
7 Return on Plan Assets (excluding interest income)	0.96	1.53
8 Total recognised in Other Comprehensive Income (OCI) (4+5+6+7)	0.25	2.54
9 Total defined benefit cost recognised in P&L and OCI (3+8)	6.95	9.93
II Actual Contribution and Benefits Payments for the year		
1 Actual Benefits Payments	(6.20)	(4.77)
2 Actual Contributions	10.46	5.37
III Net asset/(liability) recognised in the Balance Sheet		
1 Present Value of Defined Benefit Obligations	48.96	46.58
2 Fair Value of Plan Assets	38.37	32.47
3 Exchange fluctuation on account of conversion of Jointly Controlled operation	0.52	-
4 Net asset / (liability) recognised in the Balance Sheet	(11.11)	(14.11)
IV Change in Present Value of Defined Benefit Obligation during the year		
1 Present Value of Defined Benefit Obligation as at the beginning of the year	46.58	40.72
2 Current Service Cost	6.57	6.87
3 Interest Cost	2.73	2.75
4 Benefits paid	(6.20)	(4.77)
5 Actuarial changes arising from changes in demographic assumptions	(0.37)	1.33
6 Actuarial changes arising from changes in financial assumptions	(0.23)	0.11
7 Actuarial changes arising from changes in experience assumptions	(0.11)	(0.42)
8 Present Value of Defined Benefit Obligations as at the end of the year	48.96	46.58
V Change in Fair Value of Plan Assets during the year		
1 Plan Assets as at the beginning of the year	32.47	31.17
2 Interest Income	2.60	2.23
3 Actual Company Contributions	10.46	5.37
4 Benefits paid	(6.20)	(4.77)
5 Expected return on Plan Assets (excluding interest income)	(0.96)	(1.53)
6 Plan Assets as at the end of the year	38.37	32.47

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forming part of the financial statements as at and for the year ended March 31, 2019

		₹ in Crore	
		For the year ended March 31, 2019	For the year ended March 31, 2018
		As at March 31, 2019	As at March 31, 2018
VI-A Actuarial Assumptions (Considered for the Company)			
1	Discount Rate	7.30%	7.50%
2	Expected Return on plan assets	7.30%	7.50%
3	Salary escalation Rate	8.00%	8.00%
4	Mortality Table	Indian Assured Lives Mortality (IALM) (2006-08) (Modified) Ult	
5	Disability	5% of Mortality Rate	5% of Mortality Rate
6	Withdrawal (Rate of Employee Turnover)	Up to 30 years	19.97%
		31-44 years	10.35%
		45 years and above	11.55%

		As at March 31, 2019	As at March 31, 2018
VI-B Actuarial Assumptions (Considered for Joint Operation in Saudi)			
1	Discount Rate	2.30%	2.60%
2	Salary escalation Rate	7.00%	7.00%
3	Mortality Table	Implicit in Withdrawal	
4	Disability	Implicit in Withdrawal	
5	Withdrawal (Rate of Employee Turnover)	Managers (M0 to M6)	10.00%
		Others	15.00%

VII The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.

		₹ in Crore	
		As at March 31, 2019	As at March 31, 2018
VIII The major categories of Plan Assets of the Company as a percentage of the total plan assets			
	Equity	5.80%	13.21%
	Debt	48.31%	75.04%
	Money Market Investments	35.34%	11.75%
	Mutual Fund	10.55%	0.00%
IX	Contribution expected to be paid to the Plan of the Company during the year ended March 31, 2020 ₹ 1.70 crore		
X	Weighted Average duration of the Plan	As at March 31, 2019	As at March 31, 2018
	Considered for the Company	6 years	8 years
	Considered for Joint Operation in Saudi	7 years	6 years
Maturity profile of defined benefit obligation			
1	Year 1	5.83	5.83
2	Year 2	10.84	8.43
3	Year 3	6.27	6.79
4	Year 4	7.04	6.36
5	Year 5	7.43	7.42
6	Next 5 years	36.69	35.26
Financial assumptions sensitivity analysis			
		As at March 31, 2019	As at March 31, 2018
		₹ in Crore	
A. Discount rate			
	Discount rate - 50 basis points	51.64	47.99
	Discount rate + 50 basis points	48.72	45.26
B. Salary increase rate			
	Salary rate - 50 basis points	48.92	45.46
	Salary rate + 50 basis points	51.40	47.76
Demographic assumptions sensitivity analysis			
C. Withdrawal Rate			
	Withdrawal Rate - 100 basis points	50.74	47.12
	Withdrawal Rate + 100 basis points	49.60	46.10

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Sensitivity analysis method

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumption may be correlated. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years and same data, method and assumptions have been used in preparing the sensitivity analysis which are used to determine period end defined benefit obligation.

XI The following table shows a breakdown of the defined benefit obligation and plan assets by company:

₹ In Crore

Description	As at March 31, 2019			As at March 31, 2018		
	Gratuity			Gratuity		
	India	Saudi	Total	India	Saudi	Total
(A) Present value of obligation	40.06	9.42	49.48	37.95	8.63	46.58
(B) Fair value of plan assets	38.37	-	38.37	32.47	-	32.47
(C) Total liability = (A) - (B)	1.69	9.42	11.11	5.48	8.63	14.11

(B) Provident Fund

The Company has established 'KEC International Limited Provident Fund' in respect of employees other than factory workers to which both the employee and the employer make contribution equal to 12% of the employee's basic salary respectively. The Company's contribution to the provident fund for all employees, are charged to the Statement of Profit and Loss. In case of any liability arising due to shortfall between the return from its investments and the administered interest rate, the same is required to be provided for by the Company. In accordance with the recent actuarial valuation, there is no deficiency in the interest cost as the present value of expected future earnings of the fund is greater than the expected amount to be credited to the individual members based on the expected guaranteed rate of interest.

₹ In Crore

Particulars	As at March 31, 2019	As at March 31, 2018
Company's contribution to the provident fund	5.48	4.25

Assumptions used in determining the present value obligation of the interest rate guarantee are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
a) Approach used	Deterministic	Deterministic
b) Increase in compensation levels	8.00%	8.00%
c) Discount Rate	7.30%	7.50%
d) Attrition Rate		
Up to 30 years	19.97%	16.00%
31-44years	10.35%	10.00%
45 years and above	11.55%	11.00%
e) Weighted Average Yield	8.50%	8.32%
f) Weighted Average YTM	8.50%	8.32%
g) Reinvestment Period on Maturity	6 years	8 years
h) Mortality Rate	Indian Assured Lives Mortality (IALM) (2006-08) (modified) Ultimate	Indian Assured Lives Mortality (IALM) (2006-08) (modified) Ultimate

3 Short-Term Employee Benefits (Compensated Absences)

The short-term employee benefits cover the Company's liability for sick and earned leave.

The amount of the provision of ₹ 21.61 crore (as at 31st March, 2018 ₹20.10 crore) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

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forming part of the financial statements as at and for the year ended March 31, 2019

NOTE 49 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, 2019	As at March 31, 2018
RPG Transmission Nigeria Limited	Nigeria	100	100
KEC Global FZ – LLC, Ras UL Khaimah	UAE	100	100
KEC Investment Holdings, Mauritius	Mauritius	100	100
KEC Global Mauritius	Mauritius	100	100
KEC Power India Private Limited	India	100	100
KEC Bikaner Sikar Transmission Private Limited (upto December 31, 2018)	India	-	99.99
SAE Towers Holdings, LLC	USA	100	100
SAE Towers Brazil Subsidiary Company LLC	USA	100	100
SAE Towers Mexico Subsidiary Holding Company LLC	USA	100	100
SAE Towers Mexico S de RL de CV	Mexico	100	100
SAE Towers Brazil Torres de Transmission Ltda	Brazil	100	100
SAE Prestadora de Services Mexico, S de RL de CV	Mexico	100	100
SAE Towers Ltd	USA	100	100
SAE Engenharia E Construcao Ltda	Brazil	100	100
SAE Engineering & Construction Services, S de RL de CV	Mexico	100	100
KEC International (Malaysia) SDN BHD	Malaysia	100	100
KEC GHCS (Malaysia) SDN BHD (w.e.f. March 8, 2019)	Malaysia	100	-

(B) Details of related parties with whom transactions have taken place

Associate	Country of Incorporation	% age of ownership interest either directly or through subsidiaries	
		As at March 31, 2019	As at March 31, 2018
RP Goenka Group of Companies Employees Welfare Association	India	49	49

Subsidiaries

KEC Power India Private Limited

KEC Global FZ-LLC, Ras UL Khaimah

RPG Transmission Nigeria Limited

SAE Towers Mexico S de RL de CV, Mexico

SAE Towers Holdings, LLC

KEC Investment Holdings, Mauritius

KEC Global, Mauritius

KEC Bikaner Sikar Transmission Private Limited (upto December 31, 2018)

Key Management Personnel (KMP)

Mr. H. V. Goenka- Chairman

Mr. Vimal Kejriwal - Managing Director and CEO

Mr. A. T. Vaswani - Non-Executive Director

Mr. D. G. Piramal - Non-Executive Director

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Mr. G.L. Mirchandani - Non-Executive Director

Ms. Nirupama Rao - Non-Executive Director

Mr. R. D. Chandak - Non-Executive Director

Mr. S. M. Kulkarni - Non-Executive Director

Mr. S. M. Trehan - Non-Executive Director

Mr. S. S. Thakur - Non-Executive Director (upto November 06, 2017)

Ms. Manisha Girotra - Non-Executive Director (w.e.f. February 06, 2018)

Mr. Vinayak Chatterjee - Non-Executive Director

List of other related parties

Post - employment benefit plan

KEC International Ltd. Employees' Group Gratuity Scheme

KEC International Limited - Provident Fund

KEC International Ltd. Superannuation Scheme

Entities where control / significant influence by KMPs and their relatives exists and with whom transactions have taken place

CEAT Limited

B. N. Elias & Co. LLP

Palacino Properties LLP

RPG Life Sciences Limited

RPG Enterprises Limited

Raychem RPG Private Limited

Geat Speciality Tyres Limited

Harrisons Malayalam Limited

Spencers and Company Limited

Zensar Technologies Limited

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(B) Transactions with the Related Parties

Transactions	For the year ended March 31, 2019				For the year ended March 31, 2018					
	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post-employment benefit plan	Total	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post-employment benefit plan	Total
Sale of Products	49.08		14.53		63.61	5.49		15.91		21.40
SAE Towers Mexico S de RL de CV, Mexico	49.08				49.08	5.49				5.49
CEAT Limited			13.74		13.74			13.41		13.41
Raychem RPG Private limited			0.79		0.79			2.50		2.50
Sale under Turnkey Contracts						29.05				29.05
KEC Bikaner Sikar Transmission Private Limited						29.05				29.05
Services rendered	4.27		49.82		54.09	4.34		0.05		4.39
SAE Towers Mexico S de RL de CV, Mexico	4.18				4.18	4.09				4.09
KEC Bikaner Sikar Transmission Private Limited	0.09				0.09	0.25				0.25
CEAT Limited			49.82		49.82			0.05		0.05
Services received			12.31		12.31			14.31		14.31
RPG Enterprises Limited			12.31		12.31			14.31		14.31
Dividend Income						1.33				1.33
KEC Global FZ-LLC, Ras UL Khaimah						1.33				1.33
Purchase of goods	31.31		10.23		41.54			8.75		8.75
Raychem RPG Private limited			10.16		10.16			8.75		8.75
CEAT Limited			0.07		0.07					
SAE Towers Mexico S de RL de CV, Mexico	31.31				31.31					
Interest income	4.59				4.59	9.28				9.28
KEC Bikaner Sikar Transmission Private Limited	0.26				0.26	1.48				1.48
KEC Global, Mauritius	0.07				0.07	0.06				0.06
KEC Investment Holdings, Mauritius	4.26				4.26	7.74				7.74
Rent & maintenance charges paid			9.14		9.14			9.42		9.42
Palacio Properties LLP			0.21		0.21			0.22		0.22
Spencer and Company Limited			3.87		3.87			3.60		3.60
B N Elias & Co. LLP			0.04		0.04			0.08		0.08
CEAT Limited			5.02		5.02			5.52		5.52

₹ in Crore

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forming part of the financial statements as at and for the year ended March 31, 2019

Transactions	For the year ended March 31, 2019				For the year ended March 31, 2018					
	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total
Compensation to Key Management Personnel										
Mr. Vimal Kejriwal - Managing Director & CEO		6.17			6.17		4.67			4.67
short-term employee benefits (including Bonus and value of perquisites)		5.92			5.92		4.46			4.46
post-employment benefits ^{₹s}		0.25			0.25		0.21			0.21
Sitting fees & Commission paid to Non-Executive Directors		7.84			7.84		7.19			7.19
Mr. H. V. Goenka		6.31			6.31		5.81			5.81
Mr. A. T. Vaswani		0.20			0.20		0.18			0.18
Mr. D. G. Piramal		0.16			0.16		0.14			0.14
Mr. G.L. Mirchandani		0.15			0.15		0.14			0.14
Ms. Nirupama Rao		0.14			0.14		0.13			0.13
Ms. Manisha Girotra		0.15			0.15		0.03			0.03
Mr. R. D. Chandak		0.21			0.21		0.17			0.17
Mr. S. M. Kulkarni		0.21			0.21		0.19			0.19
Mr. S. M. Trehan		0.16			0.16		0.14			0.14
Mr. S. S. Thakur							0.12			0.12
Mr. Vinayak Chatterjee		0.15			0.15		0.14			0.14
Purchase of Fixed Assets							0.01			0.01
KEC Global FZ-LLC, Ras UL Khaimah							0.01			0.01
Payments made/expenses incurred on behalf of related party	0.30		0.07		0.37		0.14			0.14
KEC Bikaner Sikar Transmission Private Limited	0.16				0.16		0.11			0.11
KEC Power India Private Limited	*				*		*			*
KEC Global FZ-LLC, Ras UL Khaimah	0.14				0.14		0.03			0.03
CEAT Speciality Tyres Limited			0.07		0.07					
RPG Transmission Nigeria Limited	*				*		*			*

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forming part of the financial statements as at and for the year ended March 31, 2019

Transactions	For the year ended March 31, 2019				For the year ended March 31, 2018					
	Subsidiaries	Key Management Personnel	Entities where control/significant influence by KMPs and their relatives exist	Post-employment benefit plan	Total	Subsidiaries	Key Management Personnel	Entities where control/significant influence by KMPs and their relatives exist	Post-employment benefit plan	Total
Advance / Loan Given	36.26				36.26	196.62				196.62
KEC Bikaner Sikar Transmission Private Limited	1.40				1.40	6.21				6.21
KEC Global, Mauritius	0.34				0.34	2.54				2.54
KEC Investment Holdings, Mauritius	34.52				34.52	187.87				187.87
Advance / Loan Recovered	18.87				18.87	166.14				166.14
KEC Investment Holdings, Mauritius	10.88				10.88	166.14				166.14
KEC Bikaner Sikar Transmission Private Limited	7.99				7.99					
Advance received towards project execution			22.10		22.10			5.82		5.82
CEAT Limited			22.10		22.10			5.82		5.82
Repayment of Loans and Advances										
KEC Global FZ – LLC, Ras UL Khaimah						1.33				1.33
Conversion of Loan into equity	156.83				156.83	1.63				1.63
KEC Global, Mauritius						1.63				1.63
KEC Investment Holdings, Mauritius	156.83				156.83					
Contribution made				14.50	14.50				9.26	9.26
KEC International Limited Employee's Gratuity Fund				8.00	8.00				4.01	4.01
KEC International Limited Provident Fund				5.48	5.48				4.25	4.25
KEC International Limited Superannuation Fund				1.02	1.02				1.00	1.00
Investment made (including investment in preference shares)						193.39				193.39
KEC Investment Holdings, Mauritius						193.39				193.39

* less than rounding off norms adopted by the Company

excludes provision for gratuity and compensated absences, which is determined on the basis of actuarial valuation done on overall basis for the Company.

\$ including PF and other benefits.

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(C) Balances outstanding as at the year end

	As at March 31, 2019					As at March 31, 2018						
	Associates	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total	Associates	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total
Balances												
Amount receivable/ (payable)	76.11	(6.44)	(0.33)	(1.68)	67.66	166.78	(5.98)	8.51	(5.48)	163.83		
KEC Investment Holdings, Mauritius	34.35				34.35	150.56				150.56		
KEC Global, Mauritius	1.45				1.45	0.98				0.98		
SAE Towers Mexico S de RL de CV, Mexico	40.52				40.52	8.81				8.81		
KEC Bikamer Sikar Transmission Private Limited	(0.21)				(0.21)	(0.20)				(0.20)		
RPG Transmission Nigeria Limited			0.03		0.03			0.03		0.03		
RPG Life Sciences Limited			(1.43)		(1.43)			0.92		0.92		
Raychem RPG Private limited			0.07		0.07			0.09		0.09		
Palacino Properties LLP			0.01		0.01			0.01		0.01		
B N Elias & Co. LLP			(3.52)		(3.52)			2.06		2.06		
CEAT Limited			0.07		0.07			*		*		
CEAT Speciality Tyres Limited			2.70		2.70			2.70		2.70		
Spencer and Company Limited			0.06		0.06			0.06		0.06		
Zensar Technologies			9.84		9.84			9.84		9.84		
Harrisons Malayalam Limited			(8.16)		(8.16)			(7.20)		(7.20)		
RPG Enterprises Limited				(1.68)	(1.68)				(5.48)	(5.48)		
KEC International Ltd. Employees' Group Gratuity Scheme												
Mr. H. V. Goenka			(5.63)		(5.63)		(5.27)			(5.27)		
Mr. A. T. Vaswani			(0.09)		(0.09)		(0.08)			(0.08)		
Mr. D. G. Piramal			(0.09)		(0.09)		(0.08)			(0.08)		
Mr. G. L. Mirchandani			(0.09)		(0.09)		(0.08)			(0.08)		
Ms. Nirupama Rao			(0.09)		(0.09)		(0.08)			(0.08)		
Ms. Manisha Girotra			(0.09)		(0.09)		(0.02)			(0.02)		
Mr. R. D. Chandak			(0.09)		(0.09)		(0.08)			(0.08)		
Mr. S. M. Kulkarni			(0.09)		(0.09)		(0.08)			(0.08)		
Mr. S. M. Trehan			(0.09)		(0.09)		(0.08)			(0.08)		
Mr. S. S. Thakur			(0.09)		(0.09)		(0.05)			(0.05)		
Mr. Vinayak Chatterjee			(0.09)		(0.09)		(0.08)			(0.08)		
Investment (including investment in preference shares)	435.98				435.98	317.66				317.66		
RPG Transmission Nigeria Limited	0.35				0.35	0.35				0.35		
KEC Global FZ-LLC, Ras UL Khaimah	1.19				1.19	1.19				1.19		
KEC Investment Holdings, Mauritius*	431.25				431.25	272.85				272.85		

₹ In Crore

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forming part of the financial statements as at and for the year ended March 31, 2019

Balances	As at March 31, 2019					As at March 31, 2018						
	Associates	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total	Associates	Subsidiaries	Key Management Personnel	Entities where control / significant influence by KMPs and their relatives exist	Post - employment benefit plan	Total
KEC Global, Mauritius		2.33				2.33	2.33					2.33
KEC Power India Private Limited		0.86				0.86	0.86					0.86
Bikaner Sikar Transmission Private Limited ^{Ⓐ, Ⓕ}							40.08					40.08
RP Goenka Group of Companies Employees Welfare Association	*								*			*
Guarantees given on behalf of the related party:		301.02				301.02		409.12				409.12
SAE Towers Holdings, LLC, USA		301.02				301.02		238.12				238.12
KEC Bikaner Sikar Transmission Private Limited							171.00					171.00

* less than rounding off norms adopted by the Company

Ⓐ Includes fair value of financial guarantees issued to subsidiaries and step down subsidiaries.

Ⓕ Net of loss of ₹ Nil (Previous Year ₹ 2.25 crore) on fair valuation of preference shares during the year.

Ⓖ Includes Nil (Previous Year 5,100,000) equity shares pledged in respect of term loan availed by KEC Bikaner Sikar Transmission Private Limited during the year.

Note: The sales/ provision to and purchases/ provision of services from related parties are made on terms equivalent to those that prevail in arm's length transactions.

NOTES

forming part of the financial statements as at and for the year ended March 31, 2019

NOTE 50 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(i) Contingent Liabilities#

Claims against the Company not acknowledged as debt:

₹ in Crore				
Sr. No	Particulars	Relating to various years comprise in the period	As at March 31, 2019	As at March 31, 2018
1	Sales Tax /Value Added Tax* (Tax/Penalty/Interest)	1994-2017	87.38	
		1994-2016		89.08
2	Excise Duty * (Tax/Penalty/Interest)	1994-2017	38.36	
		1994-2017		52.46
3	Service Tax * (Tax/Penalty/ Interest)	2003-2013	294.33	
		2003-2013		296.43
4	Entry Tax* (Tax/Penalty/Interest)	2001-2016	1.74	
		2001-2016		1.83
5	Goods & Services Tax* (Tax/Penalty/Interest)	2018-2019	0.07	-
6 (i)	Contingent liability of Income Tax taken overby the Company in terms of the Composite Scheme of Arrangement under which the Power Transmission Business was acquired by the Company.	A.Y. 2005-2006	1.88	
		A.Y. 2005-2006		1.88
(ii)	Income Tax matters mainly on account of disallowance of depreciation and Tax levied on guarantees given to Associated Enterprises, etc.	A.Y 2007-08 A.Y 2008-09 A.Y 2012-13 A.Y 2013-14 A.Y 2014-15 A.Y 2015-16	30.66	
		A.Y 2007-08 A.Y 2008-09 A.Y 2013-14 A.Y 2014-15 A.Y 2015-16		22.02
(iii)	Income Tax matters at overseas unit/s**	2002-2014	42.78	
		2002-2014		42.73
(iv)	Income Tax matters of a joint operation (Company's share)**	2000-2016	9.03	
		2000-2015		44.89
7	Customs Duty^	1995-1996	0.60	
		1995-1996		0.60
8	Civil Suits^^	1993-2018	17.51	
		1993-2016		7.16
9	Claims including amount withheld by Customer of the Company#		4.76	4.76

*These claims mainly relate to the issues of applicability, issue of disallowance of cenvat / VAT credit and in case of Sales Tax / Value added tax, also relate to the issue of submission of relevant forms and the Company's claim of exemption for MVAT on export sales and services.

** These claims mainly relate to the issues of appropriate jurisdiction for tax applicability at overseas locations.

^ These claims mainly relate to the issues of clearance of goods from customs within time limit.

^^ These suits includes Civil suits as well as Industrial relations & labour laws cases.

excluding financial guarantees referred to in Note 46.9.

Footnote for Note 50 (i) above:

Future ultimate outflow of resources embodying economic benefits in respect of the above matters are uncertain as it depends on the final outcome of the matters involved.

(ii) Commitments

₹ in Crore				
Sr. No.	Particulars		As at March 31, 2019	As at March 31, 2018
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)		26.58	21.89
2	Derivative related commitments		Refer Note 46.7 and Note 46.8	

NOTES

forming part of the financial statements as at and for the year ended March 31, 2019

NOTE 51 – The details of amounts which are expected by the Company to be recovered or settled after twelve months in respect of assets and liabilities relating to long-term contracts which are classified as current are as under:

Particulars	₹ in Crore	
	As At March 31, 2019	As At March 31, 2018
Trade Receivables (Note 13 and Note 17)	1,003.28	1,189.62
Contract Assets (Note 17, Note 18 and Note 29)	421.01	-
Amount due from customers for contract works (Note 17 and Note 45.4)	-	139.09
Contract Liabilities (Note 18 and Note 29)	557.30	-
Advance from customers (Note 18 and Note 29)	-	316.06

NOTE 52 – The Company is primarily engaged in Engineering, Procurement and Construction business (EPC) relating to infrastructure interalia products, projects and systems for power transmission, distribution, and related activities. Information reported to and evaluated regularly by the Chief Operational Decision Maker (CODM) i.e. Managing Director for the purpose of resource allocation and assessing performance focuses on the business as a whole. The CODM reviews the Company's performance on the analysis of profit before tax at an overall entity level. Accordingly, there is no other separate reportable segment as defined by Ind AS 108. "Segment Reporting". As the Company also prepares the consolidated financial statements (CFS), other relevant segment information is disclosed in the CFS.

NOTE 53 – EXPENDITURE TOWARDS CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

Sr. No.	Particulars	₹ in Crore	
		As at March 31, 2019	As at March 31, 2018
(a)	Gross amount required to be spent by the Company during the year	6.08	3.61
(b)	Amount spent during the year (in cash) on:		
(i)	Construction/acquisition of any asset	-	-
(ii)	on purposes other than (i) above	6.08	3.61

NOTE 54 – Figures in respect of the Company's overseas branches in Abu Dhabi, Afghanistan, Algeria, Bangladesh, Egypt, Ethiopia, Georgia, Ghana, Guinea, Indonesia, Ivory Coast, Senegal, Kenya, Jordan, Laos, Lebanon, Libya, Malaysia, Mali, Mozambique, Nepal, Nicaragua, Nigeria, Oman, Papua New Guinea, Philippines, Sierra Leone, South Africa, Sri Lanka, Tanzania, Thailand, Tunisia, Uganda, and Zambia have been incorporated on the basis of financial statements (the Branch Returns) audited by the auditors of the respective branches.

NOTE 55 – The Board of Directors at its meeting held on May 8, 2019, have recommended a Dividend of ₹2.70/- per equity share of ₹2 each for the year ended March 31, 2019, subject to approval of shareholders at the ensuing Annual General Meeting.

NOTE 56 – The Company is in the process of evaluating the impact of the recent Supreme Court Judgement in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-1/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

NOTE 57 – In an old legal dispute between Joint Venture (JV) of the Company located in South Africa and its customer, a sole arbitrator had passed an order on October 5, 2018 against the JV reversing a favorable adjudication award of ₹ 62 crore dated March 17, 2017. The JV has filed a notice of motion before the High Court of South Africa on November 16, 2018 against the said arbitration order. Pending the final legal outcome and based on the legal opinion obtained from the attorney by the management of the Company, no provision is considered necessary in the books.

NOTE 58 – The Company was awarded a contract to complete 880 km 765 KV and 400 KV transmission line in July 2017. This project is of strategic importance for grid connectivity and stability of the southern grid. The Company has completed almost 50% of the total project work involving critical activities including foundation, tower supply and erection. The project construction has substantially slowed down since January 2019 subsequent to delayed payments from the customer due to liquidity issues. As on March 31, 2019, the Company has an exposure of ₹ 145 crore. The current sponsor and lenders are in the process of discussion with various parties to identify a new sponsor and the timing/amount of recovery of the amounts outstanding are largely dependent upon finalisation of the new sponsor.

Management is confident of a positive resolution and does not foresee a material impact on the financial statements, due to strategic nature of the project and considering the number of potential suitors for the project are in active discussion with the lenders and the sponsor of the project.

NOTES

forming part of the financial statements as at and for the year ended March 31, 2019

NOTE 59 – The Company has approved its financial statements in its board meeting dated May 8, 2019.

Signatures to Notes 1 to 59 which form an integral part of financial statements.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016
Chartered Accountants

SARAH GEORGE

Partner
Membership Number: 045255

Place: Mumbai
Date: May 08, 2019

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman
DIN: 00026726

RAJEEV AGGARWAL

Chief Financial Officer

AMIT KUMAR GUPTA

Company Secretary

Place: Mumbai
Date: May 08, 2019

VIMAL KEJRIWAL

Managing Director & CEO
DIN: 00026981

A. T. VASWANI

Director
DIN: 00057953

132 kV AIS Substation at Shariatpur, Bangladesh



330 kV Kintampo-Bolgatanga Transmission Line, Ghana



Construction of an automobile manufacturing plant, Gujarat



1 MWp Ground Mount Project for ONGC, Goa





Overhead electrification and composite works including earthwork, track laying, P-way, bridges, signalling & telecommunication and buildings for RVNL, at Amethi, Uttar Pradesh

KEC INTERNATIONAL LIMITED

RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai - 400 030, India

Tel: +91-22-6667 0200, www.kecrpg.com

A  **RPG** Company



KEC INTERNATIONAL LIMITED

CIN: L45200MH2005PLC152061

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

Website: www.kecrpg.com, E-mail: investorpoint@kecrpg.com

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

NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting ("AGM") of KEC International Limited will be held on Tuesday, July 23, 2019 at 03:30 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2019, together with the Reports of the Board of Directors and the Auditors thereon; and
 - b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019, together with the Report of the Auditors.
2. To declare a Dividend on equity shares at the rate of ₹ 2.70 per equity share for the financial year ended March 31, 2019.
3. To appoint a Director in place of Mr. Vimal Kejriwal (DIN: 00026981), who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. Appointment of Branch Auditors

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

"RESOLVED that pursuant to the provisions of Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the Board of Directors/ Audit Committee be and is hereby authorised to appoint Branch Auditors of any branch office of the Company, whether existing or which may be opened hereafter, outside India, in consultation with the Company's Statutory Auditors, any person(s)/ firm(s) qualified to act as Branch Auditor in terms of the provisions of Section 143(8) of the Act to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration."

5. Ratification of Remuneration to Cost Auditor

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

"RESOLVED that pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration of ₹ 6,00,000/- (Rupees Six Lakh Only) plus taxes as applicable and re-imbursalment of out of pocket expenses incurred in connection with the audit, payable to M/s. Kirit Mehta & Co., Cost Accountants (Firm

Registration No. 000353), who have been appointed by the Board of Directors as the Cost Auditors to conduct audit of cost records of the Company for the financial year ending March 31, 2020, be and is hereby ratified.

RESOLVED FURTHER that the Board of Directors of the Company (including any Committee thereof) and/or Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

6. Appointment of Mr. Ramesh D. Chandak as an Independent Director

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

"RESOLVED that pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Regulations 16, 17 and other relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations") and the Articles of Association of the Company, the appointment of Mr. Ramesh D. Chandak (DIN: 00026581), as an Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence under Section 149 of the Act and SEBI Listing Regulations, and in respect of whom Notice has been received from a Member under Section 160 of the Act proposing his appointment as an Independent Director of the Company and whose appointment has been recommended by the Nomination and Remuneration Committee and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five consecutive years with effect from May 8, 2019 to May 07, 2024, be and is hereby approved and that approval be and is hereby also granted for his continuing as an Independent Director after he attains the age of 75 years during the tenure of his directorship with the Company as aforesaid."

7. Re-appointment of Mr. G. L. Mirchandani as an Independent Director

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

"RESOLVED that pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Regulations 16, 17 and other relevant provisions of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”) and the Articles of Association of the Company, Mr. G. L. Mirchandani (DIN: 00026664), Independent Director of the Company, who has attained the age of 75 years and who has submitted a declaration that he meets the criteria for independence under Section 149 of the Act and SEBI Listing Regulations, and in respect of whom Notice has been received from a Member under Section 160 of the Act proposing his re-appointment as an Independent Director and whose re-appointment has been recommended by the Nomination and Remuneration Committee and by the Board of Directors, and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years with effect from July 28, 2019 to July 27, 2024.”

8. Re-appointment of Mr. D. G. Piramal as an Independent Director

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

“**RESOLVED** that pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time (“the Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Regulations 16, 17 and other relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”) and the Articles of Association of the Company, Mr. D. G. Piramal (DIN: 00032012), Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence under Section 149 of the Act and SEBI Listing Regulations, and in respect of whom Notice has been received from a Member under Section 160 of the Act proposing his re-appointment as an Independent Director and whose re-appointment has been recommended by the Nomination and Remuneration Committee and by the Board of Directors, and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years with effect from July 28, 2019 to July 27, 2024.”

9. Re-appointment of Mr. S. M. Trehan as an Independent Director

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

“**RESOLVED** that pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time (“the Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Regulations 16, 17 and other relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”) and the Articles of Association of the Company, Mr. S. M. Trehan (DIN: 00060106), Independent Director of the Company, who has submitted a declaration

that he meets the criteria for independence under Section 149 of the Act and SEBI Listing Regulations, and in respect of whom Notice has been received from a Member under Section 160 of the Act proposing his re-appointment as an Independent Director and whose re-appointment has been recommended by the Nomination and Remuneration Committee and by the Board of Directors, and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years with effect from July 28, 2019 to July 27, 2024 and that approval be and is hereby also granted for his continuing as an Independent Director after he attains the age of 75 years during the tenure of his directorship with the Company as aforesaid.”

10. Re-appointment of Mr. Vinayak Chatterjee as an Independent Director

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

“**RESOLVED** that pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time (“the Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Regulations 16, 17 and other relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”) and the Articles of Association of the Company, Mr. Vinayak Chatterjee (DIN: 00008933), Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence under Section 149 of the Act and SEBI Listing Regulations, and in respect of whom Notice has been received from a Member under Section 160 of the Act proposing his re-appointment as an Independent Director and whose re-appointment has been recommended by the Nomination and Remuneration Committee and by the Board of Directors, and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five consecutive years with effect from July 28, 2019 to July 27, 2024.”

11. Re-appointment of Mr. Vimal Kejriwal as Managing Director & CEO

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

“**RESOLVED** that pursuant to the provisions of Sections 196, 197, 198, 203 and all other applicable provisions of the Companies Act, 2013, as amended from time to time (“the Act”) read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Articles of Association of the Company and subject to such other approvals, permissions and sanctions, as may be required, approval of the Members be and is hereby accorded for the re-appointment of Mr. Vimal Kejriwal, (DIN: 00026981) as Managing Director of the Company, to be designated as “Managing Director & Chief Executive Officer (MD & CEO)” with effect from April 01, 2020 for a

period of two years, liable to retire by rotation, on the terms and conditions including remuneration as set out below, with further liberty to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include the Nomination and Remuneration Committee) to alter and vary the said terms and conditions including remuneration from time to time as it may deem fit and as may be acceptable to Mr. Vimal Kejriwal, subject to the same not exceeding the limits specified under Section 197 of the Act or any statutory modification(s) or re-enactment(s) thereof:

A. Salary and Allowances:

- i. Basic Salary of ₹ 1,17,48,451/- (Rupees One Crore Seventeen Lakh Forty Eight Thousand Four Hundred and Fifty One Only) per annum,
- ii. Management Allowance of ₹ 1,17,48,451/- (Rupees One Crore Seventeen Lakh Forty Eight Thousand Four Hundred and Fifty One Only) per annum and
- iii. Customized Allowance Pool of ₹ 2,73,65,619/- (Rupees Two Crore Seventy Three Lakh Sixty Five Thousand Six Hundred and Nineteen Only) per annum with such increments as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors from time to time.

B. Perquisites:

- i. Contribution towards Provident Fund, Superannuation Fund or Annuity Fund and Gratuity as per the rules of the Company.
- ii. Company Car & driver and Mobile Phone for official duties as per the rules of the Company.
- iii. Leave encashment as per the rules of the Company.

In terms of Schedule V of the Act, the Company's contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961, payment of Gratuity at a rate not exceeding half a month's salary for each completed year of service, provision of Company Car & driver and Mobile Phone for official duties and encashment of leave at the end of his tenure shall not be included in the computation of the ceiling on remuneration.

- C.** Performance bonus/ incentive as per the rules of the Company and as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

- D.** Commission in addition to the salary, allowances, perquisites and performance bonus/ incentive, calculated with reference to the net profits in a particular financial year, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

The aggregate of salary, allowances, perquisites, performance bonus/ incentive and commission as specified above shall be subject to overall ceiling stipulated under Section 197 of the Act and including any statutory modifications or re-enactment thereof.

RESOLVED FURTHER that notwithstanding anything contained herein, where in any financial year during the tenure of the MD & CEO, the Company has no profits or its profits are inadequate, the Company may subject to receipt of the requisite approvals, if required, pay to the MD & CEO the above remuneration as the minimum remuneration by way of salary, allowances, perquisites, performance bonus and benefits as specified herein above and as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors from time to time for a period of two years and that the perquisites pertaining to contribution to provident fund, superannuation fund or annuity fund, gratuity and leave encashment as per policy of Company shall not be included in the computation of the ceiling on remuneration specified in Schedule V of the Act.

RESOLVED FURTHER that the Board be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution without being required to seek any further consent or approval of the Members or otherwise to the end and intent that it shall be deemed to have their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER that any of the Directors, Mr. Rajeev Aggarwal, Chief Financial Officer and Mr. Amit Kumar Gupta, Company Secretary, be and are hereby severally authorised to execute all such writings and instruments including the agreement with respect to the re-appointment of Mr. Vimal Kejriwal as the MD & CEO of the Company and to take all the necessary steps, make necessary applications and to do all such acts, deeds, matters and things as may be necessary, including filing of necessary e-form(s) with the Ministry of Corporate Affairs, in connection with the aforesaid resolution and if required, the Common Seal of the Company be affixed on any document(s) in presence of any one of the aforesaid persons."

12. Approval for payment of Commission to Mr. H. V. Goenka, Non-Executive Chairman

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

"RESOLVED that in accordance with the provisions of Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the approval of the Members be and is hereby accorded for payment of commission of ₹ 6,25,35,428/- (Rupees Six Crore Twenty Five Lakh Thirty Five Thousand Four Hundred and Twenty Eight Only) to Mr. H. V. Goenka, Non-Executive Chairman, being an amount exceeding fifty percent of the total annual remuneration payable to all the Non-Executive Directors of the Company, within the overall limit of one percent of the net profits of the Company for the financial year 2018-19.

RESOLVED FURTHER that the Board of Directors of the Company (including Nomination and Remuneration Committee thereof) and/or Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

13. Approval for payment of Commission to Non-Executive Directors

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

“**RESOLVED** that pursuant to the provisions of Sections 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time (“the Act”) and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), approval of the Members be and is hereby accorded for payment of commission to the Non-Executive Directors of the Company, not exceeding 5% of the net profits of the Company in any financial year computed as per the provisions of the Act at the end of each financial year, in such manner and up to such extent as the Nomination and Remuneration Committee of the Board of Directors of the Company recommends and the Board of Directors determine from time to time.

RESOLVED FURTHER that the Board of Directors of the Company (including Nomination and Remuneration Committee thereof) and/or Company Secretary of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

By Order of the Board of Directors

Vimal Kejriwal
Managing Director & CEO

Place: Mumbai
Date: May 8, 2019

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

NOTES:

- a) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”), which sets out details relating to Special Businesses to be transacted at the Fourteenth Annual General Meeting (“AGM”), is annexed hereto.
- b) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE FOURTEENTH ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
Pursuant to Section 105 of the Act, a person can act as a Proxy on behalf of not more than fifty (50) Members and holding in the aggregate not more than 10% of the total share capital of the Company. A Member holding more than 10% of the total share capital of the Company may appoint a single person as a Proxy and such person shall not act as a Proxy for any other Member.
- c) The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the AGM. Proxies submitted on behalf of the companies/ bodies corporate etc. must be supported by an appropriate Resolution/ Authority, as applicable. A Proxy Form is annexed with this Notice.
- d) During the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the Company at its Registered Office, provided that not less than three days of Notice in writing in this regard is given to the Company.
- e) Corporate Members intending to send their authorised representative to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf to the Company as follows:
 - i. In case of remote e-voting, Authorisations should be received by the scrutinisers/ the Company on or before close of e-voting.
 - ii. If the representative wishes to attend the Meeting in person to vote thereat, the letter of appointment/ authorisation, as the case may be, shall be submitted before the commencement of Meeting.
- f) In case of joint holders attending the AGM, only such joint holder, who is higher in the order of names, will be entitled to vote.
- g) The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, July 17, 2019 to Tuesday, July 23, 2019 (both days inclusive).
- h) Pursuant to Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”), with effect from April 1, 2019, transfer of securities of the Company would be carried out in dematerialised form only, except in case of transmission or transposition of securities.
- i) **Dividend:**
The dividend, as recommended by the Board, if declared at the AGM, will be paid on or before Wednesday, August 21, 2019.

For Members holding shares in Demat form:

- i) The dividend shall be paid to those Members whose names stand registered in the Company’s Register of Members as Beneficial Owners as at the end of business hours on Tuesday, July 16, 2019 as per the list to be furnished by National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”).
- ii) Members may note that the bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Share Transfer Agents cannot act on any request received directly from the Members holding shares in dematerialised mode for any change of bank particulars or bank mandates. Hence, such changes in Bank details, ECS mandate, address or e-mails are to be furnished by the Members only to their Depository Participant.

For shareholders holding shares in Physical form:

- i) The dividend shall be paid to those Members whose names stand registered in the Company's Register of Members as Members on the end of business day on Tuesday, July 16, 2019.
- ii) With a view to avoid any fraudulent encashment of dividend, the Member(s) holding shares in physical form are requested to furnish, if not already furnished, their Bank Account number, the name of the Bank and the Branch ("Bank Mandate") where they would like to deposit the dividend warrants for encashment. These details should be furnished by the first/ sole shareholder, directly to the Registrar and Share Transfer Agents, M/s. Link Intime India Private Limited (Unit: KEC International Limited), C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai - 400 083, Tel.: 022-49186270, Fax: 022-49186060, by quoting the folio number. This information will be printed on the dividend warrants.
- iii) The Company is offering the facility of National Electronic Clearing Service ("NECS") for Members holding shares in physical form. This facility could be used by the Members instead of Bank Mandate system for receiving the credit of dividend. To avail this facility, the Members are requested to download the NECS form from the website of the Company i.e. www.kecprg.com under the tab "Investors" and send the same to the Registrar and Share Transfer Agents of the Company.
- iv) The Members, who are yet to encash the dividend declared by the Company till date, are advised to send request for issuance of demand drafts in lieu of uncashed dividend warrants for any of the financial years from 2011-12 to the Registrar and Share Transfer Agent of the Company. The last date upto which the Members are entitled to claim the Dividend pertaining to FY 2011-12 is August 8, 2019. Pursuant to the provisions of Section 124(5) and 125 of the Act, the Company has transferred the unpaid or unclaimed dividends up to the FY 2010-11, from time to time on due dates, to the Investor Education and Protection Fund ("IEPF") established by the Central Government.
- v) Pursuant to the provisions of Section 124(6) of the Act, and Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all such shares in respect of which dividend(s) had not been claimed by the shareholders for seven consecutive years or more starting from financial year 2010-11 have been duly transferred to the IEPF Account set up by the Central Government.
The shares once transferred to IEPF Account including dividends and other benefits accruing thereon can be claimed from IEPF Authority after following the procedure prescribed under the said Rules and no claim shall lie against the Company. For the purpose of claiming transferred shares, a separate application can be made to the IEPF Authority in e-Form IEPF-5, as prescribed under the said Rules, which is available at IEPF website i.e. www.iepf.gov.in
- j) Details of the Director(s) pursuant to Regulations 26(4) and 36(3) of SEBI Listing Regulations and Secretarial Standard on General Meetings in respect of Directors seeking appointment/ re-appointment of Directorship at this AGM are appended to this Notice.
- k) Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form SH-13 can be downloaded from the Company's website i.e. www.kecprg.com under the "Investors" tab.
- l) Members holding shares in more than one folio in the same name(s) are requested to send share certificates so as to enable the Company to consolidate all their holding into one folio.
- m) The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the Registrar and Share Transfer Agent.
- n) Electronic copy of the Annual Report for the financial year 2018-19 alongwith Notice is being sent to all the Members whose e-mail IDs are registered with the Company/ Depository Participants(s) for communication purposes, unless any Member has requested for a hard copy of the same. For Members, who have not registered their e-mail address, physical copy of the Annual Report alongwith Notice is being sent by permitted mode of dispatch.
Members may also note that the Notice of the AGM and the Annual Report for financial year 2018-19 will also be available on the Company's website i.e. www.kecprg.com under the "Investors" tab for download by the Members. Further, relevant documents referred to in this Notice are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) between 11:00 a.m. and 1:00 p.m. up to the date of the ensuing AGM and shall also be placed at the ensuing AGM.
- o) Pursuant to the provision of Section 101 of the Act and Rules framed thereunder, companies are allowed to send communication(s) to Members electronically. To support the "Green Initiative", we request Members, holding shares in demat form, to kindly register/ update their e-mail address with their respective Depository Participates. Further, Members holding shares in physical form, can kindly register/ update their e-mail address with the Registrar and Share Transfer Agent of the Company at rnt.helpdesk@linkintime.co.in or with the Company at investorpoint@kecprg.com. The registered e-mail address will be used for sending future communication(s).
- p) The Register of Directors and Key Managerial Personnel ("KMP") and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors & KMPs are interested, maintained under Section 189 of the Act will be available for inspection at the AGM.
- q) The Members, desiring any information with regard to the Financial Statements are requested to write to the Company at least 7 days in advance so as to enable the Company to keep the information ready at the AGM.

- r) The route map of the venue of the AGM is annexed to this Notice.
- s) Members are requested to sign and handover the attendance slip at the registration counter at the venue of the AGM.

VOTING

- A) In compliance with provision of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and SEBI Listing Regulations and the Secretarial Standard on General Meetings issued by the Institute of Companies Secretaries of India, the Company is pleased to provide to the Members, facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting facility. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited ("CDSL").
- B) The facility for voting either through electronic voting system or ballot paper shall also be made available at the AGM. The Members attending the meeting and who have not cast their vote by remote e-voting, shall be able to exercise their right to vote at the AGM.
- C) A Member can vote either by remote e-voting or at the AGM. In case a Member votes by both modes then the votes cast through remote e-voting shall prevail and the votes cast at the AGM shall be considered invalid.
- D) The Members, who have cast their vote by remote e-voting prior to the AGM, may also attend the AGM but shall not be entitled to cast their vote again at the AGM.
- E) The voting right of the Members shall be in proportion to their share in the paid up equity share capital of the Company as on Tuesday, July 16, 2019 ("cut-off date").
- Any person, who acquires the share(s) of the Company and becomes a Member of the Company after the dispatch of this Notice of AGM and holds the share(s) as on the cut-off date, can also cast their vote through remote e-voting facility or at the AGM.
- F) The Company has appointed Mr. P. N. Parikh (FCS-327) and failing him Ms. Jigyasa Ved (FCS-6488) of M/s. Parikh Parekh & Associates, Practicing Company Secretaries, to act as Scrutiniser to scrutinise the voting at the AGM and remote e-voting process in a fair and transparent manner.
- G) The Results will be declared within 48 hours from the conclusion of AGM. The results declared along with the Scrutiniser's Report shall be uploaded on the website of the Company i.e. www.kecprg.com and on the website of CDSL e-voting i.e. www.evotingindia.com and the same shall also be communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed. The results shall also be displayed on the Notice Board at the Registered Office of the Company.

The instructions for shareholders voting electronically are as under:

- i. The remote e-voting period commences on Saturday, July 20, 2019 (09:00 a.m. IST) and ends on Monday, July 22, 2019 (05:00 p.m. IST). During this period, Members holding

shares either in physical form or in dematerialised form, as on the cut-off date i.e. Tuesday, July 16, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

- ii. Members who have already cast their vote through remote e-voting prior to the date of AGM would not be entitled to vote at the AGM venue.
- iii. The Members should log on to the e-voting website www.evotingindia.com.
- iv. Click on "Shareholders/ Members" tab.
- v. Now Enter your User ID
- a) For CDSL: 16 digits beneficiary ID,
- b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- c) Members holding shares in Physical Form should enter their Folio Number registered with the Company.
- vi. Next, enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

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

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. The Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note

that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

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

Custodian, if any, should be uploaded in PDF format in the system on or before close of e-voting for the scrutiniser to verify the same

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

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”)

The following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 4 to 13 of the accompanying Notice:

Item No. 4 – Appointment of Branch Auditors

For the execution of various projects awarded to the Company in various countries, the Company has setup several branches outside India. Further, the Company may also open new branches outside India in future. For carrying out the audit of the accounts of such branches, it is necessary to appoint Branch Auditors. The Members are requested to authorise the Board of Directors/ Audit Committee of the Company to appoint Branch Auditors in consultation with the Statutory Auditors of the Company to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

The Board recommends the Ordinary Resolution, as set out at Item No. 4 of the Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested (financially or otherwise), in the proposed Ordinary Resolution set out at Item No. 4 of the Notice.

Item No. 5 – Ratification of Remuneration to Cost Auditor

In accordance with the provisions of Section 148 of the Act and the Companies (Audit and Auditors) Rules, 2014 (“Rules”), the Company is required to appoint a cost auditor to audit the cost records of the Company. On the recommendation of the Audit Committee, the Board of Directors of the Company at its meeting held on May 8, 2019 have approved the appointment of M/s. Kirit Mehta & Co., Cost Accountants as the Cost Auditor of the Company for the financial year ending on March 31, 2020 at a remuneration of ₹ 6,00,000/- (Rupees Six Lakh Only) plus taxes and reimbursement of actual out of pocket expenses incurred, if any, in connection with the cost audit. In terms of the provisions of the Act and Rules, the remuneration of the Cost Auditors is required to be ratified by the Members of the Company.

The Board recommends the Ordinary Resolution, as set out at Item No. 5 of the Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested (financially or otherwise), in the proposed Ordinary Resolution set out at Item No. 5 of the Notice.

Item No. 6 - Appointment of Mr. Ramesh D. Chandak as an Independent Director

Mr. Ramesh D. Chandak, retired as a Managing Director of the Company w.e.f. April 1, 2015, and thereafter, had continued as Non-Executive Director, liable to retire by rotation, on the Board of the Company (the “Board”).

The Company has received a declaration from Mr. Chandak confirming that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and that he is eligible to be appointed as an “Independent Director” of the Company and that he is not disqualified from being appointed as an Independent Director.

The Company has also received notice from a Member under Section 160 of the Act proposing his appointment as Independent Director.

In the opinion of the Board, Mr. Chandak fulfils the criteria specified in the Act read with the rules made thereunder and SEBI Listing Regulations for being appointed as an Independent Director of the Company and is independent of the management. Accordingly, pursuant to the recommendation of the Nomination and Remuneration Committee at its meeting held on May 7, 2019, the Board of Directors at its meeting held on May 8, 2019 had appointed Mr. Ramesh D. Chandak, Non-Executive Director of the Company as an “Independent Director”, not liable to retire by rotation, for a term of 5 years from May 8, 2019 to May 7, 2024, subject to the approval of Members in this AGM.

In terms of Regulation 17 (1A) of SEBI Listing Regulations, approval of the Members by way of special resolution is required to appoint or continue the directorship of Non-Executive Directors who have attained the age of 75 years. The Members may note that Mr. Chandak will attain the age of 75 years during his tenure of proposed appointment as Independent Director. Accordingly, while seeking the approval of Members for appointment of Mr. Chandak as Independent Director, approval by way of special resolution would be required.

Brief Resume of Mr. Chandak is provided separately in this Notice. A copy of the draft Letter of Appointment for Independent Director, setting out the terms and conditions of appointment, is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company i.e. www.kecrpg.com

The Board recommends the Special Resolution with respect to the appointment of Mr. Chandak, as an Independent Director of the Company, as set out at Item No. 6 of the Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives, except Mr. Ramesh D. Chandak and his relative(s), is in any way concerned or interested (financially or otherwise), in the proposed Special Resolution set out at Item No. 6 of the Notice.

Item Nos. 7 to 10 – Re-appointment of Independent Directors

As per the provisions of Sections 149, 152 and Schedule IV of the Act read with relevant Rules made thereunder as amended, the Company had appointed Mr. G. L. Mirchandani, Mr. D. G. Piramal, Mr. S. M. Trehan and Mr. Vinayak Chatterjee as Independent Directors as per the requirement of the Act at the Ninth Annual General Meeting of the Company w.e.f. July 28, 2014 for a term of consecutive five years up to July 27, 2019.

As the above-named Independent Directors shall be completing their first terms of appointment upon completion of five years on July 27, 2019, they are eligible for re-appointment for another term of five consecutive years subject to approval of the Members by Special Resolution. The performance evaluation of Independent Directors was conducted by the entire Board of Directors (excluding the Director being evaluated). Based on the performance evaluation, the Nomination and Remuneration Committee and the Board of Directors of the Company at their meeting held on May 7, 2019 and May 8, 2019 respectively, have recommended the re-appointment of Mr. G. L. Mirchandani, Mr. D. G. Piramal, Mr. S. M. Trehan and Mr. Vinayak Chatterjee as “Independent Directors”, not liable to retire by rotation, for a second terms of five consecutive years commencing from July 28, 2019 upto July 27, 2024, subject to approval of the Members by special resolution at the ensuing Annual General Meeting of the Company. All the above named Independent Directors have consented to their re-appointment and confirmed that they do not suffer from any disqualifications which stand in any way of their re-appointment as Independent Directors.

The Company has received declarations from all the abovenamed Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) for their re-appointment as Independent Directors of the Company and are independent of the management.

In the opinion of the Board, the aforesaid Directors fulfil the conditions specified in the Act read with the rules made thereunder and SEBI Listing Regulations for being appointed as Independent Directors of the Company and are independent of the management.

The Company has also received notices from a Member under Section 160 of the Act, proposing their re-appointment as Independent Directors.

In terms of Regulation 17 (1A) of SEBI Listing Regulations, approval of Members by way of special resolution is required to appoint or continue the directorship of Non-Executive Directors who have attained or would be attaining the age of 75 years. Mr. Mirchandani has attained the age of 75 years and Mr. Trehan, if re-appointed for a period of five years, shall attain the age of 75 years during his tenure of proposed re-appointment as Independent Director. Accordingly, the approval of Members for re-appointment of Mr. Mirchandani and Mr. Trehan as Independent Director, is sought by way of special resolution.

Brief Resume of Mr. G. L. Mirchandani, Mr. D. G. Piramal, Mr. S. M. Trehan and Mr. Vinayak Chatterjee are provided separately in this Notice. A copy of the draft Letter of Appointment for Independent Directors, setting out the terms and conditions of appointment, is available for inspection at the Registered Office of the Company during business hours on any working day (Monday to Friday), upto the date of AGM and also available on the website of the Company i.e. www.kecrpg.com

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of above named Independent

Directors. Accordingly, the Board recommends Special Resolutions, as set out at Item Nos. 7, 8, 9 and 10 of the Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives, other than the concerned Independent Directors and their relatives are in any way deemed to be concerned or interested (financially or otherwise), in the proposed Special Resolution set out at Item No. 7, 8, 9 and 10 of the Notice.

Item No. 11. Re-appointment of Mr. Vimal Kejriwal as Managing Director & CEO

Mr. Vimal Kejriwal had been appointed as Managing Director & CEO of the Company w.e.f. April 1, 2015 for a period of 5 years by the Members on March 30, 2015. The term of appointment of Mr. Vimal Kejriwal as Managing Director & CEO of the Company is due to expire on March 31, 2020.

Under the leadership of Mr. Kejriwal, the overall performance of the Company has improved significantly both in terms of EBIDTA and PAT growth, apart from improvement in revenue and order book. During his tenure, the Company has also forayed into Civil and Smart Infra businesses.

The EBIDTA has increased from ₹ 512 Crore as on March 31, 2015 to ₹ 1,149.91 Crore as on March 31, 2019. Further, PAT has increased about 618% from ₹ 69 Crore as on March 31, 2015 to ₹ 497.69 Crore as on March 31, 2019. The revenue grew by about 30% from ₹ 8,468 Crore to ₹ 11,000.53 Crore over last four years during his tenure. The performance of the Company and future prospects during his tenure was reflected in the market capitalisation of the Company, which has increased significantly from about ₹ 2,058 Crore as on March 31, 2015 to ₹ 7,702 Crore as on March 31, 2019 and had touched all time high of about ₹ 11,378 Crore as on April 18, 2018.

Considering the responsibilities and his contribution towards the growth of the Company since his appointment as MD & CEO, the Nomination and Remuneration Committee at its meeting held on May 7, 2019 recommended to the Board the re-appointment of Mr. Vimal Kejriwal as the Managing Director & CEO for a further period of 2 years w.e.f. April 1, 2020 to March 31, 2022. The Board at its meeting held on May 8, 2019 re-appointed Mr. Vimal Kejriwal as the Managing Director & CEO for a further period of 2 years w.e.f. April 1, 2020 to March 31, 2022, in terms of the applicable provisions of the Act, subject to approval of Members at this AGM.

Mr. Vimal Kejriwal is a distinguished alumnus of the Kellogg School of Management, USA, and Narsee Monjee Institute of Management Studies (NMIMS), India. He is a meritorious Chartered Accountant and a Member of the Institute of Company Secretaries of India. He has over thirty six years of rich corporate experience across industries including Power Infrastructure, Oil & Gas, Pharmaceuticals, Fertilisers, and Investment Banking. Prior to his appointment as Managing Director & CEO at KEC, he has worked as President-Transmission & Distribution business, President-Transmission business, Executive Director-International Transmission business, and Chief Financial Officer of the Company. Prior to joining the Company in 2002, he has worked in a leading Global Investment Bank. Further, Mr. Kejriwal was conferred with the "Outstanding Achiever Award" by the RPG Group for the years 2004-05, 2007-08 and 2013-14 in recognition

of his exceptional performance and commitment. He has significantly contributed in turning KEC into a highly profitable Company and has especially been instrumental in diversifying its growth into adjacencies, such as Railways, Civil, Solar, and Smart Infra. Under his direction, the Company has bolstered its international exposure and today has a footprint in more than 100 countries across six continents.

The Board of Directors on recommendation of the Nomination and Remuneration Committee approved the payment of remuneration to Mr. Vimal Kejriwal upon his re-appointment as Managing Director & CEO as stated in the Resolution No. 11.

In case the Company has no profits or its profits are inadequate, the Company may subject to receipt of the requisite approvals, if any required, pay to the MD & CEO the remuneration as stated in the proposed Resolution as the minimum remuneration by way of salary, allowances, perquisites, performance Bonus and benefits as specified therein and as revised and recommended by the Nomination and Remuneration Committee and approved by the Board from time to time.

The Company operates in several countries across the globe. However pursuant to the provisions of the Act, only standalone profits are considered to compute the managerial remuneration and the profits of Subsidiaries and Joint Ventures are considered only in Consolidated Accounts. The performance and profitability of the Company on standalone basis may be adversely affected by the overall slowdown in economic growth and high competition in Infrastructure Industry. However keeping in view the performance and the expertise of Mr. Vimal Kejriwal, the Nomination and Remuneration Committee and Board of Directors deemed it necessary to pay remuneration as mentioned in the resolution as minimum remuneration. The Board of Directors seeks approval of the Members for payment of proposed remuneration as stated in the resolution and as may be revised by the Nomination and Remuneration Committee from time to time as minimum remuneration for a period of two years of his re-appointment.

Information as required under Schedule V of the Act is as below:

I. General Information:

i Nature of Industry

The Company is a global infrastructure Engineering Procurement and Construction (EPC) provider in the business of Power Transmission and Distribution, Railways, Cables, Civil, Solar and Smart Infra.

ii. Date or expected date of commencement of commercial production.

The Company was incorporated in 2005 and has already commenced commercial production since long.

iii. Standalone Financial Performance based on given indicator

(₹ in Crore)

Particulars	2018-19	2017-18	2016-17
Total Revenue	10,117.80	9,075.74	7,737.09
Profit before Tax	735.19	641.48	423.53
Profit after Tax	497.69	430.05	281.82

iv. Foreign Investments or Collaborations, if any

Nil

II. Information about the appointees:

Sr. No.	Particulars	Mr. Vimal Kejriwal	
1	Background details	Mr. Vimal Kejriwal is an alumnus of the Kellogg School of Management, a meritorious Chartered Accountant and a member of the Institute of Company Secretaries of India. He has over thirty six years of rich corporate experience across industries including Power Infrastructure, Oil & Gas, Pharmaceuticals, Fertilisers and Investment Banking.	
2	Past Remuneration	Period	Remuneration (₹ in Crore)
		April 1, 2018 to March 31, 2019	6.17
		April 1, 2017 to March 31, 2018	4.68
3	Recognition or Awards	Mr. Kejriwal was conferred with the “Outstanding Achiever Award” by the RPG Group for the years 2004-05, 2007-08 and 2013-14. Also, the Institute of Chartered Accountants of India awarded him the “CA Business Leader – Corporate award for the year 2018”.	
4	Job Profile and suitability	He shall be responsible for overall day to day management of the Company under the supervision and control of the Board of Directors of the Company.	
5	Remuneration Proposed	As stated in the Resolution for his re-appointment.	
6	Comparative Remuneration Profile with respect to Industry, size of the Company, Profile of position and Person	Mr. Kejriwal carries vast and enriched experience in the business line of the Company. He has significantly contributed in turning KEC into a highly profitable company and has especially been instrumental in diversifying its growth into adjacencies, such as Railways, Civil, Solar and Smart Infra. He shall be looking after and shall be responsible for the whole affairs of the management of the Company and shall be accountable to the Board of Directors of the Company, and the remuneration proposed to be paid to him is fully justifiable and comparable to that prevailing in the industry.	
7	Pecuniary Relationship, directly or indirectly with the Company or relationship with the managerial personnel, if any	Mr. Kejriwal has a relationship with the Company as Managing Director & CEO only.	

III. Other information:

i. Reason for loss or inadequate Profits:

The Company is an Engineering, Procurement and Construction (EPC) provider in the business of Power Transmission and Distribution, Railways, Cables, Civil, Solar and Smart Infra. The spending on infrastructure by Government and Private player may be low in future years due to economic slow-down and lack of policies at the Macro levels. Also the Company is competing with some big players in the Industries and hence the margins for projects may be low.

The Company proposes to obtain approval of Members as an abundant caution in case the standalone profits are insufficient to pay the managerial remuneration as above.

ii. Steps taken or proposed to be taken for improvement:

The Company has actively taken steps to improve on the performance of the Company. The Company has streamlined various processes which has improved the efficiency of the operations. These along with other measures taken by the Company and with improvement in business sentiments, the Company is confident of improving its performance and profitability over the coming years.

iii. Expected increase in productivity and Profits in measurable terms:

The Company expects a better performance of the Company in all measurable parameters in the coming years in view of the various measures taken by the Company to improve on its performance.

The Board is of the opinion that the re-appointment of Mr. Vimal Kejriwal as Managing Director and CEO would be beneficial to the Company and accordingly it recommends the Special Resolution, as set out at Item No. 11 of the Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives, except Mr. Vimal Kejriwal and his relative(s), is in any way concerned or interested (financially or otherwise), in the proposed Special Resolution set out at Item No. 11 of the Notice.

Item No. 12. Approval for payment of Commission to Mr. H. V. Goenka, Non-Executive Chairman

The Non-Executive Directors (“NED”) of the Company have made valuable contributions in the business affairs of the Company during financial year 2018-19. Pursuant to the recommendation of the Nomination and Remuneration Committee (“NRC”), the Board of Directors at its meeting held on May 08, 2019, has approved the payment of commission to NED of the Company equivalent to one percent of the net profits of the Company in the financial year 2018-19, computed in accordance with the provisions of Section 198 of the Act. The NRC has recommended and Board has approved payment of commission of ₹ 6,25,35,428/- (Rupees Six

Crore Twenty Five Lakh Thirty Five Thousand Four Hundred and Twenty Eight Only) to Mr. H. V. Goenka, Non-Executive Chairman for the financial year 2018-19.

Mr. H. V. Goenka is a promoter of the Company having experience of more than four decades in the EPC Sector. His extensive experience in the EPC sector has been instrumental in helping guide the Company towards both short term growth as well as long term sustainability. As the Chairman of the Board, Mr. Goenka provides vision and thought leadership which has helped the Company achieve high standards of corporate governance, innovation, brand visibility and overall growth. Mr. Goenka invests considerable time reviewing the operations and performance of the Company and his interactions with the senior leaders and his role in building a talent pool in the Company has been significant in maximizing stakeholder value. Mr. Goenka has always been instrumental in diversifying the Company's business into various new verticals such as Railways, Civil, Solar, and Smart Infra. The Board deems it appropriate to recognize his contribution and deems it fair to remunerate him with the above said amount of commission.

Regulation 17(6)(ca) of the SEBI (Listing Obligations and Disclosure Requirements), 2015, as amended, necessitates Members' approval by way of Special Resolution for paying remuneration to one Non-Executive Director in excess of 50% of the total remuneration payable to all Non-Executive Directors. The above commission as proposed to be paid to Mr. H. V. Goenka, exceeds 50% of the total annual remuneration payable to all Non-Executive Directors. Thus, consent of the Members of the Company is being sought by way of Special Resolution.

The Board recommends the Special Resolution, as set out at Item No. 12 of the Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives, except Mr. H. V. Goenka and his relative(s), is in any way concerned or interested (financially or otherwise), in the proposed Special Resolution set out at Item No. 12 of the Notice.

Item No. 13. – Approval for payment of Commission to Non-Executive Directors

The Members at Annual General Meeting of the Company held on July 29, 2015 had approved by way of Ordinary Resolution, the payment of Commission not exceeding 5% of the net profits of the Company to the Non-Executive Directors of the Company. The said payment of commission was payable in addition to the sitting fees for attending the meetings of the Board of Directors/ Committee(s) and reimbursement of expenses in relation thereto.

In terms of Section 197 of the Act, payment of remuneration exceeding 1% of the net profit now requires approval of Members by way of Special Resolution.

The Non-Executive Directors of the Company are having diversified & rich knowledge and experience and contribute in a very significant way in the growth process of the Company. They add substantial value to the Company through their contribution to the management of the Company and thereby they safeguard the interests of the investors at large by playing an appropriate control role. The Company seeks approval of the Members for payment of commission at a rate not exceeding 5%. In terms of the provisions of Section 197 of the Act, approval of Members by way of Special Resolution is required for payment of commission at a rate exceeding 1% of the profits of the Company as computed in accordance with provisions of Section 198 of the Act.

The Board recommends the Special Resolution, as set out at Item No. 13 of the Notice, for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives, except all Non-Executive Directors and their relative(s), is in any way concerned or interested (financially or otherwise), in the proposed Special Resolution set out at Item No. 13 of the Notice.

By Order of the Board of Directors

Vimal Kejriwal
Managing Director & CEO

Place: Mumbai
Date: May 8, 2019

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

Details of the Directors seeking appointment/re-appointment in the Fourteenth Annual General Meeting to be held on Tuesday, July 23, 2019 pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standards on General Meetings are as follows

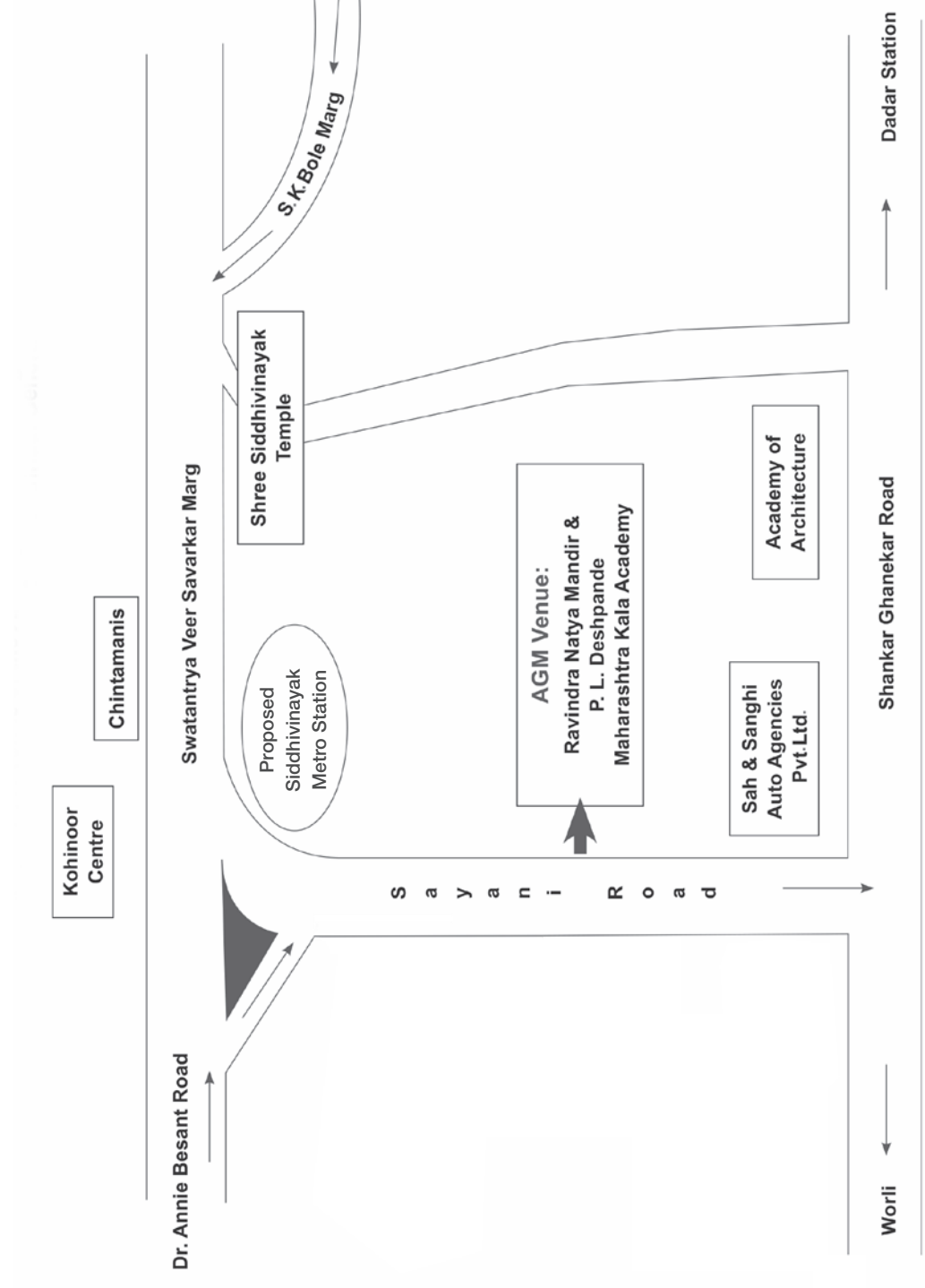
Name of the Director	Date of Birth & Age	Date of first Appointment on the Board	Qualification	Expertise in specific functional area	Directorships in other listed companies	Memberships of Committees in other listed companies (Includes only Audit & Stakeholders Relationship Committee)	No. of shares held in the Company	Relationship with other Directors and Key Managerial Personnel
Mr. R. D. Chandak	November 7, 1946 72 Years	December 26, 2005	M.Com, FCA	Mr. Ramesh D. Chandak specialises in individualised leadership coaching and Strategic Planning and Management. With a successful career spanning over 48 years across various manufacturing and infrastructure industries in India, USA, and Malaysia, he has acquired a solid experience in Succession Planning and Performance Management Strategy.	1. Parag Milk Foods Limited 2. Summit Securities Limited 3. Ram Ratna Wires Limited	1. Chairman of Audit Committee of Parag Milk Foods Limited 2. Member of Audit Committee of Ram Ratan Wires Limited	5 Equity Shares	Nil
Mr. G. L. Mirchandani	June 12, 1943 76 Years	January 12, 2006	Bachelor of Engineering (Mechanical)	Mr. G.L. Mirchandani is an eminent industrialist who remains closely involved with the development of corporate strategy and formulating, incubating and delivering emerging technologies and services in the area of television and other electronic products. He is the Founder Chairman of the Onida Group and was also the Chairman of the Bombay chapter of the World Presidents' Organisation (WPO).	1. V I P Industries Limited 2. MIRC Electronics Limited	1. Member of Audit Committee and Chairman of Stakeholders' Relationship Committee of V I P Industries Limited 2. Member of Stakeholders' relationship Committee of MIRC Electronics Limited	Nil	Nil
Mr. D. G. Piramal	November 2, 1949 69 Years	January 12, 2006	Bachelor of Commerce, Sydenham College of Commerce and Economics, Mumbai University	Mr. D. G. Piramal serves as the Chairman of the Dilip Piramal Group. He is an industrialist with a vast and rich experience. He is also the Managing Director of VIP Industries Ltd., the luggage company which is a flagship of the Dilip Piramal Group.	1. V I P Industries Limited 2. Alkyl Amines Chemicals Limited	1. Member of Audit Committee & Stakeholders' Relationship Committee of V I P Industries Limited.	Nil	Nil

Note: For other details such as number of meetings of the Board attended during the year, remuneration drawn, etc. please refer to the Corporate Governance Report section of the Annual Report.

Name of the Director	Date of Birth & Age	Date of first Appointment on the Board	Qualification	Expertise in specific functional area	Directorships in other listed companies	Memberships of Committees in other listed companies (Includes only Audit & Stakeholders Relationship Committee)	No. of shares held in the Company	Relationship with other Directors and Key Managerial Personnel
Mr. S. M. Trehan	December 18, 1946 72 Years	October 18, 2012	Bachelor of Engineering, Birla Institute of Technology, Ranchi; Master of Science, State University of New York.	Mr. S. M. Trehan is a gold medalist engineering graduate and has a rich experience in the engineering field. He has held position of CEO & MD of Crompton Greaves Ltd. (now known as CG Power and Industrial Solutions Ltd.) from 2000 to 2011.	NIL	NIL	NIL	NIL
Mr. Vinayak Chatterjee	August 30, 1959 59 years	April 30, 2014	Bachelor of Economics (Honours) St. Stephen's College (Delhi University); MBA, IIM Ahmedabad.	Mr. Vinayak Chatterjee is the Co-Founder and Chairman of Feedback Infra (P) Limited. He has often been called upon to play a strategic advisory role to leading domestic and international corporates, various Ministries dealing with infrastructure, as well as multi and bi-lateral institutions in the areas of infrastructure planning and implementation. Currently, he is the Chairman of CII's 'National Council on Infrastructure'.	1. Indraprastha Medical Corporation Limited 2. Apollo Hospitals Enterprise Limited 3. ACC Limited	1. Member in Audit Committee of ACC Limited	Nil	Nil
Mr. Vimal Kejriwal	February 4, 1961, 58 years	July 29, 2015	Chartered Accountant, ICAI; Company Secretary, ICSI; Advanced Executive Programme, Kellogg School of Management, USA	Mr. Vimal Kejriwal is the Managing Director & CEO of KEC International Limited. With around 36 years of corporate experience in the areas of Power Infrastructure, Oil & Gas, Pharmaceuticals, Fertilisers and Investment Banking across the globe, he has significantly contributed to making the Company a highly profitable organisation.	Nil	Nil	875 Equity Shares (Jointly held as second holder alongwith Mrs. Sunita Kejriwal)	Nil

Note: For other details such as number of meetings of the Board attended during the year, remuneration drawn, etc. please refer to the Corporate Governance Report section of the Annual Report.

ROUTE MAP TO THE VENUE OF ANNUAL GENERAL MEETING



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



KEC INTERNATIONAL LIMITED

CIN: L45200MH2005PLC152061

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

Website: www.kecrpg.com, E-mail: investorpoint@kecrpg.com

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

ATTENDANCE SLIP

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

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

Name and address of the Shareholder

I hereby record my presence at the Fourteenth Annual General Meeting of KEC International Limited to be held on Tuesday, July 23, 2019 at 3:30 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025.

Signature of the shareholder or proxy

* Applicable for Shareholder(s) holding shares in dematerialised form.

® Applicable for Shareholder(s) holding shares in physical form.



KEC INTERNATIONAL LIMITED

CIN: L45200MH2005PLC152061

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

Website: www.kecrpg.com, E-mail: investorpoint@kecrpg.com

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

FORM NO. MGT-11 PROXY FORM

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

Name of the Member(s):

Registered Address:

E-mail ID:Folio No./Client ID:

DP ID:

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

1. Name Address:

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

2. Name Address:

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

3. Name Address:

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

as my/our proxy to attend and vote for me/us and on my/our behalf at the Fourteenth Annual General Meeting of the Company, to be held on Tuesday, July 23, 2019 at 03:30 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:



Item No.	Resolution	No. of Shares	For*	Against*
1	Ordinary Resolution: (a) Adoption of Audited Standalone Financial Statements for the financial year ended March 31, 2019 together with Reports of Directors and Auditors thereon. (b) Adoption of Audited Consolidated Financial Statements for the financial year ended March 31, 2019 together with Report of Auditors thereon.			
2	Ordinary Resolution: Declaration of Dividend for the financial year 2018-19.			
3	Ordinary Resolution: Re-Appointment of Mr. Vimal Kejriwal (DIN: 00026981) as Director, liable to retire by rotation.			
4	Ordinary Resolution: Appointment of Branch Auditors.			
5	Ordinary Resolution: Ratification of Remuneration to Cost Auditor.			
6	Special Resolution: Appointment of Mr. Ramesh D. Chandak (DIN: 00026581) as an Independent Director.			
7	Special Resolution: Re-appointment of Mr. G. L. Mirchandani (DIN: 00026664) as an Independent Director.			
8	Special Resolution: Re-appointment of Mr. D. G. Piramal (DIN: 00032012) as an Independent Director.			
9	Special Resolution: Re-appointment of Mr. S. M. Trehan (DIN: 00060106) as an Independent Director.			
10	Special Resolution: Re-appointment of Mr. Vinayak Chatterjee (DIN: 00008933) as an Independent Director.			
11	Special Resolution: Re-appointment of Mr. Vimal Kejriwal as Managing Director & CEO.			
12	Special Resolution: Approval for payment of Commission to Mr. H. V. Goenka, Non-Executive Chairman.			
13	Special Resolution: Approval for payment of Commission to Non-Executive Directors.			

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

Signed this.....day of, 2019

Signature of shareholder

Signature of Proxy holder(s)



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