
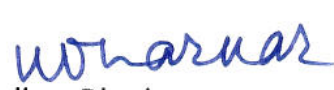








FORM A

**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, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	<p>To be signed by-</p> <p> R. D. Chandak Managing Director</p> <p> Vardhan Dharkar Executive Director – Finance (CFO)</p> <p> A.T. Vaswani Audit Committee Chairman</p> <p style="text-align: right;">Auditor of the Company Refer our Audit Report dated April 30, 2014 on the consolidated financial statements of the Company For DELOITTE HASKINS & SELLS Chartered Accountants (Firm Registration No. 117365W)</p> <p style="text-align: right;"> Signature Saira Nainar (Partner) (Membership No. 040081) Mumbai , June 12, 2014</p>	

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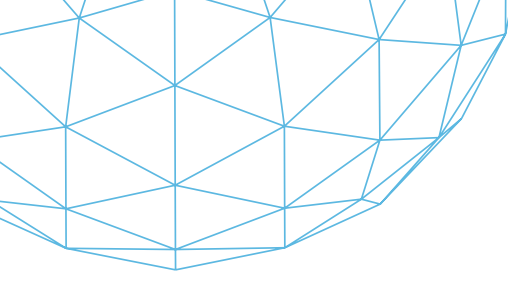
1.	Name of the Company	KEC International Limited
2.	Annual standalone financial statements for the year ended	March 31, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	<p>To be signed by-</p> <p> R. D. Chandak Managing Director</p> <p> Vardhan Dharkar Executive Director – Finance (CFO)</p> <p> A.T. Vaswani Audit Committee Chairman</p> <p style="text-align: right;">Auditor of the Company Refer our Audit Report dated April 30, 2014 on the standalone financial statements of the Company For DELOITTE HASKINS & SELLS Chartered Accountants (Firm Registration No. 117365W)</p> <p style="text-align: right;"> Signature Saira Nainar (Partner) (Membership No. 040081) Mumbai , June 12, 2014</p>	



Building Infrastructure. Globally.

KEC INTERNATIONAL LIMITED

ANNUAL REPORT
2013-14



KEC International Limited (KEC or the Company) is a global infrastructure major, swiftly growing in size with the passage of time. With over six decades of experience, our operations are spread across continents and we continue to create infrastructure globally, withstanding extreme climatic conditions across difficult terrains like seas, hills, deserts and forests. The objective is to deliver on the aspirations of an ever-changing world.

At KEC, as a global Engineering, Procurement and Construction (EPC) behemoth, our advantage lies in sustaining this growth profitably while maintaining a positive impact on the society at large.

It is both a challenge as well as an opportunity and we love to live with the paradox, because that makes progress possible.

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 statement, whether as a result of new information, future events or otherwise.

■ Guy Tower under testing at Butibori test bed



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Corporate Information

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

Bankers

India

Bank of India	State Bank of Hyderabad
Abu Dhabi Commercial Bank	State Bank of India
Allahabad Bank	Syndicate Bank
Axis Bank Limited	The Hongkong and Shanghai Banking Corporation Limited
Bank of Baroda	YES Bank Limited
Barclays Bank Plc	Kotak Mahindra Bank Limited
Central Bank of India	Punjab and Sind Bank
Corporation Bank	
Dena Bank	
Export-Import Bank of India	
ICICI Bank Limited	
IDBI Bank Limited	
Punjab National Bank	
Standard Chartered Bank	
State Bank of Bikaner and Jaipur	

US

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

Mexico

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

Brazil

HSBC Bank Brasil S/A
Banco Bradesco S/A
Banco Itau BBA S/A
Banco Santander S/A
Citibank S/A

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
S. M. Trehan	Director
V. R. Chatterjee	Director

Management Team

R. D. Chandak	Managing Director and CEO
Vimal Kejriwal	President - Transmission & Distribution Business
Rakesh Amol	President - Infrastructure Business
S. Venkatesh	Executive Director - Human Resource
Nikhil Gupta	Executive Director - Cables
Randeep Narang	Executive Director - South Asia (Transmission & Distribution)
Stanley Breitweiser	CEO - SAE Towers
Dilip Shukla	Chief Executive - Water
Rajeev Dalela	Chief Executive - Railways

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

Vision With Values

KEC's aspiration to be a world class player in the infrastructure space goes hand-in-hand with the values and culture pillars that we stand for. We believe that a vision without strong culture pillars is a recipe for mediocrity.

KEC is a global infrastructure EPC major and the flagship company of RPG Group. It has powered infrastructure development across 50 countries in developed, developing and emerging economies of South Asia, The Middle East, Africa, Central Asia, The Americas and South East Asia. It has presence in four business verticals namely: Power Transmission and Distribution, Cables, Railways and Water.





VISION

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

Manufacturing facilities

The Company has eight manufacturing facilities (spanning India, Brazil and Mexico) for Lattice Towers, Monopoles, Hardware and Cables.

Team

Our Team comprises of approx. 5,280 employees from diverse nations, who share common vision and values.

Transmission tower erection at site



Culture Pillars

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

- Delivery Focus
- Cost and Profitability Focus
- Ownership and Accountability
- Cross-Functional Teamwork
- Empowering Performance
- Valuing People
- Providing Diverse Opportunities
- Forward Looking

Profile of Business Verticals

Transmission & Substation project in Afghanistan

Cables manufacturing factory at Vadodara



1

Power Transmission & Distribution



- Largest business vertical which provides end-to-end solutions related to power transmission & distribution
- Successfully executed projects in difficult terrains and adverse climatic conditions
- Capable of executing projects of upto 1,200 kV transmission lines on a turnkey basis
- Supported by in-house design and engineering expertise; capable of designing very complex and large towers
- Tower manufacturing and testing facilities are spread across India, Brazil and Mexico
- Successfully executed several substation EPC projects; offers complete turnkey solutions for High Voltage Air Insulated Substations (AIS) upto 1150 kV and Gas Insulated substations (GIS) upto 765 kV as per various National and International standards
- Among the leading EPC players to provide telecom towers, Optical Fibre Cable (OFC) laying and Optical Ground Wire (OPGW) stringing on a turnkey basis

2

Cables



- Manufactures a wide range of power cables (HT and EHV cables upto 220 kV) and telecom cables
- Pioneered the production of cross-linked polyethylene (XLPE) cables in India
- Three fully integrated manufacturing facilities located at Vadodara (Gujarat), Mysore (Karnataka) and Silvassa (Union Territory) in India. The Vadodara facility is a state-of-the-art manufacturing facility with modern technologies
- Facilities are accredited with ISO 9001, ISO 14001 and ISO 18001 standards
- Availability of testing facilities, as per various national and international specifications

■ Railway project

■ Canal project



3

Railways



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

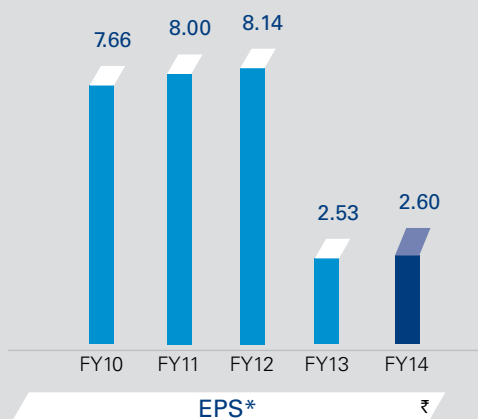
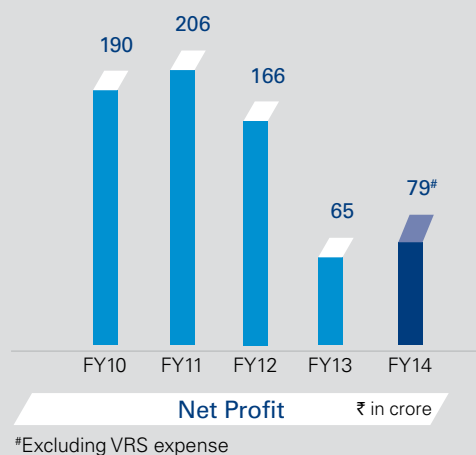
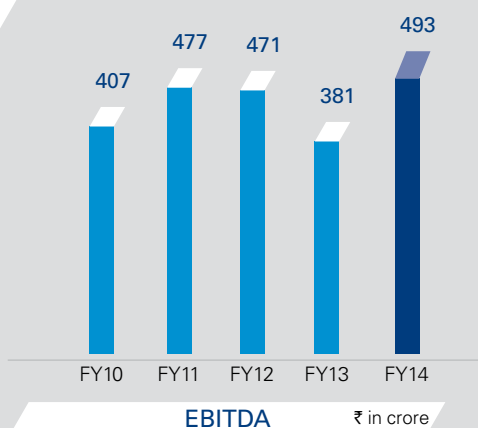
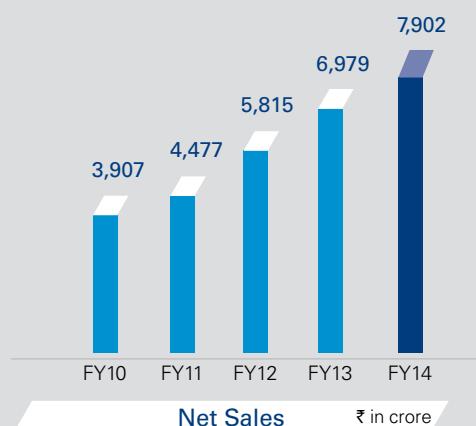
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Water

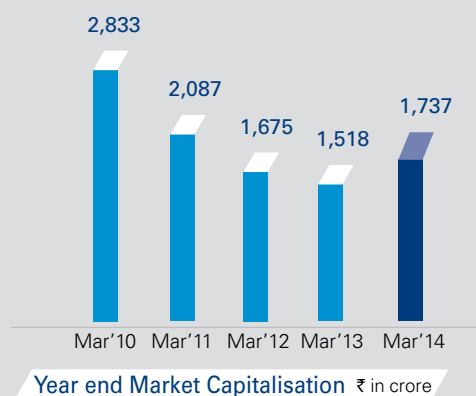


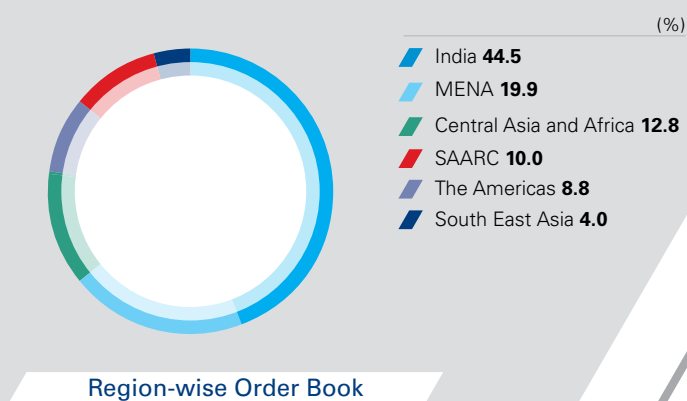
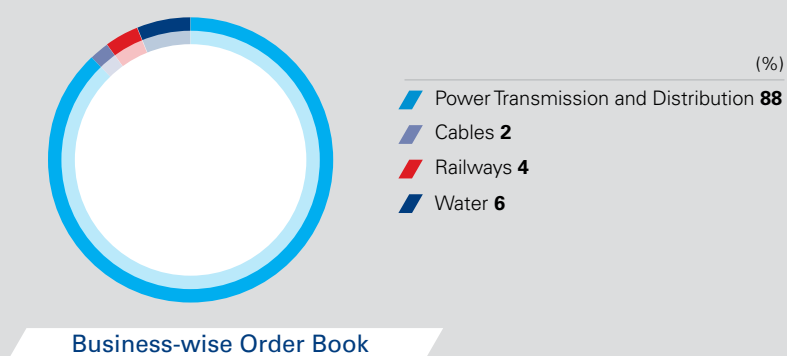
- Presence in water resource management as well as water and wastewater treatment projects
- Currently executing projects for sewage water treatment systems, canals building, dam construction and water system civil works related to thermal power project

Financial Performance



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





KEC – A Global Force



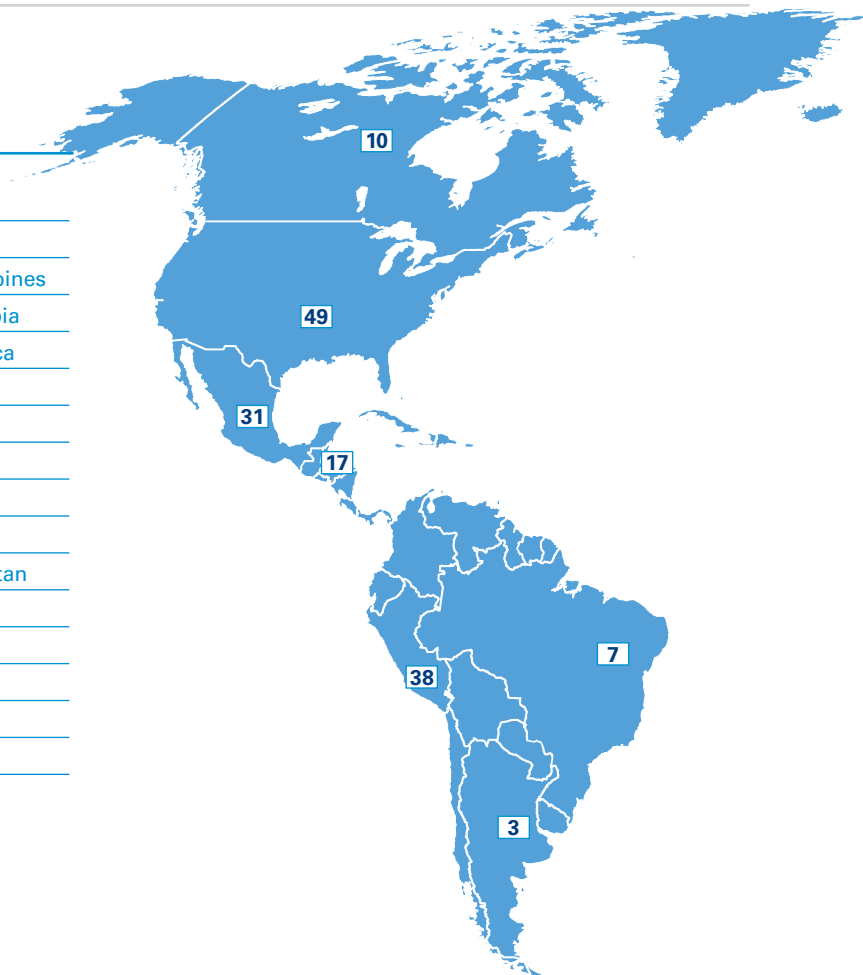
Cameroon Safety Day celebration and Best AES Project Award for safety

Quick Facts

Footprints in more than **50 countries** across the world | Currently executing projects in over **30 countries**
About half of the Company's business comes from **outside India** | **8 manufacturing facilities** spread across India, Brazil and Mexico | **Global Sourcing** – Materials, Equipment, Services, Funding and Manpower | **Presence** in **developed** as well as **developing** and emerging economies

Global Presence

1 Afghanistan	19 Indonesia	37 Oman
2 Algeria	20 Iraq	38 Peru
3 Argentina	21 Ivory Coast	39 The Philippines
4 Australia	22 Jordan	40 Saudi Arabia
5 Bangladesh	23 Kazakhstan	41 South Africa
6 Bhutan	24 Kenya	42 Sri Lanka
7 Brazil	25 Kuwait	43 Tajikistan
8 Cambodia	26 Laos	44 Tanzania
9 Cameroon	27 Lebanon	45 Thailand
10 Canada	28 Libya	46 Tunisia
11 Chad	29 Malaysia	47 Turkmenistan
12 DR Congo	30 Mali	48 UAE
13 Egypt	31 Mexico	49 USA
14 Ethiopia	32 Mozambique	50 Uganda
15 Georgia	33 Namibia	51 Vietnam
16 Ghana	34 Nepal	52 Zambia
17 Honduras	35 New Zealand	
18 India	36 Nigeria	





SAE Towers, Brazil

With a continuous track record of geographical and business expansion, KEC today has become a force to reckon with globally.

At KEC, we are constantly widening our global presence. With our diverse pool of talent, advanced engineering and project management capabilities, we have been able to successfully execute numerous turnkey projects across the world.

We have leveraged our expertise and experience in the power transmission business to secure orders from other verticals across countries. Besides, we have been able to execute these projects on the back of a global sourcing capability to acquire materials, funding, equipment and human resources. We are confident of successfully executing the orders at hand and ensuring a sustainable growth for all our businesses, going ahead.

New countries forayed in the previous five years:

FY 10 Cameroon, Peru, Chad

FY 13 Uganda, Turkmenistan

FY 11 Americas, Georgia

FY 14 Tanzania

FY 12 DR Congo



Achievements Speak Louder than Words!



■ Substation project in Bhutan



■ 800 kV Transmission line



Power Transmission and Distribution Business

At KEC, we always aspire for higher levels and continuously raise our benchmark. We let our achievements speak for themselves; they are the only true assets that we create as a testimony to our great legacy.

Our potential to grow across each of our business verticals is backed by our strong industry fundamentals. Some of the key achievements of FY14 are:

■ **Secured orders across all the regions:** Order intake for the year in this business is ₹ 6,951 crore. This includes orders from South Asia (Afghanistan, Bangladesh, Bhutan, India and Nepal), MENA (Kuwait, Saudi Arabia and UAE), The Americas (Brazil, Canada, Mexico and US), Africa & CIS (DR Congo, Kazakhstan, Kenya and Tanzania) and South East Asia (Cambodia, Laos, Malaysia and Philippines).

■ **Entry into Transmission EPC space in the Americas:** The Company is leveraging its strong global EPC expertise, along with a local foothold in the American market, through SAE Towers. This has helped in entering in Transmission EPC space in Brazil. During the year, SAE Towers secured two transmission line EPC orders. Total value of these orders is ₹ 94 crore.

■ **Secured large size EPC orders:** 1) Tanzania: ₹ 772 crore order for 400 kV transmission line. 2) Saudi Arabia: ₹ 708 crore (KEC share) order for 380 kV transmission line, and 3) Afghanistan: ₹ 590 crore order for 220 kV transmission line and substation.

■ **Enhancing presence in Substation space:** Secured ₹ 102 crore order from PGCIL for establishment of 400 kV Gas Insulated

Substations (GIS) in Bihar. This is in addition to 765 kV GIS substation order secured during FY13. Apart from this, the Company increased its geographic presence in substation business by securing total ₹ 324 crore orders from Laos, Philippines, Malaysia, Saudi Arabia and Afghanistan during the year.

■ **Completed manufacturing capacity expansion:** In India, total tower manufacturing capacity increased from 174,000 MTs / per annum to 211,200 MTs / per annum across its facilities located at Nagpur (Maharashtra), Jabalpur (Madhya Pradesh) and Jaipur (Rajasthan). Further, SAE Towers increased its pole manufacturing capacity at Mexico from 5,000 MTs / per annum to 12,000 MTs / per annum to mainly cater to the increasing demand for poles in North America.



Cables Business

- Total order intake in this business increased from ₹ 676 crore to ₹ 855 crore.
- The Company successfully completed Voluntary Retirement Scheme (VRS) for the employees at Thane manufacturing facility which was closed down during the earlier year. Further, the Company entered into an agreement for sale of this freehold land for a consideration of approx. ₹ 212 crore.



Railways Business

- The Company successfully secured its largest ever railway order of ₹ 228 crore from Rail Vikas Nigam Ltd., India. It is a composite order which includes electrification, civil works, signalling and telecommunication works in Uttar Pradesh. The Company has already completed its first composite railway order in Tamluk (West Bengal). On completion of this project, the Company will further strengthen its pre-qualification base in this business.



Water Business

- The Company secured two sewage treatment orders in Bengaluru and Uttarakhand. Further, it secured its first ever dam construction order in Madhya Pradesh. In addition to this, it also secured canal construction orders in Madhya Pradesh. The order intake in this business increased significantly from ₹ 238 crore in FY13 to ₹ 441 crore in FY14.

- Doubling of railway track between Katwa and Patuli in West Bengal



- Lining work in the main Canal at Singhpur, India



Challenge is Our Opportunity

1



■ River crossing transmission line project in West Bengal, India

1

River crossing transmission line project in West Bengal, India

This was one of the distinct projects successfully executed by KEC.

The project involved erection of four towers in mid-river as well as at the shore. The height of individual installed River Crossing (RC) tower is about 284 metres i.e. about 75% of the height of Eiffel tower. Each RC tower weighed around 1,790 MTs. This is probably the tallest ever transmission line tower erected in India.

2



■ Transmission & Substation project in Afghanistan

For KEC, challenge and opportunity are synonymous. We believe in creating opportunities out of challenges on a global scale. Our ability to successfully execute projects in hostile environments like deserts, forests, mountains, oceans, rivers and snowfields has earned us a global reputation.

2

Transmission & Substation project in Afghanistan

This is a landmark project in KEC's journey, considering extreme temperatures, constant security threats and remote site locations in Afghanistan. Despite impediments, we completed the project comprising installation of six substations and 220/110kV transmission lines. Our effort received appreciation from the client as well as other project constituents.

In addition, the conductor span between the two towers is around 3.1 km long. Considering the high project complexity, generally helicopters are required to be used for such set up. However, on account of high wind velocity, helicopters could not be used and specialised barges and cranes were deployed to erect the tower in moving waters. We successfully completed the tower erection, beating all the odds.

Status:
Tower erection completed in FY14

Status:
Project completed in FY14

3

Transmission and Substation project at Olkaria, Kenya

KEC is currently executing EPC contracts for Kenya Electricity Generating Company Limited (KenGen) at their Olkaria Power Plant situated in Kenya's Rift Valley within Hell's Gate National Park, Kenya. The biggest challenge that the project is facing is the stringent environmental and safety regulations, considering that the national park is full of wild life habitats. In spite of the numerous challenges, KEC is

working successfully towards completion of this project and we are confident of delivering the project within the stipulated timeframe and to the satisfaction of our customer. The project work comprises setting up of two greenfield 220 kV/132 kV extension bays plus 220 kV double circuit transmission lines, which will be interconnecting three substations that facilitate evacuation of power.

Status:

The project is expected to be completed in the first half of FY15

4

Alma Electricity Transmission Project, Kazakhstan

This project comprised survey, designing and construction of 500 kV single circuit Alma–YuKGRES SS overhead transmission line. The line's length is 322 km. The terrain for the line was tough; ice-capped regions during winter with extreme low temperatures made it even more difficult. We braved tough conditions and completed the project eleven months ahead of schedule.

Status:

Project completed in FY14

Transmission and Substation project at Olkaria, Kenya

3

Alma Electricity Transmission Project, Kazakhstan

4



Corporate Social Responsibility

“Goodness is the only investment that never fails” – Henry David Thoreau

As a responsible corporate, KEC believes in consciously investing and enhancing its social endeavours. Our social dedication and contribution is as much important as generating economic value for stakeholders. Our social endeavour encompasses the realms of education, employment generation and environmental protection, among others. We help build social support structures that enable large sections of the community to join the mainstream.

Imparting Education, Empowering the Youth

- KEC proactively supports quality education through RPG Group's Akshar programme thereby nurturing young minds. It aims at honing the English learning skills of children. In FY14, the Company's activities spanned Nagpur, Jabalpur and Jaipur educating more than 4,000 children (more than 3,000 in FY13)
- KEC's Cables manufacturing facility at Silvassa invited 70 students of SSR Business College for Industrial & Business for a visit to provide an exposure of our manufacturing facility to the students. This facility also organised a knowledge sharing session jointly with Dadra and Nagar Haveli Employers' Association whereby lectures were conducted for employees from nearby industries on 'Finance for the Non-Finance'

Enable Employability

- KEC, through RPG Group's Saksham programme which runs across Government-run technical schools in Vidarbha, Maharashtra provides children with soft skills training, hobby classes, finishing schools, 5S housekeeping system, science and energy classes. The initiative has benefited around 600 students and is widening its reach every single day

Industrial Training Institute (ITI) initiatives

- Organised industrial visits for girl students of the ITI for the first time
- Imparted on-job training under the PPP scheme of the Government of India
- Facilitated the sharing of best practices among ITIs in the Vidharbha region
- Developed 5S housekeeping zone at the Nagpur ITI
- Distributed bicycles and books to children
- Gave awards to motivate children

Environment

- Planted over 2,000 saplings on the World Environment Day across Nagpur, Jabalpur and Jaipur
- Replenished ground water through Rain Water Harvesting in the factory premises
- Conducted vehicular pollution checks in the factory premises
- Installed a cold drinking water hut (Jal Mandir) outside the factory gate for truck drivers, crane drivers and the community

On job training for ITI Ashti at Butibori, Nagpur

World Environment Day sapling plantation



Women Empowerment

- A motivational discussion on woman empowerment was arranged at KEC's offices and facilities which saw about 325 women participating

Health

- Organised dental check-up camps for Akshar schools in Nagpur and Jabalpur which saw the cumulative participation of about 1,600 students
- Held health and nutrition awareness camps for the local communities around the facilities
- Distributed warm clothes in Jaipur during winter with the help of an NGO (Sewa Bharati)
- Organised Anti-Tobacco Awareness programme and Blood Donation camps
- In order to encourage people to stop consuming tobacco, the Silvassa cables unit celebrated 'World No Tobacco Day' on 31st May 2013

Other CSR Initiatives

- Organised summer camps for children which witnessed the participation of around 75 children
- Donated notebooks and school bags to economically disadvantaged students of Butibori Government School
- Organised a Safety Run competition; around 300 students participated
- An intensive Pulse Polio Campaign was organised at Dadra village to ensure a Polio-free territory. Around 450 kids benefited from this exercise, conducted by the employees of Silvassa cables unit.
- Fire safety training programme was also held at Silvassa cables unit for KEC employees as well as the locals residing in the vicinity

Teenagers' worker programme at SAE Towers Brazil

- SAE Towers Brazil has been involved in Teenagers' worker

programme, in partnership with 'Centro Salesiano do Adolescente Trabalhador (CESAM)', a non-profit organisation in Belo Horizonte. Students aged 15 years are enrolled to be trained in aspects related to the labour market, ethical and professional values and sent to work at partner companies

- The objective of this programme is to educate young people who are vulnerable to social risk and strengthen their family bonds
- This is a professional and a legal approach (as required by the Labour Code and the Statute of Children and Adolescents), in order to provide them opportunities to live a better life. They are covered under the programme, until they attain 18 or 24 years of age, when they would be made employable. SAE Towers is partnering the programme and mainstreaming many teenagers

Awards and appreciation

- KEC was awarded for Best CSR inclusion, participation and co-operation during the Safety Run initiative organised by the Directorate of Industrial Safety and Health - Nagpur region in MIDC, Butibori

■ CSR Skill Development Centre at KEC Training Centre Butibori

■ Note books and bags distributed to flood-affected school children at Butibori



Recognised for Stakeholder Commitment

Mr. R. N. Nayak, Chairman and MD, PGCIL inaugurating KEC Stall at ELECHEMA-2014

KEC's stakeholder commitment has regularly received industry recognition. The Company's awards are spread across various categories that include manufacturing, project execution, quality, and human resource practices.



Best Transmission Line Company Award

'Utkrishta Puraskar' by PGCIL – This award has been conferred to KEC in the Best Transmission Line contractor category, acknowledging the Company's contribution to Indian Transmission Line Industry. KEC is the only company to have received this award in the Big Contractor Category.



Support "outside line of duty" Award

"Sahbhagita Puraskar" by PGCIL – This award has been conferred to KEC for its support to PGCIL in difficult projects which were in difficult terrain and required urgent completion etc. i.e. offloaded Transmission Line projects.



Best Employer India 2013 By Aon Hewitt

KEC was conferred with the prestigious 'Best Employer Award, 2013' by Aon Hewitt in recognition of the Company's initiatives towards its people practices. It has always focused on the holistic well-being of its employees, and the award is a vindication of its people-centric policies.

The criterion of selecting best employers is based on the four elements, viz. employee engagement, a compelling employer brand, effective leadership and a high performance culture.



KEC Jaipur tower manufacturing unit won the Best Employer Award 2012

KEC's Jaipur tower manufacturing unit won the 'Best Employer Award 2012' among large scale industries, conferred by 'The Employer Association of Rajasthan'. KEC received this award for the second consecutive year for its sterling performance in strengthening Employer-Employee Relations, Productivity and Corporate Social Responsibility.



Best Indian Company in the US in Manufacturing

The ninth edition of the 'Indo-American Corporate Excellence Award' was conferred on KEC in the 'manufacturing category'. The awards are hosted by the Indo-American Chambers of Commerce and recognise the best Indian companies operating in the US and vice versa. These awards are given out annually to a select few companies, who have significantly contributed to the promotion of Indo-US trade, which has led to financial excellence and the development of human capital.

Directors' Report

To the Members of KEC International Limited

The Directors have pleasure in presenting the Ninth Annual Report, along with the audited accounts of the Company, for the year ended March 31, 2014.

1. Financial Results

Particulars	₹ in crore			
	Consolidated		Standalone	
	FY14	FY13	FY14	FY13
Net Revenue from Operations	7,901.83	6,979.49	6,558.77	5,592.08
EBITDA	493.27	381.40	372.89	231.09
Finance Cost	263.27	194.40	231.42	164.81
Depreciation & Amortisation	70.52	56.08	55.42	43.05
Profit Before Tax	155.10	146.83	150.86	43.74
Tax Expenses	88.34	81.79	65.27	39.18
Profit After Tax	66.75	65.04	85.59	4.56
Proposed Dividend on equity shares (including tax on dividend)	18.05	15.22	18.05	15.03
Transfer to General Reserve	8.56	0.45	8.56	0.45

2. Dividend

The Board of Directors has recommended a dividend of ₹ 0.60 per equity share of ₹ 2 each for the year ended March 31, 2014, on the equity share capital of the Company, aggregating to ₹ 15,42,53,022 (Rupees Fifteen Crore Forty Two Lacs Fifty Three Thousand Twenty Two only). The dividend on equity shares is subject to the approval of the members at the ensuing Annual General Meeting. Further the Board of Directors proposes to transfer an amount of ₹ 8.56 crore to the General Reserve.

3. Performance

Financial Performance

On a consolidated basis, the net revenue from operations increased by 13.21% to ₹ 7,901.83 crore. The net profit increased by 2.6% to ₹ 66.75 crore. On a standalone basis, the net revenue from operations increased by 17.29% to ₹ 6,558.77 crore, while the net profit was ₹ 85.59 crore in FY14, as compared to ₹ 4.56 crore in FY13.

During the year under review, several measures have been taken for improving the performance of the Company and to secure new orders across various businesses and geographies. The order intake for the year increased by 13.34% to ₹ 8,482 crore. The closing order book has increased by 7.7% to ₹ 10,200 crore by FY14 end.

While the transmission business continued to perform well both in terms of revenue and profitability, the overall profitability of the Company on consolidated basis was impacted due to revenue de-growth in the wholly owned subsidiary

The order intake for the year increased by 13.34% to ₹ 8,482 crore. The closing order book has increased by 7.7% to ₹ 10,200 crore by FY14 end.

SAE Towers. It was also impacted due to time and cost overruns in Railways, Power Systems and Water businesses. In the Cables business profitability was impacted due to pricing pressure as also higher costs at the new manufacturing facility established at Vadodara.

Operational highlights

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

Power Transmission & Distribution: This is the Company's largest business vertical which provides end-to-end solutions for power evacuation from generating stations to consumer distribution points.

The order intake for the business increased by 12.1% to ₹ 6,951 crore. The orders came from across all the regions. These also include large value orders from Tanzania (₹ 772 crore), Saudi Arabia (₹ 708 crore) and Afghanistan (₹ 590 crore).

The Company is also leveraging its strong global EPC expertise along with a local foothold in American market through SAE Towers. During FY14, SAE towers entered in EPC business and secured two transmission line EPC orders in Brazil. These orders were of approx. ₹ 94 crore.

The Company also expanded its international presence in Substation space by securing orders in Laos, Philippines, Malaysia, Saudi Arabia and Afghanistan during the year. Further, the Company has increased its presence in Gas Insulated Substations (GIS) by securing a ₹ 102 crore order in Bihar.

SAE Towers completed expansion of its pole production capacity at its existing facility in Mexico from 5,000 MTs to 12,000 MTs per annum. In addition to this, the Company has also completed expansion of 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.

Cables: Consequent upon the commencement of the new plant at Vadodara, the manufacturing facility at Thane has been closed down and the Company has entered into an agreement for sale of this land. The complete range of products manufactured at Thane plant are now being manufactured at the Vadodara plant. The annual order intake for the business increased by 26.5% to ₹ 855 crore in FY14.

Railways: The Company has secured a large composite order from the Rail Vikas Nigam Limited, India. The order includes electrification, civil works, signalling and telecommunication works in the state of Uttar Pradesh and the order value is ₹ 228 crore. The Company also intends to target projects related to Metro and dedicated freight corridors in partnerships with other Indian and foreign players.

Water: The Company secured two Sewage Treatment orders in Bengaluru and Uttarakhand of total ₹ 205 crore. In addition to this, it secured its first ever Dam construction order in Madhya Pradesh of ₹ 99 crore. Further, it also secured Canal construction orders in Madhya Pradesh of ₹ 75 crore. Based on orders in hand and execution in FY14, the Company is also building its pre-qualification base in this business.

4. Listing

The Equity Shares of the Company continue to remain listed on BSE Limited and National Stock Exchange of India Limited. Further during the year the Company has listed its equity shares on MCX Stock Exchange Limited. The stipulated listing fees for FY15 have been paid to all the above 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 thereunder and any re-enactments thereof.

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 FY14, the Company had twenty two direct and step down subsidiary companies. One step down subsidiary company has been incorporated in Mexico to explore the business opportunities in EPC

business. Accordingly, the number of direct and step down subsidiaries of the Company stands increased to twenty three 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, 2014, 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 subsidiary(ies).

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, 2013, Mr. H. V. Goenka and Mr. A. T. Vaswani, are liable to retire by rotation and eligible for re-appointment at the ensuing Annual General Meeting. Further the Board of Directors has appointed Mr. Vinayak Chatterjee as an Additional Director w.e.f. April 30, 2014. Pursuant to Section 161 of the Companies Act, 2013, and Article 124 of the Articles of Association of the Company, Mr. Vinayak Chatterjee holds office upto the date of the ensuing Annual General Meeting of the Company and is eligible for appointment as Director. Further as per the provisions of the Companies Act, 2013, the independent directors of the Company will have to be appointed by the members for a term upto five years, and no independent director shall be liable to retire by rotation. Further Mr. S. S. Thakur, Mr. G. L. Mirchandani, Mr. D. G. Piramal, Mr. S. M. Kulkarni, Mr. S. M. Trehan and Mr. Vinayak Chatterjee have given declaration to the Company under Section 149(6) of the Companies Act, 2013, that they qualify the criteria of independence mentioned under that sub-section. Accordingly it is proposed to appoint them as independent directors not liable to retire by rotation for a term of five years from the ensuing Annual General Meeting.

In view of the provisions of Section 165 of the Companies Act, 2013, which restricts the directorship of a director in ten public limited companies and the proposed amendment to the Listing Agreement entered into with the Stock Exchanges, which restricts the directorships of independent directors to seven listed companies only, Mr. M. K. Sharma, who was a director of the Company resigned from his office w.e.f. March 31, 2014. The Board places on record its sincere appreciation for the valuable services rendered by Mr. M. K. Sharma during his tenure as the Member of the Board.

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

The Board of Directors recommends to the members the appointment of the above referred independent directors and the re-appointment of Mr. H. V. Goenka and Mr. A. T. Vaswani as the directors of the Company.

11. Auditors

Statutory Auditors

In view of the provisions of Section 139 of the Companies Act, 2013, and the Rules made thereunder, a listed company cannot appoint an audit firm as the Auditors of the Company for more than two terms of five consecutive years and which shall be subject to ratification by the members at every Annual General Meeting. For reckoning this term, the period already served by the firm as auditors shall be counted. According to the Illustration 2 appended to sub-rule 3 of Rule 6 of the Companies (Audit and Auditors) Rules, 2014, every firm of the Auditors who has completed 7 or more years as an Auditor of the prescribed classes of companies (including listed companies), can be appointed as an Auditor for a further period upto three years only. Accordingly Delloitte Haskins & Sells (DHS) is entitled to be appointed as Statutory Auditors of the Company for a further period upto three years. In view of the same it is proposed to appoint DHS as the Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the Twelfth Annual General Meeting and to authorise the Board of Directors to fix their remuneration. The Company has received a letter from DHS to the effect that their appointment, if made, would be within the limits prescribed under the provisions of the Companies Act, 2013 and that they are not disqualified for such appointment within the meaning of the said Act. The Board of Directors recommends the appointment of DHS as the Statutory Auditors of the Company for a period of three years.

Branch Auditors

In terms of Section 143(8) of the Companies Act, 2013, the audit of the accounts of the branch offices of the Company

located outside India is required to be conducted by the person(s) or firm(s) qualified to act as Branch Auditors. The Board of Directors recommends to the members to pass the resolution, as stated in Item No.6 of the Notice, convening the ensuing Annual General Meeting.

Cost Auditors

The Central Government has approved the appointment of M/s. 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 FY14 under The Companies (Cost Accounting Records) Rules, 2011. The Cost Audit Report and the Compliance Report for FY13 was filed by the Cost Auditors with the Ministry of Corporate Affairs on September 30, 2013.

12. 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 other matters within the RPG Group companies. The Code also includes the policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace in accordance with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

13. Awards Received During the Year

For FY 14 the Company was conferred with the 'Utkrishta Puraskar' i.e. Best Transmission Line Company Award and 'Sahbhagita Puraskar' i.e. Support Outside Line of Duty Award from Power Grid Corporation of India Limited. Further the Company also won the prestigious, "Best Employer Award, 2013" by Aon Hewitt and the "Indo-American Corporate Excellence Award" by the Indo-American Chambers of Commerce for best Indian company operating in US. The details of these Awards & Recognition are mentioned on page 18 & 19 of this Annual Report

14. 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, 2014, 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, 2014, have been prepared on a going concern basis.

15. 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 take this opportunity to thank the Customers, Vendors, Financial Institutions, Banks and all other stakeholders for their continued co-operation and support to the Company. Further the Directors would also like to thank the Central and State Government authorities and Regulatory authorities for their support.

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

Last but not least the Board wishes to place on record its deep gratitude to all its employees whose enthusiasm, team efforts, devotion and sense of belongingness has made this Company proud.

For and on behalf of the Board of Directors

H. V. Goenka
Chairman

Place: Mumbai

Date: April 30, 2014

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 various locations during the year under review:

Installed induction furnace for plate heating in fabrication process, maintained shut down status of 500 kVA transformer and ran plant on only one 750 kVA transformer, introduced plasma cutting machine to cut plates upto 20 mm thickness, installed magnetic induction lamps, 250 watt lamps were replaced with 120 watt lamps and 400 watt lamps were replaced with 150 watt lamps, replaced HPMV lamps with MH lamps, installed AC drives and motors in place of DC drives and motors, commissioned rotary screw type air compressors and diffused air type aeration system in place of agitators, phased out CRT monitors and undertook servicing of cooling towers, automated cooling tower pumps, regularly checked the APFC panel condition and calibrated capacitors.

(B) Technology Absorption

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

Carried out R&D in existing bending furnaces with PAN type induction furnaces to bend the material, usage of plate induction heating, induction lights and high speed drilling, punching and plasma cutting machines for cutting of plates. R&D was also carried out in the manufacturing of 220 kV, 2,000 & 2,500 sqmm copper cables.

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, improvement in productivity and reduction in tool changing time, reduction in fuel cost of plant, increased production of plates, reduction in the heating cycle time and fuel consumption with implementation of new technology, development of a product like 220 kV cable which has given the opportunities to enter into special market segment of EHV cables in India and abroad.

3. Future plans of action

To carry out the technical upgradation of old machineries by replacement of slip ring motors driven system and DC drive system by advanced variable frequency drives, new induction heating furnace to be procured for higher section heating. It is proposed to introduce air agitation pumps to eliminate use of compressed air in galvanizing. It is also proposed to replace in place of fuel fired furnace with induction heating furnace.

4. Expenditure on R&D

(a) Capital	: ₹ 5.80 lacs
(b) Recurring	: ₹ 1,658.10 lacs
(c) Total	: ₹ 1,663.90 lacs
(d) Total R&D expenditure as a percentage of total turnover	: 0.25%

Technology Absorption, Adaptation and Innovation:

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

Replaced old drive system with upgraded technology with technical expert vendors, new technology of plate drilling on high speed drilling CNC is explored and implemented. Imported and installed high speed burners with PLC controlled system on old bath to reduce fuel consumption, developed an induction heating furnace for small angle and installation of induction lights.

2. Benefits derived as a result of above efforts

The above efforts have resulted in saving of 5% in total energy consumption, reduction in fuel cost of plant, saving of energy by 2,925 kWh / Month, reduction in power and fuel consumption per unit, fuel consumption in fabrication was reduced.

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

(a) **Technology imported:** High speed plate punching and drilling machine, angle line punching with CNC imported from Italy, one fully automatic dual fuel fired furnace for galvanizing imported from UK, triple extrusion technology from Finland, high speed punching machines from France, high speed burners with PLC controlled system on the old bath from Italy to reduce fuel consumption.

(b) **Year of import:** FY11, FY12 and FY13

(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:** N.A.

(C) Foreign Exchange Earnings and Outgo

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

	₹ in lacs	
	FY14	FY13
Total foreign exchange earned	2,99,189.26	2,63,772.49
Total foreign exchange used	1,98,188.61	1,78,760.08

1200 kV Single Circuit DA Tower type under test for Power Grid Corporation of India



Management Discussion and Analysis



The developed economies are gaining traction and emerging market economies are seeing revival mainly on account of increased exports and stable domestic demand.

About the Company

KEC International Ltd (KEC or the Company) is an infrastructure EPC major with presence in Power Transmission & Distribution (T&D), Cables, Railways and Water. The business is spread across 50 countries in South Asia, the Middle East, Africa, Central Asia, the Americas and Southeast Asia.

Economy and Power Sector Review

A. Global economic scenario

Global economic recovery is gradually strengthening. The feeble growth experienced by most of the economies across the world during the period 2008–2013 is gradually fading. The developed economies are gaining traction and emerging market economies are seeing revival mainly on account of increased exports and stable domestic demand. Policy measures combined with implementation of structural reforms are expected to boost growth in the coming years. The global economy is projected to grow from 2.4% in 2013 to 3.1% in 2014 and 3.3% in 2015.

GDP Growth (%)

Countries' Group Name	2012	2013	2014 (Projections)	2015 (Projections)
Advanced Economies				
Major Advanced Economies	1.4	1.3	2.2	2.3
Euro Area	(0.7)	(0.5)	1.2	1.5
Other Advanced Economies	1.9	2.3	3.0	3.2
Emerging Market and Developing Economies				
Commonwealth of Independent States (CIS)	3.4	2.1	2.3	3.1
Latin America and Caribbean	3.1	2.7	2.5	3.0
Middle East and North Africa (MENA)	4.1	2.2	3.2	4.5
Sub-Saharan Africa	4.9	4.9	5.4	5.5
Developing Asia	6.7	6.5	6.7	6.8
World Growth	2.5	2.4	3.1	3.3

(Source: IMF - World Economic Outlook, April 2014)

B. Indian economic scenario

The Indian economy continued to grow at moderate levels of 4.9% in FY14 (E) and 4.5% in FY13. As compared to the high growth levels of 8-10% during earlier years, the sub 5% growth in last two years was primarily due to high inflationary pressures, policy related issues and consequence of slow growth experienced by certain advanced economies.

During FY14, the agriculture sector witnessed growth backed by good monsoons. Overall exports witnessed growth and imports declined due to which trade deficit narrowed. Taking a macro perspective, the outlook is positive. The Government of India has undertaken several reform measures, including the clearance of several large infrastructure projects. The prospects of revival of global

economy also further point to a better outlook for the Indian economy.

C. Power Sector Review

A country's economic growth is directly correlated with the growth of power sector which in turn depends on continuous availability and uninterrupted supply of electricity. The power scarcity coupled with growing global demand is driving substantial investments in Power Generation which necessitates investments in Transmission & Distribution (T&D) infrastructure for efficient and reliable availability of power. Total investment needs for T&D from 2010 to 2035 are envisaged at USD 1.8 trillion and USD 5.2 trillion, respectively (see table below). Apart from generation-linked T&D projects, old existing network replacements, grid strengthening and grid interconnections are also likely to drive demand.

Investment needs in Power Transmission and Distribution during 2011–2035 (USD billion)

Region / Country	Transmission	Distribution
India	111	521
Americas	402	869
Europe	179	737
East Europe / Eurasia	133	308
Asia	850	2,417
Middle East	59	172
Africa	78	199
Latin America	93	220
World Total	1,839	5,252

(Source: International Energy Agency (IEA) - World Energy Outlook 2011)

Around 22% of the world's population still does not have access to electricity of which about 29.3% reside in South Asia (including India) and about 65.4% live in Sub-Saharan Africa. The per capita power consumption in these regions is also very low as compared to the world average. For the growth of these

regions, development of power infrastructure is a necessity. This translates into abundant development opportunities for the Company. The Company is present in most countries of these regions so that it can meet the huge requirement of power infrastructure investments.

Per Capita Power Consumption and Access to Electricity

Country / Region	Per Capita Power Consumption (2011) (kWh)	Population without access to electricity (2010) (%)
India	684	25
United States	13,246	NA
Europe and Central Asia	2,938	NA
China	3,298	0.3
South Asia	605	29.3
MENA	1,696	5.6
Sub-Saharan Africa	536	65.4
Latin America and Caribbean	1,985	6.3
World Average	3,044	22.4

Industry outlook and opportunities across businesses and related geographies

This section highlights the industry outlook and opportunities in each of the Company's Business - Power Transmission & Distribution, Cables, Railways and Water.

Power Transmission and Distribution Business - Outlook and Opportunities

This is the largest business vertical of the Company. KEC has global leadership position in the power transmission space and increasing presence in power distribution space. This business is spread across various regions. Region-wise outlook and opportunities in this business are as follows:

I. South Asia (India)

India's rapidly growing population combined with increasing urbanisation and industrialisation requires uninterrupted and sufficient supply of power. The Indian Power sector, although having grown substantially in last few decades, has always seen demand significantly higher than its supply, rendering India a power deficit country.

The 12th (2012-17) and 13th (2017-2022) five year plans provide growth opportunities for the Indian power sector and more specifically for the Indian Transmission and Distribution sector.

Planned capacity additions

Five Year Plans	Generation	Transmission Line	Substation
12th	88,537 MW	107,440 ckm	270,000 MVA
13th	93,400 MW	130,000 ckm	300,000 MVA

(Source: Planning Commission of India)

The planned transmission line capacity addition and distribution capacity addition during the 12th five year plan envisages an investment of around ₹ 180,000 crore and ₹ 306,235 crore respectively (Source: Planning Commission of India).

The growth in intra-state networks, which falls under the State Electricity Boards (SEBs) and their transmission utilities (STUs) has not been able to match the inter-state capacity addition due to financial constraints. However, towards the end of 2012 the Government of India (GoI) cleared the restructuring program for SEBs. Some of the SEBs are in the process of restructuring their debt, a move which is likely to expedite progress of this sector and provide opportunities for power and its ancillary industries.

The Government is also encouraging private sector participation in the T&D sector. We are incrementally seeing projects being awarded through competitive bidding processes on BOO / BOOT / BOOM model.

Challenges: The sector continues to face challenges like inadequate fuel linkages for generation capacity additions, land acquisition (Right of Way), statutory clearances and poor financial health of SEBs.

Telecom Business: The Company also provides installation of optical fibre networks and telecom towers. The GoI had approved establishing of National Optical Fibre Network (NOFN) in October 2011 to provide broadband connectivity to the Country's 250,000 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.

II. South Asia Region (SAARC excluding India)

The region suffers from energy deficiency. The Company's presence in the region has been increasing. During the year, it secured orders from Bhutan, Bangladesh, Afghanistan and Nepal. It expects to benefit from encouraging investment opportunities, strong local presence and execution experience in the region. Further, India's cross border electricity transmission interconnections with Bangladesh, Sri Lanka, Nepal and Bhutan are also being expanded to facilitate power trade between the countries.

III. The MENA Region

The MENA region is experiencing a rise in power demand led by strong economic and demographic growth associated with rapid urbanisation & strong industrial growth in the region. The region is also diversifying fuel sources and investing in solar power generation. International Energy Agency (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 USD 10.7 billion in transmission networks during 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 – Although in recent years, investment in this region was stagnant due to political turmoil, the scenario is gradually improving. With restoration of stability, power investment being the basic growth fundamental, is expected to be one of the key focus areas in the region.

IV. Rest of Africa Region excluding North Africa

Africa faces energy deficit and has significant growth potential. The region's per capita electricity consumption in the year 2011 (535 kWh v/s World average of 3,044 kWh) was one of the lowest globally and over two-third

of its population is still without access to electricity. This makes the continent a region with under-exploited energy resources and under-served demand, compared to the rest of the world.

Various multilateral funding agencies are allocating funds for new projects in this region. Further, various cross-border transmission line interconnections are also being planned to improve power transmission infrastructure and create an efficient energy exchange among the countries.

V. Central Asia Region

Central Asia continues to be a high potential market with increasing electricity demand due to its growing industrial sector. Many of the countries in this region are facing electricity supply issues due to weak financial situations. However several initiatives supported and funded by multilateral institutions are being undertaken to expand and upgrade the region's soviet-era power infrastructure.

VI. North America and Latin America Region

North America - The North America transmission system needs investment to build new lines as well as upgrade and refurbish the existing network as existing transmission grid is ageing due to under-investment in transmission infrastructure.

About 21,800 circuit miles of transmission lines are planned to be added between 2013 and 2023 (Source: North American Electric Reliability Corporation's (NERC) 2013 Long-Term Reliability Assessment report). In other words, assuming USD 1 million investments per mile, an investment of USD 2.2 billion 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. In Canada, new generation sources in Alberta and new hydroelectric generation expansion continue to contribute for an increased transmission lines demand.

Latin America – In this region, majority of the Company's business comes from Brazil and Mexico. Brazil, the largest market in Latin America, covers nearly half of the continent of South America. Brazil's Government plans to build about 51,578 kilometers of transmission lines between 2013 and 2022 (Source: Empresa de Pesquisa Energética, Brazil). 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 wind power generation, mostly in the southeast and the northeast regions. About 4,000 circuit miles are planned between 2014 and 2019 in the Country.

VII. Southeast Asian Region

South East Asian countries per-capita energy use is still low and 134 million people lack access to electricity (Source:

IEA). The region is projected to need an additional 250,000 km of transmission lines and 4,000,000 km of distribution lines to connect end-users between 2011 and 2035 (Source: IEA). Many countries in this region have formulated plans to increase their power generation capacity and grid expansion. KEC has consolidated its position in the region with current presence in Indonesia, Philippines, Malaysia, Laos and Cambodia.

Cables Business – Outlook and Opportunities

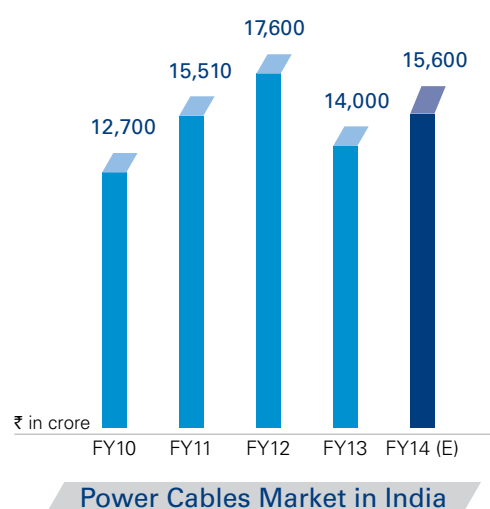
The Company manufactures power cables and telecom cables, with the former constituting a significant part of its cable business.

After a lean period in FY13, the power cables market experienced modest growth of 10-12% during FY14 (E). The growth was mainly driven by increasing investments in underground distribution network and cable exports.

Power Cables: The GoI's aggressive investment targets during the 12th five year plan, especially in the power distribution segment and investments by State Electricity Boards (SEBs) post restructuring is likely to provide sizable growth opportunities. The GoI's technology upgradation initiative is also resulting in higher demand for High Voltage (HV) and Extra High Voltage (EHV) cables. The cable demand is further likely to experience a boost once the SEBs are financially restructured.

Telecom Cables: The Government has initiated its broadband network expansion plans through Bharat Broadband Network Limited (BBNL) which is likely to increase demand for optic fibre cables. Further, optic fibre demand will also be supported by higher investment in India's telecom space.

Cables – Annual Market Size



Source: IEEMA (*Estimated based on growth rate data available up to Nov 13)

Railways Business – Outlook and Opportunities

The Company is an integrated player and undertakes projects related to civil and track works, electrification and signalling works. Presently, the Company's business mainly comes from conventional railway projects but it is also looking at relevant opportunities in Dedicated Freight Corridors and Metro Railway projects.

Capacity expansion, network expansion, upgradation and modernisation planned by the Indian Railways are expected to provide impetus to this sector. The 12th five year plan envisages a total investment of ₹ 6,43,379 crore (including Metro Rail). This amount is 164% more than 11th Five Year Plan's projected target and around 229% more than 11th five year plan's actual investments (latest estimate). The Company's addressable market is about 10% of the targeted investment.

Dedicated Freight Corridors (DFC): Presently, two DFCs are being developed in India the Western DFC (1,483 kms.) and the Eastern DFC (1,839 kms.). Tenders for these projects are being awarded in various phases. The Company is pre-qualified in certain packages of these projects and plans to bid selectively in consortium with other partners.

Mass Rapid Transit System (MRTS): Increasing urbanisation, population density and strain on existing transport infrastructure have necessitated investments in the modern MRTS (metro and mono rails). The Delhi metro's success has set the stage for developing more metro networks across the country. There are many projects on advance stage of planning and implementation in India especially in 'B' class cities. KEC plans to participate in this space in joint venture with internationally recognized eligible partners.

Water Business – Outlook and Opportunities

The Company focuses on projects related to Water Resource Management (WRM) as well as Water & Waste Water Treatment.

Although around 70% of the earth's surface is covered with water, the distribution of water is uneven and it is a scarce resource in many parts of the world. In India, water demand is likely to go up from current 710 billion cubic meters (BCM) to 1,093 BCM by 2025 due to rise in population, higher industrial consumption and increase in command area under irrigation. On the other hand, the availability of the utilizable water is 1,123 BCM out of which large part of it is lost due to surface evaporation and flowing to sea. (Source: Planning Commission of India)

The GoI has allocated highest investment (after power) in 12th five year plan for developing infrastructure related to Irrigation and Water Supply and Sanitation. It envisages investment of ₹ 5,04,371 crore for Irrigation related projects and ₹ 2,55,319 crore for Water Supply & Sanitation related projects. (Source: Planning Commission of India)

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 13.2% Y-o-Y to ₹ 7,902 crore, driven by strong execution and continuous order inflow. Out of the total net sales, 59% has come from the markets outside India.

EBITDA increased by 29.3% Y-o-Y to ₹ 493.27 crore. EBITDA margins increased by 78 basis points to 6.24% of net sales.

Depreciation and amortization expense increased to ₹ 70.52 crore from ₹ 56.08 crore in the FY13. It has increased mainly due to capitalization of new cable manufacturing facility at Vadodara, Gujarat and increased pole manufacturing capacity at Mexico.

Finance Costs increased to ₹ 263.27 crore from ₹ 194.40 crore in FY13. Finance Costs to Net Sales ratio increased to 3.33% as against 2.79% in FY13. It increased mainly due to higher interest rates and increased working capital loans.

Other Income stood at ₹ 13.79 crore as against ₹ 16.05 crore in FY13.

Net Profit stood at ₹ 78.74 crore (excluding Voluntary Retirement Scheme expenses paid in Q1 FY14, net of taxes) as against ₹ 65.13 crore in FY13, an increase of 20.8% Y-o-Y.

Earnings per Share (EPS) before impact of Voluntary Retirement Scheme expenses increased to ₹ 3.06 from ₹ 2.53 in FY13.

Price to Earnings (PE) ratio stood at 24.7 times. (Based on FY14 EPS before impact of Voluntary Retirement Scheme and closing share price as on FY14 result announcement day i.e. April 30, 2014).

Proposed Dividend for the year is 30% of face value of equity share, i.e. ₹ 0.60 per fully paid equity share of ₹ 2 each reflecting a distribution of ₹ 18.05 crore (including dividend distribution tax).

Balance Sheet Analysis

Net Worth increased to ₹ 1,191.58 crore from ₹ 1,147.22 crore in FY13. Equity Share Capital remained unchanged at ₹ 51.42 crore. However, **Reserves and Surplus** increased to ₹ 1,140.17 crore from ₹ 1,095.81 crore recorded in FY13.

Book Value per share increased to ₹ 46.35 from ₹ 44.62 in FY13.

Gross Borrowings increased to ₹ 2,129.55 crore from ₹ 1,669.01 crore in FY13 while **Net Borrowings** increased to ₹ 1,985.55 crore from ₹ 1,513.40 crore in FY13. This increase was primarily driven by increased working capital loans and capital expenditures.

Gross Debt-Equity ratio stood at 1.79 times while **Net Debt-Equity** ratio stood at 1.67 times.

Fixed Assets (without considering goodwill) marginally decreased to ₹ 992.21 crore from ₹ 1,008.27 crore in FY13.

Gross working capital (including long term loans and advances and other non-current assets) cycle has increased to 278 days from 255 days in FY13. Inventory cycle increased to 23 days from 21 days in FY13. Total receivable cycle increased to 200 days from 179 days in FY13.

Return on Capital Employed (before tax) increased to 13.97% in FY14 as compared to 12.94% in FY13.

Operational Performance

- The Company closed its Cable Manufacturing Facility at Thane and successfully completed Voluntary Retirement Scheme (VRS) for the employees at the facility.
- The order book increased to ₹ 10,200 crore, registering a growth of 7.71%. The year's total order intake has increased by 13.33% to ₹ 8,482 crore. The orders were spread across all business verticals and geographies.

- The Company continues to expand its geographical presence. During the year it entered Tanzania.
- Secured orders from South Asia (India, Nepal, Sri Lanka, Bangladesh), Americas (United States, Mexico, Canada, Brazil), MENA (Saudi Arabia, Oman, UAE), Africa (Tanzania, Uganda, Kenya, Nigeria, Tunisia, South Africa), Central Asia (Afghanistan, Kazakhstan, Turkmenistan) and Southeast Asia (the Philippines, Malaysia, Indonesia).
- Secured large value orders in Tanzania (₹ 772 crore), Saudi Arabia (₹ 708 crore - KEC share) and Afghanistan (₹ 590 crore).
- Power T&D business increased its portfolio in substation space. It secured an order worth ₹ 102 crore for the establishment of 400 kV Gas Insulated Substations (GIS) in Bihar. In addition to this, it also increased substation business geographical presence by securing orders from Laos, Philippines, Malaysia, Saudi Arabia and Afghanistan during the year.
- SAE Towers increased its pole manufacturing capacity from 5,000 MTs / per annum to 12,000 MTs / per annum. It also forayed into EPC business in Brazil and secured two transmission line orders of ₹ 94 crore.

■ 380kV Overhead Transmission Line, Saudi Arabia



- Railway business secured a composite order from the Rail Vikas Nigam Limited, India for electrification, civil works, signalling and telecommunication works in the state of Uttar Pradesh. The order of ₹ 228 crore.
- Water business secured two Sewage Treatment orders in Bangalore and Uttarakhand of total ₹ 205 crore. In addition to this, it also secured its first ever Dam construction order in Madhya Pradesh of ₹ 99 crore. Further, it secured Canal construction orders in Madhya Pradesh of ₹ 75 crore.

Adequacy of Internal Control

KEC strives for 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 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 Engineering Procurement and Construction (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.

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, aids in coping with the challenges.

4. **Delays in execution of projects:** EPC projects could face delays due to issues relating to right of way, forest clearances, man power 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 structured performance review mechanism comprising of goal setting, continuous review mechanism and performance-based compensation, help to motivate employees. The Company also continuously strives to increase the engagement levels of its people through various employee connect initiatives ensuring an above average retention of critical talent.

The Company focuses on grooming talent internally through various learning & development initiatives such as job rotations, cross functional taskforces, etc. Moreover, the Company provides 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 has created a culture of empowerment and entrepreneurship to challenge status quo by providing significant responsibilities early in the career stage. It is the culture and strong HR processes woven around it that have helped KEC build a strong brand value and evolve as an 'employer of choice' with a vibrant workplace.

The Company has received various awards and recognitions during FY14 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, 2014, the KEC Group (including subsidiaries and joint ventures) has 5,283 permanent employees.

Environment, Health & Safety (EHS)

The Company is committed to ensure a safe and healthy workplace for its employees and contractors while protecting the environment. The Company has an EHS policy which lays down that the Company should comply with EHS regulations and customer requirements as well as enhance the awareness, skills and competence of employees and contractors to meet EHS objectives.

The Company's goal is to achieve the target of zero accident. A dedicated department has been setup at the corporate level to develop EHS tools and processes, monitor the actual practices through frequent audits and improve it by imparting trainings and implementing plans. Some of the initiatives taken by the Company include 1) Organization of "SAFETY DAY" where Top Management addressed all its employees in different locations through live webcasts, 2) Developed and implemented onsite emergency plans for all Company sites and 3) Developed an

EHS Agreement for the contractor / service provider spelling out the safety roles of its sub-contractors.

Corporate Social Responsibility

KEC firmly believes that Corporate Social Responsibility (CSR) is an important aspect of business and its role in the community 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.

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.

132 kV GIS along with 31.5 MVA transformer (132/33 kV) at NMDC Project



Corporate Governance Report

Pench Dam project in Madhya Pradesh



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 maximizing 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, 2014, the Board of Directors (Board) comprises of 8 Directors out of which 6 are Independent Directors. A Non-Executive Director chairs the Board. Composition of the Board and the category of Directors as on March 31, 2014, are as follows:

Category	Name of the 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. 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, 2013.

Details of the Directorship, Membership and Chairmanship in other companies for each Director of the Company as on March 31, 2014 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 (00001466)	4	6	3
Mr. G. L. Mirchandani (00026664)	5	2	-
Mr. D. G. Piramal (00032012)	5	2	-
Mr. S. M. Kulkarni (00003640)	8	8	4
Mr. A. T. Vaswani (00057953)	2	3	2
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 08, 2013, August 02, 2013, August 21, 2013, October 25, 2013 and February 11, 2014

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 FY14:

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 August 21, 2013
Mr. H. V. Goenka	5	Yes
Mr. R. D. Chandak	5	Yes
Mr. S. S. Thakur	5	Yes
Mr. G. L. Mirchandani	4	Yes
Mr. D. G. Piramal	3	Yes
Mr. S. M. Kulkarni	5	Yes
Mr. A. T. Vaswani	5	Yes
Mr. J. M. Kothary*	1	No
Mr. P. A. Makwana*	2	No
Mr. M. K. Sharma#	5	Yes
Mr. S. M. Trehan	5	Yes

* Ceased to be Directors w.e.f. August 21, 2013.

Resigned and ceased to be a Director w.e.f. March 31, 2014.

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.kecrpg.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.

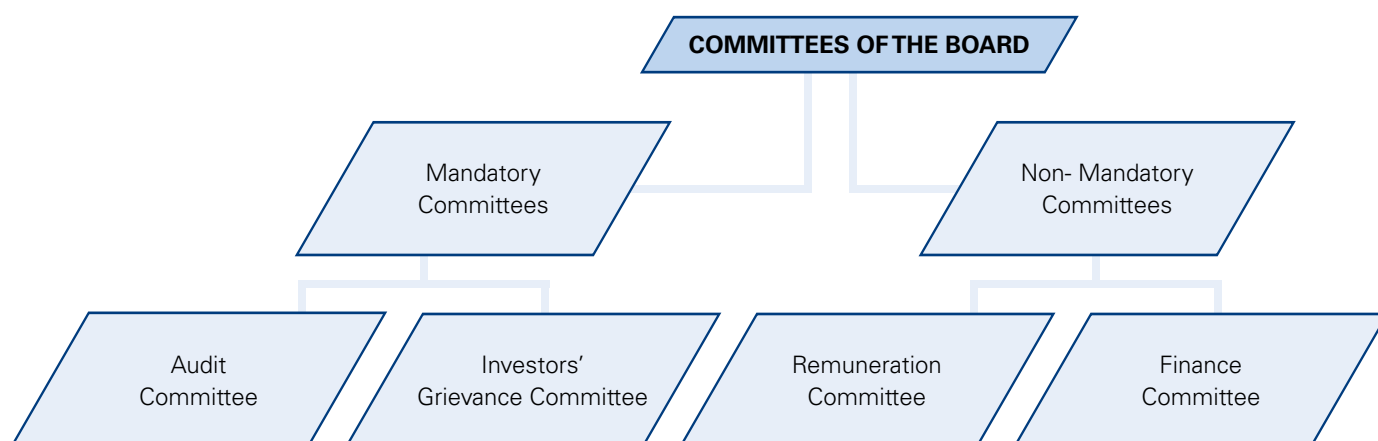
Insider Trading Code

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 Eighth 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 also Cost Auditors and Risk Management consulting firm 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, six meetings of the Audit Committee were held on May 02, 2013 (adjourned meeting held on May 08, 2013), August 02, 2013, October 09, 2013, October 25, 2013, February 11, 2014 and March 25, 2014 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 authorized to

1. Investigate any activity within its terms of reference.
2. Seek information from any employee.

3. Obtain outside legal or other professional advice.
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 Directors' Responsibility Statement to be included in the Board's Report in terms of sub-section (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

During the year, the Remuneration Committee was reconstituted, subsequent upon cessation of directorship of Mr. J. M. Kothary w.e.f. August 21, 2013. Currently the Committee consists of three Directors viz. Mr. S. S. Thakur, Chairman, Mr. A. T. Vaswani and Mr. S. M. Kulkarni.

Meetings

During the year under review, three meetings of the Remuneration Committee were held on May 08, 2013, August 16, 2013 and October 25, 2013 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 authorized 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 08, 2013 to consider and recommend to the Board payment of commission to Directors who were not in Whole time employment of the Company and for waiver of excess remuneration paid to the Managing Director for the financial year 2012-13. Further it met on August 16, 2013, to consider reappointment and payment of remuneration to the Managing Director and on October 25, 2013 to recommend the quantum of commission payable to the NEDs.

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 FY14

						₹ in lacs
Name	Salary and Allowances	Performance Bonus	Perquisites	Contribution to Provident and other funds	Total#	
Mr. R. D. Chandak	240.20	20.99	1.25	26.34	288.78	

excludes provision for gratuity and compensated absences, which is determined on the basis of actuarial valuation done on overall basis 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, 2013 and such re-appointment was approved by the shareholders through postal ballot on October 25, 2013. 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.

Commission paid to the NEDs

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 Section 309(5) of the Companies Act, 1956). Accordingly, commission within the overall limit stipulated by the shareholders i.e. 5% of net profits of the Company was proposed to be paid to NEDs for FY12 and FY13. However the Central Government approved the commission upto 1% of net profits of the Company. Accordingly the Company has made a payment of commission as per the approval of the Central Government. The distribution of commission amongst the NEDs was recommended by the Remuneration Committee and placed before the Board of Directors. The commission is distributed on the basis of qualifications, experience, and directorship in other companies having diverse business, time spent, inputs, guidance and contribution received from each of the NEDs to the Company.

The Company will seek approval of Central Government every year, till FY15, 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	1,60,000	2,60,000
Mr. G. L. Mirchandani	80,000	-	80,000
Mr. D. G. Piramal	60,000	-	60,000
Mr. S. M. Kulkarni	1,00,000	1,90,000	2,90,000
Mr. A. T. Vaswani	1,00,000	1,35,000	2,35,000
Mr. J. M. Kothary	20,000	30,000	50,000
Mr. P. A. Makwana	40,000	-	40,000
Mr. M. K. Sharma	1,00,000	-	1,00,000
Mr. S. M. Trehan	1,00,000	-	1,00,000

Notes

- (1) Appropriate amount of TDS has been deducted at applicable rates from the above payments.
- (2) Mr. J. M. Kothary and Mr. P. A. Makwana ceased to be the Directors w.e.f. August 21, 2013 and Mr. M. K. Sharma ceased to be a Director w.e.f. March 31, 2014.

The Company has paid commission, pertaining to FY12 and FY13, to its NEDs during the year. Commission of ₹ 1,60,81,550/- and ₹ 6,01,040/- was paid to Mr. H.V. Goenka and ₹ 3,00,000/- and ₹ 1,50,000/- was paid to each of the remaining NEDs for FY12 and FY13 respectively (including Mr. J. M. Kothary, Mr. P. A. Makwana and Mr. M. K. Sharma). No commission was paid to Mr. S. M. Trehan for FY12 who was inducted on the Board during FY13.

Equity Shares held by the Directors

Except as stated hereunder, none of the Directors hold any shares in the Company as on March 31, 2014:

Name of the Director	No. of shares held (₹ 2/- each)
Mr. H. V. Goenka (as a Trustee of Stellar Energy Trust)	28,05,216
Mr. H. V. Goenka	33,80,069
Mr. H. V. Goenka (as a Karta of Harsh Anant Goenka HUF)	1,69,500
Mr. R. D. Chandak	5
Mr. H. V. Goenka *	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. These shares which were initially held by Mr. J. M. Kothary which have been transferred to Mr. H. V. Goenka as Mr. Kothary is ceased to be a Director of the Company.

The Company does not have any Stock Option Scheme.

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

During the year the Investors' Grievance Committee was reconstituted, subsequent upon cessation of directorships of Mr. J. M. Kothary and Mr. P. A. Makwana. Currently the Committee consists of three Directors viz. Mr. S. S. Thakur, Chairman, Mr. R. D. Chandak and Mr. S. M. Kulkarni.

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, 2013, May 31, 2013, June 28, 2013, July 31, 2013, August 30, 2013, September 30, 2013, October 31, 2013, November 29, 2013, December 31, 2013, January 31, 2014, February 28, 2014 and March 25, 2014

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 authorizing any one of the members of Investors' Grievance Committee or the Company Secretary or an authorized signatory to attend to the matters relating to share transfers / transmissions and other related matters under the overall supervision of the Committee.

The function and powers of the Committee 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 Agreement.

Investors' service

No. of complaints / received during FY14	21
No. of complaints / resolved to the satisfaction of shareholders during FY14	21

Number of pending requests for share transfers & dematerializations as on March 31, 2014

	No. of Requests	No. of Securities
Dematerializations	Nil	Nil
Transfers	Nil	Nil

(D) Finance Committee**Composition**

During the year the Finance Committee was reconstituted subsequent upon cessation of directorship of Mr. J. M. Kothary. Currently the Committee consists of three Directors viz. Mr. S. M. Kulkarni, Chairman, Mr. S. S. Thakur, and Mr. A. T. Vaswani.

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 12, 2013, May 08, 2013, June 07, 2013, July 03, 2013, August 02, 2013, August 30, 2013, September 30, 2013, October 25, 2013, November 27, 2013, December 24, 2013, January 24, 2014, and March 11, 2014.

The aforementioned meetings were attended by all the members of the Committee, except Mr. J. M. Kothary and Mr. S. M. Kulkarni to whom leave of absence was granted for the meetings held on August 02, 2013 and January 24, 2014 respectively.

Terms of Reference

1. To authorize 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;
2. Approve and issue guarantees as required during ordinary course of business of the Company;
3. Approve and pass necessary resolutions relating to following matters

- (a) To open, authorize to operate, modify the operating authorities, issue necessary instructions to banks and close various Bank Accounts in the name of the Company as per the business requirements;
 - (b) 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;
 - (c) Borrowing and make investments as per the powers delegated by the Board of the Company;
 - (d) All other matters & issues of urgent nature arising in the ordinary course of the business of the Company.
4. Approve opening / closure 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
2012-13	August 21, 2013	03.30 p.m.	Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025
2011-12	July 05, 2012	11.00 a.m.	
2010-11	July 05, 2011	11:00 a.m.	

Special Resolutions transacted at the last three Annual General Meetings

August 21, 2013

Waiver of excess remuneration paid to Mr. R. D. Chandak, Managing Director for FY13.

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.

Postal Ballot

During the year 2013-14, the Company has obtained the approval of its members by passing following special resolution through Postal Ballot in accordance to the

procedure prescribed in terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2011. Mr. P. N. Parikh

of Parikh Parekh and Associates, Practicing Company Secretaries was appointed as a Scrutinizer by the Board.

Details of the Special resolution passed under the Postal Ballot are as under

Date of passing the Resolution	Purpose	Result	
		In favour	Against
October 25, 2013	Re-appointment of Mr. Ramesh D. Chandak as the Managing Director of the Company for a further period of three years commencing from September 29, 2013	99.99%	0.01%

None of the items transacted at the last Annual General Meeting held on August 21, 2013 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, 2014.

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 minimization 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 has 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 & 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 FY14 was placed before the Board at its meeting held on April 30, 2014 and also forms part of this Annual Report.

IV. Means of Communication

Quarterly Results

The Company's shares are listed on BSE Limited, National Stock Exchange of India Limited and listed on MCX Stock Exchange Limited w.e.f July 23, 2013.

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	Newspapers
First Quarter	Un-audited	Business Standard and Sakal
Second Quarter	Un-audited	Business Standard and Nav Shakti
Third Quarter	Un-audited	Free Press Journal and Nav Shakti
Fourth Quarter / Full Year	Un-audited / Audited	Economic Times and Maharashtra Times

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, dematerialization, rematerialization 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	Silvassa	Vadodara
	Hebbal Industrial Area, Hootagalli, Belavadi Post, Mysore 571 186 Karnataka	Plot No. 273 / 4, Demni Road, Silvassa 396 19 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	July 28, 2014 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 – March 31		
First quarter results	Second week of August 2014*		
Second quarter results	Second week of November 2014*		
Third quarter results	Second week of February 2015*		
Results for the year ending March 2015	End of May 2015*		
Dates of Book closure	July 18, 2014 - July 28, 2014 (both days inclusive)		
Dividend Payment date	The dividend warrants will be posted on or after July 29, 2014		

wholly owned subsidiaries of KEC International Limited

*Tentative

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)	532714
Phiroze Jeejeebhoy Towers	KECIL
Dalal Street, Mumbai 400 001	
National Stock Exchange of India Limited (NSE)	KEC
Exchange Plaza, Plot No. C/1, G Block	
Bandra - Kurla Complex, Bandra (E), Mumbai 400 051	
MCX Stock Exchange Limited (MCX-SX) *	KEC
Exchange Square, Suren Road, Chakala	
Andheri (East), Mumbai – 400 093	

* Listed w.e.f July 23, 2013

Month	BSE		NSE		BSE Sensex
	High (₹)	Low (₹)	High (₹)	Low (₹)	High
April 2013	61.20	48.50	61.10	49.30	19,622.68
May 2013	54.45	40.00	54.50	41.50	20,443.62
June 2013	43.85	26.90	42.85	26.50	19,860.19
July 2013	38.00	27.00	38.60	27.05	20,351.06
August 2013	28.85	23.85	30.25	22.80	19,569.20
September 2013	28.25	23.25	29.85	23.10	20,739.69
October 2013	36.50	27.05	36.60	27.00	21,205.44
November 2013	45.20	36.50	45.20	36.55	21,321.53
December 2013	60.20	45.00	60.10	44.85	21,483.74
January 2014	58.70	50.30	58.50	50.00	21,409.66
February 2014	57.70	50.15	57.90	50.10	21,140.51
March 2014	68.90	53.00	68.75	53.00	22,467.21

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

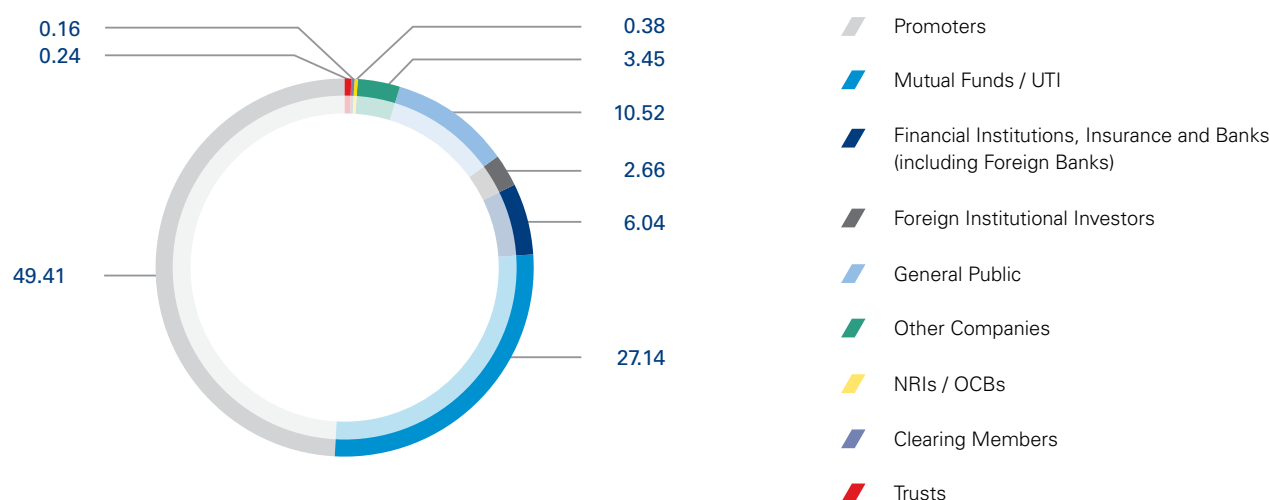
Distribution of shares according to size of holding as on March 31, 2014

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-500	56,956	83.69	84,94,158	3.30
501-1,000	6,389	9.39	49,02,937	1.91
1,001-2,000	2,433	3.57	35,09,645	1.37
2,001-3,000	955	1.40	23,96,879	0.93
3,001-4,000	343	0.50	12,05,051	0.47
4,001-5,000	276	0.41	12,89,040	0.50
5,001-10,000	344	0.51	24,75,467	0.96
10,001& above	359	0.53	23,28,15,193	90.56
Total	68,055	100.00	25,70,88,370	100.00

Categories of Shareholders as on March 31, 2014

Category	No. of Shares Held	% of Shareholding
Promoters	12,70,33,865	49.41
Mutual Funds / UTI	6,97,62,425	27.14
Financial Institutions, Insurance Companies and Banks (including Foreign Banks)	1,55,20,703	6.04
Foreign Institutional Investors	68,45,563	2.66
General Public	2,70,38,072	10.52
NRIs / OCBs	9,84,749	0.38
Other Companies	88,79,489	3.45
Clearing Members	4,14,494	0.16
Trusts	6,09,010	0.24
Total	25,70,88,370	100.00

Shareholding Pattern as on March 31, 2014 (%)



Top ten Equity Shareholders of the Company as on March 31, 2014

Sr. No.	Name of the Shareholder	Number of shares held	% of holding
1	Swallow Associates LLP *	6,95,46,616	27.05
2	Summit Securities Limited	2,69,74,152	10.49
3	HDFC Trustee Company Ltd. (AAATH1809A)	2,32,82,899	9.06
4	Instant Holdings Limited	1,62,23,856	6.31
5	Life Insurance Corporation of India (AAACL0582H)	1,52,13,235	5.92
6	Reliance Capital Trustee Co. Ltd. (AAATR0090B)	1,35,53,280	5.27
7	Unit Trust of India (AAATU1088L)	86,38,486	3.36
8	SBI Mangnum Taxgain Scheme – 1993 (AABTS6407Q)	79,73,630	3.10
9	Birla Sun Life Trustee Company Pvt. Limited (AAATB0102C)	68,98,802	2.68
10	STEL Holdings Limited	46,85,880	1.82

* 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.

Unclaimed Shares

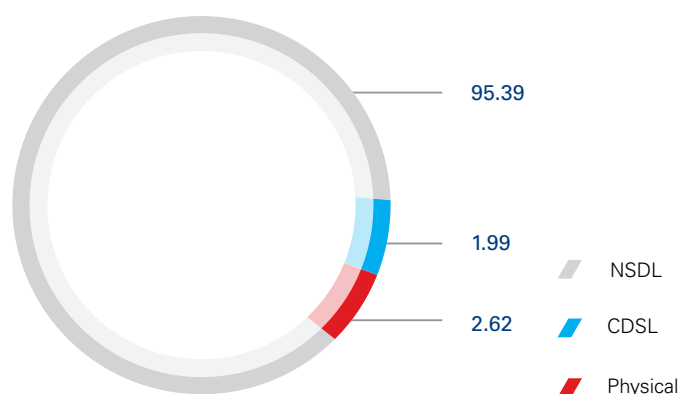
In terms of Clause 5A of the Listing Agreement entered into with the stock exchanges, a listed company is required to transfer the unclaimed shares, if any, of its shareholders to an Unclaimed Suspense Account with a depository participant

upon serving three reminders to the shareholders. Thus, in compliance to the above, the shares still lying unclaimed pursuant to the reminders were transferred to an Unclaimed Suspense Account in dematerialized mode. During the FY14, few requests to claim these share were received, which were released after a thorough due diligence. As on March 31, 2014, following are the details of the unclaimed shares at the beginning and at the end of the year and the requests processed:

Beginning of the year		No. shareholders who approached for transfer	No. of shareholders to whom shares were transferred	End of the Year	
No. of shareholders	No. of shares			No. of shareholders	No. of shares
6,034	13,00,915	22	22	6,012	12,95,550

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. 25,03,54,728 equity shares representing 97.38% are in dematerialized form as on March 31, 2014.

Shares Held in Dematerialised and Physical form as on March 31, 2014 (%)

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.

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
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
2012-13	August 21, 2013	25%	September 22, 2020

During the year the Company has transferred ₹ 5,37,550.80 (Rupees Five Lacs Thirty Seven Thousand Five Hundred and Fifty), i.e the balance in the unpaid dividend account for the financial year 2005-06 to IEPF.

Declaration - Code of Conduct

All Board members and senior management personnel have, for the year ended March 31, 2014, 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: April 30, 2014

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, 2014, 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.

Place: Mumbai
Date: April 30, 2014

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

Saira Nainar
(Partner)
(Membership No. 040081)

CEO / CFO Certificate

Board of Directors

KEC International Limited

We certify to the Board that:

- | | |
|--|--|
| <p>(a) we have reviewed financial statements and the cash flow statement for the year ended March 31, 2014 and that to the best of our knowledge and belief:</p> <ul style="list-style-type: none"> (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. <p>(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.</p> <p>(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</p> | <p>controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.</p> <p>(d) We have indicated to the Auditors and the Audit committee;</p> <ul style="list-style-type: none"> (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: April 30, 2014

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, 2014, 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, 2014;
- (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 / consolidated financial statements of 16 subsidiaries and 21 jointly controlled entities, whose financial statements/consolidated financial statements reflect total assets (net) of ₹ 113,406.77 lacs as at March 31, 2014, total revenues of ₹ 145,707.01 lacs and net cash flows amounting to ₹ 4,416.59 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / consolidated 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: April 30, 2014

Consolidated Balance Sheet

as at March 31, 2014

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	114,016.51		109,580.59	
			119,158.28		114,722.36
(2) Non-current liabilities					
(a) Long-term borrowings	4	60,259.99		70,778.91	
(b) Deferred tax liabilities (Net)	36(i)	7,308.32		8,042.20	
(c) Other Long-term liabilities	5	1,000.00		1,000.00	
(d) Long-term provisions	6	1,007.37		988.70	
			69,575.68		80,809.81
(3) Current liabilities					
(a) Short-term borrowings	7	120,686.73		74,816.68	
(b) Trade payables	8	321,306.24		246,711.97	
(c) Other current liabilities	9	98,903.61		100,376.70	
(d) Short-term provisions	10	11,506.41		7,865.46	
			552,402.99		429,770.81
TOTAL			741,136.95		625,302.98
II. ASSETS					
(1) Non current assets					
(a) Fixed assets					
(i) Tangible assets	11	82,733.04		81,982.96	
(ii) Intangible assets	11	14,688.51		15,832.99	
(iii) Capital work-in-progress	11	1,799.29		3,011.85	
		99,220.84		100,827.80	
(b) Goodwill on consolidation		37,777.03		34,240.95	
(c) Non-current investments	12	-		-	
(d) Deferred tax assets (Net)	36(ii)	2,171.38		1,831.66	
(e) Long-term loans and advances	13	19,765.90		14,210.16	
(f) Other/non-current assets	14	13,122.91		9,166.86	
			172,058.06		160,277.43
(2) Current assets					
(a) Inventories	15	50,523.05		39,599.36	
(b) Trade receivables	16	380,779.80		288,700.13	
(c) Cash and cash equivalents	17	14,400.75		15,560.62	
(d) Short-term loans and advances	18	51,298.05		51,971.18	
(e) Other current assets	19	72,077.24		69,194.26	
			569,078.89		465,025.55
TOTAL			741,136.95		625,302.98

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

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman

VARDHAN DHARKAR
Executive Director - Finance

R. D. CHANDAK
Managing Director

CH. V. JAGANNADHA RAO
Company Secretary

A. T. VASWANI
Director

Place: Mumbai
Date: April 30, 2014

Place: Mumbai
Date: April 30, 2014

Consolidated Statement of Profit and Loss

for the year ended March 31, 2014

Particulars	Note No.	Current Year		Previous Year	
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
I. Revenue from operations (Gross)	20	809,265.41		711,866.03	
Less: Excise duty		19,082.08		13,917.50	
Revenue from operations (Net)			790,183.33		697,948.53
II. Other income	21		1,378.98		1,604.93
III. Total Revenue (I+II)			791,562.31		699,553.46
IV. Expenses					
Cost of materials consumed	22		419,914.30		383,503.74
Changes in inventories of finished goods, work-in-progress and scrap	23		(10,013.51)		99.80
Erection & sub-contracting expenses	24		186,038.61		149,402.02
Employee benefits expense	25		56,610.11		48,287.37
Finance costs	26		26,327.44		19,439.50
Depreciation and amortisation expense (net)	11&1(B)(5) (b)(i)		7,052.10		5,608.47
Other expenses	27		88,307.01		78,515.54
Total Expenses			774,236.06		684,856.44
V. Profit before exceptional items and tax (III - IV)			17,326.25		14,697.02
VI. Exceptional items - VRS Expenditure	39		1,816.42		13.76
VII. Profit before tax (V-VI)			15,509.83		14,683.26
VIII. Tax expenses					
Current Tax * [includes share of joint ventures of ₹ 463.40 lacs (Previous Year ₹ 691.13 lacs)]			9,907.89		7,952.28
*includes pertaining to earlier years ₹ 962.81 lacs (net) (Previous Year - net of write back of provision for taxes ₹ 920.45 lacs)					
Less: MAT Credit			-		852.50
			9,907.89		7,099.78
Deferred Tax			(1,073.60)		1,079.00
			8,834.29		8,178.78
IX. Profit after tax before share of profit / (loss) of associate (VII-VIII)			6,675.54		6,504.48
X. Share in loss of an associate			0.49		-
XI. Profit for the year (IX-X)			6,675.05		6,504.48
XII. Earnings per equity share (of ₹ 2 each)	35		₹		₹
(1) Basic			2.60		2.53
(2) Diluted			2.60		2.53

See accompanying notes forming part of the consolidated financial statements

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

For and on behalf of the Board of Directors

SAIRA NAINAR
Partner

H. V. GOENKA
Chairman

VARDHAN DHARKAR
Executive Director - Finance

R. D. CHANDAK
Managing Director

CH. V. JAGANNADHA RAO
Company Secretary

A. T. VASWANI
Director

Place: Mumbai
Date: April 30, 2014

Place: Mumbai
Date: April 30, 2014

Consolidated Cash Flow Statement

for the year ended March 31, 2014

Particulars	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :				
PROFIT BEFORE TAX		15,509.83		14,683.26
<i>Adjustments for :</i>				
Depreciation and amortisation expense (net)	7,052.10		5,608.47	
Profit on fixed assets sold (net)	(295.69)		(14.21)	
Provision for doubtful debts	-		-	
Finance costs	26,327.44		19,439.50	
Interest income	(967.24)		(1,217.01)	
Profit on redemption of current investments in units of mutual funds	-		(0.40)	
Bad debts written off (net)	2,615.73		1,646.94	
Allowance for bad and doubtful debts, loans and advances (net)	76.54		97.51	
Mark to market loss on forward and commodity contracts	1,914.56		1,639.06	
Net unrealised exchange (gain) / loss	(2,329.67)		(1,673.35)	
		34,393.77		25,526.51
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		49,903.60		40,209.77
<i>Changes in working capital :</i>				
<i>Adjustments for (increase) / decrease in operating assets :</i>				
Inventories	(10,923.69)		4,411.75	
Trade receivables	(93,985.39)		(41,839.95)	
Loans and advances	(3,604.50)		(12,867.21)	
Other current assets	3,540.51		(11,557.47)	
Other non-current assets	(796.81)		1,973.85	
	(105,769.88)		(59,879.03)	
<i>Adjustments for increase / (decrease) in operating liabilities :</i>				
Trade payables and other current liabilities	63,436.31		19,650.07	
Provisions	2,762.01		1,100.88	
	66,198.32		20,750.95	
		(39,571.56)		(39,128.08)
CASH GENERATED FROM/ (USED IN) OPERATIONS		10,332.04		1,081.69
Direct Taxes Paid (net of refund of taxes)		(11,264.11)		(9,761.18)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES (A)		(932.07)		(8,679.49)
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)	(16,052.62)		(15,002.99)	
Proceeds from sale of fixed assets	1,451.99		759.01	
Payment towards investment in subsidiary	-		(62.01)	
Advance against sale of fixed assets	190.94		750.00	
Interest received	938.58		1,497.94	
Purchase of current investments in mutual funds	-		(1,500.00)	
Proceeds from redemption of current investment in mutual funds	-		1,500.40	
Bank balances (including non-current) not considered as Cash and cash equivalents (net)	(140.34)		(113.75)	
		(13,611.45)		(12,171.40)
NET CASH USED IN INVESTING ACTIVITIES (B)		(13,611.45)		(12,171.40)

Consolidated Cash Flow Statement

for the year ended March 31, 2014

Particulars	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from other than short-term borrowings	26,151.71		13,659.67	
Repayment of other than short-term borrowings	(30,483.84)		(12,450.41)	
Net increase / (decrease) in short term borrowings	45,346.51		38,244.24	
Finance cost [Including interest capitalised ₹ Nil (Previous year ₹ 722.88 lacs)]	(26,344.37)		(19,832.48)	
Dividends paid (including tax on distributed profit)	(1,495.70)		(3,569.95)	
		13,174.31		16,051.07
NET CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES (C)		13,174.31		16,051.07
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		(1,369.21)		(4,799.82)
Cash and cash equivalents at the beginning of the year		14,588.57		19,389.89
Add : Cash and bank balances taken over on acquisition of subsidiaries		-		-
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		0.88		(1.50)
Cash and Cash Equivalents at the end of the year		13,220.24		14,588.57
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 17)		14,400.75		15,560.62
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements - Balances with banks in earmarked accounts		1,180.51		972.05
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)]		13,220.24		14,588.57
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		327.54		268.00
(b) Cheques, drafts on hand		1,007.91		219.21
(c) Balances with banks				
(i) In current accounts		10,087.66		9,575.92
(ii) In deposit accounts		1,407.90		3,622.12
(d) Remittance in transit		389.23		903.32
		13,220.24		14,588.57

(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

For and on behalf of the Board of Directors

SAIRA NAINAR

Partner

H. V. GOENKA

Chairman

VARDHAN DHARKAR

Executive Director - Finance

R. D. CHANDAK

Managing Director

CH. V. JAGANNADHA RAO

Company Secretary

A. T. VASWANI

Director

Place: Mumbai

Date: April 30, 2014

Place: Mumbai

Date: April 30, 2014

Notes

forming part of the consolidated financial statements

NOTE 1 - BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

A) Basis of accounting and preparation of the consolidated financial statements

The consolidated financial statements of KEC International Limited (the Company), its subsidiaries and jointly controlled entities (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

I. Principles of consolidation

The consolidated financial statements relate to KEC International Limited (the 'Company'), its subsidiary companies, jointly controlled entities and the Group's share of profit / loss in its associate. The consolidated financial statements have been prepared on the following basis:

- 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 financial statements of the subsidiary companies and jointly controlled entities used in the consolidation are drawn up to 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, 2013. In respect of Al-Sharif Group and KEC Ltd Company, effect has been given to significant transactions between the two reporting dates.
- iii. 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 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)(ii) 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.
- iv. The consolidated financial statements include the share of profit / loss of the associate company which has been accounted for using equity method as per AS 23 "Accounting for Investments in Associates in Consolidated Financial Statements". Accordingly, the share of profit/ loss of the associate company (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.
- v. 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 on consolidation' 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 on consolidation' and shown under the head 'Reserves and Surplus', in the Consolidated Financial Statements.
- vi. 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.

Notes

forming part of the consolidated financial statements

- vii. 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. The following subsidiaries, jointly controlled entities and an associate have been considered in preparation of consolidated financial statements :

(a) Subsidiaries

	Country of Incorporation	% of ownership interest either directly or through subsidiaries	
		As at March 31, 2014	As at March 31, 2013
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	100
SAE Engineering & Construction Services, S de RL de CV*	Brazil	100	-
KEC International (Malaysia) SDN BHD**	Malaysia	100	-

@ incorporated on October 29, 2012

* incorporated on November 08, 2013

** incorporated on April 19, 2013

Notes

forming part of the consolidated financial statements

(b) Jointly Controlled Entities

	Country of Incorporation	% of ownership interest either directly or through subsidiaries	
		As at March 31, 2014	As at March 31, 2013
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
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	90
KEC – ABEPL JV	India	90	-
KEC–TNR Infra JV	India	51	-
KEC – SMC JV	India	51	-
KEC – WATERLEAU JV	India	51	-

(c) Associate

	Country of Incorporation	% of ownership interest either directly or through subsidiaries	
		As at March 31, 2014	
RP Goenka Group of Companies Employees Welfare Association (Incorporated on May 21, 2012)	India		49

B) Significant Accounting Policies

1. Use of estimates :

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Notes

forming part of the consolidated financial statements

2. Revenue Recognition :

- a) Sale of goods is recognised on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sale of services is recognised when services are rendered. Sales 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 a 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.

3. 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.

4. 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.

5. 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

Notes

forming part of the consolidated financial statements

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.

6. Investments :

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

- 7. 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.

8. 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 (including goodwill on consolidation), 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.

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

Notes

forming part of the consolidated financial statements

10. Employee Benefits :

a) Defined Contribution Plans :

The Group's contribution towards provident fund, superannuation fund and other retirement benefits for certain eligible employees are considered to be defined contribution plans as the Group does not carry any further obligations, apart from the periodical contributions made by the Group. Such contributions are charged as an expense to the Consolidated Statement of Profit and Loss when services are rendered by the employees.

b) Defined Benefit Plan / Long Term employee benefits :

The Group's liability towards defined benefit plan (viz. gratuity) and long term employee benefits (viz. long term 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.

c) Short term employee benefits :

The undiscounted amount of short-term employee benefits expected to be paid in/exchange for the services rendered by employees are recognised during the year when the employees render the service.

11. Leases :

a) Assets acquired under lease where the Group has substantially all the risks and rewards incidental to ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value and the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

b) Assets acquired on leases where significant portions of the risks and rewards incidental to ownership are retained by the lessors, are classified as operating leases. Lease rentals are charged to the Consolidated Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

12. Taxation :

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

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

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.

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

14. Provisions and contingencies :

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources 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 their present value and are determined based on the best estimate 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. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the consolidated financial statements.

Notes

forming part of the consolidated financial statements

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.

17. Cash and cash equivalents (for purposes of Consolidated Cash Flow Statement) :

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

18. Consolidated Cash Flow Statement :

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

	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	55,00,00,000	11,000.00
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

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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 LLP *#	6,95,46,616	27.05	6,57,74,210	25.58
2.	Summit Securities Limited *	2,69,74,152	10.49	2,51,78,520	9.79
3.	HDFC Trustee Company Limited A/c (AAATH1809A)	2,32,82,899	9.06	2,32,82,899	9.06
4.	Instant Holdings Limited*	1,62,23,856	6.31	1,45,46,968	5.66
5.	Life Insurance Corporation of India (AAACL0582H)	1,52,13,235	5.92	1,52,13,235	5.92
6.	Reliance Capital Trustee Co. Ltd. (AAATR0090B)	1,35,53,280	5.27	1,37,53,280	5.35

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.

*Shares held in Multiple Folios have been combined.

2.3 10,365,340 (Previous Year 10,365,340) 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	Previous Year
	Nos.	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

2.4 3,750 fully paid-up Equity Shares of ₹ 2 each were allotted to a trustee against 1,688 equity shares of the erstwhile RPG Transmission Limited (RPGT), since merged in the Company in 2007-08, where rights were kept in abeyance 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, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

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

Notes

forming part of the consolidated financial statements

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 3 - Reserves and surplus		
(a) Capital Reserve		
Balance as per last Consolidated Balance Sheet	8,497.87	8,497.87
(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)(5)(b)(i)]		
Balance as per last Consolidated Balance Sheet	1,357.00	2,557.00
Less: Transferred to Consolidated Statement of Profit and Loss	1,200.00	1,200.00
	157.00	1,357.00
(e) Statutory Reserve[@]		
Balance as per last Consolidated Balance Sheet	94.88	94.88
(f) Foreign Currency Translation Reserve [Note 1(B)(8)]		
Balance as per last Consolidated Balance Sheet	426.02	266.23
Credited/ (Debited) during the year :		
On consolidation of foreign subsidiaries and joint ventures	762.17	175.29
Other-on translation of non-integral operations in a joint venture	3.38	(15.50)
	1,191.57	426.02
(g) Capital Reserve on Consolidation		
Opening balance	3.72	1.16
Add: Credited during the year	-	2.56
	3.72	3.72
(h) General Reserve		
Balance as per last Consolidated Balance Sheet	8,935.96	8,890.38
Add: Transferred from surplus in Consolidated Statement of Profit and Loss	855.85	45.58
	9,791.81	8,935.96
(i) Surplus in Consolidated Statement of Profit and Loss		
Opening Balance	80,162.30	75,225.59
Add: Profit for the year	6,675.05	6,504.48
Less: Transferred to General Reserve	855.85	45.58
Less: Proposed Dividend on Equity Shares	1,542.53	1,285.44
Less: Tax on distributed profits (*including of a Subsidiary ₹18.29 lacs)	262.15	*236.75
	84,176.82	80,162.30
	1,14,016.51	1,09,580.59

@ 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.

Notes

forming part of the consolidated financial statements

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 4 - Long-term borrowings				
(a) Term loans				
(1) From Banks				
Secured	78,903.49		78,776.13	
Less: Current maturities of long-term debt (Refer Note 9)	(28,617.18)		(18,133.17)	
		50,286.31		60,642.96
(2) From other parties				
Secured	10,133.46		13,299.76	
Less: Current maturities of long-term debt (Refer Note 9)	(3,164.90)		(3,166.30)	
		6,968.56		10,133.46
(b) Long term maturities of finance lease obligations				
Finance lease obligation (Refer Note 34B)	3,231.86		8.13	
Less: Current maturities of finance lease obligations (Refer Note 9)	(226.74)		(5.64)	
		3,005.12		2.49
		60,259.99		70,778.91

	Current Year	Previous Year
	₹ in lacs	₹ 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	Previous Year
	₹ in lacs	₹ in lacs
NOTE 6 - Long-term provisions		
(a) Provision for employee benefits		
- Compensated Absences	990.37	922.87
(b) Tax provisions less payments	-	56.18
	990.37	979.05
Share of long-term provisions of Joint Ventures	17.00	9.65
	1,007.37	988.70

Notes

forming part of the consolidated financial statements

	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		91,888.56		47,538.37
(ii) Other short term borrowings				
- From banks	20,811.06		20,949.98	
- From other parties	5,000.00		4,971.00	
		25,811.06		25,920.98
		1,17,699.62		73,459.35
Share of short-term borrowings of Joint Ventures		2,987.11		1,357.33
		1,20,686.73		74,816.68

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 8 - Trade payables		
Trade payables (including acceptances)	3,02,709.87	2,36,960.71
Share of trade payables (including acceptances) of Joint Ventures	18,596.37	9,751.26
	3,21,306.24	2,46,711.97

	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)		31,782.08		21,299.47
(b) Current maturities of finance lease obligations (Refer Note 4)		226.74		5.64
(c) Interest accrued but not due on borrowings		686.98		649.54
(d) Advances from Customers		21,640.88		44,480.50
(e) Unpaid / unclaimed dividends #		205.79		197.59
(f) Other payables				
- Statutory remittances (contribution to PF and ESIC, withholding tax, Excise Duty, VAT, Service Tax, etc.)	6,237.53		6,477.62	
- Gross amount due to customers for long term contracts	20,006.22		14,062.28	
- Interest on trade payables and customer advances	694.74		749.10	
- Payable on purchase of fixed assets	2,255.87		5,293.07	
- Mark to market loss on forward and commodity contracts	1,914.56		1,639.06	
- Directors' commission	191.30		879.80	
- Advance against fixed assets held for sale	940.94		750.00	
- Others	103.18		57.77	
		32,344.34		29,908.70
		86,886.81		96,541.44
Share of other current liabilities of Joint Ventures		12,016.80		3,835.26
		98,903.61		1,00,376.70

The figures reflect the position as at year end. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due dates.

Notes

forming part of the consolidated financial statements

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 10 - Short-term provisions				
(a) Provision for employee benefits :				
- Compensated Absences	118.84		98.55	
- Gratuity	-		237.09	
		118.84		335.64
(b) Provision - Others :				
- Proposed equity dividend	1,542.53		1,285.44	
- Tax on distributed profits	262.15		218.46	
- Tax provisions less payments	1,938.35		1,292.69	
- Provision for expected loss on long term contracts	7,113.12		4,609.53	
		10,856.15		7,406.12
		10,974.99		7,741.76
Share of short-term provisions of Joint Ventures		531.42		123.70
		11,506.41		7,865.46

Notes

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NOTE 11 - Fixed Assets

Description	GROSS CARRYING AMOUNT				Effect of foreign currency exchange differences	As at March 31, 2014	As at March 31, 2013	ACCUMULATED DEPRECIATION / AMORTISATION			NET CARRYING AMOUNT		₹ in lacs
	As at March 31, 2013	Additions during the year	Deductions during the year	Reclassified as held for sale				For the year	Deductions during the year	Eliminated on reclassification as held for sale	Effect of foreign currency exchange differences	As at March 31, 2014	
Tangible Assets													
(a) Land													
- Freehold	14,557.36	-	-	6,313.00	(30.15)	8,214.21	-	-	-	-	-	8,214.21	14,557.36
Previous Year	14,516.82	99.89	-	-	(59.35)	14,557.36	-	-	-	-	-	14,557.36	14,516.82
- Leasehold*	4,975.37	-	-	-	-	4,975.37	574.54	77.21	-	-	-	651.75	4,323.62
Previous Year	5,422.91	-	106.13	341.41	-	4,975.37	548.06	84.54	43.57	-	-	574.54	4,400.83
Land (Total)	19,532.73	-	-	6,313.00	(30.15)	13,189.58	574.54	77.21	-	-	-	651.75	12,537.83
Previous year	19,939.73	99.89	106.13	3,414.41	(59.35)	19,532.73	548.06	84.54	43.57	-	-	574.54	18,958.19
(b) Buildings	14,712.90	2,142.50	63.04	15,730.00	(4.96)	16,630.10	2,910.20	599.64	60.40	27.34	38.60	13,169.40	19,391.67
Previous Year	10,605.15	4,225.41	2.96	25.35	(89.35)	14,712.90	2,447.30	481.00	0.47	6.62	(11.01)	2,910.20	11,802.70
(c) Plant and Equipment	63,615.96	7629.84	1,753.94	40.48	863.50	70,314.88	16,440.88	4,899.42	793.11	21.07	330.44	20,856.56	49,458.32
Previous Year	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	47,175.08
(d) Furniture and Fixtures	1,289.89	271.17	9.95	3.62	8.35	1,555.84	395.97	106.47	2.88	3.50	1.03	49,709	1,058.75
Previous Year	1,081.27	328.29	126.47	-	6.80	1,289.89	347.15	104.77	56.81	-	0.86	395.97	893.92
(e) Vehicles	2,501.75	148.97	98.10	0.01	4.17	2,554.78	1,087.63	190.65	64.81	0.01	0.85	1,214.31	1,340.47
Previous Year	2,119.90	416.37	36.48	-	1.96	2,501.75	940.50	165.98	19.19	-	0.34	1,087.63	1,414.12
(f) Office Equipment	615.85	169.21	19.68	15.76	2.45	752.07	222.42	43.73	7.80	13.61	1.17	245.91	506.16
Previous Year	519.13	124.07	14.87	-	(12.48)	615.85	177.10	62.25	7.58	-	(9.35)	222.42	393.43
(g) Computers	2,125.94	347.47	25.46	5.83	12.68	2,454.80	1,296.89	305.03	23.63	4.07	19.46	1,593.68	861.12
Previous Year	1,707.19	428.52	9.50	-	(0.27)	2,125.94	1,009.60	292.38	7.91	-	2.82	1,296.89	829.05
Sub - Total - A	1,04,395.02	10,707.16	1,970.17	6,536.00	856.04	107,452.05	22,928.53	6,222.15	952.63	69.60	391.55	28,520.00	78,932.05
Previous Year	81,878.55	23,570.30	798.00	366.76	110.93	1,04,395.02	18,141.17	5,023.70	359.68	50.19	173.53	22,928.53	81,466.49
Assets acquired under Finance Lease													
(a) Plant and Equipment	113.57	3,336.79	71.30	-	(19.79)	3,359.27	34.10	137.83	52.17	-	(2.15)	117.61	3,241.66
Previous Year	245.74	228.95	262.20	-	(98.92)	113.57	4.62	39.89	4.94	-	(5.47)	34.10	79.47
(b) Computers	-	-	-	-	-	-	-	-	-	-	-	-	-
Previous Year	26.30	-	28.06	-	1.76	-	2.30	-	2.46	-	0.16	-	24.00
Sub - Total - B	113.57	3,336.79	71.30	-	(19.79)	3,359.27	34.10	137.83	52.17	-	(2.15)	117.61	3,241.66
Previous Year	272.04	228.95	290.26	-	(97.16)	113.57	6.92	39.89	7.40	-	(5.31)	34.10	79.47
Share of Fixed Assets of Joint Ventures - C	1,075.63	307.78	65.96	-	111.05	1,428.50	638.63	185.07	17.90	-	63.37	869.17	559.33
Previous Year	741.51	328.42	40.25	-	45.95	1,075.63	481.09	141.90	16.63	-	32.27	638.63	437.00
Total (A+B+C) (Tangible Assets)	1,05,584.22	14,351.73	2,107.43	6,536.00	947.30	1,12,239.82	23,601.26	6,545.05	1,022.70	69.60	452.77	29,506.78	82,733.04
Previous Year (Tangible Assets)	82,892.10	24,127.67	1,128.51	366.76	59.72	1,05,584.22	18,629.18	5,205.49	383.71	50.19	200.49	23,601.26	81,982.96
Intangible Assets (other than internally generated)													
(a) Brand	24,803.18	-	-	-	11.17	24,814.35	9,886.10	1,269.83	-	-	11.14	11,167.07	13,647.28
Previous Year	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	2,570.45	551.20	-	-	79.46	3,201.11	1,654.54	437.22	-	-	88.12	2,159.88	1,041.23
Previous Year	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)	27,373.63	551.20	-	-	90.63	28,015.46	11,540.64	1,707.05	-	-	79.26	13,326.95	14,688.51
Previous Year (Intangible Assets)	26,602.70	702.28	-	-	68.65	27,373.63	9,891.60	1,602.98	-	-	46.06	11,540.64	15,832.99
Total (Tangible and Intangible Assets)	1,32,957.85	14,902.93	2,107.43	6,536.00	1,03,793	1,40,255.28	35,141.90	8,252.10	1,022.70	69.60	532.03	42,833.73	97,421.55
Previous Year	1,09,494.80	24,829.95	1,128.51	366.76	128.37	1,32,957.85	28,520.78	6,808.47	383.71	50.19	246.55	35,141.90	80,974.02
Capital work-in-progress (t cost)													
Grand Total												99,220.84	1,00,827.80

Notes:

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

*11.2 A plot of leasehold land started 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

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	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 12 - Non-current investments		
Trade		
Investment in Equity Instruments (At cost) :		
Unquoted		
Associates		
4,900 Fully paid Equity Shares of ₹ 10/- each of RP Goenka Group of Companies Employees Welfare Association	0.49	-
Less: Share of loss	0.49	-
	-	-
Aggregate book value of unquoted investments	-	-
Aggregate provision for diminution in value of investments	-	-

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 13 - Long-term loans and advances				
(a) Capital advances - Unsecured, considered good		144.46		819.41
(b) Security deposits - Unsecured				
(i) Considered good	1,038.33		1,241.21	
(ii) Doubtful	32.24		32.24	
	1,070.57		1,273.45	
Less: Allowance for bad and doubtful security deposits	32.24		32.24	
		1,038.33		1,241.21
(c) Other loans and advances -				
(i) Unsecured, considered good				
- Excise duty recoverable from Government authorities	2,339.68		1,319.23	
- VAT Credit /WCT receivable	8,461.59		7,164.05	
- Tax payments less provisions	4,633.34		1,968.14	
- Prepaid expenses	1,305.81		1,101.93	
- Service tax cenvat receivable	886.36		-	
	17,626.78		11,553.35	
(ii) Doubtful - Service tax receivable	130.08		130.08	
Less: Allowance for bad and doubtful receivable	130.08		130.08	
	-		-	
		17,626.78		11,553.35
		18,809.57		13,613.97
Share of long-term loans and advances of Joint Ventures		956.33		596.19
		19,765.90		14,210.16

Notes

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	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	9,805.19		7,100.60	
(ii) Doubtful	600.25		1,123.02	
	10,405.44		8,223.62	
Less: Allowance for bad and doubtful debts	600.25		1,123.02	
		9,805.19		7,100.60
(b) Others				
(i) Export benefits receivable	2,611.00		1,291.42	
(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	706.72		774.84	
		3,317.72		2,066.26
		13,122.91		9,166.86

	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	17,508.79		19,096.88	
(ii) Goods-in-transit	522.81		366.74	
		18,031.60		19,463.62
(b) Work-in-progress		12,906.30		8,561.80
(c) Finished goods		8,677.26		3,807.17
(d) Stores and spares		526.50		422.81
(e) Dies and tools		8,065.78		6,590.17
(f) Erection materials		849.72		114.33
(g) Scrap		1,324.12		525.20
		50,381.28		39,485.10
Share of inventories of Joint Ventures		141.77		114.26
		50,523.05		39,599.36

Notes

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	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	31,790.80	24,306.11
(b) Other trade receivables - Unsecured, considered good	3,18,296.56	2,49,833.79
	3,50,087.36	2,74,139.90
Share of Trade receivables of Joint Ventures	30,692.44	14,560.23
	3,80,779.80	2,88,700.13

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 17 - Cash and cash equivalents				
(a) Cash on hand		304.11		245.84
(b) Cheques on hand		1,007.91		219.21
(c) Balances with banks				
(i) In current accounts		7,602.03		8,870.90
(ii) In deposit accounts (Refer Notes 17.1 and 17.2)		1,407.90		3,622.12
(iii) In earmarked accounts				
Unpaid dividend accounts	205.79		197.59	
Balances with banks held as margin money or security against the borrowings, guarantees and other commitments (Refer Note 17.1)	974.72		774.46	
		1,180.51		972.05
(d) Others - Remittances in Transit		389.23		903.32
		11,891.69		14,833.44
Share of cash on hand of Joint Ventures		23.43		22.16
Share of balances with banks of Joint Ventures		2,485.63		705.02
		2,509.06		727.18
		14,400.75		15,560.62
Of the above, the balances that meet the definition of cash and cash equivalents as per AS 3 Cash Flow Statement is		13,220.24		14,588.57

17.1 Balances with banks includes deposits amounting to ₹ 28.92 lacs (*Previous Year ₹ 29.28 lacs*) and margin money or security against the borrowings, guarantees and other commitments ₹ 240.78 lacs (*Previous Year ₹ 201.18 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 ₹ 25.16 lacs*) which have a maturity of more than 12 months from the Balance Sheet date.

Notes

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	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		8,587.20		4,268.97
b) Others - Unsecured, considered good				
- Advances to suppliers	10,632.69		11,106.96	
- Employee advances	774.61		664.88	
- Cenvat / service tax input credit receivable	3,004.05		4,695.41	
- Sales tax / excise duty / entry tax paid under protest	1,634.23		1,242.83	
- Excise duty recoverable from Government authorities	1,795.41		3,136.15	
- VAT Credit / WCT receivable	9,473.36		10,241.00	
- Tax payments less provisions	4,630.37		3,847.61	
- Prepaid expenses	6,245.26		6,608.32	
- MAT credit entitlement	-		1,627.26	
- Sundry deposits	2,199.97		2,244.17	
- Others	658.97		317.56	
		41,048.92		45,732.15
		49,636.12		50,001.12
Share of short-term loans and advances of Joint Ventures		1,661.93		1,970.06
		51,298.05		51,971.18

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 19 - Other current assets		
Gross amount due from customers for long term contracts	16,102.76	19,510.46
Unbilled revenue	27,171.07	27,738.34
Contractually reimbursable expenses	4,583.34	5,540.10
Export benefits	3,809.80	4,345.87
Insurance claims	16.32	15.21
Interest accrued on fixed deposits	98.63	69.97
Fixed assets held for sale {Refer Note 19.1}	6,711.40	316.57
Other receivables	3,402.00	-
	61,895.32	57,536.52
Share of other current assets of Joint Ventures	10,181.92	11,657.74
	72,077.24	69,194.26

Notes

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	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 19.1 - Details of fixed assets held for sale		
Land		
- Freehold (Refer Note 39)	6,313.00	-
- Leasehold	245.00	297.84
Buildings	129.96	18.73
Plant and Equipment	19.41	-
Furniture & fixtures	0.12	-
Office Equipment	2.15	-
Computers	1.76	-
	6,711.40	316.57

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 20 - Revenue from operations		
(a) Sale of products	1,93,765.39	2,62,726.07
(b) Turnkey contracts revenue	5,36,666.79	3,87,402.60
(c) Sale of services	7,803.46	5,767.86
(d) Other operating revenues	11,894.66	13,172.49
	7,50,130.30	6,69,069.02
Share of revenue from operations of Joint Ventures	59,135.11	42,797.01
	8,09,265.41	7,11,866.03
Less: Excise Duty	19,082.08	13,917.50
	7,90,183.33	6,97,948.53

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 21 - Other income		
(a) Interest Income	967.24	1,216.68
(b) Profit on redemption of investments in units of mutual funds	-	0.40
(c) Other non-operating income		
- Profit on fixed assets sold (net)	295.69	8.19
- Miscellaneous income	112.16	365.59
	1,375.09	1,590.86
Share of other income of Joint Ventures	3.89	14.07
	1,378.98	1,604.93

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 22 - Cost of materials consumed				
Cost of materials consumed	3,93,385.57		3,68,408.29	
Share of cost of materials consumed of Joint Ventures	26,528.73		15,095.45	
	4,19,914.30		3,83,503.74	

Notes

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	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 23 - Changes in inventories of finished goods, work-in-progress and scrap				
Opening 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
Less: Closing stock				
Finished goods	8,677.26		3,807.17	
Work-in-progress	12,906.30		8,561.80	
Scrap	1,324.12		525.20	
		22,907.68		12,894.17
		(10,013.51)		99.80

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 24 - Erection & sub-contracting expenses		
Erection / construction material consumed	29,028.73	25,848.33
Stores consumed	5,260.77	4,016.91
Sub-contracting expenses	1,11,162.85	86,674.27
Power, fuel and water charges	3,083.71	2,564.32
Construction transport	8,764.47	7,974.85
Others	10,162.12	9,473.34
	1,67,462.65	1,36,552.02
Share of erection & sub-contracting expenses of Joint Ventures	18,575.96	12,850.00
	1,86,038.61	1,49,402.02

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 25 - Employee benefits expense		
Salaries and wages	46,010.92	40,370.96
Contribution to provident fund and other funds	1,623.99	1,671.20
Staff welfare expenses	4,975.53	4,244.13
Workmen's compensation	109.10	79.86
	52,719.54	46,366.15
Share of employee benefits expense of Joint Ventures	3,890.57	1,921.22
	56,610.11	48,287.37

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 26 - Finance costs		
Interest expense	25,548.56	18,778.20
Other borrowing costs	682.86	645.39
	26,231.42	19,423.59
Share of finance costs of Joint Ventures	96.02	15.91
	26,327.44	19,439.50

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	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 27 - Other expenses				
Tools, non-erection stores and maintenance spares		1,490.08		1,287.44
Power and fuel		5,269.01		4,633.45
Rent		4,476.38		3,795.38
Rates and taxes, excluding taxes on income (net)		13,085.18		8,261.64
Excise duty (Refer Note 27.1 below)		596.68		318.75
Insurance (net)		3,209.99		3,264.62
Bank (guarantee, letter of credit and other) charges		6,935.98		6,540.88
Commission		7,308.02		8,051.68
Freight and forwarding (net)		13,033.01		12,989.10
Repairs to buildings		597.81		547.61
Repairs to plant and equipment		1,727.80		1,533.41
Repairs to other fixed assets		624.15		910.74
Travelling and conveyance		5,361.19		4,587.79
Payment to statutory auditors (net of service tax input credit, where applicable)				
- as auditors (for audit, limited reviews and audit of consolidated financial statements)	137.60		137.60	
- for taxation matters	16.00		16.90	
- for company law matters	0.35		0.25	
- for other services	16.05		12.30	
- for reimbursement of expenses	2.28		2.55	
		172.28		169.60
Professional fees (Refer Note 27.2 below)		5,820.79		3,590.93
Bad debts written off	3,215.04		3,255.74	
Less: Adjusted against allowance for bad and doubtful debts	599.31		1,608.80	
		2,615.73		1,646.94
Allowance for bad and doubtful debts (net)		76.54		97.51
Directors' fees		13.15		14.47
Net (gain)/loss on foreign currency transactions and translation		2,338.57		4,578.95
Miscellaneous expenses		10,796.27		10,196.19
		85,548.61		77,017.08
Share of other expenses of Joint Ventures		2,758.40		1,498.46
		88,307.01		78,515.54

27.1 : Excise duty shown above includes ₹ **354.48 lacs** (Previous Year ₹ 59.52 lacs) being excise duty related to the difference between the closing stock and opening stock of the finished goods.

27.2 : Professional fees shown above include fees of ₹ **133.30 lacs** (Previous Year ₹ 110.87 lacs) paid to the branch auditors of the Company, fees of ₹ **9.00 Lacs** (Previous Year ₹ 8.00 lacs) paid to the cost auditors of the Company, ₹ **363.45 lacs** (Previous Year ₹ 322.72 lacs) paid to the auditors of subsidiaries and ₹ **17.05 lacs** (Previous Year ₹ 9.76 lacs) paid to the auditors of joint ventures.

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NOTE 28 - 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)	1993-2012 1993-2011	6,599.87	4,920.31
2	Excise Duty* (Tax/Penalty/Interest)	1994-2014 1994-2013	3,408.22	2,629.36
3	Service Tax* (Tax/Penalty/ Interest)	1998-2013 1998-2013	16,983.40	16,882.72
4	Entry Tax* (Tax/Penalty/Interest)	2001-2014 1995-2013	1,974.94	1,788.80
5(i)	Income Tax matters mainly in respect of allowance of depreciation etc. relating to Power Transmission Business acquired by the Company where the Department has filed appeal in the Supreme Court	A.Y. 2006-07	2,416.10	-
(ii)	Income Tax matters at overseas unit/s and of joint venture	2002-2008 2000-2008	3,382.00	3,678.69
6	Customs Duty	1995-1996 1995-1996	60.14	60.14
7	Civil Suits	1993-2004 1993-2006	72.02	72.02
8	Claim made by the customer #		7,065.84	-
9	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 relevant forms and the Company's claim of exemption for MVAT on export sales and services.

It pertains to one of the subsidiary. The subsidiary has adequate insurance coverage to reduce potential liability to an amount that is immaterial.

(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 ₹ 35,169.87 lacs (Previous Year ₹ 27,814.47 lacs) Facilities/loans outstanding at the Year end	3,109.03	1,412.73

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(c) Other money for which Group is contingently liable :

Sr. No.	Particulars	Current Year	Previous Year
		₹ in lacs	₹ in lacs
1	Bills Discounted	6,221.62	4,263.03
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	731.25	1,212.20

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	Previous Year
		₹ in lacs	₹ in lacs
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	986.50	3,897.23
2	Other Commitments:		
	(i) Amount of future minimum lease payment under non-cancellable operating leases [Refer Note 34A (3) below]	11,435.67	3,711.43
	(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, 2014 are as follows :

(a) Forward Exchange Contracts:

Currency	Buy/ Sell	Cross Currency	Foreign Currency (in lacs)	
			As at March 31, 2014	As at March 31, 2013
USD	Buy	INR	572.53	488.39
EUR	Buy	INR	42.44	36.70
USD	Buy	BRL	118.49	15.87

(b) Hedging Commodity related risks:

Commodity	Buy/ Sell	Quantity in MT	
		As at March 31, 2014	As at March 31, 2013
Copper	Buy	1,125.00	1,625.00
Aluminium	Buy	700.00	3,900.00

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- (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, 2014		As at March 31, 2013	
	FC in lacs	₹ In lacs	FC in Lacs	₹ in lacs
AED	180.18	2,937.39	461.50	6,819.87
AFA	4,454.64	4,651.09	3,030.12	3,069.51
AUD	0.23	12.71	-	-
BDT	680.18	525.51	-	-
BTN	707.09	707.09	-	-
CAD	107.11	5,821.67	103.08	5,502.29
CAF	1,662.23	208.44	7,721.03	817.66
CDF	39,533.58	2,613.17	-	-
DZD	156.84	120.56	-	-
EGP	154.17	1,324.83	166.35	1,327.23
ETB	335.57	1,045.63	239.26	709.71
EUR	134.37	11,049.27	20.82	1,446.83
GBP	0.01	1.00	-	-
GEL	6.04	207.70	35.04	1,149.22
GHC	28.67	640.61	26.49	742.89
JPY	1,197.86	700.87	371.04	213.38
KES	35.68	24.72	-	-
KWD	39.97	8,500.22	45.05	8,568.01
MYR	135.38	2,478.65	-	-
MZM	14.30	27.62	84.15	150.75
NAD	-	-	92.83	546.00
NGN	21,365.44	7,762.06	17,152.08	5,876.30
NPR	170.05	106.71	399.81	249.56
OMR	-	-	7.13	1,005.64
PHP	388.31	518.05	-	-
SLR	-	-	216.35	92.68
SR	199.58	3,186.80	555.20	8,026.33
SYR	0.24	0.10	0.24	0.19
TJS	0.01	0.16	0.07	0.83
UGX	8,274.00	195.27	7,501.68	157.54
USD	56.46	3,380.95	-	-
ZAR	426.83	2,414.22	918.21	5,400.79
ZMK	-	-	19,558.57	197.54
IDR	1,03,248.12	547.22	-	-

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Payables:*

Currency	As at March 31, 2014		As at March 31, 2013	
	FC in lacs	₹ In lacs	FC in Lacs	₹ in lacs
AUD	-	-	0.38	21.51
BDT	-	-	323.87	225.22
BTN	-	-	150.36	150.36
CDF	-	-	19,321.34	1,139.96
CHF	3.01	203.26	3.01	171.64
DA	-	-	365.56	251.69
FCFA	-	-	4,766.56	504.78
KSH	-	-	872.97	554.77
KZT	47,445.72	15,604.90	20,668.26	7,434.37
LBP	6,486.85	258.18	5,796.86	208.11
LYD	6.47	311.70	5.98	251.91
MYR	-	-	0.25	4.31
MZM	-	-	-	-
NAD	2.36	13.37	-	-
OMR	51.67	8,036.28	-	-
PHP	-	-	61.13	81.33
SLR	142.33	65.27	-	-
TND	115.66	4,379.82	54.36	1,850.65
ZMK	26,968.78	261.60	-	-
LAK	23,641.13	177.31	-	-
TZS	1,07,584.51	3,948.35	-	-
USD	-	-	262.32	14,237.26

Note: *The above excludes term loan taken in foreign currency ₹ 5,597.00 lacs (Previous year ₹ 8,395.50 lacs) which has been swapped with Rupee Currency fixed interest rate loan.

NOTE 30 - Disclosure under Accounting Standard - 7 "Construction Contracts":

Sr. No.	Particulars	Current Year	Previous Year
		₹ in lacs	₹ in lacs
(a)	(i) Contract Revenue (net of excise) recognised during the year	5,83,177.14	4,22,462.80
	(ii) Method used to determine the contract revenue recognised and the stage of completion of contracts in progress	Refer Note 1(B)(2)(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)	14,21,882.74	10,24,064.41
	* (ii) Advances received	18,716.95	36,346.53
	* (iii) Retentions receivable	1,07,900.13	66,196.51
	(iv) Gross amount due from customers (including unbilled revenue)	53,454.38	58,906.54
	(v) Gross amount due to customers	25,334.55	15,784.19

*Net of adjustment referred to in Note 1(B)(7).

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NOTE 31 - Details of Employee benefits as required by Accounting Standard-15 "Employee Benefits" are as follows :-

Sr. No.	Particulars	Current Year	Previous Year
		₹ in lacs	₹ in lacs
1	Defined Contribution Plans		
	The Group makes contributions towards provident fund, superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees.		
	The Group recognised ₹ 781.23 lacs (Previous Year ₹ 695.27 lacs) for provident fund contributions and ₹ 340.54 lacs (Previous Year ₹ 344.77 lacs) for superannuation contribution and other retirement benefit contributions in the Consolidated Statement of Profit and Loss.		
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 in terms to gratuity scheme of the Company 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:		
	I Components of employer expense		
	1 Current Service cost	427.55	347.96
	2 Interest Cost	216.04	205.09
	3 Expected return on Plan Assets	(233.86)	(218.37)
	4 Actuarial Losses / (Gains)	(402.67)	54.97
	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 25)	7.06	389.65
	II Actual Contribution and Benefits Payments for the year		
	1 Actual Benefits Payments	(540.11)	(392.45)
	2 Actual Contributions	395.00	400.00
	III Net asset/(liability) recognised in the Balance Sheet		
	1 Present Value of Defined Benefit Obligation	2,476.35	2,797.55
	2 Fair Value of Plan Assets	2,627.20	2,560.46
	3 Funded Status [Surplus/(Deficit)]	150.85	(237.09)
	4 Net asset/(liability) recognised in the Consolidated Balance Sheet	150.85	(237.09)
	IV Change in Defined Benefit Obligation during the year		
	1 Present Value of Defined Benefit Obligation as at the beginning of the year	2,797.55	2,566.78
	2 Current Service Cost	427.55	347.96
	3 Interest Cost	216.04	205.09
	4 Actuarial Losses/ (Gains)	(424.68)	70.17
	5 Benefits paid	(540.11)	(392.45)
	6 Present Value of Defined Benefit Obligations as at the end of the year	2,476.35	2,797.55

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Sr. No.	Particulars	Current Year	Previous Year
		₹ in lacs	₹ in lacs
V	Change in Fair Value of Plan Assets during the year		
1	Plan Assets as at the beginning of the year	2,560.46	2,319.34
2	Expected return on Plan Assets	233.86	218.37
3	Actuarial Gains/ (Losses)	(22.01)	15.20
4	Actual Company Contributions	395.00	400.00
5	Benefits paid	(540.11)	(392.45)
6	Plan Assets as at the end of the year	2,627.20	2,560.46
VI	Actuarial Assumptions		
1	Discount Rate	9.10%	8.15%
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 ₹ 211.85 lacs (Previous Year ₹ 233.57 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	2013-14	2012-13	2011-12	2010-11	2009-10
1	Present Value of Defined Benefit Obligation as at the end of the year	2,476.35	2,797.55	2,566.78	2,198.69	2,377.45
2	Fair Value of Plan Assets as at the end of the year	2,627.20	2,560.46	2,319.34	2,265.69	1,806.00
3	Funded Status [Surplus/(Deficit)]	150.85	(237.09)	(247.44)	67.30	(571.45)
4	Experience adjustment on Plan Liabilities	285.95	(21.06)	(443.30)	96.90	(74.71)
5	Experience adjustment on Plan Assets	22.01	(15.20)	-	(10.04)	(4.83)

XI Contribution expected to be paid to the Plan during the year ending March 31, 2015 – ₹ 337 lacs

NOTE 32

The Group is primarily engaged in Engineering, Procurement and Construction business (EPC). Further, the Company's business is managed across multiple geographies on a worldwide basis and the same is monitored on individual project basis. Accordingly, there is no other separate reportable segment as defined by Accounting Standard -17 "Segment Reporting."

Notes

forming part of the consolidated financial statements

NOTE 33 - 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)	EJP KEC Joint Venture, South Africa
(iii)	KEC - ASSB JV, Malaysia
(iv)	KEC - ASIAKOM - UB JV
(v)	KEC - ASIAKOM JV
(vi)	KEC - JEI JV
(vii)	KEC - DELCO - VARAHA JV
(viii)	KEC - VARAHA - KHAZANA JV
(ix)	KEC - VALECHA - DELCO JV
(x)	KEC - SIDHARTH JV
(xi)	KEC - TRIVENI - KPIPL JV
(xii)	KEC - UNIVERSAL JV
(xiii)	KEC - DELCO - DUSTAN JV
(xiv)	KEC - ANPR - KPIPL JV
(xv)	KEC - PLR - KPIPL JV
(xvi)	KEC - BJCL JV
(xvii)	KEC - KIEL JV
(xviii)	KEC - ABEPL JV
(xix)	KEC - TNR INFRA JV
(xx)	KEC - SMC JV
(xxi)	KEC - WATERLEAU JV

Associate :

- (i) RP Goenka Group of Companies Employees Welfare Association (Incorporated on May 21, 2012)

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

(b) Transactions with the Related Parties

₹ in lacs

Transactions	Associates	Current Year			Previous Year		
		Joint Ventures	Key Management Personnel	Total	Joint Ventures	Key Management Personnel	Total
Sale of Products	-	1,155.15	-	1,155.15	1,838.74	-	1,838.74
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	843.48	-	843.48	979.64	-	979.64
EJP KEC Joint Venture, South Africa	-	311.67	-	311.67	859.10	-	859.10
Sale under Turnkey Contracts	-	2,632.63	-	2,632.63	3,285.41	-	3,285.41
KEC - ANPR - KPIPL JV	-	44.72	-	44.72	387.26	-	387.26
KEC - ASIAKOM JV	-	9.61	-	9.61	44.72	-	44.72
KEC - ASIAKOM - UB JV	-	118.33	-	118.33	1,033.36	-	1,033.36
KEC - DELCO - DUSTAN JV	-	123.23	-	123.23	22.58	-	22.58
KEC - JEI JV	-	5.11	-	5.11	49.82	-	49.82
KEC - PLR - KPIPL JV	-	465.56	-	465.56	418.28	-	418.28
KEC - SIDHARTH JV	-	81.60	-	81.60	227.41	-	227.41
KEC - TRIVENI-KPIPL JV	-	314.55	-	314.55	268.57	-	268.57
KEC - UNIVERSAL JV	-	34.27	-	34.27	16.30	-	16.30
KEC - VARAHA - KHAZANA JV	-	56.58	-	56.58	140.25	-	140.25
KEC - KIEL JV	-	597.50	-	597.50	14.49	-	14.49
KEC - ASSB JV, MALAYSIA	-	37.58	-	37.58	250.14	-	250.14
KEC - BJCL JV	-	188.24	-	188.24	412.23	-	412.23
KEC-TNR INFRA JV	-	555.75	-	555.75	-	-	-

Notes

forming part of the consolidated financial statements

(b) Transactions with the Related Parties

₹ in lacs

Transactions	Associates	Current Year			Previous Year		
		Joint Ventures	Key Management Personnel	Total	Joint Ventures	Key Management Personnel	Total
Guarantee charges recovered	-	32.70	-	32.70	11.10	-	11.10
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	32.70	-	32.70	11.10	-	11.10
Remuneration	-	-	288.79	288.79	-	277.74	277.74
Mr.R.D. Chandak - Managing Director	-	-	288.79	288.79	-	277.74	277.74
Sale of Fixed Assets	-	323.31	-	323.31	178.09	-	178.09
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	323.31	-	323.31	178.09	-	178.09
Purchase of Fixed Assets	-	100.89	-	100.89	-	-	-
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	100.89	-	100.89	-	-	-
Payments made/expenses incurred on behalf of related party	-	1,336.26	-	1,336.26	976.07	-	976.07
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	469.09	-	469.09	293.42	-	293.42
EJP KEC Joint Venture, South Africa	-	867.18	-	867.18	682.65	-	682.65
Advance / Loan Given	-	8,636.46	-	8,636.46	6,119.16	-	6,119.16
EJP KEC Joint Venture, South Africa	-	8,636.46	-	8,636.46	6,119.16	-	6,119.16
Investment made	0.49	-	-	0.49	-	-	-
RP Goenka Group of Companies Employees Welfare Association	0.49	-	-	0.49	-	-	-
Advance Received	-	-	-	-	1,979.04	-	1,979.04
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	-	-	-	573.15	-	573.15
KEC - KIEL JV	-	-	-	-	1,405.89	-	1,405.89
Guarantee given	-	-	-	-	28,384.75	-	28,384.75
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	-	-	-	28,384.75	-	28,384.75
Donation Made	2.50	-	-	2.50	-	-	-
RP Goenka Group of Companies Employees Welfare Association	2.50	-	-	2.50	-	-	-

(c) Balances outstanding as at the year end

₹ in lacs

	Associates	Current Year			Previous Year		
		Joint Ventures	Key Management Personnel	Total	Joint Ventures	Key Management Personnel	Total
Amount receivable/ (payable)	-	14,963.33	-	14,963.33	10,066.39	-	10,066.39
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	693.49	-	693.49	129.42	-	129.42
KEC - ANPR - KPIPL JV	-	345.21	-	345.21	654.45	-	654.45
KEC - ASIAKOM JV	-	44.58	-	44.58	79.22	-	79.22
KEC - ASIAKOM - UB JV	-	353.90	-	353.90	851.70	-	851.70
KEC - DELCO - DUSTAN JV	-	47.09	-	47.09	89.91	-	89.91
KEC - DELCO - VARAHA JV	-	572.18	-	572.18	773.16	-	773.16
KEC - JEI JV	-	60.49	-	60.49	72.38	-	72.38
KEC - PLR- KPIPL JV	-	266.42	-	266.42	313.54	-	313.54
KEC - SIDHARTH JV	-	125.81	-	125.81	237.70	-	237.70
KEC - TRIVENI-KPIPL JV	-	205.91	-	205.91	305.48	-	305.48
KEC - UNIVERSAL JV	-	18.84	-	18.84	4.07	-	4.07
KEC - VALECHA - DELCO JV	-	183.58	-	183.58	367.95	-	367.95
KEC - VARAHA - KHAZANA JV	-	71.84	-	71.84	89.72	-	89.72
KEC - KIEL JV	-	207.44	-	207.44	(126.04)	-	(126.04)
KEC - ASSB JV, MALAYSIA	-	340.89	-	340.89	409.96	-	409.96
EJP KEC Joint Venture, South Africa	-	10,696.84	-	10,696.84	5,690.54	-	5,690.54
KEC - BJCL JV	-	74.11	-	74.11	123.23	-	123.23
KEC - TNR INFRA JV	-	130.03	-	130.03	-	-	-
KEC - SMC JV	-	300.87	-	300.87	-	-	-
KEC - WATERLEAU JV	-	223.81	-	223.81	-	-	-
Guarantees given on behalf of the related party :	-	35,169.87	-	35,169.87	27,814.47	-	27,814.47
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	35,169.87	-	35,169.87	27,814.47	-	27,814.47

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

Notes

forming part of the consolidated financial statements

NOTE 34 – Disclosure for leases under Accounting Standard 19 – “Leases”

A. Operating Leases

Particulars	Current Year	Previous year
	₹ in lacs	₹ 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 ₹ 1,455.69 lacs (Previous Year ₹ 1,210.15 lacs).	4,231.17	3,660.86
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	1,760.49	1,324.36
(ii) Later than one year and not later than five years.	3,955.26	2,387.07
(iii) Later than five years	5,719.92	-

B. Finance lease:

- (i) The net carrying amount as at March 31, 2014 for assets acquired under finance lease } Refer Note - 11
 (ii) The maturity profiles of finance lease obligations are as follows : Fixed Assets

Particulars	Total minimum lease payments outstanding as at March 31, 2014	Present value of minimum lease payments
Not later than one year	226.74	226.74
	(5.64)	(5.64)
Later than one year and not later than five years	2,295.01	2,295.01
	(2.49)	(2.49)
Later than five years	710.11	710.11
	(-)	(-)
Total	3,231.86	3,231.86
	(8.13)	(8.13)

Figures in bracket are for the previous year.

- (iii) Some of these agreements contain renewal clause, except a subsidiary which is required to maintain Current ratio, Liability to Equity ratio and Operating Profit to Interest expense ratio as prescribed in the lease agreement, there are no other restrictions such as those concerning dividends, additional debt and further leasing imposed by the lease agreement entered by the Group.

NOTE 35

Basic / diluted earnings per share has been calculated by dividing the profit for the year after tax of ₹ 6,675.05 lacs (Previous Year ₹ 6,504.48 lacs), by 25,70,88,370 (Previous Year 25,70,88,370) being the weighted average number of equity shares (having face value of ₹ 2/- each) outstanding during the year.

Notes

forming part of the consolidated financial statements

NOTE 36 – The components of Deferred Tax Liabilities / Assets (net) are as under:

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

Particulars		Current Year	Previous Year
		₹ in lacs	₹ in lacs
Deferred Tax Liability			
Depreciation	(A)	10,726.08	10,286.91
Deferred Tax Assets			
Provision for doubtful debts, loans and advances		1,488.99	436.88
Amalgamation expenses		66.57	26.99
VRS Expenditure u/s 35 DDA		567.77	139.18
Expenses debited to the Statement of Profit and Loss allowable in subsequent year/s u/s 43B / 40(a)		644.58	566.40
Carry forward business loss / unabsorbed depreciation		-	*883.72
Others		649.85	191.54
	(B)	3,417.76	2,244.71
Deferred Tax Liability (net)	(A-B)	7,308.32	8,042.20

*This was recognised in view of confirmed profitable export/domestic orders secured by the Company.

(ii) The components of Deferred Tax Assets (net) of entities other than the Company are as under:

Particulars		Current Year	Previous Year
		₹ in lacs	₹ in lacs
Deferred Tax Assets			
Expenses debited to the Consolidated Statement of Profit and Loss allowable in subsequent year/s		1,377.24	1,798.67
Provision for non recovery of value added tax		1,100.59	518.33
Others		75.58	35.70
	(A)	2,553.41	2,352.70
Deferred Tax Liability			
Depreciation	(B)	382.03	521.04
Deferred Tax Assets (net)	(A-B)	2,171.38	1,831.66

NOTE 37 - Research and Development Expenses:

Particulars	Current Year	Previous Year
	₹ in lacs	₹ in lacs
Revenue expenses charged to the Statement of Profit and Loss (including depreciation on fixed assets)	1,658.10	1,096.94
Expenditure capitalised during the year	5.80	60.35

NOTE 38

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, 2014 of the Company relating to these contracts aggregate ₹ 6, 378.26 lacs (*Previous Year ₹ 5,589.30 lacs*). The situation in Libya is returning to normalcy and the Company is confident of completing these projects. Further, in the previous year the Company had realized ₹ 2,155.91 lacs from the customer.

NOTE 39

The production of Cables at Thane Factory has been discontinued from February 11, 2013 and during the year, the Company has given voluntary retirements to all the workers at a cost of ₹ 1,816.42 lacs. The complete range of products manufactured at Thane Factory is now being manufactured at new cable Factory at Vadodara.

Further the Company signed an 'Agreement for Sale' dated March 29, 2014 for sale of land (book value ₹ 6,313 lacs) to M/s Ardent Properties Pvt. Ltd. (a 100% subsidiary of Tata Housing Development Company Limited) for a consideration of approx ₹ 21,234 lacs. The Company expects to complete all formalities shortly.

Notes

forming part of the consolidated financial statements

NOTE 40 – 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) the Subsidiaries	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)
1	SAE Towers Holdings, LLC, USA *	INR	15,826.79	2,748.23	18,556.85	(18.17)	-	-	4,348.14	-	4,348.14	-
2	SAE Towers Brazil Subsidiary Company LLC, USA *	USD/(000)	26,430.85	4,589.56	30,990.07	(30.34)	-	-	7,261.43	-	7,261.43	-
3	SAE Towers Mexico Subsidiary Holding Company LLC, USA *	INR	-	@	@	-	-	-	-	-	-	-
4	SAE Towers Mexico S de RL de CV, Mexico *	USD/(000)	-	2.13	2.13	-	-	-	-	-	-	-
5	SAE Towers Brazil Torres de Transmission Ltda, Brazil *	INR	10,226.92	1,512.77	33,064.78	21,325.09	-	32,832.65	159.21	(70.76)	229.96	-
6	SAE Prestadora de Servicios Mexico, S de RL de CV, Mexico *	USD/(000)	17,079.02	2,526.33	55,218.40	35,613.05	-	54,830.75	265.88	(118.16)	384.04	-
7	SAE Towers Ltd, USA *	INR	2,858.45	5,380.18	30,768.87	22,530.23	-	50,873.85	5,687.38	1,653.67	4,033.71	-
8	SAE Towers Panama Holdings LLC, USA *	USD/(000)	4,773.63	8,984.94	51,384.22	37,625.64	-	84,959.67	9,497.96	2,761.64	6,736.32	-
9	SAE Towers Panama S de RL, Panama *	INR	-	1,298.69	2,647.89	1,349.19	-	6,857.14	586.79	245.12	341.67	-
10	SAE Engenharia E Construcacoo Ltda *	USD/(000)	-	2,168.83	4,421.99	2,253.16	-	11,451.46	979.94	409.35	570.59	-
11	SAE Towers Panama S de RL, Panama *	INR	0.60	236.55	958.84	721.69	-	26,867.68	265.02	212.7	243.75	-
12	SAE Towers Panama Holdings LLC, USA *	USD/(000)	1.00	395.04	1,601.27	1,205.23	-	44,869.20	442.58	35.53	407.06	-
13	SAE Towers Panama Holdings LLC, USA *	INR	-	(0.92)	(0.92)	-	-	-	-	-	-	-
14	SAE Towers Panama S de RL, Panama *	USD/(000)	-	(1.53)	(1.53)	-	-	-	-	-	-	-
15	SAE Engenharia E Construcacoo Ltda *	INR	-	(914.97)	(914.97)	-	-	-	-	-	-	-
16	SAE Towers Panama S de RL, Panama *	USD/(000)	-	(1,528.00)	(1,528.00)	-	-	-	-	-	-	-
17	SAE Engenharia E Construcacoo Ltda *	INR	-	-	-	-	-	-	-	-	-	-
18	SAE Engenharia & Construction Services S de RL de CV, Mexico *	USD/(000)	-	(118.45)	(109.45)	9.01	-	-	(118.83)	-	(118.83)	-
19	KEC Investment Holdings, Mauritius	USD/(000)	-	(197.82)	(182.78)	15.04	-	-	(198.45)	-	(198.45)	-
20	KEC International Holdings LLC, USA **	INR	359.28	(29.60)	331.64	1.97	-	-	(8.02)	-	(8.02)	-
21	KEC Brazil LLC, USA **	USD/(000)	600.00	(49.44)	553.85	3.28	-	-	(13.39)	-	(13.39)	-
22	KEC Mexico LLC, USA **	INR	0.03	(0.15)	0.03	0.15	-	-	-	-	-	-
23	KEC Brazil LLC, USA **	USD/(000)	0.05	(0.25)	0.05	0.25	-	-	-	-	-	-
24	KEC Mexico LLC, USA **	INR	0.01	(0.15)	0.01	0.15	-	-	-	-	-	-
25	KEC Mexico LLC, USA **	USD/(000)	0.03	(0.25)	0.03	0.25	-	-	-	-	-	-

Notes

forming part of the consolidated financial statements

NOTE 40 – 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)
16	KEC Transmission LLC, USA**	INR	0.01	8,807.96	36,158.83	27,350.85	-	-	5,359.23	-	5,359.23	-
17	KEC US LLC, USA**	USD(000)	0.03	14,709.35	60,385.48	45,676.11	-	-	8,949.95	-	8,949.95	-
		INR	0.01	5,870.88	24,104.76	18,233.86	-	-	3,572.61	-	3,572.61	-
		USD(000)	0.03	9,804.41	40,255.11	30,450.67	-	-	5,966.29	-	5,966.29	-
18	KEC Global Mauritius, Mauritius	INR	29.94	(26.48)	5.47	2.01	-	-	(8.80)	-	(8.80)	-
		USD(000)	50.00	(44.22)	9.14	3.36	-	-	(14.69)	-	(14.69)	-
19	KEC International (Malaysia) SDN. BHD**	INR	\$	(0.42)	\$	0.42	-	-	(0.42)	-	(0.42)	-
		USD(000)	+	(0.70)	+	0.70	-	-	(0.70)	-	(0.70)	-
20	Jay Railway Projects Private Limited, India	INR	100.00	(90.63)	2,373.52	2,364.15	-	1,340.27	(10.83)	0.8544	(11.68)	-
21	RPGL Transmission Nigeria Limited, Nigeria	INR	36.33	0.87	3725	0.0454	-	-	(0.18)	-	(0.18)	-
		Naira(000)	10,000.00	239.61	10,252.11	12.50	-	-	(50.00)	-	(50.00)	-
22	KEC Global FZ – LLC, Ras UL Khaimah, UAE	INR	163.03	1,725.58	2,647.17	758.56	-	1,958.83	(7701)	-	(7701)	-
23	KEC Power India Private Limited, India	AED(000)	1,000.00	10,584.65	16,237.64	4,652.99	-	12,015.40	(472.36)	-	(472.36)	-
		INR	22.10	8.67	31.00	0.23	-	-	1.29	0.40	0.89	-

Exchange rates as at year end considered for conversion:

1USD = ₹ 59.8800

1AED = ₹ 16.3027

1NAIRA = ₹ 0.3633

* 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

@ ₹ 239.52

USD 4

\$ ₹ 179.64

+ USD 3

Notes

forming part of the consolidated financial statements

NOTE 41

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

Signatures to Notes 1 to 41 which form an integral part of Consolidated Financial Statements.

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman

R. D. CHANDAK
Managing Director

VARDHAN DHARKAR
Executive Director - Finance

CH. V. JAGANNADHA RAO
Company Secretary

A. T. VASWANI
Director

Place: Mumbai
Date: April 30, 2014

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, 2014, 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, Ivory Coast, Kazakhstan, Kenya, Lebanon, Libya, Malaysia, Nepal, Nigeria, Oman, Philippines, South Africa, Sri Lanka, Tanzania, Tunisia, Uganda and 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) 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, 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, 2014;
- (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.

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 branches not visited by us.
 - (c) The reports on the accounts of the Company's overseas branches at Afghanistan, Algeria, Bangladesh, Congo, Egypt, Ethiopia, Georgia, Ghana, Ivory Coast, Kazakhstan, Kenya, Lebanon, Libya, Malaysia, Nepal, Nigeria, Oman, Philippines, South Africa, Sri Lanka, Tanzania, Tunisia, Uganda and United Arab Emirates audited by the branch auditors appointed under Section 228 of the Act have been forwarded to us and have been properly dealt with by us in preparing this report.
 - (d) 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 with the returns received from the branches not visited by us.
 - (e) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs).
 - (f) On the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 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: April 30, 2014

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 (x), (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) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) 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.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under said Section have been so entered.
 - b) Where each of such transaction is in excess of ₹ 5 lacs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (ix) 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.
- (x) 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, Value added Tax, Wealth Tax, Service Tax, Customs 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, Value added Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2014 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, 2014 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)	1994-1995 to 2012-13	5,431.30
	Tax/Penalty/Interest	Rajasthan Tax Board, Ajmer	1994-1995 to 1997-1998	46.66
	Tax/Interest	Appellate Tribunal	1989-1990 to 2007-2008	28.03
	Tax/Interest	High Court	2002-03 to 2004-05	8.59
The Central Excise Act, 1944	Duty/Penalty/Interest	Assistant Commissioner / Deputy Commissioner / Additional Commissioner / Commissioner (Appeal)	1994-1995 to 2011-2012	88.76
	Duty/Penalty/Interest	Customs Excise and Service Tax Tribunal	1995-1996 to 2012-2013	1,360.75
	Interest on Differential Duty	High Court	2001-2002 & 2005-2006	61.76
	Duty/Interest	Supreme Court	2008-2009 & 2009-2010	29.51
The Finance Act, 1994	Service Tax / Penalty / Interest	Assistant Commissioner / Deputy Commissioner / Additional Commissioner / Commissioner (Appeal)	2004-2005 to 2012-2013	11.22
	Service Tax / Penalty / Interest	Customs Excise and Service Tax Tribunal	2002-2003 to 2010-2012	16,905.15
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.

- (xi) 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.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) 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.
- (xiv) 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.
- (xv) 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.
- (xvi) 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: April 30, 2014

Balance Sheet

as at March 31, 2014

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	98,078.01		92,520.78	
			1,03,219.78		97,662.55
(2) Non-current liabilities					
(a) Long-term borrowings	4	21,409.47		28,107.08	
(b) Deferred tax liabilities (Net)	38	7,308.32		8,042.20	
(c) Other Long-term liabilities	5	1,000.00		1,000.00	
(d) Long-term provisions	6	990.37		979.05	
			30,708.16		38,128.33
(3) Current liabilities					
(a) Short-term borrowings	7	1,10,126.76		69,544.05	
(b) Trade payables	8	2,86,015.07		2,22,632.02	
(c) Other current liabilities	9	62,058.83		82,008.47	
(d) Short-term provisions	10	10,969.40		7,735.43	
			4,69,170.06		3,81,919.97
TOTAL			6,03,098.00		5,17,710.85
II. ASSETS					
(1) Non current assets					
(a) Fixed assets					
(i) Tangible assets	11	67,754.81		70,912.12	
(ii) Intangible assets	11	13,935.41		15,154.82	
(iii) Capital work-in-progress	11	901.55		2,130.64	
			82,591.77		88,197.58
(b) Non-current investments	12	637.96		637.47	
(c) Long-term loans and advances	13	19,340.39		11,739.50	
(d) Other non-current assets	14	10,667.14		8,581.03	
			1,13,237.26		1,09,155.58
(2) Current assets					
(a) Inventories	15	33,334.41		28,550.15	
(b) Trade receivables	16	3,33,572.02		2,62,266.32	
(c) Cash and cash equivalents	17	9,023.97		6,189.86	
(d) Short-term loans and advances	18	44,977.43		47,678.35	
(e) Other current assets	19	68,952.91		63,870.59	
			4,89,860.74		4,08,555.27
TOTAL			6,03,098.00		5,17,710.85

See accompanying notes forming part of the financial statements

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

SAIRA NAINAR
Partner

Place: Mumbai
Date: April 30, 2014

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman

VARDHAN DHARKAR
Executive Director - Finance

CH. V. JAGANNADHA RAO
Company Secretary

R. D. CHANDAK
Managing Director

A. T. VASWANI
Director

Place: Mumbai
Date: April 30, 2014

Statement of Profit and Loss

for the year ended March 31, 2014

Particulars	Note No.	Current Year		Previous Year	
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
I. Revenue from operations (Gross)		6,74,958.77		5,73,125.20	
Less: Excise duty		19,082.08		13,917.50	
Revenue from operations (Net)	20		6,55,876.69		5,59,207.70
II. Other income	21		8,297.39		2,064.14
III. Total Revenue (I+II)			6,64,174.08		5,61,271.84
IV. Expenses					
Cost of materials consumed	22		3,46,622.56		3,09,631.22
Changes in inventories of finished goods, work-in-progress and scrap	23		(5,308.84)		(457.34)
Erection & sub-contracting expenses	24		1,66,545.91		1,35,186.45
Employee benefits expense	25		32,151.48		28,910.81
Finance costs	26		23,142.01		16,480.63
Depreciation and amortisation expense (net)	11 & 1 (F) (ii)(a)		5,541.75		4,305.50
Other expenses	27		78,577.24		62,827.25
Total Expenses			6,47,272.11		5,56,884.52
V. Profit before exceptional items and tax (III - IV)			16,901.97		4,387.32
VI. Exceptional items - VRS Expenditure	43		1,816.42		13.76
VII. Profit before tax (V-VI)			15,085.55		4,373.56
VIII. Tax expenses					
Current Tax [including foreign taxes of ₹ 5,674.97 lacs* (Previous Year ₹ 3,457.17 lacs) but net of write back of provision pertaining to earlier years ₹ 371.96 lacs (Previous Year 920 lacs)] *include ₹ 1,334.77 lacs (net) pertaining to earlier years			7,260.90		3,389.22
Less: MAT Credit			-		852.50
			7,260.90		2,536.72
Deferred Tax			(733.88)		1,381.00
			6,527.02		3,917.72
IX. Profit for the year (VII-VIII)			8,558.53		455.84
X. Earnings per equity share (of ₹ 2 each)	37		₹		₹
(1) Basic			3.33		0.18
(2) Diluted			3.33		0.18

See accompanying notes forming part of the financial statements

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

SAIRA NAINAR
Partner

For and on behalf of the Board of Directors

H. V. GOENKA
Chairman

VARDHAN DHARKAR
Executive Director - Finance

R. D. CHANDAK
Managing Director

CH. V. JAGANNADHA RAO
Company Secretary

A. T. VASWANI
Director

Place: Mumbai
Date: April 30, 2014

Place: Mumbai
Date: April 30, 2014

Cash Flow Statement

for the year ended March 31, 2014

Particulars	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :				
PROFIT BEFORE TAX		15,085.55		4,373.56
Adjustments for:				
Depreciation and amortisation expense (net)	5,541.75		4,305.50	
Profit on fixed assets sold (net)	(279.03)		(19.95)	
Finance costs	23,142.01		16,480.63	
Interest income	(717.86)		(633.47)	
Dividend income from long term investment in subsidiaries and a Jointly Controlled Entity	(7,023.32)		(516.97)	
Profit on redemption of current investments in units of mutual funds	-		(0.40)	
Bad debts written off (net)	2,615.73		1,598.63	
Allowance for bad & doubtful debts, loans and advances (net)	8,275.66		97.51	
Mark to market loss on forward and commodity contracts	1,914.56		1,639.06	
Net unrealised exchange (gain) / loss	(2,329.67)		(1,673.35)	
		31,139.83		21,277.19
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		46,225.38		25,650.75
Changes in working capital :				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(4,784.26)		3,251.38	
Trade receivables	(71,401.98)		(44,558.28)	
Loans and advances	(8,733.62)		(10,578.39)	
Other current assets	1,317.87		(8,269.61)	
Other non-current assets	(4,414.93)		1,973.85	
		(88,016.92)		(58,181.05)
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables and Other current liabilities	44,443.45		20,000.52	
Provisions	2,354.29		977.74	
		46,797.74		20,978.26
CASH GENERATED FROM/ (USED IN) OPERATIONS		5,006.20		(11,552.04)
Direct Taxes Paid (net of refund of taxes)		(7,689.80)		(3,529.19)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES (A)		(2,683.60)		(15,081.23)
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)	(11,603.52)		(11,572.37)	
Proceeds from sale of fixed assets	1,366.64		452.48	
Advance against sale of fixed assets	190.94		750.00	
Payment for investments in subsidiaries	-		(78.35)	
Payment for investments in an associate	(0.49)		-	
Loans given to a subsidiary	(56.67)		(119.81)	
Loans repaid by a subsidiary	276.36		57.89	
Interest received	712.50		922.63	
Purchase of current investments in mutual funds	-		(1,500.00)	
Proceeds from redemption of current investments in mutual funds	-		1,500.40	
Dividend received from subsidiaries and a Jointly Controlled Entity	7,023.32		516.97	
Bank balances (including non-current) not considered as Cash and cash equivalents (net)	(76.48)		(74.08)	
		(2,167.40)		(9,144.24)
NET CASH USED IN INVESTING ACTIVITIES (B)		(2,167.40)		(9,144.24)

Cash Flow Statement

for the year ended March 31, 2014

Particulars	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from other than short-term borrowings	7,800.00		12,899.78	
Repayment of other than short-term borrowings	(15,638.97)		(8,268.00)	
Net increase / (decrease) in short-term borrowings	40,059.17		36,824.32	
Finance costs [Including interest capitalised ₹ Nil (Previous Year ₹ 722.08 lacs)]	(23,245.37)		(16,968.80)	
Dividend paid (including tax on distributed profit)	(1,495.70)		(3,551.66)	
		7,479.13		20,935.64
NET CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES (C)		7,479.13		20,935.64
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		2,628.13		(3,289.83)
Cash and cash equivalents at the beginning of the year		5,254.13		8,545.46
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		0.88		(1.50)
Cash and cash equivalents at the end of the year		7,883.14		5,254.13
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 17)		9,023.97		6,189.86
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements - Balances with banks in earmarked accounts		1,140.83		935.73
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)]		7,883.14		5,254.13
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		302.95		243.63
(b) Cheques on hand		1,007.91		219.21
(c) Balances with banks				
(i) In current accounts		6,059.89		3,733.01
(ii) In deposit accounts		123.16		154.96
(d) Remittance in transit		389.23		903.32
		7,883.14		5,254.13

*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 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

H. V. GOENKA

Chairman

R. D. CHANDAK

Managing Director

A. T. VASWANI

Director

Place: Mumbai

Date: April 30, 2014

Place: Mumbai

Date: April 30, 2014

Notes

forming part of the financial statements

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A) Basis of accounting and preparation of financial statements :

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

B) Uses of Estimates :

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

C) Revenue Recognition :

- i. Sale of goods is recognised, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sale of services is recognised when services are rendered. Sales 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 a 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.

D) 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.

E) 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

F) 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.

G) Investments :

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

H) 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.

I) 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.

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.

Notes

forming part of the financial statements

J) Excise duty payable is accounted on production of finished goods.

K) Employee Benefits :

a) Defined Contribution Plans :

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

b) Defined Benefit Plan / Long Term employee benefits :

The Company's liability towards defined benefit plan (viz. gratuity) and long term employee benefits (viz. long term 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.

c) Short term employee benefits :

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service.

L) Leases :

a) Assets acquired under lease where the Company has substantially all the risks and rewards incidental to ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value and the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

b) Assets acquired on leases where significant portions of the risks and rewards incidental to ownership are retained by the lessors, are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

M) Taxation :

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

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

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.

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

O) Provisions and contingencies :

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources 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 their present value and are determined based on the best estimate 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. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

Notes

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P) 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 recognized on grounds of prudence.

Q) 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 realize or settle within 12 months after the balance sheet date.

In case of long-term contracts, the time between acquisition of assets for processing and realisation of the entire proceeds under the contracts in cash or cash equivalent exceeds one year. Accordingly for classification of assets and liabilities related to such contracts as current, duration of each contract is considered as its operating cycle.

R) Cash and cash equivalents (for purposes of Cash Flow Statement) :

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

S) Cash Flow Statement :

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

T) 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, Ivory Coast, Kazakhstan, Kenya, Lebanon, Libya, Malaysia, Nepal, Nigeria, Oman, Philippines, South Africa, Sri Lanka, Tanzania, Tunisia, Uganda and United Arab Emirates have been incorporated on the basis of Financial Statements (the Branch Returns) audited by the auditors of the respective branches. Further, in respect of overseas branches in Bhutan, Cameroon, Indonesia, Kuwait, Laos, 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	55,00,00,000	11,000.00
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

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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	% of Shares held	Nos. of Shares Held	% of Shares held
1	Swallow Associates LLP **	6,95,46,616	27.05	6,57,74,210	25.58
2	Summit Securities Limited *	2,69,74,152	10.49	2,51,78,520	9.79
3	HDFC Trustee Company Limited A/c (AAATH1809A)	2,32,82,899	9.06	2,32,82,899	9.06
4	Instant Holdings Limited*	1,62,23,856	6.31	1,45,46,968	5.66
5	Life Insurance Corporation of India (AAACL0582H)	1,52,13,235	5.92	1,52,13,235	5.92
6	Reliance Capital Trustee Co. Ltd. (AAATR0090B)	1,35,53,280	5.27	1,37,53,280	5.35

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.

* Shares held in Multiple Folios have been combined.

2.3. 10,365,340 (Previous Year 10,365,340) 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	Previous Year
	Nos.	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

2.4 3,750 fully paid-up Equity Shares of ₹ 2 each were allotted to a trustee against 1,688 equity shares of the erstwhile RPG Transmission Limited (RPGT), since merged in the Company in 2007-08, where rights were kept in abeyance 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, 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

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	Current Year	Previous Year
	₹ in lacs	₹ in lacs
Note 3 - Reserves and surplus		
(a) Capital Reserve		
Balance as per last Balance Sheet	8,497.87	8,497.87
(b) Capital Redemption Reserve		
Balance as per last Balance Sheet	1,427.95	1,427.95
(c) Securities Premium Account		
Balance as per last Balance Sheet	8,674.89	8,674.89
(d) Reserve for Amortisation of Brand Account [Note 1(F)(ii)(a)]		
Balance as per last Balance Sheet	1,357.00	2,557.00
Less: Transferred to Statement of Profit and Loss	1,200.00	1,200.00
	157.00	1,357.00
(e) Foreign Currency Translation Reserve [Note 1(I)(ii)]		
Balance as per last Balance Sheet	11.86	27.36
Add: Credited/(Debited) during the year on translation of financial statements of Non Integral jointly controlled operation	3.38	(15.50)
	15.24	11.86
(f) General Reserve		
Balance as per last Balance Sheet	8,935.96	8,890.38
Add: Transferred from surplus in Statement of Profit and Loss	855.85	45.58
	9,791.81	8,935.96
(g) Surplus in Statement of Profit and Loss		
Opening Balance	63,615.25	64,708.89
Add: Profit for the year	8,558.53	455.84
Less: Transferred to General Reserve	855.85	45.58
Less: Proposed Dividend on Equity Shares	1,542.53	1,285.44
Less: Tax on distributed profits	262.15	218.46
	69,513.25	63,615.25
	98,078.01	92,520.78

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
Note 4 - Long-term borrowings		
Term loans		
(a) From banks		
Secured (Refer Note 4.1)	22,069.32	26,741.98
Less: Current maturities of long-term debt (Refer Note 9)	(7,628.41)	(8,768.36)
	14,440.91	17,973.62
(b) From others parties		
Secured (Refer Note 4.2)	10,133.46	13,299.76
Less: Current maturities of long-term debt (Refer Note 9)	(3,164.90)	(3,166.30)
	6,968.56	10,133.46
	21,409.47	28,107.08

Notes

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4.1 Term loans from banks :

- (a) ₹ **5,597.00 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 remaining 8 equal quarterly installments by January 25, 2016 and carries interest rate of 7.25% p.a.
- (b) ₹ **2,499.56 lacs** (Previous Year ₹ 5,831.56 lacs) secured by way of first charge on fixed assets situated at Mysore (Previous Year: at Thane & Mysore). The term loan is repayable in remaining 3 equal quarterly installments by December 9, 2014 and the present interest rate is 11.75 % p.a.
- (c) ₹ **NIL** (Previous Year ₹ 1,260.00 lacs) secured by way of first charge on land, building and plant & machinery situated at Jaipur.
- (d) ₹ **1,707.76 lacs** (Previous Year ₹ 2,854.92 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 6 equal quarterly installments by September 27, 2015 and the present interest rate is 10.50% p.a.
- (e) ₹ **NIL** (Previous Year ₹ 3,700 lacs) collaterally secured by first charge to be created on land, building and plant & machinery situated at Thane and Mysore.
- (f) ₹ **7,265.00 lacs** (Previous Year ₹ 4,700 lacs) secured by first charge created / to be created on land, building and plant & machinery situated at Jabalpur and Nagpur factories. The term loan is repayable in remaining 18 quarterly structured installments by September 28, 2018 and the present interest rate is 11.10% p.a.
- (g) ₹ **5,000.00 lacs** (Previous Year ₹ NIL) secured by first charge to be created on land, building and plant & machinery situated at Jaipur factory. The term loan is repayable in 20 quarterly structured installments commencing from June 30, 2014 and the present interest rate is 11.70% p.a.

4.2 Term loans from other parties includes :

- (a) ₹ **1,884.62 lacs** (Previous Year ₹ 2,961.54 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 7 equal quarterly installments by December 09, 2015. The term loan of ₹ 1,076.92 lacs and ₹ 807.70 lacs carry interest of 12.15% p.a. and 12.25% p.a. respectively.
- (b) ₹ **1.02 lacs** (Previous Year ₹ 3.44 lacs) secured by hypothecation of vehicles. The term loan is repayable in remaining 9 equal monthly installments by December 11, 2014 and carries interest rate of 13.20% p.a.
- (c) ₹ **8,247.82 lacs** (Previous Year ₹ 10,334.78 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 16 equal quarterly installments by March 20, 2018 and the present interest rate is 12.00% p.a.

	Current Year	Previous Year
	₹ in lacs	₹ 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	Previous Year
	₹ in lacs	₹ in lacs
NOTE 6 - Long-term provisions		
(a) Provision for employee benefits		
- Compensated Absences	990.37	922.87
(b) Tax provisions less payments	-	56.18
	990.37	979.05

Notes

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	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 (Refer Note 7.1)		84,315.70		43,623.07
(ii) Other short term borrowings				
- From banks [Refer Note 7.2 (a)]	20,811.06		20,949.98	
- From other parties [Refer Note 7.2 (b)]	5,000.00		4,971.00	
		25,811.06		25,920.98
		1,10,126.76		69,544.05

7.1 Loans repayable on demand from banks :

- (a) ₹ **70,407.86 lacs** (Previous Year ₹ 37,739.19 lacs) secured by first charge by hypothecation of all the present and future current assets excluding those covered under Note 4.1 (a) above and first charge to be created on flat situated at Juhu, Mumbai of the Company and second charge created on the Company's fixed assets situated at Jaipur, Jabalpur & Nagpur factories. The present interest rates are in the range of 10.75% to 15.75% p.a.
- (b) ₹ **10,056.86 lacs** (Previous Year ₹ 3,488.43 lacs) guaranteed by banks, which in turn is secured by security, stated against Note 7.1 (a) above. The present interest rate is 3.21% to 3.32% p.a.
- (c) ₹ **3,850.98 lacs** (Previous Year ₹ 2,395.45 lacs) secured by assignment of certain overseas book debts. The present interest rates are in the range of 3.31% to 3.65% p.a.

7.2 Other short-term borrowings :

(a) From Banks

- (i) ₹ **13,026.66 lacs** (Previous Year ₹ 7,055.75 lacs) secured by security stated against Note 7.1 (a) above. The present interest rates are in the range of 1.18% to 2.33% p.a.
- (ii) ₹ **NIL** (Previous Year ₹ 2,500 lacs) being commercial paper issued against stand by facility from a bank which in turn was secured by security stated against Note 7.1 (a) above. Maximum balance outstanding any time during the year is ₹ 2,500 lacs (Previous Year ₹ 5,000 lacs)
- (iii) ₹ **7,784.40 lacs** (Previous Year ₹ 11,394.23 lacs) secured by security stated against Note 7.1 (b) above. The present interest rates are in the range of 3% to 3.50% p.a.

(b) From other parties

₹ **5,000 lacs** (Previous Year ₹ 4,971.00 lacs) secured by security stated against Note 7.1 (a) above. The present interest rate is 10.60% p.a.

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 8 - Trade payables		
Trade payables (including acceptances)	2,86,015.07	2,22,632.02
{Refer Note 41}		
	2,86,015.07	2,22,632.02

Notes

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	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)		10,793.31		11,934.66
(b) Interest accrued but not due on borrowings		405.82		454.83
(c) Advances from customers		19,973.05		41,835.91
(d) Unpaid / unclaimed dividends [#]		205.79		197.59
(e) Other payables				
- Statutory remittances (contribution to PF and ESIC, withholding tax, Excise Duty, VAT, Service Tax, etc.)	4,575.20		4,158.21	
- Gross amount due to customers for long term contracts	20,005.07		14,058.47	
- Interest accrued on trade payables and customer advances	694.74		749.10	
- Payable on purchase of fixed assets {Refer Note 41}	2,255.87		5,293.07	
- Mark to market loss on forward and commodity contracts	1,914.56		1,639.06	
- Directors' commission	191.30		879.80	
- Advance against fixed assets held for sale	940.94		750.00	
- Others	103.18		57.77	
		30,680.86		27,585.48
		62,058.83		82,008.47

[#] 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	118.84		98.55	
- Gratuity	-		237.09	
		118.84		335.64
(b) Provision - Others				
- Proposed equity dividend	1,542.53		1,285.44	
- Tax on distributed profits	262.15		218.46	
- Tax provisions less payments	1,932.76		1,286.36	
- Provision for expected loss on long term contracts	7,113.12		4,609.53	
		10,850.56		7,399.79
		10,969.40		7,735.43

Notes

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NOTE 11 - Fixed Assets

Description	GROSS CARRYING AMOUNT				ACCUMULATED DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT		
	As at March 31, 2013	Additions during the year	Deductions during the year	Reclassified as held for sale	As at March 31, 2014	As at March 31, 2013	For the year	Deductions during the year	Eliminated on reclassification as held for sale	As at March 31, 2014	As at March 31, 2013
Tangible Assets											
(a) Land											
- Freehold	12,902.87	-	-	6,313.00	6,589.87	-	-	-	-	6,589.87	12,902.87
Previous year	12,802.98	99.89	-	-	12,902.87	-	-	-	-	12,902.87	12,802.98
- Leasehold*	4,975.37	-	-	-	4,975.37	574.54	7721	-	-	651.75	4,323.62
Previous year	5,422.91	-	106.13	341.41	4,975.37	548.06	84.54	14.49	43.57	574.54	4,400.83
Land (Total)	17,878.24	-	-	6,313.00	11,565.24	574.54	7721	-	-	651.75	10,913.49
Previous year	18,225.89	99.89	106.13	341.41	17,878.24	548.06	84.54	14.49	43.57	574.54	17,303.70
(b) Buildings	11,199.54	2,016.38	63.04	15730	12,995.58	2,133.51	455.88	60.40	2734	2,501.65	10,493.93
Previous year	7060.30	4,167.55	2.96	25.35	11,199.54	1,831.67	308.93	0.47	6.62	2,133.51	9,066.03
(c) Plant and Equipment	53,489.78	6,752.24	1,696.47	40.48	58,505.07	12,148.67	4,211.47	737.15	21.07	15,601.92	42,903.15
Previous year	37,487.34	16,446.57	444.13	-	53,489.78	9,145.34	3,203.93	200.60	-	12,148.67	41,341.11
(d) Furniture and Fixture	1,176.72	242.28	9.93	3.62	1,405.45	369.23	94.79	2.86	3.50	457.66	947.79
Previous year	979.66	323.53	126.47	-	1,176.72	335.16	90.88	56.81	-	369.23	807.49
(e) Vehicles	2,461.32	146.97	98.10	0.01	2,510.18	1,078.81	186.35	64.81	0.01	1,200.34	1,382.51
Previous year	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	575.69	169.21	19.37	15.76	709.77	198.23	43.03	748	13.61	220.17	489.60
Previous year	494.47	96.00	14.78	-	575.69	164.49	41.29	755	-	198.23	377.46
(g) Computers	1,479.15	249.87	9.75	5.83	1,713.44	845.33	183.09	792	4.07	1,016.43	697.01
Previous year	1,246.97	239.92	7.74	-	1,479.15	677.12	175.26	705	-	845.33	633.82
Sub -Total	88,260.44	9,576.95	1,896.66	6,536.00	89,404.73	17,348.32	5,251.82	880.62	69.60	21,649.92	67,754.81
Previous Year (Tangible Assets)	67,585.10	21,780.79	738.69	366.76	88,260.44	13,637.68	4,066.99	306.16	50.19	17,348.32	70,912.12
Intangible Assets (other than internally generated)											
(a) Brand	24,000.00	-	-	-	24,000.00	9,600.00	1,200.00	-	-	10,800.00	14,400.00
Previous year	24,000.00	-	-	-	24,000.00	8,400.00	1,200.00	-	-	9,600.00	15,600.00
(b) Computer Softwares	1,510.90	270.52	-	-	1,781.42	756.08	289.93	-	-	1,046.01	735.41
Previous year	901.48	609.42	-	-	1,510.90	517.57	238.51	-	-	756.08	383.91
Sub -Total	25,510.90	270.52	-	-	25,781.42	10,356.08	1,489.93	-	-	11,846.01	13,935.41
Previous Year (Intangible Assets)	24,901.48	609.42	-	-	25,510.90	8,917.57	1,438.51	-	-	10,356.08	15,154.82
Total	1,13,771.34	9,847.47	1,896.66	6,536.00	1,15,186.15	27,704.40	6,741.75	880.62	69.60	33,495.93	81,690.22
Previous Year (Total)	92,486.58	22,390.21	738.69	366.76	1,13,771.34	22,555.25	5,505.50	306.16	50.19	27,704.40	86,066.94
Capital work-in-progress (at cost)											
Grand Total										901.55	2,130.64
										82,591.77	88,197.58

Notes:

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

*11.2 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

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		Current Year	Previous Year
		₹ in lacs	₹ 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	Fully paid Ordinary Shares of US \$ 1.00 each of KEC Global, Mauritius	25.74	25.74
2,21,022	Fully paid Equity Shares of ₹ 10 each of KEC Power India Private Limited	86.29	86.29
		637.47	637.47
(b) Associates			
4,900	Fully paid Equity Shares of ₹ 10/- each of RP Goenka Group of Companies Employees Welfare Association	0.49	-
(c) Joint Ventures			
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 Abdul Hakim Al-Sharif Group and KEC Company Ltd) *	-	-
		637.96	637.47
Aggregate book value of quoted investments and market value thereof		-	-
Aggregate book value of unquoted investments		637.96	637.47
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.

Notes

forming part of the financial statements

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 13 - Long-term loans and advances				
(a) Capital advances - Unsecured, considered good		125.26		177.32
(b) Security deposits - Unsecured				
(i) Considered good	1,001.78		1,208.80	
(ii) Doubtful	32.24		32.24	
	1,034.02		1,241.04	
Less: Allowance for bad and doubtful security deposits	32.24		32.24	
		1,001.78		1,208.80
(c) Loans and advances to related party - Unsecured, considered good				
Jay Railway Projects Private Limited - subsidiary company (Refer Note 13.1)		1,130.30		1,349.99
(d) Other loans and advances -				
(i) Unsecured, considered good				
- Excise duty recoverable from Government authorities	2,339.68		1,319.23	
- VAT Credit / WCT receivable	8,347.91		5,232.22	
- Tax payments less provisions	4,601.72		1,955.36	
- Prepaid expenses	907.38		496.58	
- Service tax cenvat receivable	886.36		-	
	17,083.05		9,003.39	
(ii) Doubtful - Service tax receivable	130.08		130.08	
Less: Allowance for bad and doubtful receivable	130.08		130.08	
		-		-
		17,083.05		9,003.39
		19,340.39		11,739.50

13.1 Disclosure required by clause 32 of the Listing Agreement

(i) Loans and advances in the nature of loans outstanding to the wholly owned subsidiary.

Name of Subsidiary	₹ in lacs	
	Loans (interest free) outstanding as on March 31, 2014	Maximum amount outstanding during the year
Jay Railway Projects Private Limited	1,130.30	1,349.99
Previous Year	1,349.99	1,399.82

(ii) Jay Railway Projects Private Limited does not have investment in any Company.

Notes

forming part of the financial statements

	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	7,995.75		7,100.60	
(ii) Doubtful	4,218.37		1,123.02	
	12,214.12		8,223.62	
Less: Allowance for bad and doubtful debts	4,218.37		1,123.02	
		7,995.75		7,100.60
(b) Others				
(i) Export benefits receivable	2,611.00		1,291.42	
(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	60.39		189.01	
		2,671.39		1,480.43
		10,667.14		8,581.03

	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	10,168.55		13,163.89	
(ii) Goods-in-transit	522.81		366.74	
		10,691.36		13,530.63
(b) Work-in-progress (Refer Note 15.1)		5,879.21		3,605.20
(c) Finished goods		5,997.72		3,761.81
(d) Stores and spares		526.50		422.81
(e) Dies and tools		8,065.78		6,590.17
(f) Erection materials		849.72		114.33
(g) Scrap		1,324.12		525.20
		33,334.41		28,550.15

15.1 Details of inventory of work-in-progress :

Particulars	Current Year	Previous Year
	₹ in lacs	₹ in lacs
Towers and structurals	2,233.73	1,834.16
Cables	3,645.48	1,771.04
	5,879.21	3,605.20

Notes

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	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	31,454.66	22,377.51
(b) Other trade receivables - Unsecured, considered good	3,02,117.36	2,39,888.81
	3,33,572.02	2,62,266.32

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 17 - Cash and cash equivalents				
(a) Cash on hand		302.95		243.63
(b) Cheques on hand		1,007.91		219.21
(c) Balances with banks				
(i) In current accounts		6,059.89		3,733.01
(ii) In deposit accounts (Refer Notes 17.1 and 17.2)		123.16		154.96
(iii) In earmarked accounts				
Unpaid dividend accounts	205.79		197.59	
Balances with banks held as margin money or security against the borrowings, guarantees and other commitments (Refer Note 17.1)	935.04		738.14	
		1,140.83		935.73
(d) Others - Remittances in Transit		389.23		903.32
		9,023.97		6,189.86
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 <i>Cash Flow Statement</i> is		7,883.14		5,254.13

17.1 Balances with banks includes deposits amounting to ₹ **8.92 lacs** (*Previous Year ₹ 9.28 lacs*) and margin money or security against the borrowings, guarantees and other commitments ₹ **240.78 lacs** (*Previous Year ₹ 201.18 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 ₹ 5.16 lacs*) which have a maturity of more than 12 months from the Balance Sheet date.

Notes

forming part of the financial statements

	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	17,174.40		8,537.95	
Less: Allowance for doubtful loans and advances	4,581.00		-	
		12,593.40		8,537.95
b) Others - Unsecured, considered good				
- Advances to suppliers	10,487.00		11,118.37	
- Employee advances	774.35		664.64	
- Cenvat / Service tax input credit receivable	3,000.73		4,692.09	
- Sales tax / excise duty / entry tax paid under protest	1,634.23		1,242.83	
- Excise duty recoverable from Government authorities	1,795.41		3,136.15	
- VAT Credit / WCT Receivable	5,369.65		7,994.96	
- Tax payments less provisions	2,508.36		2,508.36	
- Prepaid expenses	4,454.16		4,125.85	
- MAT credit entitlement	-		1,627.26	
- Sundry deposits	2,000.00		1,972.05	
- Others	360.14		57.84	
		32,384.03		39,140.40
		44,977.43		47,678.35

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 19 - Other current assets		
Gross amount due from customers for long term contracts	15,638.15	19,041.79
Unbilled revenue	34,868.97	34,585.22
Contractually reimbursable expenses	4,475.08	5,540.10
Export benefits	3,809.80	4,345.87
Insurance claims	16.32	15.21
Interest accrued on fixed deposits	31.19	25.83
Fixed assets held for sale (Refer Note 19.1)	6,711.40	316.57
Others receivables	3,402.00	-
	68,952.91	63,870.59

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 19.1 - Details of fixed assets held for sale		
Land		
- Freehold (Refer Note 43)	6,313.00	-
- Leasehold	245.00	297.84
Buildings	129.96	18.73
Plant and Equipment	19.41	-
Furniture & fixtures	0.12	-
Office Equipment	2.15	-
Computers	1.76	-
	6,711.40	316.57

Notes

forming part of the financial statements

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 20 - Revenue from operations				
(a) Sale of products				
- Towers and structurals	45,599.13		1,06,317.31	
- Cables	65,960.18		58,918.40	
		1,11,559.31		1,65,235.71
(b) Turnkey contracts revenue				
- Transmission and distribution	5,09,017.03		3,60,101.64	
- Others	35,932.86		31,622.80	
		5,44,949.89		3,91,724.44
(c) Sale of services				
- Telecom - erection and management service	3,013.76		3,340.54	
- Tower testing revenue	3,382.59		910.78	
- Others	194.19		1,082.89	
		6,590.54		5,334.21
(d) Other operating revenue				
- Scrap sales	7,443.79		7,615.98	
- Export incentives	3,429.72		3,032.25	
- Others	985.52		182.61	
		11,859.03		10,830.84
		6,74,958.77		5,73,125.20
Less: Excise duty		19,082.08		13,917.50
		6,55,876.69		5,59,207.70

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
NOTE 21 - Other income				
(a) Interest income		717.86		633.47
(b) Dividend income from long term investments				
- In Subsidiaries	1,167.61		516.97	
- In Jointly Controlled Entity	5,855.71		-	
		7,023.32		516.97
(c) Profit on redemption of current investments in units of mutual funds		-		0.40
(d) Other non-operating income				
- Guarantee charges	109.01		555.47	
- Profit on fixed assets sold (net)	279.03		19.95	
- Miscellaneous income	168.17		337.88	
		556.21		913.30
		8,297.39		2,064.14

Notes

forming part of the financial statements

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 22 - Cost of materials consumed		
Cost of materials consumed (Refer Note 22.1)	3,46,622.56	3,09,631.22
	3,46,622.56	3,09,631.22

22.1 Materials consumed comprise

		Current Year		Previous Year
		₹ in lacs		₹ in lacs
Tower and structurals		28,771.91		29,676.34
Steel		91,669.72		74,639.11
Zinc		12,418.06		8,139.37
Bolts and nuts		10,722.72		9,891.72
Copper		24,552.81		18,053.23
Conductors		49,077.19		27,257.70
Others		1,29,410.15		1,41,973.75
		3,46,622.56		3,09,631.22
	%		%	
Indigenous	65	2,24,538.51	66	2,03,840.19
Imported @	35	1,22,084.05	34	1,05,791.03
	100	3,46,622.56	100	3,09,631.22

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

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 23 - Changes in inventories of finished goods, work-in-progress and scrap		
Opening 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
Less: Closing stock		
Finished goods	5,997.72	3,761.81
Work-in-progress	5,879.21	3,605.20
Scrap	1,324.12	525.20
	13,201.05	7,892.21
	(5,308.84)	(457.34)

Notes

forming part of the financial statements

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 24 - Erection & sub-contracting expenses		
Erection / construction materials consumed	29,028.36	25,848.33
Stores consumed	5,260.77	3,984.58
Sub-contracting expenses	1,10,252.87	85,336.12
Power, fuel and water charges	3,083.71	2,563.68
Construction transport	8,760.66	7,895.84
Others	10,159.54	9,557.90
	1,66,545.91	1,35,186.45

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 25 - Employee benefits expense		
Salaries and wages	29,148.85	26,051.87
Contribution to provident fund and other funds (Refer Note 33)	1,448.64	1,497.56
Staff welfare expenses	1,444.89	1,281.52
Workmen's compensation	109.10	79.86
	32,151.48	28,910.81

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
NOTE 26 - Finance costs		
Interest expense	22,733.93	16,084.12
Other borrowing costs	408.08	396.51
	23,142.01	16,480.63

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		1,320.05		1,150.46
Power and fuel		3,610.43		3,154.43
Rent		3,340.04		2,890.59
Rates and taxes, excluding taxes on income (net)		12,927.70		8,162.16
Excise duty (Refer Note 27.1 below)		596.68		318.75
Insurance (net)		2,914.96		3,064.80
Bank (guarantee, letter of credit and other) charges		6,612.83		6,296.41
Commission		7,258.12		8,109.28
Freight and forwarding (net)		6,561.59		5,961.10
Repairs to buildings		211.94		204.03
Repairs to plant and equipment		822.55		769.41
Repairs to other fixed assets		624.15		910.02
Travelling and conveyance		4,641.69		4,099.78
Payment to statutory auditors (net of service tax input credit, where applicable)				
- as auditors (for audit, limited reviews and audit of consolidated financial statements)		137.60		137.60
- for taxation matters		16.00		16.90
- for company law matters		0.35		0.25
- for other services		16.05		12.30
- for reimbursement of expenses		2.28		2.55
		172.28		169.60
Professional fees (Refer Note 27.2 below)		4,390.83		2,431.12
Bad debts written off	3,215.04		3,207.43	
Less: Adjusted against allowance for bad and doubtful debts	599.31		1,608.80	
		2,615.73		1,598.63
Allowance for bad and doubtful debts, loans and advances (net)		8,275.66		97.51
Directors' fees		13.15		14.47
Net (gain)/loss on foreign currency transactions and translation		2,275.69		4,504.01
Miscellaneous expenses		9,391.17		8,920.69
		78,577.24		62,827.25

27.1 : Excise duty shown above includes ₹ **354.48 lacs** (Previous Year ₹ 59.52 lacs) being excise duty related to the difference between the closing stock and opening stock of finished goods.

27.2 : Professional fees shown above include fees of ₹ **133.30 lacs** (Previous Year ₹ 110.87 lacs) paid to branch auditors and fees of ₹ **9.00 lacs** (Previous Year ₹ 8.00 lacs) paid to the cost auditors.

Notes

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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)	1993–2012 1993–2011	6,599.87	4,920.31
2	Excise Duty * (Tax/Penalty/Interest)	1994–2014 1994–2013	3,408.22	2,629.36
3	Service Tax * (Tax/Penalty/ Interest)	1998–2013 1998–2013	16,983.40	16,882.72
4	Entry Tax * (Tax/Penalty/Interest)	2001–2014 1995–2013	1,974.94	1,788.80
5(i)	Income Tax matters mainly in respect of allowance of depreciation etc. relating to Power Transmission Business acquired by the Company where during the year Department has filed appeal in the Supreme Court	A.Y. 2006-07	2,416.10	-
(ii)	Income Tax matters at overseas unit/s	2002–2008 2000–2008	3,143.53	3,462.58
6	Customs Duty	1995–1996 1995–1996	60.14	60.14
7	Civil Suits	1993–2004 1993–2006	72.02	72.02
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 relevant 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 ₹ 119,024.09 lacs (Previous Year ₹ 109,049.55 lacs) Facilities/loans outstanding at the Year end	51,608.47	52,352.85
2	Bank guarantees provided by the Company to customers of the wholly owned subsidiary companies in connection with the respective contracts awarded/bids made	824.90	1,059.18
3	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	323.72	442.84

Notes

forming part of the financial statements

(c) Other money for which the Company is contingently liable :

Sr. No.	Particulars	Current Year	Previous Year
		₹ in lacs	₹ in lacs
1	Bills Discounted	6,221.62	4,263.03
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	731.25	1,212.20

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	Previous Year
		₹ in lacs	₹ in lacs
1	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	865.34	2,658.29
2	Other Commitments:		
	(i) Amount of future minimum lease payments under non-cancellable operating leases [Refer Note 36 (3) below]	734.21	720.15
	(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, 2014 are as follows :

(a) Forward Exchange Contracts

Currency	Buy/ Sell	Cross Currency	Foreign Currency (in lacs)	
			As at March 31, 2014	As at March 31, 2013
USD	Buy	INR	572.53	488.39
EUR	Buy	INR	42.44	36.70

(b) Hedging Commodity related risks

Commodity	Buy/ Sell	Quantity in MT	
		As at March 31, 2014	As at March 31, 2013
Copper	Buy	1,125.00	1,625.00
Aluminium	Buy	700.00	3,900.00

Notes

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- (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, 2014		As at March 31, 2013	
	FC in lacs	₹ in lacs	FC in lacs	₹ in lacs
AED	131.47	2,143.35	335.87	4,963.29
AFA	4,454.64	4,651.09	3,030.12	3,069.51
AUD	0.23	12.71	-	-
BDT	680.18	525.51	-	-
BTN	707.09	707.09	-	-
CAF	1,662.23	208.44	7,721.03	817.66
CAD	107.11	5,821.67	103.08	5,502.29
CDF	39,533.58	2,613.17	-	-
DZD	156.84	120.56	-	-
EGP	154.17	1,324.83	166.35	1,327.23
ETB	335.57	1,045.63	239.26	709.71
EUR	135.17	11,115.43	24.68	1,714.68
GBP	0.01	1.00	-	-
GEL	6.04	207.70	35.04	1,149.22
GHC	28.67	640.61	26.49	742.89
JPY	1,197.86	700.87	371.04	213.38
KES	35.68	24.72	-	-
KWD	39.97	8,500.22	45.05	8,568.01
MYR	173.18	3,170.77	47.21	828.03
NAD	-	-	92.83	546.00
NGN	21,268.78	7,726.95	17,054.92	5,843.01
NPR	170.05	106.71	399.81	249.56
OMR	-	-	3.33	469.33
PHP	388.31	518.05	-	-
SR	156.94	2,505.95	348.52	5,044.11
SLR	-	-	216.35	92.68
SYP	0.24	0.10	0.24	0.19
TJS	0.01	0.16	0.07	0.83
UGX	8,274.00	195.27	7,501.68	157.54
USD	58.34	3,493.47	-	-
ZAR	2,264.98	12,810.97	1,831.71	10,773.94
ZMK	-	-	19,558.57	197.54
IDR	1,03,248.12	547.22	-	-

Notes

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Payables :*

Currency	As at March 31, 2014		As at March 31, 2013	
	FC in lacs	₹ in lacs	FC in lacs	₹ in lacs
AUD	-	-	0.38	21.51
BDT	-	-	323.87	225.22
BTN	-	-	150.36	150.36
CDF	-	-	19,321.34	1,139.96
CHF	3.01	203.26	3.01	171.64
DA	-	-	365.56	251.69
FCFA	-	-	4,766.56	504.78
KSH	-	-	872.97	554.77
KZT	47,445.72	15,604.90	20,668.26	7,434.37
LBP	6,486.85	258.18	5,796.86	208.11
LYD	6.47	311.70	5.98	251.91
MZM	142.38	275.02	139.84	250.50
NAD	2.36	13.37	-	-
OMR	55.46	8,626.64	-	-
PHP	-	-	61.13	81.33
SLR	142.33	65.27	-	-
TND	115.66	4,379.82	54.36	1,850.65
USD	-	-	275.71	14,964.27
ZMK	26,968.78	261.60	-	-
LAK	23,641.13	177.31	-	-
TZS	1,07,584.51	3,948.35	-	-

Note: *The above excludes term loan taken in foreign currency ₹ **5,597.00 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	Previous Year
	₹ in lacs	₹ in lacs
Raw Materials and components	30,205.39	31,059.56
Spares parts / Dies and tools	495.08	350.59
Purchase of capital goods	3,185.41	3,638.84

Notes

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Note 31 - Earnings in foreign exchange and expenditure in foreign currency

Sr. No.	Particulars	Current Year	Previous Year
		₹ in lacs	₹ in lacs
A. Earnings :			
	Export of goods calculated on F.O.B. basis	88,096.19	75,681.51
	Freight recovered on sales	3,278.82	5,977.82
	Tower testing charges and design charges	1,703.42	702.64
	Sales & Services : overseas projects	198,716.03	180,290.26
	Interest income	13.73	36.51
	Dividend income from wholly owned subsidiaries / jointly controlled entity	7,023.32	404.25
	Guarantee Charges received from a wholly owned subsidiary/joint venture	109.01	555.47
	Others (Insurance claims, etc.)	248.75	124.03
B. Expenditure :			
	Expenses of overseas projects (including foreign taxes)	191,240.23	168,179.51
	Freight	780.19	2,020.19
	Commission	1,117.33	1,359.57
	Interest paid to Indian Financial Institution's/Banks	1,076.26	1,350.88
	Professional fees	28.74	16.68
	Bank guarantee charges and other charges paid to Indian banks	708.83	505.42
	Charges in respect of letter of credit issued by banks to foreign customers	305.94	375.55
	Bank guarantee charges and other charges paid to foreign banks	89.51	77.81
	Others (travelling, taxes etc.)	565.89	370.46
	Loss on Foreign Exchange (net)	2,275.69	4,504.01

Note 32 - Disclosure under Accounting Standard - 7 "Construction Contracts":

Sr. No.	Particulars	Current Year	Previous Year
		₹ in lacs	₹ in lacs
(a)	(i) Contract Revenue (net of excise) recognized during the year	532,455.36	384,010.44
	(ii) Method used to determine the contract revenue recognised and the stage of completion of contracts in progress	Refer Note 1(C)(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)	12,85,980.19	9,41,687.26
	* (ii) Advances received	14,969.91	36,346.53
	* (iii) Retentions receivable	95,161.03	62,263.70
	(iv) Gross amount due from customers (including unbilled revenue)	50,507.12	53,627.01
	(v) Gross amount due to customers	20,005.07	14,058.47

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

Notes

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Note 33 - Details of Employee benefits as required by Accounting Standard-15 "Employee Benefits" are as follows:-

Sr. No.	Particulars	Current Year	Previous Year
		₹ in lacs	₹ 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	781.23	695.27
	- Contribution to Superannuation Fund	169.19	171.13
	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 in terms to gratuity scheme of the Company 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 :		
I	Components of employer expense		
1	Current service cost	427.55	347.96
2	Interest cost	216.04	205.09
3	Expected return on Plan Assets	(233.86)	(218.37)
4	Actuarial Losses / (Gains)	(402.67)	54.97
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)	7.06	389.65
II	Actual Contribution and Benefits Payments for the year		
1	Actual Benefits Payments	(540.11)	(392.45)
2	Actual Contributions	395.00	400.00
III	Net asset/(liability) recognised in the Balance Sheet		
1	Present Value of Defined Benefit Obligation	2,476.35	2,797.55
2	Fair Value of Plan Assets	2,627.20	2,560.46
3	Funded Status [Surplus/(Deficit)]	150.85	(237.09)
4	Net asset/(liability) recognised in the Balance Sheet	150.85	(237.09)
IV	Change in Defined Benefit Obligation during the year		
1	Present Value of Defined Benefit Obligation as at the beginning of the year	2,797.55	2,566.78
2	Current Service Cost	427.55	347.96
3	Interest Cost	216.04	205.09
4	Actuarial Losses/ (Gains)	(424.68)	70.17
5	Benefits paid	(540.11)	(392.45)
6	Present Value of Defined Benefit Obligations as at the end of the year	2,476.35	2,797.55

Notes

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Sr. No.	Particulars	Current Year	Previous Year
		₹ in lacs	₹ in lacs
V	Change in Fair Value of Plan Assets during the year		
1	Plan Assets as at the beginning of the year	2,560.47	2,319.34
2	Expected return on Plan Assets	233.83	218.37
3	Actuarial Gains/ (Losses)	(22.01)	15.20
4	Actual Company Contributions	395.00	400.00
5	Benefits paid	(540.11)	(392.45)
6	Plan Assets as at the end of the year	2,627.20	2,560.46
VI	Actuarial Assumptions		
1	Discount Rate	9.10%	8.15%
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 ₹ 211.85 lacs (Previous Year ₹ 233.57 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	2013-14	2012-13	2011-12	2010-11	2009-10
1	Present Value of Defined Benefit Obligation as at the end of the year	2,476.35	2,797.55	2,566.78	2,198.69	2,377.45
2	Fair Value of Plan Assets as at the end of the year	2,627.20	2,560.46	2,319.34	2,265.69	1,806.00
3	Funded Status [Surplus/(Deficit)]	150.85	(237.09)	(247.44)	67.30	(571.45)
4	Experience adjustment on Plan Liabilities	285.95	(21.06)	(443.30)	96.90	(74.71)
5	Experience adjustment on Plan Assets	22.01	(15.20)	-	(10.04)	(4.83)

XI Contribution expected to be paid to the Plan during the year ending March 31, 2015 – ₹ 337 lacs.

NOTE 34

The Company is primarily engaged in Engineering, Procurement and Construction business (EPC). Further, the Company's business is managed across multiple geographies on a worldwide basis and the same is monitored on individual project basis. Accordingly, there is no other separate reportable segment as defined by Accounting Standard -17 "Segment Reporting".

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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 Power India Private Limited
(vii)	KEC International Holdings LLC, USA
(viii)	KEC Brazil LLC, USA
(ix)	KEC Mexico LLC, USA
(x)	KEC Transmission LLC, USA
(xi)	KEC US LLC, USA
(xii)	SAE Towers Holdings, LLC, USA
(xiii)	SAE Towers Brazil Subsidiary Company LLC, USA
(xiv)	SAE Towers Mexico Subsidiary Holding Company LLC, USA
(xv)	SAE Towers Mexico S de RL de CV, Mexico
(xvi)	SAE Towers Brazil Torres de Transmission Ltda, Brazil
(xvii)	SAE Prestadora de Servicios Mexico, S de RL de CV, Mexico
(xviii)	SAE Towers Ltd, USA
(xix)	SAE Towers Panama Holdings LLC, USA
(xx)	SAE Towers Panama S de RL, Panama
(xxi)	SAE Engenharia E Construcao Ltda, Brazil (Incorporated on October 29, 2012)
(xxii)	SAE Engineering & Construction Services, S de RL de CV (Incorporated on November 8, 2013)
(xxiii)	KEC International (Malaysia) SDN BHD (Incorporated on April 19, 2013)

Associate :

(i)	RP Goenka Group of Companies Employees Welfare Association (incorporated on May 21, 2012)
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Key Management Personnel: Mr. R.D. Chandak – Managing Director

Notes

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(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 Power India Private Limited
(vi)	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)	EJP KEC Joint Venture, South Africa
(iii)	KEC - ASSB JV, Malaysia
(iv)	KEC - ASIAKOM – UB JV
(v)	KEC - ASIAKOM JV
(vi)	KEC - JEI JV
(vii)	KEC - DELCO - VARAHA JV
(viii)	KEC - VARAHA - KHAZANA JV
(ix)	KEC - VALECHA - DELCO JV
(x)	KEC - SIDHARTH JV
(xi)	KEC - TRIVENI - KPIPL JV
(xii)	KEC - UNIVERSAL JV
(xiii)	KEC - DELCO - DUSTAN JV
(xiv)	KEC - ANPR - KPIPL JV
(xv)	KEC - PLR - KPIPL JV
(xvi)	KEC - BJCL JV
(xvii)	KEC - KIEL JV
(xviii)	KEC - ABEPL JV
(xix)	KEC - TNR INFRA JV
(xx)	KEC - SMC JV
(xxi)	KEC - WATERLEAU JV

Associate :

(i)	RP Goenka Group of Companies Employees Welfare Association
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Key Management Personnel: Mr. R. D. Chandak – Managing Director

Notes

forming part of the financial statements

(c) Transactions with the Related Parties

₹ in lacs

Transactions	Current Year					Previous Year				
	Associates	Subsidiaries	Joint Ventures	Key Management Personnel	Total	Subsidiaries	Joint Ventures	Key Management Personnel	Total	
Sale of Products	-	-	3,434.95	-	3,434.95	-	4,983.66	-	4,983.66	
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	-	2,811.60	-	2,811.60	-	3,265.47	-	3,265.47	
EJP KEC Joint Venture, South Africa	-	-	623.35	-	623.35	-	1,718.19	-	1,718.19	
Sale under Turnkey Contracts	-	1,261.19	10,894.54	-	12,155.74	560.95	9,003.78	-	9,564.73	
KEC - ANPR - KPIPL JV	-	-	111.81	-	111.81	-	968.16	-	968.16	
KEC - ASIAKOM JV	-	-	19.61	-	19.61	-	91.27	-	91.27	
KEC - ASIAKOM - UB JV	-	-	295.83	-	295.83	-	2,583.40	-	2,583.40	
KEC - DELCO - DUSTAN JV	-	-	251.49	-	251.49	-	46.09	-	46.09	
KEC - JEI JV	-	-	12.77	-	12.77	-	124.54	-	124.54	
KEC - PLR- KPIPL JV	-	-	1,034.57	-	1,034.57	-	929.51	-	929.51	
KEC - SIDHARTH JV	-	-	407.98	-	407.98	-	1,137.03	-	1,137.03	
KEC - TRIVENI-KPIPL JV	-	-	699.01	-	699.01	-	596.81	-	596.81	
KEC - UNIVERSAL JV	-	-	171.33	-	171.33	-	81.51	-	81.51	
KEC - VARAHA - KHAZANA JV	-	-	282.92	-	282.92	-	701.27	-	701.27	
KEC - KIEL JV	-	-	5,975.01	-	5,975.01	-	144.91	-	144.91	
KEC - ASSB JV, MALAYSIA	-	-	113.88	-	113.88	-	757.99	-	757.99	
KEC-BJCL JV	-	-	384.16	-	384.16	-	841.29	-	841.29	
KEC-TNR INFRA JV	-	-	1,134.18	-	1,134.18	-	-	-	-	
Jay Railway Projects Private Limited	-	1,261.19	-	-	1,261.19	560.95	-	-	560.95	
Dividend Income	-	1,167.61	5,855.71	-	7,023.32	516.97	-	-	516.97	
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	-	5,855.71	-	5,855.71	-	-	-	-	
KEC Power India Private Limited	-	-	-	-	-	112.72	-	-	112.72	
KEC Global FZ-LLC, Ras UL Khaimah	-	1,167.61	-	-	1,167.61	404.25	-	-	404.25	
Guarantees charges recovered	-	-	109.01	-	109.01	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	-	-	109.01	-	109.01	-	36.99	-	36.99	
Purchase of goods	-	1,889.21	-	-	1,889.21	4,009.46	-	-	4,009.46	
KEC Global FZ-LLC, Ras UL Khaimah	-	1,045.06	-	-	1,045.06	2,133.67	-	-	2,133.67	
SAE Towers Mexico S de RL de CV, Mexico	-	844.15	-	-	844.15	1,875.79	-	-	1,875.79	
Receiving of Services	-	-	-	-	-	11.44	-	-	11.44	
KEC Global FZ-LLC, Ras UL Khaimah	-	-	-	-	-	11.44	-	-	11.44	
Remuneration	-	-	-	288.79	288.79	-	-	277.74	277.74	
Mr.R.D. Chandak - Managing Director	-	-	-	288.79	288.79	-	-	277.74	277.74	
Sale of Fixed Assets	-	-	323.31	-	323.31	-	178.09	-	178.09	
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	-	323.31	-	323.31	-	178.09	-	178.09	
Purchase of Fixed Assets	-	-	100.89	-	100.89	-	-	-	-	
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	-	100.89	-	100.89	-	-	-	-	
Allowances for Bad and Doubtful Debts, Loans and Advances	-	-	8,200.00	-	8,200.00	-	-	-	-	
EJP KEC Joint Venture, South Africa	-	-	8,200.00	-	8,200.00	-	-	-	-	
Payments made/expenses incurred on behalf of related party	-	74.20	1,336.27	-	1,410.47	95.43	976.07	-	1,071.50	
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	-	469.09	-	469.09	-	293.42	-	293.42	
Jay Railway Projects Private Limited	-	37.85	-	-	37.85	15.23	-	-	15.23	
EJP KEC Joint Venture, South Africa	-	-	867.18	-	867.18	-	682.65	-	682.65	
KEC Power India Private Limited	-	-	-	-	-	21.14	-	-	21.14	
KEC Global FZ-LLC, Ras UL Khaimah	-	36.16	-	-	36.16	58.93	-	-	58.93	
RPG Transmission Nigeria Limited	-	0.19	-	-	0.19	0.13	-	-	0.13	

Notes

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(c) Transactions with the Related Parties

₹ in lacs

Transactions	Current Year					Previous Year			
	Associates	Subsidiaries	Joint Ventures	Key Management Personnel	Total	Subsidiaries	Joint Ventures	Key Management Personnel	Total
Expenses recovered	-	10.00	-	-	10.00	10.00	-	-	10.00
Jay Railway Projects Private Limited	-	10.00	-	-	10.00	10.00	-	-	10.00
Advance / Loan Given	-	18.82	8,636.46	-	8,655.28	109.81	6,119.16	-	6,228.97
Jay Railway Projects Private Limited	-	18.82	-	-	18.82	109.81	-	-	109.81
EJP KEC Joint Venture, South Africa	-	-	8,636.46	-	8,636.46	-	6,119.16	-	6,119.16
Advance / Loan Recovered	-	276.36	-	-	276.36	57.89	-	-	57.89
Jay Railway Projects Private Limited	-	276.36	-	-	276.36	57.89	-	-	57.89
Advance Received	-	-	-	-	-	-	1,979.04	-	1,979.04
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	-	-	-	-	-	573.15	-	573.15
KEC - KIEL JV	-	-	-	-	-	-	1,405.89	-	1,405.89
Guarantees given	-	-	-	-	-	211.62	28,384.75	-	28,596.37
Jay Railway Projects Private Limited	-	-	-	-	-	211.62	-	-	211.62
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	-	-	-	-	-	28,384.75	-	28,384.75
Investment made	0.49	-	-	-	0.49	16.34	-	-	16.34
R.P. Goenka Group of Companies Welfare Association	0.49	-	-	-	0.49	-	-	-	-
KEC Investment Holdings, Mauritius	-	-	-	-	-	16.34	-	-	16.34
Donation Made	2.50	-	-	-	2.50	-	-	-	-
R.P. Goenka Group of Companies Welfare Association	2.50	-	-	-	2.50	-	-	-	-

(d) Balances outstanding as at the year end

₹ in lacs

	Current Year					Previous Year			
	Associates	Subsidiaries	Joint Ventures	Key Management Personnel	Total	Subsidiaries	Joint Ventures	Key Management Personnel	Total
Amount receivable/ (payable)	-	1,094.79	26,602.07	-	27,696.86	(916.24)	23,809.49	-	22,893.25
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	-	1,359.79	-	1,359.79	-	253.77	-	253.77
Jay Railway Projects Private Limited	-	2,297.19	-	-	2,297.19	1,910.64	-	-	1,910.64
KEC - ANPR - KPIPL JV	-	-	863.03	-	863.03	-	1,636.12	-	1,636.12
KEC - ASIAKOM JV	-	-	90.99	-	90.99	-	161.68	-	161.68
KEC - ASIAKOM - UB JV	-	-	884.76	-	884.76	-	2,129.24	-	2,129.24
KEC - DELCO - DUSTAN JV	-	-	96.11	-	96.11	-	183.49	-	183.49
KEC - DELCO - VARAHA JV	-	-	2,860.92	-	2,860.92	-	3,865.79	-	3,865.79
KEC - JEI JV	-	-	151.22	-	151.22	-	180.96	-	180.96
KEC - PLR- KPIPL JV	-	-	592.05	-	592.05	-	696.76	-	696.76
KEC - SIDHARTH JV	-	-	629.07	-	629.07	-	1,188.49	-	1,188.49
KEC - TRIVENI-KPIPL JV	-	-	457.58	-	457.58	-	678.84	-	678.84
KEC - UNIVERSAL JV	-	-	94.20	-	94.20	-	20.37	-	20.37
KEC - VALECHA - DELCO JV	-	-	374.65	-	374.65	-	750.92	-	750.92
KEC - VARAHA - KHAZANA JV	-	-	359.22	-	359.22	-	448.62	-	448.62
KEC - KIEL JV	-	-	2,074.38	-	2,074.38	-	(1,260.41)	-	(1,260.41)
KEC - ASSB JV, MALAYSIA	-	-	1,033.01	-	1,033.01	-	1,242.30	-	1,242.30
EJP KEC Joint Venture, South Africa *	-	-	13,193.67	-	13,193.67	-	11,381.07	-	11,381.07
KEC-BJCL JV	-	-	151.25	-	151.25	-	251.48	-	251.48
KEC-TNR INFRA JV	-	-	265.37	-	265.37	-	-	-	-
KEC - SMC JV	-	-	614.03	-	614.03	-	-	-	-
KEC - WATERLEAU JV	-	-	456.76	-	456.76	-	-	-	-

Notes

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(d) Balances outstanding as at the year end

₹ in lacs

	Current Year					Previous Year				
	Associates	Subsidiaries	Joint Ventures	Key Management Personnel	Total	Subsidiaries	Joint Ventures	Key Management Personnel	Total	
SAE Towers Mexico S de RL de CV, Mexico	-	(373.24)	-	-	(373.24)	(949.82)	-	-	(949.82)	
KEC Global FZ-LLC, Ras UL Khaimah	-	(794.04)	-	-	(794.04)	(1,843.77)	-	-	(1,843.77)	
RPG Transmission Nigeria Limited	-	(35.12)	-	-	(35.12)	(33.29)	-	-	(33.29)	
Guarantees given on behalf of the related party:	-	51,212.19	68,960.52	-	120,172.71	56,013.39	54,538.18	-	110,551.57	
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	-	68,960.52	-	68,960.52	-	54,538.18	-	54,538.18	
Jay Railway Projects Private Limited	-	323.72	-	-	323.72	442.84	-	-	442.84	
KEC Global FZ-LLC, Ras UL Khaimah	-	824.90	-	-	824.90	697.00	-	-	697.00	
KEC Transmission LLC, USA	-	30,038.14	-	-	30,038.14	32,706.82	-	-	32,706.82	
KEC US LLC, USA	-	20,025.43	-	-	20,025.43	21,804.55	-	-	21,804.55	
SAE Towers Holdings, LLC, USA	-	-	-	-	-	362.18	-	-	362.18	

*Net of provision for doubtful debts, loans and advances of ₹ 8200 lacs (Previous year ₹ Nil)

NOTE 36 - Disclosure for operating leases under Accounting Standard 19 – “Leases”

Particulars	Current Year	Previous year
	₹ in lacs	₹ 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 ₹ 420.85 lacs (Previous Year ₹ 291.09 lacs)]	2,791.24	2,395.81
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	494.33	598.30
(ii) Later than one year and not later than five years	239.88	121.85
(iii) Later than five years	-	-

NOTE 37

Basic / diluted earnings per share has been calculated by dividing the profit for the year after tax of ₹ **8,558.53 lacs** (Previous Year ₹ 455.84 lacs), by **25,70,88,370** (Previous Year 25,70,88,370) being the weighted average number of equity shares (having face value of ₹ 2/-each) outstanding during the year.

Notes

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NOTE 38 - The components of Deferred Tax Liability (net) are as under :

Particulars		Current Year	Previous Year
		₹ in lacs	₹ in lacs
Deferred Tax Liability			
Depreciation	(A)	10,726.08	10,286.91
Deferred Tax Assets			
Provision for doubtful debts, loans and advances		1,488.99	436.88
Amalgamation expenses		66.57	26.99
VRS Expenditure u/s 35 DDA		567.77	139.18
Expenses debited to the Statement of Profit and Loss allowable in subsequent year/s u/s 43B / 40(a)		644.58	566.40
Carry forward business loss / unabsorbed depreciation		-	*883.72
Others		649.85	191.54
	(B)	3,417.76	2,244.71
Deferred Tax Liability (net)	(A-B)	7,308.32	8,042.20

*This was recognised in view of confirmed profitable export/domestic order secured by the Company

NOTE 39 - Research and Development Expenses :

Particulars	Current Year	Previous Year
	₹ in lacs	₹ in lacs
Revenue expenses charged to the Statement of Profit and Loss (including depreciation on fixed assets)	1,658.10	1,096.94
Expenditure capitalised during the year	5.80	60.35

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.	EJP KEC Joint Venture, South Africa	50%	50%
iii.	KEC – ASSB JV, Malaysia	67%	67%
iv.	KEC – ASIAKOM – UB JV	60%	60%
v.	KEC – ASIAKOM JV	51%	51%
vi.	KEC – JEI JV	60%	60%
vii.	KEC – DELCO – VARAHA JV	80%	80%
viii.	KEC – VARAHA – KHAZANA JV	80%	80%
ix.	KEC – VALECHA – DELCO JV	51%	51%
x.	KEC – SIDHARTH JV	80%	80%
xi.	KEC – TRIVENI – KPIPL JV	55%	55%
xii.	KEC – UNIVERSAL JV	80%	80%
xiii.	KEC – DELCO – DUSTAN JV	51%	51%
xiv.	KEC – ANPR – KPIPL JV	60%	60%

Notes

forming part of the financial statements

Sr. No.	Particulars	Ownership Interest	
		Current Year	Previous Year
xv.	KEC - PLR – KPIPL JV	55%	55%
xvi.	KEC - BJCL JV	51%	51%
xvii.	KEC - KIEL JV	90%	90%
xviii.	KEC - ABEPL JV	90%	-
xix.	KEC - TNR Infra JV	51%	-
xx.	KEC - SMC JV	51%	-
xxi.	KEC - WATERLEAU JV	51%	-

b) Aggregate amount of assets, liabilities, income and expenditure related to the Company's interests in jointly controlled entities

		Current Year	Previous Year
		₹ in Lacs	₹ in lacs
I	Liabilities*		
(a)	Non-current Liabilities		
	- Tax provisions less payments	17.00	9.65
(b)	Current Liabilities		
	- Short-term borrowings	2,987.11	1,357.33
	- Trade payables	40,447.43	25,021.79
	- Other current liabilities	12,088.59	3,891.91
	- Tax provisions less payments	531.42	123.70
	Total Liabilities	56,071.55	30,404.38
II	Assets*		
(a)	Non-current Assets		
	Fixed assets		
	- Tangible assets	559.33	437.00
	- Long-term loans and advances	956.33	596.19
(b)	Current Assets		
	- Inventories	141.77	114.26
	- Trade receivables	30,692.44	14,560.23
	- Cash and cash equivalents	2,509.06	727.18
	- Short-term loans and advances	3,196.41	3,759.27
	- Other current assets	10,181.92	11,657.74
	Total Assets	48,237.26	31,851.87
III	Income*	59,139.00	42,907.94
IV	Expenditure*		
	Cost of materials consumed	28,520.91	17,962.40
	Erection & sub-contracting expenses	27,906.20	19,558.54
	Employee benefits expense	3,890.57	1,921.22
	Other expenditure	2,834.65	1,524.36
	Depreciation	185.07	141.90
	Finance costs	96.02	15.91
	Tax expense	463.40	619.13
V	Company's share of Contingent Liability	238.47	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(C) (iii), the Company has recognised revenue from operations ₹ **2,326.25 lacs** (Previous Year ₹ 6,914.82 lacs), total expenditure ₹ 2,258.61 lacs (Previous Year ₹ 7,323.26 lacs), total assets aggregating ₹ **9,333.78 lacs** (Previous Year ₹ 14,652.75 lacs) and total liabilities aggregating ₹ **9,262.76 lacs** (Previous Year ₹ 15,076.69 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, trade receivable, etc] as at March 31, 2014 of the Company relating to these contracts aggregate ₹ **6,378.26 lacs** (Previous Year ₹ 5,589.30 lacs). The situation in Libya is returning to normal and the Company is confident of completing these projects.

NOTE 43

The production of Cables at Thane factory has been discontinued from February 11, 2013 and during the year, the Company has given voluntary retirements to all the workers at a cost of ₹ 1,816.42 lacs. The complete range of products manufactured at Thane factory is now being manufactured at new cable factory at Vadodara.

Further the Company signed an 'Agreement for Sale' dated March 29, 2014 for sale of land (book value ₹ 6,313 lacs) to M/s Ardent Properties Pvt. Ltd. (a 100% subsidiary of Tata Housing Development Company Limited) for a consideration of approx. ₹ 21,234 lacs. The Company expects to complete all formalities shortly.

NOTE 44

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

Signatures to Notes 1 to 44 which form an integral part of Financial Statements

For and on behalf of the Board of Directors

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: April 30, 2014

NOTES

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▀ River crossing project in West Bengal involving tower construction in middle of the river and along the shore. The height of an individual river crossing tower is ~236 meters (775 feet) (which is about 75% height of Eiffel Tower).





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