

KEC

KEC International Limited

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of KEC International Limited will be held on Wednesday, August 21, 2013 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 consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2013 and the Balance Sheet as at that date together with Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares of the Company for the year ended March 31, 2013.
3. To appoint a Director in place of Mr. S. M. Kulkarni, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. J. M. Kothary, retiring by rotation at this Annual General Meeting, since not seeking re-election, not to be appointed as a Director and the resulting vacancy be not filled up at this Annual General Meeting or any adjournment thereof."
5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. P. A. Makwana, retiring by rotation at this Annual General Meeting, since not seeking re-election, not to be appointed as a Director and the resulting vacancy be not filled up at this Annual General Meeting or any adjournment thereof."
6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Deloitte Haskins & Sells, Chartered Accountants registered with the Institute of Chartered Accountants of India vide Registration No. 117365W, be and are hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration to be determined by the Board of Directors of the Company, plus reimbursement of out of pocket expenses incurred by them in connection with the audit, and the Board of Directors may delegate the powers vested herein to the Audit Committee thereof to give effect to this resolution."
7. To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, the Accounts of the Branches of the Company for the financial year ending on March 31, 2014, be audited by person(s) and/or firm(s) qualified to act as Branch Auditors and that the Board of Directors of the Company be and is hereby authorised to appoint one or more such qualified person(s) and/or firm(s) to audit the accounts of the Branches of the Company, as they deem fit, in consultation with Auditors of the Company, and to determine the respective terms and conditions of their appointment including remuneration and to delegate all or any of the powers herein vested, to the Audit Committee thereof, to give effect to this resolution and for any matters connected therewith or incidental thereto."

SPECIAL BUSINESS

8. **Appointment of Mr. S. M. Trehan as a Director**
To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. S. M. Trehan who was appointed pursuant to Article 124 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, as an Additional Director of the Company with effect from October 30, 2012, to hold Office upto the date of ensuing Annual General Meeting and in respect of whom the Company has received a notice from a member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose office shall be liable to retire by rotation."
9. **To increase the borrowing limits of the Company under Section 293(1)(d) of the Companies Act, 1956**
To consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:
"RESOLVED THAT in supersession to the earlier resolutions and pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of Directors which the Board may have constituted or hereinafter constitutes to exercise its powers including the powers conferred by this resolution), for borrowing any sum or sums of money (including fund based and non fund based working capital facilities from the Consortium Member banks) from time to time at their discretion for the purpose of the Company, even if the borrowing(s) together with the monies already borrowed by the Company exceeds the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, and determine, fix, arrange or agree to the terms and conditions of all such monies borrowed / to be borrowed from time to time, provided however, that such borrowing shall not exceed ₹ 16,000 crore (Rupees Sixteen Thousand crore only)."
10. **Waiver of excess remuneration paid to Mr. R. D. Chandak, Managing Director for FY 13**
To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any of the Companies Act, 1956 ("the Act") including any statutory modification(s) or re-enactment thereof, read with Schedule XIII to the Act and subject to the approval of the Central Government and subject to all other permissions, sanctions and approvals as may be necessary, consent of the Company be and is hereby accorded to ratify and/or approve the payment of ₹ 180.19 lacs, out of the managerial remuneration of ₹ 2,77,74,374/-, paid to Mr. R. D. Chandak, the Managing Director of the Company, for FY 13, which was found to be in excess of the maximum permissible limits under the Act read with Schedule XIII to the Act.
RESOLVED FURTHER THAT pursuant to the provisions of Section 309 (5B), 310 and other applicable provisions, if any, of the Act including any statutory modification(s) or re-enactment thereof, read with Schedule XIII to the Act and subject to the approval of the Central Government, the recovery by the Company of ₹ 180.19 lacs paid to Mr. R. D. Chandak, the Managing Director of the Company, for FY 13, being the amount of remuneration paid in excess of the above said limits arising as a consequence of inadequacy of profits be and is hereby waived.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors and/or Remuneration Committee of the Board of Directors be and are hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard."

By Order of the Board of Directors

Ch. V. Jagannadha Rao

Company Secretary

Place: Mumbai

Date: May 08, 2013

Registered Office:

RPG House

463, Dr. Annie Besant Road

Worli, Mumbai – 400 030

Notes:

- a) The details of Directors seeking appointment/re-appointment at this Annual General Meeting, as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges is annexed hereto.
- b) A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS 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. PROXIES IN ORDER TO BE VALID SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.

However pursuant to the provisions of Section 176 of the Companies Act, 1956, a proxy shall not be entitled to vote except on a poll. Further a proxy shall not have any right to speak at the Meeting.

Proxies submitted on behalf of limited companies, trusts, societies etc. must be supported by appropriate resolution/authority, as applicable.

- c) In case of joint holders attending the Annual General Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- d) The Register of Members and Share Transfer Books of the Company shall remain closed from August 10, 2013 to August 21, 2013 (both days inclusive).
- e) The dividend, as recommended by the Board, if declared at the Annual General Meeting, will be paid on or after August 22, 2013, to those members whose names stand registered in the Company's Register of Members:
 - i) as Beneficial Owners as at the end of business hours on August 09, 2013 as per the list to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of shares held in dematerialised form.
 - ii) as Members in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company/Registrar and Share Transfer Agents, on or before August 09, 2013.
- f) With a view to avoid any fraudulent encashment of dividend, the member(s) holding shares in physical form are requested to furnish, if not furnished already, 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-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078, Tel: 022-25946970, Fax: 022-25946969, quoting the folio number.

Members holding shares in dematerialised mode 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. Such changes are to be furnished by the members only to their Depository Participant.

- g) 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.kecrpg.com under the tab "Investors" and send the same to the Registrar and Share Transfer Agents of the Company.
- h) Members holding shares in single and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website i.e. www.kecrpg.com under the tab "Investors".
- i) The members who are yet to encash the dividend declared by the Company till date are advised to send requests for issuance of demand draft in lieu of unencashed dividend warrants for any of the financial years from 2005-06 and/or revalidation of unencashed dividend warrants still held by them to the Registrar and Share Transfer Agents of the Company so that dividends can be encashed. However the members will be entitled to make any claim for unencashed dividend only upto the last date upto which the unpaid dividend is transferred to the Investor Education and Protection Fund.
- j) Relevant documents referred to in this Notice are open for inspection at the Registered Office of the Company on all working days (except Saturdays) between 11:00 a.m. and 1:00 p.m. upto the date of the ensuing Annual General Meeting.
- k) Members desiring any information with regard to the Accounts 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 Annual General Meeting.

Explanatory Statement

Pursuant to Section 173(2) of the Companies Act, 1956

The following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 8, 9 and 10 of the accompanying Notice dated May 08, 2013:

Item No. 8 – Appointment of Mr. S. M. Trehan as a Director

Mr. S. M. Trehan is a gold medallist engineering graduate from the renowned Birla Institute of Technology at Ranchi. He has completed his Post Graduate studies (M.S.) from the State University of New York, Stony Brook, USA.

Mr. Trehan was employed with Crompton Greaves Limited for 28 years in various senior positions and was Managing Director from May 03, 2000 to June 01, 2011. Under his leadership, Crompton Greaves transformed itself from a modest Indian company to a multinational, multi-cultural, multi-product and multi-services company with a manufacturing presence in 10 countries, with a place of pride amongst the top ten largest transformer manufacturers globally.

Mr. Trehan's exceptional leadership has received widespread recognition; he was the recipient of the 'Business Standard CEO of the Year' Award for FY 09. He is also actively involved in various national industry forums like IEEMA, CII and AIMA.

Keeping in view of the experience and expertise of Mr. S. M. Trehan, the Board of Directors considers it desirable that the Company should avail his services and accordingly recommends the Resolution as set out in Item No. 8 for approval of the members.

None of the Directors, apart from Mr. Trehan, is concerned or interested in the resolution.

Item No. 9 - To increase the borrowing limits of the Company under Section 293(1)(d) of the Companies Act, 1956

The members of the Company had, vide their resolution passed through Postal Ballot declared on January 11, 2010, inter alia, accorded their approval to the Board of Directors of the Company to borrow (including fund based and non fund based working capital facilities from the Consortium Member banks) upto ₹ 12,000 crore (Rupees Twelve Thousand crore only).

However, the enhanced operations of the Company on account of increase in activities in the Transmission, Distribution, Railways, Telecom, Cables and Water businesses as well as the future growth plans of the Company may necessitate borrowings by the Company in excess of the limits approved by the members. The increase in the borrowing powers of the Board of Directors of the Company is required to facilitate the said increased activities and growth plans of the Company.

Pursuant to the provisions of Section 293(1)(d) of the Companies Act, 1956, borrowing of monies by the Board of Directors of the company exceeding the paid-up capital of the company and its free reserves, requires approval of the members of the company.

Accordingly, an Ordinary Resolution as set out in Item No. 9 of this Notice is proposed for approval of the members to give authority to the Board of Directors of the Company to borrow (including fund based and non fund based working capital facilities from the Consortium Member banks) upto ₹ 16,000 crore (Rupees Sixteen Thousand crore only). The resolution as mentioned in Item No. 9 of the Notice is recommended for your approval.

None of the Directors is interested or concerned in the resolution except to the extent of their shareholdings in the Company.

Item No. 10 - Waiver of excess remuneration paid to Mr. R. D. Chandak, Managing Director of the Company for FY 13

The members of the Company, pursuant to the resolution passed on December 20, 2010, through Postal Ballot, approved the re-appointment of Mr. R. D. Chandak as the Managing Director of the Company for a period of three years commencing from September 29, 2010 on the terms and conditions mentioned in the said resolution read with the explanatory statement. The approval also provides for payment of remuneration upto maximum of 5% of the net profits of the Company, computed as per the provisions of the Companies Act, 1956 (the Act).

Pursuant to the authority conferred by the members and after considering the recommendations of the Remuneration Committee, the Board of Directors of the Company had approved the annual increase in the remuneration payable to the Managing Director with effect from July 01, 2012.

The net profits as per Section 349 of the Act for FY 13 stands at ₹ 19.51 crore and in terms of provisions of Section 309 of the Act and members' approval Mr. Chandak was entitled for an amount of ₹ 97.55 lacs. However, based on the resolution passed by the Board the Company has already made payment of remuneration aggregating to ₹ 277.74 lacs to Mr. Chandak for FY 13.

Due to inadequacy of profits during FY 13, the managerial remuneration of ₹ 180.19 lacs paid to Mr. R. D. Chandak was in excess of the maximum permissible limit as prescribed under Schedule XIII to the Act. Reasons for inadequate profit have been set out in detail under the heading "Other information" at point No. 3 of this Explanatory Statement.

As per the provisions of section 309 of the Act, any remuneration paid to a director in excess of the maximum remuneration payable to him in accordance with the provisions of Schedule XIII to the Act is required to be refunded by that director to the Company, unless such requirement is waived by the Company pursuant to the receipt of permission from the members of the Company and the Central Government.

On recommendation of the Remuneration Committee, the Board of Directors at its meeting held on May 08, 2013, have considered the extensive expertise of Mr. Chandak in the infrastructure sector, his significant contributions to the growth of the Company and the fact that remuneration paid to him is clearly justified by his long experience and achievements, have accordingly ratified, confirmed and approved, subject to the approval of the members of the Company and of the Central Government, the payment of aforesaid remuneration, in excess of the limits prescribed under Schedule XIII to the Act. Further, the Board of Directors at the same meeting has also, subject to approval of the members of the Company and Central Government, decided to waive the recovery of the excess remuneration paid to Mr. Chandak.

The resolution as mentioned in Item No. 10 of the Notice is recommended for your approval.

None of the Directors, apart from Mr. Chandak, is concerned or interested in the resolution.

Other information:

Information as required to be given as per Part (C) of Section II of Part II of Schedule XIII to the Act:

1. KEC International Limited is a global leader in the business of Engineering, Procurement and Construction (EPC) in the Infrastructure sector. It undertakes EPC projects in Power Transmission, Power System, Telecom, Railways, Cables and Water. During last five years the Company, under the leadership of Mr. R. D. Chandak, achieved 19.9% of CAGR of Turnover and 2.45 times growth in Net Worth. Further the order intake of the Company for FY 13 increased by 20% to ₹ 7,484 crore. The closing order book has increased by 10.48% to ₹ 9,470 crore by FY 13 end. During the last year the Company has earned a net foreign exchange of ₹ 2,562 crore on account of its export performance.

The Company has investment into various subsidiaries located in Mauritius, Abu Dhabi, Nigeria, USA, Mexico and Brazil. Out of the total twenty two subsidiaries, twenty subsidiaries of the Company are outside India.

2. Mr. Chandak aged 66 years is Masters in Commerce, a Fellow member of the Institute of Chartered Accountants of India, and has done an Advanced Management Program at Harvard Business School. At KEC, Mr. Chandak has led a remarkable turnaround, overcoming many obstacles and transforming the Company into one of the largest transmission line construction company in the world by taking its turnover from ₹ 1,769 crore in FY 06 to about ₹ 7,000 crore in FY 13.

Recognized as a turnaround specialist and a dynamic leader, Mr. Chandak has varied geographical and industry experience. Apart from India, Mr. Chandak has also worked in USA and Malaysia and was associated with Textile, Edible Oil and Engineering industries and has over 42 years of experience. He is a Past president and currently a member of Indian Electrical & Electronics Manufacturer's Association, a representative organization of Power T&D industry in India. He is also the Chairman of Transmission Line Division of CII & Chairman of the Indo-Kazakhstan Business Council of FICCI.

For FY 12, Mr. Chandak was paid a remuneration of ₹ 236.13 lacs which was well within the limits stipulated under Section 309 of the Act and also the remuneration of Mr. Chandak is at par with his counter parts in the infrastructure industry. Mr. Chandak does not have any pecuniary relationship, directly or indirectly, with the Company apart from the remuneration received by him from the Company.

3. During the last five years, the Company has always been progressing and achieving good results in terms of revenue and profitability and FY 13 has been an exception. During FY 13, the Company has reported inadequacy in profits due to the slow down in infrastructure and power sector, weakening of Indian Rupee, political volatility in several of the Company's operating regions across the world, high interest rates, commodity price fluctuations and insignificant contribution from the new businesses of Railways and Water. However, the Company is confident to get back to the profitable situation and steps have already been taken in that direction which include the following:
- The Company has taken initiatives to improve its operational efficiency such as execution of projects within the timelines, stringent monitoring and control of construction costs etc;
 - The Company has set up a new state-of-art-plant in Vadodara and has discontinued the operations at its Thane Plant. This would lead to cut down cost of production, better product mix with higher profit margins which eventually will improve the profitability of the cables business of the Company;
 - The Company has acquired the requisite pre-qualifications for participating in tenders for Railways and Power Systems. Consequently, the Company has slowed down the aggressive bidding in the new businesses which was required to be done at the initial stage to enter into the market. Accordingly, the profit margins of the new businesses is expected to go up.

Accordingly, barring unforeseen circumstances, the Company expects its revenue to grow by 10% and expects the increase of 20% in the profitability.

4. All the elements of the managerial remuneration have been disclosed in the Corporate Governance Report forming part of the Annual Report.

Details of the Directors seeking appointment / re- appointment at this Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Particulars	Re - appointment	Appointment
Name of the Director	Mr. S. M. Kulkarni	Mr. S. M. Trehan
Date of Birth	January 09, 1939	December 18, 1946
Date of Appointment	January 12, 2006	October 30, 2012
Qualifications	B.E	B. E., M.S. (State University of New York, Stony Brook, USA)
Expertise in specific functional areas	He is a Business Advisor and Management Consultant to several Indian and International companies. He has been a CEO & President of major International and Indian corporate entities during his varied 40 years of global experience. His area of expertise covers Business Development, International Alliance Management, Strategic Planning, Venture funding and Corporate Governance.	Mr. Trehan is a gold medalist engineering graduate from the Birla Institute of Technology, Ranchi and has a Master's Degree from the State University of New York, USA. He has a rich experience in the engineering field and has held several senior positions of responsibility in the Crompton Greaves Limited.
Directorships in other Public Limited Companies	<ul style="list-style-type: none"> ● RPG Enterprises Limited ● Hindustan Construction Company Limited ● Styrolution ABS (India) Limited ● HCC Real Estate Limited ● Bayer Cropscience Limited ● Navin Fluorine International Limited ● Camlin Fine Sciences Limited ● Lavasa Corporation Limited 	<ul style="list-style-type: none"> ● Crompton Greaves Limited ● Malanpur Captive Power Limited ● Avantha Power and Infrastructure Limited
Membership of Committees in other Public Limited Companies (includes only Audit & Investors' Grievance Committee)	Audit Committee <ul style="list-style-type: none"> ● Bayer Cropscience Limited ● Hindustan Construction Company Limited ● Navin Fluorine International Limited ● Camlin Fine Sciences Limited ● Lavasa Corporation Limited ● HCC Real Estate Limited ● Styrolution ABS (India) Limited Investors' Grievance Committee <ul style="list-style-type: none"> ● Bayer Cropscience Limited 	NIL
No. of shares held in the Company as on March 31, 2013	NIL	NIL



KEC INTERNATIONAL LIMITED

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

PROXY FORM

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

I/We..... of..... being a member/members of KEC International Limited, hereby appoint
..... of..... or failing him/ her..... of as my/our proxy
to vote for me/us on my/our behalf at the Eighth Annual General Meeting of KEC International Limited to be held at Ravindra Natya Mandir,
P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025 on Wednesday, August 21, 2013 at 03:30 p.m. or
at any adjournment thereof.

Affix a ₹ 1/-
revenue
Stamp

Signed this day of 2013

* Applicable for members holding shares in dematerialised form.

@ Applicable for members holding shares in physical form.

Note: The Proxy in order to be valid should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

However pursuant to the provisions of Section 176 of the Companies Act, 1956, a proxy shall not be entitled to vote except on a poll. Further a proxy shall not have any right to speak at the meeting.

Proxies submitted on behalf of limited companies, trusts, societies etc., must be supported by appropriate resolution/authority, as applicable.

.....
Signature of the shareholder



KEC INTERNATIONAL LIMITED

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

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 Eighth Annual General Meeting of KEC International Limited to be held at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025 on Wednesday, August 21, 2013 at 03:30 p.m.

.....
Signature of the Shareholder or proxy

*Applicable for members holding shares in dematerialised form.

@ Applicable for members holding shares in physical form.



EXPERTISE
AND EXPERIENCE.
GLOBALLY

ANNUAL REPORT

2012-13

KEC International Limited

Forward-looking Statements

This report may 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 'anticipates', 'estimates', '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 these 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. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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How do we define an enterprise that spans across 48 countries, with diverse interests in six different business verticals?

What makes us sustain the growth trajectory of US\$1.3 billion strong EPC behemoth year on year?

Why do stakeholders continue to have an unflinching trust in our ability to create enduring value for them?

At KEC, there are no easy answers, except an indomitable will to deliver despite challenges.

We execute infrastructure projects globally regardless of inhospitable geographies, harsh climatic conditions and tough business challenges. Our determination is strengthened by our industry experience, global expertise and a vision to help elevate the quality of life of people across the world. It's precisely this DNA that keeps us going and striving even harder.



EXPERIENCE AND EXPERTISE. GLOBALLY.

KEC International Limited is a global infrastructure Engineering, Procurement & Construction (EPC) major and the flagship company of the RPG Enterprises.

The Company has powered infrastructure development in 48 countries across South Asia, The Middle East, Africa, Central Asia, Americas and Southeast Asia.

IT HAS PRESENCE ACROSS SIX BUSINESS VERTICALS



Power Transmission



Telecom



Power Systems



Railways



Cables



Water

VISION

To be a global leader in Power Transmission and Distribution EPC business and a significant player in other infrastructure businesses, providing superior value to all stakeholders.

CULTURE PILLARS

KEC's culture is built on the foundation of the following eight cultural pillars

- ◆ Delivery focus
- ◆ Cost and profitability focus
- ◆ Ownership and accountability
- ◆ Cross-functional teamwork
- ◆ Empowering performance
- ◆ Valuing people
- ◆ Providing diverse opportunities
- ◆ Forward looking

Stock tickers

BSE	532714	NSE	KEC	Bloomberg	KECI IN	Reuters	KECL.BO
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GLOBAL PRESENCE

- | | | | | | |
|---------------|-------------|---------------|----------------|--------------------|-----------------|
| 1 Afghanistan | 9 Canada | 17 Indonesia | 25 Libya | 33 Nigeria | 41 Thailand |
| 2 Algeria | 10 Chad | 18 Iraq | 26 Malaysia | 34 Oman | 42 Tunisia |
| 3 Argentina | 11 DR Congo | 19 Jordan | 27 Mali | 35 Peru | 43 Turkmenistan |
| 4 Australia | 12 Egypt | 20 Kazakhstan | 28 Mexico | 36 The Philippines | 44 UAE |
| 5 Bangladesh | 13 Ethiopia | 21 Kenya | 29 Mozambique | 37 Saudi Arabia | 45 USA |
| 6 Bhutan | 14 Georgia | 22 Kuwait | 30 Namibia | 38 South Africa | 46 Uganda |
| 7 Brazil | 15 Ghana | 23 Laos | 31 Nepal | 39 Sri Lanka | 47 Vietnam |
| 8 Cameroon | 16 India | 24 Lebanon | 32 New Zealand | 40 Tajikistan | 48 Zambia |



PROFILE OF BUSINESS VERTICALS

Power Transmission

- ◆ Largest business vertical
- ◆ Over five decades of experience
- ◆ Strong international presence across multiple geographies
- ◆ Successfully executed projects in difficult terrains and adverse climatic conditions
- ◆ Capable of executing projects up to 1,200 kV, on turnkey basis
- ◆ In-house design, engineering and capable of designing very complex and large towers
- ◆ Tower manufacturing and testing facilities spread across India and Americas



Power Systems

- ◆ Natural progression from power transmission to power systems, giving the Company an advantage to provide end-to-end solutions for power evacuation from generating stations to consumer distribution points
- ◆ This is KEC's second-largest business vertical
- ◆ Offering complete turnkey solutions, from concept to commissioning, for air-insulated and gas-insulated substations
- ◆ Currently, the Company is executing substation projects up to 765 kV in India and up to 1,150 kV internationally



Cables

- ◆ Fully integrated, state-of-the-art manufacturing facilities in different parts of India
- ◆ Pioneered the production of cross-linked polyethylene (XLPE) cables in India
- ◆ Manufactures a wide range of power and telecom cables
- ◆ Accredited with ISO 9001, ISO 14001 and ISO 18001 standards
- ◆ Testing facilities, as per various national and international specifications, for the entire range of power and telecom cables





Railways

- ◆ Turnkey solution provider in the railways infrastructure EPC space
- ◆ Presence in all railway construction areas, including civil works, track laying, electrification, signalling and telecommunication networks



Telecom

- ◆ Among the leading EPC players to provide telecom towers on a turnkey basis
- ◆ Expertise in installation and commissioning of microwave and BTS, GSM and CDMA equipment
- ◆ Experience in optical fibre cable (OFC) laying and optical ground wire (OPGW) stringing on a turnkey basis



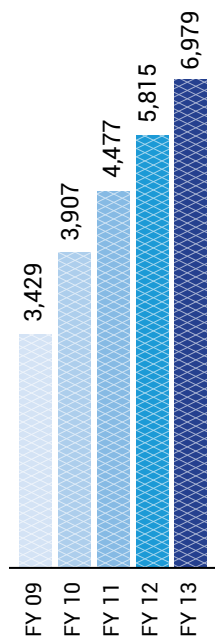
Water

- ◆ Presence in water resource management as well as water and wastewater treatment projects
- ◆ Currently executing projects for constructing sewage water treatment system, canals and water system civil works for thermal power project

CONSOLIDATED PERFORMANCE

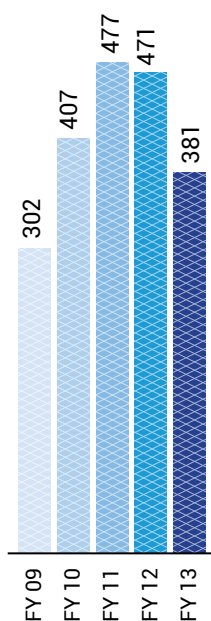
NET SALES

(₹ crore)



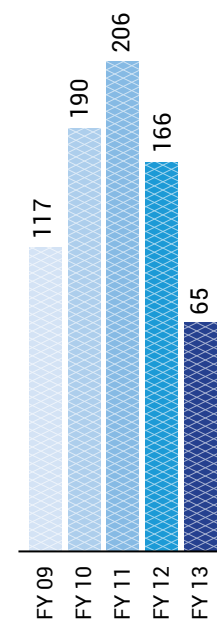
EBITDA

(₹ crore)



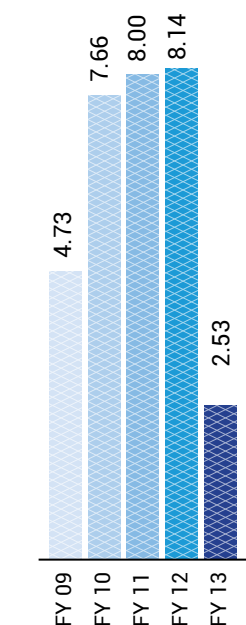
NET PROFIT

(₹ crore)



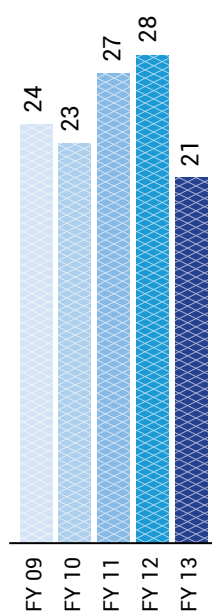
EPS

(₹ /share)



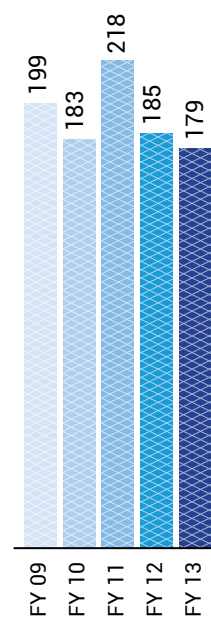
INVENTORIES

(Days)



RECEIVABLES

(Days)

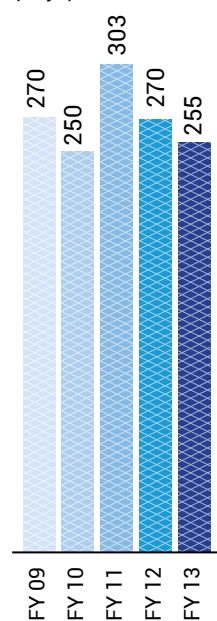


1. EPS is adjusted w.r.t. face value of equity shares from ₹ 10/- per share to ₹ 2/- per share.

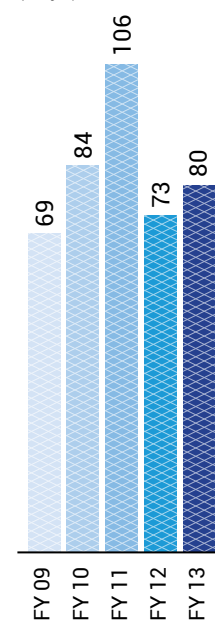
2. FY 12 Net Profit is excluding ₹ 43.43 crore profits on assignment of leasehold rights of the land at Vashi.

**GROSS
WORKING
CAPITAL**

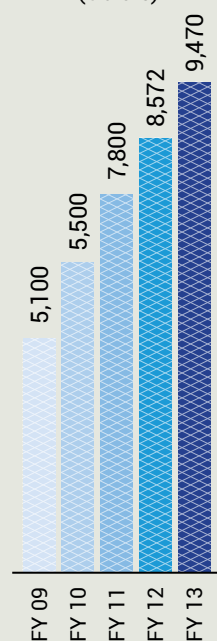
(Days)

**NET
WORKING
CAPITAL**

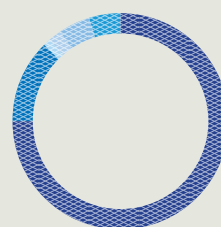
(Days)

**ORDER BOOK**

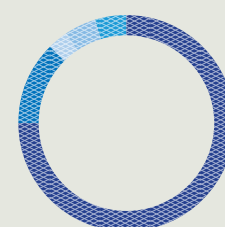
(₹ crore)



Business-wise (%)



Geography-wise (%)



EXPANDING HORIZONS

Substation project in Kazakhstan

AT KEC, WE ARE
CONTINUOUSLY ALIGNING
OUR EXPERTISE AND
EXPERIENCE TO ADDRESS
GLOBAL INFRASTRUCTURE
OPPORTUNITIES.

A combination of diverse talent pool, advanced engineering capabilities and project management strengths has enabled us to successfully execute numerous turnkey projects across the world.

QUICK FACTS

Footprints in **48 countries** across the world

Currently executing projects in **29 countries**

Presence in **developed** as well as **developing and emerging economies**

About **half of the business** comes from outside India

8 manufacturing facilities spread across **India, Brazil and Mexico**

Global Sourcing – Materials, Funding, Equipment, Manpower

Global workforce – more than **5,000** permanent employees from diverse nationalities with **23%** non-Indian workforce

FY 13 Order wins show good geographic and business spread
Orders worth **₹ 7,484 crore** were received during FY 13 from multiple geographies, as compared to ₹ 6,239 crore during FY 12

Region-wise breakup

Region	Order Value (₹ crore)	Countries
South Asia	4,395	India, Nepal, Sri Lanka and Bangladesh
Americas	1,024	US, Mexico, Canada and Brazil
MENA	1,189	Oman, Saudi Arabia, UAE and Tunisia
Sub-Saharan Africa and Central Asia	581	Uganda, Kenya, Nigeria and Turkmenistan
Southeast Asia and Others	295	The Philippines, Malaysia and Indonesia
Total	7,484	

WIDENING GLOBAL PRESENCE

Our expertise and experience has helped in continuously widening our global presence. During the year, we entered Uganda (Africa), Turkmenistan (Central Asia) and re-entered Indonesia (Southeast Asia) after a decade.



SAE TOWERS OUR WHOLLY OWNED SUBSIDIARY

SAE Towers is a leading manufacturer of lattice transmission towers in the Americas. It has a strong foothold in the American markets, comprising The United States, Canada, Mexico, Brazil and other neighbouring countries.

It has continued to perform well since its acquisition by KEC in September 2010 and contributes around 15% to the Company's overall sales.



SAE Towers - Brazil Plant

BEFRIENDING CHALLENGES



Transmission line project in Himachal Pradesh, India

DIVERSE AND UNFORGIVING
TERRAINS. EXTREME CLIMATIC
CONDITIONS. LOCAL
CHALLENGES.

Uncertainty is an everyday reality in the locations that we operate in. Successful execution in hostile environments across deserts, forests, mountains, hills, oceans, rivers and snowfields has earned us our reputation globally.

PROJECT PORTFOLIO

Project details: 500 kV transmission line in Egypt

The project involved erection and stringing of one of the largest (153.5 metres) and heaviest (240 MTs) towers, spanning 800 metres across the river Nile. This project traverses primarily through thick agricultural areas, having poor soil quality and a high water table. The project execution was done amidst political turmoil in the country.

Current Status: Project completed during FY 13



Project details: 400 kV and 500 kV Black Sea transmission network project in Georgia

The project was executed in a snow-clad mountainous region, prone to snowfalls and heavy rainfall. Most of the lines passed through an average elevation of 1,700-1,800 metres to a maximum elevation of 2,500 metres, leading to difficulty in accessibility.

The line also passed through narrow corridors of forests, national parks and protected reserves, which required many regulatory approvals from different authorities.

Current Status: Project completed during FY 13

Project details: Benin-Onitsha 330 kV transmission line in Nigeria

The project scope included designing and erection of one of the world's largest (154 metres) and heaviest towers (297 MTs) stringing across a river spanning 1.5 kilometres. The line passed through dense forests. The execution was also challenging due to heavy rains in the region.

Current Status: Project completed during FY 13



Project details: 220/132/33kV substation project in Jammu & Kashmir, India

The project is located in snow-clad mountainous region, which is also a highly militant infested area. Substation has been built in five levels with a difference of 80 metres between first and last levels, which is one of its kind and involved various challenges.

Current Status: One year performance after commissioning validated during FY 13

LEVERAGING EXPERTISE



Railway composite project completed in Tamluk, West Bengal, India

WE BELIEVE IN LEVERAGING
OUR ORGANISATIONAL
KNOWLEDGE, RICH EXPERTISE
AND INTERNATIONAL
PRESENCE TO EXPAND OUR
CAPABILITIES INTO NEW
BUSINESS VERTICALS.

We have ventured into multiple business verticals, comprising Power Systems, Cables, Railways and Water. We are well positioned to transform each of these verticals into global businesses and create value that endures.



Water canal project in Madhya Pradesh, India

KEY ACHIEVEMENTS IN NEW BUSINESS VERTICALS – FY 13

THE SALES CONTRIBUTION FROM NEW BUSINESS VERTICALS HAS BEEN GROWING CONSISTENTLY - INCREASING FROM 16.2% IN FY 09 TO 27.6% IN FY 13.

Power systems

- ◆ Increased its international presence by securing orders in Malaysia (₹ 75 crore), Nepal (₹ 59 crore), Uganda (₹ 53 crore) and Kenya (₹ 223 crore)
- ◆ In India, it secured 765 kV gas-insulated substation project (₹ 40 crore) and 400 kV air-insulated substation project (₹ 72 crore)

Cables

- ◆ Increased presence in Extra High Voltage Power Cables

Railways

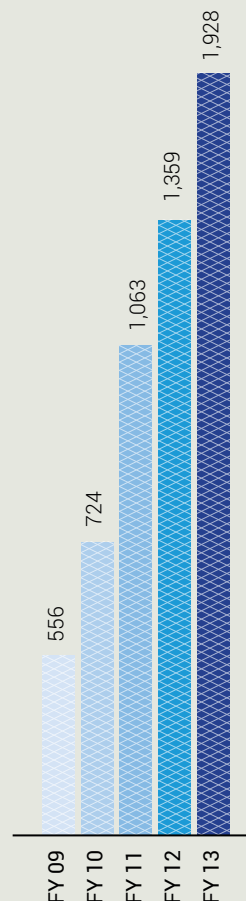
- ◆ Pre-qualified to bid for dedicated railway freight corridor projects in India (in consortium)
- ◆ Secured largest order in Railways business from Turkmenistan (₹ 192 crore) and a composite railway project in India (₹ 162 crore)

Water

- ◆ Secured the first-ever sewage water treatment project (₹ 194 crore) in India

NET SALES – NEW BUSINESSES*

(₹ crore)



* Power Systems, Cables, Railways, Water



EXPLORING OPPORTUNITIES IN THE RENEWABLE ENERGY EPC SPACE

The Company is exploring opportunities in the Solar and Wind EPC space.

The Company's supplier network and EPC capabilities helps it provide globally benchmarked quality (yet cost-effective) solutions.



EXPANSION OF MANUFACTURING FACILITIES



New cable manufacturing facility in Vadodara, Gujarat

GREENFIELD CABLE MANUFACTURING FACILITY AT VADODARA

KEC has established a world-class greenfield facility at Vadodara, Gujarat and commenced production of High Tension (HT) power cables and Extra High Voltage (EHV) power cables in July 2012 and February 2013, respectively. With this facility, the Company has increased its presence in EHV power cables up to 220 kV.

This ISO 9001-certified facility is equipped with the best-in-class manufacturing and testing facilities, including machinery procured from the global domain experts.

The plant's total annual installed capacity is 3,600 kms.

ERP Integration

The plant's processes and systems have been integrated through Enterprise Resource Planning (ERP) platform, which ensures high standards, better efficiency, enhanced control and cost effectiveness.

High Performance Teams (HPT) concept

The Company introduced the concept of HPTs in this facility, wherein youths from rural areas were inducted and given comprehensive training to build skills and handle cable manufacturing processes with minimal supervision.



Pole manufacturing process- SAE Towers, Mexico Plant

POLE MANUFACTURING CAPACITY-EXPANSION IN THE AMERICAS

SAE Towers is expanding its pole manufacturing capacity at its existing facility in Mexico from 5,000 MTs to 12,000 MTs per annum. This expansion will mainly cater to the demand of poles in North America.



Tower manufacturing process- Nagpur Plant

TOWER MANUFACTURING CAPACITY-EXPANSION IN INDIA

The Company is increasing its tower manufacturing capacity at its existing facilities in Jaipur, Jabalpur and Nagpur from 174,000 MTs to 211,200 MTs per annum.

CORPORATE SOCIAL RESPONSIBILITY

AT KEC, CORPORATE SOCIAL RESPONSIBILITY (CSR) IS INGRAINED INTO THE VALUE SYSTEM. THE COMPANY'S SOCIAL INITIATIVES ARE ENCAPSULATED UNDER THE BROAD AREAS OF 3Es – EDUCATION, ENVIRONMENT AND EMPLOYABILITY.

Education, Environment and Employability represent the key challenges for a developing country like India. Imparting education to young minds of our nation, protecting the environment from hazards and facilitating employability to the youth are some of the areas that KEC is focusing on as part of its sustainability strategy.

EMPOWERING THROUGH EDUCATION

Akshar Programme

This programme provides proactive support towards imparting quality education to nurture young minds. The programme focuses on developing functional English proficiency through a fun-and-learn method, rather than the conventional way of learning for children in public schools. During FY 13, the Company's activities across Nagpur, Jabalpur and Jaipur touched around 3,000 children across 35 schools through 88 sessions.



Akshar Class

CONTRIBUTING TOWARDS ENVIRONMENT PROTECTION

Vadodara facility received IGBC Green Factory 'Platinum' Certification

KEC's Vadodara facility became one among only five companies in India to receive the prestigious 'Platinum' rating by the Indian Green Building Council (IGBC), formed by the Confederation of Indian Industry (CII). This was awarded for its compliance with environmental standards. The various activities initiated under this scheme include waste materials handling, water efficiency maintenance, reduction of fossil fuels consumption, energy efficiency maintenance and natural resource conservation.

Used recyclable papers and plastics donation – benefiting 45 families in Brazil

Currently, 45 poor families in Brazil survive on the income generated through the recycled papers and plastics donated by SAE Towers.

Programme on World Environment Day (June 05, 2012)

All three tower manufacturing facilities in India celebrated the World Environment Day based on the theme – '**Green Economy**'. Employees planted 450 saplings and participated in various environmental awareness activities. Moreover, 50 employees at the Jabalpur facility also participated in the '**Clean Narmada, Green Narmada**' campaign.

FACILITATING EMPLOYABILITY

Training institute at Nagpur

The Company's state-of-the-art training centre at Nagpur aims to create a large talent pool by imparting classroom and practical training on the latest practices and techniques in the field of transmission line projects. This training is expected to benefit individuals by improving employability and increasing the availability of



Nagpur Training Centre

industry's trained manpower. During FY 13, over 1,700 participants were benefited through various trainings and certification courses/programmes.

Adoption of Government's Industrial Training Institute (ITI)

In FY 11, the Company adopted an ITI at Ashti village near Nagpur. Since

then, the Company has undertaken several initiatives comprising infrastructure improvement, course content upgradation and competence enhancement of instructors. The Company also organised various training sessions during FY 13. Eight apprentices from the ITI were recruited at the Company's Jabalpur facility.

SAFEGUARDING COMMUNITIES

Social awareness programmes

Various social awareness programmes were organised at KEC's Silvassa unit. These included programmes on World No Tobacco Day (May 31st), World Blood Donor Day (June 14th) and World AIDS Day (December 1st)

Dental check-up camp

Organised dental check-up camp at Serpura village, benefiting 170 people

Donation to Ele Clama Nursing Home

Donated clothes to alcohol and drug addicted patients at Ele Clama nursing home in Brazil

Donation to Brazil's Children Daycare Centre (Dona Belinha)

Assisted with donations of food boxes and toys to



World Environment Day - Sapling Plantation



AURA - Brazil



Dental Check-up Camp

children daycare centre (Dona Belinha) — a municipal institution in Brazil to serve disadvantaged children

Supported Unified Association of Recovery and Support (AURA)

Employees of SAE Towers, Brazil, worked as volunteers at AURA, which was created to provide support to children and teenagers suffering from cancer

AWARDS AND ACCOLADES

Top Exporter Award from EEPC

KEC received the prestigious Top Exporter Award for 2011-12 from Engineering Export Promotion Council (EEPC) at the national level. It received the Gold Trophy for highest exports in the Merchant Exporter category. The Company has received this award four times in the last five years, in FY 08, FY 09, FY 11 and FY 12.

BML Munjal Award for Excellence in Learning and Development

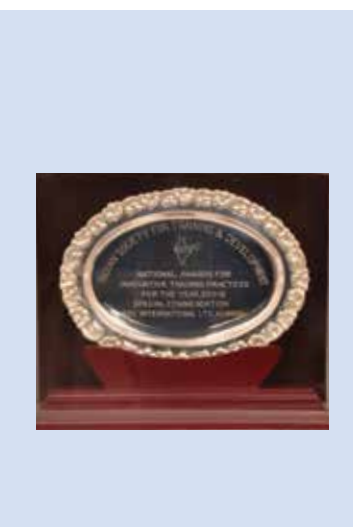
The BML Munjal award for Excellence in Learning and Development acknowledged the Company's innovative initiatives in learning and development, excelling in areas of skill and human capital development. This award is conferred to companies that have consistently used training, learning and development to their competitive advantage and emerged as a vital differentiator in productivity, safety, quality, performance and competitiveness.

National Award for Innovative Talent Development Practices

KEC was among the top five companies who won the prestigious National Award for 'Innovative Talent Development Practices', conferred by the Indian Society for Training and Development (ISTD).

Certificate of Merit at India Manufacturing Excellence Awards 2012

KEC's Nagpur tower manufacturing facility won the 'Certificate of Merit' in Silver Category at the 'India Manufacturing Excellence Awards 2012'. This award is conferred by The Economic Times, in partnership with Frost & Sullivan, to recognise India's best manufacturing facilities.



**Best Employer
Award 2011**

KEC's Jaipur Unit won the Best Employer Award 2011, conferred by Employer Association of Rajasthan, for the fifth consecutive year, for its best industrial practices.

**On the Job Achiever's
Award**

KEC's Graduate Engineers Trainee (GET) – Business Readiness Programme was recognised among the 'Top Five Best HR Practices' at the 'On the Job Achiever's Award'. This award is conferred by the National Institute of Industrial Engineering (NITIE), Mumbai, in 2012.

**Par Excellence award for
Quality Excellence**

KEC's material procurement team won the top category 'Par Excellence' Award at the 26th National Convention on Quality Concepts.

Appreciation award

KEC's team received the 'Appreciation award' at CII – Maharashtra's state-level Kaizen competition at Nasik in January 2013.



CORPORATE INFORMATION

BOARD OF DIRECTORS

H. V. Goenka	Chairman
R. D. Chandak	Managing Director and CEO
S. S. Thakur	Director
G. L. Mirchandani	Director
D. G. Piramal	Director
S. M. Kulkarni	Director
A. T. Vaswani	Director
J. M. Kothary	Director
M. K. Sharma	Director
S. M. Trehan	Director
P. A. Makwana	Director

MANAGEMENT TEAM

R. D. Chandak	Managing Director and CEO
Vimal Kejriwal	President - Transmission Business
Vardhan Dharkar	Executive Director - Finance
Yugesh Goutam	Executive Director - Human Resource
Nikhil Gupta	Executive Director - Cables
Randeep Narang	Executive Director - South Asia (Transmission)
Sanjay Chandra	Chief Executive - Railways
Dilip Shukla	Chief Executive - Water
Stanley Breitweiser	CEO - SAE Towers
V. Balasubramanian	Chief Executive - Renewable Energy

COMPANY SECRETARY

Ch. V. Jagannadha Rao

AUDITORS

Deloitte Haskins & Sells
Chartered Accountants

REGISTRAR AND SHARE TRANSFER AGENTS

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup (W)
Mumbai 400 078
Ph.: 022- 25946970 Fax: 022-25946969
Email: rnt.helpdesk@linkintime.co.in

REGISTERED OFFICE

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

PLANTS**Transmission****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

Mexico

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

Brazil

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

Cables**Mysore**

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

Vadodara

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

Silvassa

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

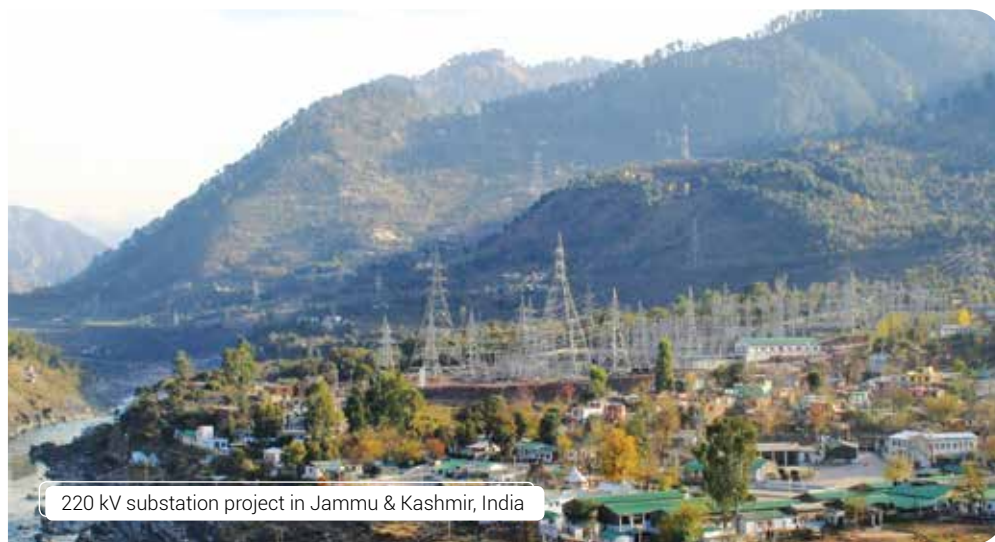
Thane

2nd Pokhran Road,
Post Box No. 11,
Thane 400 601, Maharashtra

BANKERS

India		U.S.
Bank of India	Punjab National Bank	JP Morgan Chase Bank, N.A.
Abu Dhabi Commercial Bank	Standard Chartered Bank	Wells Fargo Bank, N.A.
Allahabad Bank	State Bank of Bikaner and Jaipur	
Axis Bank Limited	State Bank of Hyderabad	Mexico
Bank of Baroda	State Bank of India	Banco Nacional de Mexico, S.A.
Barclays Bank Plc	Syndicate Bank	Grupo Financiero BBVA Bancomer
Central Bank of India	The Royal Bank of Scotland N.V.	
Corporation Bank	YES Bank Limited	Brazil
Dena Bank	Kotak Mahindra Bank Limited	HSBC Bank Brasil S/A
Export-Import Bank of India	Punjab and Sind Bank	Banco Bradesco S/A
ICICI Bank Limited	The Dhanlaxmi Bank Limited	Banco Itau BBA S/A
IDBI Bank Limited		Banco Santander S/A

DIRECTORS' REPORT



220 kV substation project in Jammu & Kashmir, India

To the Members of
KEC International Limited

The Directors have pleasure in presenting the Eighth Annual Report, along with the audited accounts of the Company, for the year ended March 31, 2013.

1. FINANCIAL RESULTS

₹ in crore

Particulars	Consolidated		Standalone	
	FY 13	FY 12	FY 13	FY 12
Net Revenue from Operations	6,979.49	5,814.74	5,592.08	4,604.33
EBITDA	381.40	471.32	231.09	340.42
Finance Cost	194.40	159.74	164.81	133.71
Depreciation & Amortisation	56.08	47.92	43.05	36.05
Profit Before Tax	146.83	324.31	43.74	254.81
Tax Expenses	81.79	115.01	39.18	72.98
Profit After Tax	65.04	209.30	4.56	181.84
Proposed Dividend on equity shares (including tax on dividend)	15.22	35.86	15.03	35.86
Transfer to General Reserve	4.56	18.18	4.56	18.18

2. DIVIDEND

The Board of Directors has recommended a dividend of ₹ 0.5 per equity share of ₹ 2 each for the year ended March 31, 2013, on the equity share capital of the Company, aggregating to ₹ 12,85,44,185 (Rupees twelve crore eighty five lacs forty four thousand one hundred and eighty five only). The dividend on equity shares is subject to the approval of the members at the ensuing Annual General Meeting.

3. PERFORMANCE

Financial Performance

On a consolidated basis, the net revenue from operations increased by 20.03% to ₹ 6,979.49 crore. The net profit decreased by 68.92% to ₹ 65.04 crore. On a standalone basis, the net revenue from operations increased by 21.45% to ₹ 5,592.08 crore, while the net profit was ₹ 4.56 crore in FY 13, as compared to ₹ 181.84 crore in FY 12.

The drop in profit was the result of a combination of factors, including a challenging business environment in all key markets of the Company. The infrastructure sector saw muted investment, mainly due to environmental clearances and land acquisition issues. In power sector, the slowdown continued due to ongoing fuel linkage issues. The other major challenges faced by the Company include weakening of Indian rupee, political turmoil in some of the markets where the Company operates, right-of-way issues, high interest rates, commodity price fluctuations and cost & time overruns in some of the projects. The new businesses of Railways and Water are in a nascent stage and hence, absorbed developmental costs leading to negative margins. In Power Systems, profits were also impacted due to poor margins in the sector. All these factors affected the Company's margins during the year.

During the year under review, several measures have been taken for better management of working capital and to secure new orders across various businesses and geographies. The order intake for the year increased by 20% to ₹ 7,484 crore. The closing order book has increased by 10.48% to ₹ 9,470 crore by FY 13 end.

THE ORDER INTAKE FOR THE YEAR INCREASED BY 20% TO ₹ 7,484 CRORE. THE CLOSING ORDER BOOK HAS INCREASED BY 10.48% TO ₹ 9,470 CRORE BY FY 13 END.

Operational highlights

The key highlights for the Company's various businesses are as follows:

Power Transmission – This continues to be the Company's largest business division with operations spanning across most regions of the world. The division undertakes turnkey Engineering, Procurement and Construction (EPC) projects involving design, manufacture, test, supply and erection of transmission lines upto 1,200 kV. It has an in-house design and engineering team, tower manufacturing and testing facilities spread in India and the Americas.

During the year, the Company completed many projects. Among them, those in India, Egypt, Georgia and Nigeria were successfully executed despite diverse and challenging terrains and difficult climatic conditions. The Company has also increased its market share in India. The total order intake for the year from this business has increased from approximately ₹ 4,400 crore to ₹ 5,564 crore.

Power systems – The division offers complete turnkey solutions, from concept to commissioning, for air-insulated and gas-insulated substations and distribution lines.

This business has expanded its international presence by securing orders in Kenya, Uganda, The Philippines and Nepal. The Company had earlier secured a large project in Kazakhstan and achieved significant progress during the year. Further, it also secured first 765 kV gas-insulated substation project in India.

Cables – The Company has commenced commercial production of High Tension (upto 33 kV) and Extra High

Voltage (upto 220 kV) power cables at its greenfield manufacturing facility in Vadodara, Gujarat. It is a world class manufacturing facility with state-of-the-art equipments matching global standards. Consequent upon the commencement of the new plant, production at the Thane unit has been scaled down. The complete range of products manufactured at Thane plant is now being manufactured at the Vadodara plant.

Telecom – Installation of optical fiber networks and telecom towers drive the Company's telecom business. It receives majority of its business from India. Telecom sector in the country continues to witness lower demand for new telecom towers. However, during the year, the division secured projects for establishing telecom cables networks in India.

Railways – Presently, the Company's business comes mainly from conventional railway projects. The Company is an integrated player that undertakes projects related to civil and track works, electrification and signalling works.

The Company marked its entry in Turkmenistan by securing an order worth ₹ 192 crore. This was the largest ever order in this business. Besides, it also secured ₹ 162 crore order in India. Presently, two dedicated freight corridors are being developed in India. The Company is pre-qualified in various portions of these projects and is further looking to contribute in nation building by actively participating in this opportunity.

Water – India's water sector is experiencing strong demand drivers. The Government of India allocates funds for developing water-related infrastructure projects in two areas viz. water resource management, and water and wastewater treatment. The Company focuses on opportunities in both the areas. The division secured its first sewage treatment project worth ₹ 194 crore during the year. It is already executing various projects related to canal construction.

Expanding Capacities

SAE Towers, the US-based wholly owned subsidiary, is expanding its pole production capacity at its existing facility in Mexico from 5,000 MTs to 12,000 MTs per annum. The main objective of this expansion is to cater to the increasing demand for poles in North America. In addition to this, the Company is also increasing its tower manufacturing capacity at its existing facilities

in Jaipur, Jabalpur and Nagpur from 1,74,000 MTs to 2,11,200 MTs per annum.

Exploring new opportunities

The Company is looking for relevant opportunities in Solar and Wind EPC space. Globally, there is an increasing focus on power generation through renewable energy and currently, it is the fastest growing source of energy consumption. The Company is well poised to leverage its global network and strong EPC experience in power infrastructure to make a successful entry.

4. LISTING

The Equity Shares of the Company continue to remain listed on BSE Limited and National Stock Exchange of India Limited and the stipulated listing fees for FY 14 have been paid to both the Stock Exchanges.

5. FIXED DEPOSITS

The Company has not accepted any deposits within the meaning of Sections 58A and 58AA of the Companies Act, 1956, and the Rules framed there under.

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

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are provided in the prescribed format as an annexure to this Report.

7. MANAGEMENT DISCUSSION AND ANALYSIS AND CORPORATE GOVERNANCE REPORT

In compliance with Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a separate section on Management Discussion and Analysis, as approved by the Board of Directors, which includes details on the state of affairs of the Company as required to be disclosed in the Directors' Report forms a part of this Annual Report. Further, the Corporate Governance Report, duly approved by the Board of Directors, together with a certificate from the Statutory Auditors confirming the compliance with the requirements of Clause 49, also forms a part of this Annual Report.

8. SUBSIDIARY COMPANIES

At the beginning of FY 13, the Company had twenty direct and step down subsidiary companies. Two step down subsidiary companies, one in Brazil and one in Malaysia, have been incorporated to explore the business opportunities in EPC business. Accordingly, the number of direct and step down subsidiaries of the Company stands increased to twenty two as on the date of this Report. The details pertaining to subsidiaries are mentioned under the statement made pursuant to Section 212 of the Companies Act, 1956, which forms a part of this Annual Report.

Ministry of Corporate Affairs vide Circular No: 02/ 2011 dated February 08, 2011, has, subject to compliance with certain conditions, granted general exemption to the companies from applicability of Section 212 of the Companies Act, 1956. As per the general exemption, a statement containing brief financial details of the Company's subsidiaries for the year ended March 31, 2013, is included in this Annual Report. The Annual Accounts of these subsidiaries and the related detailed information will be made available to any Member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any Member of the Company/its subsidiary(ies) at the Registered Office of the Company/ its subsidiaries.

9. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Clause 32 of the Listing Agreement entered into with the Stock Exchanges, the Consolidated Financial Statements of the Company, including the financial details of all the subsidiary companies of the Company, forms part of this Annual Report. The consolidated Financial Statements have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

10. DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr. S. M. Kulkarni, Mr. J. M. Kothary and Mr. P. A. Makwana retire by rotation and are eligible for re-appointment at the ensuing Annual General Meeting. Mr. Kulkarni has offered himself for re-appointment. However, Mr. Kothary and Mr. Makwana have expressed their inability to stand for re-appointment. The Board of Directors does not recommend for the time being filling up the vacancy caused due to the

retirement of Mr. Kothary and Mr. Makwana. The Board places on record its sincere appreciation for the valuable services rendered by Mr. Kothary and Mr. Makwana during their tenure as the Members of the Board.

The Board of Directors has appointed Mr. S. M. Trehan as an Additional Director w.e.f. October 30, 2012. Pursuant to Section 260 of the Companies Act, 1956, and Article 124 of the Articles of Association of the Company, Mr. S. M. Trehan holds office upto the date of the ensuing Annual General Meeting of the Company and is eligible for appointment as Director. The Company has received a notice under Section 257 of the Companies Act, 1956, proposing the appointment of Mr. Trehan as a Director of the Company, who will be liable to retire by rotation.

In compliance with Clause 49 IV (G) of the Listing Agreement, brief resume, expertise and other details of Directors proposed to be appointed/ re-appointed are attached along with the Notice to the ensuing Annual General Meeting.

The Board of Directors recommends to the members the appointment of Mr. S. M. Trehan and re-appointment of Mr. S. M. Kulkarni as Directors.

11. AUDITORS

Statutory Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the previous Annual General Meeting until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint Deloitte Haskins & Sells as the Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. The Company has received a letter from Deloitte Haskins & Sells to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act. The Board of Directors recommends the re-appointment of Deloitte Haskins & Sells as the Statutory Auditors of the Company.

Branch Auditors

In terms of Section 228 of the Companies Act, 1956, the audit of the accounts of the branch offices of the Company is required to be conducted by the person(s) or firm(s) qualified to act as Branch Auditors. The Board of Directors recommends to the members to pass the resolution, as stated in Item No. 7 of the Notice, convening the ensuing Annual General Meeting.

Cost Auditors

The Central Government has approved the appointment of Kirit Mehta & Co., Cost Accountants, Mumbai, as Cost Auditors, for conducting Cost Audit in relation to Electrical Cables and Conductors and Steel Towers manufactured by the Company for FY 13 under The Companies (Cost Accounting Records) Rules, 2011. The Cost Audit Report and the Compliance Report for FY 12 was filed by the Cost Auditors with the Ministry of Corporate Affairs on February 04, 2013 within the stipulated time period of February 28, 2013.

12 EXPLANATION RELATING TO EMPHASIS OF MATTER IN AUDITORS' REPORT

The Auditors of the Company, without qualifying their Report, have drawn the attention of the members as "Emphasis of Matter" in respect of provisions made in the books of accounts of the Company for payment of Commission to Non-Executive Directors exceeding 1% of net profits and payment of excess remuneration for FY 13 to the Managing Director. The Board of Directors of the Company clarifies as under:

- (i) Pursuant to the approval accorded by the members of the Company vide their resolution dated July 05, 2011, the Company had made a provision of ₹ 97.55 lacs for FY 13 (previous year ₹ 880 lacs) towards payment of commission to its Non-Executive Directors, which is within the approved limit of 5% of the net profits of the Company. No payments have been made pending receipt of the approval of the Central Government.
- (ii) The members of the Company, vide their resolution dated December 20, 2010, passed through Postal Ballot, approved the payment of remuneration upto maximum of 5% of the net profit of the Company. After finalisation of accounts for the FY 13, the remuneration of ₹ 180.19 lacs paid to the Managing Director was found to be in excess of the limits specified by the Companies Act,

1956. The excess payment is as a result of lower profit for the year. An application has been made to the Central Government under Section 309 (5B) of the Companies Act, 1956 to waive the recovery of the said excess remuneration. Pending such approval the Managing Director holds the excess remuneration paid in trust for the Company.

13. POLICY ON CODE OF CONDUCT AND ETHICS

The RPG Group has laid down a Code of Conduct and Ethics (Code) applicable to all the employees in RPG Group companies. The Code provides for the matters related to governance, compliance, ethics and code of conduct within the RPG Group companies. The Code, inter alia, lays down the policies on Investor relations, which should be ethical, professional, transparent and investor friendly.

14. AWARDS RECEIVED DURING THE YEAR

During the year, the Company won several awards, which include the prestigious 'Top Exporter Award for the Year 2011-12' in the Merchant Exporter category from Engineering Export Promotion Council and National Award for 'Innovative Talent Development Practices' from Indian Society for Training and Development (ISTD). Details of all the Awards & Recognition received during FY 13 are mentioned on page 18 & 19 of this annual report.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors would like to affirm that the financial statements for the year under review conform in their entirety to the requirements of the Companies Act, 1956.

As stipulated in Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- (i) in the preparation of the annual accounts for the year ended March 31, 2013, the applicable Accounting Standards have been followed;
- (ii) such accounting policies have been selected and applied consistently and judgments and estimates made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts for the financial year ended March 31, 2013, have been prepared on a going concern basis.

16. PARTICULARS OF EMPLOYEES

In terms of provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report, excluding the aforesaid information, is being sent to all the members of the Company and others entitled thereto. Members who are desirous of obtaining such particulars are requested to write to the Company Secretary of the Company.

16. ACKNOWLEDGEMENT

Your Directors express their grateful appreciation for the support and cooperation received from the customers, government authorities, banks and vendors during the financial year.

Your Directors appreciate and value the trust reposed and faith shown by every shareholder of the Company.

Your Directors would also like to place on record their appreciation to the employees who, through their dedication, cooperation and support, have enabled the Company to move towards achieving its objectives.

For and on behalf of the Board of Directors

H. V. Goenka
Chairman

Place: Mumbai

Date: May 08, 2013



Multi-operator CDMA and GSM telecom tower in Delhi, India

ANNEXURE TO THE DIRECTORS' REPORT

(A) CONSERVATION OF ENERGY

Although the Company's operations are not energy intensive, efforts were made to ensure optimum consumption of fuel and electricity at all the plants of the Company. The following specific actions were taken at the various locations during the year under review:

Jaipur:

The plant efficiency in terms of the power factor was improved, optimised use of 60 HP, 30 HP and 5 HP compressors based on the plant requirements which resulted into saving of 4,000 kWh/month from July 2012 onwards, dual fuel fired main galvanising bath was ran on HSD as well as on LPG depending upon cheaper rate of the fuel. Every month fuel is being selected on the basis of prevailing rates of fuel during that month. Replaced some of the lights of 150 metal halide by 50 W LED lights resulting into saving of 450 kWh/month, installed new energy efficient wall fans in the shop floor in place of industrial man coolers resulting into saving of 3,600 kWh/month, installed transparent FRP sheets at side walls of the shop floor and main shed of proto shop for improved day time shop floor LUX level, new EOT crane installed in galvanising having variable frequency drive for low power consumption.

Nagpur:

Maintained power factor at unity, maintained maximum demand average of about 463 kVA, started induction furnaces for angle heating in fabrication department, in-house straightening of angles through formation of CFT saved ~ 8,000 kWh/month, shut down 500 kVA transformer and ran plant on only one 750 kVA transformer, saved transformer and copper losses by 1.5%~ 2,520 kWh/annum.

Jabalpur:

Upgradation of APFC in power house to achieve & maintain 0.99 power factor, installation of timer on all CNC machines to stop main hydraulic motor during non production, inspection & set up time to reduce idling loss, maintained maximum demand average 501 kVA against sanctioned demand of 600 kVA, both old APFC panel controllers (APFC relay) changed by digital BR 6,000 EPCOS make APFC relay for better stage controlling, phase balancing in power house to improve

power factor, reduced cable heating & burning issue, manufacturing & installation of new panel for third party manufacturing bay, energy efficient lighting – street light project implemented, some of the 250 watt metal halide lights replaced by 85 watt CFL, separate energy meters at different sections & high power consuming machines for second level monitoring of power consumption to identify & arrest water leakages program, BEE Star rated split air conditioner installed in office area, periodic audits to identify carbon black feed stock (CBFS) fuel & furnace oil leakages & installation of separate fuel meters in 13 mtr, 10 mtr GP fuel line & fabrication line for daily fuel monitoring, use of dedicated compressor for high pressure requirement machine & equipment located at far end, installation of transparent roof sheets to improve day lighting in shop floor, installed low discharge capacity fuel burners at bending furnaces to reduce specific fuel consumption in bending area, replacement of furnace oil fuel with CBFS fuel of almost same calorific value with less sulphur content to improve fuel efficiency, unit, less maintenance & cost saving, increased no. of hangers used in 10 mtr & 13 mtr galvanising furnace to improve productivity.

Mysore:

Installed electronic chokes for AC drives, centralised UPS for computers in administration block, use of CFL in place of tube lamps, mercury lamps and sodium vapour lamps on shop floor, on line curing of XLPE for core insulation, switch over to self curing XLPE compound, optimal sizing of process water pump motors, flexi power utilisation to avoid peak hour consumption, elimination of pumped process return water and conversion into gravity flow type.

Thane:

Created awareness among employees to adopt energy saving activities, many machines normal sequence of operation revised to prevent excess energy loss. E.g. tube heating of CV line now switched 'ON' at the time of centering adjustment of core instead of switching it 'ON' well before commencement of process set up, switching 'OFF' the fans and lights in unutilised areas, arresting and repairing of air leakages on various locations, power factor was maintained near unity.

Silvassa:

Installed AC drive in 37 bobbin stranding machine which resulted in reduction of electrical energy consumption by 34%, installed AC drive in 9 die AL wire which resulted in reduction of electrical energy consumption by 25%, elimination of curing process, reduction in electrical energy consumption by 30% in air compressor, improving plant power factor from 0.90 to 0.95 by installation of capacitors, modifications and improvements done in machines to reduce 10 % of energy consumption.

Vadodara:

Equipments fitted with energy efficient motors, installation of VRF system in administration block, installation of high energy efficient chillers and energy efficient GE lightings, automation to avoid running of motors etc. during setup of machine, optimum setting of process parameters.

The above efforts at various factory sites have resulted in reduction in power consumption and saving of ~ ₹ 38.01 lacs.

(B) TECHNOLOGY ABSORPTION**1. Specific areas in which R&D is carried out by the Company:**

Modified existing bending furnaces with tilted burner orientation for reduction of heating cycle time and low fuel consumption. Designed new electric start furnace for proto shop for single piece heating resulting into reduction in specific fuel consumption. Angle induction heating, automation of Zinc fume extraction blower, introduction of induction lights, rain water harvesting. Energy consumption monitoring baywise & machine wise & for timer setting & fitment in CNC machines to remove idling loss. 13 mtr & 10 mtr GP furnace modification work.

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

The above efforts have resulted in numerous benefits including, reduction in specific fuel consumption on bending furnaces by 0.5 liter per ton, reduction in fuel cost ~ 10 KL fuel saved in the month of March 2013, saving in power cost of ~ 6,500 units per month, installed two Induction



Built access road on mountains to reach at tower sites in Saudi Arabia

lights on trials saving 60 kWh/month, ground water level will be improved due to rain water harvesting. Less depletion of natural resources, reduction in specific energy consumption, reduction in specific water & fuel consumption.

3. Future plans of action:

New Pan Type Induction heating furnace is procured for angle heating for which installation work is in progress, same will be taken under production in April 2014. Proposed to introduce plate induction heating for heating plates upto 40 mm thickness, high speed drilling and punching machines and plasma cutting machine. It is also proposed to undertake technical upgradation of old machineries by replacement of slip ring motors driven system by advanced variable frequency drives in phased manner and also to conduct energy audits. Installation of high velocity dual fuel fired Gimeco, Italy made energy efficient furnace for galvanising bath for FY 14, change existing lighting fixtures by LED lighting fixtures.

4. Expenditure on R & D:

(a) Capital	:	₹ 103.00 lacs
(b) Recurring	:	-
(c) Total	:	₹ 103.00 lacs
(d) Total R & D expenditure as a percentage of total turnover:		0.02%

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaption and innovation:

Introduction of timers in certain M/c. controls and modification of start/ stop control circuit. Advance technology in terms of LED lights is being used for shop lights and all future requirements of lights will be met with LED lights for low power consumption. New technology of plate's drillings on vertical machining centre explored and implemented with made in India machines, evaluation for the replacement of old drive system with upgraded technology has been done with technical expert vendors. Visit to bio gas plant of 1.2 MW capacity to identify opportunity for fuel switchover, trial of CBFS fuel at galvanising shop, trial of induction heating for bending application.

2. Benefits derived as a result of above efforts:

The above efforts have resulted in machine downtime reduced without affecting the quality of product, saving in energy bill for FY 13 about ₹ 11.5 lacs by maintaining the power factor near unity, saving in energy bill by utilisation of high efficiency machines in zone A (Max Rebate Zone) of ₹ 57,668/- in 3rd quarter. With absorption of LED lights on shop floor a saving of ₹ 17,000/- achieved during the year. Due to introduction of this new technology we were able to do



Transmission line project in Himachal Pradesh, India

drilling, boring on SNC footings which were previously offloaded also accuracy of drilling has increased. The above initiatives will give a saving of 5% in total energy consumption. Reduction in furnace oil consumption & increase in productivity, switchover to low cost fuel & resulted into reduction in conversion cost of plant in last quarter.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

- (a) Technology imported- Angle drilling machine with CNC control & carbide tooling imported, plate punching cum drilling machine with CNC control, Carbide cutting for heel milling operation, angle punching, marking, cutting FICEP, Italy made CNC machine. One plate punching cum drilling machine, two angle lines punching with CNC control, one fully automatic dual fuel fired furnace for galvanising imported from Italy and UK. Imported high-speed drilling and sawing machine from France to drill and saw angles up to 350mm x350mmx40mm.
- (b) Year of import: FY 11 & FY 12
- (c) Has the technology been fully absorbed?: Yes

- (d) If not fully absorbed, areas where this has not taken place, reasons hereof and future plans of action: NA.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans are detailed in Management Discussion and Analysis.

	₹ in lacs	
	FY 13	FY 12
Total foreign exchange earned	2,56,217.79	2,03,763.41
Total foreign exchange used	1,68,429.34	1,07,628.45



Transmission tower erection work under progress

MANAGEMENT DISCUSSION AND ANALYSIS



River crossing transmission line project under progress in Kolkata, India

ECONOMY REVIEW

A. Global economic scenario

Economic growth showed early signs of improvement, particularly in the emerging and developing economies. Global GDP grew by 3.2% in 2012 and is expected to improve further to 3.3% in 2013 and 4.0% in 2014 (Source: IMF – April 2013).

The US Government undertook fiscal consolidation measures through spending cuts, resulting in a slowdown in growth. On the other hand, the 4 year low unemployment rate in February 2013 and recent improvement signals in the housing market are expected to drive a modest recovery next year. Besides, sustained policy measures are required in the Eurozone nations to help the economies recover.

GDP Growth (%)

Countries' Group Name	2011	2012	2013 (Projections)	2014 (Projections)
Advanced Economies				
Major Advanced Economies (G7)	1.6	1.2	1.2	2.2
Euro Area	1.4	-0.6	-0.3	1.1
Other Advanced Economies	3.3	1.8	2.5	3.4
Emerging Market and Developing Economies				
Commonwealth of Independent States (CIS)	4.8	3.4	3.4	4.0
Latin America and Caribbean	4.6	3.0	3.4	3.9
The Middle East and North Africa (MENA)	4.0	4.8	3.1	3.7
Sub-Saharan Africa	5.3	4.8	5.6	6.1
Developing Asia	8.1	6.6	7.1	7.3
World	4.0	3.2	3.3	4.0

Source: International Monetary Fund - World Economic Outlook, April 2013

B. Indian economic scenario

India's economy witnessed strong GDP growth rates of 8.6% in FY 10 and 9.3% in FY 11. However, it declined to 6.2% in FY 12. The boost to consumption coupled with supply-side constraints resulted in higher inflation. This forced the Reserve Bank of India (RBI) to tighten the monetary policy. Consequently, GDP growth rate suffered and registered a 5% growth in FY 13, the lowest in a decade. The slowdown in FY 13 has been seen across all sectors. Besides, the Eurozone crisis and uncertainties about the US fiscal policy also had an adverse impact on the growth rate.

In FY 13, the inflation has remained consistently high. The current account deficit reached an all-time high and also faced the risk of breaching fiscal deficit targets. However, the last couple of quarters provided some ray of hope, with the Government pushing for several policy reforms, controlling FY 13 fiscal deficit to 4.9% of GDP.

Recently, the core inflation has been reducing due to softening commodity prices. This is providing some room to ease monetary policies and create the possibility of further rate cuts by the RBI.

BUSINESS OVERVIEW

KEC International Limited (KEC or the Company) is an Infrastructure Engineering Procurement and Construction

GLOBAL GDP GREW BY 3.2% IN 2012 AND IS EXPECTED TO IMPROVE FURTHER TO 3.3% IN 2013 AND 4.0% IN 2014.

(EPC) major with presence in six business verticals – power transmission, power systems, cables, telecom, railways and water. The business is spread across 48 countries in South Asia, The Middle East, Africa, Central Asia, Americas and Southeast Asia.

**INDUSTRY OUTLOOK AND OPPORTUNITIES
ACROSS BUSINESS AND RELATED GEOGRAPHIES****POWER SECTOR REVIEW**

The power sector's growth is the key demand driver for a significant part of the Company's businesses (namely power transmission, power systems and cables) and therefore, this section takes a closer look at the global power scenario.

One-fourth of the global population is still without access to electricity. This includes a large percentage of population in South Asia (including India) and Sub-Saharan Africa. Their per capita power consumption is also much lower than the world average. The Company is present in most of these countries to meet the huge requirement of power infrastructure investments.

Per Capita Power Consumption and Access to Electricity

Country/Region	Per Capita Power Consumption (2010) (kwh)	Population without access to electricity (2009) (%)
North America	13,567	NA
Europe and Central Asia	5,527	NA
China	2,944	0.6
South Asia	555	37.8
MENA	2,652	6.2
Sub-Saharan Africa	553	67.6
Latin America and Caribbean	1,982	6.6
World Average	2,975	25.9

Source: World Bank

Investment needs in Power Transmission and Distribution during 2010 to 2020 (US\$ Bn)

Region / Country	Generation	Transmission	Distribution
North America	585	169	363
Europe	694	110	332
Pacific	211	91	156
East Europe/Eurasia	252	43	144
Asia	1,526	472	975
The Middle East	129	29	59
Africa	109	28	57
Latin America	149	45	93
World Total	3,655	987	2,179

Source: IEA - World Energy Outlook 2010

GLOBALLY, TOTAL INVESTMENT NEEDS FOR TRANSMISSION AND DISTRIBUTION FROM 2010 TO 2020 IS ENVISAGED AT US\$ 1.0 TRILLION AND US\$ 2.2 TRILLION, RESPECTIVELY.

Power generation capacity investments should correspond to investments in transmission and distribution (T&D) infrastructure. Therefore, the global power T&D sector has strong growth prospects. Total investment needs for T&D from 2010 to 2020 is envisaged at US\$ 1.0 Trillion and US\$ 2.2 Trillion, respectively. Apart from generation-based T&D, old existing network replacements and grid strengthening and interconnections are also likely to drive demand. Many regions have planned to interconnect their grids.

Global power shortage and increasing demand are driving substantial investments in power generation. The global installed power generation capacity is predicted to increase from about 4,900 GW in 2010 to 6,600 GW in 2020 [Source: International Energy Agency (IEA)]. The estimated total investment required in the power sector is US\$ 6.8 Trillion; out of this, US\$ 3.7 Trillion is needed for power generation capacity addition. Growing pressure to reduce carbon emission and increase generation through renewable energy sources are also expected to drive generation investment.

POWER TRANSMISSION AND POWER SYSTEMS BUSINESS

I) South Asia Region

A) India (Power Transmission)

India, an emerging economy experiencing rapid urbanisation and industrialisation, is the world's fourth largest energy consumer. However, the country has always experienced power demand-supply gap. The peak power deficit for FY 13 is 8.7% (Source: Central Electricity Authority). This power deficit, coupled with an increasing demand, provides significant growth opportunities for India's power sector.

In the draft of 12th Five Year Plan, the Planning Commission has recommended a capacity addition target of 88,537 MW, as compared to the 11th Five Year Plan's actual capacity addition of 54,964 MW. An additional 30,000 MW of renewable energy capacity addition is targeted during the 12th Five Year Plan. Hence, there is an immediate need to create power transmission infrastructure to support this planned generation capacity expansion.

In the 12th Five Year Plan, the transmission line capacity addition plan at 1,07,440 circuit kms is 54% higher than the 11th Five Year Plan's actual addition of 69,926 circuit kms. The Plan includes a multi-fold increase of 765 kV transmission lines addition, which requires a comparatively higher investment.

Transmission line additions (Unit – circuit KMs)

Type	Actual (11th Five Year Plan)	Planned (12th Five Year Plan)
HVDC Lines	3,560	7,440
765 kV	3,546	27,000
400 kV	37,645	38,000
220/230 kV	25,176	35,000
TOTAL	69,927	107,440

Source: Planning Commission of India – Draft Twelfth Five Year Plan 2012-17

During the 12th Five Year Plan, the Central Transmission Utility, Power Grid Corporation of India Limited (PGCIL) plans to invest ₹ 1,00,000 crore in a phased manner for transmission line systems. These systems are associated with central sector linked generation, Ultra Mega Power Projects (UMPP), Independent Power Producers (IPP) and grid strengthening.

Besides, Green Energy Corridors, viz. - transmission line system for power evacuation from renewable energy generation, needs to be created. PGCIL's July 2012 report indicates a necessity of ₹ 42,000 crore investments to create several transmission line corridors for 40,000 MW renewable energy generation capacities.

Apart from PGCIL, the State Electricity Boards (SEBs) are also planning investments to expand the intra-state transmission networks. In some cases, SEB's investments are backed by multilateral funding agencies, like the World Bank, Asian Development Bank (ADB) and so on.

Private sector participation in the transmission sector is increasing. Till FY 13, nine transmission projects have been awarded through competitive bidding processes (BOO/BOOT/BOOM). The government is encouraging more private participation, even at the state level.

Challenges – The sector faces challenges related to fuel linkages, land acquisition, environment clearances, statutory clearances, right of way (RoW) and poor financial health of SEBs. Many of the SEBs have hiked their power tariffs to reduce

financial losses and improve cash flows. Further, the Government's restructuring scheme to improve the financial health of SEBs is expected to bring fresh investments in the T&D sector. However, it needs to be seen how many SEBs can take advantage of this scheme.

B) India (Power Systems)

In the 12th Five Year Plan, the substation capacity addition at 2,70,000 MVA is 80% higher, as compared to actual addition (latest estimate) of 1,50,362 MVA during the 11th Five Year Plan. Of the total capacities planned, 55% is at 765 kV level. The Company has already entered in this space by securing an order for a 765 kV gas insulated substation during FY 13. Internationally, the Company is currently executing substation project upto 1,150 kV in Kazakhstan.

Substation Capacity Addition in India (Unit - MVA)

Type	Actual (Latest Estimate) (11th Five Year Plan)	Planned (12th Five Year Plan)
765 kV	25,000	1,49,000
400 kV	58,085	45,000
220/230 kV	67,277	76,000
TOTAL	1,50,362	2,70,000

Source: Planning Commission of India – Draft Twelfth Five Year Plan 2012-17

C) SAARC Countries

KEC has strengthened its presence in the SAARC region, which has one of the lowest per capita power consumption globally. The region is displaying an encouraging business outlook in recent years.

India's cross border electricity transmission interconnections with Bangladesh, Sri Lanka, Nepal and Bhutan are being expanded to facilitate power trade between the countries. For instance, Indo-Bangladesh grid interconnection transmission line is in its advanced stages of completion. The Indo-Nepal grid interconnection has moved forward with award of Hetauda-Duhabi-Dhalkebar transmission line project. Besides, PGCIL is also undertaking steps to establish transmission links with Nepal

and Bhutan. In addition to cross-border interconnection lines, the Governments of these countries are also focusing to improve their domestic transmission and distribution networks.

II) MENA Region

The MENA region is experiencing rising power demand, which is expected to grow at 7% per annum through the coming decade (Source: Booz & Company). This growth is likely to be driven by economic development, increasing population, and industrial growth. The region is also diversifying fuel sources and investing in solar power generation. IEA expects the region's power generation contribution from renewable sources to increase from 3% currently to 7% by 2030.

Gulf Cooperation Council (GCC) Countries – The GCC countries expect to invest US\$ 10.7 Bn in transmission networks from 2013 to 2017 (Source: Arab Petroleum Investment Corporation). Saudi Arabia, the region's largest market, has the highest power demand followed by UAE. They have planned several large power generating projects, including nuclear power plants. Besides, Kuwait and Oman have also announced their plans to expand transmission lines network to meet the growing power demand.

North Africa – After going through a stagnation phase for the last 2 years due to political unrest, the situation in North Africa is improving. The new political administrations, planning to restore basic growth fundamentals in the region, are focusing on the energy sector. Egypt, for example, has already announced fresh investment in transmission and distribution sector.

III) Africa Region

The region's per capita electricity consumption in 2010 (553 kwh v/s World average of 2,975 kwh) was one of the lowest globally. Moreover, with two-third of the population still without access to electricity, the region has significant growth potential. The multilateral funding agencies are allocating funds for the new projects in the region.

Various cross-border transmission line interconnections are being planned to improve power transmission infrastructure and create an efficient energy exchange among the countries.

IV) Central Asia Region

Central Asia continues to be a high potential market with growing electricity demand due to its booming industrial sector. Several initiatives, supported and funded by multilateral institutions, are being undertaken to expand and upgrade the region's soviet-era power infrastructure. The countries in the region are also working to improve their interconnections to ensure proper power flow between them. Kazakhstan, Turkmenistan, Ukraine and Georgia are the major markets in this region. Among them, Kazakhstan is also opting for a considerable exposure in the renewable energy sector.

V) North America and Latin America Region

North America – The North America transmission system needs investment to build new lines and upgrade and refurbish the existing network.

About 29,600 circuit miles transmission lines are planned to be added between 2012 and 2022. [Source: North American Electric Reliability Corporation's (NERC) 2012 Long-Term Reliability Assessment report]. In other words, assuming US\$ 1 Mn investments per mile, an investment of US\$ 3 Bn per year would be required for the next 10 years.

In the US, many states have issued the Renewable Portfolio Standards regulation. This directive mandates electricity suppliers to produce a specified portion of their electricity from renewable energy sources. Solar and wind generation will also require incremental investment in power transmission infrastructure, as federal tax incentives continue to be extended through 2013. In Canada, new generation sources in Alberta and new hydroelectric generation expansion in Manitoba and New Foundland-Labrador have increased transmission lines demand.

North America's existing transmission grid is ageing due to underinvestment in transmission infrastructure. Hence, investments are also required to refurbish existing networks to avoid power outages.

Latin America – In this region, majority of the Company's business come from Brazil and Mexico.

Brazil, the largest market in Latin America, is also an emerging economy. Brazil's Government has planned to increase its power generation capacity by 61,560 MW and transmission lines capacity by 42,553 kilometers between 2011 and 2020 (Source: Empresa de Pesquisa Energetica, Brazil). The most important power generation plants under construction are located in the north, while the more developed areas are in the southeast. This necessitates investment in long-distance transmission lines. Moreover, energy infrastructure also remains a priority for Brazil, as the country is hosting the 2014 FIFA World Cup and the 2016 Olympics.

In Mexico, the state-owned Comisión Federal de Electricidad ('CFE') owns and operates transmission lines. The Company plans to focus on transmission line projects to evacuate power from upcoming wind generation, mostly in the southeast and the northeast regions. However, this may pose a challenge, considering CFE's limited ability to fund new projects and limited private participation.

VI) **Southeast Asia Region**

KEC re-entered this region in 2010 and is currently executing projects in Indonesia, The Philippines and Malaysia. Many countries in this region have formulated plans to increase their power generation capacity and grid expansion. Among the countries where opportunities exist (including Indonesia, The Philippines, Malaysia, Laos, Thailand and Cambodia), Indonesia provides the largest market. The country is embarking on a comprehensive upgradation of transmission infrastructure on grids in Java-Bali, Sulawesi and Kalimantan. However, most of these markets are dominated by local, Chinese and Japanese contractors.

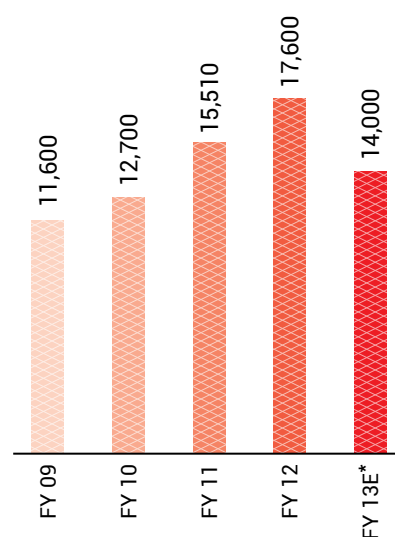
CABLES BUSINESS – OUTLOOK AND OPPORTUNITIES

The Company manufactures power cables and telecom cables with the former constituting a significant part of its cables business.

During FY 13, the cables market size declined by over 20%, impacted by the electrical equipment industry's downturn. The demand for power cables is mainly driven by the power sector, real estate and industries, such as steel, oil and gas, chemicals and so on. These sectors experienced slowdown in FY 13, driving the demand for power cables down. Moreover, many new players entered the market skewing the demand-supply dynamics.

CABLES – ANNUAL MARKET SIZE

(₹ crore)



Source: IEEMA (*Estimated)

The Government's aggressive growth ambition in the power sector during the 12th Five Year Plan, especially in the distribution segment, provides significant growth opportunities in power cables. The strategic initiatives of the Government mainly encompass technology upgrades, thereby augmenting the demand for high voltage and extra high voltage (EHV) cables. Significant investments are also expected in India's telecom space, driven by 3G/4G rollouts, which will boost the optical fiber cables demand.

TELECOM BUSINESS – OUTLOOK AND OPPORTUNITIES

Installation of optical fiber networks and telecom towers drive the Company's telecom business. It receives majority of its business from India. However, the Company also focuses on opportunities in international markets, mainly in the African countries.

India's Government has approved to establish National Optical Fiber Network (NOFN) in October 2011 to provide broadband connectivity to the Country's 2,50,000 Gram Panchayats. The Government plans to use existing networks of Bharat Sanchar Nigam Limited (BSNL), Railtel and PGCIL for this purpose. The total investment for this is estimated at ₹ 20,000 crore.

Challenges – The operators are not expanding their telecom tower networks, despite 3G rollout, subscriber growth and the existing network's poor quality. However, future demand for better quality networks is likely to change this trend.

RAILWAYS BUSINESS – OUTLOOK AND OPPORTUNITIES

Presently, the Company's business mainly comes from conventional railway projects. The Company is an integrated player and undertakes projects related to civil and track works, electrification and signaling works.

The 12th Five Year Plan envisages a total investment of ₹ 6,43,379 crore (including Metro Rail). This amount is 146% more than 11th Five Year Plan's target and 229% more than 11th Five Year Plan's actual investments (latest estimate). The Company's addressable market is about 10% of the targeted investment.

The table below compares the volume increase between the 11th Five Year Plan and the 12th Five Year Plan for railway infrastructure improvements.

Railways infrastructure – 11th Five Year Plan v/s 12th Five Year Plan (Unit – kms.)

	11th Five Year Plan Target	11th Five Year Plan Actual (Latest Estimate)	12th Five Year Plan Target	Increase (%)
New Lines	2,000	2,205	4,000	81%
Dedicated Freight Corridor	-	-	3,338	-
Gauge Conversion	10,000	5,290	5,500	4%
Doubling	6,000	2,756	7,653	178%
Railway Electrification	3,500	4,501	6,500	44%

Source: Planning Commission of India – Draft Twelfth Five Year Plan 2012-17



Railway electrification project in Chennai, India

Dedicated Freight Corridors (DFC) – Presently, two dedicated freight corridors (DFC) are being developed in India – the Western DFC (1,483 kms.) and the Eastern DFC (1,839 kms.). The fundings for these projects, scheduled to be completed by 2017, are already in place. As per India's latest Railway Budget, construction contracts for 1,500 kms. line across both the corridors would be awarded in FY 14. KEC is pre-qualified in various portions of these projects and further looking to contribute in nation building by actively participating in this opportunity.

Mass Rapid Transit System (MRTS) – Increasing urbanisation, population density and strain on existing transport infrastructure have necessitated investments in the modern mass rapid transit system (metro and mono rails). The Delhi metro's success has set the stage for developing more metro networks across the Country.

WATER BUSINESS – OUTLOOK AND OPPORTUNITIES

India's water sector is experiencing strong demand drivers. The Government of India allocates funds for developing water-related infrastructure projects in two areas – water resource management and water & wastewater treatment. The Company focuses on opportunities in both the areas.

Despite having 16% of world's population, India has only 4% of the globally available fresh water (Source: CII). This makes water one of India's scarce resources. Moreover, only 34% of Indian population has sustainable access to improved sanitation facilities (Source: World Bank). Besides, out of the total wastewater generated, only 30% is treated before disposal, further increasing pollution (Source: Central Pollution Control Board). To improve the situation, the 12th Five Year Plan envisages ₹ 7,59,690 crore total investment across various water infrastructure projects. It is 91% more than the planned target and 159% more than actual investments (latest estimate) in the 11th Five Year Plan.

Water infrastructure - 11th Five Year Plan v/s 12th Five Year Plan (Unit – ₹ crore)

Sector	Target 11th Five Year Plan	Actual (Latest Estimate) 11th Five Year Plan	Target 12th Five Year Plan
Irrigation (incl. Watershed)	2,53,301	1,95,688	5,04,371
Water Supply and Sanitation	1,43,730	97,351	2,55,319
Total	3,97,031	2,93,039	7,59,690

Source: Planning Commission of India – Draft Twelfth Five Year Plan 2012-17

RENEWABLE ENERGY BUSINESS – OUTLOOK AND OPPORTUNITIES

Globally, there has been an increasing focus on power generation through renewable energy. It is the fastest growing source of energy consumption currently. The Company is looking at EPC opportunities in the solar and wind energy space.

Solar is the most nascent and fastest growing renewable energy sector. Worldwide, solar installations have been growing at 50% plus compound annual growth rate (CAGR) over the last 3 years. The Company foresees opportunities in this space over the next few years. India's solar power industry experienced a good start, driven by the success of Jawaharlal Nehru National Solar Mission (JNNSM)

Phase-I. Among the states, Gujarat and Rajasthan have been the pioneers to install capacities. Many others have also announced their plans and policies for solar energy generation.

Wind is one of the most mature renewable energy segments and is fast developing as an alternative energy option globally. KEC, with its lattice towers manufacturing expertise and strong EPC capabilities, will seek relevant opportunities in this sector.

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

- ◆ **Net Sales** increased by 20.03% Y-o-Y to ₹ 6,979.49 crore, driven by strong execution and continuous order inflow. Out of the total net sales, 58.61% has come from the markets outside India.
- ◆ **EBITDA** decreased by 19.08% Y-o-Y to ₹ 381.40 crore. **EBITDA margins** declined by 264 basis points to 5.46% of net sales. The key reasons for margins reduction include challenging business environment, cost and time overruns in certain projects, severe competition and developmental costs for new businesses.
- ◆ **Depreciation and amortisation** expense increased to ₹ 56.08 crore from ₹ 47.92 crore in the FY 12. It has increased mainly due to capitalisation of new cable manufacturing facility at Vadodara, Gujarat.
- ◆ **Finance Costs** increased to ₹ 194.40 crore from ₹ 159.74 crore in FY 12. Higher working capital loan requirement due to higher sales and investments in Vadodara cable manufacturing facility has resulted in this increase. However, **Finance Costs to Net Sales ratio** remained around the same levels at 2.79% as against 2.75% in FY 12.
- ◆ **Other Income** stood at ₹ 16.05 crore as against ₹ 61.63 crore in FY 12. Other income for FY 12 included ₹ 53.18 crore profits on assignment of leasehold rights in the land at Vashi.
- ◆ **Net Profit** stood at ₹ 65.04 crore as against ₹ 209.30 crore in FY 12. Net Profit for the year FY 12 included ₹ 43.43 crore post-tax profits on assignment of leasehold rights in the land at Vashi. Net Profit decreased primarily due to lower EBITDA margins.
- ◆ **Earnings per Share (EPS)** declined to ₹ 2.53 from ₹ 8.14 in FY 12.
- ◆ **Price to Earnings (PE)** ratio stood at 19.27 times. (Based on FY 13 EPS and closing share price as on FY 13 result announcement day i.e. May 08, 2013)
- ◆ **Proposed Dividend** for the year is 25% of face value of equity share, reflecting a distribution of ₹ 15.22 crore (including dividend distribution tax).

Balance Sheet Analysis

- ◆ **Net Worth** increased to ₹ 1,162.26 crore from ₹ 1,107.81 crore in FY 12. **Equity Share Capital** remained unchanged at ₹ 51.42 crore. However, **Reserves and Surplus** increased to ₹ 1,110.84 crore from ₹ 1,056.39 crore recorded in FY 12. **Book Value per share** increased to ₹ 45.21 from ₹ 43.09 in FY 12.
- ◆ **Gross Borrowings** increased to ₹ 1,669.01 crore from ₹ 1,239.19 crore in FY 12 while **Net Borrowings** increased to ₹ 1,513.40 crore from ₹ 1,036.28 crore in FY 12. This was primarily driven by increased working capital loans due to higher sales and capital investment in new cable manufacturing facility at Vadodara, Gujarat. **Gross Debt-Equity ratio** stood at 1.44 times while **Net Debt- Equity ratio** stood at 1.30 times.
- ◆ **Fixed Assets** increased to ₹ 1,011.44 crore from ₹ 921.91 crore in FY 12. The increase is mainly due to investments in new cables manufacturing facility at Vadodara, Gujarat.
- ◆ Prudent working capital management has resulted in reduction in inventory, receivables and gross working capital cycles. **Inventory cycle** decreased to 21 days from 28 days in FY 12. **Total receivable cycle** decreased to 179 days from 185 days in FY 12. **Gross working capital cycle** reduced to 255 days from 270 days in FY 12.
- ◆ **Return on Capital Employed** (before tax) decreased to 12.94% in FY 13 as compared to 20.15% in FY 12. The key reason for reduction is lower EBITDA margins due to reasons mentioned previously.

OPERATIONAL PERFORMANCE

- ◆ Commenced production at new greenfield facility at Vadodara, Gujarat, to manufacture high-tension (HT) and extra high voltage (EHV) power cables. With this plant, the Company increases its presence in the EHV power cables sector.
- ◆ The order book increased to ₹ 9,470.00 crore, registering a growth of 10.48%.

- ◆ The year's total order intake has increased by 19.96% to ₹ 7,484.00 crore. The orders were spread across all business verticals and geographies.
- ◆ The Company continues to expand its geographical presence. During the year it entered Uganda and Turkmenistan and re-entered Indonesia after 10 years.
- ◆ Secured orders from South Asia (India, Nepal, Sri Lanka, Bangladesh), Americas (United States, Mexico, Canada, Brazil), MENA (Saudi Arabia, Oman, UAE), Africa (Uganda, Kenya, Nigeria, Tunisia), Central Asia (Turkmenistan) and Southeast Asia (the Philippines, Malaysia, Indonesia).
- ◆ Secured first order for 765 kV GIS substation worth ₹ 40 crore.
- ◆ Secured the first sewage treatment project worth ₹ 194 crore in Maharashtra.
- ◆ The Company is looking at opportunities in the wind and solar EPC space.
- ◆ Received many awards and recognitions during the year. Details are mentioned on page 18 & 19 of this annual report.

SAE Towers: Wholly owned subsidiary

SAE Towers continues to perform well since its acquisition by KEC in September 2010. It's net sales increased to ₹ 1,031.33 crore in FY 13 from ₹ 893.38 crore in FY 12. It is investing about ₹ 25 crore in its Mexico facility to expand pole production capacity from 5,000 MT to 12,000 MT.

ADEQUACY OF INTERNAL CONTROL

KEC has a comprehensive internal control system. The objective is to safeguard Company's assets and ensure that transactions are properly authorised. It also assures integrated, objective and reliable financial information.

The Internal Audit department conducts extensive audits at the head office, manufacturing facilities and international and domestic project sites. It covers all major functions with a focus on various operational areas and internal

control systems. The suggestions, recommendations and implementation of the same are placed before the Management and the Audit Committee of the Board of Directors periodically. The adequacy of the internal control systems is also periodically reviewed by the Audit Committee.

ENTERPRISE RISK MANAGEMENT AND INTERNAL AUDITS BY EXTERNAL SPECIALISTS

The Company engages external specialists for audits and reviews 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 of risks across the Company, their assessment, review of mitigation plans and presentation of risk profile to the Audit Committee and the Board of Directors.

RISKS AND CHALLENGES

The Company is predominantly engaged in the EPC business. As business is spread across many countries and faces various risks associated with turnkey projects, its long-term success depends largely on robust risk identification and management system, which helps the Company continuously identify and mitigate various risks. It continuously reviews its systems to ensure they are in-line with current internal and external environments. Details of some of the risks involved in the business and their mitigation ways are discussed below:

1. Commodity price variations and currency fluctuations

The Company deals with various commodities, such as steel, zinc, copper and aluminium. Fixed price contracts can have a negative impact if input costs rise, if it is not appropriately hedged in time. With a significant contribution to the business from international markets, the Company is exposed to the risk of currency fluctuations, if any exposure remains open.

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



Distribution line project in Afghanistan

2. Infrastructure Investment Slowdown

Infrastructure investment slowdown can lead to lower order intake and lower sales.

Mitigation – The Company's global presence helps it minimise impact on business during investment slowdown in one country or region. Further, the Company is significantly exposed to underdeveloped and emerging economies, where infrastructure investment is a key priority for sustainable growth.

3. Political Unrests

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

Mitigation – The Company carries out detailed studies of the potential risks involved in a market before bidding for a project in a country. This careful selection of the country, along with the Company's prior experience, helps it overcome the challenges.

4. Delays in execution of projects

EPC projects could face delays due to issues relating to right of way, forest clearances, manpower shortage and so on. This could lead to payment postponements, thereby prolonging the working capital cycle and increasing the overall project costs.

Mitigation – The Company reviews these risks periodically and employs suitable strategies and actions to minimise their impact.

HUMAN RESOURCES

At KEC, there is a strong business linkage to all human resource processes and initiatives. The Company offers a challenging work environment. The performance reviews and individual development enabler policy, comprising structured goal setting, continuous review mechanism and performance-based compensation, help to motivate the employees.

The Company continuously strives to increase the engagement levels of its people through various employee connect initiatives. Moreover, the Company provides training and development opportunities to its employees for enhancing their skills and experience through multiple forums like webcasts, e-learning portals, leadership development programs, development centers etc.

The Company received various awards and recognitions during FY 13 in the field of human resources. Details of these awards are mentioned on page 18 & 19 of this annual report.

Employee Count – As on March 31, 2013, the Company has 5,048 permanent employees.

ENVIRONMENT, HEALTH & SAFETY

The Company is committed to ensure a safe and healthy workplace for its employees and contractors while protecting the environment. The Company has Environment, Health & Safety (EHS) policy which, *inter alia*, lays down that the Company should comply with environmental, health and safety regulations and customer requirements and enhance the awareness, skill and competence of employees and contractors to meet EHS objectives.

CORPORATE SOCIAL RESPONSIBILITY

KEC firmly believes that Corporate Social Responsibility (CSR) is not just an additional function to the business. Rather, it is ingrained in the Company's value system. Its social endeavours are categorised under the three broad areas i.e. Education, Environment and Employability. Detailed information on CSR initiatives taken by the Company is mentioned on page 16 & 17 of this report.

ENVIRONMENT: GREEN FACTORY 'PLATINUM' CERTIFICATION

The Company's greenfield Vadodara cable manufacturing facility has been awarded the prestigious 'Platinum' certification by the Indian Green Building Council (IGBC) formed by CII. The IGBC Green Factory certification system recognises significant efforts in green concepts and techniques in the industrial sector.

Right from the project design phase, several eco-friendly concepts were implemented across parameters such as site selection and planning, water, energy and material conservation, indoor environmental quality, occupational health, innovation in design etc.

CAUTIONARY STATEMENT

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

CORPORATE GOVERNANCE REPORT



Tower erection work under progress in Saudi Arabia

The Corporate Governance signifies the role of the management as the trustees to the property of the shareholders and acceptance of the inherent rights of the shareholders by the management. Corporate Governance is a framework which helps various participants viz. shareholders, Board of Directors and Company's management, in shaping Company's performance and the way it is proceeding towards attainment of its goals.

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's Corporate Governance philosophy encompasses not only regulatory and legal requirements, such as the terms of Listing Agreement with Stock Exchanges, but also several voluntary practices at a superior level of business ethics, effective supervision and enhancement of shareholders' value.

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 maximising long-term corporate values.

The Company is in compliance with the requirements on the Corporate Governance stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

II. BOARD OF DIRECTORS

Size and Composition of the Board of Directors

The Company's policy is to maintain optimum combination of Executive and Non - Executive Directors. As on March 31, 2013, the Board of Directors (Board) comprises of 11 Directors out of which 9 are Independent Directors. A Non- Executive Director chairs the Board. Composition of the Board and the category of Directors as on March 31, 2013, are as follows:

Category	Name of Director
Promoter Director	Mr. H. V. Goenka, Chairman
Executive Director	Mr. R. D. Chandak, Managing Director
Independent Directors	Mr. S. S. Thakur
	Mr. G. L. Mirchandani
	Mr. D. G. Piramal
	Mr. S. M. Kulkarni
	Mr. A. T. Vaswani
	Mr. J. M. Kothary
	Mr. P. A. Makwana
	Mr. M. K. Sharma
	Mr. S. M. Trehan

All the Independent Directors of the Company furnish declaration annually that they qualify the conditions of their being independent. All such declarations are placed before the Board. Further all the Directors provide declarations annually that they have not been disqualified to act as Director under Section 274(1)(g) of the Companies Act, 1956.

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956.

Details of the Directorship, Membership and Chairmanship in other companies for each Director of the Company as on March 31, 2013 are as follows:

Name of the Director (Director Identification Number)	No. of outside Directorships(*)	No. of outside Committees@ on which the Director is a	
		Member (#)	Chairman
Mr. H. V. Goenka (00026726)	6	-	-
Mr. R. D. Chandak (00026581)	3	-	-
Mr. S. S. Thakur (0001466)	5	6	2
Mr. G. L. Mirchandani (00026664)	5	2	-
Mr. D. G. Piramal (00032012)	5	2	-
Mr. S. M. Kulkarni (0003640)	8	8	5
Mr. A. T. Vaswani (00057953)	2	3	2
Mr. J. M. Kothary (00015254)	3	3	1
Mr. P. A. Makwana (00051227)	1	-	-
Mr. M. K. Sharma (00327684)	9	5	-
Mr. S. M. Trehan (00060106)	3	-	-

*excluding Directorships in private companies, foreign companies and companies which are granted license under Section 25 of the Companies Act, 1956.

@ includes only membership in Audit Committee and Investors' Grievance Committee.

number of Committees on which the Director is a member and also includes the number of Committees on which the Director is the Chairman.

Board Meetings

Agenda and detailed notes on agenda are circulated to the Directors in advance. All material information is

incorporated in the agenda for facilitating meaningful and focused discussions at the meetings. Where it is not practicable to attach any document to the agenda, the same is placed before the meeting. In special and exceptional circumstances, additional item(s) on the agenda is/are permitted.

The members of the Board have access to all the information of the Company and are free to recommend inclusion of any matter in agenda for discussion. The Board meets at least once in a quarter to review the quarterly results and other items on the agenda. Additional meetings are held, when necessary.

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

During the year under review, five Board meetings were held and gap between two meetings did not exceed four months. The dates on which said Board meetings were held are as follows:

May 03, 2012, July 05, 2012, July 31, 2012, October 30, 2012 and January 30, 2013.

Board's Responsibilities

The Board's mandate is to oversee the Company's strategic direction, review and monitor performance, ensure regulatory compliance and safeguard the interests of the stakeholders.

Role of Independent Directors

The Independent Directors play an important role in deliberations at the Board and Committee meetings and bring to the Company their expertise in the fields of business, commerce, finance, management, law and public policy.

Information placed before the Board

All the information that is required to be made available, so far applicable to the Company, in terms of Clause 49 of the Listing Agreement is made available to the Board.

Training of Board Members

The Company believes that the Board be continuously empowered with the knowledge in the Company's businesses and the external environment affecting the industry as a whole. To this end, the Directors were given presentations on the business environment, as well as all business areas of the Company including business strategy, challenges, risks and opportunities.

ATTENDANCE OF THE DIRECTORS DURING FY 13:

Details of attendance at the Board Meetings and Annual General Meeting (AGM):

Name of the Director	No. of Board Meetings attended	Attendance at the AGM held on July 05, 2012
Mr. H. V. Goenka	5	Yes
Mr. R. D. Chandak	5	Yes
Mr. S. S. Thakur	5	Yes
Mr. G. L. Mirchandani	5	Yes

Name of the Director	No. of Board Meetings attended	Attendance at the AGM held on July 05, 2012
Mr. D. G. Piramal	4	No
Mr. S. M. Kulkarni	4	No
Mr. A. T. Vaswani	5	Yes
Mr. J. M. Kothary	5	Yes
Mr. P. A. Makwana	5	Yes
Mr. M. K. Sharma	5	Yes
Mr. S. M. Trehan *	2	N. A.

* Mr. S. M. Trehan was appointed as an Additional Director w.e.f. October 30, 2012.

Details of Director(s):

In compliance with Clause 49 IV (G) of Listing Agreement entered into with Stock Exchanges, brief resume, expertise and details of other directorships, membership in committees of Directors of other companies and shareholding in the Company of the Directors proposed to be re-appointed / appointed are attached to the Notice of the ensuing Annual General Meeting.

Code of Conduct

The Board has laid down a Code of Conduct for all Board members and senior management of the Company which is posted on the website of the Company i.e. www.kecprg.com.

All Board members and senior management personnel have affirmed compliance with the Code of Conduct on an annual basis. A declaration to this effect signed by the Managing Director forms part of this Annual Report.

Insider Trading Code

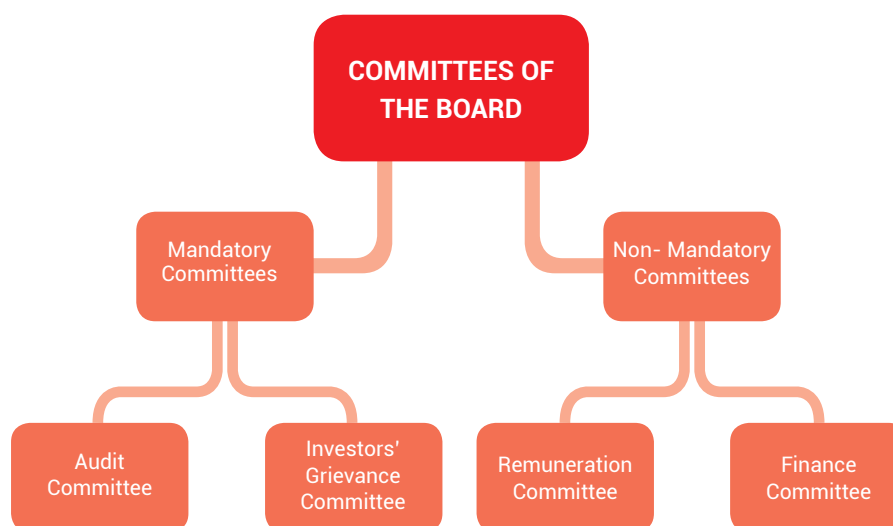
The Company has framed an Insider Trading Code (Code) prohibiting insider trading in conformity with applicable regulations of the Securities and Exchange Board of India (SEBI). Necessary procedures have been laid down for the designated employees (including Directors) for trading in the securities of the Company and the Code and the procedures were communicated to them. Trading window closures, when the designated employees are not permitted to trade in the securities of the Company, are intimated to all designated employees, in advance, whenever required. Directors and designated employees of the Company provide disclosure on an annual basis about the number of shares

or voting rights held by them along with their dependants in the Company. Further the Directors and designated employees also declare that they have not traded in the shares of the Company based on the unpublished price sensitive information 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 earlier 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 the Audit Committee, Investors' Grievance Committee, Remuneration Committee and Finance Committee.



The minutes of the meetings of all committees are circulated to the Board for discussion/noting/ratification.

(A) Audit Committee

Composition

The Audit Committee of the Board comprises of three Independent Directors viz. Mr. A. T. Vaswani, Chairman, Mr. S. S. Thakur and Mr. S. M. Kulkarni. All members of Audit Committee are financially literate and the Chairman of the Audit Committee has accounting or related financial management expertise and the composition of the Committee is in compliance with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement entered into with the Stock Exchanges. The Chairman of the Audit Committee was present at the Seventh Annual General Meeting to answer shareholders' queries.

The representative of the Statutory Auditors is invited to attend meetings of the Committee. The Committee

also invites such of the executives viz. Managing Director, Executive Director – Finance/ Chief Financial Officer, Head (Internal Audit) and others as it considers appropriate to be present at the meetings of the Committee, but on occasions it may also meet without the presence of any executives of the Company.

The Company Secretary, Mr. Ch. V. Jagannadha Rao, acts as the Secretary to the Committee.

Meetings:

During the year under review, seven meetings of the Audit Committee were held on May 03, 2012, July 31, 2012, October 05, 2012, October 30, 2012, November 21, 2012, January 30, 2013 and March 28, 2013 and the same were attended by all the members of the Committee.

Terms of reference:

The role and terms of reference of the Audit Committee specified by the Board are in conformity with the requirements of Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. The Committee acts as a link between the Statutory and Internal Auditors and the Board. The responsibilities of the Audit Committee include overseeing of the financial reporting process to ensure fairness, adequate disclosures and credibility of financial statements, recommendation of appointment and removal of Statutory Auditors, Branch Auditors, Cost Auditors, review of the adequacy of internal control systems and the internal audit function.

The Audit Committee is authorised to:

1. Investigate any activity within its terms of reference.
2. Seek information from any employee.
3. Obtain outside legal or other professional advice.
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 the 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 and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
3. Approval of payments to the Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;

- 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 judgement 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;
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of the Statutory and the Internal Auditors and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with Internal Auditors about any significant findings and follow up thereon.
10. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

11. Discussion with the 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.
12. To 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.
13. To review the following information:
 - (a) Management Discussion and Analysis of financial condition and results of operations;
 - (b) Significant related party transactions;
 - (c) Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - (d) Internal audit reports relating to internal control weaknesses;
 - (e) The appointment, removal and terms of remuneration of the chief internal auditor;
 - (f) The financial statements, in particular, the investments made by unlisted subsidiary company, if any.
14. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
15. Approval of appointment of CFO (i.e. the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

(B) Remuneration Committee

Composition

Remuneration Committee consists of three Directors viz. Mr. J. M. Kothary, Chairman, Mr. A. T. Vaswani and Mr. S. M. Kulkarni.

Meetings:

During the year under review, two meetings of the Remuneration Committee were held on May 03, 2012 and October 05, 2012 and the same were attended by all the members of the Committee.

Terms of Reference:

The function of the Remuneration Committee includes recommendation of appointment of Whole-time Director(s) / Managing Director, evaluation of the performance of the Whole-time Director(s) / Managing Director and recommendation to the Board of the remuneration to Whole-time Director(s) / Managing Director and such other functions as delegated by the Board from time to time. The Remuneration Committee is also authorised to recommend commission to be paid to the Director(s) of the Company who is/are not in the Whole-time employment of the Company, in accordance with and upto the limits laid down under the Companies Act, 1956.

During the year under review the Remuneration Committee met on May 03, 2012 to consider and recommend to the Board payment of commission to Directors who were not in Whole-time employment of the Company and on October 05, 2012, to propose the revision in the remuneration of Mr. R. D. Chandak, Managing Director.

Remuneration Policy and other terms of appointment of Directors:

The remuneration payable to the Managing Director is recommended by the Remuneration Committee of the Board. The remuneration structure of Managing Director comprises of salary, perquisites, allowances, performance bonus, commission and contribution to provident, superannuation and gratuity funds. Payment of remuneration to the Managing Director is governed by the Agreement executed between the Managing Director and the Company. The Agreement is also approved by the Board and the shareholders of the Company in terms of Schedule XIII to the Companies Act, 1956.

Details of remuneration paid to the Managing Director during FY 13:

					₹ in lacs
Name	Salary and Allowances	Performance Bonus	Perquisites	Contribution to Provident and other funds	Total#
Mr. R. D. Chandak	214.56	37.94	1.50	23.74	277.74

excludes provision for gratuity and compensated absences, which is determined on the basis of actuarial valuation done on overall basis for the Company.

Out of the total remuneration of Mr. Chandak, ₹ 180.19 lacs was paid in excess of the limits specified in Section 309 of the Companies Act, 1956 read with the approval of the shareholders vide postal ballot on December 20, 2010. An application has been made by the Company to the Central Government under Section 309 (5B) of the Companies Act, 1956 to waive the recovery of excess remuneration paid to Mr. Chandak for the financial year ended March 31, 2013 and till the approval of the Central Government is received, Mr. Chandak will hold the excess remuneration in trust for the Company.

The Company has entered into an Agreement with Mr. Chandak for his re-appointment as Managing Director of the Company for a period of three years commencing from September 29, 2010 and such re-appointment was approved by the shareholders through postal ballot on December 20, 2010. In addition to the remuneration, he is also entitled to commission. The aforementioned Agreement may be terminated by either party by giving to the other party not less than four months' notice, in writing, or by payment of four months' basic salary in lieu of notice without assigning any reason. The Agreement may also be terminated by the Company, under certain circumstances as provided

in the Agreement, by serving one month's notice to the Managing Director.

Non-Executive Directors:

The Non-Executive Directors (NEDs) are paid remuneration by way of commission and sitting fees. The NEDs are paid sitting fees at the rate of ₹ 20,000/- for attending each meeting of the Board and the Audit Committee and ₹ 5,000/- for attending each meeting of the Finance Committee and the Remuneration Committee. No sitting fee is paid for the meetings of the Investors' Grievance Committee.

In terms of the shareholders' approval obtained at the Annual General Meeting held on July 05, 2011, NEDs are entitled to be paid commission within the overall limit of 5% per annum of the net profits of the Company (computed in accordance with the provision of the Companies Act, 1956). Accordingly, commission of ₹ 880 lacs, within the overall limit stipulated by the shareholders, was proposed to be paid to NEDs for FY 12 and the Company had also made application to the Central Government for its approval. The Company is expecting to receive the approval shortly.

The Company will seek approval of Central Government every year, till FY 15, for the amount proposed to be paid as commission, within the overall limit of 5% of the net profits, to the NEDs.

Remuneration paid to Non-Executive Directors is given below:

Name of the Director	Sitting Fee		Amount in ₹
	Board Meetings	Committee Meetings	Total
Mr. H. V. Goenka	1,00,000	-	1,00,000
Mr. S. S. Thakur	1,00,000	1,40,000	2,40,000
Mr. G. L. Mirchandani	1,00,000	-	1,00,000
Mr. D. G. Piramal	80,000	-	80,000
Mr. A. T. Vaswani	1,00,000	1,50,000	2,50,000
Mr. S. M. Kulkarni	80,000	1,95,000	2,75,000
Mr. J. M. Kothary	1,00,000	70,000	1,70,000
Mr. P. A. Makwana	1,00,000	-	1,00,000
Mr. M. K. Sharma	1,00,000	-	1,00,000
Mr. S. M. Trehan	40,000	-	40,000

Notes:

- (1) Appropriate amount of TDS has been deducted at applicable rates from the above payments.
- (2) Service Tax at applicable rates has been paid directly by the Company on the above payments for the meetings held after August 07, 2012.

No commission was paid to any NED during FY 13 as the approval from the Central Government is awaited.

Equity Shares held by the Directors:

Except as stated hereunder, none of the Directors hold any shares in the Company as on March 31, 2013:

Name of the Director	No. of shares held (₹ 2/- each)
Mr. H. V. Goenka	11,65,060
Mr. R. D. Chandak	5
Mr. J. M. Kothary	3,750*

*held in trust on behalf of certain shareholders against their rights of equity shares of the erstwhile RPG Transmission Limited, since merged with the Company in the year 2007-08, kept in abeyance under Section 206A(b) of the Companies Act, 1956 due to pending court cases/issues.

The Company does not have any Stock Option Scheme.

(C) Investors' Grievance Committee**Composition:**

The Investors' Grievance Committee consists of three Directors viz. Mr. R. D. Chandak, Mr. J. M. Kothary

and Mr. P. A. Makwana. Mr. J. M. Kothary chairs the Committee.

Meetings:

During the year under review, twelve meetings of the Investors' Grievance Committee were held. The dates on which said meetings were held are as follows:

April 30, 2012, May 25, 2012, June 29, 2012, July 31, 2012, August 31, 2012, September 28, 2012, October 30, 2012, November 30, 2012, December 31, 2012, January 30, 2013, February 28, 2013 and March 28, 2013.

The aforementioned meetings were attended by all three members of the Committee.

Terms of Reference:

The Board at its meeting held on July 31, 2006 passed a resolution authorising any one of the members of Investors' Grievance Committee or the Company Secretary or an authorised signatory to attend to the matters relating to share transfers/transmissions and other related matters under the overall supervision of the Committee.

The function and powers of the Committee include approval and rejection of transfer or transmission of shares, issue of duplicate certificates, review and redressal of shareholders and investors complaints relating to transfer of shares and non-receipt of Annual Report etc. The Committee meets once in a month.

The work relating to share transfer etc. is looked after by Link Intime India Private Limited, Registrar and Share Transfer Agents (RTA). The minutes of the Investors' Grievance Committee are periodically circulated to the Board.

Name and Designation of the Compliance Officer

Mr. Ch. V. Jagannadha Rao, Company Secretary, is the Compliance Officer in terms of Clause 47 of the Listing Agreements.

Investors' service

No. of complaints / correspondence received during FY 13	528
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No. of complaints/ correspondence resolved to the satisfaction of shareholders during FY 13 *	524
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* 4 complaints were pending as on March 31, 2013 and the same have been resolved subsequently.

Number of pending requests for share transfers and dematerialisations as on March 31, 2013

	No. of Requests	No. of Securities
Transfers	Nil	Nil
Dematerialisations	Nil	Nil

(D) Finance Committee

Composition:

The Finance Committee consists of three Directors viz. Mr. R. D. Chandak, Mr. S. M. Kulkarni and Mr. J. M. Kothary. Mr. S. M. Kulkarni chairs the Committee and in his absence Mr. J. M. Kothary acts as the Chairman of the Committee.

Meetings:

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

April 30, 2012, May 25, 2012, June 22, 2012, July 19, 2012, August 14, 2012, September 14, 2012, October 16, 2012, November 19, 2012, December 20, 2012, January 18, 2013, February 19, 2013 and March 21, 2013.

The aforementioned meetings were attended by all the members of the Committee, except Mr. S. M.

Kulkarni to whom leave of absence was granted for the meetings held on September 14, 2012, January 18, 2013 and February 19, 2013.

Terms of Reference:

- To authorise the representatives of the Company and issue power of attorney(ies) in their favour in relation to tenders, branch office(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;
- Approve and issue guarantees as required during ordinary course of business of the Company;
- Approve and pass necessary resolutions relating to following matters:
 - To open, authorise to operate, modify the operating authorities, issue necessary instructions to banks and close various Bank Accounts in the name of the Company as per the business requirements;
 - To enter into transactions/agreements for foreign exchange swaps, options, futures, forwards and any other derivatives/ commodities 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;
 - Borrowing and make investments as per the powers delegated by the Board of the Company;
 - All other matters & issues of urgent nature arising in the ordinary course of the business of the Company.
- Approve opening of Branch Office(s) of the Company for the projects and in connection with the business of the Company

Subsidiary Companies

The Company does not have any material non-listed Indian subsidiary company and hence, it is not required to have any Independent Director of the Company on the Board of any of the non-listed subsidiary company.

The financial statements of the subsidiaries are reviewed by the Audit Committee of the Board and also, the minutes of the Board Meetings of the subsidiary companies are placed before the Board of the Company.

General Body Meetings**Location and time of Annual General Meetings**

Year	Date	Time	Location
2011-12	July 05, 2012	11.00 a.m.	Ravindra Natya Mandir, P. L. Deshpande
2010-11	July 05, 2011	11:00 a.m.	Maharashtra Kala Academy, Sayani Road
2009-10	June 22, 2010	11:00 a.m.	Prabhadevi, Mumbai - 400 025

Special Resolutions transacted at the last three Annual General Meetings:**July 05, 2012**

- ♦ Alteration of Article 3(a) (Capital Clause) of the Articles of Association.

July 05, 2011

- ♦ Payment of commission up to 5% of the net profits of the Company to Non-Executive Directors for a period of five years commencing from April 01, 2010.

June 22, 2010

- ♦ None

Postal Ballot

- ♦ During FY 13, no resolution was proposed before the shareholders to be passed by way of postal ballot.
- ♦ None of the items transacted at the last Annual General Meeting held on July 05, 2012 were required to be passed by postal ballot nor any resolution requiring a postal ballot is being proposed at the ensuing Annual General Meeting.

III. DISCLOSURES**Related Party Transactions**

The Company follows the following policy in disclosing the related party transactions to the Audit Committee:

- A statement in summary form of transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee.

- Details of material individual transactions with related parties, which are not in the normal course of business, if any, are placed before the Audit Committee.
- Details of material individual transactions with related parties or others, which are not on an arm's length basis, if any, are placed before the Audit Committee, together with management's justification for the same.

Transactions with related parties entered in the ordinary course of business have been disclosed in Note 35 of the Standalone Financial Statements of the Company as at March 31, 2013.

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

There are no materially significant transactions made by the Company with its promoters, Directors or management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

Risk Management

The Company has laid down procedures to inform the Board about the risk assessment and minimisation procedures. These procedures are periodically reviewed to ensure that executive management controls risks by means of a properly defined framework.

Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange(s) or Securities and Exchange Board of India (SEBI) or any Statutory Authority, on any matter related to Capital Markets

The Stock Exchange(s), SEBI or any other Statutory Authority on any matters related to Capital Markets have not imposed any strictures or penalties on the Company.

Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 49 of the Listing Agreement

Pursuant to Clause 47(c) of the Listing Agreement entered into with the Stock Exchanges, certificates, on half yearly basis, have been issued by the Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.

A Company Secretary-in-Practice carried out an Audit, on quarterly basis, to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form.

Clause 49 of the Listing Agreement mandates to obtain a certificate from either the Auditors or Practicing Company Secretaries regarding compliance of conditions of Corporate Governance as stipulated in the said Clause and annex the certificate with the Directors' Report, which is sent annually to all the shareholders. The Company has obtained a certificate from its Auditors to this effect and the same is given as an annexure to the Directors' Report.

The Clause further states that the non-mandatory requirements may be implemented as per the discretion of the Company. Accordingly the Company has adopted following non mandatory requirements:

1. The Company has constituted Remuneration Committee
2. The Company provides training to the Board Members

CEO/CFO certification

Certificate from Mr. R. D. Chandak, Managing Director and Mr. Vardhan Dharkar, Executive Director – Finance (CFO) in terms of Clause 49 (V) of the Listing Agreement entered into with the Stock Exchanges for FY 13 was placed before the Board at its meeting held on May 08, 2013 and also forms part of this Annual Report.

IV. MEANS OF COMMUNICATION

Quarterly Results

The Company's shares are listed on BSE Limited and National Stock Exchange of India Limited.

The Company has furnished quarterly financial results along with the notes on a quarterly basis to the Stock Exchanges as per the format prescribed and within the time period stipulated under Clause 41 of the Listing Agreement.

The Company has published the financial results within 48 hours of the conclusion of the Board Meeting in at least one English daily newspaper circulating in the whole or substantially the whole of India and in one newspaper published in the language of the region, where the registered office of the Company is situated. The Company informs the Stock Exchanges where its securities are listed about the date of the Board Meeting at least seven clear days in advance and also issues immediately an advertisement in at least one national newspaper and one regional language newspaper about the aforesaid Board Meeting.

Newspapers wherein financial results were published

Financial Results	Un-audited / Audited	Newspaper
First Quarter	Un-audited	Free Press Journal and Nav Shakti
Second Quarter	Un-audited	Free Press Journal and Nav Shakti
Third Quarter	Un-audited	Business Standard and Sakal
Fourth Quarter/ Full Year	Un-audited/ Audited	Business Standard and Sakal

In addition to the above the gist of financial results of the listed entities of the RPG Group are published in Economic Times. The financial results are also displayed on the website of the Company i.e. www.kecrpg.com.

Company's Website:

The Company maintains a functional website (www.kecrpg.com) which depicts the detailed information about the business activities of the Company. The section on Investors provides information regarding financial details, Annual Reports, shareholding patterns, quarterly compliance reports on corporate governance, credit ratings etc. 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 taking place in the Company like receipt of major orders are announced through press & electronic media and posted on the Company's website also.

The Company's other press coverage and corporate presentations, if made to Institutional Investors and Analysts, are also made available on the website. The means of communication between the Company and the shareholders are transparent and investor friendly.

The Company has 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 benefit of the Investors.

Management Discussion and Analysis Report forms part of this Annual Report.

V. GENERAL SHAREHOLDERS INFORMATION

Registered Office	RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai 400 030				
Corporate Identification Number (CIN)	L45200MH2005PLC152061				
Plants' Location	Transmission Towers:				
	Jaipur	Butibori	Jabalpur		
	Jhotwara Industrial Area, Jaipur 302 012 Rajasthan	B-190 Industrial Area, Butibori 441 108 Maharashtra	Deori, P.O.Panagarh, Jabalpur 483 220 Madhya Pradesh		
	Cables:				
	Mysore	Thane	Silvassa	Vadodara	
	Hebbal Industrial Area, Hootagalli, Belavadi Post, Mysore 571 186 Karnataka	2nd Pokhran Road, Post Box No. 11, Thane 400 601 Maharashtra	Plot No. 273/4, Demni Road, Silvassa 396 191 Dadra and Nagar Haveli	Village : Godampura (Samlaya), Taluka: Savli, Gujarat - 391 520	
	SAE Towers Mexico S de RL de CV # Mexico		SAE Towers Brazil Torres de Transmissao Ltda # Brazil		
	Arco Vial Saltillo-Nuevo Laredo Km. 24.1 C.P. 66050-79 Escobedo, N. L. Mexico		R. Moacyr G. Costa, 15 - Jd. Piemont Sul 32669-722 - Betim / MG, Brazil		
	Tower Testing Stations	Jaipur	Butibori	Jabalpur	
		Jhotwara Industrial Area, Jaipur 302 012 Rajasthan	B-215, Industrial Area, Butibori 441 108 Maharashtra	Deori, P.O.Panagarh, Jabalpur 483 220 Madhya Pradesh	
	SAE Towers Brazil Torres de Transmissao Ltda # Brazil				
	R. Moacyr G. Costa, 15 - Jd. Piemont Sul, 32669-722 - Betim / MG, Brazil				
Date, time and venue of Annual General Meeting	August 21, 2013 at 3.30 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025				
Financial Year	April 01 – March 31				
Financial Calendar	April 01 to March 31				
First quarter results	Second week of August 2013*				
Second quarter results	Second week of November 2013*				
Third quarter results	Second week of February 2014*				
Results for the year ending March 2014	End of May 2014*				
	*Tentative				
Dates of Book closure	August 10, 2013 to August 21, 2013				
Dividend Payment date	The dividend warrants will be posted on or after August 22, 2013				
# wholly owned subsidiaries of KEC International Limited					

Status of Listing on Stock Exchanges

The equity shares of the Company are listed on the following Stock Exchanges:

Name and address of the Stock Exchanges	Stock Code
BSE Limited (BSE)	
Phiroze Jeejeebhoy Towers	
Dalal Street, Mumbai 400 001	532714 KECIL
National Stock Exchange of India Limited (NSE)	
Exchange Plaza, Plot No. C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai 400 051	KEC

Month	BSE		NSE		BSE Sensex
	High (₹)	Low (₹)	High (₹)	Low (₹)	High
April 2012	68.70	56.90	68.00	56.60	17,664.10
May 2012	59.60	48.70	60.00	49.10	17,432.33
June 2012	58.70	47.75	59.00	47.65	17,448.48
July 2012	62.90	54.00	63.00	52.40	17,631.19
August 2012	61.00	54.65	61.90	54.30	17,972.54
September 2012	75.70	50.80	75.60	53.60	18,869.94
October 2012	80.70	61.80	80.80	61.55	19,137.29
November 2012	65.20	58.00	65.65	58.25	19,372.70
December 2012	69.40	63.20	69.90	63.10	19,612.18
January 2013	74.45	59.00	74.40	59.20	20,203.66
February 2013	61.60	48.40	61.80	48.50	19,966.69
March 2013	58.50	47.30	60.95	47.40	19,754.66

Registrar and Share Transfer Agents

Link Intime India Private Limited is the Company's Registrar and Share Transfer Agents. Their contact details are as follows:

Link Intime India Private Limited

Unit: KEC International Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai - 400 078
Tel: (022) 25946970
Fax: (022) 25946969
Email: rnt.helpdesk@linkintime.co.in

Contact Address for Investors

Shareholders can send their queries regarding Transfer/ Dematerialisation of shares and any other correspondence

relating to the shares of the Company to the abovementioned address of the Company's Registrar and Share Transfer Agents. Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

Share Transfer System

Investors' Grievance Committee meets once in a month. If documents are complete in all respects, the Company's Registrar and Share Transfer Agents processes, registers the transfers and return the transferred share certificates to the shareholders, within the stipulated timeframe. The delegated authority as mentioned earlier attends to the share transfer formalities and approves the share transfers at least once in a fortnight.

Distribution of Shareholding

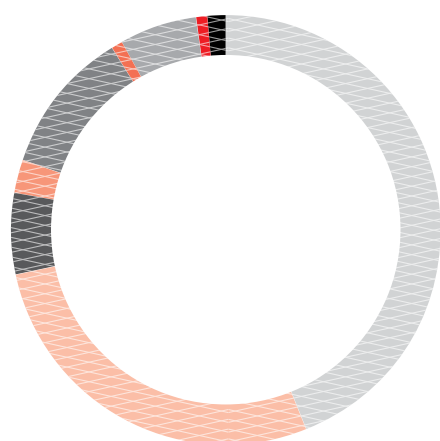
Distribution of shares according to size of holding as on March 31, 2013

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-500	65,459	84.53	96,34,183	3.75
501-1,000	7,096	9.16	54,55,149	2.12
1,001-2,000	2,594	3.35	37,47,807	1.46
2,001-3,000	971	1.26	24,11,263	0.94
3,001-4,000	334	0.43	11,75,459	0.45
4,001-5,000	266	0.34	12,37,797	0.48
5,001- 10,000	341	0.44	24,61,160	0.96
10,001& above	377	0.49	23,09,65,552	89.84
TOTAL	77,438	100.00	25,70,88,370	100.00

Categories of Shareholders as on March 31, 2013

Category	No. of Shares Held	% of Shareholding
Promoters	11,45,99,214	44.58
Mutual Funds/ UTI	7,20,78,000	28.04
Financial Institutions, Insurance Companies and Banks (including Foreign Banks)	1,66,49,664	6.47
Foreign Institutional Investors	6,477,174	2.52
General Public	2,85,97,867	11.12
NRIs/OCBs	10,83,899	0.42
Other Companies	1,55,58,553	6.05
Clearing Members	2,82,369	0.11
Trusts	17,61,630	0.69
TOTAL	25,70,88,370	100.00

SHAREHOLDING PATTERN AS ON MARCH 31, 2013



44.58	Promoters
28.04	Mutual Funds/UTI
6.47	Financial Institutions and Banks (including Foreign Banks)
2.52	Foreign Institutional Investors
11.12	General Public
0.42	NRIs/OCBs
6.05	Other Companies
0.11	Clearing Members
0.69	Trusts

Top ten Equity Shareholders of the Company as on March 31, 2013:

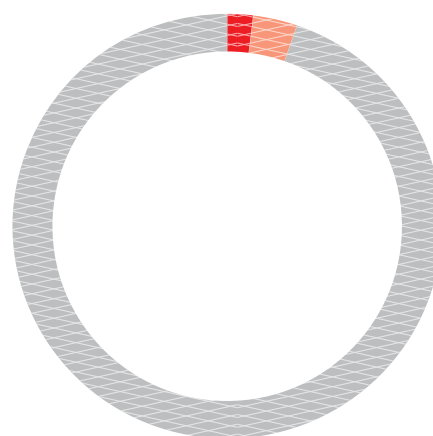
Sr. No.	Name of the Shareholder	Number of shares held	Percentage of holding
1	Swallow Associates Limited *	6,57,74,210	25.58
2	Summit Securities Limited	2,51,78,520	9.79
3	HDFC Trustee Company Ltd A/c HDFC Balanced Fund (AAATH1809A)	2,32,82,899	9.06
4	LIC of India Future Plus Growth Fund (AAACL0582H)	1,52,13,235	5.92
5	Reliance Capital Trustee Co. Ltd. A/C - Reliance Diversified Power Sector Fund (AAATR0090B)	1,37,53,280	5.35
6	Instant Holdings Limited #	1,45,46,968	5.33
7	SBI Mangnum Taxgain Scheme – 1993 (AABTS6407Q)	7,973,570	3.10
8	UTI - Infrastructure Fund (AAATU1088L)	65,04,639	2.53
9	Birla Sun Life Trustee Company Pvt. Limited A/c Birla Sun Life Equity Fund (AAATB0102C)	64,98,258	2.53
10	Sundaram Mutual Fund A/c Sundaram Select Midcap (AAATS2554B)	62,87,665	2.45

*Swallow Associates Limited has been converted into a Limited Liability Partnership w.e.f. October 31, 2012 and thereafter is known as Swallow Associates LLP.

#Includes 8,36,750 shares held by Idea Tracom Private Limited which got merged with Instant Holdings Limited vide Scheme of Amalgamation which became effective on May 15, 2012.

DEMATERIALIZATION OF SHARES AND LIQUIDITY

The Company has executed agreement with both the depositories of the country i.e. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for admission of its securities under dematerialised mode. INE389H01022 is the International Securities Identification Number (ISIN) allotted to the equity shares of the Company. 24,87,28,678 equity shares representing 96.75 % were in dematerialised form as on March 31, 2013.

SHARES HELD IN DEMATERIALIZED AND PHYSICAL FORM AS ON MARCH 31, 2013

There are no outstanding GDRs/ADRs/Warrants or any convertible instruments or options.

Transfer of Unpaid/Unclaimed amounts to Investor Education and Protection Fund (IEPF):

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, dividends which remain unclaimed / unencashed over a period of seven years are required to be transferred by the Company to the IEPF constituted by

the Central Government. Members will not be entitled to make any claim for unencashed dividend, once the same is transferred to the IEPF.

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	Dividend declared	Last date up to which Members are entitled to claim the Dividend
2005-06	June 15, 2006	12%	July 18, 2013
2006-07	July 24, 2007	45%	August 22, 2014
2007-08	June 27, 2008	50%	August 01, 2015
2008-09	June 26, 2009	50%	July 26, 2016
2009-10	June 22, 2010	60%	July 23, 2017
2010-11	July 05, 2011	60%	August 04, 2018
2011-12	July 05, 2012	60%	August 08, 2019

Declaration - Code of Conduct

All Board members and senior management personnel have, for the year ended March 31, 2013, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement entered into with the Stock Exchanges.

Place: Mumbai

Date: May 08, 2013

For **KEC International Limited**

R. D. Chandak

Managing Director

AUDITORS' CERTIFICATE

To the Members of KEC International Limited

We have examined the compliance of conditions of Corporate Governance by KEC International Limited, for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**

Chartered Accountants

(Firm Registration No. 117365W)

Saira Nainar

Partner

(Membership No. 040081)

Place: Mumbai

Date: May 08, 2013

CEO/CFO Certificate

Board of Directors

KEC International Limited

We certify to the Board that:

- (a) we have reviewed financial statements and the cash flow statement for the year ended March 31, 2013 and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) 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) 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 have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit committee;
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) 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.

Managing Director

*Executive Director –
Finance (CFO)*

Place: Mumbai

Date: May 08, 2013

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF KEC INTERNATIONAL LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of KEC INTERNATIONAL LIMITED (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the separate financial statements/consolidated financial statements of the subsidiaries and jointly controlled entities referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of 15 subsidiaries and 17 jointly controlled entities, whose financial statements/ consolidated financial statements reflect total assets (net) of ₹ 87,929.98 lacs as at March 31, 2013, total revenues of ₹ 1,48,678.13 lacs and net cash flows amounting to ₹ 1,578.84 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117365W)

Saira Nainar
(Partner)
(Membership No. 040081)

Place: Mumbai
Date: May 08, 2013

CONSOLIDATED BALANCE SHEET as at March 31, 2013

Particulars	Note No.	Current Year		Previous Year	
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
I. EQUITY AND LIABILITIES					
(1) Shareholders' funds					
(a) Share capital	2	5,141.77		5,141.77	
(b) Reserves and surplus	3	1,09,580.59		1,05,638.51	
			1,14,722.36		1,10,780.28
(2) Non-current liabilities					
(a) Long-term borrowings	4	70,778.91		75,075.64	
(b) Deferred tax liabilities (Net)	35(i)	8,042.20		6,661.20	
(c) Other Long-term liabilities	5	1,000.00		1,000.00	
(d) Long-term provisions	6	988.70		1,709.92	
			80,809.81		84,446.76
(3) Current liabilities					
(a) Short-term borrowings	7	74,816.68		36,316.29	
(b) Trade payables	8	2,46,711.97		2,18,352.56	
(c) Other current liabilities	9	1,00,376.70		98,713.93	
(d) Short-term provisions	10	7,865.46		8,010.22	
			4,29,770.81		3,61,393.00
TOTAL			6,25,302.98		5,56,620.04
II. ASSETS					
(1) Non current assets					
(a) Fixed assets					
(i) Tangible assets	11	82,299.53		64,262.92	
(ii) Intangible assets	11	15,832.99		16,711.10	
(iii) Capital work-in-progress	11	3,011.85		11,217.09	
			1,01,144.37		92,191.11
(b) Goodwill on consolidation		34,240.95		32,092.80	
(c) Deferred tax assets (Net)	35(ii)	1,831.66		1,529.66	
(d) Long-term loans and advances	12	14,210.16		11,762.71	
(e) Other non-current assets	13	9,166.86		7,272.38	
			1,60,594.00		1,44,848.66
(2) Current assets					
(a) Inventories	14	39,599.36		44,011.11	
(b) Trade receivables	15	2,88,700.13		2,50,624.63	
(c) Cash and cash equivalents	16	15,560.62		20,290.68	
(d) Short-term loans and advances	17	51,971.18		39,243.81	
(e) Other current assets	18	68,877.69		57,601.15	
			4,64,708.98		4,11,771.38
TOTAL			6,25,302.98		5,56,620.04

See accompanying notes forming part of the consolidated financial statements

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

SAIRA NAINAR
Partner

VARDHAN DHARKAR
Executive Director - Finance

CH.V.JAGANNADHA RAO
Company Secretary
Place: Mumbai
Date: May 08, 2013

For and on behalf of the Board

H.V.GOENKA
Chairman

R. D. CHANDAK
Managing Director

A.T.VASWANI
Director

Place: Mumbai
Date: May 08, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2013

Particulars	Note No.	Current Year		Previous Year	
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
I. REVENUE FROM OPERATIONS (GROSS)	19	7,11,866.03		5,91,770.38	
Less: Excise duty		13,917.50		10,296.39	
Revenue from operations (Net)			6,97,948.53		5,81,473.99
II. Other income	20		1,604.93		6,163.28
III. Total Revenue (I+II)			6,99,553.46		5,87,637.27
IV. EXPENSES					
Cost of materials consumed	21		3,83,503.74		3,15,893.29
Changes in inventories of finished goods, work-in-progress and scrap	22		99.80		(908.68)
Erection & sub-contracting expense	23		1,49,402.02		1,16,746.72
Employee benefits expense	24		48,287.37		42,737.85
Finance costs	25		19,439.50		15,974.29
Depreciation and amortisation expense (net)	1(B)(4)		5,608.47		4,792.23
Other expenses	26		78,515.54		59,872.65
Total Expenses			6,84,856.44		5,55,108.35
V. PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (III - IV)			14,697.02		32,528.92
VI. Exceptional items - VRS Expenditure			13.76		97.83
VII. PROFIT BEFORE TAX (V-VI)			14,683.26		32,431.09
VIII. Tax expenses:					
Current Tax [includes share of joint ventures of ₹ 691.13 lacs (Previous Year ₹145.11 lacs) and is net of write back of provision for taxes ₹ 920.45 lacs (Previous Year includes ₹ 535.69 lacs) pertaining to earlier years]		7,952.28		11,338.45	
Less: MAT Credit			852.50		-
			7,099.78		11,338.45
Deferred Tax			1,079.00		163.03
			8,178.78		11,501.48
IX. PROFIT FOR THE YEAR (VII-VIII)			6,504.48		20,929.61
X. Earnings per equity share (of ₹ 2 each)	34		₹		₹
(1) Basic			2.53		8.14
(2) Diluted			2.53		8.14

See accompanying notes forming part of the consolidated financial statements

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

SAIRA NAINAR
Partner

VARDHAN DHARKAR
Executive Director - Finance

CH.V.JAGANNADHA RAO
Company Secretary
Place: Mumbai
Date: May 08, 2013

For and on behalf of the Board

H.V.GOENKA
Chairman

R. D. CHANDAK
Managing Director

A.T.VASWANI
Director

Place: Mumbai
Date: May 08, 2013

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2013

Particulars	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax		14,683.26		32,431.09
Adjustments for:				
Depreciation and amortisation expense (net)		5,608.47		4,792.23
Profit on fixed assets sold (net)		(14.21)		(5,038.99)
Finance costs		19,439.50		15,974.29
Interest income		(1,217.01)		(1,003.22)
Profit on redemption of current investments in units of mutual funds		(0.40)		(113.70)
Mark to market loss on forward and commodity contracts		1,639.06		873.55
Net unrealised exchange (gain)/loss		(1,673.35)		1,426.62
		23,782.06		16,910.78
Operating profit before Working Capital Changes		38,465.32		49,341.87
Changes in working capital:				
Adjustments for (increase)/decrease in operating assets:				
Inventories		4,411.75		(10,424.27)
Trade receivables		(38,584.21)		(31,464.71)
Loans and advances		(12,867.21)		(11,997.60)
Other current assets		(11,557.47)		128.80
Other non-current assets		462.56		92.78
		(58,134.58)		(53,665.00)
Adjustments for increase/(decrease) in operating liabilities:				
Trade payables and other current liabilities		19,650.07		66,344.29
Provisions		1,100.88		2,108.47
		20,750.95		68,452.76
		(37,383.63)		14,787.76
Cash Generated From/ (used in) Operations		1,081.69		64,129.63
Direct Taxes Paid (net of refund of taxes)		(9,761.18)		(9,229.88)
Net Cash flow from/ (used in) Operating Activities (A)		(8,679.49)		54,899.75
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets (after adjustment of increase/ decrease in capital work-in-progress and advances for capital expenditure)		(15,002.99)		(12,286.23)
Proceeds from sale of fixed assets		759.01		7,355.75
Payment towards investment in subsidiary		(62.01)		-
Advance against sale of fixed assets		750.00		-
Interest received		1,497.94		691.73
Purchase of current investments in mutual funds		(1,500.00)		(11,000.00)
Proceeds from redemption of current investment in mutual funds		1,500.40		11,113.70
Bank balances (including non-current) not considered as Cash and cash equivalents (net)		(113.75)		26.47
		(12,171.40)		(4,098.58)
Net Cash used in Investing Activities (B)		(12,171.40)		(4,098.58)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from other than short-term borrowings		13,659.67		9,650.25
Repayment of other than short-term borrowings		(12,450.41)		(10,007.48)
Net increase/(decrease) in short term borrowings		38,244.24		(25,761.24)

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2013 (Contd.)

Particulars	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Finance cost [Including interest capitalised ₹ 722.88 lacs (Previous year ₹ 319.06 lacs)]	(19,832.48)		(16,290.68)	
Dividends paid (including tax on distributed profit)	(3,569.95)		(3,550.61)	
		16,051.07		(45,959.76)
Net Cash flow from/ (used in) Financing Activities (C)		16,051.07		(45,959.76)
Net increase/ (decrease) in Cash and Cash Equivalents (A+B+C)		(4,799.82)		4,841.41
Cash and cash equivalents at the beginning of the year		19,389.89		14,475.61
Add: Cash and bank balances taken over on acquisition of subsidiaries		-		70.65
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		(1.50)		2.22
Cash and Cash Equivalents at the end of the year		14,588.57		19,389.89
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 16)		15,560.62		20,290.68
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements - Balances with banks in earmarked accounts		972.05		900.79
Cash and Cash Equivalents at the end of the year (as defined in AS 3 Cash Flow Statements) included in Note 16 [Refer Footnote (ii)]		14,588.57		19,389.89
Footnotes:				
(i) The Consolidated Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 - Cash Flow Statements.				
(ii) Cash and cash equivalents at the end of the year comprises:				
(a) Cash on hand		268.00		257.75
(b) Cheques, drafts on hand		219.21		4.68
(c) Balances with banks				
(i) In current accounts		9,575.92		17,881.16
(ii) In deposit accounts		3,622.12		628.20
(d) Remittance in transit		903.32		618.10
		14,588.57		19,389.89

(iii) Previous year's figures have been regrouped to conform with those of the current year.

See accompanying notes forming part of the consolidated financial statements

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

SAIRA NAINAR
Partner

VARDHAN DHARKAR
Executive Director - Finance

CH.V.JAGANNADHA RAO
Company Secretary
Place: Mumbai
Date: May 08, 2013

For and on behalf of the Board

H.V.GOENKA
Chairman

R. D. CHANDAK
Managing Director

A.T.VASWANI
Director

Place: Mumbai
Date: May 08, 2013

NOTES forming part of the consolidated financial statements

NOTE 1 BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

A) Basis of consolidation

The consolidated financial statements relate to KEC International Limited (the Company), its Subsidiaries and Jointly Controlled Entities (the Group). The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21(AS 21) "Consolidated Financial Statements" and Accounting Standard 27 (AS 27) "Financial Reporting of Interests in Joint Ventures" specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government in terms of section 211(3C) of the Companies Act, 1956.

I. Basis of Accounting

- The consolidated financial statements have been prepared on historical cost convention. The Group follows the accrual basis of accounting.
- The following subsidiaries are considered for consolidation:

	Country of Incorporation	% of ownership interest either directly or through subsidiaries	
		As at March 31, 2013	As at March 31, 2012
Direct Subsidiaries			
RPG Transmission Nigeria Limited	Nigeria	100	100
KEC Global FZ – LLC –Ras UL Khaimah	UAE	100	100
Jay Railway Projects Private Limited	India	100	100
KEC Investment Holdings, Mauritius	Mauritius	100	100
KEC Global Mauritius	Mauritius	100	100
KEC Power India Private Limited (Status changed from Joint Venture to Subsidiary w.e.f. March 31, 2012)	India	100	100
Indirect Subsidiaries			
KEC International Holdings LLC	USA	100	100
KEC Brazil LLC	USA	100	100
KEC Mexico LLC	USA	100	100
KEC Transmission LLC	USA	100	100
KEC US LLC	USA	100	100
SAE Towers Holdings, LLC	USA	100	100
SAE Towers Brazil Subsidiary Company LLC	USA	100	100
SAE Towers Mexico Subsidiary Holding Company LLC	USA	100	100
SAE Towers Mexico S de RL de CV	Mexico	100	100
SAE Towers Brazil Torres de Transmission Ltda	Brazil	100	100
SAE Prestadora de Servicios Mexico, S de RL de CV	Mexico	100	100
SAE Towers Ltd	USA	100	100
SAE Towers Panama Holdings LLC	USA	100	100
SAE Towers Panama S de RL	Panama	100	100
SAE Engenharia E Construcao Ltda *	Brazil	100	

* incorporated on October 29, 2012

NOTES forming part of the consolidated financial statements**iii The following Jointly Controlled Entities are considered for consolidation:**

	Country of Incorporation	% of ownership interest either directly or through subsidiaries	
		As at March 31, 2013	As at March 31, 2012
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia (formerly known as Faiz Abdulhakim Al-Sharif Group and KEC Company Ltd.)	Saudi Arabia	49	49
KEC Power India Private Limited (*Status changed from Joint Venture to Subsidiary w.e.f. March 31, 2012)	India	-	--
EJP KEC Joint Venture	South Africa	50	50
KEC – ASSB JV	Malaysia	67	67
KEC – ASIAKOM – UB JV	India	60	60
KEC – ASIAKOM JV	India	51	51
KEC – JEI JV	India	60	60
KEC – DELCO – VARAHA JV	India	80	80
KEC – VARAHA – KHAZANA JV	India	80	80
KEC – VALECHA – DELCO JV	India	51	51
KEC – SIDHARTH JV	India	80	80
KEC – TRIVENI – KPIPL JV	India	55	55
KEC – UNIVERSAL JV	India	80	80
KEC – DELCO – DUSTAN JV	India	51	51
KEC – ANPR – KPIPL JV	India	60	60
KEC – PLR – KPIPL JV	India	55	55
KEC – BJCL JV	India	51	51
KEC – KIEL JV	India	90	-

- iv. The financial statements of the subsidiary companies and jointly controlled entities used in the consolidation are drawn upto the same reporting date as that of the Company except for Al-Sharif Group and KEC Ltd Company where it is drawn upto December 31, 2012. In respect of Al-Sharif Group and KEC Ltd Company, effect has been given to significant transactions between the two reporting dates.
- v. The consolidated financial statements of SAE Towers Holdings LLC, USA and its subsidiaries (SAE Group) have been prepared in accordance with the accounting principles generally accepted in the United States. The appropriate adjustments have been made to the consolidated financial statements of SAE Group for preparation of the consolidated financial statements of KEC Group.

II. Principles of Consolidation

- i. The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses are fully eliminated.
- ii. The interest of the Company in the Jointly Controlled Entity has been reported by using proportionate consolidation whereby its share of each of the assets and liabilities of the Jointly Controlled Entity is reported

NOTES forming part of the consolidated financial statements

as separate line item in the consolidated financial statements. However, in respect of Al-Sharif Group and KEC Ltd Company as the assets, liabilities, income and expenses relating to the contracts awarded to Al-Sharif Group and KEC Ltd. Company but executed by the Company under the arrangement with the Joint Venture Partner [being in substance in the nature of Jointly Controlled Operations, in terms of Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures"] have already been recognised in the financial statements of the Company considered for consolidation, necessary effects have been given by the management to the financial statements of Al-Sharif Group and KEC Ltd Company as referred to in Note A(I)(iv) above which have been considered for consolidation. The intra-group balances and intra group transactions and unrealised profits or losses are eliminated to the extent of the Group's proportionate share.

- iii. The excess of cost to the Company of its investments in the Subsidiary Companies/Jointly Controlled Entities over its share of equity of the Subsidiary Companies/Jointly Controlled Entities, at the dates on which the investments in the Subsidiary Companies/Jointly Controlled Entities are made/acquired, is recognised as 'Goodwill' being an asset in the Consolidated Financial Statements. Alternatively, where the share of equity in the Subsidiary Companies/Jointly Controlled Entities as on the date of investment/acquisition is in excess of cost of the investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the Consolidated Financial Statements.

B) SIGNIFICANT ACCOUNTING POLICIES

1. Revenue Recognition:

- a) Sales of Products and Services are recognised on delivery. Sales and services exclude sales tax/ value added tax and service tax charged to the customers.
- b) Revenue from turnkey contracts is recognised based on the stage of completion determined with reference to the costs incurred on contracts and their estimated total costs.

When it is probable that the total contract cost will exceed total contract revenue, expected loss is recognised as an expense immediately. Total contract cost is determined based on technical and other assessment of cost to be incurred. Liquidated damages/ penalties are accounted as per the contract terms wherever there is a delayed delivery attributable to the Group.

- c) Revenue from turnkey contracts awarded to Jointly Controlled Entity at Saudi Arabia but executed by the Company under the arrangement with the Joint Venture Partner [being in substance in the nature of Jointly Controlled Operations, in terms of Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures"], is recognised on the same basis as similar turnkey contracts independently executed by the Company.
- d) Subsidy is accounted on accrual basis.
- e) Dividend income is accounted as and when the right to receive the same is established.
- f) Interest income is accounted on time proportion basis.

2. Inventories:

- a) Raw materials, work-in-progress, finished goods and stores and erection materials are valued at the lower of cost and net realisable value (NRV). Cost of purchased material is determined on the weighted average basis. Cost of Tools and Dies is amortised over its estimated useful life. Scrap is valued at net realisable value.
- b) 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.

NOTES forming part of the consolidated financial statements

3. Fixed Assets:

Fixed assets are stated at cost of acquisition or construction net of impairment loss, if any, less accumulated depreciation/ amortisation. Cost comprises of purchase/ acquisition price, non-refundable taxes and any directly attributed cost of bringing the asset to its working condition for its intended use. Financing cost on borrowings for acquisition or construction of qualifying fixed assets, for the period upto the date of acquisition of fixed assets or when the assets are ready to be put in use/ the date of commencement of commercial production, is included in the cost of fixed assets. Assessment of indication of impairment of an asset is made at the year end and impairment loss, if any, is recognised.

4. Depreciation/ Amortisation:

a) Tangible Assets:

- (i) Leasehold land is amortised over the remaining period of the lease.
- (ii) Cost of buildings of semi-permanent nature is amortised over 3 years.
- (iii) Depreciation on other tangible fixed assets is provided on straight line method at the rates so as to reduce them to their estimated salvage value at the end of their useful lives or at the rates prescribed in Schedule XIV to the Companies Act, 1956 whichever is higher.

The estimated useful lives of assets which are different from the estimated useful lives derived from the principal rates specified in Schedule XIV to the Companies Act, 1956 are as follows:

Plant and Equipment/Office Equipment – 1 to 19 years, Furniture and Fixtures – 10 years, Vehicles – 7 years and Computers – 4 years.

b) Intangible Assets:

- (i) Brand of the Company is amortised over twenty years being the useful life certified by the independent valuer and goodwill (other than that arising on consolidation) is amortised over five years.

In terms of the Scheme of Arrangement sanctioned in the year 2007-08, out of the balance in 'Reserve for Amortisation of Brand Account' an amount equal to annual amortisation of brand is credited to the Consolidated Statement of Profit and Loss each year so that overall depreciation/amortisation gets reduced to that extent. Accordingly, ₹ 1,200 lacs being the amortisation of brand during the year (Previous Year ₹ 1,200 lacs) has been credited to the Consolidated Statement of Profit and Loss by netting it with Depreciation and Amortisation expense.

Brand of a subsidiary company is amortised over ten years being its useful life as estimated by that subsidiary company.

- (ii) Computer softwares are amortised on straight line basis over the estimated useful life ranging between 4-6 years.

5. Investments:

Long-term investments are stated at cost. Provision is made for diminution, other than temporary, in the value of investments.

- 6. Trade receivables as at the year end under the contracts are disclosed net of advances received relating to the respective contracts for work to be done and outstanding at the year end.

NOTES forming part of the consolidated financial statements

7. Foreign Currency Transactions:

a) Foreign branches (Integral)

- i. Fixed assets are translated at the rates on the date of purchase/acquisition of assets and inventories are translated at the rates that existed when costs were incurred.
- ii. All foreign currency monetary items outstanding at the year end are translated at the year end exchange rates. Income and expenses are translated at average rates of exchange and depreciation and amortisation is translated at the rates referred to in (a)(i) above for fixed assets.

The resulting exchange gains and losses are recognised in the Consolidated Statement of Profit and Loss.

b) Jointly Controlled Operations (Non Integral)

Assets and liabilities, both monetary and non monetary are translated at the year end exchange rates, income and expense items are translated at the average rate of exchange and all resulting exchange differences are accumulated in a Foreign Currency Translation Reserve.

c) Other foreign currency transactions:

- i) Foreign currency transactions during the year are recorded at the rates of exchange prevailing at the date of transaction. Exchange gains or losses realised and arising due to translation of the foreign currency monetary items outstanding at the year end are accounted in the Consolidated Statement of Profit and Loss.

ii) Forward Exchange Contracts:

In case of transactions covered by forward exchange contracts, which are not intended for trading or speculation purposes, premium or discounts are amortised as expense or income over the life of the contract.

Exchange differences on such contracts are recognised in the Consolidated Statement of Profit and Loss in the year in which the exchange rate changes.

Profit or loss arising on cancellation or renewal of such forward exchange contracts are recognised as income or as expense for the year.

- d) On consolidation, the assets, liabilities and capital reserve arising on the acquisition, of the Group's overseas operations are translated at exchange rate prevailing on the balance sheet date. Income and expenditure items are translated at the average exchange rates for the year. Exchange difference arising are recognised in the Foreign Currency Translation Reserve classified under Reserves and Surplus.

8. Excise duty payable is accounted on production of finished goods.

9. Employee Benefits:

(i) Defined Contribution Plans:

The Group's contributions to the Provident Fund and the Superannuation Fund are charged to the Consolidated Statement of Profit and Loss.

(ii) Defined Benefit Plan/Long Term Compensated Absences:

The Group's liability towards gratuity and compensated absences is determined on the basis of year end actuarial valuation done by an independent actuary. The actuarial gains or losses determined by the actuary are recognised in the Consolidated Statement of Profit and Loss as income or expense.

NOTES forming part of the consolidated financial statements

10. Taxation:

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the period.

Deferred tax is calculated at current statutory income tax rate and is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognised on unabsorbed depreciation and carry forward of the losses only to the extent that there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date.

Minimum Alternative Tax (MAT) credit asset is recognised only when and to the extent there is convincing evidence that the Group will pay normal Income Tax during the specified period. The carrying amount of MAT credit asset is reviewed at each Balance Sheet date.

11. Receivables and loans and advances identified as doubtful of recovery are provided for.

12. Contingencies/ Provisions:

Provision is recognised when the Group has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimates of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

13. Uses of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which results are known/ materialised.

14. Goodwill on Consolidation:

The goodwill on consolidation is not amortised; however, it is tested for impairment at each Balance Sheet date and impairment loss, if any, is provided for.

15. Derivative Contracts:

The Group enters into derivative contracts in the nature of full currency swaps, interest rate swaps, currency options, forward contracts and commodity hedges with an intention to hedge its existing assets, liabilities, raw material requirements and firm commitments. Derivative contracts which are closely linked to the underlying transactions are recognised in accordance with the contract terms. All contracts are marked-to-market and losses are recognised in the Consolidated Statement of Profit and Loss. Gains arising on the same are not recognised on grounds of prudence.

16. Operating Cycle:

Assets and liabilities other than those relating to long-term contracts (i.e. supply or turnkey 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

	Current Year		Previous Year	
	Nos.	₹ in lacs	Nos.	₹ in lacs
NOTE 2 SHARE CAPITAL				
Authorised:				
Equity Shares:				
Equity Shares of ₹ 2 each	55,00,00,000	11,000.00	30,00,00,000	6,000.00
Equity Shares of ₹ 10 each	-	-	5,00,00,000	5,000.00
Preference Shares:				
Redeemable Preference Shares of ₹ 100 each	15,00,000	1,500.00	15,00,000	1,500.00
		12,500.00		12,500.00
Issued, Subscribed and Paid-up Equity Shares:				
Equity Shares of ₹ 2 each fully paid up	25,70,88,370	5,141.77	25,70,88,370	5,141.77
	25,70,88,370	5,141.77	25,70,88,370	5,141.77

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

Particulars	Current Year		Previous Year	
	Nos.	₹ in lacs	Nos.	₹ in lacs
Equity Shares:				
Outstanding at the beginning of the year	25,70,88,370	5,141.77	25,70,88,370	5,141.77
Add: Shares issued during the year	-	-	-	-
Outstanding as at the end of the year	25,70,88,370	5,141.77	25,70,88,370	5,141.77

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

Sr. No.	Name of the shareholder	Current Year		Previous Year	
		Nos. of Shares Held	Percentage of Shares held	Nos. of Shares Held	Percentage of Shares held
1	Swallow Associates Limited *#	6,57,74,210	25.58	6,42,86,025	25.01
2	Summit Securities Limited *	2,51,78,520	9.79	2,49,92,520	9.72
3	HDFC Trustee Company Limited A/c HDFC Balanced Fund (AAATH1809A)	2,32,82,899	9.06	2,32,82,899	9.06
4	Life Insurance Corporation of India (AAACLO582H)	1,52,13,235	5.92	1,52,13,235	5.92
5	Instant Holdings Limited *@	1,45,46,968	5.66	1,34,40,425	5.23
6	Reliance Capital Trustee Co. Ltd. A/c Reliance Diversified Power Sector Fund (AAATR0090B)	1,37,53,280	5.35	1,31,68,280	5.12

#Swallow Associates Limited has been converted into a Limited Liability Partnership w.e.f. October 31, 2012 and thereafter is known as Swallow Associates LLP.

@ Includes 8,36,750 shares held by Idea Tracom Private Limited which got merged with Instant Holdings Limited vide Scheme of Amalgamation which became effective on May 15, 2012.

*Shares held in Multiple Folios have been combined.

NOTES forming part of the consolidated financial statements

- 2.3.** 1,03,65,340 (Previous Year 6,86,59,100) Equity Shares of ₹ 2 each were allotted as fully paid up pursuant to contracts without payment being received in cash, during the period of five years immediately preceding the balance sheet date.

Particulars	Current Year Nos.	Previous Year Nos.
Equity Shares of ₹ 2 each allotted in 2010-11 to the shareholders of the erstwhile RPG Cables Limited pursuant to the Scheme of Amalgamation.	1,03,65,340	1,03,65,340
Equity Shares of ₹ 2 each allotted in 2007-08 to the shareholders of the erstwhile RPG Transmission Limited (RPGT) and the erstwhile National Information Technologies Limited pursuant to the Scheme of Arrangement (Includes Equity shares allotted to a trustee referred to in Note 2.4 below).	-	5,82,93,760
Total	1,03,65,340	6,86,59,100

- 2.4** 3,750 fully paid up Equity Shares of ₹ 2 each were allotted to a trustee against 1,688 equity shares of RPGT, since merged in the Company in 2007-08, where rights were kept in abeyance under Section 206A(b) of the Companies Act, 1956 by RPGT. On settlement of the relevant court cases/issues, the Equity Shares issued to the trustee will be transferred.
- 2.5** 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 according to their respective rights, 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.

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 3 RESERVES AND SURPLUS		
(a) Capital Reserve		
Balance as per last Consolidated Balance Sheet	8,501.59	8,499.03
Add: Credited during the year	-	2.56
	8,501.59	8,501.59
(b) Capital Redemption Reserve		
Balance as per last Consolidated Balance Sheet	1,427.95	1,427.95
(c) Securities Premium Account		
Balance as per last Consolidated Balance Sheet	8,674.89	8,674.89
(d) Reserve for Amortisation of Brand Account [Note 1(B)(4)(b)(i)]		
Balance as per last Consolidated Balance Sheet	2,557.00	3,757.00
Less: Transferred to Consolidated Statement of Profit and Loss	1,200.00	1,200.00
	1,357.00	2,557.00
(e) Statutory Reserve @		
Balance as per last Consolidated Balance Sheet	94.88	94.88
(f) Foreign Currency Translation Reserve [Note 1(B)(7)]		
Balance as per last Consolidated Balance Sheet	266.23	291.43
Credited/ (Debited) during the year:		

NOTES forming part of the consolidated financial statements

	Current Year ₹ in lacs	Previous Year ₹ in lacs
On consolidation of foreign subsidiaries and joint ventures	175.29	(51.98)
Other- on translation of non-integral operations in a joint venture	(15.50)	26.78
	426.02	266.23
(g) General Reserve		
Balance as per last Consolidated Balance Sheet	8,890.38	7,071.99
Add: Transferred from surplus in Consolidated Statement of Profit and Loss	45.58	1,818.39
	8,935.96	8,890.38
(h) Surplus in Consolidated Statement of Profit and Loss		
Opening Balance	75,225.59	59,699.90
Add: Profit for the year	6,504.48	20,929.61
Less: Transferred to General Reserve	45.58	1,818.39
Less: Proposed Dividend on Equity Shares	1,285.44	3,085.06
Less: Tax on distributed profits (*including of a subsidiary ₹ 18.29 Lacs)	*236.75	500.47
	80,162.30	75,225.59
	1,09,580.59	1,05,638.51

@ Pertains to the Joint Venture at Saudi Arabia. In accordance with the Saudi Arabian Companies law and the Joint Venture's Articles of Association, 10% of the annual net income is required to be transferred to the Statutory Reserve until this reserve reaches 50% of the capital of the Joint Venture.

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 4 LONG-TERM BORROWINGS		
(a) Term loans		
(1) From Banks		
Secured	78,776.13	76,468.96
Less: Current maturities of long-term debt (Refer Note 9)	(18,133.17)	(10,859.45)
	60,642.96	65,609.51
(2) From others parties		
Secured	13,299.76	10,907.14
Less: Current maturities of long-term debt (Refer Note 9)	(3,166.30)	(1,552.25)
	10,133.46	9,354.89
(b) Long term maturities of finance lease obligations		
Finance lease obligation	8.13	226.62
Less: Current maturities of finance lease obligations (Refer Note 9)	(5.64)	(115.38)
	2.49	111.24
	70,778.91	75,075.64

NOTES forming part of the consolidated financial statements

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 5 OTHER LONG-TERM LIABILITIES		
Liability towards claims	1,000.00	1,000.00
	1,000.00	1,000.00

	Current Year ₹ in lacs	₹ in lacs	Previous Year ₹ in lacs	₹ in lacs
NOTE 6 LONG-TERM PROVISIONS				
(a) Provision for employee benefits				
- Compensated Absences	922.87		789.85	
- Gratuity	-		96.54	
	922.87		886.39	
(b) Tax provisions less payments	56.18		818.87	
	979.05		1,705.26	
Share of long-term provisions of Joint Ventures	9.65		4.66	
	988.70		1,709.92	

	Current Year ₹ in lacs	₹ in lacs	Previous Year ₹ in lacs	₹ in lacs
NOTE 7 SHORT-TERM BORROWINGS				
Secured				
(i) Loans repayable on demand				
-From banks	47,538.37		10,331.41	
(ii) Other short term borrowings				
-From banks	20,949.98		19,788.22	
-From other parties	4,971.00		5,000.00	
	25,920.98		24,788.22	
	73,459.35		35,119.63	
Share of short-term borrowings of Joint Ventures	1,357.33		1,196.66	
	74,816.68		36,316.29	

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 8 TRADE PAYABLES		
Trade payables (including acceptances)	2,36,960.71	2,05,212.95
Share of trade payables (including acceptances) of Joint Ventures	9,751.26	13,139.61
	2,46,711.97	2,18,352.56

NOTES forming part of the consolidated financial statements

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 9 OTHER CURRENT LIABILITIES				
(a) Current maturities of long-term debt (Refer Note 4)		21,299.47		12,411.70
(b) Current maturities of finance lease obligations (Refer Note 4)		5.64		115.38
(c) Interest accrued but not due on borrowings		649.54		578.45
(d) Advances from Customers		44,480.50		64,985.52
(e) Unpaid/unclaimed dividends #		197.59		163.72
(f) Other payables				
- Statutory remittances (contribution to PF and ESIC, withholding tax, Excise Duty, VAT, Service Tax, etc.)		6,477.62		6,196.22
- Gross amount due to customers for long term contracts		14,062.28		5,739.92
- Interest on trade payables and customer advances		749.10		490.90
- Payable on purchase of fixed assets		5,293.07		4,862.18
- Mark to market loss on forward and commodity contracts		1,639.06		873.55
- Directors' commission (Refer Note 37(i))		879.80		792.00
- Advance against sale of fixed assets		750.00		-
- Others		57.77		134.57
		29,908.70		19,089.34
		96,541.44		97,344.11
Share of other current liabilities of Joint Ventures		3,835.26		1,369.82
		1,00,376.70		98,713.93

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.

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 10 SHORT-TERM PROVISIONS				
(a) Provision for employee benefits:				
- Compensated Absences		98.55		150.00
- Gratuity		237.09		150.90
		335.64		300.90
(b) Provision - Others:				
- Proposed equity dividend		1,285.44		3,085.06
- Tax on distributed profits		218.46		500.47
- Tax provisions less payments		1,292.69		420.22
- Provision for expected loss on long term contracts		4,609.53		3,703.01
		7,406.12		7,708.76
		7,741.76		8,009.66
Share of short-term provisions of Joint Ventures		123.70		0.56
		7,865.46		8,010.22

NOTES forming part of the consolidated financial statements**NOTE 11 FIXED ASSETS**

Description	GROSS CARRYING AMOUNT					ACCUMULATED DEPRECIATION/AMORTISATION					(₹ in Lacs)	
	As at March 31, 2012	Additions during the year	Deductions during the year	Effect of foreign currency exchange differences	As at March 31, 2013	As at March 31, 2012	Provided during the year	Deductions during the year	Effect of foreign currency exchange differences	As at March 31, 2013	As at March 31, 2012	
Tangible Assets												
(a) Land												
- Owned	14,516.82	99.89	-	(59.35)	14,557.36	-	-	-	-	-	14,557.36	
- Leasehold*	5,422.91	-	106.13	-	5,316.78	548.06	84.54	14.49	-	618.11	4,698.67	
(b) Buildings	10,605.15	4,225.41	2.96	(89.35)	14,738.25	2,447.30	481.00	0.47	(11.01)	2,916.82	11,821.43	
(c) Plant and Equipment	45,906.18	17,947.75	501.59	263.62	63,615.96	12,671.46	3,832.78	253.23	189.87	16,440.88	8,157.85	
(d) Furniture and Fixtures	1,081.27	328.29	126.47	6.80	1,289.89	347.15	104.77	56.81	0.86	395.97	33,234.72	
(e) Vehicles	2,119.90	416.37	36.48	1.96	2,501.75	940.50	165.98	19.19	0.34	1,087.63	734.12	
(f) Office Equipment	519.13	124.07	14.87	(12.48)	615.85	177.10	62.25	7.58	(9.35)	222.42	1,179.40	
(g) Computers	1,707.19	428.52	9.50	(0.27)	2,125.94	1,009.60	292.38	7.91	2.82	1,296.89	342.03	
Total - A	81,878.55	23,570.30	798.00	110.93	1,04,761.78	18,141.17	5,023.70	359.68	173.53	22,978.72	63,737.38	
Assets acquired under Finance Lease												
(a) Plant and Equipment	245.74	228.95	262.20	(98.92)	113.57	4.62	39.89	4.94	(5.47)	34.10	241.12	
(b) Computers	26.30	-	28.06	1.76	-	2.30	-	2.46	0.15	-	24.00	
Total - B	272.04	228.95	290.26	(97.16)	113.57	6.92	39.89	7.40	(5.32)	34.10	265.12	
Share of Fixed Assets of Joint Ventures- C	741.51	328.42	40.25	45.95	1,075.63	481.09	141.90	16.63	32.27	638.63	260.42	
Total (A+B+C) (Tangible Assets)	82,892.10	24,127.67	1,128.51	59.72	1,05,950.98	18,629.18	5,205.49	383.71	200.48	23,651.45		
Previous Year (Tangible Assets)	77,465.31	8,574.78	4,024.95	876.96	82,892.10	15,438.30	4,420.08	1,708.18	478.98	18,629.18	64,262.92	
Intangible Assets (other than internally generated)												
(a) Brand	24,796.39	-	-	6.79	24,803.18	8,608.60	1,270.81	-	6.69	9,886.10	16,187.79	
(b) Computer Software	1,806.31	702.28	-	61.86	2,570.45	1,283.00	332.17	-	39.37	1,654.54	523.31	
Total (Intangible Assets)	26,602.70	702.28	-	68.65	27,373.63	9,891.60	1,602.98	-	46.06	11,540.64		
Previous Year (Intangible Assets)	26,357.16	139.79	-	105.75	26,602.70	8,223.70	1,572.15	-	95.75	9,891.60	16,711.10	
Total (Tangible and Intangible Assets)	1,09,494.80	24,829.95	1,128.51	128.37	1,33,324.61	28,520.78	6,808.47	383.71	246.54	35,192.09		
Previous Year (Tangible and Intangible Assets)	1,03,822.47	8,714.57	4,024.95	982.71	1,09,494.80	23,662.00	5,992.23	1,708.18	574.73	28,520.78	80,974.02	
Capital work-in-progress (at cost)											11,217.09	
Grand Total											92,191.11	

Notes:

11.1 Gross carrying amount and Accumulated depreciation/amortisation as at the year end include ₹ 366.76 lacs (Previous Year ₹ Nil) and ₹ 50.19 lacs (Previous Year ₹ Nil) respectively in respect of Leasehold land at Jaipur and Leasehold land & Structures thereon at Bhopal held for sale.

11.2 The amount of interest capitalised during the year is ₹ 722.28 lacs (Previous Year ₹ 319.06 lacs).

11.3 A plot of leasehold land stated to measure 41 bighas and 1 biswas per deed dated January 17, 1968, was found short by 24 bighas and 18 biswas on actual measurements, for the possession of which the suit was filed on October 19, 1976 in the District Court against the vendors in occupation of the adjacent land. On dismissal of the suit, an appeal has been preferred in the Rajasthan High Court on December 7, 1998, against the order of the District Court.

NOTES forming part of the consolidated financial statements

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 12 LONG-TERM LOANS AND ADVANCES				
(a) Capital advances - Unsecured, considered good		819.41		1,287.96
(b) Security deposits - Unsecured				
(i) Considered good	1,241.21		776.57	
(ii) Doubtful	32.24		51.60	
	1,273.45		828.17	
Less: Allowance for bad and doubtful security deposits	32.24		51.60	
	1,241.21		776.57	
(c) Other loans and advances -				
(i) Unsecured, considered good				
- Excise duty recoverable from Government authorities	1,319.23		2,059.52	
- VAT Credit /WCT receivable	7,164.05		3,275.11	
- Tax payments less provisions	1,968.14		2,962.23	
- Prepaid expenses	1,101.93		1,063.58	
	11,553.35		9,360.44	
(ii) Doubtful - Service tax receivable	130.08		130.08	
Less: Allowance for bad and doubtful receivable	130.08		130.08	
	11,553.35		9,360.44	
	13,613.97		11,424.97	
Share of long-term loans and advances of Joint Ventures	596.19		337.74	
	14,210.16		11,762.71	

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 13 OTHER NON-CURRENT ASSETS				
(a) Long-term trade receivables - Unsecured				
(i) Considered good	7,100.60		4,786.05	
(ii) Doubtful	1,123.02		2,634.31	
	8,223.62		7,420.36	
Less: Allowance for bad and doubtful debts	1,123.02		2,634.31	
	7,100.60		4,786.05	
(b) Others				
(i) Export benefits receivable	1,291.42		1,753.98	
(ii) Balances with banks held as margin money or security against the borrowings, guarantees and other commitments which have a maturity period of more than 12 months from the Balance Sheet date	774.84		732.35	
	2,066.26		2,486.33	
	9,166.86		7,272.38	

NOTES forming part of the consolidated financial statements

		Current Year		Previous Year	
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 14	INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)				
(a)	Raw materials				
(i)	in stock	19,096.88		23,089.69	
(ii)	goods-in-transit	366.74		1,501.33	
			19,463.62		24,591.02
(b)	Work-in-progress		8,561.80		8,536.40
(c)	Finished goods		3,807.17		3,758.28
(d)	Stores and spares		422.81		254.90
(e)	Dies and tools		6,590.17		5,807.00
(f)	Erection materials		114.33		243.72
(g)	Scrap		525.20		699.29
			39,485.10		43,890.61
	Share of inventories of Joint Ventures		114.26		120.50
			39,599.36		44,011.11

		Current Year	Previous Year
		₹ in lacs	₹ in lacs
NOTE 15	TRADE RECEIVABLES		
(a)	Trade receivables outstanding for a period exceeding six months from the date they are due for payment - Unsecured, considered good	24,306.11	20,850.42
(b)	Other trade receivables - Unsecured, considered good	2,49,833.79	2,11,765.82
		2,74,139.90	2,32,616.24
	Share of Trade receivables of Joint Ventures	14,560.23	18,008.39
		2,88,700.13	2,50,624.63

		Current Year		Previous Year	
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 16	CASH AND CASH EQUIVALENTS				
(a)	Cash on hand		245.84		249.32
(b)	Cheques on hand		219.21		4.68
(c)	Balances with banks				
(i)	In current accounts		8,870.90		17,565.11
(ii)	In deposit accounts (Refer Notes 16.1 and 16.2)		3,622.12		628.20
(iii)	In earmarked accounts				
	Unpaid dividend accounts		197.59		163.72
	Balances with banks held as margin money or security against the borrowings, guarantees and other commitments (Refer Note 16.1)		774.46		737.07
			972.05		900.79

NOTES forming part of the consolidated financial statements

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
(d) Others - Remittances in Transit		903.32		618.10
		14,833.44		19,966.20
Share of cash on hand of Joint Ventures		22.16		8.43
Share of balances with banks of Joint Ventures		705.02		316.05
		727.18		324.48
		15,560.62		20,290.68
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statement is		14,588.57		19,389.89

16.1 Balances with banks includes deposits amounting to ₹ 29.28 lacs (Previous Year ₹144.97 lacs) and margin money or security against the borrowings, guarantees and other commitments ₹ 201.18 lacs (Previous Year ₹ 282.65 lacs) which have an original maturity of more than 12 months.

16.2 Balances with banks includes deposits amounting to ₹ 25.16 lacs (Previous Year ₹ 3.61 lacs) which have a maturity of more than 12 months from the Balance Sheet date.

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 17 SHORT-TERM LOANS AND ADVANCES				
a) Loans and advances to related parties - Unsecured, considered good				
Joint Ventures:				
- EJP KEC Joint Venture, South Africa		4,268.97		1,366.31
b) Others - Unsecured, considered good				
- Advances to suppliers	11,106.96		10,982.74	
- Employee advances	664.88		470.40	
- Cenvat/service tax input credit receivable	4,695.41		3,262.97	
- Sales tax/excise duty/entry tax paid under protest	1,242.83		566.29	
- Excise duty recoverable from Government authorities	3,136.15		3,156.57	
- VAT Credit/WCT receivable	10,241.00		8,784.65	
- Tax payments less provisions	3,847.61		1,070.12	
- Prepaid expenses	6,608.32		4,634.60	
- MAT credit entitlement	1,627.26		774.76	
- Sundry deposits	2,244.17		3,165.00	
- Others	317.56		405.05	
		45,732.15		37,273.15
		50,001.12		38,639.46
Share of short-term loans and advances of Joint Ventures		1,970.06		604.35
		51,971.18		39,243.81

NOTES forming part of the consolidated financial statements

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 18 OTHER CURRENT ASSETS		
Gross amount due from customers for long term contracts	19,510.46	13,603.89
Unbilled revenue	27,738.34	25,464.88
Interest receivable on income tax refund	-	266.26
Contractually reimbursable expenses	5,540.10	6,135.36
Export benefits	4,345.87	3,205.25
Insurance claims	15.21	53.01
Interest accrued on fixed deposits	69.97	84.64
	57,219.95	48,813.29
Share of other current assets of Joint Ventures	11,657.74	8,787.86
	68,877.69	57,601.15
	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 19 REVENUE FROM OPERATIONS		
(a) Sale of products	262,726.07	272,550.13
(b) Turnkey contracts revenue	387,402.60	254,388.14
(c) Sale of services	5,767.86	7,767.32
(d) Other operating revenues	13,172.49	11,771.00
	669,069.02	546,476.59
Share of revenue from operations of Joint Ventures	42,797.01	45,293.79
	711,866.03	591,770.38
Less: Excise Duty	13,917.50	10,296.39
	697,948.53	581,473.99
	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 20 OTHER INCOME		
(a) Interest Income	1,216.68	995.86
(b) Profit on redemption of investments in units of mutual funds	0.40	113.70
(c) Other non-operating income		
- Profit on fixed assets sold (net)	8.19	5,038.99
- Rent	-	4.95
- Miscellaneous income	365.59	-
	1,590.86	6,153.50
Share of other income of Joint Ventures	14.07	9.78
	1,604.93	6,163.28
	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 21 COST OF MATERIALS CONSUMED		
Cost of materials consumed	3,68,408.29	2,96,291.41
Share of cost of materials consumed of Joint Ventures	15,095.45	19,601.88
	3,83,503.74	3,15,893.29

NOTES forming part of the consolidated financial statements

		Current Year		Previous Year	
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 22	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND SCRAP				
Opening stock					
Finished goods		3,758.28		2,115.69	
Work-in-progress		8,536.40		9,271.69	
Scrap		699.29		697.91	
			12,993.97		12,085.29
Less: Closing stock					
Finished goods		3,807.17		3,758.28	
Work-in-progress		8,561.80		8,536.40	
Scrap		525.20		699.29	
			12,894.17		12,993.97
			99.80		(908.68)

		Current Year	Previous Year
		₹ in lacs	₹ in lacs
NOTE 23	ERECTION & SUB-CONTRACTING EXPENSES		
Erection/construction material consumed		25,848.33	20,057.12
Stores consumed		4,016.91	3,043.54
Sub-contracting expenses		86,674.27	71,200.66
Power, fuel and water charges		2,564.32	1,779.82
Construction transport		7,974.85	6,098.05
Others		9,473.34	6,225.81
		1,36,552.02	1,08,405.00
Share of erection & sub-contracting expenses of Joint Ventures		12,850.00	8,341.72
		1,49,402.02	1,16,746.72

		Current Year	Previous Year
		₹ in lacs	₹ in lacs
NOTE 24	EMPLOYEE BENEFITS EXPENSE		
Salaries and wages		40,370.96	34,968.49
Contribution to provident fund and other funds		1,497.56	1,618.61
Staff welfare expenses		4,417.77	3,876.30
Workmen's compensation		79.86	33.21
		46,366.15	40,496.61
Share of employee benefits expense of Joint Ventures		1,921.22	2,241.24
		48,287.37	42,737.85

NOTES forming part of the consolidated financial statements

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 25 FINANCE COSTS		
Interest expense	18,778.20	15,469.92
Other borrowing costs	645.39	493.23
	19,423.59	15,963.15
Share of finance costs of Joint Ventures	15.91	11.14
	19,439.50	15,974.29

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 26 OTHER EXPENSES		
Tools, non-erection stores and maintenance spares	1,287.44	1,153.87
Power and fuel	4,633.45	4,238.73
Rent	3,795.38	3,033.56
Rates and taxes, excluding taxes on income (net)	8,261.64	7,207.56
Excise duty (Refer Note 26.1 below)	318.75	275.92
Insurance (net)	3,264.62	1,966.78
Bank (guarantee, letter of credit and other) charges	6,540.88	5,168.69
Commission	8,051.68	4,023.40
Freight and forwarding (net)	12,989.10	12,374.46
Repairs to buildings	547.61	611.19
Repairs to plant and equipment	1,533.41	1,334.60
Repairs to other fixed assets	910.74	983.77
Travelling and conveyance	4,587.79	3,708.84
Payment to statutory auditors (net of service tax)		
-as auditors (for audit, limited reviews and audit of consolidated financial statements)	137.60	133.60
-for taxation matters	16.90	12.00
-for company law matters	0.25	0.15
-for other services	12.30	20.15
-for reimbursement of expenses	2.55	2.69
	169.60	168.59
Professional fees	3,157.34	3,884.85
Bad debts written off	3,255.74	2,065.10
Less: Adjusted against allowance for bad and doubtful debts	1,608.80	1,707.49
	1,646.94	357.61
Allowance for bad and doubtful debts (net)	97.51	253.43
Directors' fees	14.47	13.25
Net (gain)/loss on foreign currency transactions and translation	4,578.95	0.01
Miscellaneous expenses (Refer Note 26.2 below)	10,629.78	8,433.51
	77,017.08	59,192.62
Share of other expenses of Joint Ventures	1,498.46	680.03
	78,515.54	59,872.65

26.1: Excise duty shown above includes ₹ 59.52 lacs (Previous Year ₹ 107.62 lacs) being excise duty related to the difference between the closing stock and opening stock of the finished goods.

26.2: Miscellaneous expenses include fees of ₹ 110.87 lacs (Previous Year ₹ 85.75 lacs) paid to branch auditors of the Company, ₹ 322.72 lacs (Previous Year ₹ 268.09 lacs) paid to statutory auditors of subsidiaries and ₹ 9.76 lacs (Previous Year ₹ 7.33 lacs) paid to statutory auditors of joint ventures

NOTES forming part of the consolidated financial statements

NOTE 27 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(i) Contingent Liabilities

(a) Claims against the Group not acknowledged as debts:

Sr. No.	Nature of Claims	Relating to various years comprise in the period	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
1	Sales Tax/Value Added Tax* (Tax/Penalty/Interest)	1993-2011	4,920.31	
		1993-2010		2,570.20
2	Excise Duty * (Tax/Penalty/Interest)	1994-2013	2,629.36	
		1994-2012		2,514.12
3	Service Tax * (Tax/Penalty/ Interest)	1998-2013 2002-2010	16,882.72	16.46
4	Entry Tax * (Tax/Penalty/Interest)	1995-2013	1,788.80	
		1995-2012		1,509.62
5	(i) Income Tax matters mainly in respect of disallowance of depreciation etc. relating to Power Transmission Business acquired by the Company	-	-	
		A.Y. 2006-07 to 2009-10		7,241.44
	(ii) Income Tax matters at overseas unit/s and of joint venture	2000-2008	3,678.69	
		2002		1,193.27
6	Customs Duty	1995-1996 1995-1996	60.14	60.14
7	Civil Suits	1993-2006 1993-1994	72.02	5.00
8	Demands of employees/subcontractors	Amount not determinable		

*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 'C' forms and the Company's claim of exemption for MVAT on export sales and services.

b) Guarantees:

Sr. No.	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
1	Guarantees given to banks for credit facilities extended/ loans given to a joint venture ₹ 27,814.47 lacs (Previous Year ₹ 12,503.93 lacs)		
	Facilities/loans outstanding at the Year end	1,412.73	1,245.51

NOTES forming part of the consolidated financial statements**c) Other money for which Group is contingently liable:**

Sr. No.	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
a)	Bills Discounted	4,263.03	6,783.95
b)	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	1,212.20	731.25

Footnote for Note 27 (i) - (a), (b) and (c) above:

Future ultimate outflow of resources embodying economic benefits in respect of the above matters are uncertain as it depends on the final outcome of the matters involved.

(ii) COMMITMENTS

Sr. No.	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	3,897.23	5,827.79
2	Other Commitments:		
i)	Amount of future minimum lease payment under non-cancellable operating leases [Refer Note 33A (3) below]	3,711.43	4,390.13
ii)	Derivative related commitments	Refer Note 28 (a) and (b) below	

NOTE 28 THE DERIVATIVE INSTRUMENTS, WHICH ARE NOT INTENDED FOR TRADING OR SPECULATIVE PURPOSE, OUTSTANDING AS AT MARCH 31, 2013 ARE AS FOLLOWS:**(a) Forward Exchange Contracts:**

Currency	Buy/ Sell	Cross Currency	Foreign Currency (in lacs)	
			As at March 31, 2013	As at March 31, 2012
USD	Sell	INR	-	59.23
JPY	Sell	USD	-	399.89
CAD	Sell	USD	-	4.53
USD	Buy	INR	488.39	394.55
EUR	Buy	INR	36.70	388.89
EUR	Buy	USD	-	54.58
USD	Buy	BRL	15.87	109.05

(b) Hedging Commodity related risks:

Commodity	Buy/ Sell	Quantity in MT	
		As at March 31, 2013	As at March 31, 2012
Copper	Buy	1,625.00	925.00
Zinc	Buy	-	1,550.00
Aluminium	Buy	3,900.00	725.00

NOTES forming part of the consolidated financial statements

- (c) The year end net monetary foreign currency (FC) exposures that have not been hedged by a derivative instrument are given below:

Receivables:

Currency	As at March 31, 2013		As at March 31, 2012	
	FC in lacs	₹ in lacs	FC in lacs	₹ in lacs
AED	461.50	6,819.87	1,040.84	14,419.29
AFA	3,030.12	3,069.51	1,179.47	1,198.82
BDT	-	-	32.53	20.24
CAD	103.08	5,502.29	85.24	4,353.19
CAF	7,721.03	817.66	-	-
DA	-	-	1,130.94	790.19
EGP	166.35	1,327.23	290.63	2,450.30
ETB	239.26	709.71	-	-
EUR	20.82	1,446.83	-	-
GEL	35.04	1,149.22	6.20	192.10
GHC	26.49	742.89	10.64	304.11
JPY	371.04	213.38	382.77	237.54
KZT	-	-	19,285.03	6,634.05
KWD	45.05	8,568.01	8.64	1,588.00
MZM	84.15	150.75	137.60	258.83
NAD	92.83	546.00	-	-
NGN	17,152.08	5,876.30	8,862.98	2,862.74
NPR	399.81	249.56	-	-
OMR	7.13	1,005.64	12.05	1,588.72
PHP	-	-	156.40	185.54
QR	-	-	0.01	0.10
SLR	216.35	92.68	31.97	12.71
SR	555.20	8,026.33	433.14	5,876.65
SYP	0.24	0.19	0.25	0.22
TJS	0.07	0.83	0.07	0.76
UGX	7,501.68	157.54	-	-
ZAR	918.21	5,400.79	306.78	2,038.58
ZMK	19,558.57	197.54	55,076.65	534.24

Payables:*

AUD	0.38	21.51	-	-
BDT	323.87	225.22	-	-
BTN	150.36	150.36	223.95	223.95
CAF	-	-	2,956.22	305.97
CDF	19,321.34	1,139.96	-	-
CHF	3.01	171.64	3.01	169.88
DA	365.56	251.69	-	-
ETB	-	-	316.81	932.56
EUR	-	-	90.74	6,165.50
FCFA	4,766.56	504.78	92.12	9.53
KSH	872.97	554.77	384.25	235.47
KZT	20,668.26	7,434.37	-	-
LBP	5,796.86	208.11	6,159.92	208.82

NOTES forming part of the consolidated financial statements

Currency	As at March 31, 2013		As at March 31, 2012	
	FC in lacs	₹ in lacs	FC in Lacs	₹ in lacs
LYD	5.98	251.91	1.18	48.48
MYR	0.25	4.31	16.42	272.35
NAD	-	-	2.28	15.15
NPR	-	-	275.03	171.70
PHP	61.13	81.33	-	-
TND	54.36	1,850.65	63.64	2,154.01
USD	262.32	14,237.26	295.93	15,053.91

Note: *The above excludes term loan taken in foreign currency ₹ 8,395.50 lacs (Previous year ₹ 8,395.50 lacs) which has been swapped with Rupee Currency fixed interest rate loan.

NOTE 29 DISCLOSURE UNDER ACCOUNTING STANDARD - 7 "CONSTRUCTION CONTRACTS":

Sr. No	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
(a)	(i) Contract Revenue (net of excise) recognised during the year	422,462.80	298,990.55
	(ii) Method used to determine the contract revenue recognised and the stage of completion of contracts in progress	Refer Note 1(B)(1)(b)	
(b)	Disclosure in respect of contracts in progress as at the year end		
	(i) Aggregate amount of costs incurred and recognised profits (less recognised losses)	10,24,064.41	6,22,691.51
	* (ii) Advances received	36,346.53	53,017.30
	* (iii) Retentions receivable	66,196.51	40,467.72
	(iv) Gross amount due from customers (including unbilled revenue)	58,906.54	47,856.63
	(v) Gross amount due to customers	15,784.19	6,321.58

*Net of adjustment referred to in Note 1(B)(6).

NOTE 30 DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY ACCOUNTING STANDARD-15 "EMPLOYEE BENEFITS" ARE AS FOLLOWS:-

Sr. No	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
1	Defined Contribution Plans		
	The Company has recognised the following amounts in the Consolidated Statement of Profit and Loss:		
	- Contribution to Provident Fund and Family Pension Fund	695.27	664.55
	- Contribution to Superannuation Fund	171.13	174.97
	The above amount is included in Contribution to provident and other funds under Employee benefits expense in Note 24.		

2 Defined Benefit Plan (Funded)**a A general description of the Employee Benefit Plan:**

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 subject to maximum of 20 months or as per the Payment of the Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service.

NOTES forming part of the consolidated financial statements

b. Details of defined benefit plan - As per Actuarial Valuation are as follows:

	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
I Components of employer expense		
1 Current Service cost	347.96	177.63
2 Interest Cost	205.09	186.89
3 Expected return on Plan Assets	(218.37)	(213.07)
4 Actuarial Losses/(Gains)	54.97	418.99
5 Total expense recognised in the Consolidated Statement of Profit and Loss (included in 'Contribution to provident and other funds' under 'Employee benefits expense' in Note 24)	389.65	570.44
II Actual Contribution and Benefits Payments for the year		
1 Actual Benefits Payments	(392.45)	(415.42)
2 Actual Contributions	400.00	255.70
III Net asset/(liability) recognised in the Balance Sheet		
1 Present Value of Defined Benefit Obligation	2,797.55	2,566.78
2 Fair Value of Plan Assets	2,560.46	2,319.34
3 Funded Status [Surplus/(Deficit)]	(237.09)	(247.44)
4 Net asset/(liability) recognised in the Consolidated Balance Sheet	(237.09)	(247.44)
IV Change in Defined Benefit Obligation during the year		
1 Present Value of Defined Benefit Obligation as at the beginning of the year	2,566.78	2,198.69
2 Current Service Cost	347.96	177.63
3 Interest Cost	205.09	186.89
4 Actuarial Losses/ (Gains)	70.17	418.99
5 Benefits paid	(392.45)	(415.42)
6 Present Value of Defined Benefit Obligations as at the end of the year	2,797.55	2,566.78
V Change in Fair Value of Plan Assets during the year		
1 Plan Assets as at the beginning of the year	2,319.34	2,265.99
2 Expected return on Plan Assets	218.37	213.07
3 Actuarial Gains/ (Losses)	15.20	-
4 Actual Company Contributions	400.00	255.70
5 Benefits paid	(392.45)	(415.42)
6 Plan Assets as at the end of the year	2,560.46	2,319.34
VI Actuarial Assumptions		
1 Discount Rate	8.15%	8.50%
2 Expected Return on plan assets	9.40%	9.40%
3 Salary escalation Rate	6.00%	6.00%
VII The expected rate of return on the plan assets is based on the average long term rate of return expected on investments of the Fund during the estimated term of the obligations. The actual return on plan assets is ₹ 233.57 lacs (Previous Year ₹ 213.07 lacs)		
VIII The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.		
IX The major categories of Plan Assets as a percentage of the total plan assets		
Insurer Managed Funds	100%	100%

Note: The details of investment made by the Insurer is not readily available with the Company.

NOTES forming part of the consolidated financial statements

X	Experience Adjustments	2012-13	2011-12	2010-11	2009-10	2008-09
1	Present Value of Defined Benefit Obligation as at the end of the year	2,797.55	2,566.78	2,198.69	2,377.45	1,969.23
2	Fair Value of Plan Assets as at the end of the year	2,560.46	2,319.34	2,265.69	1,806.00	1,430.91
3	Funded Status [Surplus/(Deficit)]	(237.09)	(247.44)	67.30	(571.45)	(538.32)
4	Experience adjustment on Plan Liabilities	(21.06)	(443.30)	96.90	(74.71)	0.28
5	Experience adjustment on Plan Assets	(15.20)	-	(10.04)	(4.83)	(11.38)

XI Contribution expected to be paid to the Plan during the year ending March 31, 2014 – ₹ 293.64 lacs**NOTE 31**

The Group is primarily engaged in the business of Engineering, Procurement and Construction business (EPC). As such there is no other separate reportable segment as defined by Accounting Standard -17 "Segment Reporting".

NOTE 32 RELATED PARTY DISCLOSURES**a) Parties with whom transactions have taken place:****Joint Ventures:**

(i)	Al-Sharif Group and KEC Ltd. Company, Saudi Arabia (formerly known as Faiz Abdul Hakim Al-Sharif Group and KEC Company Ltd., Saudi Arabia)
(ii)	KEC Power India Private Limited (Status changed from Joint Venture to Subsidiary w.e.f. March 31, 2012)
(iii)	EJP KEC Joint Venture, South Africa
(iv)	KEC – ASSB JV, Malaysia
(v)	KEC – ASIAKOM – UB JV
(vi)	KEC – ASIAKOM JV
(vii)	KEC – JEI JV
(viii)	KEC – DELCO – VARAHA JV
(ix)	KEC – VARAHA – KHAZANA JV
(x)	KEC – VALECHA – DELCO JV
(xi)	KEC – SIDHARTH JV
(xii)	KEC – TRIVENI – KPIPL JV
(xiii)	KEC – UNIVERSAL JV
(xiv)	KEC – DELCO – DUSTAN JV
(xv)	KEC – ANPR – KPIPL JV
(xvi)	KEC – PLR – KPIPL JV
(xvii)	KEC – BJCL JV
(xviii)	KEC – KIEL JV

Key Management Personnel: Mr. R.D.Chandak – Managing Director

NOTES forming part of the consolidated financial statements

(b) Transactions with the Related Parties

₹ in lacs

Transactions	Current Year			Previous Year		
	Joint Ventures	Key Management Personnel	Total	Joint Ventures	Key Management Personnel	Total
Sale of Products	1,838.74	-	1,838.74	4,105.92	-	4,105.92
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	979.64	-	979.64	1,030.68	-	1,030.68
EJP KEC Joint Venture, South Africa	859.10	-	859.10	3,075.24	-	3,075.24
Sale under Turnkey Contracts	3,285.41	-	3,285.41	4,465.22	-	4,465.22
KEC - ANPR - KPIPL JV	387.26	-	387.26	635.97	-	635.97
KEC - ASIAKOM JV	44.72	-	44.72	89.19	-	89.19
KEC - ASIAKOM - UB JV	1,033.36	-	1,033.36	1,093.53	-	1,093.53
KEC - DELCO - DUSTAN JV	22.58	-	22.58	140.39	-	140.39
KEC - DELCO - VARAHA JV	-	-	-	749.33	-	749.33
KEC - JEI JV	49.82	-	49.82	41.96	-	41.96
KEC - PLR- KPIPL JV	418.28	-	418.28	239.33	-	239.33
KEC - SIDHARTH JV	227.41	-	227.41	212.04	-	212.04
KEC - TRIVENI-KPIPL JV	268.57	-	268.57	147.54	-	147.54
KEC - UNIVERSAL JV	16.30	-	16.30	34.59	-	34.59
KEC - VALECHA - DELCO JV	-	-	-	235.01	-	235.01
KEC - VARAHA - KHAZANA JV	140.25	-	140.25	78.10	-	78.10
KEC - KIEL JV	14.49	-	14.49	-	-	-
KEC - ASSB JV, MALAYSIA	250.14	-	250.14	530.25	-	530.25
KEC-BJCL JV	412.23	-	412.23	237.99	-	237.99
Guarantee charges recovered	11.10	-	11.10	-	-	-
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	11.10	-	11.10	-	-	-
Remuneration	-	277.74	277.74	-	236.13	236.13
Mr.R.D. Chandak - Managing Director	-	277.74 (Refer Note 37 (ii) below)	277.74	-	236.13	236.13
Sale of Fixed Assets	178.09	-	178.09	31.47	-	31.47
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	178.09	-	178.09	31.47	-	31.47
Payments made/expenses incurred on behalf of related party	976.07	-	976.07	616.02	-	616.02
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	293.42	-	293.42	-	-	-
EJP KEC Joint Venture, South Africa	682.65	-	682.65	603.38	-	603.38
KEC Power India Private Limited	-	-	-	12.64	-	12.64
Expenses recovered	-	-	-	32.39	-	32.39
KEC Power India Private Limited	-	-	-	32.39	-	32.39
Advance/Loan Given	6,119.16	-	6,119.16	2,069.95	-	2,069.95
EJP KEC Joint Venture, South Africa	6,119.16	-	6,119.16	2,069.95	-	2,069.95
Advance Received	1,979.04	-	1,979.04	2,187.07	-	2,187.07
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	573.15	-	573.15	2,187.07	-	2,187.07
KEC - KIEL JV	1,405.89	-	1,405.89	-	-	-
Guarantee given	28,384.75	-	28,384.75	24,517.50	-	24,517.50
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	28,384.75	-	28,384.75	24,517.50	-	24,517.50

NOTES forming part of the consolidated financial statements**(c) Balances outstanding as at the year end**

₹ in lacs

Transactions	Current Year			Previous Year		
	Joint Ventures	Key Management Personnel	Total	Joint Ventures	Key Management Personnel	Total
Amount receivable/ (payable)	10,066.39	-	10,066.39	8,111.52	-	8,111.52
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	129.42	-	129.42	677.21	-	677.21
KEC - ANPR - KPIPL JV	654.45	-	654.45	587.07	-	587.07
KEC - ASIAKOM JV	79.22	-	79.22	69.68	-	69.68
KEC - ASIAKOM - UB JV	851.70	-	851.70	751.10	-	751.10
KEC - ASSB JV, MALAYSIA	409.96	-	409.96	429.31	-	429.31
KEC - DELCO - DUSTAN JV	89.91	-	89.91	209.17	-	209.17
KEC - DELCO - VARAHA JV	773.16	-	773.16	901.36	-	901.36
KEC - JEI JV	72.38	-	72.38	78.63	-	78.63
KEC - PLR- KPIPL JV	313.54	-	313.54	250.99	-	250.99
KEC - SIDHARTH JV	237.70	-	237.70	186.35	-	186.35
KEC - TRIVENI-KPIPL JV	305.48	-	305.48	220.54	-	220.54
KEC - UNIVERSAL JV	4.07	-	4.07	5.74	-	5.74
KEC - VALECHA - DELCO JV	367.95	-	367.95	374.02	-	374.02
KEC - VARAHA - KHAZANA JV	89.72	-	89.72	108.98	-	108.98
KEC - KIEL JV	(126.04)	-	(126.04)	-	-	-
EJP KEC Joint Venture, South Africa	5,690.54	-	5,690.54	3,216.87	-	3,216.87
KEC-BJCL JV	123.23	-	123.23	44.50	-	44.50
Guarantees given on behalf of the related party:	27,814.47	-	27,814.47	12,503.93	-	12,503.93
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	27,814.47	-	27,814.47	12,503.93	-	12,503.93

No amount has been written off/provided for or written back in respect of amounts receivable from or payable to the related parties.

NOTE 33 DISCLOSURE FOR LEASES UNDER ACCOUNTING STANDARD 19 – “LEASES”**A Operating Leases**

Particulars	Current Year (₹ in lacs)	Previous year (₹ in lacs)
Disclosure in respect of the agreements entered into for taking on leave and license/under operating leases the residential/office premise, warehouses, including furniture and fittings therein, machinery, etc. is given below:		
1 Lease payments recognised in the Consolidated Statement of Profit and Loss for the year. [Includes minimum lease payments ₹ 1,210.15 lacs (Previous Year ₹ 1,281.20 lacs)].	3,660.86	3,328.84
2 (i) Under some of the agreements, refundable interest free deposits have been given		
(ii) Some of the agreements provide for increase in rent		
(iii) Some of the agreements provide for early termination by either party with a notice period which varies from 15 days to 6 months		
(iv) Some of the agreements contain a provision for its renewal		
3 Future minimum lease payments under the agreements, which are non-cancellable are as follows:		
(i) Not later than one year	1,324.36	1,103.28
(ii) Later than one year and not later than five years	2,387.07	3,272.49
(iii) Later than five years	-	14.36

NOTES forming part of the consolidated financial statements

B Finance lease:

- (i) The net carrying amount as at March 31, 2013 for assets acquired under finance lease } Refer Note 11-Fixed Assets
- (ii) The maturity profiles of finance lease obligations are as follows:

Particulars	Total minimum lease payments outstanding as at March 31, 2013	Interest not due	Present value of minimum lease payments
Not later than one year	5.64	-	5.64
	(135.48)	(20.21)	(115.37)
Later than one year and not later than five years	2.49	-	2.49
	(123.37)	(12.12)	(111.25)
TOTAL	8.13	-	8.13
	(258.85)	(32.23)	(226.62)

Figures in brackets are for the previous year.

(iii) General description of these agreements:

Some of these agreements contain renewal clause.

There are no restrictions such as those concerning dividends, additional debt and further leasing imposed by the lease agreements entered by the Group.

NOTE 34

Basic/diluted earnings per share has been calculated by dividing the profit for the year after taxation of ₹ 6,504.48 lacs (Previous Year ₹ 20,929.61 lacs), by 25,70,88,370 (Previous Year 25,70,88,370) being the weighted average number of equity shares outstanding during the year.

NOTE 35

THE COMPONENTS OF DEFERRED TAX LIABILITIES/ASSETS ARE AS UNDER:

(i) The components of Deferred Tax Liability (net) of the Company are as under:

Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
Deferred Tax Liability		
Depreciation (A)	10,286.91	8,776.67
Deferred Tax Assets		
Provision for doubtful debts and advances	436.88	913.64
Amalgamation expenses	26.99	51.52
VRS Expenditure u/s 35 DDA	139.18	190.74
Expenses debited to the Statement of Profit and Loss allowable in subsequent year/s u/s 43B/40(a)	566.40	676.15
Carry forward business loss/unabsorbed depreciation	883.72	-
Others	191.54	283.42
(B)	2,244.71	2,115.47
Deferred Tax Liability (net) (A-B)	8,042.20	6,661.20

NOTES forming part of the consolidated financial statements**(ii) The components of Deferred Tax Assets (net) of entities other than the Company are as under:**

Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
Deferred Tax Assets		
Expenses debited to the Consolidated Statement of Profit and Loss allowable in subsequent year/s	1,798.67	1,475.23
Provision for non recovery of value added tax	518.33	507.17
Others	35.70	85.46
(A)	2,352.70	2,067.86
Deferred Tax Liability		
Depreciation (B)	521.04	538.20
Deferred Tax Assets (net) (A-B)	1,831.66	1,529.66

NOTE 36

The execution of the construction works under contracts of the Company with General Electric Company Libya (a Government of Libya undertaking) is disrupted since February 2011 due to civil/political unrest in that country. The net assets [including fixed assets, debtors etc] as at March 31, 2013 of the Company relating to these contracts aggregate ₹ 5,589.30 lacs (Previous Year ₹ 7,688.72 lacs). The situation in Libya is returning to normal and the Company is confident of completing these projects. Further, during the year the Company has realised ₹ 2,155.91 lacs from the customer.

NOTE 37

- (i) Members of the Company in the Annual General Meeting held on July 05, 2011 accorded consent subject to approval of the Central Government for payment of commission to non- executive directors of the Company upto 5% of the net profits of the Company computed as per the provisions of the Companies Act, 1956, at the end of each financial year, for a period of five years commencing from financial year 2010-11 in such manner and upto such extent as the remuneration committee of the Board of Directors of the Company recommends and the Board of Directors determine from time to time.

The Board of Directors of the Company in its meetings held on May 08, 2013 and May 03, 2012 determined commission of ₹ 97.55 lacs and ₹ 880 lacs for the financial years ended March 31, 2013 and March 31, 2012 respectively and accordingly provided for the same in the books of the Company. The said provisions include commission of ₹ 78.04 lacs and ₹ 695.18 lacs in excess of 1% of the net profit computed under Section 349 of the Companies Act, 1956 which are subject to the approval of the Central Government under the relevant provisions of the Companies Act, 1956. No payments have been made pending receipt of the said approval.

- (ii) Remuneration of ₹ 277.74 lacs paid to the Managing Director of the Company and debited to the Consolidated Statement of Profit and Loss for the financial year 2012-13 includes ₹ 180.19 lacs in excess of the limits specified in Section 309 of the Companies Act, 1956. The excess payment is as a result of lower profit for the year of the Company due to additional costs incurred in respect of certain contracts which was not envisaged during the year. An application has been made by the Company to the Central Government under Section 309 (5B) of the Companies Act, 1956 to waive the recovery of the said excess remuneration. Pending such approval the Managing Director holds the excess remuneration paid in trust for the Company.

NOTE 38

The production of Cables at Thane plant of the Company has been discontinued from February 11, 2013. The complete range of products manufactured at Thane plant is now being manufactured at new cables plant at Vadodara.

NOTES forming part of the consolidated financial statements

NOTE 39

THE INFORMATION IN AGGREGATE FOR EACH SUBSIDIARY INCLUDING SUBSIDIARIES OF SUBSIDIARIES OF THE COMPANY IN TERMS OF DIRECTION UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956:

Sr. No.	Name of Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities (excluding Capital and Reserves)	Details of Investment (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)
												₹ in lacs
1	SAE Towers Holdings, LLC, USA*	INR USD(000)	14,345.34 26,430.85	10,950.51 20,175.97	25,339.80 46,687.79	43.95 80.97	- -	- -	7,983.04 14,708.50	140.43 258.73	7,842.61 14,449.77	- -
2	SAE Towers Brazil Subsidiary Company LLC, USA*	INR USD(000)	- -	@ #	@ #	- -	- -	- -	+ \$	- -	+ \$	- -
3	SAE Towers Mexico Subsidiary Holding Company LLC, USA*	INR USD(000)	- -	1.16 2.13	1.16 2.13	- -	- -	- -	0.34 0.62	- -	0.34 0.62	- -
4	SAE Towers Mexico S de RL de CV, Mexico*	INR USD(000)	9,269.64 17,079.02	2,708.38 4,990.10	23,011.51 42,397.99	11,033.49 20,328.87	- -	45,053.80 83,010.22	1,652.94 3,045.49	564.58 1,040.23	1,088.36 2,005.27	- -
5	SAE Towers Brazil Torres de Transmision Ltda, Brazil*	INR USD(000)	2,590.89 4,773.63	11,981.23 22,075.05	29,796.08 54,898.35	15,223.96 28,049.67	- -	57,280.09 1,05,536.78	8,472.77 15,610.82	2,661.99 4,904.64	5,810.78 10,706.18	- -
6	SAE Prestadora de Servicios Mexico, S de RL de CV, Mexico*	INR USD(000)	- -	906.92 1,670.97	1,772.40 3,265.58	865.48 1,594.61	- -	6,047.03 11,141.46	809.35 1,491.21	253.18 466.48	556.17 1,024.73	- -
7	SAE Towers Ltd, USA*	INR USD(000)	0.54 1.00	(6.52) (12.02)	715.82 1,318.88	721.80 1,329.90	- -	38,300.15 70,566.83	143.45 264.30	48.77 89.86	94.68 174.44	- -
8	SAE Towers Panama Holdings LLC, USA*	INR USD(000)	- -	(0.83) (1.53)	(0.83) (1.53)	- -	- -	- -	- -	- -	- -	- -
9	SAE Towers Panama S de RL, Panama*	INR USD(000)	- -	(829.32) (1,528.00)	(829.32) (1,528.00)	- -	- -	- -	- -	- -	- -	- -
10	SAE Engenharia E Construc�o Ltda*	INR USD(000)	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
11	KEC Investment Holdings, Mauritius	INR USD(000)	325.65 600.00	(19.56) (36.04)	307.70 566.93	1.61 2.97	- -	- -	(6.00) (11.06)	- -	(6.00) (11.06)	- -

NOTES forming part of the consolidated financial statements**NOTE 39****THE INFORMATION IN AGGREGATE FOR EACH SUBSIDIARY INCLUDING SUBSIDIARIES OF THE COMPANY IN TERMS OF DIRECTION UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956:**

Sr. No.	Name of Subsidiary Company	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities (excluding Capital and Reserves)	Details of Investment (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)
12	KEC International Holdings LLC, USA**	INR	0.03	(0.14)	0.03	0.14	-	-	-	-	-	-
		USD(000)	0.05	(0.25)	0.05	0.25	-	-	-	-	-	-
13	KEC Brazil LLC, USA**	INR	0.01	(0.14)	0.01	0.14	-	-	-	-	-	-
		USD(000)	0.03	(0.25)	0.03	0.25	-	-	-	-	-	-
14	KEC Mexico LLC, USA**	INR	0.01	(0.14)	0.01	0.14	-	-	-	-	-	-
		USD(000)	0.03	(0.25)	0.03	0.25	-	-	-	-	-	-
15	KEC Transmission LLC, USA**	INR	0.01	3,125.92	32,910.99	29,785.06	-	-	1,528.13	-	1,528.13	-
		USD(000)	0.03	5,759.40	60,637.47	54,878.04	-	-	2,815.53	-	2,815.53	-
16	KEC US LLC, USA**	INR	0.01	2,083.14	21,939.93	19,856.78	-	-	1,018.49	-	1,018.49	-
		USD(000)	0.03	3,838.12	40,423.64	36,585.49	-	-	1,876.54	-	1,876.54	-
17	KEC Global Mauritius, Mauritius	INR	27.14	(16.02)	12.67	1.55	-	-	(6.50)	-	(6.50)	-
		USD(000)	50.00	(29.52)	23.34	2.86	-	-	(11.98)	-	(11.98)	-
18	Jay Railway Projects Private Limited, India	INR	100.00	(78.95)	2,034.37	2,013.32	-	777.36	(11.08)	-	(11.08)	-
19	RPG Transmission Nigeria Limited, Nigeria	INR	34.26	0.99	35.30	0.05	-	-	(0.17)	-	(0.17)	-
		Naira(000)	10,000.00	289.61	10,302.11	12,500.00	-	-	(50.00)	-	(50.00)	-
20	KEC Global FZ – LLC, Ras UL Khaimah, UAE	INR	147.78	2,727.50	6,833.23	3,957.95	-	4,327.11	52.78	-	52.78	-
		AED(000)	1,000.00	18,457.01	46,240.43	26,783.42	-	29,281.54	357.18	-	357.18	-
21	KEC Power India Private Limited, India	INR	22.10	7.77	31.18	1.31	-	-	7.65	2.36	5.29	-

Exchange rates as at year end considered for conversion:

1USD = ₹ 54.2750

1AED = ₹ 14.7776

1NAIRA = ₹ 0.3426

* Based on the information considered in the audited consolidated financial statements of SAE Towers Holdings, LLC

** Based on the information considered in the audited consolidated financial statements of the Company

@ ₹ 217.10

+ ₹.54.28

USD 4

\$ USD 1

NOTES forming part of the consolidated financial statements

NOTE 40

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/ disclosure.

Signatures to Notes 2 to 40 which form an integral part of Consolidated Financial Statements.
For and on behalf of the Board

H.V.GOENKA
Chairman

VARDHAN DHARKAR
Executive Director - Finance

R. D. CHANDAK
Managing Director

CH.V.JAGANNADHA RAO
Company Secretary
Place: Mumbai
Date: May 08, 2013

A.T.VASWANI
Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KEC INTERNATIONAL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of KEC INTERNATIONAL LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the returns for the year ended on that date audited by branch auditors of the Company's overseas branches at Afghanistan, Algeria, Bangladesh, Congo, Egypt, Ethiopia, Georgia, Ghana, Kazakhstan, Kenya, Lebanon, Libya, Malaysia, Nepal, Nigeria, Oman, Philippines, South Africa, Sri Lanka, Tunisia, Uganda, United Arab Emirates.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports on the accounts of the Company's overseas branches at Afghanistan, Algeria, Bangladesh, Congo, Egypt, Ethiopia, Georgia, Ghana, Kazakhstan, Kenya, Lebanon, Libya, Malaysia, Nepal, Nigeria, Oman, Philippines, South Africa, Sri Lanka, Tunisia, Uganda, United Arab Emirates audited by the branch auditors which have been forwarded to us and have been properly dealt with, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to

1. Note 43 (i) to the financial statements. As stated in the Note, the Company has made provision for commission to non-executive directors of ₹ 97.55 lacs (Previous Year ₹ 880 lacs) including ₹ 78.04 lacs (Previous Year ₹ 695.18 lacs) in excess of 1% of the net profits computed under Section 349 of the Act, both provisions are subject to the approval of the Central Government.
2. Note 43 (ii) to the financial statements. As stated in the Note, the Company has paid and debited to the Statement of Profit and Loss, managerial remuneration of ₹ 277.74 lacs to the Managing Director including ₹ 180.19 lacs in excess of the limits specified in Section 309 of the Act which is subject to the approval of the Central Government.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Company's overseas branches at Afghanistan, Algeria, Bangladesh, Congo, Egypt, Ethiopia, Georgia, Ghana, Kazakhstan, Kenya, Lebanon, Libya, Malaysia, Nepal, Nigeria, Oman, Philippines, South Africa, Sri Lanka, Tunisia, Uganda, United Arab Emirates audited by other auditors.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and the audited branch returns.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 117365W)

Saira Nainar
(Partner)
(Membership No. 040081)

Place: Mumbai

Date: May 08, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result during the year, clauses (iii), (v), (vi), (x), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regards to the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit, we have not observed any major weaknesses in such internal control system.
- (v) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2013 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Relating to various years comprise in the period	Amount involved (₹ in lacs)
Sales Tax / Value Added Tax Acts	Tax/Penalty/Interest	Assistant Commissioner / Joint Commissioner / Deputy Commissioner / Additional Commissioner (Appeal)	1995-1996 to 2010-2011	4,379.15
	Tax/Penalty/Interest	Rajasthan Tax Board, Ajmer	1994-1995 to 1997-1998	46.66

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Relating to various years comprise in the period	Amount involved (₹ in lacs)
The Central Excise Act, 1944	Tax/Interest	Appellate Tribunal	1989-1990 to 2007-2008	187.61
	Duty/Penalty/Interest	Customs Excise and Service Tax Tribunal	1994-1995 to 2011-2012	1,369.31
	Duty/Penalty/Interest	Assistant Commissioner / Deputy Commissioner / Additional Commissioner / Commissioner (Appeal)	1994-1995 to 2011-2012	180.63
	Interest on Differential Duty	High Court	2001-2002 to 2005-2006	61.76
	Duty/Interest	Supreme Court	2008-2009 & 2009-2010	29.51
The Finance Act, 1994	Service Tax/ Penalty/ Interest	Customs Excise and Service Tax Tribunal	2002-2003 to 2010-2011	544.05
	Service Tax/ Penalty/ Interest	Assistant Commissioner / Deputy Commissioner / Additional Commissioner / Commissioner (Appeal)	1998-1999 to 2012-2013	1,080.59
	Service Tax/ Penalty/ Interest	High Court (appeal to be filed)	2007-2011	15,253.64
The Customs Act, 1962	Custom Duty	Commissioner of Customs (Appeals)	1995-1996	60.14

For the above purpose only statutory dues payable in India have been considered.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks.
- (ix) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by its wholly owned subsidiaries and a joint venture company from banks are not *prima facie* prejudicial to the interests of the Company.
- (x) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**

Chartered Accountants

(Firm Registration No. 117365W)

Saira Nainar

(Partner)

(Membership No. 040081)

Place: Mumbai

Date: May 08, 2013

BALANCE SHEET as at March 31, 2013

Particulars	Note No.	Current Year		Previous Year	
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
I. EQUITY AND LIABILITIES					
(1) Shareholders' funds					
(a) Share capital	2	5,141.77		5,141.77	
(b) Reserves and surplus	3	92,520.78		94,784.34	
			97,662.55		99,926.11
(2) Non-current liabilities					
(a) Long-term borrowings	4	28,107.08		27,702.53	
(b) Deferred tax liabilities (Net)	38	8,042.20		6,661.20	
(c) Other Long-term liabilities	5	1,000.00		1,000.00	
(d) Long-term provisions	6	979.05		1,705.26	
			38,128.33		37,068.99
(3) Current liabilities					
(a) Short-term borrowings	7	69,544.05		32,463.58	
(b) Trade payables	8	2,22,632.02		1,88,133.23	
(c) Other current liabilities	9	82,008.47		89,363.25	
(d) Short-term provisions	10	7,735.43		7,805.00	
			3,81,919.97		3,17,765.06
TOTAL			5,17,710.85		4,54,760.16
II. ASSETS					
(1) Non current assets					
(a) Fixed assets					
(i) Tangible assets	11	71,228.69		53,947.42	
(ii) Intangible assets	11	15,154.82		15,983.91	
(iii) Capital work-in-progress	11	2,130.64		10,768.61	
			88,514.15		80,699.94
(b) Non-current investments	12	637.47		621.13	
(c) Long-term loans and advances	13	11,739.50		11,776.96	
(d) Other non-current assets	14	8,581.03		6,723.30	
			1,09,472.15		99,821.33
(2) Current assets					
(a) Inventories	15	28,550.15		31,801.53	
(b) Trade receivables	16	2,62,266.32		2,21,424.18	
(c) Cash and cash equivalents	17	6,189.86		9,412.85	
(d) Short-term loans and advances	18	47,678.35		36,726.70	
(e) Other current assets	19	63,554.02		55,573.57	
			4,08,238.70		3,54,938.83
TOTAL			5,17,710.85		4,54,760.16

See accompanying notes forming part of the financial statements

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

SAIRA NAINAR
Partner

VARDHAN DHARKAR
Executive Director - Finance

CH.V.JAGANNADHA RAO
Company Secretary
Place: Mumbai
Date: May 08, 2013

For and on behalf of the Board

H.V.GOENKA
Chairman

R. D. CHANDAK
Managing Director

A.T.VASWANI
Director

Place: Mumbai
Date: May 08, 2013

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2013

Particulars	Note No.	Current Year		Previous Year	
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
I. REVENUE FROM OPERATIONS (GROSS)		5,73,125.20		4,70,729.77	
Less: Excise duty		13,917.50		10,296.39	
Revenue from operations (Net)	20		5,59,207.70		4,60,433.38
II. Other income	21		2,064.14		8,513.30
III. Total Revenue (I+II)			5,61,271.84		4,68,946.68
IV. EXPENSES					
Cost of materials consumed	22		3,09,631.22		2,50,993.19
Changes in inventories of finished goods, work-in-progress and scrap	23		(457.34)		(1,830.03)
Erection & sub-contracting expenses	24		1,35,186.45		1,08,260.98
Employee benefits expense	25		28,910.81		24,179.22
Finance costs	26		16,480.63		13,370.66
Depreciation and amortisation expense (net)	1(E)(ii)(a)		4,305.50		3,604.85
Other expenses	27		62,827.25		44,788.50
Total expenses			5,56,884.52		4,43,367.37
V. PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (III - IV)			4,387.32		25,579.31
VI. Exceptional items - VRS Expenditure			13.76		97.83
VII. PROFIT BEFORE TAX (V-VI)			4,373.56		25,481.48
VIII. Tax expenses :					
Current Tax [including foreign taxes of ₹ 3,457.17 lacs {Previous Year ₹ 1879.44 lacs (net of write back of provision pertaining to an earlier year ₹ 535.69 lacs)} but net of write back of provision pertaining to an earlier year ₹ 920.45 lacs (Previous Year Nil)]			3,389.22		6,431.46
Less: MAT Credit			852.50		-
			2,536.72		6,431.46
Deferred Tax			1,381.00		866.15
			3,917.72		7,297.61
IX. PROFIT FOR THE YEAR (VII-VIII)			455.84		18,183.87
			₹		₹
X. Earnings per equity share (of ₹ 2 each)	37				
(1) Basic			0.18		7.07
(2) Diluted			0.18		7.07

See accompanying notes forming part of the financial statements

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

SAIRA NAINAR
Partner

VARDHAN DHARKAR
Executive Director - Finance

CH.V.JAGANNADHA RAO
Company Secretary
Place: Mumbai
Date: May 08, 2013

For and on behalf of the Board

H.V.GOENKA
Chairman

R. D. CHANDAK
Managing Director

A.T.VASWANI
Director

Place: Mumbai
Date: May 08, 2013

CASH FLOW STATEMENT for the year ended March 31, 2013

Particulars	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Profit Before Tax		4,373.56		25,481.48
Adjustments for:				
Depreciation and amortisation expense (net)		4,305.50		3,604.85
Profit on fixed assets sold (net)		(19.95)		(5,035.48)
Finance costs		16,480.63		13,370.66
Interest income		(633.47)		(637.28)
Dividend income from long term investment in subsidiaries		(516.97)		(2,721.89)
Profit on redemption of current investments in units of mutual funds		(0.40)		(113.70)
Mark to market loss on forward and commodity contracts		1,639.06		873.55
Net unrealised exchange (gain) / loss		(1,673.35)		1,426.62
		19,581.05		10,767.33
Operating Profit Before Working Capital Changes		23,954.61		36,248.81
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories		3,251.38		(10,513.14)
Trade receivables		(41,350.85)		(15,013.02)
Loans and advances		(10,578.39)		(10,737.41)
Other current assets		(8,269.61)		(3,702.89)
Other non-current assets		462.56		92.79
		(56,484.91)		(39,873.67)
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables and Other current liabilities		20,000.52		49,415.26
Provisions		977.74		2,107.92
		20,978.26		51,523.18
Cash Generated From/ (Used In) Operations		(11,552.04)		47,898.32
Direct Taxes Paid (net of refund of taxes)		(3,529.19)		(3,608.94)
Net Cash Flow From/ (Used In) Operating Activities (A)		(15,081.23)		44,289.38
B. CASH FLOW FROM INVESTING ACTIVITIES				
Capital expenditure on fixed assets (after adjustment of increase/decrease in capital work-in-progress and advances for capital expenditure)		(11,572.37)		(10,718.38)
Proceeds from sale of fixed assets		452.48		7,307.86
Advance against sale of fixed assets		750.00		-
Payment for investments in subsidiaries		(78.35)		(9.40)
Loans given to a subsidiary		(119.81)		(93.35)
Loans repaid by a subsidiary		57.89		249.47
Interest received		922.63		362.39
Purchase of current investments in mutual funds		(1,500.00)		(11,000.00)
Proceeds from redemption of current investments in mutual funds		1,500.40		11,113.70
Dividend received from subsidiaries		516.97		2,721.89
Bank balances (including non-current) not considered as cash and cash equivalents (net)		(74.08)		43.74
		(9,144.24)		(22.08)
Net Cash Used In Investing Activities (B)		(9,144.24)		(22.08)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from other than short-term borrowings		12,899.78		8,900.00
Repayment of other than short-term borrowings		(8,268.00)		(4,353.14)
Net increase / (decrease) in short-term borrowings		36,824.32		(28,136.53)

CASH FLOW STATEMENT for the year ended March 31, 2013 (Contd.)

Particulars	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Finance costs [Including interest capitalised ₹ 722.28 lacs (Previous Year ₹ 319.06 lacs)]	(16,968.80)		(13,706.35)	
Dividend paid (including tax on distributed profit)	(3,551.66)		(3,550.61)	
		20,935.64		(40,846.63)
Net Cash Flow From/ (Used In) Financing Activities (C)		20,935.64		(40,846.63)
Net Increase/ (Decrease) In Cash And Cash Equivalents (A+B+C)		(3,289.83)		3,420.67
Cash and cash equivalents at the beginning of the year		8,545.46		5,122.57
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		(1.50)		2.22
Cash and cash equivalents at the end of the year		5,254.13		8,545.46
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 17)		6,189.86		9,412.85
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements - Balances with banks in earmarked accounts		935.73		867.39
Cash and cash equivalents at the end of the year (as defined in AS 3 Cash Flow Statements) included in Note 17 [Refer Footnote (ii)]		5,254.13		8,545.46
Footnotes:				
(i) The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 - Cash Flow Statements.				
(ii) Cash and cash equivalents* at the end of the year comprises:				
(a) Cash on hand		243.63		247.47
(b) Cheques on hand		219.21		4.68
(c) Balances with banks				
(i) In current accounts		3,733.01		7,183.37
(ii) In deposit accounts		154.96		491.84
(d) Remittance in transit		903.32		618.10
		5,254.13		8,545.46

*includes cash and cash equivalents of jointly controlled operations referred to in Note 40 (c) to the financial statements.

(iii) Previous year's figures have been regrouped to conform with those of the current year.

See accompanying notes forming part of financial statements

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

SAIRA NAINAR
Partner

VARDHAN DHARKAR
Executive Director - Finance

CH.V.JAGANNADHA RAO
Company Secretary
Place: Mumbai
Date: May 08, 2013

For and on behalf of the Board

H.V.GOENKA
Chairman

R. D. CHANDAK
Managing Director

A.T.VASWANI
Director

Place: Mumbai
Date: May 08, 2013

NOTES forming part of the financial statements

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation of Financial Statements:

The Financial Statements have been prepared on historical cost convention. The Company follows the accrual basis of accounting. The Financial Statements are prepared in accordance with the accounting standards specified in the Companies (Accounting Standards) Rules, 2006 notified by the Central Government in terms of Section 211(3C) of the Companies Act, 1956.

B. Revenue Recognition:

- i. Sales of Products and Services are recognised on delivery. Sales and services exclude sales tax/ value added tax and service tax charged to the customers.
- ii. Revenue from turnkey contracts is recognised based on the stage of completion determined with reference to the costs incurred on contracts and their estimated total costs.

When it is probable that the total contract cost will exceed total contract revenue, expected loss is recognised as an expense immediately. Total contract cost is determined based on technical and other assessment of cost to be incurred. Liquidated damages/ penalties are accounted as per the contract terms wherever there is a delayed delivery attributable to the Company.

- iii. Revenue from turnkey contracts awarded to Jointly Controlled Entity at Saudi Arabia but executed by the Company under the arrangement with the Joint Venture Partner [being in substance in the nature of Jointly Controlled Operations, in terms of Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures"], is recognised on the same basis as similar turnkey contracts independently executed by the Company.
- iv. Share in profit/loss of the projects undertaken by the jointly controlled entities, is accounted on its appropriation to the venturers as per the terms of the respective joint venture contracts.
- v. Subsidy is accounted on accrual basis.
- vi. Dividend income is accounted as and when the right to receive the same is established.
- vii. Interest income is accounted on time proportion basis.

C. Inventories:

- i. Raw materials, work-in-progress, finished goods and stores and erection materials are valued at the lower of cost and net realisable value (NRV). Cost of purchased material is determined on the weighted average basis. Cost of Tools and Dies is amortised over its estimated useful life. Scrap is valued at net realisable value.
- ii. 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.

D. Fixed Assets:

Fixed assets are stated at cost of acquisition or construction net of impairment loss, if any less accumulated depreciation/ amortisation. Cost comprises of purchase/ acquisition price, non-refundable taxes and any directly attributed cost of bringing the asset to its working condition for its intended use. Financing cost on borrowings for acquisition or construction of qualifying fixed assets, for the period upto the date of acquisition of fixed assets or when the assets are ready to be put in use/ the date of commencement of commercial production, is included in the cost of fixed assets. Assessment of indication of impairment of an asset is made at the year end and impairment loss, if any, is recognised.

NOTES forming part of the financial statements

E. Depreciation/ Amortisation:

i. Tangible Assets:

- a) Leasehold land is amortised over the remaining period of the lease.
- b) Cost of buildings of semi-permanent nature is amortised over 3 years.
- c) Depreciation on other tangible fixed assets is provided on straight line method at the rates so as to reduce them to their estimated salvage value at the end of their useful lives or at the rates prescribed in Schedule XIV to the Companies Act, 1956 whichever is higher.

The estimated useful lives of assets which are different from the estimated useful lives derived from the principal rates specified in Schedule XIV to the Companies Act, 1956 are as follows:

Plant and Equipment/ Office Equipment – 1 to 19 years, Furniture and Fixtures – 10 years, Vehicles – 7 years and Computers – 4 years.

ii. Intangible Assets:

- a) Brand is amortised over twenty years being the useful life certified by the independent valuer.

In terms of the Scheme of Arrangement sanctioned in the year 2007-08, out of the balance in 'Reserve for Amortisation of Brand Account' an amount equal to annual amortisation of brand is credited to the Statement of Profit and Loss each year so that overall depreciation and amortisation gets reduced to that extent. Accordingly, ₹ 1,200 lacs being the amortisation of brand during the year (Previous Year ₹ 1,200 lacs) have been credited to the Statement of Profit and Loss by netting it with Depreciation and amortisation expense.

- b) Computer softwares are amortised on straight line method over the estimated useful life ranging between 4-6 years.

F. Investments:

Long-term investments are stated at cost. Provision is made for diminution, other than temporary, in the value of investments.

- G. Trade receivables as at the year end under the contracts are disclosed net of advances received relating to the respective contracts for work to be done and outstanding at the year end.

H. Foreign Currency Transactions:

i. Foreign branches (Integral)

- a) Fixed assets are translated at the rates on the date of purchase/acquisition of assets and inventories are translated at the rates that existed when costs were incurred.
- b) All foreign currency monetary items outstanding at the year end are translated at the year end exchange rates. Income and expenses are translated at average rates of exchange and depreciation and amortisation is translated at the rates referred to in (i) (a) above for fixed assets.
- c) The resulting exchange gains and losses are recognised in the Statement of Profit and Loss.

ii. Jointly Controlled Operations (Non Integral)

Assets and liabilities, both monetary and non monetary are translated at the year end exchange rates, income and expense items are translated at the average rate of exchange and all resulting exchange differences are accumulated in a Foreign Currency Translation Reserve.

NOTES forming part of the financial statements

iii. Other foreign currency transactions:

- a) Foreign currency transactions during the year are recorded at the rates of exchange prevailing at the date of transaction. Exchange gains or losses realised and arising due to translation of the foreign currency monetary items outstanding at the year end are accounted in the Statement of Profit and Loss.

b) Forward Exchange Contracts:

In case of transactions covered by forward exchange contracts, which are not intended for trading or speculation purposes, premium or discounts are amortised as expense or income over the life of the contract.

Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rate changes.

Profit or loss arising on cancellation or renewal of such forward exchange contracts are recognised as income or as expense for the year.

- I. Excise duty payable is accounted on production of finished goods.

J. Employee Benefits:

i. Defined Contribution Plans:

The Company's contributions to the Provident Fund and the Superannuation Fund are charged to the Statement of Profit and Loss.

ii. Defined Benefit Plan / Long Term Compensated Absences:

The Company's liability towards gratuity and compensated absences is determined on the basis of year end actuarial valuation done by an independent actuary. The actuarial gains or losses determined by the actuary are recognised in the Statement of Profit and Loss as income or expense.

K. Taxation:

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the period.

Deferred tax is calculated at current statutory income tax rate and is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognised on unabsorbed depreciation and carry forward of the losses only to the extent that there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date.

Minimum Alternative Tax (MAT) credit asset is recognised only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. The carrying amount of MAT credit asset is reviewed at each Balance Sheet date.

- L. Receivables and loans and advances identified as doubtful of recovery are provided for.

M. Contingencies/ Provisions :

Provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimates of the expenditure required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. A contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

N. Uses of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenue and expenses

NOTES forming part of the financial statements

during the reporting period. Difference between the actual results and estimates are recognised in the period in which results are known/ materialised.

O. Derivative Contracts

The Company enters into derivative contracts in the nature of full currency swaps, interest rate swaps, currency options, forward contracts and commodity hedges with an intention to hedge its existing assets, liabilities, raw material requirements and firm commitments. Derivative contracts which are closely linked to the underlying transactions are recognised in accordance with the contract terms. All contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised on grounds of prudence.

P. Operating Cycle

Assets and liabilities other than those relating to long-term contracts (i.e. supply or turnkey 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.

Q. Basis of Incorporation of integral foreign operations:

Figures in respect of the Company's overseas branches in Afghanistan, Algeria, Bangladesh, Congo, Egypt, Ethiopia, Georgia, Ghana, Kazakhstan, Kenya, Lebanon, Libya, Malaysia, Nepal, Nigeria, Oman, Philippines, South Africa, Sri Lanka, Tunisia, Uganda and United Arab Emirates have been incorporated on the basis of Financial Statements (Branch Returns) audited by the auditors of the respective branches. Further, in respect of overseas branches in Bhutan, Cameroon, Ivory Coast, Kuwait, Namibia and Tajikistan the accounts have been prepared and audited in India.

	Current Year		Previous Year	
	Nos.	₹ in lacs	Nos.	₹ in lacs
NOTE 2 SHARE CAPITAL				
Authorised:				
Equity Shares:				
Equity Shares of ₹ 2 each	55,00,00,000	11,000.00	30,00,00,000	6,000.00
Equity Shares of ₹ 10 each	-	-	5,00,00,000	5,000.00
Preference Shares:				
Redeemable Preference Shares of ₹ 100 each	15,00,000	1,500.00	15,00,000	1,500.00
		12,500.00		12,500.00
Issued, Subscribed and Paid-up				
Equity Shares:				
Equity Shares of ₹ 2 each fully paid up	25,70,88,370	5,141.77	25,70,88,370	5,141.77
	25,70,88,370	5,141.77	25,70,88,370	5,141.77

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

Particulars	Current Year		Previous Year	
	Nos.	₹ in lacs	Nos.	₹ in lacs
Equity Shares:				
Outstanding at the beginning of the year	25,70,88,370	5,141.77	25,70,88,370	5,141.77
Add: Shares issued during the year	-	-	-	-
Outstanding as at the end of the year	25,70,88,370	5,141.77	25,70,88,370	5,141.77

NOTES forming part of the financial statements

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

Sr. No.	Name of the shareholder	Current Year		Previous Year	
		Nos. of Shares Held	Percentage of Shares held	Nos. of Shares Held	Percentage of Shares held
1	Swallow Associates Limited *#	6,57,74,210	25.58	6,42,86,025	25.01
2	Summit Securities Limited *	2,51,78,520	9.79	2,49,92,520	9.72
3	HDFC Trustee Company Limited A/c HDFC Balanced Fund (AAATH1809A)	2,32,82,899	9.06	2,32,82,899	9.06
4	Life Insurance Corporation of India (AAACL0582H)	1,52,13,235	5.92	1,52,13,235	5.92
5	Instant Holdings Limited *@	1,45,46,968	5.66	1,34,40,425	5.23
6	Reliance Capital Trustee Co. Ltd. A/c Reliance Diversified Power Sector Fund (AAATR0090B)	1,37,53,280	5.35	1,31,68,280	5.12

#Swallow Associates Limited has been converted into a Limited Liability Partnership w.e.f. October 31, 2012 and thereafter is known as Swallow Associates LLP.

@ Includes 836,750 shares held by Idea Tracom Private Limited which got merged with Instant Holdings Limited vide Scheme of Amalgamation which became effective on May 15, 2012.

*Shares held in Multiple Folios have been combined.

2.3. 10,365,340 (Previous Year 68,659,100) Equity Shares of ₹ 2 each were allotted as fully paid up pursuant to contracts without payment being received in cash, during the period of five years immediately preceding the balance sheet date.

Particulars	Current Year Nos.	Previous Year Nos.
Equity Shares of ₹ 2 each allotted in 2010-11 to the shareholders of the erstwhile RPG Cables Limited pursuant to the Scheme of Amalgamation.	1,03,65,340	1,03,65,340
Equity Shares of ₹ 2 each allotted in 2007-08 to the shareholders of the erstwhile RPG Transmission Limited (RPGT) and the erstwhile National Information Technologies Limited pursuant to the Scheme of Arrangement (Includes Equity shares allotted to a trustee referred to in Note 2.4 below)	-	5,82,93,760
TOTAL	1,03,65,340	6,86,59,100

2.4 3,750 fully paid up Equity Shares of ₹ 2 each were allotted to a trustee against 1,688 equity shares of RPGT, since merged in the Company in 2007-08, where rights were kept in abeyance under section 206A(b) of the Companies Act, 1956 by RPGT. On settlement of the relevant court cases/issues, the Equity Shares issued to the trustee will be transferred.

2.5 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 according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

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

NOTES forming part of the financial statements

4.1 Term loans from banks :

- (a) ₹ 8,395.50 lacs (Previous Year ₹ 8,395.50 lacs) secured by first charge on movable assets of Telecom Division including Telecom Towers, both present and future. The term loan is repayable in 12 equal quarterly installments commencing from April 24, 2013 and carries interest rate of 7.25% p.a.
- (b) ₹ 5,831.56 lacs (Previous Year ₹ 9,167.00 lacs) secured by way of first charge on fixed assets situated at Thane and Mysore. The term loan is repayable in remaining 7 equal quarterly installments by December 9, 2014 and the present interest rate is 11.75 % p.a.
- (c) ₹ 1,260.00 lacs (Previous Year ₹ 2,940.00 lacs) secured by way of first charge on land, building and plant and machinery situated at Jaipur. The term loan is repayable in remaining 3 equal quarterly installments by December 31, 2013 and carries interest rate of 10.25% p.a.
- (d) ₹ 2,854.92 lacs (Previous Year ₹ 4,000.00 lacs) secured by first charge on movable fixed assets i.e. construction equipment pertaining to the Transmission, Distribution and Railway business situated at various project sites in India, both present and future. The term loan is repayable in remaining 10 equal quarterly installments by September 27, 2015 and the present interest rate is 10.75% p.a.
- (e) ₹ 3,700.00 lacs (Previous Year ₹ NIL) collaterally secured by first charge to be created on land, building and plant & machinery situated at Thane and Mysore. The term loan is repayable in 13 quarterly structured installments commencing from March 31, 2015 and the present interest rate is 10.50% p.a.
- (f) ₹ 4,700.00 lacs (Previous Year ₹ NIL) secured by first charge to be created on land, building and plant & machinery situated at Nagpur and Jabalpur factories. The term loan is repayable in 20 quarterly structured installments commencing from December 28, 2013 and the present interest rate is 10.85% p.a.
- (g) ₹ NIL (Previous Year ₹ 0.32 lacs) secured by hypothecation of vehicles.

4.2 Term loans from other parties includes :

- (a) ₹ 2,961.54 lacs (Previous Year ₹ 3,500.00 lacs) secured by first charge over the fixed assets pertaining to Tower Testing Station situated at Nagpur both present and future. The term loan is repayable in remaining 11 equal quarterly installments by December 09, 2015. The term loan of ₹ 1,692.32 lacs and ₹ 1269.22 lacs carry interest of 10% p.a. and 12.25% p.a. respectively.
- (b) ₹ 3.44 lacs (Previous Year ₹ 7.14 lacs) secured by hypothecation of vehicles. Out of these, the term loan of ₹ 0.77 lacs is repayable in remaining 5 equal monthly installments by August 03, 2013, ₹ 0.42 lacs is repayable in remaining 5 equal monthly installments by August 09, 2013 and ₹ 2.25 lacs is repayable in remaining 21 equal monthly installments by December 11, 2014 and carry interest rate of 13.20 % p.a.
- (c) ₹ 10,334.78 lacs (Previous Year ₹ 7,400 lacs) secured by exclusive first charge on the project assets including immovable properties at Cable factory, Vadodara both present and future. The term loan is repayable in remaining 20 equal quarterly installments by March 20, 2018 and the present interest rate is 11.33% p.a.

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 5 OTHER LONG-TERM LIABILITIES		
Liability towards claims	1,000.00	1,000.00
	1,000.00	1,000.00

NOTES forming part of the financial statements

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 6 LONG-TERM PROVISIONS				
(a) Provision for employee benefits				
- Compensated Absences		922.87		789.85
- Gratuity		-		96.54
		922.87		886.39
(b) Tax provisions less payments		56.18		818.87
		979.05		1,705.26

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 7 SHORT-TERM BORROWINGS				
Secured				
(i) Loans repayable on demand				
-From banks		43,623.07		7,675.36
(ii) Other short term borrowings				
-From banks		20,949.98		19,788.22
-From other parties		4,971.00		5,000.00
		25,920.98		24,788.22
		69,544.05		32,463.58

7.1 Loans repayable on demand from banks :

- (a) ₹ 37,739.19 lacs (Previous Year ₹ 5,640.56 lacs) secured by first charge by hypothecation of all the present and future current assets of the Company excluding those covered under Note 4.1 (a) above and second charge on the Company's fixed assets situated at Jaipur, Jabalpur & Nagpur factories. The present interest rates are in the range of 10% to 16% p.a.
- (b) ₹ 3,488.43 lacs (Previous Year ₹ 2,034.80 lacs) guaranteed by banks, which in turn is secured by security, stated against Note 7.1 (a) above. The present interest rate is 3.00% to 3.50% p.a.
- (c) ₹ 2,395.45 lacs (Previous Year ₹ NIL) secured by assignment of certain overseas book debts. The present interest rate is 3.64% p.a.

7.2 Other short-term borrowings**(a) From Banks**

- (i) ₹ 7,055.75 lacs (Previous Year ₹ 4,018.52 lacs) secured by security stated against Note 7.1 (a) above. The present interest rates are in the range of 3% to 4% p.a.
- (ii) ₹ 2,500.00 lacs (Previous Year ₹ NIL) being commercial paper issued against stand by facility from a bank which in turn is secured by security stated against Note 7.1 (a) above and it carries rate of interest of 9.70% p.a. Maximum balance outstanding any time during the year is ₹ 5,000 lacs (Previous Year ₹ 1,25,000 lacs)
- (iii) ₹ 11,394.23 lacs (Previous Year ₹ 15,769.70 lacs) secured by security stated against Note 7.1 (b) above. The present interest rates are in the range of 3% to 4% p.a.

(b) From other parties

₹ 4,971.00 lacs (Previous Year ₹ 5,000.00 lacs) secured by security stated against Note 7.1 (a) above. The present interest rates are in the range of 4.00% to 10.50% p.a.

NOTES forming part of the financial statements

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 8 TRADE PAYABLES		
Trade payables (including acceptances)	2,22,632.02	1,88,133.23
(Refer Note 41)	2,22,632.02	1,88,133.23

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 9 OTHER CURRENT LIABILITIES		
(a) Current maturities of long-term debt (Refer Note 4)	11,934.66	7,707.43
(b) Interest accrued but not due on borrowings	454.83	478.92
(c) Advances from customers	41,835.91	62,150.38
(d) Unpaid / unclaimed dividends #	197.59	163.72
(e) Other payables		
-Statutory remittances (contribution to PF and ESIC, withholding tax, Excise Duty, VAT, Service Tax, etc.)	4,158.21	6,184.91
-Gross amount due to customers for long term contracts	14,058.47	5,524.69
-Interest accrued on trade payables and customer advances	749.10	490.90
-Payable on purchase of fixed assets	5,293.07	4,862.18
-Mark to market loss on forward and commodity contracts	1,639.06	873.55
-Directors' commission {Refer Note 43(i)}	879.80	792.00
-Advance against sale of fixed assets	750.00	-
-Others	57.77	134.57
	27,585.48	18,862.80
	82,008.47	89,363.25

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.

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 10 SHORT-TERM PROVISIONS		
(a) Provision for employee benefits :		
- Compensated Absences	98.55	150.00
- Gratuity	237.09	150.90
	335.64	300.90
(b) Provision - Others :		
-Proposed equity dividend	1,285.44	3,085.06
-Tax on distributed profits	218.46	500.47
-Tax provisions less payments	1,286.36	215.56
-Provision for expected loss on long term contracts	4,609.53	3,703.01
	7,399.79	7,504.10
	7,735.43	7,805.00

NOTES forming part of the financial statements**NOTE 11 FIXED ASSETS**

Description	Gross Carrying Amount				Accumulated Depreciation / Amortisation			Net Carrying Amount	
	As at March 31, 2012	Additions during the year	Deductions during the year	As at March 31, 2013	As at March 31, 2012	For the year	Deductions during the year	As at March 31, 2013	As at March 31, 2012
Tangible Assets									
(a) Land									
- Freehold	12,802.98	99.89	-	12,902.87	-	-	-	12,902.87	12,802.98
- Leasehold*	5,422.91	-	106.13	5,316.78	548.06	84.54	14.49	4,698.67	4,874.85
(b) Buildings	7,060.30	4,167.55	2.96	11,224.89	1,831.67	308.93	0.47	2,140.13	5,228.63
(c) Plant and Equipment	37,487.34	16,446.57	444.13	53,489.78	9,145.34	3,203.93	200.60	12,148.67	28,342.00
(d) Furniture and Fixture	979.66	323.53	126.47	1,176.72	335.16	90.88	56.81	359.23	644.50
(e) Vehicles	2,090.47	407.33	36.48	2,461.32	935.84	162.16	19.19	1,078.81	1,154.63
(f) Office Equipment	494.47	96.00	14.78	575.69	164.49	41.29	7.55	198.23	329.98
(g) Computers	1,246.97	239.92	7.74	1,479.15	677.12	175.26	7.05	845.33	569.85
Sub -Total	67,585.10	21,780.79	738.69	88,627.20	13,637.68	4,066.99	306.16	17,398.51	
Previous Year (Tangible Assets)	64,713.97	6,785.33	3,914.20	67,585.10	11,874.96	3,404.54	1,641.82	71,228.69	53,947.42
Intangible Assets (other than internally generated)									
(a) Brand	24,000.00	-	-	24,000.00	8,400.00	1,200.00	-	9,600.00	15,600.00
(b) Computer Softwares	901.48	609.42	-	1,510.90	517.57	238.51	-	756.08	383.91
Sub -Total	24,901.48	609.42	-	25,510.90	8,917.57	1,438.51	-	10,356.08	
Previous Year (Intangible Assets)	24,851.14	50.34	-	24,901.48	7,517.26	1,400.31	-	8,917.57	15,983.91
TOTAL	92,486.58	22,390.21	738.69	1,14,138.10	22,555.25	5,505.50	306.16	27,754.59	69,931.33
Previous Year (Total)	89,565.11	6,835.67	3,914.20	92,486.58	19,392.22	4,804.85	1,641.82	22,555.25	10,768.61
Capital work-in-progress (at cost)								2,130.64	80,699.94
Grand Total								88,514.15	

11.1 Gross carrying amount and Accumulated depreciation / amortisation as at the year end include ₹ 366.76 lacs (Previous Year ₹ Nil) and ₹ 50.19 lacs (Previous Year ₹ Nil) respectively in respect of Leasehold land at Jaipur and Leasehold land & Structures thereon at Bhopal held for sale.

11.2 The amount of interest capitalised during the year is ₹ 722.28 lacs (Previous Year ₹ 319.06 lacs).

*11.3 A plot of leasehold land stated to measure 41 bighas and 1 biswas per deed dated January 17, 1968, was found short by 24 bighas and 18 biswas on actual measurements, for the possession of which the suit was filed on October 19, 1976 in the District Court against the vendors in occupation of the adjacent land. On dismissal of the suit, an appeal has been preferred in the Rajasthan High Court on December 7, 1998, against the order of the District Court.

NOTES forming part of the financial statements

		Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 12 NON-CURRENT INVESTMENTS			
Trade			
Investment in Equity Instruments (At cost) :			
Unquoted			
(a)	Subsidiaries - wholly owned		
1,00,00,000	Fully paid Ordinary Shares of Naira 1 each of RPG Transmission Nigeria Limited	34.52	34.52
1,000	Fully paid Equity Shares of AED 1,000 each of KEC Global FZ- LLC-Ras UL Khaimah, United Arab Emirates	118.65	118.65
6,00,000	Fully paid Ordinary Shares of US \$ 1 each of KEC Investment Holdings, Mauritius	272.27	272.27
10,00,000	Fully paid Equity Shares of ₹ 10 each of Jay Railway Projects Private Limited	100.00	100.00
50,000	(Previous Year 20,000) Fully paid Ordinary Shares of US \$ 1.00 each of KEC Global, Mauritius	25.74	9.40
2,21,022	Fully paid Equity Shares of ₹ 10 each of KEC Power India Private Limited	86.29	86.29
		637.47	621.13
(b)	Joint Ventures (Refer Note 40)		
1,47,000	Fully paid Shares of Saudi Riyal 10 each of Al-Sharif Group and KEC Ltd, Company, Saudi Arabia (formerly known as Faiz Abdulhakim Al-Sharif Group and KEC Company Ltd) @	-	-
		637.47	621.13
Aggregate book value of quoted investments and market value thereof		-	-
Aggregate book value of unquoted investments		637.47	621.13
Aggregate provision for diminution in value of investments		-	-

@ 'NIL' realisable value was considered by the Company for this investment when it was acquired as a part of the Power Transmission Business under the Composite Scheme of Arrangement, in an earlier year.

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 13 LONG-TERM LOANS AND ADVANCES		
(a) Capital advances - Unsecured, considered good	177.32	1,204.02
(b) Security deposits - Unsecured		
(i) Considered good	1,208.80	755.76
(ii) Doubtful	32.24	51.60
	1,241.04	807.36
Less: Allowance for bad and doubtful security deposits	32.24	51.60
	1,208.80	755.76
(c) Loans and advances to related party - Unsecured, considered good		
-Jay Railway Projects Private Limited - subsidiary company (Refer Note 13.1)	1,349.99	1,288.07
(d) Other loans and advances -		

NOTES forming part of the financial statements

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
(i) Unsecured, considered good				
- Excise duty recoverable from Government authorities	1,319.23		2,059.52	
- VAT Credit / WCT receivable	5,232.22		3,261.02	
- Tax payments less provisions	1,955.36		2,957.10	
- Prepaid expenses	496.58		251.47	
	9,003.39		8,529.11	
(ii) Doubtful - Service tax receivable	130.08		130.08	
Less: Allowance for bad and doubtful receivable	130.08		130.08	
	-		-	
	9,003.39		8,529.11	
	11,739.50		11,776.96	

13.1 Disclosure required by clause 32 of the Listing Agreement :

Loans and advances in the nature of loans outstanding to the subsidiary.

(₹ in lacs)

Name of Subsidiary	Loans outstanding as on March 31, 2013	Maximum amount outstanding during the year	Investment in shares of the subsidiary as at the year end and maximum amount outstanding during the year
Jay Railway Projects Private Limited	1,349.99	1,399.82	100.00
Previous Year	1,288.07	1,426.15	100.00

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 14 OTHER NON-CURRENT ASSETS				
(a) Long-term trade receivables - Unsecured				
(i) Considered good	7,100.60		4,786.05	
(ii) Doubtful	1,123.02		2,634.31	
	8,223.62		7,420.36	
Less: Allowance for bad and doubtful debts	1,123.02		2,634.31	
	7,100.60		4,786.05	
(b) Others				
(i) Export benefits receivable	1,291.42		1,753.98	
(ii) Balances with banks held as margin money or security against the borrowings, guarantees and other commitments which have a maturity period of more than 12 months from the Balance Sheet date	189.01		183.27	
	1,480.43		1,937.25	
	8,581.03		6,723.30	

NOTES forming part of the financial statements

		Current Year		Previous Year	
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 15	INVENTORIES (AT LOWER OF COST AND NET REALISABLE VALUE)				
(a)	Raw materials				
(i)	in stock	13,163.89		16,559.71	
(ii)	goods-in-transit	366.74		1,501.33	
			13,530.63		18,061.04
(b)	Work-in-progress (Refer Note 15.1)		3,605.20		3,028.46
(c)	Finished goods		3,761.81		3,707.12
(d)	Stores and spares		422.81		254.90
(e)	Dies and tools		6,590.17		5,807.00
(f)	Erection materials		114.33		243.72
(g)	Scrap		525.20		699.29
			28,550.15		31,801.53

15.1 Details of inventory of work-in-progress :

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
Towers and structurals	1,834.16	2121.85
Cables	1,771.04	906.61
	3,605.20	3028.46

		Current Year	Previous Year
		₹ in lacs	₹ in lacs
NOTE 16	TRADE RECEIVABLES		
(a)	Trade receivables outstanding for a period exceeding six months from the date they are due for payment - Unsecured, considered good	22,377.51	19,579.00
(b)	Other trade receivables - Unsecured, considered good	2,39,888.81	2,01,845.18
		2,62,266.32	2,21,424.18

		Current Year		Previous Year	
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 17	CASH AND CASH EQUIVALENTS				
(a)	Cash on hand		243.63		247.47
(b)	Cheques on hand		219.21		4.68
(c)	Balances with banks				
(i)	In current accounts		3,733.01		7,183.37
(ii)	In deposit accounts (Refer Notes 17.1 and 17.2)		154.96		491.84
(iii)	In earmarked accounts				
	Unpaid dividend accounts		197.59		163.72

NOTES forming part of the financial statements

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Balances with banks held as margin money or security against the borrowings, guarantees and other commitments (Refer Note 17.1)		738.14		703.67
		935.73		867.39
(d) Others - Remittances in transit		903.32		618.10
		6,189.86		9,412.85
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statement is		5,254.13		8,545.46

17.1 Balances with banks includes deposits amounting to ₹ 9.28 lacs (Previous Year ₹ 8.62 lacs) and margin money or security against the borrowings, guarantees and other commitments ₹ 201.18 lacs (Previous Year ₹ 249.25 lacs) which have an original maturity of more than 12 months.

17.2 Balances with banks includes deposits amounting to ₹ 5.16 lacs (Previous Year ₹ 3.61 lacs) which have a maturity of more than 12 months from the Balance Sheet date.

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 18 SHORT-TERM LOANS AND ADVANCES				
(a) Loans and advances to related parties - Unsecured, considered good				
Joint Ventures :				
- EJP KEC Joint Venture, South Africa		8,537.95		2,732.63
(b) Others - Unsecured, considered good				
- Advances to suppliers	11,118.37		10,500.18	
- Employee advances	664.64		470.40	
- Cenvat / Service tax input credit receivable	4,692.09		3,259.66	
- Sales tax / excise duty / entry tax paid under protest	1,242.83		566.29	
- Excise duty recoverable from Government authorities	3,136.15		3,156.57	
- VAT Credit / WCT Receivable	7,994.96		7,097.36	
- Tax payments less provisions	2,508.36		1,058.54	
- Prepaid expenses	4,125.85		3,921.45	
- MAT credit entitlement	1,627.26		774.76	
- Sundry deposits	1,972.05		2,892.05	
- Others	57.84		296.81	
		39,140.40		33,994.07
		47,678.35		36,726.70

NOTES forming part of the financial statements

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 19 OTHER CURRENT ASSETS		
Gross amount due from customers for long term contracts	19,041.79	13,120.75
Unbilled revenue	34,585.22	32,744.21
Interest receivable on income tax refund	-	266.26
Contractually reimbursable expenses	5,540.10	6,135.36
Export benefits	4,345.87	3,205.25
Insurance claims	15.21	53.01
Interest accrued on fixed deposits	25.83	48.73
	63,554.02	55,573.57

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 20 REVENUE FROM OPERATIONS		
(a) Sale of products		
-Towers and structurals	1,06,317.31	1,31,367.84
- Cables	58,918.40	60,326.37
	1,65,235.71	1,91,694.21
(b) Turnkey contracts revenue		
-Transmission and distribution	3,60,101.64	2,42,320.84
-Others	31,622.80	20,174.48
	3,91,724.44	2,62,495.32
(c) Sale of services		
-Telecom - erection and management service	3,340.54	3,184.44
-Tower testing revenue	910.78	2,780.34
-Others	1,082.89	837.44
	5,334.21	6,802.22
(d) Other operating revenue		
-Scrap sales	7,615.98	7,315.12
-Export incentives	3,032.25	2,131.88
-Others	182.61	291.02
	10,830.84	9,738.02
	5,73,125.20	4,70,729.77
Less: Excise duty	13,917.50	10,296.39
	5,59,207.70	4,60,433.38

NOTES forming part of the financial statements

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 21 OTHER INCOME				
(a) Interest income		633.47		637.28
(b) Dividend income from long term investment in subsidiaries		516.97		2,721.89
(c) Profit on redemption of current investments in units of mutual funds		0.40		113.70
(d) Other non-operating income				
- Guarantee charges	555.47		-	
- Profit on fixed assets sold (net)	19.95		5,035.48	
- Rent	-		4.95	
- Miscellaneous income	337.88		-	
		913.30		5,040.43
		2,064.14		8,513.30

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 22 COST OF MATERIALS CONSUMED		
Cost of materials consumed (Refer Note 22.1)	3,09,631.22	2,50,993.19
	3,09,631.22	2,50,993.19

22.1 Materials consumed comprise :

	Current Year		Previous Year	
	₹ in lacs		₹ in lacs	
Tower and structurals		29,676.34		29,354.18
Steel		74,639.11		71,262.43
Zinc		8,139.37		8,631.37
Bolts and nuts		9,891.72		8,761.50
Copper		18,053.23		22,498.95
Conductors		27,257.70		22,996.48
Others		1,41,973.75		87,488.28
		3,09,631.22		2,50,993.19
	%		%	
Indigenous	66	2,03,840.19	71	1,78,714.73
Imported @	34	1,05,791.03	29	72,278.46
	100	3,09,631.22	100	2,50,993.19

@ Include items procured outside India for overseas projects/orders.

NOTES forming part of the financial statements

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND SCRAP		
Opening stock		
Finished goods	3,707.12	2,025.55
Work-in-progress	3,028.46	2,881.38
Scrap	699.29	697.91
	7,434.87	5,604.84
Less: Closing stock		
Finished goods	3,761.81	3,707.12
Work-in-progress	3,605.20	3,028.46
Scrap	525.20	699.29
	7,892.21	7,434.87
	(457.34)	(1,830.03)

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 24 ERECTION & SUB-CONTRACTING EXPENSES		
Erection / construction materials consumed	25,848.33	20,057.12
Stores consumed	3,984.58	3,043.17
Sub-contracting expenses	85,336.12	70,887.06
Power, fuel and water charges	2,563.68	1,779.04
Construction transport	7,895.84	6,076.21
Others	9,557.90	6,418.38
	1,35,186.45	1,08,260.98

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 25 EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	26,051.87	21,449.92
Contribution to provident fund and other funds	1,497.56	1,618.61
Staff welfare expenses	1,281.52	1,092.38
Workmen's compensation	79.86	18.31
	28,910.81	24,179.22

	Current Year ₹ in lacs	Previous Year ₹ in lacs
NOTE 26 FINANCE COSTS		
Interest expense	16,084.12	13,066.33
Other borrowing costs	396.51	304.33
	16,480.63	13,370.66

NOTES forming part of the financial statements

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 27 OTHER EXPENSES				
Tools, non-erection stores and maintenance spares		1,150.46		1,042.91
Power and fuel		3,154.43		2,853.42
Rent		2,890.59		2,209.83
Rates and taxes, excluding taxes on income (net)		8,162.16		7,116.95
Excise duty (Refer Note 27.1 below)		318.75		275.92
Insurance (net)		3,064.80		1,768.57
Bank (guarantee, letter of credit and other) charges		6,296.41		5,010.31
Commission		8,109.28		3,422.18
Freight and forwarding (net)		5,961.10		4,997.73
Repairs to buildings		204.03		144.05
Repairs to plant and equipment		769.41		636.19
Repairs to other fixed assets		910.02		983.10
Travelling and conveyance		4,099.78		3,252.84
Payment to statutory auditors (net of service tax)				
-as auditors (for audit, limited reviews and audit of consolidated financial statements)		137.60		133.60
-for taxation matters		16.90		12.00
-for company law matters		0.25		0.15
-for other services		12.30		20.15
-for reimbursement of expenses		2.55		2.69
		169.60		168.59
Professional fees		2,320.25		3,198.50
Bad debts written off		3,207.43		2,065.10
Less: Adjusted against allowance for bad and doubtful debts		1,608.80		1,707.49
		1,598.63		357.61
Allowance for bad and doubtful debts (net)		97.51		89.65
Directors' fees		14.47		13.25
Net (gain)/loss on foreign currency transactions and translation		4,504.01		131.53
Miscellaneous expenses (Refer Note 27.2 below)		9,031.56		7,115.37
		62,827.25		44,788.50

27.1 : Excise duty shown above includes ₹ 59.52 lacs (Previous Year ₹ 107.62 lacs) being excise duty related to the difference between the closing stock and opening stock of finished goods.

27.2 : Miscellaneous expenses include fees of ₹ 110.87 lacs (Previous Year ₹ 85.75 lacs) paid to branch auditors.

NOTES forming part of the financial statements

NOTE 28 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(i) Contingent Liabilities

(a) Claims against the Company not acknowledged as debts:

Sr. No.	Nature of Claims	Relating to various years comprise in the period	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
1	Sales Tax / Value Added Tax* (Tax/Penalty/Interest)	1993-2011 1993-2010	4,920.31	2,570.20
2	Excise Duty * (Tax/Penalty/Interest)	1994-2013 1994-2012	2,629.36	2,514.12
3	Service Tax * (Tax/Penalty/ Interest)	1998-2013 2002-2010	16,882.72	16.46
4	Entry Tax* (Tax/Penalty/Interest)	1995-2013 1995-2012	1,788.80	1,509.62
5	(i) Income Tax matters mainly in respect of disallowance of depreciation etc. relating to Power Transmission Business acquired by the Company	- A.Y.2006-07 to 2009-10	-	7,241.44
	(ii) Income Tax matters at overseas unit/s	2002-2008 2002	3,462.58	1,193.27
6	Customs Duty	1995-1996 1995-1996	60.14	60.14
7	Civil Suits	1993-2006 1993-1994	72.02	5.00
8	Demands of employees/subcontractors	Amount not determinable		

*These claims mainly relate to the issues of applicability, issue of disallowance of cervat / VAT credit and in case of Sales Tax / Value added tax, also relate to the issue of submission of 'C' forms and the Company's claim of exemption for MVAT on export sales and services.

b) Guarantees :

Sr. No.	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
1	Guarantees given to banks for credit facilities extended/loans given to the wholly owned subsidiary companies / a joint venture ₹ 1,09,049.55 lacs (Previous Year ₹ 85,400.26 lacs) Facilities/loans outstanding at the Year end	52,325.85	52,647.42
2	Performance guarantee given to a customer of the wholly owned subsidiary Company	-	22,396.51
3	Bank guarantees provided by the Company to customers of the wholly owned subsidiary companies in connection with the respective contracts awarded/bids made	1,059.18	2,391.36
4	Performance guarantee provided by the banks to the customer of the wholly owned subsidiary company by utilising the Company's credit facilities with the banks	442.84	264.99

NOTES forming part of the financial statements**c) Other money for which the Company is contingently liable:**

Sr. No.	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
1	Bills discounted	4,263.03	6,783.95
2	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	1,212.20	731.25

Footnote for Note 28 (i) - (a), (b) and (c) above:

Future ultimate outflow of resources embodying economic benefits in respect of the above matters are uncertain as it depends on the final outcome of the matters involved.

(ii) COMMITMENTS

Sr. No.	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	2,658.29	5,046.94
2	Other Commitments:		
i)	Amount of future minimum lease payments under non-cancellable operating leases [Refer Note 36 (3) below]	720.15	359.28
ii)	Derivative related commitments	Refer Note 29 (a) and (b) below	

NOTE 29 THE DERIVATIVE INSTRUMENTS, WHICH ARE NOT INTENDED FOR TRADING OR SPECULATIVE PURPOSE, OUTSTANDING AS AT MARCH 31, 2013 ARE AS FOLLOWS:**(a) Forward Exchange Contracts:**

Currency	Buy/ Sell	Cross Currency	Foreign Currency (in lacs)	
			As at March 31, 2013	As at March 31, 2012
USD	Sell	INR	-	59.23
JPY	Sell	USD	-	399.89
USD	Buy	INR	488.39	394.55
EUR	Buy	INR	36.70	388.89
EUR	Buy	USD	-	54.58

(b) Hedging Commodity related risks:

Commodity	Buy/ Sell	Quantity in MT	
		As at March 31, 2013	As at March 31, 2012
Copper	Buy	1,625.00	925.00
Zinc	Buy	-	1,550.00
Aluminium	Buy	3,900.00	725.00

NOTES forming part of the financial statements

(c) The year end net monetary foreign currency (FC) exposures that have not been hedged by a derivative instrument are given below:

Receivables:

Currency	As at March 31, 2013		As at March 31, 2012	
	FC in lacs	₹ in lacs	FC in lacs	₹ in lacs
AED	335.87	4,963.29	936.51	12,973.91
AFA	3,030.12	3,069.51	1,179.47	1,198.82
BDT	-	-	32.53	20.24
CAD	103.08	5,502.29	89.77	4,584.55
CAF	7,721.03	817.66	-	-
DA	-	-	1,130.94	790.19
EGP	166.35	1,327.23	290.63	2,450.30
ETB	239.26	709.71	-	-
EUR	24.68	1,714.68	-	-
GEL	35.04	1,149.22	6.20	192.10
GHC	26.49	742.89	10.64	304.11
JPY	371.04	213.38	382.77	237.54
KZT	-	-	19,285.03	6,634.05
KWD	45.05	8,568.01	8.64	1,588.00
MYR	47.21	828.03	62.00	1,028.58
NAD	92.83	546.00	-	-
NGN	17,054.92	5,843.01	8,765.45	2,831.24
NPR	399.81	249.56	-	-
OMR	3.33	469.33	2.32	306.44
PHP	-	-	156.40	185.54
QR	-	-	0.01	0.10
SLR	216.35	92.68	31.97	12.71
SR	348.52	5,044.11	338.28	4,589.61
SYP	0.24	0.19	0.25	0.22
TJS	0.07	0.83	0.07	0.76
UGX	7,501.68	157.54	-	-
ZAR	1,831.71	10,773.94	594.85	3,952.82
ZMK	19,558.57	197.54	55,076.65	534.24

Payables:*

AUD	0.38	21.51	-	-
BDT	323.87	225.22	-	-
BTN	150.36	150.36	223.95	223.95
CAF	-	-	2,956.22	305.97
CDF	19,321.34	1,139.96	-	-
CHF	3.01	171.64	3.01	169.88
DA	365.56	251.69	-	-
ETB	-	-	316.81	932.56
EUR	-	-	88.80	6,033.86
FCFA	4,766.56	504.78	92.12	9.53
KSH	872.97	554.77	384.25	235.47
KZT	20,668.26	7,434.37	-	-
LBP	5,796.86	208.11	6,159.92	208.82

NOTES forming part of the financial statements

Currency	As at March 31, 2013		As at March 31, 2012	
	FC in lacs	₹ In lacs	FC in lacs	₹ in lacs
LYD	5.98	251.91	1.18	48.48
MZM	139.84	250.50	147.20	276.89
NAD	-	-	2.28	15.15
NPR	-	-	275.03	171.70
PHP	61.13	81.33	-	-
TND	54.36	1,850.65	63.64	2,154.01
USD	275.71	14,964.27	373.59	19,004.56

Note: *The above excludes term loan taken in foreign currency ₹ 8,395.50 lacs (Previous Year ₹ 8,395.50 lacs) which has been swapped with Rupee Currency fixed interest rate loan.

NOTE 30 VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS:

Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
Raw Materials and components	31,059.56	25,671.17
Spares parts / Dies and tools	350.59	472.92
Purchase of capital goods	3,638.84	5,393.96

NOTE 31 EARNINGS IN FOREIGN EXCHANGE AND EXPENDITURE IN FOREIGN CURRENCY:

Sr. No	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
A. Earnings :			
	Export of goods calculated on F.O.B. basis	75,681.51	76,113.23
	Freight recovered on sales	5,977.82	3,709.69
	Tower testing charges and design charges	702.64	2,506.67
	Sales & Services : overseas projects	1,72,735.56	1,18,543.97
	Interest income	36.51	4.89
	Dividend income from a wholly owned subsidiary	404.25	2,721.89
	Guarantee Charges received from a wholly owned subsidiary/joint venture	555.47	-
	Others (Insurance claims, etc.)	124.03	163.07
B. Expenditure :			
	Expenses of overseas projects (including foreign taxes)	1,57,895.22	1,05,043.23
	Freight	2,020.19	93.02
	Commission	1,359.57	779.76
	Interest paid to Indian FI's/Banks	1,350.88	720.23
	Professional fees	16.68	8.57
	Bank guarantee charges and other charges paid to Indian banks	505.42	267.55
	Charges in respect of letter of credit issued by banks to foreign customers	375.55	311.47
	Bank guarantee charges and other charges paid to foreign banks	77.81	30.29
	Others (travelling, taxes etc.)	324.01	242.80
	Loss on Foreign Exchange (net)	4,504.01	131.53

NOTES forming part of the financial statements

NOTE 32 DISCLOSURE UNDER ACCOUNTING STANDARD - 7 "CONSTRUCTION CONTRACTS":

Sr. No.	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
(a)	(i) Contract Revenue (net of excise) recognised during the year	3,84,010.44	261,809.03
	(ii) Method used to determine the contract revenue recognised and the stage of completion of contracts in progress	Refer Note 1(B)(ii) above	
(b)	Disclosure in respect of contracts in progress as at the year end		
	(i) Aggregate amount of costs incurred and recognised profits (less recognised losses)	9,41,687.26	584,588.59
	* (ii) Advances received	36,346.53	53,017.30
	* (iii) Retentions receivable	62,263.70	38,722.99
	(iv) Gross amount due from customers (including unbilled revenue)	53,627.01	45,864.96
	(v) Gross amount due to customers	14,058.47	5,524.69

*Net of adjustment referred to in Note 1(G).

NOTE 33 DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY ACCOUNTING STANDARD-15 "EMPLOYEE BENEFITS" ARE AS FOLLOWS:-

Sr. No.	Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
1	Defined Contribution Plans		
	The Company has recognised the following amounts in the Statement of Profit and Loss:		
	- Contribution to Provident Fund and Family Pension Fund	695.27	663.51
	- Contribution to Superannuation Fund	171.13	174.97

The above amount is included in 'Contribution to provident and other funds' under 'Employee benefits expense' in Note 25.

2 Defined Benefit Plan (Funded)

a. A general description of the Employee Benefit Plan:

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 subject to maximum of 20 months or as per the Payment of the Gratuity Act, whichever is higher. Vesting occurs upon completion of five years of service.

b. Details of defined benefit plan - As per Actuarial Valuation are as follows:

	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
I Components of employer expense		
1 Current service cost	347.96	177.63
2 Interest cost	205.09	186.89
3 Expected return on Plan Assets	(218.37)	(213.07)
4 Actuarial Losses / (Gains)	54.97	418.99
5 Total expense recognised in the Statement of Profit and Loss (included in 'Contribution to provident and other funds' under 'Employee benefits expense' in Note 25)	389.65	570.44
II Actual Contribution and Benefits Payments for the year		
1 Actual Benefits Payments	(392.45)	(415.42)
2 Actual Contributions	400.00	255.70

NOTES forming part of the financial statements

	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
III Net asset/(liability) recognised in the Balance Sheet		
1 Present Value of Defined Benefit Obligation	2,797.55	2,566.78
2 Fair Value of Plan Assets	2,560.46	2,319.34
3 Funded Status [Surplus/(Deficit)]	(237.09)	(247.44)
4 Net asset/(liability) recognised in the Balance Sheet	(237.09)	(247.44)
IV Change in Defined Benefit Obligation during the year		
1 Present Value of Defined Benefit Obligation as at the beginning of the year	2,566.78	2,198.69
2 Current Service Cost	347.96	177.63
3 Interest Cost	205.09	186.89
4 Actuarial Losses/ (Gains)	70.17	418.99
5 Benefits paid	(392.45)	(415.42)
6 Present Value of Defined Benefit Obligations as at the end of the year	2,797.55	2,566.78
V Change in Fair Value of Plan Assets during the year		
1 Plan Assets as at the beginning of the year	2,319.34	2,265.99
2 Expected return on Plan Assets	218.37	213.07
3 Actuarial Gains/ (Losses)	15.20	-
4 Actual Company Contributions	400.00	255.70
5 Benefits paid	(392.45)	(415.42)
6 Plan Assets as at the end of the year	2,560.46	2,319.34
VI Actuarial Assumptions		
1 Discount Rate	8.15%	8.50%
2 Expected Return on plan assets	9.40%	9.40%
3 Salary escalation Rate	6.00%	6.00%
VII The expected rate of return on the plan assets is based on the average long term rate of return expected on investments of the Fund during the estimated term of the obligations. The actual return on plan assets is ₹ 233.57 lacs (Previous Year ₹ 213.07 lacs)		
VIII The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.		
IX The major categories of Plan Assets as a percentage of the total plan assets		
Insurer Managed Funds	100%	100%

Note: The details of investment made by the Insurer are not readily available with the Company.

X Experience Adjustments	2012-13	2011-12	2010-11	2009-10	2008-09
1 Present Value of Defined Benefit Obligation as at the end of the year	2,797.55	2,566.78	2,198.69	2,377.45	1,969.23
2 Fair Value of Plan Assets as at the end of the year	2,560.46	2,319.34	2,265.69	1,806.00	1,430.91
3 Funded Status [Surplus/(Deficit)]	(237.09)	(247.44)	67.30	(571.45)	(538.32)
4 Experience adjustment on Plan Liabilities	(21.06)	(443.30)	96.90	(74.71)	0.28
5 Experience adjustment on Plan Assets	(15.20)	-	(10.04)	(4.83)	(11.38)

XI Contribution expected to be paid to the Plan during the year ending March 31, 2014 – ₹ 293.64 lacs

NOTES forming part of the financial statements

NOTE 34

The Company is primarily engaged in the business of Engineering, Procurement and Construction business (EPC). As such there is no other separate reportable segment as defined by Accounting Standard -17 "Segment Reporting".

NOTE 35 RELATED PARTY DISCLOSURES

(a) Name and nature of relationship of the party where Control exists:

Subsidiaries- wholly owned

(i)	RPG Transmission Nigeria Limited, Nigeria
(ii)	KEC Global FZ – LLC, Ras UL Khaimah
(iii)	Jay Railway Projects Private Limited
(iv)	KEC Investment Holdings, Mauritius
(v)	KEC Global Mauritius, Mauritius
(vi)	KEC International Holdings LLC, USA
(vii)	KEC Brazil LLC, USA
(viii)	KEC Mexico LLC, USA
(ix)	KEC Transmission LLC, USA
(x)	KEC US LLC, USA
(xi)	SAE Towers Holdings, LLC, USA
(xii)	SAE Towers Brazil Subsidiary Company LLC, USA
(xiii)	SAE Towers Mexico Subsidiary Holding Company LLC, USA
(xiv)	SAE Towers Mexico S de RL de CV, Mexico
(xv)	SAE Towers Brazil Torres de Transmission Ltda, Brazil
(xvi)	SAE Prestadora de Servicios Mexico, S de RL de CV, Mexico
(xvii)	SAE Towers Ltd, USA
(xviii)	SAE Towers Panama Holdings LLC, USA
(xix)	SAE Towers Panama S de RL, Panama
(xx)	SAE Engenharia E Construcao Ltda, Brazil (Incorporated on October 29, 2012)
(xxi)	KEC Power India Private Limited (Status changed from Joint Venture to Subsidiary w.e.f. March 31, 2012)

(b) Parties with whom transactions have taken place :

Subsidiaries:

(i)	RPG Transmission Nigeria Limited, Nigeria
(ii)	KEC Global FZ – LLC, Ras UL Khaimah
(iii)	Jay Railway Projects Private Limited
(iv)	KEC Investment Holdings, Mauritius
(v)	KEC Global Mauritius, Mauritius
(vi)	SAE Towers Holdings, LLC, USA
(vii)	KEC Power India Private Limited (Status changed from Joint Venture to Subsidiary w.e.f. March 31, 2012)
(viii)	SAE Towers Mexico S de RL de CV, Mexico

Joint Ventures:

(i)	Al-Sharif Group and KEC Ltd. Company, Saudi Arabia (formerly known as Faiz Abdul Hakim Al-Sharif Group and KEC Company Ltd., Saudi Arabia)
(ii)	KEC Power India Private Limited (Status changed from Joint Venture to Subsidiary w.e.f. March 31, 2012)

NOTES forming part of the financial statements

(iii)	EJP KEC Joint Venture, South Africa
(iv)	KEC – ASSB JV, Malaysia
(v)	KEC – ASIAKOM – UB JV
(vi)	KEC – ASIAKOM JV
(vii)	KEC – JEI JV
(viii)	KEC – DELCO – VARAHA JV
(ix)	KEC – VARAHA – KHAZANA JV
(x)	KEC – VALECHA – DELCO JV
(xi)	KEC – SIDHARTH JV
(xii)	KEC – TRIVENI – KPIPL JV
(xiii)	KEC – UNIVERSAL JV
(xiv)	KEC – DELCO – DUSTAN JV
(xv)	KEC – ANPR – KPIPL JV
(xvi)	KEC – PLR – KPIPL JV
(xvii)	KEC – BJCL JV
(xviii)	KEC – KIEL JV

Key Management Personnel: Mr. R.D. Chandak – Managing Director

(c) Transactions with the Related Parties

₹ in lacs

Transactions	Current Year				Previous Year			
	Subsidiaries	Joint Ventures	Key Management Personnel	Total	Subsidiaries	Joint Ventures	Key Management Personnel	Total
Sale of Products	-	4,983.66	-	4,983.66	-	9,586.09	-	9,586.09
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	3,265.47	-	3,265.47	-	3,435.60	-	3,435.60
EJP KEC Joint Venture, South Africa	-	1,718.19	-	1,718.19	-	6,150.49	-	6,150.49
Sale under Turnkey Contracts	560.95	9,003.78	-	9,564.73	524.23	13,699.29	-	14,223.52
KEC - ANPR - KPIPL JV	-	968.16	-	968.16	-	1,589.93	-	1,589.93
KEC - ASIAKOM JV	-	91.27	-	91.27	-	182.02	-	182.02
KEC - ASIAKOM - UB JV	-	2,583.40	-	2,583.40	-	2,733.82	-	2,733.82
KEC - DELCO - DUSTAN JV	-	46.09	-	46.09	-	286.52	-	286.52
KEC - DELCO - VARAHA JV	-	-	-	-	-	3,746.63	-	3,746.63
KEC - JEI JV	-	124.54	-	124.54	-	104.89	-	104.89
KEC - PLR - KPIPL JV	-	929.51	-	929.51	-	531.85	-	531.85
KEC - SIDHARTH JV	-	1,137.03	-	1,137.03	-	1,060.20	-	1,060.20
KEC - TRIVENI-KPIPL JV	-	596.81	-	596.81	-	327.86	-	327.86
KEC - UNIVERSAL JV	-	81.51	-	81.51	-	172.93	-	172.93
KEC - VALECHA - DELCO JV	-	-	-	-	-	479.62	-	479.62
KEC - VARAHA - KHAZANA JV	-	701.27	-	701.27	-	390.50	-	390.50
KEC - KIEL JV	-	144.91	-	144.91	-	-	-	-
KEC - ASSB JV, MALAYSIA	-	757.99	-	757.99	-	1,606.82	-	1,606.82
KEC-BJCL JV	-	841.29	-	841.29	-	485.70	-	485.70
Jay Railway Projects Private Limited	560.95	-	-	560.95	524.23	-	-	524.23
Sale of Services	-	-	-	-	291.46	-	-	291.46
KEC Global FZ-LLC, Ras UL Khaimah	-	-	-	-	31.29	-	-	31.29
SAE Towers Holdings, LLC, USA	-	-	-	-	260.17	-	-	260.17
Dividend Income	516.97	-	-	516.97	2,721.89	-	-	2,721.89

NOTES forming part of the financial statements

(c) Transactions with the Related Parties

₹ in lacs

Transactions	Current Year				Previous Year			
	Subsidiaries	Joint Ventures	Key Management Personnel	Total	Subsidiaries	Joint Ventures	Key Management Personnel	Total
KEC Power India Private Limited	112.72	-	-	112.72	-	-	-	-
KEC Global FZ-LLC, Ras UL Khaimah	404.25	-	-	404.25	2,721.89	-	-	2,721.89
Guarantees charges recovered	518.48	36.99	-	555.47	-	-	-	-
KEC Global FZ-LLC, Ras UL Khaimah	518.48	-	-	518.48	-	-	-	-
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	36.99	-	36.99	-	-	-	-
Purchase of goods	4,009.46	-	-	4,009.46	3,980.16	-	-	3,980.16
KEC Global FZ-LLC, Ras UL Khaimah	2,133.67	-	-	2,133.67	2,222.74	-	-	2,222.74
SAE Towers Mexico S de RL de CV, Mexico	1,875.79	-	-	1,875.79	1,757.42	-	-	1,757.42
Receiving of Services	11.44	-	-	11.44	-	-	-	-
KEC Global FZ-LLC, Ras UL Khaimah	11.44	-	-	11.44	-	-	-	-
Remuneration	-	-	277.74	277.74	-	-	236.13	236.13
Mr.R.D. Chandak - Managing Director	-	-	277.74 (Refer Note 43 (ii) below)	277.74	-	-	236.13	236.13
Sale of Fixed Assets	-	178.09	-	178.09	-	31.47	-	31.47
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	178.09	-	178.09	-	31.47	-	31.47
Purchase of Fixed Assets	-	-	-	-	0.25	-	-	0.25
KEC Global FZ-LLC, Ras UL Khaimah	-	-	-	-	0.25	-	-	0.25
Payments made/expenses incurred on behalf of related party	95.43	976.07	-	1,071.50	982.47	616.02	-	1,598.49
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	293.42	-	293.42	-	-	-	-
Jay Railway Projects Private Limited	15.23	-	-	15.23	12.04	-	-	12.04
EJP KEC Joint Venture, South Africa	-	682.65	-	682.65	-	603.38	-	603.38
KEC Power India Private Limited	21.14	-	-	21.14	-	12.64	-	12.64
KEC Global FZ-LLC, Ras UL Khaimah	58.93	-	-	58.93	969.49	-	-	969.49
RPG Transmission Nigeria Limited	0.13	-	-	0.13	0.94	-	-	0.94
Expenses recovered	10.00	-	-	10.00	6.00	32.39	-	38.39
Jay Railway Projects Private Limited	10.00	-	-	10.00	6.00	-	-	6.00
KEC Power India Private Limited	-	-	-	-	-	32.39	-	32.39
Advance / Loan Given	109.81	6,119.16	-	6,228.97	93.35	2,069.95	-	2,163.30
Jay Railway Projects Private Limited	109.81	-	-	109.81	93.35	-	-	93.35
EJP KEC Joint Venture, South Africa	-	6,119.16	-	6,119.16	-	2,069.95	-	2,069.95
Advance / Loan Recovered	57.89	-	-	57.89	249.47	-	-	249.47
Jay Railway Projects Private Limited	57.89	-	-	57.89	249.47	-	-	249.47
Advance Received	-	1,979.04	-	1,979.04	-	2,187.07	-	2,187.07

NOTES

 forming part of the financial statements

(c) Transactions with the Related Parties

₹ in lacs

Transactions	Current Year				Previous Year			
	Subsidiaries	Joint Ventures	Key Management Personnel	Total	Subsidiaries	Joint Ventures	Key Management Personnel	Total
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	573.15	-	573.15	-	2,187.07	-	2,187.07
KEC - KIEL JV	-	1,405.89	-	1,405.89	-	-	-	-
Guarantees given	211.61	28,384.75	-	28,596.36	105.47	24,517.50	-	24,622.97
Jay Railway Projects Private Limited	211.62	-	-	211.62	105.47	-	-	105.47
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	28,384.75	-	28,384.75	-	24,517.50	-	24,517.50
Investment made	16.34	-	-	16.34	9.40	-	-	9.40
KEC Global Mauritius, Mauritius	-	-	-	-	9.40	-	-	9.40
KEC Investment Holdings, Mauritius	16.34	-	-	16.34	-	-	-	-

(d) Balances outstanding as at the year end

₹ in lacs

Transactions	Current Year				Previous Year			
	Subsidiaries	Joint Ventures	Key Management Personnel	Total	Subsidiaries	Joint Ventures	Key Management Personnel	Total
Amount receivable/ (payable)	(916.24)	23,809.49	-	22,893.25	233.88	21,087.74	-	21,321.62
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	253.77	-	253.77	-	1,327.86	-	1,327.86
Jay Railway Projects Private Limited	1,910.64	-	-	1,910.64	1,710.76	-	-	1,710.76
KEC - ANPR - KPIPL JV	-	1,636.12	-	1,636.12	-	1,467.67	-	1,467.67
KEC - ASIAKOM JV	-	161.68	-	161.68	-	142.21	-	142.21
KEC - ASIAKOM - UB JV	-	2,129.24	-	2,129.24	-	1,877.75	-	1,877.75
KEC - ASSB JV, MALAYSIA	-	1,242.30	-	1,242.30	-	1,300.93	-	1,300.93
KEC - DELCO - DUSTAN JV	-	183.49	-	183.49	-	426.88	-	426.88
KEC - DELCO - VARAHA JV	-	3,865.79	-	3,865.79	-	4,506.81	-	4,506.81
KEC - JEI JV	-	180.96	-	180.96	-	196.58	-	196.58
KEC - PLR- KPIPL JV	-	696.76	-	696.76	-	557.76	-	557.76
KEC - SIDHARTH JV	-	1,188.49	-	1,188.49	-	931.74	-	931.74
KEC - TRIVENI-KPIPL JV	-	678.84	-	678.84	-	490.10	-	490.10
KEC - UNIVERSAL JV	-	20.37	-	20.37	-	28.70	-	28.70
KEC - VALECHA - DELCO JV	-	750.92	-	750.92	-	763.30	-	763.30
KEC - VARAHA - KHAZANA JV	-	448.62	-	448.62	-	544.90	-	544.90
KEC - KIEL JV	-	(1,260.41)	-	(1,260.41)	-	-	-	-
EJP KEC Joint Venture, South Africa	-	11,381.07	-	11,381.07	-	6,433.73	-	6,433.73
KEC-BJCL JV	-	251.48	-	251.48	-	90.82	-	90.82
SAE Towers Mexico S de RL de CV, Mexico	(949.82)	-	-	(949.82)	-	-	-	-
KEC Global FZ-LLC, Ras UL Khaimah	(1,843.77)	-	-	(1,843.77)	(1,445.38)	-	-	(1,445.38)
RPG Transmission Nigeria Limited	(33.29)	-	-	(33.29)	(31.50)	-	-	(31.50)
Guarantees given on behalf of the related party:	56,013.39	54,538.18	-	1,10,551.57	85,935.62	24,517.50	-	1,10,453.12
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	54,538.18	-	54,538.18	-	24,517.50	-	24,517.50

NOTES forming part of the financial statements

(d) Balances outstanding as at the year end

₹ in lacs

Transactions	Current Year				Previous Year			
	Subsidiaries	Joint Ventures	Key Management Personnel	Total	Subsidiaries	Joint Ventures	Key Management Personnel	Total
Jay Railway Projects Private Limited	442.84	-	-	442.84	264.99	-	-	264.99
KEC Global FZ-LLC, Ras UL Khaimah	697.00	-	-	697.00	31,377.83	-	-	31,377.83
KEC Transmission LLC, USA	32,706.82	-	-	32,706.82	32,367.76	-	-	32,367.76
KEC US LLC, USA	21,804.55	-	-	21,804.55	21,578.51	-	-	21,578.51
SAE Towers Holdings, LLC, USA	362.18	-	-	362.18	346.53	-	-	346.53

No amount has been written off/provided for or written back in respect of amounts receivable from or payable to the related parties

NOTE 36 DISCLOSURE FOR OPERATING LEASES UNDER ACCOUNTING STANDARD 19 – “LEASES”

Particulars		Current Year (₹ in lacs)	Previous Year (₹ in lacs)
Disclosure in respect of the agreements entered into for taking on leave and license / under operating leases the residential/office premises and warehouses, including furniture and fittings therein and machinery, as applicable, is given below:			
1	Lease payments recognised in the Statement of Profit and Loss for the year [includes minimum lease payment ₹ 291.09 lacs (Previous Year ₹ 374.42 lacs)]	2,395.81	1,987.38
2	(i) Under some of the agreements, refundable interest free deposits have been given		.
	(ii) Some of the agreements provide for increase in rent.		
	(iii) Some of the agreements provide for early termination by either party with a notice period which varies from 15 days to 6 months.		
	(iv) Some of the agreements contain a provision for its renewal.		
3	Future minimum lease payments under the agreements, which are non-cancellable are as follows:		
	(i) Not later than one year	598.30	245.19
	(ii) Later than one year and not later than five years	121.85	99.73
	(iii) Later than five years	-	14.36

NOTE 37

Basic / diluted earnings per share has been calculated by dividing the profit for the year after taxation of ₹ 455.84 lacs (Previous Year ₹ 18,183.87 lacs), by 25,70,88,370 (Previous Year 25,70,88,370) being the weighted average number of equity shares outstanding during the year.

NOTES forming part of the financial statements**NOTE 38 THE COMPONENTS OF DEFERRED TAX LIABILITY (NET) ARE AS UNDER:**

Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
Deferred Tax Liability		
Depreciation (A)	10,286.91	8,776.67
Deferred Tax Assets		
Provision for doubtful debts and advances	436.88	913.64
Amalgamation expenses	26.99	51.52
VRS Expenditure u/s 35 DDA	139.18	190.74
Expenses debited to the Statement of Profit and Loss allowable in subsequent year/s u/s 43B / 40(a)	566.40	676.15
Carry forward business loss / unabsorbed depreciation	883.72	-
Others	191.54	283.42
(B)	2,244.71	2,115.47
Deferred Tax Liability (net) (A-B)	8,042.20	6,661.20

NOTE 39 RESEARCH AND DEVELOPMENT EXPENSES:

Particulars	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
Revenue expenses charged to the Statement of Profit and Loss (including depreciation on fixed assets)	1,096.94	983.11
Expenditure capitalised during the year	60.35	8.69

NOTE 40 DISCLOSURE IN RESPECT OF JOINT VENTURES UNDER ACCOUNTING STANDARD 27 – "FINANCIAL REPORTING OF INTERESTS IN JOINT VENTURES" :

Sr. No.	Particulars	Ownership Interest	
		Current Year	Previous Year
a) Jointly Controlled Entities			
i.	Al-Sharif Group and KEC Ltd Company, Saudi Arabia (formerly known as Faiz Abdul Hakim Al-Sharif Group and KEC Company Ltd., Saudi Arabia)	49%	49%
ii.	KEC Power India Private Limited (*Status changed from Joint Venture to Subsidiary w.e.f. March 31, 2012)	-	*-
iii.	EJP KEC Joint Venture, South Africa	50%	50%
iv.	KEC – ASSB JV, Malaysia	67%	67%
v.	KEC – ASIAKOM – UB JV	60%	60%
vi.	KEC – ASIAKOM JV	51%	51%
vii.	KEC – JEI JV	60%	60%
viii.	KEC – DELCO – VARAHA JV	80%	80%
ix.	KEC – VARAHA – KHAZANA JV	80%	80%
x.	KEC – VALECHA – DELCO JV	51%	51%
xi.	KEC – SIDHARTH JV	80%	80%
xii.	KEC – TRIVENI – KPIPL JV	55%	55%
xiii.	KEC – UNIVERSAL JV	80%	80%
xiv.	KEC – DELCO – DUSTAN JV	51%	51%

NOTES forming part of the financial statements

Sr. No.	Particulars	Ownership Interest	
		Current Year	Previous Year
xv.	KEC – ANPR – KPIPL JV	60%	60%
xvi.	KEC – PLR – KPIPL JV	55%	55%
xvii.	KEC – BJCL JV	51%	51%
xviii.	KEC – KIEL JV	90%	-

	Current Year (₹ in lacs)	Previous Year (₹ in lacs)
b) Aggregate amount of assets, liabilities, income and expenditure related to the Company's interests in jointly controlled entities:		
I Liabilities*		
(a) Non-current Liabilities		
- Tax provisions less payments	9.65	4.66
(b) Current Liabilities		
- Short-term borrowings	1,357.33	1,196.66
- Trade payables	25,021.79	26,372.60
- Other current liabilities	3,891.91	1,369.82
- Tax provisions less payments	123.70	0.56
Total Liabilities	30,404.38	28,944.30
II Assets*		
(a) Non-current Assets		
-Fixed assets		
Tangible assets	437.00	260.42
-Long-term loans and advances	596.19	337.74
(b) Current Assets		
-Inventories	114.26	120.50
-Trade receivables	14,560.23	18,008.39
-Cash and cash equivalents	727.18	324.48
-Short-term loans and advances	3,759.27	604.35
-Other current assets	11,657.74	8,787.86
Total Assets	31,851.87	28,443.74
III Income*	42,907.94	45,496.64
IV Expenditure*		
Cost of materials consumed	17,962.40	24,846.80
Erection & sub-contracting expenses	19,558.54	18,621.25
Employee benefits expense	1,921.22	2,241.24
Other expenditure	1,524.36	680.03
Depreciation	141.90	111.31
Finance costs	15.91	11.14
Tax expense	619.13	145.11
V Company's share of Contingent Liability	216.11	-

* Excludes Assets, Liabilities, Income and Expenditure disclosed in Note 40 (c) below

- c) In respect of contracts as referred to in Note 1(B)(iii), the Company has recognised revenue from operations ₹ 6,914.82 lacs (Previous Year ₹ 11,415.24 lacs), total expenditure ₹ 7,323.26 lacs (Previous Year ₹ 10,895.19 lacs), total assets aggregating ₹ 14,652.75 lacs (Previous Year ₹ 20,150.58 lacs) and total liabilities aggregating ₹ 15,076.69 lacs (Previous Year ₹ 19,611.41 lacs).

NOTES

 forming part of the financial statements

NOTE 41

Based on the details regarding the status of the supplier obtained by the Company, there is no supplier covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). This has been relied upon by the auditors.

NOTE 42

The execution of the construction works under contracts of the Company with General Electric Company Libya (a Government of Libya undertaking) is disrupted since February, 2011 due to civil/political unrest in that country. The net assets [including fixed assets, debtors etc] as at March 31, 2013 of the Company relating to these contracts aggregate ₹ 5,589.30 lacs (Previous Year ₹ 7,688.72 lacs). The situation in Libya is returning to normal and the Company is confident of completing these projects. Further, during the year the Company has realised ₹ 2,155.91 lacs from the customer.

NOTE 43

- (i) Members of the Company in the Annual General Meeting held on July 05, 2011 accorded consent subject to approval of the Central Government for payment of commission to non-executive directors up to 5% of the net profits of the Company computed as per the provisions of the Companies Act, 1956, at the end of each financial year, for a period of five years commencing from financial year 2010-11 in such manner and upto such extent as the remuneration committee of the Board of Directors of the Company recommends and the Board of Directors determine from time to time.

The Board of Directors in its meetings held on May 08, 2013 and May 03, 2012 determined commission of ₹ 97.55 lacs and ₹ 880 lacs for the financial years ended March 31, 2013 and March 31, 2012 respectively and accordingly provided for the same in the books. The said provisions include commission of ₹ 78.04 lacs and ₹ 695.18 lacs in excess of 1% of the net profit computed under Section 349 of the Companies Act, 1956 which are subject to the approval of the Central Government under the relevant provisions of the Companies Act, 1956. No payments have been made pending receipt of the said approval.

- (ii) Remuneration of ₹ 277.74 lacs paid to the Managing Director and debited to the Statement of Profit and Loss for the financial year 2012-13 includes ₹ 180.19 lacs in excess of the limits specified in Section 309 of the Companies Act, 1956. The excess payment is as a result of lower profit for the year due to additional costs incurred in respect of certain contracts which was not envisaged during the year. An application has been made by the Company to the Central Government under Section 309 (5B) of the Companies Act, 1956 to waive the recovery of the said excess remuneration. Pending such approval the Managing Director holds the excess remuneration paid in trust for the Company.

NOTE 44

The production of Cables at Thane plant has been discontinued from February 11, 2013. The complete range of products manufactured at Thane plant is now being manufactured at new cable plant at Vadodara.

NOTE 45

Previous Year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Signatures to Notes 1 to 45 which form an integral part of financial statements.

For and on behalf of the Board

H.V.GOENKA
Chairman

R. D. CHANDAK
Managing Director

A.T.VASWANI
Director

VARDHAN DHARKAR
Executive Director - Finance

CH.V.JAGANNADHA RAO
Company Secretary
Place: Mumbai
Date: May 08, 2013

Place: Mumbai
Date: May 08, 2013

NOTES

[illegible]



Transmission tower erection using crane in South Africa



Registered Office

RPG House

463, Dr. Annie Besant Road, Worli, Mumbai 400 030

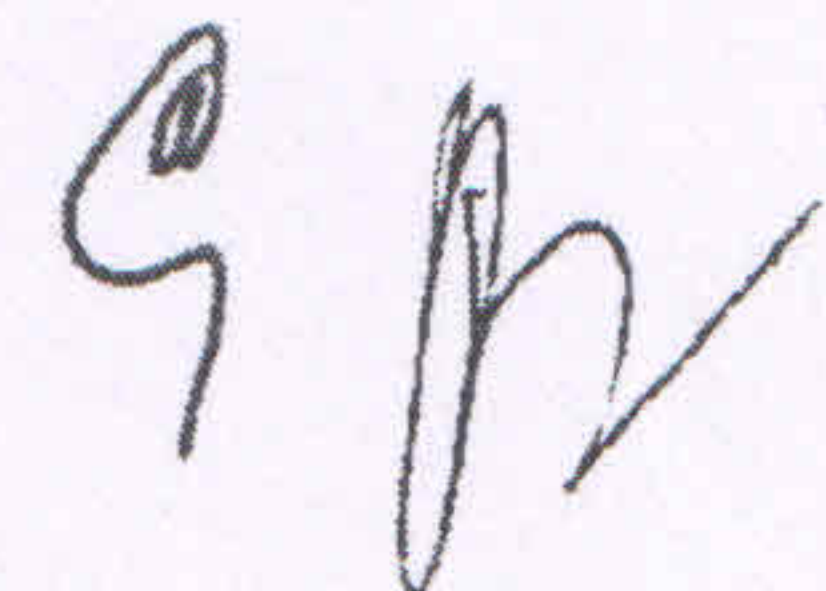
Phone: +91-22-6667 0200

www.kecrpg.com

FORM A

Format of covering letter of the annual audit report to be filed with
the stock exchanges

1.	Name of the Company	KEC International Limited
2.	Annual standalone financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	<p>Emphasis of Matters (in respect of the following matters)</p> <p>We draw attention to</p> <ol style="list-style-type: none">1. Note 43 (i) to the financial statements. As stated in the Note, the Company has made provision for commission to non-executive directors of Rs. 97.55 lacs (Previous Year Rs. 880 lacs) including Rs. 78.04 lacs (Previous Year Rs. 695.18 lacs) in excess of 1% of the net profits computed under Section 349 of the Act, both provisions are subject to the approval of the Central Government.2. Note 43 (ii) to the financial statements. As stated in the Note, the Company has paid and debited to the Statement of Profit and Loss, managerial remuneration of Rs. 277.74 lacs to the Managing Director including Rs. 180.19 lacs in excess of the limits specified in Section 309 of the Act which is subject to the approval of the Central Government. <p>Our opinion is not qualified in respect of these matters.</p> <p>Notes</p> <p>43) (i) Members of the Company in the Annual General Meeting held on July 05, 2011 accorded consent subject to approval of the Central Government for payment of commission to non-executive directors up to 5% of the net profits of the Company computed as per the provisions of the Companies Act, 1956, at the end of each financial year, for a period of five years commencing from financial year 2010-11 in such manner and up to such extent as the remuneration committee of the Board of Directors of the Company recommends and the Board of Directors determine from time to time.</p>



		<p>The Board of Directors in its meetings held on May 08, 2013 and May 03, 2012 determined commission of Rs. 97.55 lacs and Rs. 880 lacs for the financial years ended March 31, 2013 and March 31, 2012 respectively and accordingly provided for the same in the books. The said provisions include commission of Rs. 78.04 lacs and Rs. 695.18 lacs in excess of 1% of the net profit computed under Section 349 of the Companies Act, 1956 which are subject to the approval of the Central Government under the relevant provisions of the Companies Act, 1956. No payments have been made pending receipt of the said approval.</p> <p>(ii) Remuneration of Rs. 277.74 lacs paid to the Managing Director and debited to the Statement of Profit and Loss for the financial year 2012-13 includes Rs. 180.19 lacs in excess of the limits specified in Section 309 of the Companies Act, 1956. The excess payment is as a result of lower profit for the year due to additional costs incurred in respect of certain contracts which was not envisaged during the year. An application has been made by the Company to the Central Government under Section 309 (5B) of the Companies Act, 1956 to waive the recovery of the said excess remuneration. Pending such approval the Managing Director holds the excess remuneration paid in trust for the Company.</p>
4.	Frequency of observation	Under the heading "Type of Audit Observation", Point No. 1 mentioned above appeared last year also and Point No. 2 is appearing for the first time.

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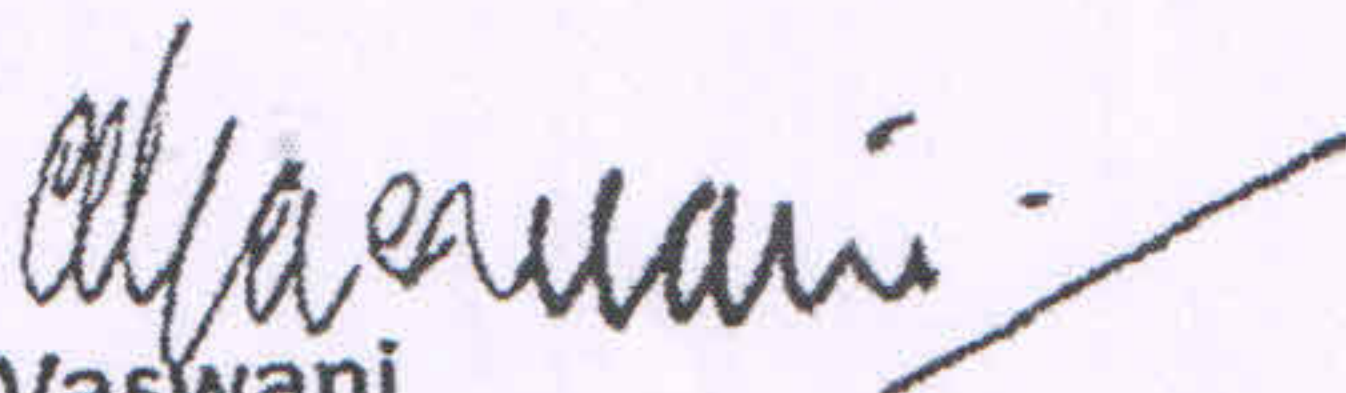
5. To be signed by-



R. D. Chandak
Managing Director

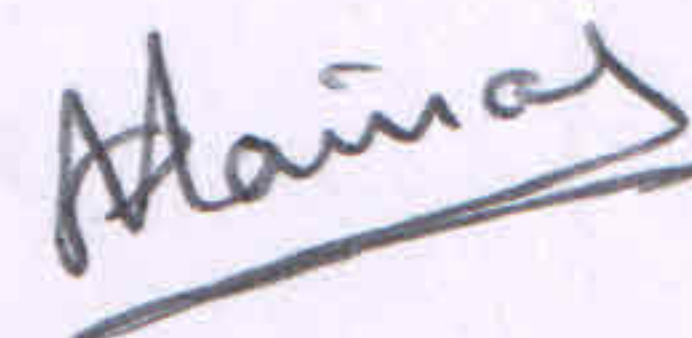


Vardhan Dharkar
Executive Director – Finance (CFO)



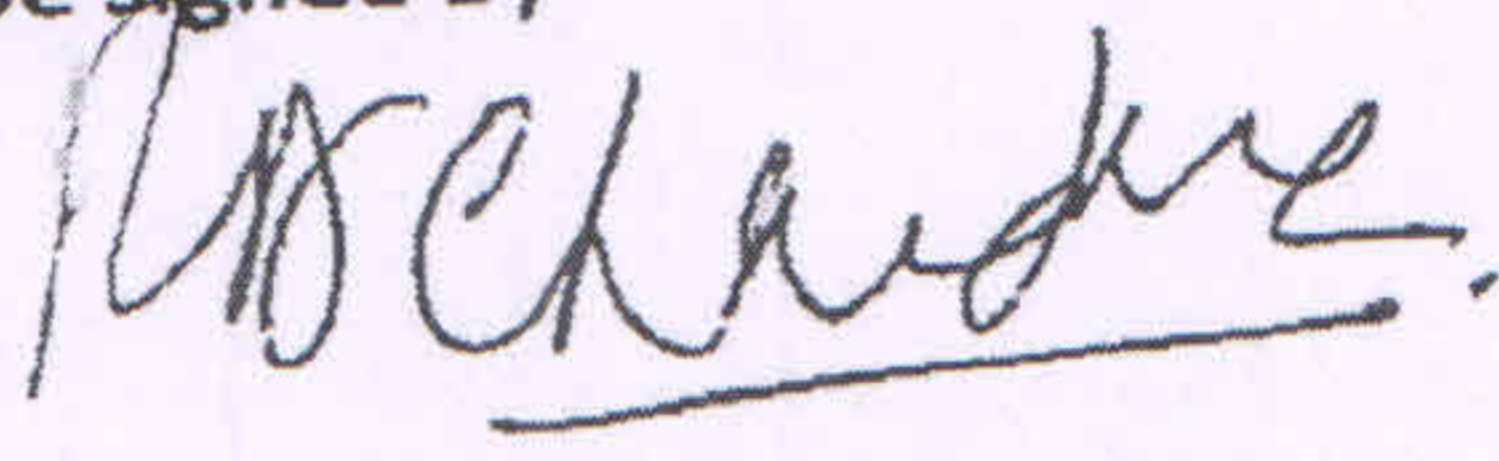
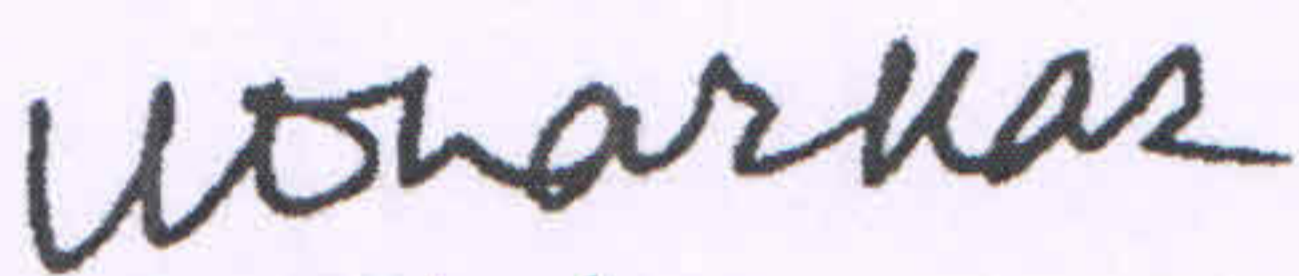
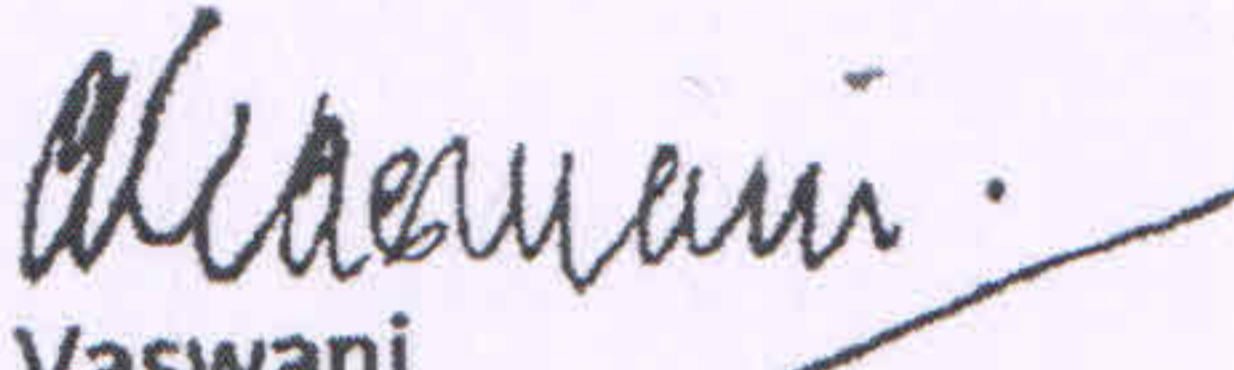
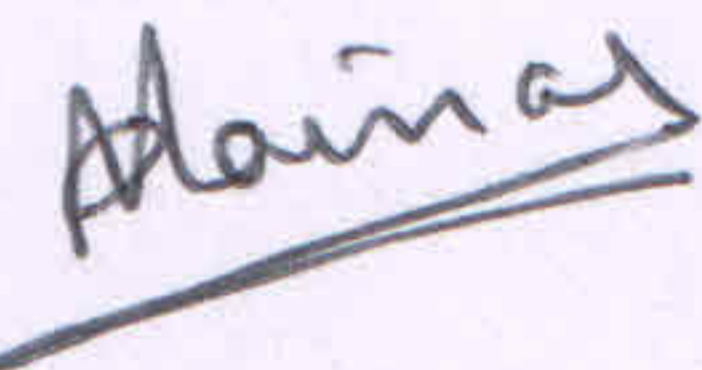
A.T. Vaswani
Audit Committee Chairman

Auditor of the Company
Refer our Audit Report dated May 08, 2013
on the standalone financial statements of the Company
For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117365W)



Signature
Saira Nainar
(Partner)
(Membership No. 040081)
Mumbai, July 24, 2013

FORM A
**Format of covering letter of the annual audit report to be filed with
the stock exchanges**

1.	Name of the Company	KEC International Limited
2.	Annual consolidated financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not Applicable
5.	<p>To be signed by-</p> <p></p> <p>R. D. Chandak Managing Director</p> <p></p> <p>Vardhan Dharkar Excutive Director – Finance (CFO)</p> <p></p> <p>A.T. Vaswani Audit Committee Chairman</p> <p style="text-align: right;">Auditor of the Company Refer our Audit Report dated May 08, 2013 on the consolidated financial statements of the Company For DELOITTE HASKINS & SELLS Chartered Accountants (Firm Registration No. 117365W)</p> <p style="text-align: right;"></p> <p style="text-align: right;">Signature Saira Nalnar (Partner) (Membership No. 040081) Mumbai , July 24, 2013</p>	