What makes us a

billion dollar global infrastructure EPC player?






KEC International Limited

Annual Report 2010-11

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KEC International, a flagship company of RPG Group, is a global infrastructure Engineering, Procurement and Construction (EPC) major. It has presence in the verticals of **Power Transmission, Power Systems, Cables, Railways, Telecom and Water.** The Company has powered infrastructure development on turnkey basis in 45 countries across South Asia, Middle East, Africa, Central Asia and Americas. This year, the Company has achieved a billion dollar turnover mark.

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.

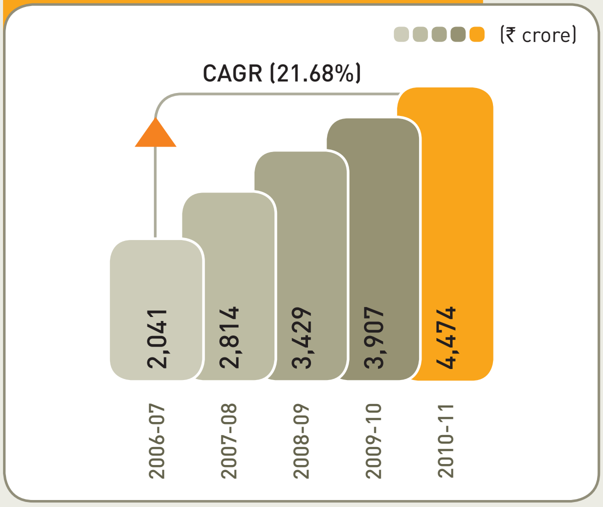
Cultural Pillars

Our culture is built on the foundations of eight culture pillars, which comprise:

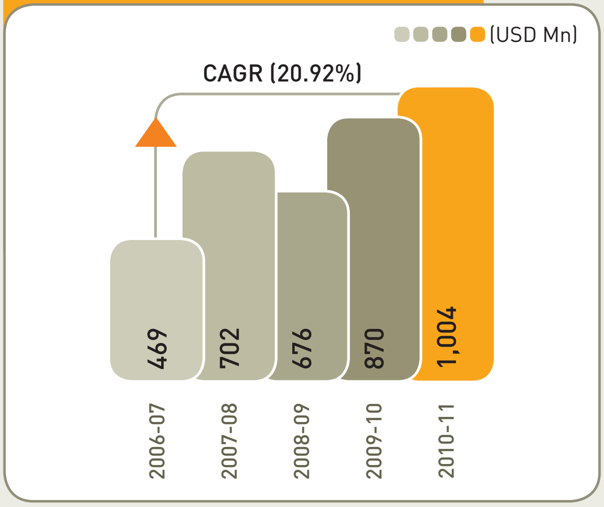
- Delivery Focus
- Cost and Profitability Focus
- Ownership and Accountability
- Cross Functional Team-work
- Empowering Performance
- Valuing People
- Providing Diverse Opportunities
- Forward Looking

Numbers behind the story

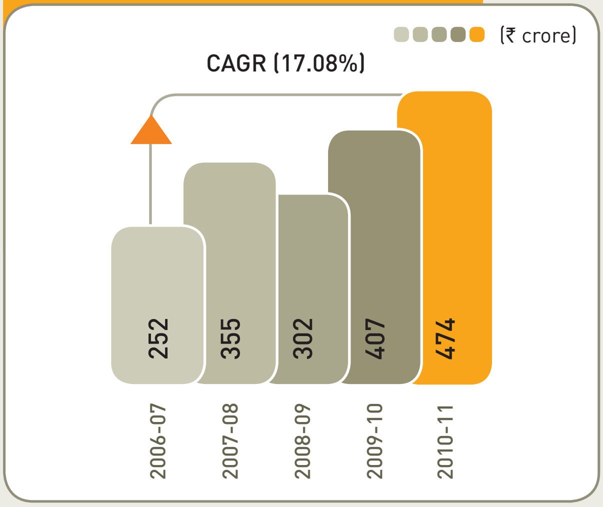
Net Sales



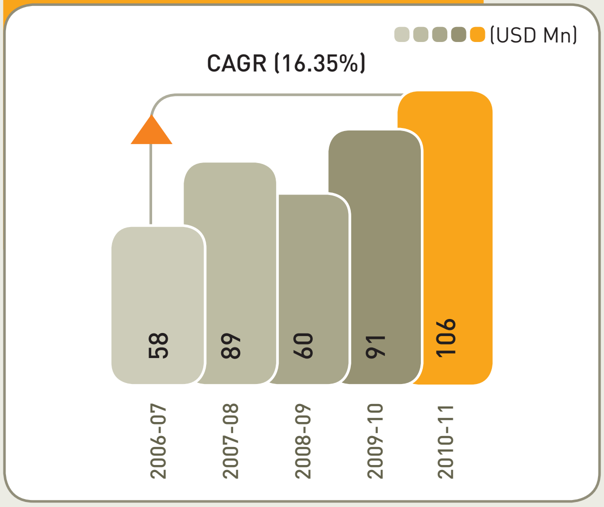
Net Sales



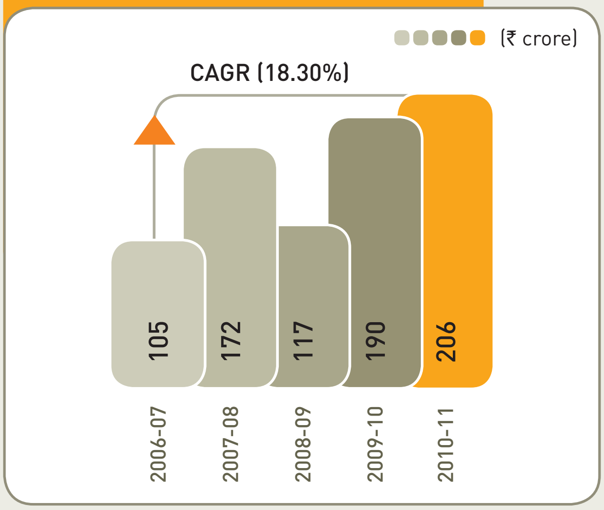
EBITDA



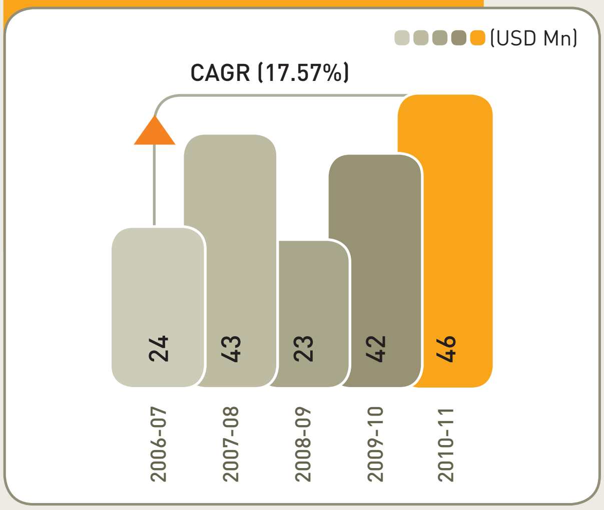
EBITDA



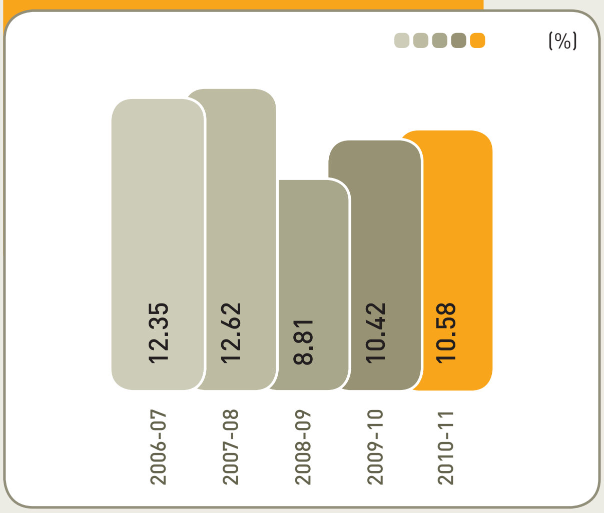
Profit After Tax (PAT)



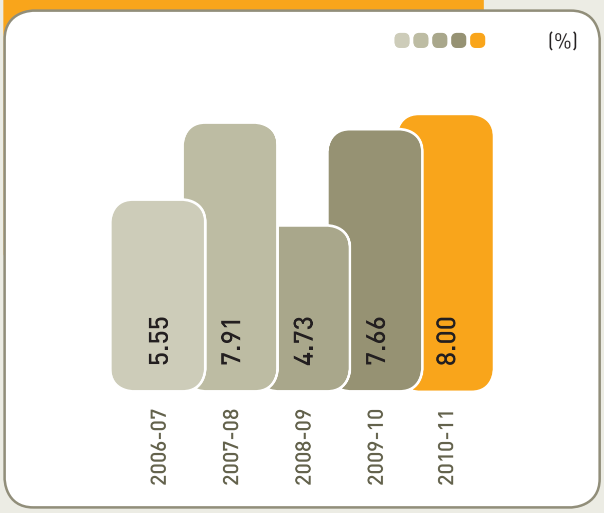
Profit After Tax (PAT)



EBITDA margin



Earning Per Share



Note:

1. All the numbers in this section are on Consolidated basis
2. CAGR represents 4 years Compounded Annual Growth Rate
3. 2010-11 EBITDA excludes ₹ 8.49 crore related to VRS expenditure (Exceptional Item)
4. EPS is adjusted w.r.t. face value of equity shares from ₹ 10/- per share to ₹ 2/- per share
5. Exchange Rate (₹ per USD) is closing rate as at respective financial year end

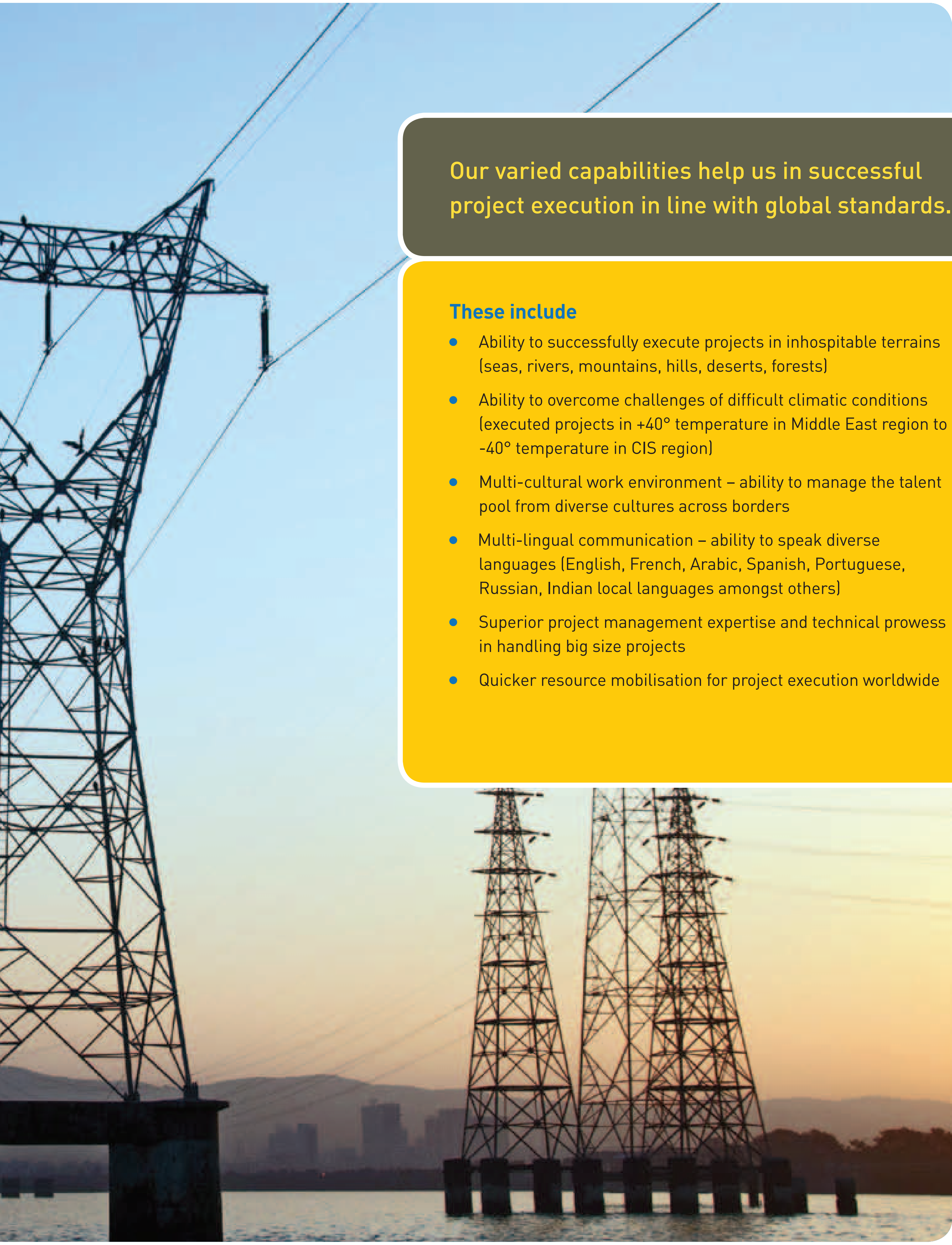
Snowfields

Mountains and hills

Deserts

What makes us a billion dollar global infrastructure EPC player?

Diverse capabilities



Our varied capabilities help us in successful project execution in line with global standards.

These include

- Ability to successfully execute projects in inhospitable terrains (seas, rivers, mountains, hills, deserts, forests)
- Ability to overcome challenges of difficult climatic conditions (executed projects in +40° temperature in Middle East region to -40° temperature in CIS region)
- Multi-cultural work environment – ability to manage the talent pool from diverse cultures across borders
- Multi-lingual communication – ability to speak diverse languages (English, French, Arabic, Spanish, Portuguese, Russian, Indian local languages amongst others)
- Superior project management expertise and technical prowess in handling big size projects
- Quicker resource mobilisation for project execution worldwide

Operational highlights 2010-11

INDIAN OPERATIONS

Received orders worth ₹ **828 crore** from Power Grid Corporation of India Limited (PGCIL) for the construction of 765 kV and 400 kV transmission lines.

Secured orders worth ₹ **764 crore** from Rajasthan, Maharashtra and Andhra Pradesh state utilities.

Widened client base by securing orders worth ₹ **146 crore** from new private sector customers - Bina Power Supply Company and Parbati Koldam Transmission Company.

Entered into the 400 kV sub-station segment and secured 2 orders worth ₹ **130 crore** from PGCIL.

Forayed into Electrical Balance of Plant (E-BoP) segment by winning an order worth ₹ **40 crore** from National Mineral Development Corporation (NMDC).

Highest ever order intake in Cable business – approx ₹ **550 crore**.

Acquired Jay Railway Signaling Private Limited which shall help us in building pre-qualification base for the Signaling projects.

Grown Railway business order book to ₹ **389 crore** from ₹ 136 crore in the previous year.

Diversified into water business by winning first order worth ₹ **31 crore** for construction of Canal in Madhya Pradesh.

INTERNATIONAL OPERATIONS

Acquired US based, SAE Towers Holdings LLC, a leading manufacturer of steel lattice transmission towers in Americas.

Largest ever order for KEC from Canada worth ₹ **735 crore**; signed an agreement for tower supply.

Entered in the Georgia (CIS Region) by securing transmission line order worth ₹ **326 crore**.

Re-entered the Philippines (Far East Asia region) after a decade by securing an order worth ₹ **42 crore**.

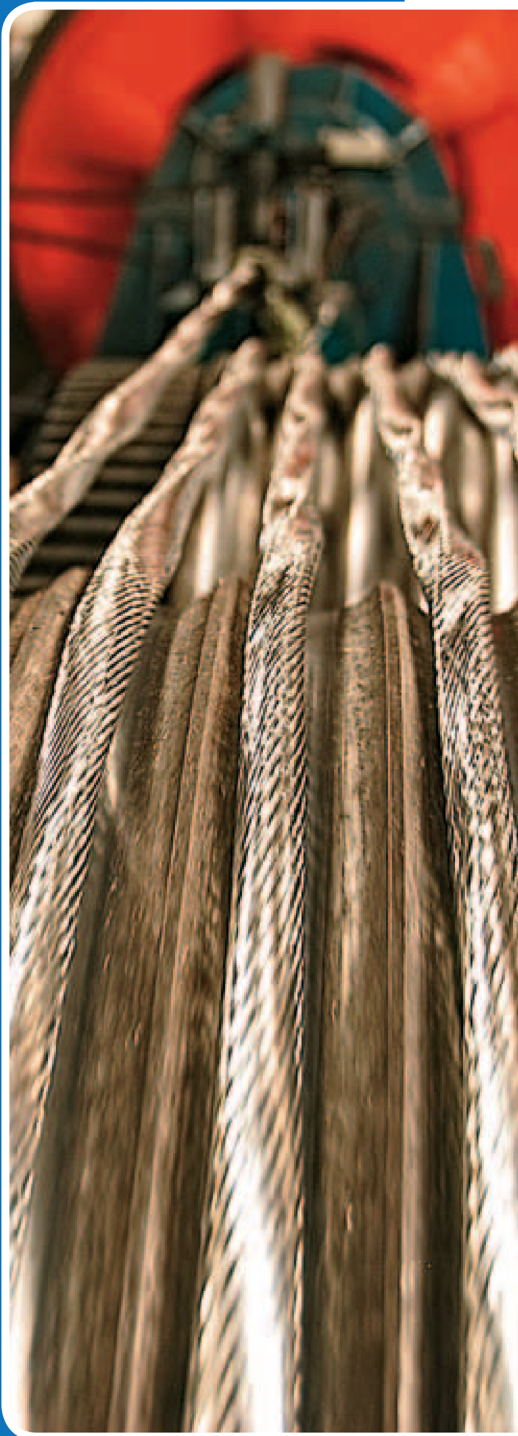
Consolidated presence in Southern African region (SADC) by securing three orders for 765 kV transmission lines from South Africa and an order from Zambia. Total value of these orders are ₹ **261 crore**. We secured orders in Namibia and Mozambique from this region.

Secured transmission line orders from Middle East (Abu Dhabi, Saudi) and Africa (Nigeria) worth ₹ **281 crore**.

Increased SAE Towers order book from ₹ **580 crore** at the time of acquisition to ₹ **892 crore** at the end of financial year; SAE Towers secured total ₹ **666 crore** new orders post acquisition.

Strengthened sub-station business position in the global markets by securing order from Kazakhstan (CIS Region) worth over ₹ **550 crore** and from Bhutan (SAARC Region) worth ₹ **62 crore**.

Forayed into international market in Railway business by securing a railway electrification order from Malaysia worth ₹ **30 crore**.



What makes us a billion dollar global infrastructure EPC player?

Robust order book with 42% annual growth

Our order book has witnessed an impressive 42% growth this year, with each business vertical contributing substantially. In other words, this growth is Robust, Diversified and Balanced across business verticals and geographies.

Our order book says it all.

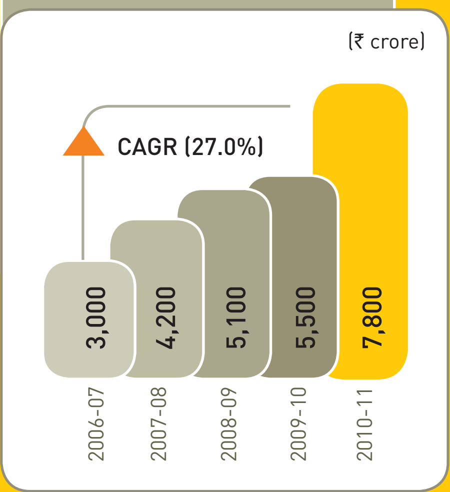
Robust: Order book has increased to ₹ 7,800 crore as against ₹ 5,500 crore in the previous year.

Balanced: Each of the key geographies where we are operating contributes more than 10% to the order book. More than half of the order book is from international markets.

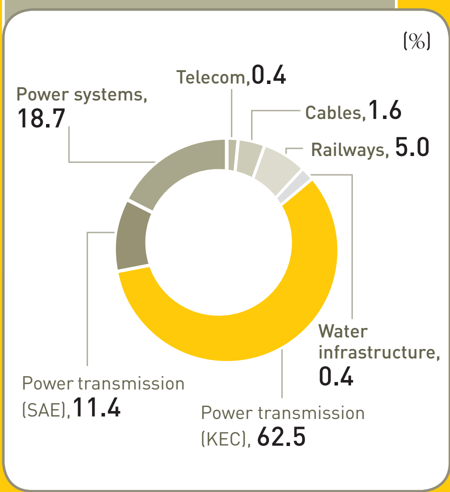
Diversified: Contribution of Non-Transmission businesses to the order book has grown to 26.2% this year compared to 12.0% in 2007-08.

Good Mix: We have orders from developing and developed regions. Americas contribution stands at 20.9%. Till last year, it was nil.

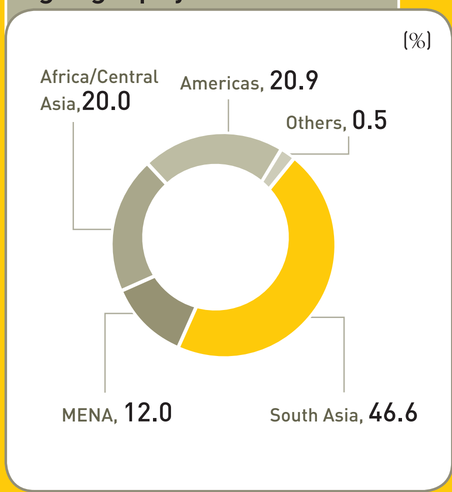
Order book growth



Order book - business vertical wise



Order book - geography wise



Manufacturing facilities

KEC has five tower manufacturing and three cable manufacturing facilities. It has emerged as the world's second largest tower manufacturing company operating globally with a total capacity of 251,000 MT per annum. The Company pursues advanced operational standards and possesses several quality, safety and environmental certifications, such as ISO 9001, ISO 14001 and OHSAS 18001.

TOWERS (INDIA)

Jaipur, Rajasthan

Capacity

36,000 MTs per annum of lattice towers

Nagpur, Maharashtra

Capacity

55,000 MTs per annum of lattice towers

Jabalpur, Madhya Pradesh

Capacity

60,000 MTs per annum of lattice towers

TOWERS (AMERICAS)

Monterrey, Mexico (North America)

Capacity

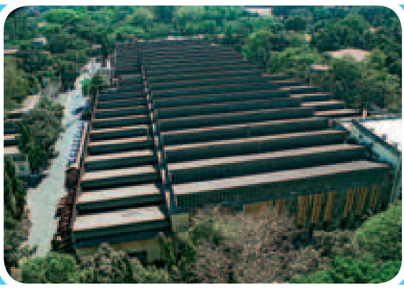
35,000 MTs per annum of lattice towers and poles

Belo Horizonte, Brazil (Latin America)

Annual installed capacity

65,000 MTs per annum of lattice towers. Also manufactures transmission line related Hardwares

CABLES (INDIA)



Thane, Maharashtra

Capacity

1,200 KMs per annum of power cables

Mysore, Karnataka

Capacity

10,000 KMs per annum of power cables

965,000 KMs per annum of telecom cables

Silvassa, Dadra and Nagar Haveli

Capacity

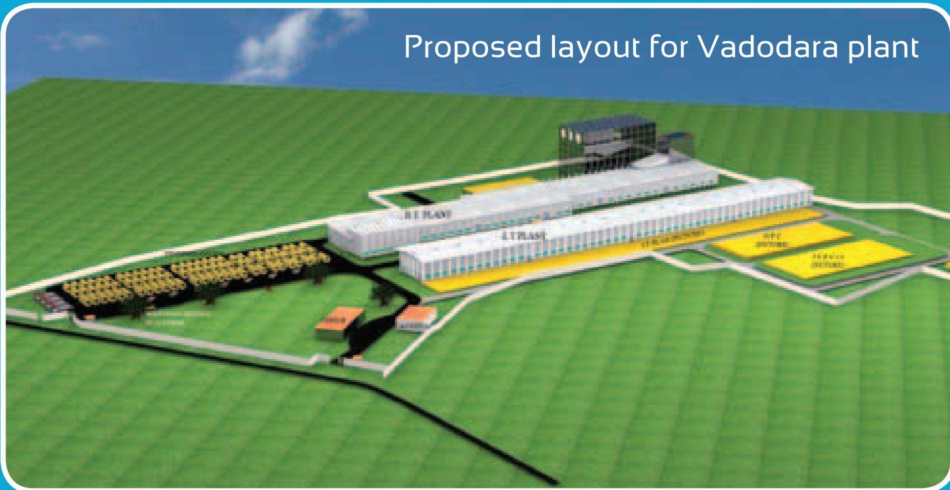
14,580 KMs per annum of power cables

What makes us a billion dollar global infrastructure EPC player?

Expanding Cable Manufacturing Capacity

We are setting up a green-field plant at Vadodara (Gujarat, India) to cater to the increasing demand of Extra High Voltage Power Cables. The state-of-the-art plant will have an installed annual capacity of 3,000 cable kilometres and cables manufacturing capability up to 220 kV and 400 kV. Total investment is estimated at ₹ 150 crore.

We have already acquired around 54 acres of land, placed orders for critical equipments and started construction. The commercial production is expected to commence by first quarter of financial year 2012-13.



Proposed layout for Vadodara plant

Products and services

POWER TRANSMISSION

- Turnkey Transmission Lines
- Manufacturing of Lattice Towers, Poles and Hardware
- Design and Engineering Services
- Tower Testing

POWER SYSTEMS

- Sub-stations
- Rural Electrification
- Electric-Balance of Plant (E-BoP)
- Cabling solutions (Installation)
- Design and Engineering Services

CABLES

- Power Cables (up to 132kV)
- Telecom Cables (Optic Fiber Cables and Jelly Filled Cables)

RAILWAYS

- Railway Electrification
- Civil Infrastructure (Bridges, Tunnels, Earthwork, Platform, Stations, Track Laying)
- Railway Signaling

TELECOM

- Turnkey Telecom Tower Sites
- OPGW /ADSS/ OFC Networks
- Installation of GSM / CDMA Equipment

WATER

- Irrigation Projects
- Embankment Work, Flood Control
- Waste Water Management (Sewerage, Industrial Effluent Treatment)

What makes us a billion dollar global infrastructure EPC player?

Growing through good mix of organic and inorganic opportunities

KEC acquired 100% stake in SAE Towers Holdings LLC, United States in September 2010 at an enterprise value of USD 95 Mn.

The objective:

This acquisition will strengthen our leadership in Power Transmission business by building strong presence in the large, advanced and growing markets of North and South America. The transmission and distribution spend in these regions are rapidly increasing and SAE Towers is well positioned to capitalise these long term growth opportunities.

About SAE Towers

- Headquartered in Houston, Texas (United States of America)
- Leading manufacturer of lattice transmission towers in the Americas; also manufactures steel poles and hardware
- Annual production capacity – 100,000 MTs, spread across two locations
  - Monterrey, Mexico (35,000 MTs) – Serving the North American market
  - Belo Horizonte, Brazil (65,000 MTs) – Serving the Latin American market
- Tower testing station at Brazil – Americas' largest
- Dominant market position – Enjoys highest market share in Brazil, United States and Mexico
- In-house design and engineering expertise
- Practices high standards of excellence with quality, safety and environmental certifications such as of ISO 9001, ISO 14001 and OHAS 18001
- Employee strength – over 800 employees spread over United States, Mexico and Brazil

We also acquired Jay Railway Signaling Private Limited (now known as Jay Railway Projects Private Limited), an Indian railway signaling automation systems and technology company, for an enterprise value of about ₹ 14 crore. The acquisition shall further strengthen our prequalification base for signaling works and thereby increase our service offerings in railway projects in India and globally.

Power transmission

KEC maintains its global leadership position in the Power Transmission EPC vertical. With more than 60 years of experience, the Company is capable to design, manufacture, supply and construct turnkey transmission line projects up to voltages of 800 kV. It has constructed some of the heaviest and tallest transmission towers globally. It employs conventional as well as advanced methods of surveying, erecting towers and stringing amongst others.

Design and Engineering

The Company has in-house design centers with a strong team of over 100 design experts in India and Americas. It is equipped with latest softwares like PLS Tower, PLS Pole, PLS CADD, AUTOCAD, MICROSTATION, BOCAD and Google Earth. It is providing computerized engineering solutions, 3D analysis and design depending on the size and complexity of the project, voltage range, weather condition etc.

Testing Station

KEC is the only company in the world to have four tower testing stations, three in India and one in Brazil. In India it has testing stations at Nagpur (Maharashtra), Jabalpur (Madhya Pradesh) and Jaipur(Rajasthan) and in Brazil at Betim, Belo Horizonte.

KEC's Nagpur facility is the highest-capacity tower testing station in the world, capable of testing towers up to 1200kV. The Brazilian facility is the largest tower testing station in the Americas. All the testing stations are strategically located near manufacturing facilities. The Company is capable of testing all types of towers –Lattice Towers, Guyed Towers, Tubular and Mono Poles.

Power systems

KEC's natural progression from Transmission to Power Systems gives it an advantage to provide end-to-end solutions from power evacuation to distribution to consumers.

The main areas of operation in the Power System vertical include Rural Electrification, Sub-stations, and Electric-Balance of Plant (E-BoP).

In the Rural Electrification space, KEC has electrified 10,000 villages in India and has provided approx. 400,000 BPL (Below Poverty Line) electricity connections.

In the Sub-station space, KEC has executed projects up to 220 kV in various countries. The Company is gradually going for higher range of sub-station projects. During the year, the Company entered in 400 kV sub-station projects in India by securing two projects from PGCIL and entered in 500 kV, 1150 kV sub-station segment by securing a project in Kazakhstan.

In the E-BoP space, the Company is building competencies and pursuing business opportunities. It is currently in the process of executing the first E-BoP order for NMDC worth ₹ 40 crore.

Cables

KEC's cables vertical (erstwhile RPG Cables Limited) is one of the oldest and largest fully integrated cable manufacturing units in India. Its brand name 'Asian' has completed 50 years of existence. The Company has pioneered the production of XLPE cables in India.

The factories in Thane, Mysore and Silvassa manufacture a range of Control and Power Cables, critical to the distribution network of power utilities. KEC also manufactures optic fibre and jelly filled copper telecom cables, and cables for industrial usage. Apart from cables manufacturing, the Company has also been providing end-to-end total cable solutions by executing several projects on turnkey basis involving cable laying, joining, testing and commissioning.

Railways

KEC has been one of the early entrants in the Railway electrification segment, having electrified more than 6,000 kms of Indian Railways (approx. 15% of the total Indian Railway electrification).

In 2009, KEC started a new vertical to make further in-roads into the Railway business. The Company has developed capabilities and established presence in all functional segments of railway infrastructure development such as Civil works, Electrification and Signaling.

In the Civil works space, the Company constructs bridges, buildings (at stations & yards), platforms, workshop modernization etc. It also carries out track works which include track laying & linking, preparation of ballast bed and earthwork in formation.

In the Electrification space, the Company undertakes overhead electrification, traction substation, general electrical works (building & station yard lighting).

In the Signaling space, the Company undertakes interlocking works, outdoor & indoor supply and installation works.

Telecom

KEC is among leading EPC players to provide telecom towers on turnkey basis to operators, tower management companies and utilities.

The Company has an experience in OFC cables laying and OPGW stringing in live-line conditions, and has also undertaken the installation and commissioning of GSM/ CDMA equipment. It possesses extensive expertise in installation and commissioning of Microwave and BTS equipment, Satellite Receivers and Weather Monitoring Systems. The Company has rich experience in implementing Build-Own-Operate (BOO) projects – owning 375 telecom towers in India.

Water

KEC entered the Water Resource Management business vertical during the current financial year to leverage expertise in project management and EPC infrastructure space.

The Company is focusing on projects both in Water Resource Management and Water & Waste Water Treatment space. This includes projects in irrigation, hydroelectric construction, embankment, flood control, sewage and industrial effluent treatment, Potable water treatment and distribution. KEC has entered into a collaboration with BIOWORKS AG (Germany), specialist in design and execution of water and waste water treatment systems, for advanced technologies such as Activated Sludge Process, Sequential Batch Reactor, Rotating Bed Bio Reactor, Moving Bed Bio Reactor, amongst others. During the year, KEC received an order of ₹ 31 crore in water resource management relating to construction of canals.

Enhancing social commitment

At KEC, we are committed to enhance our position as a responsible corporate and ensure positive impact through our social initiatives.

Existing ITI Premises

New Premises Identified for ITI

Training and Education

Established training institute in Nagpur, India

We have set up a state-of-the-art training Institute with modern facilities at Butibori, Nagpur (India). The objective is to create a large talent pool by imparting training on the latest practices and techniques in the field of transmission line projects. This training would benefit the individual by improving employability, concurrently the industry would benefit with increased availability of trained manpower. The first batch has successfully completed training in March 2011.

Adopted Governments' Industrial Training Institute (ITI)

We have adopted an ITI called "Ashti" in a village near Nagpur (India) under the Indian Government's Private Public Partnership programme. We have initiated multiple steps, which comprise improving the basic amenities and facilities, upgrading the course content and enhancing the competencies of instructors. This will result in enhancing educational standards and improving employability of students.

Other initiatives

- Set up a library for rural children in adopted village "Sukali" (Nagpur, India).
- Launched adult education drive in Bothra, Khurd and Ramaipur villages, located near the KEC's Varanasi project site.
- Organised various batches for tailoring and beautician courses for local women in Jaipur, promoting self-employment.

Health, Safety and Environment

- Installed **rain water harvesting system** in Jaipur factory to conserve water
- Organised **Free Health Check-up camp, Free Eye Check-up Camp, Pulse Polio Immunisation Camp** at Silvassa in association with a local NGO. More than 1000 people were covered under all these initiatives
- A water hut **"Jal Mandir"** was set up in Jaipur factory vicinity, providing cold drinking water for travelers and neighbouring community
- Programme on **"No Tobacco Day"** (May 31, 2010) in Silvassa and Jaipur, sessions were conducted for people in nearby vicinity to increase awareness about the health risks associated with tobacco use
- Programme on **"World AIDS Day"** (Dec 01, 2010) in Silvassa to enhance awareness about HIV and AIDS
- Programme on **"Environment Day"** (June 5, 2010); planted 1,470 trees near the sub-stations in the Nagpur region. Besides, Jatropa and Banana plantation was done in Mysore

Helping rain victims in Rio de Janeiro, Brazil

The rains in the mountainous region of Rio de Janeiro in January 2011 caused death of about 880 people and rendered more than 30,000 people homeless. Our subsidiary, SAE Towers played an active role by becoming a collection point for disaster relief donations. The items donated included essential items such as food, clothing and bedding which were distributed to the victims by the Brazilian Red Cross.

Rehabilitating people affected by drug and alcohol addiction in Brazil

SAE Towers, Brazil has a partnership with the Department of Labor in the city Contagem, Brazil for a social program called SOPÃO. This program aims to help people recover from drug and alcohol addiction by providing the participants with food, psychological support as well as arts and crafts training, so that they can be socially reintegrated into society. Each month we arrange 3,000 meals under this program.

Rain water harvesting


Distributing meals to drug/alcohol addicted people

Corporate information

Board of Directors

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

Management Team

R. D. Chandak	Managing Director and CEO
Vimal Kejriwal	President – Transmission Business
George Varghese	President – Distribution Business
Vardhan Dharkar	Chief Financial Officer
Yugesh Goutam	Vice President - Human Resource
Luigi Ruggieri	CEO – SAE Towers
Nikhil Gupta	Executive Director – Cables
Randeep Narang	Executive Director – South Asia
Maadhav Digraskar	Chief Executive – Power System
A. K. Sharma	Chief Executive - Telecom
Sanjay Chandra	Chief Executive – Railways
Dilip Shukla	Chief Executive – Water
Akhil Saxena	Vice President – Supply Chain
V. Balasubramaniam	Vice President – International Projects
Raj Kumar Gupta	Vice President – South Asia Projects
Vasant Pandit	Vice President - Sales and Marketing (Cables)

Company Secretary

Ch. V. Jagannadha Rao

Auditors

Deloitte Haskins & Sells
Chartered Accountants

Registrars and Share Transfer Agents

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

Registered Office

RPG House
463, Dr. Annie Besant Road
Worli, Mumbai 400 030
Ph.: 022- 66670200 Fax: 022-66670260

Plants

KEC

Butibori, Nagpur
Butibori 441 108
Maharashtra

Hebbal Industrial Area
Hootagalli
Belavadi Post
Mysore 571 186

Jhotwara
Jaipur 302 012
Rajasthan

2ndPokhran Road
Post Box No. 11
Thane 400 601

Deori
Jabalpur – 483 220
Madhya Pradesh

Demni Road
Silvassa 396 191
Dadra and Nagar Haveli

SAE

Monterrey, Mexico (North America)
C.P. 66050-79

Belo Horizonte, Brazil (Latin America)
32669-722

Bankers

Bank of India
Abu Dhabi Commercial Bank
Allahabad Bank
Andhra Bank
Axis Bank Limited
Bank of Baroda
Barclays Bank Plc
Central Bank of India
Corporation Bank
Dena Bank
Export Import Bank of India
ICICI Bank Limited
IDBI Bank Limited
Punjab National Bank
The Royal Bank of Scotland N.V.
Standard Chartered Bank
State Bank of Bikaner and Jaipur
State Bank of Hyderabad
State Bank of India
Syndicate Bank
UCO Bank
YES Bank Limited
The Dhanlaxmi Bank Limited
Punjab and Sind Bank

Directors' report

To the Members of
KEC International Limited

The Directors have pleasure in presenting the Sixth Annual Report along with the audited accounts of the Company for the year ended March 31, 2011.

1. Financial Results

₹ in crore

	Standalone		Consolidated	
	2010-11	2009-10	2010-11	2009-10
Gross Sales	4057.46	3,922.59	4568.84	3952.58
EBITDA	*380.43	386.72	*473.53	406.85
Interest	98.66	86.53	107.50	86.47
Profit before Non-Cash Items/Tax	281.77	300.19	366.03	320.38
Depreciation and Amortisation	34.49	26.24	40.81	27.02
Profit before Tax	238.79	273.95	316.73	293.36
Provision for Tax	91.70	102.96	111.08	103.70
Profit after Tax	147.09	170.99	205.65	189.66
Appropriations:				
Balance as per last account	422.64	304.85	441.80	305.33
Transfer to General Reserve	14.71	17.10	14.71	17.10
Proposed Dividend	30.85	30.85	30.85	30.85
Tax on Dividend	4.89	5.24	4.89	5.24
Balance transferred to Balance Sheet	519.29	422.64	597.00	441.80

Note: * excludes ₹ 8.49 crore related to VRS expenditure

2. Dividend

The Board of Directors recommends a dividend of ₹ 1.20/- per equity share of ₹ 2/- each for the year ended March 31, 2011 on the Equity Share Capital of the Company, aggregating to ₹ 30,85,06,044/-(Rupees Thirty Crore Eighty Five Lacs Six Thousand and Forty Four) .

Posted consolidated net sales of ₹ 4,474 crore for the period ended March 31, 2011 thereby achieving the one billion dollar mark

3. Performance

The Company has achieved a gross sales of ₹ 4,057.46 crore for the period ended March 31,2011. The Company posted net sales of ₹ 3,962.78 crore and net profit of ₹ 147.09 crore for the financial year 2010-11 as against net sales of ₹ 3,877.24 crore and net profit of ₹ 170.99 crore in 2009-10. Earnings before interest, depreciation, tax and amortisation (EBITDA) was ₹ 380.43 crore (excluding ₹ 8.49 crore towards VRS expenditure) for the financial year 2010-11 as against ₹ 386.72 crore in 2009-10.

During the year under review, the Company acquired SAE Towers Holdings LLC (SAE Towers), a limited liability company incorporated in Delaware, USA. The acquisition of SAE Towers, has helped the Company gain a major presence in the markets of North America and South America. SAE Towers has significant business in Brazil, Mexico and USA, with manufacturing capacity of approximately 65,000 MTs (in Brazil) and 35,000 MTs (in Mexico) of power transmission towers per annum. SAE Towers also manufactures steel poles for power transmission, sub-station structures as well as hardware for transmission lines. SAE Towers also owns a tower testing station in Brazil.

During the year under review, the Company acquired Jay Railway Projects Private Limited (formerly known as Jay Railway Signaling Private Limited), a Railway Signaling Automation Systems and Technology company. It undertakes turnkey signaling contracts for the Indian Railways. With this acquisition, the Company is poised to undertake a larger segment of activities under the Railway Infrastructure business.

4. Share Capital and Listing

Pursuant to the approval accorded by the Members through Postal Ballot on December 20, 2010, the Equity Shares of ₹ 10/- each of the Company have been sub-divided into 5(five) Equity Shares of ₹ 2/- each. As a result, the aggregate paid-up Equity Share Capital of the Company stands at ₹ 51.42 crore comprising of 25,70,88,370 fully paid-up Equity Shares of ₹ 2/- each. As at March 31, 2011, 96.43% of the Company's total paid up Share Capital representing 24,79,01,280 Equity Shares of ₹ 2/-each are in dematerialised form.

After completion of despatch of share certificate/credit of shares to the shareholders of the Company, all the Equity Shares of the Company of face value of ₹ 2/- each are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Equity Shares of the Company continue to remain listed with Bombay Stock Exchange Limited and National Stock Exchange of India Limited and the stipulated listing fees for the year 2011-12 have been paid to both the Stock Exchanges.

5. Fixed Deposits

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

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 with Bombay Stock Exchange Limited and National Stock Exchange of India Limited, a separate section on Management Discussion and Analysis which also includes further details on the state of affairs of the Company and Corporate Governance Report, as approved by the Board of Directors, together with a certificate from the Statutory Auditors confirming the compliance with the requirements of Clause 49 forms part of this Annual Report.

8. Subsidiary Companies

At the beginning of the year, the Company had two subsidiary companies. Pursuant to the acquisitions made by the Company in the financial year 2010-11, the number of subsidiary companies of the Company stands increased to 19. The details pertaining to subsidiaries are mentioned under the statement made pursuant to Section 212 of the Companies Act, 1956, which forms part of this Annual Report.

Ministry of Corporate Affairs vide its Circular No: 5/12/2007-CL-III 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, 2011, is included in the Annual Report. The Annual Accounts of these subsidiaries and the related detailed information will be made available to any Member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any Member of the Company/its subsidiary(ies) at the Registered Office of the Company/its subsidiaries.

Pursuant to the Listing Agreement with the Stock Exchanges and the general exemption granted by the Ministry of Corporate Affairs, the Consolidated Financial Statements of the Company, including the financial details of all the subsidiary companies, which forms part of the Annual Report, has been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

9. Directors

In accordance with the provisions of the Companies Act, 1956, Mr. D. G. Piramal and Mr. A. T. Vaswani retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

The Board of Directors have appointed Mr. M. K. Sharma as an Additional Director on May 06, 2011. Pursuant to Section 260 of the Companies Act, 1956 and Article 124 of the Articles of Association of the Company, Mr. M. K. Sharma holds office only up to the date of the ensuing Annual General Meeting of the Company and is eligible for appointment as Director. The Company has received a notice under Section 257 of the Companies Act, 1956, proposing the appointment of Mr. Sharma as a Director of the Company who will be liable to retire by rotation.

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

The Board of Directors recommends the re-appointment of Mr. D. G. Piramal and Mr. A. T. Vaswani and the appointment of Mr. M. K. Sharma.

10. Auditors

Statutory Auditors:

Deloitte Haskins & Sells, Chartered Accountants were appointed as the Statutory Auditors of the Company to hold office from the conclusion of the previous Annual General Meeting until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint Deloitte Haskins & Sells, as the Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Audit Committee to fix their remuneration. The Company has received a letter from Deloitte Haskins

& Sells to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act. The Board of Directors recommends the re-appointment of Deloitte Haskins & Sells, as Statutory Auditors of the Company.

Branch Auditors:

In terms of Section 228 of the Companies Act, 1956, the Company is required to conduct audit of the accounts of the branch offices of the Company. The Board of Directors recommends to the Company to authorize the Audit Committee to appoint auditor(s) to audit accounts of the branch offices of the Company and fix their remuneration.

Cost Audit:

The Cost Audit Branch of Government of India, vide its Order dated April 01, 2011, directed the Company to conduct the Cost Audit in relation to Electrical Cables and Conductors manufactured by the Company for the Financial Year ended March 31, 2011 and thereafter.

11. 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, 2011, 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, 2011, have been prepared on a going concern basis.

12. 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.

13. Group

Pursuant to intimation received from the promoters, the name of the promoters and entities comprising the "Group" as defined under the Monopolies and Restrictive Trade Practices Act, 1969, forms part of this Annual Report.

14. Acknowledgement

Your Directors express their grateful appreciation for the assistance and co-operation received from the customers, government authorities, banks and vendors during the financial year.

Your Directors appreciate and value the trust and faith shown by every shareholder of the KEC family.

Your Directors would also like to once again place on record their appreciation to the employees at all levels, who through their dedication, co-operation and support have enabled the Company to move towards achieving its objectives.

For and on behalf of the Board of Directors

H. V. Goenka
Chairman

Place: Mumbai
Date : May 6, 2011

Annexure to the Directors' Report

(A) Conservation of Energy

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

Installed automatic power factor controller (APFC-150+150 KVAR capacity), FRP sheets, human body sensors, thin client servers, additional 630 KVA transformer, turbine ventilators in OFC Plant to improve ambient light and ventilation, transparent/ translucent roof sheets, wind ventilators in galvanizing area, winding machine induction motor control and 72HPL copper lapping machine blower motor control. Replaced DC drives and controls with AC type in phases, board Room lighting into LED type, lower rating motor, CRT monitors with power efficient LCD monitors and Bio-Diesel plantation was taken up on one acre land on pilot basis. In addition to the above, purchased new EOT cranes along with VFD and energy efficient motors.

These efforts have resulted in reduction in power consumption and saving approximately ₹ 14.90 lacs during the year.

(B) Technology Absorption

1. **Specific areas in which Research and Development is carried out by the Company:**

   Power consumption at office and shop floor lights, street lights, air conditioners, high mast and straightening machines in raw yard. Extensive study in realigning the plant layout for 'Single line material flow' and restoration of CNC Machines, wire wending machines and copper lapping machines.

2. **Benefits derived as a result of the above Research and Development:**

   The above efforts have resulted in numerous benefits including higher production, ease of maintenance, enhancement of processing speed, better monitoring and working conditions. It also resulted in avoidance of quality rejections, capital expenditure and reduction in consumption of raw material, production cycle time and cost of production.

3. **Future plans of action:**

   Replacement of Electronic chock in plant lighting, energy efficient chiller in XLPE line, LED lamps with the same illumination capacity. Use of switching and delamping to reduce excessive illumination levels, use of control lighting with clock timers, delay timers and sensors, Energy saving LED lights in Offices, conducting energy audits, introduction of Induction heating furnace for plate and angle heating, restoration of CNC Machines with Advance Technology, updation of Tower Testing Station with SCADA control, install advanced CNC punching machine, modification of Galva Furnace, induction of furnaces for bending, install astronomical timer in plant and street lighting.

4. Expenditure on R & D:

(a) Capital : ₹ 3,437.42 lacs

(b) Recurring : ₹ 671.11 lacs

(c) Total : ₹ 4,108.53 lacs

(d) Total R & D expenditure as a percentage of total turnover: 1.01 %

5. Technology Absorption, Adaption and Innovation :

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

Evaluation for replacement of old drive system with upgraded technology, conducted Energy Audit through external Energy Auditors, installed Induction Heating Furnace for Plate and Angle heating and also installed latest technology CNC Angle Drilling Machines.

b. Benefits derived as a result of above efforts:

The above efforts have resulted in increase in in-house production capabilities, speedy operations, better performance and higher availability of the machines and reduction in wastage and cost of production.

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

(i) Technology imported: CNC Angle line punching machines A166T and A124T, Spectrometer and CNC Drilling Machine HP25T

(ii) Year of import: 2008, 2009 and 2010 respectively

(iii) Has the technology been fully absorbed?: Yes

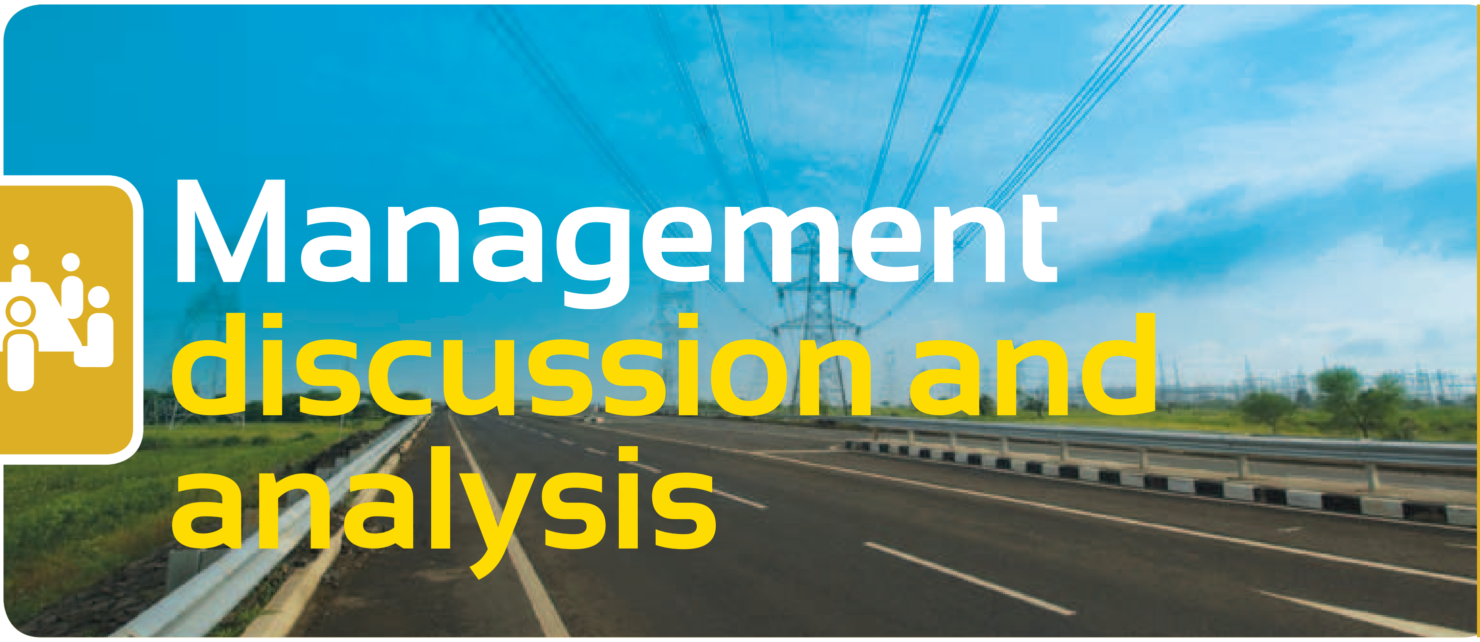
d. If not fully absorbed, areas where this has not taken place, reasons hereof and future plans of action: NA

(C) Foreign Exchange Earnings and Outgo

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

₹ in lacs

	2010-11	2009-10
Total foreign exchange earned	1,77,215.20	2,16,413.93
Total foreign exchange used	1,22,438.61	1,54,562.68



Management discussion and analysis

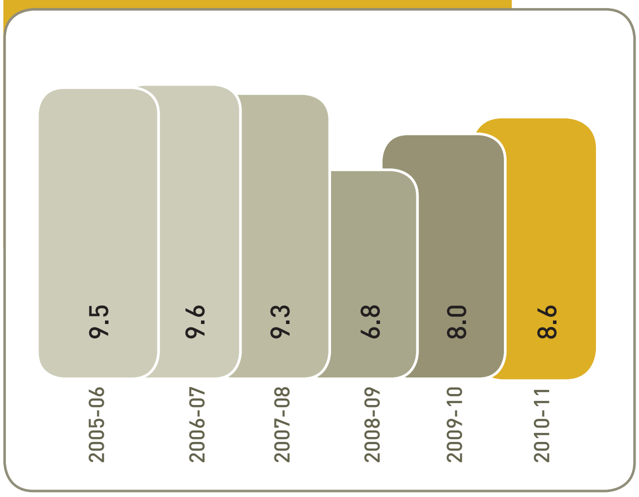
Company overview

KEC International, a flagship company of RPG Group, is a global infrastructure Engineering, Procurement and Construction (EPC) major. It has presence in the verticals of Power Transmission, Power Systems, Cables, Railways, Telecom and Water. The Company has powered infrastructure development on turnkey basis in 45 countries across South Asia, Middle East, Africa, Central Asia and Americas. This year, the Company has achieved the billion dollar turnover mark.

Economic review

India has sustained its economic growth and maintained its position as one of the better performing economies with a robust growth in Gross Domestic Product (GDP) of 8.6% in 2010-11, after remaining relatively unscathed by the global financial crisis in 2008-09. The growth was driven by the inherent strength of the country's domestic demand, complemented by well formulated monetary policies of the Reserve Bank of India and the fiscal stimulus provided by the Government of India. Large investment plans by the Government of India across various sectors, rising per capita income and increase in rural and urban spending is expected to further accelerate economic growth in the coming years.

GDP trend*



*Source: CSO * Growth in GDP at factor cost at 2004-05 prices*

Industry outlook and opportunities across the related sectors

Power Transmission and Distribution (T&D)

The Global Power Transmission and Distribution sector has strong growth prospects for the years to come. This growth will be driven by huge investments in grid interconnection projects, networks for new power generation capacities and replacement of old existing networks.

The International Energy Agency (IEA) forecasts World's installed power generation capacity to rise from 4,509 GW in 2007 to 7,820 GW in 2030. Total gross capacity additions amount to 4,801 GW over 2008-30. Total investment in power-

India has sustained its economic growth and maintained its position as one of the better performing economies with a robust growth in Gross Domestic Product (GDP) of 8.6% in 2010-11

sector over this period amounts to USD 13.7 trillion out of which Transmission and Distribution would require USD 2.0 trillion and USD 4.5 trillion respectively. Key international markets which are expected to do large investments in T&D infrastructure includes Asia and North America which are at different thresholds of power capacity addition.

Geographical Region	Year 2008-30 (USD Bn)			
	Capacity(GW)	Generation	Transmission	Distribution
North America	698	1,318	354	764
Europe	712	1,524	226	684
Pacific	230	451	137	238
E. Europe/Eurasia	355	558	93	311
Asia	2,151	2,587	949	1,958
Middle East	260	215	86	178
Africa	181	246	68	140
Latin America	214	296	92	191
Total	**4,801**	**7,195**	**2,005**	**4,464**

Source: World Energy Outlook 2009 ($ rate of 2008)

India (Power Transmission)

Power is a strategic input and a prime mover for economic and social development of a country. India's rapid economic growth over the last decade has resulted in creating additional pressure towards the development and augmentation of generation capacity and strengthening of the Transmission and Distribution segment commensurate with the pace of growth of the economy. The Government has developed aggressive investment plans to reduce the demand-supply deficit. While the Eleventh Plan targeted for a capacity addition of 78 GW, it is estimated that approximately 51 GW of generation capacity would be added by the end of the Eleventh Plan. The scale of opportunity becomes even larger in the Twelfth Plan wherein an ambitious target of 100 GW capacity additions has been planned. For these capacity additions to happen considerable investments both in public and private sector would be required and this in turn would also translate to additional investments in the T&D segment.

In order to create a national grid and reduce the technical losses during transmission, India is increasingly adopting HVDC technology and 765 kV transmission systems for inter-regional transmission lines. Also, with increase in higher size generation projects coming up, for e.g. mega and ultra mega power projects, requirement for power evacuation at higher voltage and longer distance has increased.

The Eleventh Plan had an estimated expenditure of ₹ 1,40,000 crore in Transmission which is proposed to increase significantly in the Twelfth Plan to ₹ 2,40,000 crore. The bulk of investments in the transmission segment still continue to be done by Power Grid Corporation of India Limited (PGCIL) and state utilities, while the private sector constitutes only a small portion.

India (Power Distribution)

In the Rural Electrification space, the Central Government has been taking several steps through various schemes such as the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) in which the Government provides 90% capital subsidy for projects with an objective to electrify over 1 lac un-electrified villages and to provide free electricity connections to 2.34 crore rural Below Poverty Level (BPL) households. Another scheme was the Restructured-Accelerated Power Development and Reforms Programme (R-APDRP) with an outlay of ₹ 50,000 crore, to strengthen the urban distribution networks.

In the sub-stations space, the focus in the Eleventh Plan was mainly on the 220kV and 400 kV sub-stations. However, the Twelfth Plan is expected to focus on increasing capacity in 500 Kv and 765 kV sub-stations space.

North America – United States and Canada

The American Reinvestment and Recovery Act (ARRA) of 2009 is facilitating USD 11 billion dedicated to the T&D grid in the United States of America. These investments would be for augmentation and strengthening of the transmission system, modernising the national electric grid and smart grid and improving the security of the transmission and distribution system.

Transmission utilities across Canada are making large investments in the maintenance of aging infrastructure and in the construction of new power lines and sub-stations to connect new generation sources to the bulk power system with estimated investment to the tune of USD 6 billion.

North America - Mexico

Mexico's utility The Comision Federal de Electricidad ('CFE') owns and operates the national grid of Mexico. As per CFE's 2009-2018 investment plan, they estimate that approx. USD 9.3 billion investment in transmission will be required for the power grid to meet the expected demand due to an increase in population.

Latin America - Brazil

The International Energy Agency forecasts an estimated USD 10 billion per annum investment in the Power sector till 2030. The investments would be necessary to reinforce the T&D system and meeting expansion needs of new power generation under construction in remote regions. The upcoming 2014 FIFA World Cup and 2016 Olympics also necessitated the Government's focus on infrastructure development. On the other hand, deregulation has increased private sector involvement in grid development.

Middle East

The major demand driver in the region is upcoming large power generating plants including nuclear plants, development of inter-country/regional interconnection lines and increasing private investment.

Total estimated investment in the Middle East region as per IEA's World Energy Outlook 2009 Report is approx. USD 25 billion in Transmission and approx. USD 52 billion in Distribution segment between 2008-2015.

Realising the future demand, many of the Middle East countries have embarked on restructuring and unbundling process of their power sector into generation, transmission and distribution areas thus providing opportunity for these business segments to focus on their core business, and also encouraging capital investments from the private sector.

Africa

The power sector in Africa is very small in comparison to its geographical size and population, thus providing scope for growth. Total estimated investment in the African region as per IEA's World Energy Outlook 2009 Report is approx. USD 21 billion in Transmission and approx. USD 42 billion in Distribution segment between 2008- 2015.

Central Asia

Central Asia region continues to be a high potential market with many large projects in the pipeline. Central Asia is going to witness a growth in power demand and lot of investment in Power sector is being planned in this region, especially related to Hydro electric projects. This will also result in lot of demand for Transmission and Distribution system.

Cables

The demand for cables is directly dependent on the growth in power sector, railways, real estate, telecom, refineries etc. Of the total requirement for cables, 80% requirement is from power sector, followed by 10% requirement by telecom sector and balance from other industries.

The current market size of Power Cables in India is estimated to be around ₹ 12,000 crore per annum and is expected to grow to ₹ 20,000 crore per annum during the Twelfth Plan period.

There is an increasing demand for Extra High Voltage cables (66 kV and above) and the same is expected to grow significantly in the future due to overall urbanisation. The demand for optical fibre cables is increasing given the growth in the telecom sector, making India the fifth largest consumer globally.

Telecom

The telecom operators are now targeting 'B' and 'C' class cities for growth where there can be an increased demand for towers. The allocation of spectrum for 3G and broadband wireless access services may also increase the requirements for tower supplies.

Railways

The Annual Railway Budget of Government of India has proposed the highest ever plan outlay at ₹ 57,630 crore for 2011-12 on Indian Railways.

Key focus areas for investments includes electrification, capacity enhancements, addition of new lines, gauge conversion, doubling of lines on congested routes, construction of dedicated freight corridors, repair and rehabilitation of tracks and bridges, replacement of overhead-based communication systems with Optical Fiber Cable (OFC) and quad-cable-based communication systems to achieve real-time control.

The Delhi Metro Phase III and Mumbai Metro phase III are proposed to kick-off in FY 2012. Delhi Metro Phase III would add another 105km to the network at a cost of ₹ 28,000 crore built over next four years. The Government of India, Ministry of Railways has plans to complete the Dedicated Freight Corridor project (around 2,700 km) by 2017 at an estimated cost of ₹ 40,000 crore.

Water

India with 2.3% of the world's total area has 16% of the world's population; but only has 4% of the total available fresh water. Further, only 21% of the total Indian population has access to piped drinking water and 28% of Indian population has sustainable access to improved sanitation facilities. Only 27% of the waste water gets treated before disposal which is increasingly causing pollution.

Technological changes are driving the way water is used, cleaned and reused. Industries are investing in new technologies and processes that reduce water use and waste water discharges. Agricultural productivity is being leveraged by drip irrigation and maintained by soil fertility and conservation techniques. As water scarcity becomes acute, it is expected that there will be an increased demand for large-scale and cost-effective water-reuse technologies and improved desalination & purification technologies.

The Eleventh Five Year Plan has an allocation of ₹ 2,46,234 crore for irrigation, flood control and command area development and ₹ 1,11,689 crore for urban water supply and sanitation projects targeting 100% water supply and sanitation to urban populations. The Government also permits 100% Foreign Direct Investment (FDI) in all water system projects, further opening the growth opportunity in the sector. The Government has also initiated Jawaharlal Nehru National Urban Renewal Mission (JNNURM) to encourage reforms and fast track planned development in identified cities where it invests substantially for water supply, desalination and sanitation in respect of water related schemes.

Financial Performance

Net Sales for the year on a consolidated basis was ₹ 4,474.16 crore, a growth of 14.51% over the previous year. This year, the Company has achieved a billion dollar Sales. On a standalone basis, Net Sales stood at ₹ 3,962.78 crore.

EBITDA (excluding non-recurring VRS expenses of ₹ 8.49 crore) at a consolidated level stood at ₹ 473.53 crore, registering an increase of 16.4%. EBITDA Margins increased by 20 basis points for the year to 10.6% of net sales. On a standalone basis, EBITDA (excluding VRS expenses) stood at ₹ 380.43 crore.

Depreciation on consolidated level for the year stood at ₹ 40.81 crore as against ₹ 27.02 crore in last year. It increased primarily due to the amalgamation of RPG Cables limited (from March 1st 2010), acquisition of SAE Towers (from September 23rd 2010) and capitalisation of tower testing station at Butibori (Nagpur). On a standalone basis, depreciation was ₹ 34.49 crore.

Net profit at a consolidated level for the year was at ₹ 205.65 crore as against ₹ 189.66 crore in the previous year, an increase of 8.43%. On a standalone basis, it was ₹ 147.09 crore.

Dividend has been maintained at 60% reflecting a distribution of ₹ 35.74 crore. This includes the dividend distribution tax.

Consolidated EPS stood at ₹ 8.00 per share. Standalone EPS stood at ₹ 5.72 per share.

Operational Highlights

KEC secured orders worth approx. ₹ 6200 crore during the year, taking its total order book to ₹ 7800 crore. Business vertical-wise-highlights are mentioned below:

Transmission: Entered in Americas by acquiring SAE Towers; Good order intake

The Company established its foothold in Americas by acquiring U.S. based, SAE Towers Holdings LLC, a leading manufacturer of steel lattice transmission towers in Americas. SAE Towers LLC increased its order book from ₹ 580 crore at the time of acquisition to ₹ 892 crore at the end of financial year. In addition to this, KEC also signed an agreement for its largest ever tower supply order from Canada worth ₹ 735 crore. As a result of this, the Company's consolidated order book share by end of March 2011 from Americas is 20.9% as compared to Nil in previous year.

During the year, the Company entered in the Georgia (CIS Region) by securing an order worth ₹ 326 crore and re-entered the Philippines (Far East Asia region) after a decade by securing an order worth ₹ 42 crore. Further it consolidated its presence in Southern African region (SADC) by securing 3 orders for 765 kV transmission lines from South Africa and 1 order from Zambia. Total value of these orders is ₹ 261 crore. The Company also secured orders from Middle East (Abu Dhabi, Saudi) and Africa (Nigeria) worth ₹ 281 crore during the year.

In India, the Company received orders worth ₹ 828 crore from PGCIL and ₹ 764 crore from Rajasthan, Maharashtra and Andhra Pradesh State utilities for construction of transmission lines. The Company widened its client base by securing orders worth ₹ 146 crore from new private sector customers Bina Power Supply Company and Parbati Koldam Transmission Company.

Power Systems: Strengthened presence in Sub-stations; Forayed into E-BoP

The Company entered into the 400 kV sub-station segment in India and secured 2 orders worth ₹ 130 crore from PGCIL. It also strengthened the business in the global markets by securing its largest sub-station order from Kazakhstan (CIS Region) worth ₹ 942 crore in which KEC share is over ₹ 550 crore. It also secured sub-station order from Bhutan (SAARC Region) worth ₹ 62 crore.

Cables: Expanding manufacturing capacity

The Company is setting up a green field project in Savli, Vadodara for manufacturing of High Tension and Extra High Voltage Cables. The Company has acquired 54 acres of land and the construction is in progress.

Railways: Acquired Signaling Company; Increasing Presence

The Company has over the years established a significant presence in Railway electrification and in the last few years diversified into other areas of Railway Infrastructure which includes civil infrastructure, earthwork, bridges, tunnels, track laying etc. In September 2010, the Company acquired Jay Railway Signaling Private Limited, which will help in building pre-qualification for Railway signaling projects. The Company has grown its Railway order book to ₹ 389 crore from ₹ 136 crore in the previous year. It has also forayed into International market in this business by securing a Railway electrification order from Malaysia worth ₹ 30 crore.

Telecom: Secured orders worth about ₹ 80 crore

The Company has increased its order book to ₹ 35 crore as compared to ₹ 11 crore in previous year. In this business, the Company secured orders worth about ₹ 80 crore during the year.

Water: Forayed into Water Infrastructure business

The Company believes that Water Infrastructure has tremendous opportunity and given its expertise in project management and EPC infrastructure space, KEC forayed into the water segment during the year. The Company is focusing on projects both in Water Resource Management and Waste Water Treatment space. The Company has entered into an agreement for advanced technologies with BIOWORKS AG (Germany) who is specialist in design and execution of water and water & wastewater treatment systems. During the year, the Company received its breakthrough order worth ₹ 31 crore relating to construction of canal from Madhya Pradesh.

Risks and Challenges

Slower recovery in the global markets

Indian transmission EPC companies are diversifying into international markets to offset the impact of rising competition in the domestic market and to capture long-term growth opportunities. In case of delay in economic recovery in the International markets, order intake growth might slowdown.

Political unrest in MENA countries

The Company has significant presence in Middle East and North African (MENA) countries. Approx. 12% of current order book is from this region. Over last couple of months, certain countries in the MENA region have been witnessing a lot of political unrest. Further deterioration in the situation could result in execution delay and reduced order intake from this region.

Variation in prices of commodities and currencies

The Company deals with various commodities such as steel, aluminum, copper, zinc etc. Many times contracts are of fixed price nature which could be negative in the event of rise in input costs if it is not appropriately hedged in time. Due to a significant share of business in International markets, the Company is exposed to the risk of currency fluctuations if any exposure remains open.

Delays in execution of projects

Transmission EPC projects could face delays due to issues relating to right of way, forest clearance and shortage of manpower. This could lead to delays in payments thereby elongating the working capital cycle and increasing the overall cost of the project.

The risks are periodically reviewed and suitable risk management strategies are adopted by the Company so as to minimise the impact of those risks on the Company.

Adequacy of Internal Control

The Internal Audit department conducts extensive audits at the head office, manufacturing facilities and international and domestic project sites covering all major functions with a focus on various operational areas. 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 internal control systems is also periodically reviewed by the Audit Committee.

Human Resources

The Company has a good mix of experienced employees as well as new entrants. There are about 4,200 permanent employees in the Company. The Company continued to be one of the Top 5 'Employers of Choice' in engineering colleges' campus recruitments. Further, the Company also took various steps to provide training opportunities for the growth and development of its employees.

Career dialogue process has been initiated this year to capture employees' career aspirations and facilitate their growth in line with business requirements through creation of Development Action Plans in a structured way.

The Company's constant endeavor is to make its employees feel valued throughout their lifecycle in the Company. The Company took various initiatives in this regard which includes employee reward, recognition and fun at work.

Cautionary Statement

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

Corporate governance report

Corporate Governance is the 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. 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.

1 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 shareholders' trust while maximizing long-term corporate values.

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

2 Board of Directors

Size and Composition of the Board

The Company's policy is to maintain optimum combination of Executive and Non- Executive Directors. As at March 31, 2011 the Board comprises of 9 Directors out of which 7 are Independent Directors. A Non-Executive Director Chairs the Board. Composition of the Board and the category of Directors as on March 31, 2011 are as follows:

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

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.

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

The Company believes that timely disclosures, transparent accounting policies and a strong and independent Board go a long way in protecting shareholders' trust while maximizing long-term corporate values

Details of the Directorship, Membership and Chairmanship in other companies for each Director of the Company as on March 31, 2011 are as follows:

Director	No. of outside Directorships(*)	No. of outside Committees @ on which the Director is a	
		Member (#)	Chairman
Mr. H. V. Goenka	7	-	-
Mr. R. D. Chandak	3	-	-
Mr. S. S. Thakur	8	6	3
Mr. G. L. Mirchandani	8	2	-
Mr. D. G. Piramal	5	2	-
Mr. S. M. Kulkarni	8	8	4
Mr. A. T. Vaswani	2	3	2
Mr. J. M. Kothary	4	3	1
Mr. P. A. Makwana	-	-	-

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

@ membership in Audit 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 are permitted.

The members of the Board have access to all 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, six 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:

April 29, 2010, June 22, 2010, July 30, 2010, September 06, 2010, November 03, 2010 and January 31, 2011.

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 interest of 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 of Directors

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 of Directors.

Attendance of the Directors during 2010-11

Details of attendance at the Board meetings and Annual General Meeting

Name of the Director	No. of Board Meetings attended	Attendance at the AGM held on June 22, 2010
Mr. H. V. Goenka, Chairman	6	Yes
Mr. R. D. Chandak , Managing Director	6	Yes
Mr. S. S. Thakur	6	Yes
Mr. G. L. Mirchandani	5	Yes
Mr. D. G. Piramal	6	Yes
Mr. S. M. Kulkarni	4	Yes
Mr. A. T. Vaswani	5	Yes
Mr. J. M. Kothary	6	Yes
Mr. P. A. Makwana	6	Yes

Details of Director(s)

In compliance with Clause 49 IV (G) of Listing Agreement, 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 along with the Notice to the ensuing Annual General Meeting.

Code of Conduct

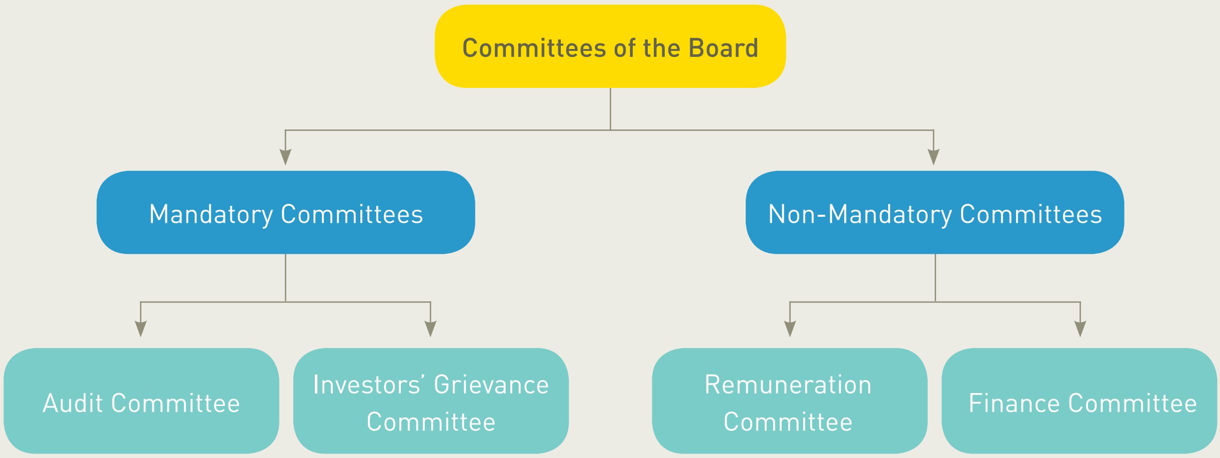
The Board has laid down a Code of Conduct for all Board members and senior management of the Company which is posted on the website of the Company.

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

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, Remuneration Committee, Investors' Grievance Committee and Finance Committee. The minutes of the meetings of all Committees are placed before 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 with the Stock Exchanges. The Chairman of the Audit Committee was present at Annual General Meeting to answer shareholders' queries.

The representative of the Statutory Auditors are invited to attend meetings of the Committee. The Committee also invites such of the executives viz., Managing Director, Chief Financial Officer, Head (Internal Audit), 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, five meetings of the Audit Committee were held. The dates on which said meetings were held are as follows:

April 29, 2010, July 30, 2010, November 02, 2010, November 19, 2010 and January 31, 2011.

Attendance of each Member at the Audit Committee meetings held during 2010-11

Name of the Committee Member	No. of Meetings held	No. of Meetings attended
Mr. A. T. Vaswani	5	5
Mr. S. S. Thakur	5	5
Mr. S. M. Kulkarni	5	4

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 of Directors. 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, review of the adequacy of internal control systems and the internal audit function.

The Audit Committee is authorised to:

1. Investigate any activity within its terms of reference.
2. Seek information from any employee.
3. Obtain outside legal or other professional advice.
4. Secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information.
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 and approving payments for any other services rendered by Statutory Auditors.
3. Reviewing, with the management, the quarterly and annual financial statements before they are submitted to the Board for approval.
4. Reviewing, with the management, performance of Statutory and Internal Auditors and adequacy of the internal control systems.
5. Reviewing the adequacy of internal audit function.
6. Discussion with Internal Auditors about any significant findings and follow up there on.
7. Discussion with Auditors periodically about internal control systems and ensure compliance of internal control systems.
8. 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.
9. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit including the observations of the Auditors, as well as post-audit discussion to ascertain any area of concern.
10. 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.
11. 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.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

(B) Remuneration Committee

Composition

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

Meetings

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

April 29, 2010, July 30, 2010 and September 06, 2010.

Attendance of each Member at the Remuneration Committee meetings held during 2010-11:

Name of the Committee Member	No. of Meetings held	No. of Meetings attended
Mr. J. M. Kothary	3	3
Mr. A. T. Vaswani	3	3
Mr. S. M. Kulkarni	3	1

Terms of Reference:

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

During the year the Committee met on April 29, 2010 to consider and recommend payment of commission to Directors who were not in Whole-time employment of the Company, on July 30, 2010 to propose the re-appointment of Mr. R. D. Chandak as the Managing Director of the Company and on September 06, 2010 to recommend increase in the remuneration payable to the Managing Director.

Remuneration Policy and other terms of appointment of Directors:

The remuneration payable to the Managing Director is recommended by the Remuneration Committee of the Board of Directors. 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 the year 2010-11

₹ in lacs

Name	Salary and Allowances	Commission	Perquisites	Contribution to Provident and other funds	Total#
Mr. R. D. Chandak	199.24	33.37	2.17	19.24	**254.02**

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

The Agreement with the Managing Director was from January 2, 2006 to September 28, 2010. Further, on August 6, 2010, the Company entered into an agreement with Mr. Chandak for his re-appointment as Managing Director of the Company for a period of three years commencing from September 29, 2010 and such re-appointment was approved by the Shareholders through Postal Ballot on December 20, 2010. In addition to the remuneration, he is also entitled to commission. The aforementioned Agreement may be terminated by either party by giving to the other party not less than four months' notice, in writing, or by payment of four months' basic salary in lieu of notice without assigning any reason. The agreement may also be terminated by the Company, in terms of the agreement, by serving one month's notice to the Managing Director.

Non-Executive Directors:

The Non-Executive Directors are paid sitting fees at the rate of ₹ 20,000/- for attending each meeting of the Board and ₹ 5,000/- for attending each meeting of Audit Committee and Finance Committee of the Board. The sitting fee is not paid for the meetings of Investors' Grievance Committee and Remuneration Committee.

The Non-Executive Directors were remunerated by way of commission not exceeding in aggregate 1% of net profits till the financial year 2009-10, calculated under Sections 198 and 309 (5) of the Companies Act.

After taking into account the qualifications, experience, directorship in other companies having diverse business, time spent on strategic matters and contribution to the Company it is proposed to remunerate the Non-Executive Directors by way of commission not exceeding in aggregate 5% of net profits, from the financial year 2010-11, calculated under Sections 198 and 309 (5) of the Companies Act at the end of each financial year. The proposed commission of ₹ 880 lacs to Non-Executive Directors shall be paid on receipt of approval of the Shareholders and Central Government.

Remuneration to Non-Executive Directors is given below:

Name of the Director	Sitting Fee		Total (₹)
	Board Meetings	Committee Meetings	
Mr. H. V. Goenka	1,20,000	-	1,20,000
Mr. S. S. Thakur	1,20,000	25,000	1,45,000
Mr. G. L. Mirchandani	1,00,000	-	1,00,000
Mr. D. G. Piramal	1,20,000	-	1,20,000
Mr. A. T. Vaswani	1,00,000	25,000	1,25,000
Mr. S. M. Kulkarni	80,000	80,000	1,60,000
Mr. J. M. Kothary	1,20,000	60,000	1,80,000
Mr. P. A. Makwana	1,20,000	-	1,20,000

Equity Shares held by the Directors

Except as stated hereunder, none of the Directors hold any shares (each having face value of ₹ 2/- each) in the Company as on March 31, 2011:

Name of the Director	No. of shares held
Mr. H. V. Goenka	30
Mr. R. D. Chandak	5
Mr. J. M. Kothary	3,750*

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

The Company does not have any Stock Option Scheme.

(C) Investors' Grievance Committee

Composition

The Investors' Grievance Committee consists of three Directors viz., Mr. R. D. Chandak, Mr. J. M. Kothary and Mr. P. A. Makwana. Mr. J. M. Kothary chairs the Committee.

Meetings

During the year under review, 12 meetings of the Investors' Grievance Committee were held. The dates on which said meetings were held are as follows:

April 29, 2010, May 31, 2010, June 30, 2010, July 30, 2010, August 31, 2010, September 30, 2010, October 29, 2010, November 30, 2010, December 31, 2010, January 31, 2011, February 28, 2011 and March 31, 2011.

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

Terms of Reference

The Board of Directors 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 authorised signatory to attend to the matters relating to share transfers/ transmissions/issue of duplicate share certificates 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 a month.

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

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/correspondence received during the financial year ended March 31, 2011.	403
No. of complaints/correspondence resolved to the satisfaction of shareholders during the financial year ended March 31, 2011.	403

Number of pending requests for share transfers and dematerializations as on March 31, 2011

	No. of Requests	No. of Securities
Transfers	NIL	NIL
Dematerialisations	73	19,031

The aforesaid pending requests have been processed subsequently.

(D) Finance Committee

Composition

The Finance Committee consists of three Directors viz., Mr. R. D. Chandak, Mr. S. M. Kulkarni and Mr. J. M. Kothary. Mr. S. M. Kulkarni chairs the Committee.

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 05, 2010, May 07, 2010, June 14, 2010, July 16, 2010, August 19, 2010, September 14, 2010, October 25, 2010, November 15, 2010, December 17, 2010, January 13, 2011, February 16, 2011 and March 14, 2011.

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

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 Account(s) 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 Directors of the Company;

d) All other matters and issues of urgent nature arising in the ordinary course of the business of the Company;

Subsidiary Companies

The Company does not have any material non-listed Indian subsidiary company 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 Company and also, the minutes of the Board Meetings of the subsidiary companies are placed before the Board of Directors of the Company.

General Body Meetings

Location and time of Annual General Meetings

Year	Date	Time	Location
2009-10	June 22, 2010	11:00 a.m.	Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road Prabhadevi, Mumbai-400 025
2008-09	June 26, 2009	11:00 a.m.	
2007-08	June 27, 2008	3:00 p.m.	

Special Resolutions transacted at the last three Annual General Meetings:

June 22, 2010

- None

June 26 2009

- Holding and continuing to hold an office or place of profit in the Company by Mr. Anant Goenka, son of Mr. H.V. Goenka, the Chairman of the Company, as an employee of the Company.

June 27 2008

- Payment of Commission to Non-Executive Directors.

Postal Ballot

During the year 2010-11, the Company has obtained the approval of its members by passing the following resolutions as Special Resolutions by Postal Ballot in accordance with the procedure prescribed in terms of Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 and as amended. Mr. R.D. Chandak, Managing Director conducted the Postal Ballot exercise and Mr. P.N. Parikh of Parikh Parekh and Associates, Practicing Company Secretaries, was appointed as Scrutinizer by the Board.

Details of the Special Resolutions passed under the Postal Ballot are as follows:

Date of passing the Resolution	Subject matter	Votes Cast	
		In favour %	Against %
December 20, 2010	Special Resolution for re-appointment of Mr. R. D. Chandak as the Managing Director of the Company	99.97	0.03
	Special Resolution to alter clause 3(a) of the Articles of Association of the Company	99.99	0.01

None of the items transacted at the last Annual General Meeting held on June 22, 2010 were required to be passed by Postal Ballot nor any resolution requiring a Postal Ballot is being proposed at the ensuing Annual General Meeting.

3 Disclosures:

Related Party Transactions:

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

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

b) 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.

c) 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 20 of the Schedule 19 to the Accounts of the Company as at March 31 2011.

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 SEBI or any Statutory Authority, on any matter related to Capital Markets

The Stock Exchange(s), Securities and Exchange Board of India or any other statutory authority on any matters related to Capital Markets have not imposed any strictures or penalties on the Company.

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

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

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

Clause 49 of the Listing Agreement mandates to obtain a certificate from either the Auditors or Practicing Company Secretaries regarding compliance of conditions of Corporate Governance as stipulated in the 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. The Company has constituted Remuneration Committee, which is a non-mandatory requirement.

CEO/CFO certification

Certificate from Mr. R. D. Chandak, Managing Director and Mr. Vardhan Dharkar, Chief Financial Officer in terms of Clause 49 (V) of the Listing Agreement with the Stock Exchanges for the financial year ended March 31, 2011 was placed before the Board of Directors of the Company at its meeting held on May 06, 2011 and also forms part of this annual report.

4. Means of Communication

Quarterly Results

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

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

The Company has published the financial results within 48 hours of the conclusion of the Board Meeting in atleast one 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 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 are published

Financial Results	Un-audited/Audited	News Papers
First Quarter	Un-audited	Economic Times, Maharashtra Times, Hindu Business Line
Second Quarter	Un-audited	Economic Times, Maharashtra Times, Hindu Business Line
Third Quarter	Un-audited	Economic Times, Maharashtra Times, Hindu Business Line
Fourth Quarter/Full Year	Un-audited/Audited	Economic Times, Maharashtra Times, Hindu Business Line

The financial results were displayed on the website of the Company: http://www.kecrpg.com.

The achievements and important events taking place in the Company like receipt of major orders are announced through press and 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.

Management Discussion and Analysis forms part of this Annual Report as an annexure to the Directors' Report.

5. General Shareholders Information

Registered Office	RPG House, 463, Dr. Annie Besant Road, Worli, Mumbai 400 030.
Plants' Location	**Transmission Towers** Jaipur Jhotwara, Jaipur 302 012 Rajasthan Butibori B-190 Industrial Area, Butibori 441 108 Maharashtra Jabalpur Deori, P.O.Panagarh, Jabalpur 483 220 Madhya Pradesh **Cables:** Mysore Hebbal Industrial Area, Hootagalli, Belavadi Post, Mysore 571 186 Karnataka Thane 2nd Pokhran Road, Post Box No. 11, Thane 400 601 Maharashtra Silvassa Plot No. 273/4, Demni Road, Silvassa 396 191 Dadra and Nagar Haveli **SAE Towers (wholly owned subsidiary of KEC International Limited)** 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
Tower Testing Stations	**KEC International Limited** Jaipur Jhotwara Industrial Area, Jaipur 302 012 Rajasthan Butibori B-215, Industrial Area, Butibori 441 108 Maharashtra Jabalpur Deori, P.O.Panagarh, Jabalpur 483 220 Madhya Pradesh **SAE Towers** R. Moacyr G. Costa, 15 - Jd. Piemont Sul, 32669-722 - Betim/MG, Brazil.
Date, time and venue of Annual General Meeting	July 05, 2011 at 11:00 a.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai 400 025
Financial Year	April 1 – March 31
Financial Calendar	April 1 – March 31
First quarter results	second week of August 2011*
Second quarter results	second week of November 2011*
Third quarter results	second week of February 2012*
Results for the year ending March 2012	end of May 2012* *Tentative
Dates of Book Closure	June 27, 2011 - July 05, 2011 (both days inclusive)
Dividend Payment date	The dividend warrants will be posted on or after July 06, 2011

Sub-division of Equity Shares

During the year the Company sub-divided its fully paid up Equity Shares of face value of ₹ 10/- each into 5 (five) Equity Shares of face value of ₹ 2/- each. The Company had fixed December 31, 2010, as the Record Date in order to determine the shareholders entitled to receive the Equity Shares of face value of ₹ 2/- each. Accordingly, the Company credited the Equity Shares of face value of ₹ 2/- each in the demat accounts of those shareholders holding shares in demat form and despatched the new share certificates to those shareholders holding shares in physical form.

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

During the year, the Company sub-divided its Equity Share of face value of ₹ 10/- each into five Equity Shares of face value of ₹ 2/- each. As at March 31, 2011 the issued and paid up capital of the Company comprises of 25,70,88,370 Equity Shares of face value ₹ 2/- each bearing distinctive Nos. from 1 to 25,70,88,370.

As at March 31, 2011, 25,27,16,240 and 25,27,68,650 Equity Shares of ₹ 2/- each were listed on NSE and BSE respectively and the balance 43,72,130 and 43,19,720 Equity Shares of face value of ₹ 2/- each of the Company got listed w.e.f. April 01, 2011 and April 08, 2011 on NSE and BSE respectively which were pending for listing. Hence, 100% equity Share Capital of the Company is listed on both the Stock Exchanges.

Market Price Data – During April 2010 to March 2011

Month	BSE		NSE		BSE Sensex
	High (₹)	Low (₹)	High (₹)	Low (₹)	High
April	592.00	558.00	644.40	555.00	18047.86
May	573.95	475.05	574.00	456.65	17536.86
June	502.00	456.20	501.00	455.20	17919.62
July	617.00	461.15	536.00	460.00	18237.56
August	505.80	450.00	512.00	441.00	18475.27
September	555.00	455.30	547.00	455.25	20267.98
October	516.80	481.30	519.95	481.25	20854.55
November	509.00	440.65	509.00	440.00	21108.64
December	496.00	96.25*	499.10	96.00*	20552.03
January	108.30	80.50	108.45	80.10	20664.80
February	93.90	73.20	93.90	73.40	18690.97
March	86.25	70.30	86.15	70.50	19575.16

*w.e.f. December 30, 2010 the Equity Share of ₹ 10/- each was split into 5 (five) Equity Shares of ₹ 2/- each. Hence, the share price of ₹ 10/- each and ₹ 2/- each are not comparable.

Registrar and Share Transfer Agents

Link Intime India Private Limited is the Company's Registrar and Share Transfer Agents and 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

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 process, register the transfers and return the transferred share certificates to the shareholders, within 30 days from the date of lodgement. 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

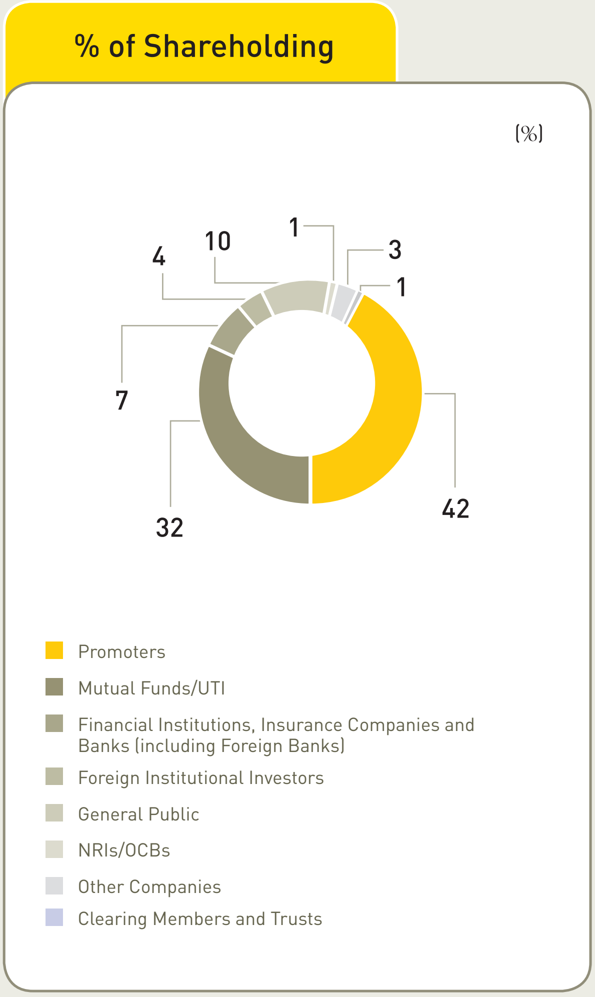
Distribution of shares according to size of holding as on March 31, 2011

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-500	64,116	85.67	92,86,102	3.61
501-1,000	6,383	8.53	49,04,240	1.91
1,001-2,000	2,310	3.09	33,10,644	1.29
2,001-3,000	874	1.17	21,75,118	0.85
3,001-4,000	266	0.36	9,30,624	0.36
4,001-5,000	247	0.33	11,56,515	0.45
5,001- 10,000	300	0.40	21,36,470	0.83
10,001and above	341	0.45	23,31,88,657	90.70
Total	**74,837**	**100.00**	**25,70,88,370**	**100.00**

Categories of Shareholders as on March 31, 2011

Category	No. of Shares Held	% of Shareholding
Promoters	10,70,88,145	41.65
Mutual Funds/UTI	8,19,69,635	31.89
Financial Institutions, Insurance Companies and Banks (including Foreign Banks)	1,78,14,745	6.93
Foreign Institutional Investors	1,11,95,068	4.35
General Public	2,68,99,957	10.46
NRIs/OCBs	14,29,876	0.56
Other Companies	85,70,015	3.33
Clearing Members	3,51,449	0.14
Trusts	17,69,480	0.69
TOTAL	**25,70,88,370**	**100.00**

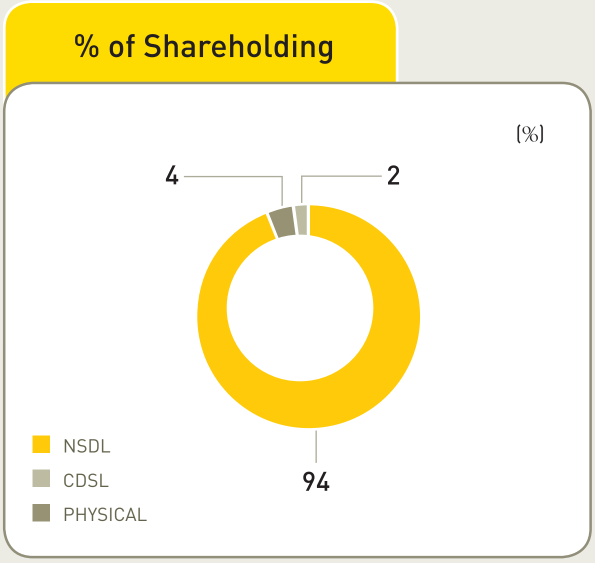
Shareholding Pattern as on March 31, 2011



Dematerialisation of shares and liquidity

The Company has executed an 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. International Securities Identification Number (ISIN) allotted to the Equity Shares of the Company is INE389H01022. 24,79,01,280 Equity Shares representing 96.43% are in dematerialised form as on March 31, 2011.

Shares held by Depositories as on March 31, 2011



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

Declaration - Code of Conduct

All Board members and senior management personnel have, for the year ended March 31, 2011, affirmed compliance with the Code of Conduct laid down by the Board of Directors in terms of the Listing Agreement entered with the Stock Exchanges.

For **KEC International Limited**

R. D. Chandak
Managing Director

Place: Mumbai
Date : May 6, 2011

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, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

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

U. M. NEOGI
Partner
(Membership No. 30235)

Place: Mumbai
Date : May 6, 2011

Auditors' Report

AUDITORS' REPORT TO THE MEMBERS OF KEC INTERNATIONAL LIMITED

1. We have audited the attached Balance Sheet of KEC INTERNATIONAL LIMITED ("the Company") as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto, in which are incorporated the returns for the year ended on that date audited by other auditors from the Company's overseas branches at Afghanistan, Algeria, Bangladesh, Egypt, Ethiopia, Georgia, Ghana, Kazakhstan, Kenya, Lebanon, Malaysia, Mali, Namibia, Nigeria, Oman, Phillipines, South Africa, Tazikistan, Tunisia , United Arab Emirates and in case of Libya branch return for the nine months ended December 31, 2010 audited by other auditors alongwith the management accounts for the three months ended March 31, 2011. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Without qualifying our report attention is invited to Footnote to Note 11 of Schedule 19. During the year the Company has made provision for commission to non-executive directors of ₹ 880 lacs which exceeds 1% of the net profits computed under Section 349 of the Companies Act, 1956 by ₹ 625.81 lacs which is subject to approval of members in the forthcoming annual general meeting and of the Central Government.

5. Further to our comments in the Annexure referred to in paragraphs 3 and 4 above, we report that:

   (i) 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;

   (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Company's overseas branches at Afghanistan, Algeria, Bangladesh, Egypt, Ethiopia, Georgia, Ghana, Kazakhstan, Kenya, Lebanon, Malaysia, Mali, Namibia, Nigeria, Oman, Philippines, South Africa, Tazikistan, Tunisia, United Arab Emirates, and in case of Libya for the nine months ended December 31, 2010, audited by other auditors;

(iii) the reports on the accounts of the Company's overseas branches at Afghanistan, Algeria, Bangladesh, Egypt, Ethiopia, Georgia, Ghana, Kazakhstan, Kenya, Lebanon, Malaysia, Mali, Namibia, Nigeria, Oman, Phillipines, South Africa, Tazikistan, Tunisia and United Arab Emirates, and in case of Libya for the nine months ended December 31, 2010, audited by other auditors have been forwarded to us and have been dealt with by us in preparing this report.

(iv) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and the audited Branch Returns and in case of Libya also with the management accounts for the three months ended March 31, 2011;

(v) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

(vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 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, 2011;

(b) in the case of the Profit and Loss Account, 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.

6. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

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

U. M. NEOGI
Partner
(Membership No.30235)

Place : Mumbai
Date : May 6,2011

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result, clauses (iii), (v), (vi), (x), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of paragraph 4 of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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 inventory:

(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 explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems 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. During the course of our audit, we have not observed any major weaknesses in internal control system.

(v) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of Electric Cables and Conductor and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

(vii) According to the information and explanations given to us in respect of statutory dues

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2011 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, 2011 on account of disputes are given below:

Statute	Nature of Dues	Forum where Dispute is pending	Relating to various years comprise in the period	Amount involved (₹ in lacs)
Sales Tax	Tax/Penalty/Interest	Assistant Commissioner/ Joint Commissioner/ Deputy Commissioner/ Additional Commissioner (Appeal)	1995-1996 to 2009-2010	2,215.72
	Tax/Penalty/Interest	Rajasthan Tax Board, Ajmer	1994-1995 to 2008-2009	22.65
	Tax/Interest	Appellate Tribunal	1989-1990 to 2004-2005	154.49
The Central Excise Act, 1944	Duty/Penalty/Interest	Customs Excise and Service Tax Tribunal	1994-1995 to 2009-2010	363.45
	Duty/Penalty/Interest	Additional Commissioner/ Commissioner (Appeals)	1994-1995 to 2010-2011	354.60
	Interest on Differential Duty	High Court	2001-2002 to 2005-2006	61.76
The Finance Act, 1994	Service Tax	Commissioner	2004-2005 to 2009-2010	14.84
The Income Tax Act, 1961	Tax/Interest	Commissioner of Income Tax (Appeals)	A.Y. 2008-2009	244.32

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

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.

(ix) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by its wholly owned subsidiaries from banks are not *prima facie* prejudicial to the interests of the Company.

(x) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

(xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.

(xii) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

U. M. NEOGI
Partner
(Membership No.30235)

Place : Mumbai
Date : May 6, 2011

Balance Sheet as at March 31, 2011

	Schedule	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
I. Sources of Funds					
Shareholders' Funds					
Capital	1		5,141.77		4,934.46
Equity Share Suspense	19 (2)(c)		-		207.31
Reserves and surplus	2		81,359.22		71,615.69
Loan Funds					
Secured loans	3		90,769.82		77,550.89
Unsecured loans	4		113.00		1,123.48
Deferred Tax Liability (Net)	19(17)		5,795.05		4,611.05
			183,178.86		**160,042.88**
II. Application of Funds					
Fixed Assets	5				
Gross block		89,565.11		82,914.02	
Less: Depreciation/Amortisation		19,392.22		15,411.62	
Net block		70,172.89		67,502.40	
Capital work in progress		1,934.32		3,786.44	
Advances for capital expenditure		1,147.63		43.83	
			73,254.84		71,332.67
Investments	6		536.49		186.94
Current Assets, Loans and Advances					
Inventories	7	21,288.39		24,975.29	
Sundry debtors	8	245,299.15		194,491.95	
Cash and bank balances	9	6,216.96		6,780.11	
Loans and advances	10	45,264.31		39,725.52	
		318,068.81		265,972.87	
Less:					
Current Liabilities and Provisions	11				
Liabilities		203,929.17		171,888.50	
Provisions		4,752.11		5,561.10	
		208,681.28		177,449.60	
Net Current Assets			109,387.53		88,523.27
			183,178.86		**160,042.88**
Statement of significant accounting policies	18				
Notes to the accounts	19				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

U. M. NEOGI
Partner

Place : Mumbai
Date : May 6, 2011

VARDHAN DHARKAR
Chief Financial Officer

CH. V. JAGANNADHA RAO
Company Secretary

Place : Mumbai
Date : May 6, 2011

For and on behalf of the Board

H. V. GOENKA
Chairman

R. D. CHANDAK
Managing Director

A. T. VASWANI
Director

Profit and Loss Account for the year ended March 31, 2011

	Schedule	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
Income					
Sales and services - gross		405,745.85		392,259.05	
Less: Excise duty		9,467.49		4,534.66	
Sales - net	12		396,278.36		387,724.39
Other income	13		253.76		98.93
			396,532.12		**387,823.32**
Expenditure					
Cost of materials	14		203,760.38		201,089.35
Erection and Subcontracting expenses	19(9)		91,677.61		95,043.82
Personnel expenses	15		20,877.20		16,814.34
Other expenses	16		43,022.50		36,204.01
Interest	17		9,865.97		8,652.63
Depreciation/Amortisation (Net)	18(5)		3,449.10		2,624.35
			372,652.76		**360,428.50**
Profit for the year Before Taxation			**23,879.36**		**27,394.82**
Provision for taxation					
Current tax [including foreign taxes ₹ 2,364.48 lacs which includes ₹ 838 lacs pertaining to earlier years (previous year ₹ 2,170.98 lacs)] - Net of write back of provision pertaining to an earlier year ₹ Nil (previous year ₹ 36.07 lacs)		7,986.35		5,505.75	
Less: MAT Credit		-		4,655.75	
			7,986.35		850.00
Deferred Tax			1,184.00		9,445.70
Profit for the year After Taxation			**14,709.01**		**17,099.12**
Balance as per last account			42,264.45		30,484.61
Transfer to General Reserve			1,470.90		1,709.91
Dividend on equity shares			3,085.06		3,085.06
Tax on distributed profits (*Net of write back of excess provision of ₹ 11.92 lacs pertaining to previous year)			*488.56		524.31
Balance Carried To Balance Sheet			**51,928.94**		**42,264.45**
			₹		₹
Earnings per share (Basic/Diluted)			**5.72**		6.91
Nominal value of share			**2.00**		2.00
(Note 24 of Schedule 19)					
Statement of significant accounting policies	18				
Notes to the accounts	19				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

U. M. NEOGI
Partner

Place : Mumbai
Date : May 6, 2011

VARDHAN DHARKAR
Chief Financial Officer

CH. V. JAGANNADHA RAO
Company Secretary

Place : Mumbai
Date : May 6, 2011

For and on behalf of the Board

H. V. GOENKA
Chairman

R. D. CHANDAK
Managing Director

A. T. VASWANI
Director

Schedule forming part of the Balance Sheet

		Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 1 - Capital			
Authorised			
Equity Shares			
30,00,00,000	Equity Shares of ₹ 2 each (previous year 6,00,00,000 Equity Shares of ₹10 each)	6,000.00	6,000.00
Preference Shares			
15,00,000	Redeemable Preference Shares of ₹ 100 each	1,500.00	1,500.00
		7,500.00	**7,500.00**
Issued, Subscribed and Paid Up			
(Note 2 of Schedule 19)			
Equity Shares			
25,70,88,370	Equity Shares of ₹ 2 each* (previous year 4,93,44,606 Equity Shares of ₹ 10 each) fully paid up	5,141.77	4,934.46
		5,141.77	**4,934.46**

* During the year each fully paid up equity share of face value of ₹ 10 is split/sub-divided into five equity shares of face value of ₹ 2 each fully paid up.

	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 2 - Reserves and Surplus			
Capital Reserve			
Balance as per last Balance Sheet	8,497.87		-
Add: Credited during the year	-		8,497.87
		8,497.87	8,497.87
Capital Redemption Reserve			
Balance as per last Balance Sheet		1,427.95	1,427.95
Securities Premium Account			
Balance as per last Balance Sheet		8,674.89	8,674.89
Reserve for Amortisation of Brand Account			
(Note 5(b)(i) of Schedule 18)			
Balance as per last Balance Sheet	4,957.00		6,157.00
Less : Transferred to Profit and Loss Account	1,200.00		1,200.00
		3,757.00	4,957.00

Schedule forming part of the Balance Sheet

	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 2 - Reserves and Surplus (Contd.)			
Foreign Currency Translation Reserve			
Balance as per last Balance Sheet	192.44		286.44
Add: Credited/(Debited) during the year on translation of financial statement of Non Integral jointly controlled operation	(191.86)		(94.00)
		0.58	192.44
General Reserve			
Balance as per last Balance Sheet	5,601.09		3,891.18
Add: Transferred from Profit and Loss Account	1,470.90		1,709.91
		7,071.99	5,601.09
Profit and Loss Account		51,928.94	42,264.45
		81,359.22	**71,615.69**

	Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 3 - Secured Loans		
(Note 3 of Schedule 19)		
Loans and advances from banks	85,763.20	71,990.19
Loans and advances from others	5,006.62	5,560.70
	90,769.82	**77,550.89**

	Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 4 - Unsecured Loans		
Loans and advances other than short term:		
From banks	-	1,010.48
(repayable within one year ₹ Nil, Previous year ₹ 1,010.48 lacs)		
From Others	113.00	113.00
	113.00	**1,123.48**

Schedule forming part of the Balance Sheet

₹ in lacs

Schedule 5 - Fixed Assets

Description	Gross Block					Depreciation/Amortisation				Net Block	
	As at March 31, 2010	Additions during the year	Acquired	Deductions during the year	As at March 31, 2011	Upto March 31, 2010	Deductions during the year	For the year	Upto March 31, 2011	As at March 31, 2011	As at March 31, 2010
Tangible Assets											
Freehold Land	11,479.94	-	-	-	11,479.94	-	-	-	-	11,479.94	11,479.94
Leasehold Land **	6,655.46	157.10	-	-	6,812.56	479.37	-	104.83	584.20	6,228.36	6,176.09
Buildings **	6,080.02	849.28	-	11.22	6,918.08	1,290.06	1.08	278.85	1,567.83	5,350.25	4,789.96
Plant and Machinery	29,745.64	5,678.08	-	481.10	34,942.62	5,856.82	253.03	2,402.98	8,006.77	26,935.85	23,888.82
Computers	906.16	160.12	-	4.11	1,062.17	360.37	3.20	146.66	503.83	558.34	545.79
Furniture and Fixtures	980.58	358.88	-	17.36	1,322.10	254.74	9.28	111.20	356.66	965.44	725.84
Electrical Installations	274.19	97.81	-	-	372.00	46.42	-	28.75	75.17	296.83	227.77
Vehicles	1,613.52	270.64	-	79.66	1,804.50	627.83	33.11	185.78	780.50	1,024.00	985.69
Sub-Total	**57,735.51**	**7,571.91**	**-**	**593.45**	**64,713.97**	**8,915.61**	**299.70**	**3,259.05**	**11,874.96**	**52,839.01**	**48,819.90**
Intangible Assets (other than internally generated)											
Computer Softwares	1,178.51	41.43	-	368.80	851.14	496.01	368.80	190.05	317.26	533.88	682.50
Brand	24,000.00	-	-	-	24,000.00	6,000.00	-	1,200.00	7,200.00	16,800.00	18,000.00
Sub-Total	**25,178.51**	**41.43**	**-**	**368.80**	**24,851.14**	**6,496.01**	**368.80**	**1,390.05**	**7,517.26**	**17,333.88**	**18,682.50**
Total	**82,914.02**	**7,613.34**	**-**	**962.25**	**89,565.11**	**15,411.62**	**668.50**	**4,649.10**	**19,392.22**	**70,172.89**	
Previous Year	62,545.00	7,279.27	*14,013.47	923.72	82,914.02	12,220.85	633.58	3,824.35	15,411.62		67,502.40
Capital work-in-progress (at cost)										1,934.32	3,786.44
Advances for capital expenditure										1,147.63	43.83
Sub-Total										**3,081.95**	**3,830.27**
Grand Total										**73,254.84**	**71,332.67**

*Acquired under the Scheme referred to in Note 1 of Schedule 19

** Note 4 of Schedule 19

Notes:

i. Additions during the year include ₹ 3,437.42 lacs in respect of Scientific Research and Development activities pertaining to Research and Development Centre at Butibori, as certified by the management and accepted by the auditors.

ii. Gross Block and Accumulated depreciation/amortisation as at the year end include ₹ **1,436.19 lacs** (previous year ₹ Nil) and ₹ 130.17 lacs (Previous year ₹ Nil) respectively in respect of Leasehold Land and structures thereon at Vashi held for sale.

Schedule forming part of the Balance Sheet

		Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 6 - Investments			
Trade			
Long Term			
Unquoted			
Subsidiaries			
1,00,00,000	Fully paid Ordinary Shares of Naira 1.00 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$ 1.00 each of KEC Investment Holdings, Mauritius (Investment made during the year)	272.27	-
10,00,000	Fully paid Equity Shares of ₹ 10/- each of Jay Railway Projects Private Limited (formerly known as Jay Railway Signaling Private Limited) (Acquired during the year)	100.00	-
Others			
	-(Previous year 30,000) Fully paid Equity Shares of Hilltop Infrastructure Inc. USA, a Joint Venture Company (Dissolved during the year)	-	22.72
1,10,511	Fully paid Equity Shares of ₹ 10/- each of KEC Power India Private Limited, a Joint Venture Company	11.05	11.05
1,47,000	Fully paid Shares of Saudi Riyal 10 each of Al-Sharif Group and KEC Ltd. Company, Saudi Arabia (formerly known as Faiz Abdulhakim Al-Sharif Group and KEC Company Ltd.), a Joint Venture Company	-	-
		536.49	**186.94**
Aggregate book value of quoted investments		-	-
Aggregate book value of unquoted investments		**536.49**	**186.94**

	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 7 - Inventories				
Stores	190.26		145.01	
Dies and tools	4,197.93		2,616.09	
		4,388.19		2,761.10
Raw materials	10,933.58		15,316.86	
Work-in-process	2,881.38		2,366.04	
Erection materials	361.78		294.16	
Finished goods	2,025.55		3,226.93	
		16,202.29		21,203.99
Scrap		697.91		1,010.20
		21,288.39		**24,975.29**

Schedule forming part of the Balance Sheet

	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 8 - Sundry Debtors				
Unsecured				
(Considered good, unless otherwise stated)				
Debts outstanding for a period exceeding six months				
Considered good	93,607.84		67,396.01	
Considered doubtful	4,252.15		2,683.83	
		97,859.99		70,079.84
Other debts		151,691.31		127,095.94
		249,551.30		197,175.78
Less: Provision for doubtful debts		4,252.15		2,683.83
		245,299.15		**194,491.95**

	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 9 - Cash and Bank Balances				
Cash on hand		311.59		183.20
Cheques on hand		219.26		-
Bank balances with scheduled banks				
In current accounts	2,606.98		1,298.08	
In fixed deposits*	464.34		681.36	
In margin deposits	432.56		1,089.58	
		3,503.88		3,069.02
Bank balances with non-scheduled banks				
In current accounts	1,918.90		3,440.01	
In margin deposits	12.82		18.45	
In call deposits	-		0.76	
In fixed deposits*	218.53		68.67	
		2,150.25		3,527.89
Remittances in transit		31.98		-
		6,216.96		**6,780.11**

Note:

* The Banks are having lien on ₹ **291.78 lacs** (previous year ₹ 279.90 lacs) included in fixed deposits for the facilities extended to the Company.

	Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 10 - Loans and Advances		
Advances recoverable in cash or in kind or for value to be received:		
Unsecured - considered good*	30,154.08	22,783.22
Considered doubtful	156.90	152.20
	30,310.98	22,935.42
Less : Provision for doubtful advances	156.90	152.20
	30,154.08	22,783.22
Excise duty recoverable from Government authorities	4,060.37	3,894.90
Balances with customs and excise authorities	2,004.22	1,780.26

Schedule forming part of the Balance Sheet

	Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 10 - Loans and Advances (Contd.)		
MAT Credit Entitlement	2,507.45	4,655.75
Current Tax payments less provisions	4,443.43	4,487.01
Sundry deposits	2,094.76	2,124.38
	45,264.31	**39,725.52**

* including ₹ **Nil** (previous year ₹ 197.61 lacs) due from KEC Global FZ-LLC Ras Ul Khaimah, United Arab Emirates, and ₹ **1,426.15 lacs** (previous year ₹ Nil) due from Jay Railway Projects Private Limited (formerly known as Jay Railway Signaling Private Limited), wholly owned subsidiaries.

Note:

Disclosure required by Clause 32 of the Listing Agreement

Loans and advances in the nature of loans to the subsidiary:

₹ in lacs

Name of Subsidiary	Loans outstanding as on 31st March, 2011	Maximum amount of loans outstanding during the year	Investment in the shares of the subsidiary as at the year end and maximum amount outstanding during the year
Jay Railway Projects Private Limited (formerly known as Jay Railway Signaling Private Limited)	1,426.15	1,426.15	100.00
(previous year)	(-)	(-)	(-)

	Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 11 - Current Liabilities and Provisions		
A. Current Liabilities		
Acceptances	60,965.52	67,084.04
Sundry creditors		
(i) Total outstanding dues of Micro enterprises and Small enterprises (Note 16 of Schedule 19)	-	-
(ii) Total outstanding dues of creditors other than Micro enterprises and small enterprises	106,130.47	95,781.74
Dues to a subsidiary company	28.76	30.09
Advances from customers	36,473.96	8,622.99
Unclaimed Dividend#	128.79	75.36
Interest accrued but not due on loans	201.67	294.28
	203,929.17	171,888.50
B. Provisions		
Tax provisions less payments	372.38	648.89
Proposed equity dividend	3,085.06	3,085.06
Tax on distributed profits	500.48	524.31
Compensated Absences	794.19	731.39
Gratuity	-	571.45
	4,752.11	5,561.10
	208,681.28	**177,449.60**

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.

Schedule forming part of the Profit and Loss Account

Schedule 12-Capacities, Production, Stocks and Turnover

(figures in brackets are in respect of the previous year)

	Quantity	Capacities per annum	Opening Stock		Acquired		Purchases		Production	Closing Stock		Turnover	
		Installed	Quantity	Value ₹ In Lacs	Quantity	Value ₹ In Lacs	Quantity	Value ₹ In Lacs	Quantity	Quantity	Value ₹ In Lacs	Quantity	Value ₹ In Lacs
Class of Goods #													
Towers and Structurals	Tonnes	151,000	5,331	2,703.46	-	-	28,581	15,964.09	126,847	2,689	1,458.08	165,548	340,809.63
		(151,000)	(6,862)	(3,658.54)	(-)	(-)	(35,264)	(24,035.38)	(141,009)	(5,331)	(2,703.46)	(186,943)	(373,435.60)
Telecom Cables	KMs	965,000	9,455	111.25	-	-	-	-	653,071	11,685	102.22	650,841	6,594.08
		(965,000)	(-)	(-)	(5,801)	(64.95)	(-)	(-)	(37,548)	(9,455)	(111.25)	(33,894)	(361.19)
Power Cables	KMs	25,780	253	412.22	-	-	-	-	17,868	420	465.25	17,701	40,366.52
		(25,780)	(-)	(-)	(869)	(1,771.60)	(-)	(-)	(1,320)	(253)	(412.22)	(1,936)	(7,855.47)
Service Income @													3,081.20
													(2,719.80)
Scrap													5,426.93
													(3,352.33)
				3,226.93		-		15,964.09			2,025.55		396,278.36
				(3,658.54)		*(1,836.55)		(24,035.38)			(3,226.93)		(387,724.39)

NOTES:

A. Installed Capacities - on the basis of maximum utilisation of plant and machinery - are stated as certified by the Managing Director, but not verified by the auditors being a technical matter.

B. Towers and Structurals:

(i) The quantities of production and turnover include components sold as extras or free replacements. The value of turnover includes tower testing charges, processing charges for fabrication/galvanising work and erection income.

(ii) Production includes the quantities manufactured by third party processors **17,648 MTs** (previous year 32,252 MTs).

(iii) The value of turnover includes equipment , components and miscellaneous items connected with installation of transmission and distribution lines and substations and those for railway civil, electrification and signalling works and items purchased with the object of resale against specific projects/orders. These items being dissimilar in nature, it would be impracticable to furnish quantitative information thereof.

* Acquired under the Scheme referred to in Note 1 of Schedule 19.

@ Including subsidy for setting up and managing infrastructure sites for telecommunication services ₹ **807.03 lacs** (previous year ₹ 789.86 lacs)

As per notification no.477(E) dated July 25, 1991 issued by the Ministry of Industry, the Company's industrial undertakings are exempt from the licensing provisions of the Industries (Development and Regulation) Act, 1951. Accordingly, the requirement concerning disclosure of licensed capacity is not applicable.

Schedule forming part of the Profit and Loss Account

	Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 13 - Other Income		
Rent	20.40	21.56
Insurance claims	4.31	25.70
Miscellaneous receipts	229.05	51.67
	253.76	**98.93**

	Current Year ₹ in lacs	₹ in lacs	Previous Year ₹ in lacs	₹ in lacs
Schedule 14 - Cost of Materials				
Consumption of raw materials and components:				
Raw Material				
Opening stock	15,316.86		13,826.48	
Acquired*	-		2,613.56	
Add : Purchases	182,414.68		172,999.28	
	197,731.54		189,439.32	
Less: Closing stock	10,933.58		15,316.86	
		186,797.96		174,122.46
Finished goods, work-in-process and scrap:				
Opening stock				
Work-in-Process	2,366.04		1,264.30	
Finished Goods	3,226.93		3,658.54	
Scrap	1,010.20		750.40	
	6,603.17		5,673.24	
Purchase of finished goods:	15,964.09		24,035.38	
Acquired*				
Work-in-Process	-		1,934.84	
Finished Goods	-		1,836.55	
Scrap	-		90.05	
	-		3,861.44	
Less: Closing stock:				
Work-in-Process	2,881.38		2,366.04	
Finished Goods	2,025.55		3,226.93	
Scrap	697.91		1,010.20	
	5,604.84		6,603.17	
		16,962.42		26,966.89
		203,760.38		**201,089.35**

* Acquired under the Scheme referred to in Note 1 of Schedule 19.

Schedule forming part of the Profit and Loss Account

	Current Year Quantity MT	Current Year ₹ in lacs	Previous Year Quantity MT	Previous Year ₹ in lacs
Schedule 14 - Cost of Materials (Contd.)				
Quantitative information relating to consumption of raw materials and components				
Steel	138,509	55,066.05	155,012	57,300.54
Zinc	6,087	6,758.32	7,241	7,189.95
Bolts and nuts	7,794	6,237.83	8,151	5,853.83
Copper	3,937	15,036.31	1,087	2,852.50
Others*		103,699.45		100,925.64
		186,797.96		**174,122.46**
	%		%	
Indigenous	70	131,414.64	68	117,861.69
Imported @	30	55,383.32	32	#56,260.77
	100	**186,797.96**	**100**	**174,122.46**

* Others include equipment, components and miscellaneous items connected with installation of transmission and distribution lines and substations and those for railway civil, electrification and signalling works and items purchased with the object of resale against specific projects/orders. These items being dissimilar in nature, it would be impracticable to furnish the quantitative information in respect thereof.

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

Includes consumption of imported raw materials and components acquired under the Scheme referred to in Note 1 of Schedule 19.

For the purposes of para 4D (c) of part II of Schedule VI to the Companies Act, 1956, components and spare parts are assumed to mean those incorporated in the products finally sold and not those used as spares for the repairs and maintenance of plant and machinery.

	Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 15 - Personnel Expenses		
Salaries, wages and bonus	18,719.96	14,892.05
Contribution to provident fund, gratuity and other funds	1,147.69	1,085.46
Welfare expenses	979.27	763.32
Workmen's compensation	30.28	73.51
	20,877.20	**16,814.34**

Schedule forming part of the Profit and Loss Account

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Schedule 16 - Other Expenses				
Tools, non-erection stores and maintenance spares		1,035.43		570.62
Power and fuel		2,661.83		1,555.51
Rent		2,367.61		1,865.84
Rates and taxes (net)		4,814.31		5,415.34
Excise duty		107.99		182.84
Insurance		1,485.62		1,595.58
Bank (guarantee, letter of credit and other) charges		4,432.73		6,176.57
Commission		3,660.27		3,699.88
Freight (net)		4,583.99		3,850.25
Coolie, cartage and forwarding		590.97		551.16
Repairs:				
Plant and machinery	674.99		594.44	
Buildings	148.65		97.47	
Others	626.98		501.15	
		1,450.62		1,193.06
Travelling and conveyance		2,876.67		2,565.36
Professional fees		2,420.65		1,798.18
Bad Debts written off	1,279.23		2,470.07	
Less: Adjusted against provision for doubtful debts	179.16		1,126.55	
		1,100.07		1,343.52
Provision for doubtful debts (net)		1,747.48		(772.22)
Directors' fees		10.70		9.65
Loss on sale/write off of fixed assets (net)		8.89		67.52
Loss on Investment in Joint Venture Company dissolved		21.45		-
Exchange (gain)/loss (net)		1,094.81		(978.85)
Miscellaneous expenses		6,550.41		5,514.20
		43,022.50		**36,204.01**

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
Schedule 17 - Interest		
On fixed period loans	3,427.77	2,707.54
Others	6,836.95	6,739.11
	10,264.72	9,446.65
Less: Recoveries - interest on deposits with banks, housing loans etc.		
[Tax Deducted at source ₹ **4.39 lacs** (previous year ₹ 69.81 lacs)]	398.75	794.02
	9,865.97	**8,652.63**

Schedule forming part of the Balance Sheet and the Profit and Loss Account

Schedule 18 - Statement of Significant Accounting Policies:

1 Basis of preparation of Financial Statements:

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

2 Revenue Recognition:

a) Sales of Products and Services are recognised on delivery. Sales and services exclude sales tax/value added tax and service tax charged to the customers.

b) Revenue from long-term 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.

c) Revenue from long- term contracts awarded to Jointly Controlled Entity at Saudi Arabia but executed by the Company under the arrangement with the Joint Venture Partner [being in substance in the nature of Jointly Controlled Operations, in terms of Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures"], is recognised on the same basis as similar long-term contracts independently executed by the Company.

d) 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.

e) Subsidy is accounted on accrual basis.

f) Dividend declared by subsidiary company after the date of the balance sheet is recognised as income during the year if it relates to the period which closes on or before the date of the balance sheet. In respect of investment in other companies dividend income is accounted as and when right to receive dividend is established.

g) Interest income is accounted on time proportion basis.

3 Inventories:

a) Raw materials, work-in-process, 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 of five years. Scrap is valued at net realisable value.

b) Cost of work-in-process 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 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

Schedule forming part of the Balance Sheet and the Profit and Loss Account

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 principal rates specified in Schedule XIV to the Companies Act, 1956 are as follows:

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

b) **Intangible Assets:**

(i) Brand is amortised over twenty years being the useful life certified by the independent valuer and goodwill 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 Profit and Loss Account 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 Profit and Loss Account by netting it with Depreciation/Amortisation.

(ii) Computer softwares are amortised on straight line method 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. Sundry debtors as at the year end under the contract are disclosed net of advances relating to the respective contracts received 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/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 Profit and Loss Account.

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 Profit and Loss Account.

(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 Profit and Loss Account 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.

Schedule forming part of the Balance Sheet and the Profit and Loss Account

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

10. **Employee Benefits:**

    (i) **Defined Contribution Plans:**

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

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

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

11. **Taxation:**

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

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

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

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

12. Debts and loans and advances identified as doubtful of recovery are provided for.

13. **Contingencies/Provisions:**

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

14. **Uses of Estimates:**

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

15. **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 Profit and Loss Account. Gains arising on the same are not recognised on grounds of prudence.

16. **Basis of Incorporation of integral foreign operations:**

    Figures in respect of the Company's overseas branches in Afghanistan, Algeria, Bangladesh, Egypt, Ethiopia, Georgia, Ghana, Kazakhstan, Kenya, Lebanon, Libya (for the nine months ended December 31, 2010), Malaysia, Mali, Namibia, Nigeria, Oman, Philippines, South Africa, Tajikistan, Tunisia and United Arab Emirates have been incorporated on the basis of Financial Statements audited by the auditors of the respective branches. The Company has incorporated figures in respect of Libya for the period January 1, 2011 to March 31, 2011 based on the management accounts. Further, in respect of overseas branches in Bhutan, Cameroon, Kuwait, Nepal and Srilanka the accounts have been prepared and audited in India.

Schedule forming part of the Balance Sheet and the Profit and Loss Account

Schedule 19 - Notes to the Accounts

1. Scheme of Amalgamation:

1.1 A Scheme of Amalgamation (the Scheme) between RPG Cables Limited (RPGCL) and the Company and their respective Shareholders under Section 391 to 394 of the Companies Act, 1956 was sanctioned by the Hon'ble High Court of Judicature at Bombay on February 26, 2010 and at Karnataka, Bangalore on March 17, 2010. The Scheme, which has become operative from March 31, 2010 upon filing of the certified copies of the Orders of the Hon'ble High Courts with the Registrar of Companies in the respective States, is effective from March 1, 2010 (The Appointed date).

1.2 Pursuant to the Scheme, with effect from the Appointed date RPGCL (Transferor Company) is amalgamated in the Company, as a going concern, with all its assets, liabilities, properties, rights, benefits and interest therein subject to existing charges thereon in favour of banks and financial institutions.

1.3 Also refer Note 2 (c) below.

2. Share Capital:

Share Capital includes:

a) **18,81,79,270** equity shares of ₹ 2/- each (previous year 3,76,35,854 equity shares of ₹ 10/- each) allotted in an earlier year for consideration other than cash for acquisition of Power Transmission Business.

b) **5,82,90,010** equity shares of ₹ 2/- each (previous year 1,16,58,002 equity shares of ₹ 10/- each) allotted in an earlier year for consideration other than cash to the shareholders of the erstwhile RPG Transmission Limited (RPGT) and the erstwhile National Information Technologies Limited.

3,750 fully paid up equity shares of ₹ 2/- each (previous year 750 equity shares of ₹ 10/- each) were allotted to a trustee against 1,688 equity shares of RPGT, 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.

c) **1,03,65,340** equity shares of ₹ 2/- each (previous year 20,73,068 equity shares of ₹ 10/- each shown as Equity Share Suspense) allotted on April 26, 2010 in consideration for the amalgamation referred to in Note 1 above to the shareholders of the erstwhile RPG Cables Limited (RPGCL).

3. Secured Loans:

3.1 Loans and advances from Banks:

a) **₹ 37,997.54 lacs** (previous year ₹ 14,153.79 lacs) secured by first charge by hypothecation of all the present and future current assets of the Company excluding those covered under (g) and (k) and 3.2 (c) below and second charge on the Company's fixed asset situated at Jaipur, Jabalpur and Butibori factories.

b) **₹ 17,580.12 lacs** (previous year ₹ 25,104.69 lacs) guaranteed by banks, which in turn is secured by security, stated against (a) above.

c) **₹ 393.33 lacs** (previous year ₹ Nil) secured by assignment of certain overseas book debts.

d) **₹ Nil** (previous year ₹ 119.00 lacs) secured by a first charge by way of hypothecation of specific movable plant and machinery, equipment and other assets acquired by the Company under the Asset Credit Scheme together with machinery spares, tools and accessories and other movables.

e) **₹ 1,161.80 lacs** (previous year ₹ 1,907.72 lacs) secured by hypothecation of whole of movables (save and except current assets of the Company including book debts) [excluding those covered under (g),(k) and 3.2 (c) below] and equitable mortgage of the Company's immovable properties at the Company's factory at Butibori, Nagpur and subject to prior charge referred to in (a) above on movable assets.

Schedule forming part of the Balance Sheet and the Profit and Loss Account

f) ₹ **891.64 lacs** (previous year ₹ 1,426.62 lacs) secured by (i) hypothecation of whole movables (save and except current assets of the Company including book debts) at Jabalpur and Gurgaon, subject to prior charge in respect of loans referred in (a) above (ii) hypothecation of whole of movables at Coimbatore and (iii) equitable mortgage of the Company's certain immovable properties at Jabalpur and Coimbatore.

g) ₹ **8,395.50 lacs** (previous year ₹ 8,395.50 lacs) secured by first charge on moveable assets of Telecom Division including Telecom Towers, both present and future.

h) ₹ **10,080.68 lacs** (previous year ₹ 10,015.62 lacs) secured by way of first charge on fixed assets situated at Thane and Mysore.

i) ₹ **4,400.00 lacs** (previous year ₹ 5,000.00 lacs) secured by way of first charge on land, building and plant and machinery situated at Jaipur.

j) ₹ **Nil** (previous year ₹ 5,000.00 lacs) being commercial paper issued against stand by facilities from certain banks which in turn is secured by security stated against (a) above. Maximum balance outstanding any time during the year is ₹ **25,000.00 lacs** (previous year ₹ 20,000.00 lacs).

k) ₹ **858.82 lacs** (previous year ₹ 858.82 lacs) secured by way of first charge on land and building situated at Raebareli and further secured by all tangible movable properties and assets of Raebereli unit, both present and future.

l) ₹ **3.77 lacs** (previous year ₹ 8.43 lacs) secured by hypothecation of vehicles.

m) ₹ **4,000.00 lacs** (previous year ₹ Nil) 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.

3.2 Loans and advances from others:

a) ₹ **3,000.00 lacs** (previous year ₹ 2,919.15 lacs) secured by security stated against 3.1 (a) above.

b) ₹ **2,000.00 lacs** (previous year ₹ Nil) secured by first charge over the fixed assets pertaining to Tower Testing Station situated at Butibori, Nagpur both present and future.

c) ₹ **Nil** (previous year ₹ 2,619.95 lacs) secured by way of first charge on present and future current assets of Cables division.

d) ₹ **6.62 lacs** (previous year ₹ 21.60 lacs) secured by hypothecation of vehicles.

4. Fixed Assets:

a. 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.

b. Buildings at Jaipur, Butibori, Bhopal, Raebareli and Vashi, Navi Mumbai are constructed on Leasehold land.

Schedule forming part of the Balance Sheet and the Profit and Loss Account

5. Contingent Liabilities in respect of:

(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*	1993-2010	2,678.22	
	(Tax/Penalty/Interest)	1995-2009		679.06
2	Excise Duty *	1994-2011	1,969.14	
	(Tax/Penalty/Interest)	1994-2010		1,316.10
3	Service Tax *	2004-2010	14.84	
	(Tax/Penalty/Interest)	2006-2008		24.57
4	Entry Tax	1995-2008	60.43	
	(Tax/Penalty/Interest)	1995-2005		32.00
5	(i) Income Tax matters mainly in respect of disallowance of depreciation etc. relating to Power Transmission Business acquired by the Company	A.Y.2006-07 to 2009-10	7,241.44	
		A.Y.2006-07 and 2007-08		5,579.60
	(ii) Income Tax matters at overseas unit/s	2002	1,089.79	
		2007		1,104.97
6	Civil Suits	1993-1994	5.00	
		1993-1994		5.00
7	Demands of employees/subcontractors		Amount not determinable	

*These claims mainly relate to the issues of applicability, issue of disallowance of cenvat credit and in case of Sales Tax, also relate to the issue of submission of 'C' forms.

(b) Other matters for which the Company is contingently liable:

		Current Year ₹ in lacs	Previous Year ₹ in lacs
1	Bills discounted	3,521.17	16,695.61
2	Guarantees given to banks for credit facilities extended/loans given to the wholly owned subsidiary companies ₹ **60,034.21** lacs (previous year ₹ 5,135.64 lacs)		
	Facilities / loans outstanding at the year end	47,326.57	-
3	Performance guarantee given to a customer of the wholly owned subsidiary Company	19,671.14	19,817.46
4	Bank guarantees provided by the Company to customers of the wholly owned subsidiary companies in connection with the respective contracts awarded/bids made	2,237.42	1,822.11
5	Performance guarantee provided by a bank to the customer of the wholly owned subsidiary Company by utilising the Company's credit facility with that bank	191.86	-
6	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	752.78

Foot Note for 5 (a) and (b) above:

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

Schedule forming part of the Balance Sheet and the Profit and Loss Account

6. Estimated amount of contracts remaining to be executed on capital account not provided for (net of capital advances) ₹ **8,057.65 lacs** (previous year ₹ 410.24 lacs)

7. The amount of interest capitalised during the year ₹ **90.90 lacs** (previous year ₹ 432.26 lacs) is included in Fixed assets/ capital work in progress.

8. Excise duty shown in Schedule-16 "Other Expenses" includes ₹ **58.62 lacs** (previous year net of ₹ 47.73 lacs) being excise duty related to the difference between the closing stock and opening stock of the finished goods.

9. Erection and Sub-contracting expenses represent:

	Current Year ₹ in lacs	Previous Year ₹ in lacs
Construction materials consumed	13,535.50	22,896.53
Stores consumed	2,218.80	2,238.92
Subcontracting expenses	64,855.91	57,253.95
Power, fuel and water charges	1,676.20	1,503.89
Construction transport	5,174.60	8,274.54
Others	4,216.60	2,875.99
Total	**91,677.61**	**95,043.82**

10. Disclosure under the Accounting Standard - 7 "Construction Contracts":

			Current Year ₹ in lacs	Previous Year ₹ in lacs
(a)	(i)	Contract Revenue recognised during the year	232,600.03	249,323.80
	(ii)	Method used to determine the contract revenue recognised and the stage of completion of contracts in progress	Refer Note 2 (b) of Schedule 18	
(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)	458,333.37	503,357.22
	*(ii)	Advances received	26,976.77	7,246.61
	*(iii)	Retentions receivable	25,814.80	30,560.65
	(iv)	Gross amount due from customers	11,654.40	11,461.99
		- Included under Schedule 8 – Sundry Debtors net of adjustment referred to in Note 7 of Schedule 18	10,951.46	9,582.72
	(v)	Gross amount due to customers	8,415.90	7,843.64
		- Included in Sundry Creditors under Schedule 11 – Current Liabilities and Provisions net of adjustment of respective debit balances of sundry debtors	1,611.97	399.92

*Net of adjustment referred to in Note 7 of Schedule 18.

Schedule forming part of the Balance Sheet and the Profit and Loss Account

11. Managerial remuneration:

	Current Year ₹ in lacs	Previous Year ₹ in lacs
To the Managing Director		
Salary and allowances	199.24	156.57
Commission	33.37	28.41
Perquisites	2.17	2.34
Contribution to provident fund and other Funds	19.24	15.69
	#254.02	**# 203.01**
To directors, other than the Managing Director		
Fees	10.70	* 9.65
Commission to Non-Executive Directors (@ includes ₹ 164.00 lacs relating to the year 2008-09 which is paid during the previous year on receipt of approval of the Central Government.)	880.00	@412.00

Notes:

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

* Excludes sitting fess of ₹ 0.05 lac paid to a director of the erstwhile RPG Cables Limited during the period March 1, 2010 (the appointed date) to March 31, 2010 (the effective date), borne by the Company in terms of the Scheme of Amalgamation referred to in Note 1 above.

Calculation of Net Profit under Section 349 of the Companies Act, 1956

		Current Year		Previous Year	
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Profit before tax as per the Profit and Loss Account	(A)		23,879.36		27,394.82
Add:					
Managerial Remuneration		1,144.72		625.66	
Depreciation/Amortisation (Net)		3,449.10		2,624.35	
Loss on sale/Write off of Fixed assets (Net)		8.89		67.52	
Loss on Investment in Joint Venture Company dissolved during the year		21.45		-	
Provision for doubtful debt / advances (Net)		1,573.02		-	
	(B)		6,197.18		3,317.53
Less:					
Depreciation as per Section 350 of the Companies Act, 1956		3,154.22		2,341.09	
Amortisation of Leasehold land and intangible assets		1,494.88		1,483.26	
Loss on sale/Write off of Fixed assets as per Section 350 of the Companies Act, 1956(Net)		8.89		67.52	
Provision for doubtful debts/advances (Net)		-		1,998.77	
	(C)		4,657.99		5,890.64
Net Profit as per Section 349 of the Companies Act,1956 (A+B-C)			**25,418.55**		**24,821.71**
(i) Commission to Non-Executive Directors @4% of Net Profit, restricted to (Previous year 1%)			# 880.00		248.00
(ii) Commission to Managing Director @ 0.50% (Previous Year 0.50%) of Net Profit, restricted to			33.37		28.41

Schedule forming part of the Balance Sheet and the Profit and Loss Account

Footnote: Members of the Company in the Annual General Meeting held on June 27, 2008 and the Central Government vide its letter dated June 30, 2009 approved payment of commission to Non-Executive Directors up to a ceiling of 1% of the net profits of the Company. The Board of Directors in its meeting held on May 06, 2011 has approved payment of commission up to 5% of the net profits of the Company subject to approval of members in the forthcoming Annual General Meeting and of the Central Government as required under section 310 of the Companies Act, 1956. Accordingly, commission of ₹ 625.81 lacs in excess of 1% of the net profits included above, is subject to approval of members and of the Central Government as stated above.

12. (a) Payment to statutory auditors (Including service tax, where applicable):

	Current Year ₹ in lacs	Previous Year ₹ in lacs
As auditors	66.18	54.05
Company law matters	-	-
In other capacity	94.14	63.26
Reimbursement of out of pocket expenses	1.50	1.20

(b) Miscellaneous expenses include fees ₹ 62.71 lacs (previous year ₹ 75.52 lacs) paid to branch/division auditors.

13. Earnings in foreign exchange and expenditure in foreign currency (ascertained on mercantile basis of accounting):

	Current Year ₹ in lacs	Previous Year ₹ in lacs
A. Earnings:		
Export of goods:		
At FOB price	44,380.48	46,771.28
At invoiced value (Tower testing charges)	118.66	677.52
Sales and Services: Overseas projects	132,698.57	167,964.77
Interest	2.14	2.55
Others (Insurance claims, etc.)	15.35	18.96
Gain on Foreign Exchange (net)	-	978.85
B. Expenditure:		
Expenses of overseas projects (including foreign taxes)	118,449.09	149,907.00
Commission	1,109.46	1,933.42
Interest paid to Indian FI's/Banks	698.70	1,045.91
Other interest	29.94	226.34
Professional fees	71.24	372.18
Others (travelling, bank guarantee/letter of credit charges, taxes, etc.)	985.37	1,077.83
Loss on Foreign Exchange (net)	1,094.81	-

Schedule forming part of the Balance Sheet and the Profit and Loss Account

14. Direct imports on CIF basis:

	Current Year ₹ in lacs	Previous Year ₹ in lacs
Raw materials and components	13,313.21	8,935.06
Spares parts/Dies and tools	439.10	12.55
Purchase of fixed assets	1,310.20	401.55

15. Research and Development Expenses:

	Current Year ₹ in lacs	Previous Year ₹ in lacs
Revenue expenses charged to the Profit and Loss Account (including depreciation on fixed assets)	671.11	190.95
Expenditure capitalised during the year	3,437.42	-

16. There is no supplier covered under the Micro, Small and Medium Enterprises Development Act, 2006 (the Act). This information and that given in Schedule11-"Current Liabilities and Provisions" has been determined based on the details regarding the status of the supplier obtained by the Company. This has been relied upon by the auditors.

17. Major components of deferred tax assets/liabilities arising on account of timing differences are:

		Current Year ₹ in lacs	Previous Year ₹ in lacs
Deferred Tax Liability			
Depreciation	(A)	**8,101.04**	**7,640.88**
Deferred Tax Assets			
Provision for doubtful debts and advances		1,464.58	963.97
Amalgamation expenses		122.30	210.22
VRS Expenditure u/s 35 DDA		225.88	-
Expenses debited to Profit and Loss Account allowed in subsequent year u/s 43B		315.69	411.13
Unabsorbed Depreciation		-	*1,186.17
Others		177.54	258.34
	(B)	**2,305.99**	**3,029.83**
Deferred Tax Liability (net)	(A-B)	**5,795.05**	**4,611.05**

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

Schedule forming part of the Balance Sheet and the Profit and Loss Account

18. Details of Employee Benefits as required by Accounting Standard-15 "Employee Benefits" are as follows :

	Current Year ₹ in lacs	Previous Year ₹ in lacs
1 Defined Contribution Plans		
The Company has recognised the following amounts in the Profit and Loss Account:		
- Contribution to Provident Fund and Family Pension Fund	711.43	426.93
- Contribution to Superannuation Fund	161.40	128.80

The above amount is included in 'Contribution to provident fund, gratuity and other funds' under 'Personnel Expenses' in Schedule 15.

2 Defined Benefit Plan (Funded)

a. A general description of the Employees 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 salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

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

		Current Year ₹ in lacs	Previous Year ₹ in lacs
I	**Components of employer expense**		
1	Current Service cost	152.83	126.92
2	Interest Cost	190.19	139.96
3	Expected return on Plan Assets	(169.83)	(134.51)
4	Actuarial Losses/(Gains)	(106.94)	128.41
5	Total expense recognised in the Profit and Loss Account (included in 'Contribution to provident fund, gratuity and other funds' under 'Personnel Expenses' in Schedule 15)	66.25	260.78
II	**Actual Contribution and Benefits Payments for the year**		
1	Actual Benefits Payments	(424.88)	(288.91)
2	Actual Contributions	705.00	524.66
III	**Net asset/(liability) recognised in the Balance Sheet**		
1	Present Value of Defined Benefit Obligation	2,198.69	2,377.45
2	Fair Value of Plan Assets	2,265.99	1,806.00
3	Funded Status [Surplus/(Deficit)]	67.30	(571.45)
4	Net asset/(liability) recognised in the Balance Sheet	67.30	(571.45)

Schedule forming part of the Balance Sheet and the Profit and Loss Account

			Current Year ₹ in lacs	Previous Year ₹ in lacs
IV	**Change in Defined Benefit Obligation during the year**			
	1	Present Value of Defined Benefit Obligation as at the beginning of the year	2377.45	1,969.23
	2	Current Service Cost	152.83	126.92
	3	Interest Cost	190.19	139.96
	4	Acquisitions/Amalgamations	-	297.01
	5	Actuarial Losses/(Gains)	(96.90)	133.24
	6	Benefits paid	(424.88)	(288.91)
	7	Present Value of Defined Benefit Obligations as at the end of the year	2,198.69	2,377.45
V	**Change in Fair Value of Plan Assets during the year**			
	1	Plan Assets as at the beginning of the year	1,806.00	1,430.91
	2	Acquisition/Amalgamation	-	-
	3	Expected return on Plan Assets	169.83	134.51
	4	Actuarial Gains/(Losses)	10.04	4.83
	5	Actual Company Contributions	705.00	524.66
	6	Benefits paid	(424.88)	(288.91)
	7	Plan Assets as at the end of the year	2,265.99	1,806.00
VI	**Actuarial Assumptions**			
	1	Discount Rate	8.00	7.50
	2	Expected Return on plan assets	9.40	9.40
	3	Salary escalation Rate	5.50	5.00
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 ₹ **179.87 lacs** (Previous Year ₹ 139.34 lacs)			
VIII	The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.			
IX	**The major categories of Plan Assets as a percentage of the total plan assets**			
	Insurer Managed Funds		100%	100%
	Note: The details of investment made by the Insurer is not readily available with the Company.			

Schedule forming part of the Balance Sheet and the Profit and Loss Account

X	Experience Adjustments	2010-11	2009-10	2008-09	2007-08
1	Present Value of Defined Benefit Obligation as at the end of the year	2,198.69	2,377.45	1,969.23	1,994.23
2	Fair Value of Plan Assets as at the end of the year	2,265.69	1,806.00	1,430.91	884.02
3	Funded Status [Surplus/(Deficit)]	67.30	(571.45)	(538.32)	(1,110.21)
4	Experience adjustment on Plan Liabilities	96.90	(74.71)	0.28	(72.80)
5	Experience adjustment on Plan Assets	(10.04)	(4.83)	(11.38)	0.66

XI Contribution expected to be paid to the Plan during the year ending March 31, 2012 – ₹ 94.58 lacs

19. The derivative instruments, which are not intended for trading or speculative purpose outstanding as at March 31, 2011 are as follows :

Forward Exchange Contracts:

Currency	Buy/Sell	Cross currency	Foreign Currency in lacs As at March 31, 2011	Foreign Currency in lacs As at March 31, 2010
USD	Sell	INR	-	45.04
USD	Sell	EUR	-	40.33
EUR	Sell	USD	107.03	-
USD	Buy	INR	185.74	293.52
EUR	Buy	INR	12.07	1.30
EUR	Buy	USD	127.98	-
JPY	Buy	USD	-	13,656.12
JPY	Buy	INR	1,684.79	-

Hedging Commodity related risks:

Commodity	Buy/Sell	Quantity in MT As at March 31, 2011	Quantity in MT As at March 31, 2010
Copper	Buy	1,174.00	300.00
Zinc	Buy	1,125.00	725.00
Aluminum	Buy	765.00	265.00
Lead	Buy	75.00	-

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

Receivables:

	As at March 31, 2011		As at March 31, 2010	
Currency	FC in lacs	₹ in lacs	FC in lacs	₹ in lacs
AED	1,252.37	15,205.40	1,103.66	13,495.23
AFA	4,928.92	4,843.16	4,758.79	4,410.92
BTS	-	-	14.74	9.56
CAF	-	-	333.40	30.84
DA	855.43	545.85	1,837.05	1,152.20
EGP	341.24	2,553.90	269.59	2,199.70
ETB	233.01	625.00	248.49	833.20
EUR	70.70	4,485.08	-	-
FCFA	-	-	175.12	16.18

Schedule forming part of the Balance Sheet and the Profit and Loss Account

Receivables:

Currency	As at March 31, 2011 FC in lacs	As at March 31, 2011 ₹ in lacs	As at March 31, 2010 FC in lacs	As at March 31, 2010 ₹ in lacs
GHC	17.81	524.17	23.63	747.58
KSH	904.91	485.85	226.75	131.83
KWD	14.75	2,381.79	-	-
LYD	2.46	90.99	-	-
MYR	24.46	360.44	-	-
NAD	4.91	32.26	10.82	66.30
NGN	8,200.02	2,346.03	9,887.88	2,900.11
OMR	6.02	697.06	6.27	731.83
PHP	130.66	134.41	-	-
QR	0.01	0.17	0.02	0.26
SLR	22.26	9.00	22.84	9.00
SR	350.35	4,166.36	453.26	5,428.27
SYP	0.25	0.23	134.06	130.88
TND	-	-	8.26	264.65
TJS	-	-	125.20	1,287.45
ZAR	126.16	828.52	9.16	56.12
ZMK	55,076.55	523.23	55,757.90	535.28
MZM	-	-	41.82	54.59

Payables:*

Currency	As at March 31, 2011 FC in lacs	As at March 31, 2011 ₹ in lacs	As at March 31, 2010 FC in lacs	As at March 31, 2010 ₹ in lacs
BDT	87.12	53.40	-	-
BTN	319.38	323.49	-	-
CAD	3.82	175.92	0.82	36.45
CAF	24,087.37	2,329.25	-	-
CHF	3.01	147.98	18.79	796.74
EUR	-	-	6.56	397.30
FCFA	1,975.46	188.36	-	-
GEL	3.25	86.06	-	-
JPY	468.91	252.41	2,278.97	1,095.73
KWD	-	-	2.99	465.37
KZT	69,384.61	21,252.51	7,485.41	2,286.79
LBP	5,134.17	152.48	3,815.02	114.45
LYD	-	-	19.85	700.76
MZM	96.53	126.18	-	-
NPR	113.95	71.23	-	-
SEK	98.10	700.35	-	-
TJS	42.55	424.85	-	-
TND	68.15	2,204.22	-	-
USD	320.58	14,291.46	441.00	19,805.50

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

Schedule forming part of the Balance Sheet and the Profit and Loss Account

20. Related Party Disclosures:

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

Subsidiaries- wholly owned

(i) RPG Transmission Nigeria Limited
(ii) KEC Global FZ – LLC, Ras UL Khaimah
(iii) Jay Railway Projects Private Limited (formerly known as Jay Railway Signaling Private Limited) (w.e.f. September 14, 2010)
(iv) KEC Investment Holdings, Mauritius (w.e.f. August 2, 2010)
(v) KEC International Holdings LLC, USA*
(vi) KEC Brazil LLC, USA*
(vii) KEC Mexico LLC, USA*
(viii) KEC Transmission LLC, USA*
(ix) KEC US LLC, USA*
(x) SAE Towers Holdings, LLC, USA#
(xi) SAE Towers Brazil Subsidiary Company LLC, USA#
(xii) SAE Towers Mexico Subsidiary Holding Company LLC, USA#
(xiii) SAE Towers Mexico S de RL de CV, Mexico #
(xiv) SAE Towers Brazil Torres de Transmission Ltda, Brazil #
(xv) SAE Prestadora de Servicios Mexico, S de RL de CV, Mexico #
(xvi) SAE Towers 2 Investmentos e Participacoes Ltda, Brazil#
(xvii) SAE Towers Limited, USA #
(xviii) SAE Towers Panama Holdings LLC, USA #
(xix) SAE Towers Panama S de RL, Panama #

*w.e.f. September 7, 2010
w.e.f. September 23, 2010

(b) Parties with whom transactions have taken place:

Subsidiaries

(i) RPG Transmission Nigeria Limited
(ii) KEC Global FZ – LLC, Ras UL Khaimah
(iii) Jay Railway Projects Private Limited
(iv) KEC Investment Holdings, Mauritius
(v) SAE Towers Holdings, LLC, USA
(vi) KEC Transmission LLC, USA
(vii) KEC US LLC, USA

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) Hilltop Infrastructure Inc. USA (Upto February 9, 2011)
(iii) KEC Power India Private Limited
(iv) EJP KEC Joint Venture, South Africa
(v) KEC – ASSB JV, Malaysia
(vi) KEC – ASIAKOM – UB JV
(vii) KEC – ASIAKOM JV
(viii) KEC – JEI JV
(ix) KEC – DELCO – VARAHA JV
(x) KEC – VARAHA – KHAZANA JV
(xi) KEC – VALECHA – DELCO JV
(xii) KEC – SIDHARTH JV
(xiii) KEC – TRIVENI – KPIPL JV
(xiv) KEC – UNIVERSAL JV
(xv) KEC – DELCO – DUSTAN JV
(xvi) KEC – ANPR – KPIPL JV
(xvii) KEC – PLR – KPIPL JV

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

Schedule forming part of the Balance Sheet and the Profit and Loss Account

(c) Transactions with the Related Parties:

₹ in lacs

Transactions	Current Year Subsidiaries	Current Year Joint Ventures	Current Year Key Management Personnel	Current Year Total	Previous Year Subsidiaries	Previous Year Joint Ventures	Previous Year Key Management Personnel	Previous Year Total
Sales and Services	**473.74**	**11,329.58**	**-**	**11,803.32**	**365.81**	**-**	**-**	**365.81**
KEC Global FZ-LLC, Ras UL Khaimah	473.74	-	-	473.74	365.81	-	-	365.81
KEC - ANPR - KPIPL JV	-	357.33	-	357.33	-	-	-	-
KEC - ASIAKOM JV	-	94.71	-	94.71	-	-	-	-
KEC - ASIAKOM - UB JV	-	1,164.33	-	1,164.33	-	-	-	-
KEC - DELCO - DUSTAN JV	-	308.43	-	308.43	-	-	-	-
KEC - DELCO - VARAHA JV	-	2,324.78	-	2,324.78	-	-	-	-
KEC - JEI JV	-	215.07	-	215.07	-	-	-	-
KEC - PLR- KPIPL JV	-	223.28	-	223.28	-	-	-	-
KEC - SIDHARTH JV	-	442.52	-	442.52	-	-	-	-
KEC - TRIVENI-KPIPL JV	-	199.79	-	199.79	-	-	-	-
KEC - UNIVERSAL JV	-	29.32	-	29.32	-	-	-	-
KEC - VALECHA - DELCO JV	-	760.64	-	760.64	-	-	-	-
KEC - VARAHA - KHAZANA JV	-	725.36	-	725.36	-	-	-	-
EJP KEC Joint Venture, South Africa	-	4,484.02	-	4,484.02	-	-	-	-
Services received	**-**	**63.74**	**-**	**63.74**	**-**	**51.50**	**-**	**51.50**
KEC Power India Private Limited	-	63.74	-	63.74	-	51.50	-	51.50
Remuneration	**-**	**-**	**254.02**	**254.02**	**-**	**-**	**203.01**	**203.01**
Mr.R.D. Chandak - Managing Director	-	-	254.02	254.02	-	-	203.01	203.01
Sale of Fixed Assets	**-**	**0.74**	**-**	**0.74**	**-**	**70.70**	**-**	**70.70**
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	0.74	-	0.74	-	70.70	-	70.70
Purchase of Fixed Assets	**-**	**47.81**	**-**	**47.81**	**32.63**	**56.13**	**-**	**88.76**
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	47.81	-	47.81	-	56.13	-	56.13
RPG Transmission Nigeria Limited	-	-	-	-	32.63	-	-	32.63
Payments made/expenses incurred on behalf of related party	**1,249.72**	**766.21**	**-**	**2,015.93**	**1,245.41**	**-**	**-**	**1,245.41**
Jay Railway Projects Private Limited	24.00	-	-	24.00	-	-	-	-
KEC - ANPR - KPIPL JV	-	29.01	-	29.01	-	-	-	-
KEC - ASIAKOM JV	-	4.29	-	4.29	-	-	-	-
KEC - ASSB JV, MALAYSIA	-	351.84	-	351.84	-	-	-	-
KEC - DELCO - DUSTAN JV	-	28.40	-	28.40	-	-	-	-
KEC - DELCO - VARAHA JV	-	47.65	-	47.65	-	-	-	-
KEC - JEI JV	-	4.41	-	4.41	-	-	-	-
KEC - PLR- KPIPL JV	-	18.21	-	18.21	-	-	-	-
KEC - SIDHARTH JV	-	20.72	-	20.72	-	-	-	-
KEC - TRIVENI-KPIPL JV	-	19.87	-	19.87	-	-	-	-
KEC - UNIVERSAL JV	-	11.87	-	11.87	-	-	-	-
KEC - VALECHA - DELCO JV	-	15.79	-	15.79	-	-	-	-
KEC - VARAHA - KHAZANA JV	-	10.99	-	10.99	-	-	-	-
EJP KEC Joint Venture, South Africa	-	176.49	-	176.49	-	-	-	-
KEC Power India Private Limited	-	26.67	-	26.67	-	-	-	-
SAE Towers Holdings, LLC, USA	2.67	-	-	2.67	-	-	-	-
KEC Global FZ-LLC, Ras UL Khaimah	1,223.05	-	-	1,223.05	1,245.41	-	-	1,245.41

Schedule forming part of the Balance Sheet and the Profit and Loss Account

(c) Transactions with the Related Parties (Contd.):

₹ in lacs

Transactions	Current Year Subsidiaries	Current Year Joint Ventures	Current Year Key Management Personnel	Current Year Total	Previous Year Subsidiaries	Previous Year Joint Ventures	Previous Year Key Management Personnel	Previous Year Total
Expenses recovered	**-**	**35.49**	**-**	**35.49**	**-**	**43.02**	**-**	**43.02**
KEC Power India Private Limited	-	35.49	-	35.49	-	43.02	-	43.02
Advance/Loan Given	**1,956.17**	**654.89**	**-**	**2,611.06**	**-**	**-**	**-**	**-**
Jay Railway Projects Private Limited	1,430.00	-	-	1,430.00	-	-	-	-
KEC Global FZ-LLC, Ras UL Khaimah	526.17	-	-	526.17	-	-	-	-
EJP KEC Joint Venture, South Africa	-	654.89	-	654.89	-	-	-	-
Advance/Loan Recovered	**27.85**	**-**	**-**	**27.85**	**-**	**-**	**-**	**-**
Jay Railway Projects Private Limited	27.85	-	-	27.85	-	-	-	-
Share of loss	**-**	**-**	**-**	**-**	**-**	**501.42**	**-**	**501.42**
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	-	-	-	-	501.42	-	501.42
Guarantees given	**60,554.39**	**-**	**-**	**60,554.39**	**26,775.21**	**-**	**-**	**26,775.21**
Jay Railway Projects Private Limited	207.92	-	-	207.92	-	-	-	-
SAE Towers Holdings, LLC, USA	312.26	-	-	312.26	-	-	-	-
KEC US LLC, USA	21,576.72	-	-	21,576.72	-	-	-	-
KEC Transmission LLC, USA	32,365.08	-	-	32,365.08	-	-	-	-
KEC Global FZ-LLC, Ras UL Khaimah	6,092.41	-	-	6,092.41	26,775.21	-	-	26,775.21
Investment made	**272.27**	**-**	**-**	**272.27**	**-**	**11.27**	**-**	**11.27**
Hilltop Infrastructure Inc., USA	-	-	-	-	-	11.27	-	11.27
KEC Investment Holdings, Mauritius	272.27	-	-	272.27	-	-	-	-

(d) Balances outstanding as at the year end:

₹ in lacs

	Current Year Subsidiaries	Current Year Joint Ventures	Current Year Key Management Personnel	Current Year Total	Previous Year Subsidiaries	Previous Year Joint Ventures	Previous Year Key Management Personnel	Previous Year Total
Amount receivable/(payable)	**1,397.39**	**7,611.34**	**-**	**9,008.73**	**167.52**	**292.42**	**-**	**459.94**
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	-	245.19	-	245.19	-	292.42	-	292.42
Jay Railway Projects Private Limited	1,426.15		-	1,426.15	-	-	-	-
KEC - ANPR - KPIPL JV	-	375.73	-	375.73	-	-	-	-
KEC - ASIAKOM JV	-	74.99	-	74.99	-	-	-	-
KEC - ASIAKOM - UB JV	-	497.10	-	497.10	-	-	-	-
KEC - ASSB JV, MALAYSIA	-	351.84	-	351.84	-	-	-	-
KEC - DELCO - DUSTAN JV	-	336.83	-	336.83	-	-	-	-
KEC - DELCO - VARAHA JV	-	2,008.37	-	2,008.37	-	-	-	-
KEC - JEI JV	-	120.42	-	120.42	-	-	-	-
KEC - PLR- KPIPL JV	-	241.48	-	241.48	-	-	-	-
KEC - SIDHARTH JV	-	397.42	-	397.42	-	-	-	-
KEC - TRIVENI-KPIPL JV	-	219.17	-	219.17	-	-	-	-
KEC - UNIVERSAL JV	-	41.20	-	41.20	-	-	-	-
KEC - VALECHA - DELCO JV	-	659.28	-	659.28	-	-	-	-
KEC - VARAHA - KHAZANA JV	-	383.67	-	383.67	-	-	-	-
EJP KEC Joint Venture, South Africa	-	1,658.65	-	1,658.65	-	-	-	-

Schedule forming part of the Balance Sheet and the Profit and Loss Account

(d) Balances outstanding as at the year end (Contd.)

₹ in lacs

	Current Year				Previous Year			
	Subsidiaries	Joint Ventures	Key Management Personnel	Total	Subsidiaries	Joint Ventures	Key Management Personnel	Total
KEC Global FZ-LLC, Ras UL Khaimah	-	-	-	-	197.61	-	-	197.61
RPG Transmission Nigeria Limited	(28.76)	-	-	(28.76)	(30.09)	-	-	(30.09)
Guarantees given on behalf of the related party:	**82,134.63**	**-**	**-**	**82,134.63**	**26,775.21**	**-**	**-**	**26,775.21**
Jay Railway Projects Private Limited	207.92	-	-	207.92	-	-	-	-
KEC Global FZ-LLC, Ras UL Khaimah	27,672.65	-	-	27,672.65	26,775.21	-	-	26,775.21
KEC Transmission LLC, USA	32,365.08	-	-	32,365.08	-	-	-	-
KEC US LLC, USA	21,576.72	-	-	21,576.72	-	-	-	-
SAE Towers Holdings, LLC, USA	312.26	-	-	312.26	-	-	-	-

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

21. Disclosure for operating leases under Accounting Standard 19 – "Leases"

	Current Year ₹ in lacs	Previous Year ₹ in lacs
(A)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 Profit and Loss Account for the year. [includes minimum lease payment ₹ **341.25 lacs** (previous year ₹ 194.91 lacs)]	1,856.02	1,396.58
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-cancelable are as follows:		
(i) Not later than one year	325.40	300.82
(ii) Later than one year and not later than five years	190.99	196.74
(iii) Later than five years	-	-

Schedule forming part of the Balance Sheet and the Profit and Loss Account

22. Particulars in regard to bank balances with non-scheduled banks

Name of the Bank	Maximum Balances at any time during the year		Balances as on	
	2010-11 ₹ in lacs	2009-10 ₹ in lacs	March 31, 2011 ₹ in lacs	March 31, 2010 ₹ in lacs
In current accounts				
Commercial Bank of Ethiopia, Adis Ababa (Ethiopia)	132.82	433.87	74.93	132.82
Commercial Bank of Ethiopia, Bedele (Ethiopia)	0.01	0.02	0.01	0.01
Commercial Bank of Syria, Syria	142.82	356.09	0.56	131.20
First Gulf Bank, Abudhabi	764.45	4,761.88	18.80	3.85
Al- Ahli Bank of Kuwait	2.16	2.48	2.11	2.16
Commercial Bank of Qatar	0.26	0.39	0.17	0.26
UBA Bank, Nigeria	0.29	0.33	0.27	0.29
STB Bank, Tunisia	2,682.56	77.75	100.04	5.38
Banque Nationale D' Algerie	2,549.43	2,968.60	762.14	2,271.18
Al- Ahli Bank of Kuwait	895.89	863.25	0.50	2.49
First Gulf Bank, Abu Dhabi	3,795.01	1,520.52	1.79	4.62
Union National Bank, Abu Dhabi	15.48	171.84	11.58	15.48
Abudhabi Commercial Bank, Abudhabi	3.06	1,225.15	0.53	3.01
Habib Bank Zurich, U.A.E.	325.85	177.19	0.43	0.22
Bank Muskat, Oman	2.33	1,158.21	0.41	2.33
Bank TuranAlem, Kazakhstan	769.71	3,565.05	18.03	12.65
Indo Zambia Bank, Zambia	27.66	520.60	13.85	27.66
Standard Bank, Namibia	90.56	1,010.73	39.34	84.50
Eco Bank, Mali	114.07	130.34	3.77	8.71
National Bank of Egypt	1,059.78	973.98	188.42	105.14
Platinum Habib Bank, Nigeria	943.28	1,361.61	16.18	265.49
Saudi Hollandi, Saudi Arabia	1,236.04	2,826.90	40.65	5.53
Bank Saudi Fransi, Saudi Arabia	4,198.96	6,679.71	56.65	15.27
Kazcommerce Bank , Tajikistan	240.32	629.85	4.54	38.31
Bank Muscat , Saudi Arabia	-	3.00	-	0.59
National Bank of Oman	17.28	151.29	2.20	13.07
First Gulf Bank , Mozambique	817.90	324.96	2.15	30.77
Standard Bank , Mozambique	529.66	124.67	376.58	119.59
National Bank of Kuwait	639.59	857.57	33.63	0.57
Municipal Co Op Bank, Mumbai	26.61	0.32	0.61	0.16
Arab National Bank, Saudi Arabia	59.71	2,704.89	-	59.71
Gumhouria Bank, Tripoli (Libya)	1,020.56	420.94	93.92	76.99
BDO, Phillipines	256.83	-	1.49	-
Bank of Georgia	6,513.06	-	22.93	-
Standard Bank, South Africa	553.05	-	29.69	-
			1,918.90	3,440.01

Schedule forming part of the Balance Sheet and the Profit and Loss Account

22. Particulars in regard to bank balances with non-scheduled banks (Contd.)

Name of the Bank	Maximum Balances at any time during the year 2010-11 ₹ in lacs	Maximum Balances at any time during the year 2009-10 ₹ in lacs	Balances as on March 31, 2011 ₹ in lacs	Balances as on March 31, 2010 ₹ in lacs
In Margin deposits				
Bank Habitat, Lebanon	18.45	36.50	4.01	18.45
STB Bank, Tunisia	8.81	-	8.81	-
			12.82	**18.45**
In Call deposits				
Union National Bank, Abu Dhabi	0.76	172.31	-	0.76
			-	**0.76**
In Fixed deposits				
Union National Bank, Abu Dhabi	2.45	6.11	2.43	2.45
First Gulf Bank,Abu Dhabi	59.73	65.84	59.73	59.48
Bank TuranAlem, Kazakhstan	6.79	2,260.70	6.69	6.74
National Bank of Egypt, Egypt	149.68	-	149.68	-
			218.53	**68.67**

Note: Maximum balances with non-scheduled banks are translated at the year end rates of exchange

23. Disclosure in respect of Joint Ventures under Accounting Standard 27 – "Financial Reporting of Interests in Joint Ventures"

		Ownership Interest Current Year	Ownership Interest 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.	Hiltop Infrastructure Inc., USA (Upto February 9, 2011)	-	50%
iii.	KEC Power India Private Limited	50%	50%
iv.	EJP KEC Joint Venture, South Africa	50%	-
v.	KEC – ASSB JV, Malaysia	67%	-
vi.	KEC – ASIAKOM – UB JV	60%	-
vii.	KEC – ASIAKOM JV	51%	-
viii.	KEC – JEI JV	60%	-
ix.	KEC – DELCO – VARAHA JV	80%	-
x.	KEC – VARAHA – KHAZANA JV	80%	-
xi.	KEC – VALECHA – DELCO JV	51%	-
xii.	KEC – SIDHARTH JV	80%	-
xiii.	KEC – TRIVENI – KPIPL JV	55%	-
xiv.	KEC – UNIVERSAL JV	80%	-
xv.	KEC – DELCO – DUSTAN JV	51%	-
xvi.	KEC – ANPR – KPIPL JV	60%	-
xvii.	KEC – PLR – KPIPL JV	55%	-

Schedule forming part of the Balance Sheet and the Profit and Loss Account

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

		Current Year ₹ in lacs	Previous Year ₹ in lacs
I	Assets*		
	Fixed assets	261.28	371.00
	Inventories	55.48	-
	Sundry Debtors	7,872.63	4.73
	Cash and Bank Balances	645.87	98.66
	Loans and Advances	173.02	3.73
	Subtotal	**9,008.28**	**478.12**
II	Liabilities*		
	Trade payables	8,129.74	438.54
	Tax provisions less payments	161.71	-
	Subtotal	**8,291.45**	**438.54**
III	Income *	**15,210.35**	**173.77**
IV	Expenditure *		
	Cost of Material	3725.35	-
	Construction Cost	10,169.34	224.90
	Personnel Expenses	520.82	28.64
	Other Expenditure	209.40	168.67
	Depreciation	84.24	78.10
	Interest (Net)	(6.84)	-
	Provision for Taxation	166.27	-

* Excludes Assets, Liabilities, Income and Expenditure disclosed in Note 23 (c) below

c) In respect of contracts as referred to in Note 2(c) of Schedule 18, the Company has recognised sales and services ₹ **29,528.97 lacs** (previous year ₹ 56,481.61 lacs), total expenditure ₹ **27,059.54 lacs** (previous year ₹ 54,908.79 lacs), total assets aggregating ₹ **28,098.29 lacs** (previous year ₹ 28,857.76 lacs) and total liabilities aggregating ₹ **25,636.51 lacs** (previous year ₹ 27,378.94 lacs).

Schedule forming part of the Balance Sheet and the Profit and Loss Account

24. Basic/diluted earnings per share has been calculated by dividing the profit for the year after taxation of ₹ **14,709.01.lacs** (previous year ₹ 17,099.12 lacs), by **25,70,88,370** (previous year 24,76,03,375) being the weighted average number of equity shares outstanding during the year. For this purpose, equity shares allotted on April 26, 2010 in consideration for the amalgamation referred to in Note 2(c) above have been considered in the calculation of weighted average number of equity shares in the previous year. Further, as during the year each equity share of face value of ₹ 10/- has been split/subdivided into face value of ₹ 2/-each, the basic/diluted earnings per share for the previous year has been adjusted in accordance with Accounting Standard -20 "Earnings Per Share".

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

26. The execution of the construction works under contracts with General Electric Company, Libya 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, 2011 of the Company relating to these contracts aggregate ₹ 6,865 lacs. The Company is hopeful to recommence and complete the balance work of the projects on restoration of normalcy in Libya.

27. In view of the matter stated in Note 1 above, the figures of the previous year are not directly comparable with those of the current year. Further previous year figures have been regrouped where necessary to conform to those of the current year.

Signatures to Schedules 1 to 19 which form an integral part of accounts.

For and on behalf of the Board

H. V. GOENKA
Chairman

VARDHAN DHARKAR
Chief Financial Officer

R. D. CHANDAK
Managing Director

CH. V. JAGANNADHA RAO
Company Secretary

A. T. VASWANI
Director

Place : Mumbai
Date : May 6, 2011

Cash Flow Statement for the year ended March 31, 2011

	Notes	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
A. Cash Flow From Operating Activities					
Profit before Taxation			23,879.36		27,394.82
Adjusted for:					
Depreciation/Amortisation (net)		3,449.10		2,624.35	
Unrealised foreign exchange (gain)/loss (net)		(120.97)		(4,310.70)	
Loss on Investment in Joint Venture Company dissolved		21.45		-	
Loss on sale/write off of fixed assets (net)		8.89		67.52	
Interest expenses		10,264.72		9,446.65	
Interest income		(398.75)	13,224.44	(794.02)	7,033.80
Operating Profit before Working Capital Changes			**37,103.80**		**34,428.62**
Changes in					
Trade and other receivables	1	(56,730.10)		(1,342.27)	
Inventories		3,686.90		4,146.31	
Trade and other payables	1	30,839.55	(22,203.65)	(25,800.97)	(22,996.93)
Cash Generated from Operations			**14,900.15**		**11,431.69**
Direct Taxes Paid (net of refund of taxes)			(6,070.98)		(7,754.96)
Net Cash From Operating Activities (A)			**8,829.17**		**3,676.73**
B. Cash Flow From Investing Activities					
Acquisition of fixed assets (after adjustment of increase/decrease in capital work-in-progress and advances for capital expenditure)			(6,628.86)		(6,048.99)
Sale of fixed assets			284.86		222.62
Interest received			326.90		795.22
Purchase of long term investments					
- In subsidiary companies			(372.27)		-
- In joint venture company			-		(11.27)
Loan given to a subsidiary company			(1,426.15)		-
Net Cash Used in Investing Activities (B)			**(7,815.52)**		**(5,042.42)**
C. Cash Flow From Financing Activities					
Proceeds from long term borrowings			8,595.67		32,379.28
Repayment of long term borrowings			(13,015.29)		(26,641.41)
Proceeds from/(Repayment of) short term borrowings (net)			16,699.84		(227.98)
Interest paid [Including interest capitalised ₹ **90.90 lacs** (previous year ₹ 432.26 lacs)]			(10,327.05)		(9,440.26)
Dividend paid (including tax on distributed profit)			(3,544.02)		(2,852.43)
Net Cash Used in Financing Activities (C)			**(1,590.85)**		**(6,782.80)**

Cash Flow Statement for the year ended March 31, 2011
(Contd.)

	Notes	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
Net Increase/(Decrease) in Cash and Cash Equivalents		(A+B+C)	(577.20)		(8,148.49)
Cash and Cash Equivalents as at the Commencement of the Year			6,794.45		13,647.28
Add : Cash and bank balance acquired under the Scheme referred to Note 1 of Schedule 19			-		1,295.66
Cash and Cash Equivalents as at the End of the Year			6,217.25		6,794.45
Net Increase/(Decrease) in Cash and Cash Equivalents			(577.20)		(8,148.49)

NOTES :

1] Changes in Trade and other receivables and trade and other payables have been arrived at after considering the adjustment referred to in Note 7 of Schedule 18 to the Accounts.

2]

	As at March 31, 2011 ₹ in lacs	As at March 31,2010 ₹ in lacs
Cash and Cash Equivalents		
Cash and Bank Balances *		
[Include fixed deposits ₹ **291.78 lacs** (previous year ₹ 279.90 lacs) on which banks are having lien]	6,216.96	6,780.11
Effect of exchange rate changes	0.29	14.34
	6217.25	**6,794.45**

* Includes Cash and Bank Balances of jointly controlled operations referred to in Note 23 (c) of Schedule 19

3] Previous year's figures have been regrouped to conform with those of the current year.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

U. M. NEOGI
Partner

Place : Mumbai
Date : May 6, 2011

VARDHAN DHARKAR
Chief Financial Officer

CH. V. JAGANNADHA RAO
Company Secretary

Place : Mumbai
Date : May 6, 2011

For and on behalf of the Board

H. V. GOENKA
Chairman

R. D. CHANDAK
Managing Director

A. T. VASWANI
Director

Balance Sheet Abstract

Balance Sheet Abstract & Company's General Business Profile As required under Part IV, Schedule VI to the Companies Act, 1956

I Registration Details

Registration No.	15061
State Code	11
Balance Sheet Date	31 (Date) 03 (Month) 2011 (Year)

II Capital raised during the year (Amount in ₹ Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities (Excluding Current Liabilities and provisions)	1837186	Total Assets (Net of Current Liabilities & Provisions)	1837186

Sources of Funds

Paid - up Capital	51477	Reserves and Surplus	813592
Secured Loans	907698	Unsecured Loans	11300
Deferred Tax Liability	57950		

Application of Funds

Net Fixed Assets	732548	Investments	53649
Net Current Assets	1093875	Accumulated Losses	NIL
Deferred Tax Asset	NIL		

IV Performance of Company (Amount in ₹ Thousands)

Turnover (including other income)	3965321	Total Expenditure	3726527
Profit Before Tax	238793	Profit After Tax	147090
Earning per Share (in ₹)	5.72	Dividend Rate (%)	60

V Generic Names of three Principal Products / Services of the Company

Item Code No. (ITC Code)	730820.01
Product Description	TOWERS AND STRUCTURALS
Item Code No. (ITC Code)	730820.01
Product Description	ENGINEERING PROCUREMENT AND CONSTRUCTION (EPC)

* During the year each fully paid up equity share of face value of ₹ 10 is split/ sub-divided into five equity shares of face value of ₹ 2 each fully paid up.

Auditors' Report

TO THE BOARD OF DIRECTORS OF KEC INTERNATIONAL LIMITED

1. We have audited the attached Consolidated Balance Sheet of KEC INTERNATIONAL LIMITED ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements/consolidated financial statements of the subsidiaries and joint ventures, whose financial statements reflect total assets of ₹ 57,043 lacs as at March 31, 2011, total revenues of ₹ 58,613.84 lacs and net cash inflow of ₹ 4,880.77 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures is based solely on the reports of the other auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit and on consideration of the audit report on the financial statements of the Company and reports of other auditors on separate financial statements/consolidated financial statements of the subsidiaries and joint ventures and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011 ;

   (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and

   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

U. M. NEOGI
Partner
(Membership No.30235)

Place : Mumbai
Date : May 6,2011

Consolidated Balance Sheet as at March 31, 2011

	Schedule	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
I. Sources of Funds					
Shareholders' Funds					
Capital	1		5,141.77		4,934.46
Equity Share Suspense	17 (2) (c)		-		207.31
Reserves and surplus	2		89,517.07		73,567.63
Loan Funds					
Secured loans	3		142,963.35		77,550.89
Finance Lease Obligations			141.69		-
Unsecured loans	4		113.00		1,123.48
Deferred Tax Liability (Net)	17(11)		4,968.51		4,611.05
			242,845.39		**161,994.82**
II. Application of Funds					
Fixed Assets	5				
Gross block		103,822.47		83,574.25	
Less: Depreciation/Amortisation		23,662.00		15,700.74	
Net block		80,160.47		67,873.51	
Capital work in progress		2,777.79		3,786.44	
Advances for capital expenditure		1,147.63		43.83	
			84,085.89		71,703.78
Expenditure during construction period			-		298.14
Goodwill on Consolidation			28,124.58		-
Current Assets, Loans and Advances					
Inventories	6	33,586.84		24,975.29	
Sundry debtors	7	261,769.57		196,235.95	
Cash and bank balances	8	16,135.21		6,978.72	
Loans and advances	9	47,234.57		39,558.30	
		358,726.19		267,748.26	
Less:					
Current Liabilities and Provisions	10				
Liabilities		222,483.23		172,138.91	
Provisions		5,608.04		5,616.45	
		228,091.27		177,755.36	
Net Current Assets			130,634.92		89,992.90
			242,845.39		**161,994.82**
Basis of consolidation and significant accounting policies	16				
Notes to the accounts	17				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

U. M. NEOGI
Partner

Place : Mumbai
Date : May 6, 2011

VARDHAN DHARKAR
Chief Financial Officer

CH. V. JAGANNADHA RAO
Company Secretary

Place : Mumbai
Date : May 6, 2011

For and on behalf of the Board

H. V. GOENKA
Chairman

R. D. CHANDAK
Managing Director

A. T. VASWANI
Director

Consolidated Profit and Loss Account for the year ended March 31, 2011

	Schedule	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
Income					
Sales and services - Gross			441,786.48		395,173.30
Less: Excise duty			9,467.49		4,534.66
Sales - Net			432,318.99		390,638.64
Share of Sales and services of Joint Ventures			15,097.38		84.63
			447,416.37		**390,723.27**
Other income	11		258.06		98.93
			447,674.43		**390,822.20**
Expenditure					
Cost of materials	12		225,522.92		201,270.06
Erection and Subcontracting expenses			92,686.82		95,676.62
Share of Erection and Subcontracting expenses of Joint Ventures			5,370.45		141.68
Personnel expenses	13		28,328.67		16,887.13
Other expenses	14		49,261.68		36,161.64
Interest	15		10,750.38		8,646.71
Depreciation/Amortisation (Net)	16B(4)(b)		4,081.42		2,702.45
			416,002.34		**361,486.29**
Profit for the year before Taxation			**31,672.09**		**29,335.91**
Provision for taxation					
Current Tax [includes share of joint ventures of ₹ 166.27 lacs (previous year ₹ 15.59 lacs) and foreign taxes pertaining to earlier years ₹ 838 lacs] - Net of write back of provision pertaining to an earlier year ₹ Nil (previous year ₹ 36.07 lacs)		9,450.71		5,579.67	
Less: MAT Credit		-		4,655.75	
			9,450.71		923.92
Deferred Tax			1,656.81		9,445.70
Profit for the year after Taxation			**20,564.57**		**18,966.29**
Balance in Profit and Loss account as at the commencement of the year (including of subsidiaries and share of joint venture)			44,179.85		30,532.84
Transfer to General Reserve			1,470.90		1,709.91
Dividend on equity shares			3,085.06		3,085.06
Tax on distributed profits (*Net of write back of excess provision of ₹ 11.92 lacs pertaining to previous year)			*488.56		524.31
Balance Carried to Balance Sheet			**59,699.90**		**44,179.85**
			₹		₹
Earnings per share (Basic/Diluted)			8.00		7.66
Nominal value of share			2.00		2.00
(Note 17 of Schedule 17)					
Basis of consolidation and significant accounting policies	16				
Notes to the accounts	17				

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

U. M. NEOGI
Partner

Place : Mumbai
Date : May 6, 2011

VARDHAN DHARKAR
Chief Financial Officer

CH. V. JAGANNADHA RAO
Company Secretary

Place : Mumbai
Date : May 6, 2011

For and on behalf of the Board

H. V. GOENKA
Chairman

R. D. CHANDAK
Managing Director

A. T. VASWANI
Director

Schedule forming part of the Consolidated Balance Sheet

		Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 1 - Capital			
Authorised			
Equity Shares			
30,00,00,000	Equity Shares of ₹ 2 each (previous year 6,00,00,000 Equity Shares of ₹ 10 each)	6,000.00	6,000.00
Preference Shares			
15,00,000	Redeemable Preference Shares of ₹ 100 each	1,500.00	1,500.00
		7,500.00	**7,500.00**
Issued, Subscribed and Paid Up			
(Note 2 of Schedule 17)			
Equity Shares			
25,70,88,370	Equity Shares of ₹ 2 each* (previous year 4,93,44,606 Equity Shares of ₹ 10 each) fully paid up	5,141.77	4,934.46
		5,141.77	**4,934.46**

* During the year each fully paid up equity share of face value of ₹ 10 is split/sub-divided into five equity shares of face value of ₹ 2 each fully paid up.

	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 2 - Reserves and Surplus				
Capital Reserve				
Balance at the commencement of the year	8,499.03			1.16
Add: Credited during the year	-			8,497.87
		8,499.03		8,499.03
Capital Redemption Reserve				
Balance at the commencement of the year		1,427.95		1,427.95
Securities Premium account				
Balance at the commencement of the year		8,674.89		8,674.89
Reserve for Amortisation of Brand account (Note B(4)(b) of Schedule 16)				
Balance at the commencement of the year	4,957.00		6,157.00	
Less : Transferred to Profit and Loss Account	1,200.00		1,200.00	
		3,757.00		4,957.00
Foreign Currency Translation Reserve				
Balance at the commencement of the year				
Credited/(Debited) during the year:	132.94		129.66	
On consolidation of foreign subsidiaries and joint ventures	350.35		97.28	
Other- on translation of non-integral operations in joint venture	(191.86)		(94.00)	
		291.43		132.94

Schedule forming part of the Consolidated Balance Sheet

	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 2 - Reserves and Surplus (Contd.)				
General Reserve				
Balance at the commencement of the year	5,601.09		3,891.18	
Add: Transferred from Profit and Loss account	1,470.90		1,709.91	
		7,071.99		5,601.09
Profit and Loss Account		59,699.90		44,179.85
Statutory Reserve				
Balance at the commencement of the year	94.88		59.79	
Add: Credited during the year	-		35.09	
		94.88		94.88
		89,517.07		**73,567.63**

	Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 3 - Secured Loans		
(Note 3 of Schedule 19)		
Loans and advances from banks	137,956.73	71,990.19
Loans and advances from others	5,006.62	5,560.70
	142,963.35	**77,550.89**

	Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 4 - Unsecured Loans		
Loans and advances other than short term:		
From Banks	-	1,010.48
(repayable within one year ₹ **Nil**, previous year ₹ 1,010.48 lacs)		
From Others	113.00	113.00
	113.00	**1,123.48**

Schedule forming part of the Consolidated Balance Sheet

Schedule 5 - Fixed Assets

₹ in lacs

Description	Gross Block: As at March 31, 2010	Gross Block: Additions during the year	Gross Block: Acquired during the year *	Gross Block: Deductions during the year	Gross Block: Exchange Fluctuations	Gross Block: As at March 31, 2011	Depreciation/Amortisation: Upto March 31, 2010	Depreciation/Amortisation: Deductions during the year	Depreciation/Amortisation: Acquired during the year*	Depreciation/Amortisation: For the year	Depreciation/Amortisation: Exchange Fluctuations	Depreciation/Amortisation: Upto March 31, 2011	Net Block: As at March 31, 2011	Net Block: As at March 31, 2010
Tangible Assets														
Freehold Land	11,479.94	-	1,592.56	-	87.71	13,160.21	-	-	-	-	-	-	13,160.21	11,479.94
Leasehold Land **	6,655.46	157.10	-	-	-	6,812.56	479.37	-	-	104.83	-	584.20	6,228.36	6,176.09
Buildings **	6,080.02	849.28	2,631.22	11.22	124.27	9,673.57	1,290.06	1.08	374.83	336.47	0.38	2,000.66	7,672.91	4,789.96
Plant and Machinery	29,745.64	5,846.11	6,862.50	481.10	162.11	42,135.26	5,856.82	278.23	2,193.03	2,786.58	1.72	10,559.92	31,575.34	23,888.82
Computers	906.26	192.44	269.49	4.11	2.58	1,366.66	360.37	3.20	209.63	165.76	0.06	732.62	634.04	545.89
Furniture and Fixtures	991.21	366.49	22.13	17.39	0.47	1,362.91	265.48	9.31	1.23	115.74	0.00	373.14	989.77	725.73
Electrical Installations	274.19	97.81	-	-	-	372.00	46.42	-	-	28.75	-	75.17	296.83	227.77
Vehicles	1,617.05	296.43	-	79.66	-	1,833.82	631.24	33.11	-	187.41	-	785.54	1,048.28	985.81
Sub-Total	**57,749.77**	**7,805.66**	**11,377.90**	**593.48**	**377.14**	**76,716.99**	**8,929.76**	**324.93**	**2,778.72**	**3,725.54**	**2.16**	**15,111.25**	**61,605.74**	**48,820.01**
Assets acquired under Finance Lease														
Plant and Machinery	-	64.07	140.48	37.69	-	166.86	-	7.43	8.52	5.78	-	6.87	159.99	-
Sub-Total	-	**64.07**	**140.48**	**37.69**	-	**166.86**	**-**	**7.43**	**8.52**	**5.78**	**-**	**6.87**	**159.99**	**-**
Intangible Assets (other than internally generated)														
Computer Softwares	1,178.51	77.58	682.34	368.80	3.68	1,573.31	496.01	368.80	562.35	220.29	0.08	909.93	663.38	682.50
Brands	24,000.00	-	783.85	-	-	24,783.85	6,000.00	-	67.95	1,245.82	-	7,313.77	17,470.08	18,000.00
Sub-Total	**25,178.51**	**77.58**	**1,466.19**	**368.80**	**3.68**	**26,357.16**	**6,496.01**	**368.80**	**630.30**	**1,466.11**	**0.08**	**8,223.70**	**18,133.46**	**18,682.50**
Total	**82,928.28**	**7,947.31**	**12,984.57**	**999.97**	**380.82**	**103,241.01**	**15,425.77**	**701.16**	**3,417.54**	**5,197.43**	**2.24**	**23,341.82**	**79,899.19**	
Share of Fixed Assets of Joint Ventures	645.97	39.30	-	30.72	(73.09)	581.46	274.97	9.26	-	83.99	(29.52)	320.18	261.28	371.00
	83,574.25	**7,986.61**	**12,984.57**	**1,030.69**	**307.73**	**103,822.47**	**15,700.74**	**710.42**	**3,417.54**	**5,281.42**	**(27.28)**	**23,662.00**	**80,160.47**	
Previous Year	63,195.84	7,409.02	14,013.47	1,044.08	-	83,574.25	12,477.52	679.23	-	3,902.45	-	15,700.74		67,873.51
Capital work-in-progress at cost													2,777.79	3,786.44
Advances for capital expenditure													1,147.63	43.83
Sub-Total													**3,925.42**	3,830.27
Grand Total													**84,085.89**	71,703.78

* On acquisition of subsidiaries referred to in Note 20 of Schedule 17 (Previous year - Acquired under the Scheme referred to in Note 1 of Schedule 17).

** Note 4 of Schedule 17

Notes:

i. Additions during the year include ₹ 3,437.42 lacs in respect of Scientific Research and Development activities pertaining to Research and Development Centre at Butibori, as certified by the management and accepted by the auditors.

ii. Gross Block and Accumulated depreciation/amortisation as at the year end include ₹ **1,436.19 lacs** (previous year ₹ Nil) and ₹ **130.17 lacs** (previous year ₹ Nil) respectively in respect of Leasehold Land and structures thereon at Vashi held for sale.

Schedule forming part of the Consolidated Balance Sheet

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Schedule 6 - Inventories				
Stores	190.26		145.01	
Dies and tools	4,197.93		2,616.09	
		4,388.19		2,761.10
Raw materials	16,696.10		15,316.86	
Work-in-process	9,271.69		2,366.04	
Erection materials	361.78		294.16	
Finished goods	2,115.69		3,226.93	
		28,445.26		21,203.99
Scrap		697.91		1,010.20
		33,531.36		24,975.29
Share of Inventories of Joint Ventures		55.48		-
		33,586.84		**24,975.29**

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Schedule 7 - Sundry Debtors				
Unsecured				
(Considered good, unless otherwise stated)				
Debts outstanding for a period exceeding six months				
Considered good	93,607.84		67,396.01	
Considered doubtful	4,254.58		2,683.83	
		97,862.42		70,079.84
Other debts		160,289.10		128,835.21
		258,151.52		198,915.05
Less: Provision for doubtful debts		4,254.58		2,683.83
		253,896.94		196,231.22
Share of Sundry Debtors of Joint Ventures		7,872.63		4.73
		261,769.57		**196,235.95**

Schedule forming part of the Consolidated Balance Sheet

	Current Year		Previous Year	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
Schedule 8 - Cash and Bank Balances				
Cash on hand		316.37		185.24
Cheques on hand		219.26		-
Bank balances with scheduled banks				
In current accounts	3,347.96		1,298.09	
In fixed deposits*	1,029.55		681.36	
In margin deposits	432.56		1,089.58	
		4,810.07		3,069.03
Bank balances with non-scheduled banks				
In current accounts	9,880.31		3,537.91	
In margin deposits	12.82		18.45	
In call deposits	-		0.76	
In fixed deposits*	218.53		68.67	
		10,111.66		3,625.79
Remittances in transit		31.98		-
		15,489.34		6,880.06
Share of Cash on hand of Joint Ventures		0.67		10.05
Share of Bank balances of Joint Ventures		645.20		88.61
		16,135.21		**6,978.72**

Note:

* The Banks are having lien on ₹ **772.96 lacs** (previous year ₹ 279.90 lacs) included in fixed deposits for the facilities extended to the Company.

	Current Year	Previous Year
	₹ in lacs	₹ in lacs
Schedule 9 - Loans and Advances		
Advances recoverable in cash or in kind or for value to be received:		
Unsecured - considered good	31,765.40	22,612.20
Considered doubtful	156.90	152.20
	31,922.30	22,764.40
Less : Provision for doubtful advances	156.90	152.20
	31,765.40	22,612.20
Excise duty recoverable from Government authorities	4,060.37	3,894.90
Balances with customs and excise authorities	2,004.22	1,780.26
MAT Credit Entitlement	2,507.45	4,655.75
Current Tax payments less provisions	4,492.64	4,487.01
Sundry deposits	2,231.47	2,124.45
	47,061.55	39,554.57
Share of Advances of Joint Ventures	173.02	3.73
	47,234.57	**39,558.30**

Schedule forming part of the Consolidated Balance Sheet

	Current Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 10 - Current Liabilities and Provisions		
A. Current Liabilities		
Acceptances	57,657.43	67,084.04
Sundry creditors	120,816.91	95,455.23
Advances from customers	40,352.86	9,003.90
Unclaimed Dividend#	128.79	75.36
Interest accrued but not due on loans	281.90	294.28
	219,237.89	171,912.81
Share of Sundry creditors of Joint Ventures	3,245.34	226.10
	222,483.23	172,138.91
B. Provisions		
Tax provisions less payments	1,066.60	704.24
Proposed equity dividend	3,085.06	3,085.06
Tax on distributed profits	500.48	524.31
Compensated Absences	794.19	731.39
Gratuity	-	571.45
	5,446.33	5,616.45
Share of tax provisions less payments of Joint Ventures	161.71	-
	5,608.04	5,616.45
	228,091.27	**177,755.36**

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.

Schedule forming part of the Consolidated Profit and Loss Account

Schedule 11 - Other Income	Current Year ₹ in lacs	Previous Year ₹ in lacs
Rent	20.40	21.56
Insurance claims	4.31	25.70
Miscellaneous receipts	233.35	51.67
	258.06	**98.93**

Schedule 12 - Cost of Materials	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
Consumption of raw materials and components		203,502.69		174,457.86
Finished goods, work-in-process and scrap:				
Opening stock				
Work-in-Process	2,366.04		1,264.30	
Finished Goods	3,226.93		3,658.54	
Scrap	1,010.20		750.40	
	6,603.17		5,673.24	
Purchase of finished goods	16,461.86		23,856.04	
Acquired during the year*:				
Work-in-Process	9,462.49		1,934.84	
Finished Goods	67.66		1,836.55	
Scrap	-		90.05	
	9,530.15		3,861.44	
Less: Closing stock:				
Work-in-Process	9,271.69		2,366.04	
Finished Goods	2,115.69		3,226.93	
Scrap	697.91		1,010.20	
	12,085.29		6,603.17	
		20,509.89		26,787.55
		224,012.58		201,245.41
Share of cost of materials of Joint Ventures		1,510.34		24.65
		225,522.92		**201,270.06**

* On acquisition of subsidiaries referred to in Note 20 of Schedule 17 (previous year - Acquired under the Scheme referred to in Note 1 of Schedule 17).

Schedule 13 - Personnel Expenses	Current Year ₹ in lacs	Previous Year ₹ in lacs
Salaries, wages and bonus	24,475.00	14,936.20
Contribution to provident fund, gratuity and other funds	1,214.49	1,085.46
Welfare expenses	2,088.08	763.32
Workmen's compensation	30.28	73.51
	27,807.85	16,858.49
Share of personnel expenses of Joint Ventures	520.82	28.64
	28,328.67	**16,887.13**

Schedule forming part of the Consolidated Profit and Loss Account

	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 14 - Other Expenses				
Tools, non-erection stores and maintenance spares		1,073.51		570.62
Power and fuel		3,260.15		1,555.51
Rent		2,817.95		1,879.78
Rates and taxes (net)		4,931.39		5,415.34
Excise duty		107.99		182.84
Insurance		1,593.67		1,604.51
Bank (guarantee,letter of credit and other) charges		4,843.48		6,212.74
Commission		4,555.83		3,726.41
Freight (net)		6,126.73		3,850.25
Coolie, cartage and forwarding		590.97		551.16
Repairs:				
Plant and machinery	978.98		594.44	
Buildings	314.44		97.47	
Others	637.57		503.61	
		1,930.99		1,195.52
Travelling and conveyance		3,120.23		2,609.93
Professional fees		2,745.28		1,798.18
Bad Debts written off	1,279.23		2,470.07	
Less: Adjusted against provision for doubtful debts	179.16		1,126.55	
		1,100.07		1,343.52
Provision for doubtful debts (net)		1,702.38		(772.22)
Directors' fees		10.70		9.65
Loss on sale/write off of fixed assets (net)		16.35		67.52
Exchange (gain)/loss (net)		1,074.33		(964.72)
Miscellaneous expenses		7,450.28		5,156.43
		49,052.28		35,992.97
Share of other expenses of Joint Ventures		209.40		168.67
		49,261.68		**36,161.64**

	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
Schedule 15 - Interest				
On fixed period loans		4,581.23		2,707.54
Others		6,837.41		6,739.11
		11,418.64		9,446.65
Less: Recoveries - interest on deposits with banks, housing loans etc. [Tax Deducted at source ₹ **5.15 lacs** (Previous year ₹ 71.20 lacs)]	661.42		794.02	
Share of interest of Joint Ventures	6.84		5.92	
		668.26		799.94
		10,750.38		**8,646.71**

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

SCHEDULE 16 – Basis of Consolidation and Significant Accounting Policies

A) Basis of Consolidation:

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

I. Basis of Accounting:

i. The consolidated financial statements have been prepared on historical cost convention. The Group follows the accrual basis of accounting.

ii. The following Subsidiaries are considered for consolidation:

	Country of Incorporation	% of ownership interest either directly or through subsidiaries	
		As at March 31, 2011	As at March 31, 2010
Direct Subsidiaries			
RPG Transmission Nigeria Limited	Nigeria	100	100
KEC Global FZ – LLC –Ras Ul Khaimah	UAE	100	100
Jay Railway Projects Private Limited (formerly known as Jay Railway Signaling Private Limited) (w.e.f. September 14, 2010)	India	100	-
KEC Investment Holdings, Mauritius (w.e.f. August 2, 2010)	Mauritius	100	-
Indirect Subsidiaries			
KEC Transmission LLC*	USA	100	-
KEC US LLC*	USA	100	-
KEC International Holdings LLC *	USA	100	-
KEC Brazil LLC *	USA	100	-
KEC Mexico LLC *	USA	100	-
SAE Towers Holdings, LLC #	USA	100	-
SAE Towers Brazil Subsidiary Company LLC #	USA	100	-
SAE Towers Mexico Subsidiary Holding Company LLC #	USA	100	-
SAE Towers Mexico S de RL de CV#	Mexico	100	-
SAE Towers Brazil Torres de Transmission Ltda#	Brazil	100	-
SAE Prestadora de Servicios Mexico, S de RL de CV #	Mexico	100	-
SAE Towers 2 Investmentos e Participacoes Ltda #	Brazil	100	-
SAE Towers Ltd. #	USA	100	-
SAE Towers Panama Holdings LLC #	USA	100	-
SAE Towers Panama S de RL #	Panama	100	-

* w.e.f. September 7, 2010

\# w.e.f. September 23, 2010

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

iii. The following Jointly Controlled Entities are considered for consolidation:

	Country of Incorporation	% of ownership interest either directly or through subsidiaries	
		As at March 31, 2011	As at March 31, 2010
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia (formerly known as Faiz Abdulhakim Al-Sharif Group and KEC Company Ltd)	Saudi Arabia	49	49
Hilltop Infrastructure Inc. (up to February 9, 2011)	USA	-	50
KEC Power India Private Limited	India	50	50
EJP KEC Joint Venture	South Africa	50	-
KEC – ASSB JV	Malaysia	67	-
KEC – ASIAKOM – UB JV	India	60	-
KEC – ASIAKOM JV	India	51	
KEC – JEI JV	India	60	-
KEC – DELCO – VARAHA JV	India	80	-
KEC – VARAHA – KHAZANA JV	India	80	-
KEC – VALECHA DELCO JV	India	51	-
KEC – SIDHARTH JV	India	80	-
KEC – TRIVENI – KPIPL JV	India	55	-
KEC – UNIVERSAL JV	India	80	-
KEC – DELCO – DUSTAN JV	India	51	-
KEC – ANPR – KPIPL JV	India	60	-
KEC – PLR – KPIPL JV	India	55	-

iv. 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, 2010. In respect of Al- Sharif Group and KEC Ltd Company, effect has been given to significant transactions between the two reporting dates.

v. The consolidated financial statements of SAE Towers Holdings LLC, USA and its subsidiaries (SAE Group) have been prepared in accordance with the accounting principles generally accepted in the United States. The appropriate adjustments have been made to the consolidated financial statements of SAE Group for preparation of the consolidated financial statements of KEC Group.

II. Principles of Consolidation:

i. The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses are fully eliminated.

ii. The interest of the Company in the Jointly Controlled Entity has been reported by using proportionate consolidation whereby its share of each of the assets and liabilities of the Jointly Controlled Entity is reported 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 Joint Controlled Operations, in terms of Accounting

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

Standard (AS) 27 " Financial Reporting of Interests in Joint Ventures"] have already been recognised in the financial statements of the Company considered for consolidation, necessary effects have been given by the management to the financial statements of Al-Sharif Group and KEC Ltd Company as referred to in Note A(I) (iv) above which have been considered for consolidation. The intra group balances and intra group transactions and unrealised profits or losses are eliminated to the extent of the group's proportionate share.

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

B) Significant Accounting Policies:

1 Revenue Recognition:

a) Sales of Products and Services are recognised on delivery. Sales and services exclude sales tax/value added tax and service tax charged to the customers.

b) Revenue from long term 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 long term contracts awarded to Jointly Controlled Entity at Saudi Arabia but executed by the Company under the arrangement with the Joint Venture Partner [being in substance in the nature of Jointly Controlled Operations, in terms of Accounting Standard (AS) 27 "Financial Reporting of Interests in Joint Ventures"], is recognised on the same basis as similar long term contracts independently executed by the Company.

d) Subsidy is accounted on accrual basis.

e) Dividend income is accounted as and when right to receive dividend is established.

f) Interest income is accounted on time proportion basis.

2 Inventories:

a) Raw materials, work-in-process, 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 of five years. Scrap is valued at net realisable value.

b) Cost of work-in-process and finished goods includes material cost, labour cost, and manufacturing overheads absorbed on the basis of normal capacity of production.

3 Fixed Assets:

Fixed assets are stated at cost of acquisition or construction net of impairment loss, if any, less accumulated depreciation/amortisation. Cost comprises of purchase/acquisition price, non-refundable taxes and any directly attributed cost of bringing the asset to its working condition for its intended use. Financing cost on borrowings for acquisition or construction of fixed assets, for the period upto the date of acquisition of fixed assets or when the

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

assets are ready to be put in use/the date of commencement of commercial production, is included in the cost of fixed assets. Assessment of indication of impairment of an asset is made at the year-end and impairment loss, if any, is recognised.

4 **Depreciation/Amortisation:**

a) Tangible Assets:

(i) Leasehold land is amortised over the remaining period of the lease.

(ii) Cost of buildings of semi-permanent nature is amortised over 3 years.

(iii) Depreciation on other tangible fixed assets is provided on straight line method at the rates so as to reduce them to their estimated salvage value at the end of their useful lives or at the rates prescribed in Schedule XIV to the Companies Act, 1956 whichever is higher.

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

Plant and Machinery – 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 profit and loss account each year so that overall depreciation/amortisation gets reduced to that extent. Accordingly, ₹ 1,200 lacs being the amortization of brand during the year (previous year ₹ 1,200 lacs) has been credited to the profit and loss account by netting it with Depreciation/Amortisation.

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

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

5. **Investments:**

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

6. Sundry debtors as at the year end under the contract are disclosed net of advances relating to the respective contracts received and outstanding at the year end.

7. **Foreign Currency Transactions:**

a) Foreign branches (Integral):

i. Fixed assets are translated at the rates on the date of purchase/acquisition of assets and Inventories are translated at the rates that existed when costs were incurred.

ii. All foreign currency monetary items outstanding at the year end are translated at the year-end exchange rates. Income and expenses are translated at average rates of exchange and depreciation/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 Profit and Loss Account.

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

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 Profit and Loss Account.

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 Profit and Loss Account in the year in which the exchange rate changes.

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

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

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

9. **Employee Benefits:**

(i) Defined Contribution Plans:

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

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

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

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

10. **Taxation:**

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

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

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

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

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

12. **Contingencies/Provisions:**

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

13. **Uses of Estimates:**

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

14. **Goodwill on Consolidation:**

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

15. **Derivative Contracts:**

    The Group enters into derivative contracts in the nature of full currency swaps, interest rate swaps, currency options, forward contract 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 Profit and Loss Account. Gains arising on the same are not recognised on grounds of prudence.

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

Schedule 17 – Notes To The Accounts

1 Scheme of Amalgamation:

1.1 A Scheme of Amalgamation (the Scheme) between RPG Cables Limited (RPGCL) and the Company and their respective shareholders under Section 391 to 394 of the Companies Act, 1956 was sanctioned by the Hon'ble High Court of Judicature at Bombay on February 26, 2010 and at Karnataka, Banglore on March 17, 2010. The Scheme, which has become operative from March 31, 2010 upon filing of the certified copies of the Orders of the Hon'ble High Courts with the Registrar of Companies in the respective States, is effective from March 1, 2010 (The Appointed date).

1.2 Pursuant to the Scheme, with effect from the Appointed date RPGCL (Transferor Company) is amalgamated in the Company, as a going concern, with all its assets, liabilities, properties, rights, benefits and interest therein subject to existing charges thereon in favour of banks and financial institutions.

1.3 Also refer Note 2 (c) below.

2 Share Capital:

Share Capital includes:

a) **18,81,79,270** equity shares of ₹ 2/- each (previous year 3,76,35,854 equity shares of ₹ 10/- each) allotted in an earlier year for consideration other than cash for acquisition of Power Transmission Business.

b) **5,82,90,010** equity shares of ₹ 2/- each (previous year 1,16,58,002 equity shares of ₹ 10/- each) allotted in an earlier year for consideration other than cash to the shareholders of the erstwhile RPG Transmission Limited (RPGT) and the erstwhile National Information Technologies Limited.

3,750 fully paid up equity shares of ₹ 2/- each (previous year 750 equity shares of ₹ 10/- each) were allotted to a trustee against 1,688 equity shares of RPGT, 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.

c) **1,03,65,340** equity shares of ₹ 2/- each (previous year 20,73,068 equity shares of ₹ 10/- each shown as Equity Share Suspense) allotted on April 26, 2010 in consideration for the amalgamation referred to in Note 1 above to the shareholders of the erstwhile RPG Cables Limited (RPGCL).

3 Secured Loans:

3.1 Loans and advances from Banks:

a) ₹ **37,997.54 lacs** (previous year ₹ 14,153.79 lacs) secured by first charge by hypothecation of all the present and future current assets of the Company excluding those covered under (g), (k) and 3.2 (c) below and second charge on the Company's fixed assets situated at Jaipur, Jabalpur and Butibori factories.

b) ₹ **17,580.12 lacs** (previous year ₹ 25,104.69 lacs) guaranteed by banks, which in turn is secured by security, stated against (a) above.

c) ₹ **393.33 lacs** (previous year ₹ Nil) secured by assignment of certain overseas book debts of the Company.

d) ₹ **Nil** (previous year ₹ 119.00 lacs) secured by a first charge by way of hypothecation of specific movable plant and machinery, equipment and other assets acquired by the Company under the Asset Credit Scheme together with machinery spares, tools and accessories and other movables.

e) ₹ **1,161.80 lacs** (previous year ₹ 1,907.72 lacs) secured by hypothecation of whole of movables (save and except current assets of the Company including book debts) [excluding those covered under (g),(k) and 3.2 (c) below] and equitable mortgage of the Company's immovable properties at Company's factory at Butibori, Nagpur and subject to prior charge referred to in (a) above on movable assets.

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

f) ₹ **891.64 lacs** (previous year ₹ 1,426.62 lacs) secured by (i) hypothecation of whole movables (save and except current assets of the Company including book debts) at Jabalpur and Gurgaon, subject to prior charge in respect of loans referred in (a) above (ii) hypothecation of whole of movables at Coimbatore and (iii) equitable mortgage of the Company's certain immovable properties at Jabalpur and Coimbatore.

g) ₹ **8,395.50 lacs** (previous year ₹ 8,395.50 lacs) secured by first charge on moveable assets of Telecom Division including Telecom Towers, both present and future.

h) ₹ **10,080.68 lacs** (previous year ₹ 10,015.62 lacs) secured by way of first charge on fixed assets of the Company situated at Thane and Mysore.

i) ₹ **4,400.00 lacs** (previous year ₹ 5,000.00 lacs) secured by way of first charge on land, building and plant and machinery of the Company situated at Jaipur.

j) ₹ **Nil** (previous year ₹ 5,000.00 lacs) being commercial paper issued against stand by facilities from certain banks which in turn is secured by security stated against (a) above. Maximum balance outstanding any time during the year is ₹ **25,000.00 lacs** (previous year ₹ 20,000.00 lacs).

k) ₹ **858.82 lacs** (previous year ₹ 858.82 lacs) secured by way of first charge on land and building of the Company situated at Raebareli and further secured by all tangible movable properties and assets of Raebereli unit of the Company, both present and future.

l) ₹ **3.77 lacs** (previous year ₹ 8.43 lacs) secured by hypothecation of certain vehicles of the Company.

m) ₹ **4,000.00 lacs** (previous year ₹ Nil) secured by first charge on movable fixed assets i.e. construction equipment pertaining to the Transmission, Distribution and Railway business of the Company situated at various project sites in India, both present and future.

n) ₹ **5,244.55 lacs** (previous year ₹ Nil) secured by promissory notes and assignment of the related export contracts and receivables of one of the overseas subsidiaries.

o) ₹ **1,477.38 lacs** (previous year ₹ Nil) secured by customer contracts and their related receivables of one of the overseas subsidiaries.

p) ₹ **45,471.60 lacs** (previous year ₹ Nil) secured by exclusive charge on fixed deposits with bank ₹ 481.18 lacs of two subsidiaries in USA, exclusive charge on assets of and investment in certain subsidiary companies in USA, Brazil and Mexico. Further secured by corporate guarantee of the Company.

3.2 Loans and advances from others:

a) ₹ **3,000.00 lacs** (previous year ₹ 2,919.15 lacs) secured by security stated against 3.1 (a) above.

b) ₹ **2,000.00 lacs** (previous year ₹ Nil) secured by first charge over the fixed assets of the Company pertaining to Tower Testing Station situated at Butibori, Nagpur both present and future.

c) ₹ **Nil** (previous year ₹ 2,619.95 lacs) secured by way of first charge on present and future current assets of Cables division.

d) ₹ **6.62 lacs** (previous year Rs .21.60 lacs) secured by hypothecation of certain vehicles of the Company.

4. Fixed Assets:

a. 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.

b. Buildings at Jaipur, Butibori, Bhopal, Raebareli and Vashi, Navi Mumbai are constructed on Leasehold land.

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

5. Contingent Liabilities in respect of

(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* (Tax/Penalty/Interest)	1993-2010 1995-2009	2,678.22	679.06
2		Excise Duty * (Tax/Penalty/Interest)	1994-2011 1994-2010	1,969.14	1,316.10
3		Service Tax * (Tax/Penalty/Interest)	2004-2010 2006-2008	14.84	24.57
4		Entry Tax (Tax/Penalty/Interest)	1995-2008 1995-2005	60.43	32.00
5	(i)	Income Tax matters mainly in respect of disallowance of depreciation etc. relating to Power Transmission Business acquired by the Company	A.Y.2006-07 to 2009-10 A.Y.2006-07 and 2007-08	7,241.44	5,579.60
	(ii)	Income Tax matters at overseas unit/s	2002 2007	1,089.79	1,104.97
6		Civil Suits	1993-1994 1993-1994	5.00	5.00
7		Demands of employees/subcontractors		Amount not determinable	

*These claims mainly relate to the issues of applicability, issue of disallowance of cenvat credit and in case of Sales Tax, also relate to the issue of submission of 'C' forms.

(b) Other matters for which the Company is contingently liable:

		Current Year ₹ in lacs	Previous Year ₹ in lacs
1	Bills discounted	3,521.17	16,695.61
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	752.78

Foot Note for 5 (a) and (b) above:

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

6. Estimated amount of contracts remaining to be executed on capital account not provided for (net of capital advances) ₹ **8,226.39 lacs** (previous year ₹ 410.24 lacs).

7. The amount of interest capitalised during the year ₹ **90.90 lacs** (previous year ₹ 432.26 lacs) is included in Fixed assets/ capital work in progress.

8. Excise duty shown in Schedule-16 "Other Expenses" includes ₹ **58.62 lacs** (previous year net of ₹ 47.73 lacs) being excise duty related to the difference between the closing stock and opening stock of the finished goods.

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

9. Disclosure under the Accounting Standard - 7 "Construction Contracts"

			Current Year ₹ in lacs	Previous Year ₹ in lacs
(a)	(i)	Contract Revenue recognised during the year	251,009.11	251,358.85
	(ii)	Method used to determine the contract revenue recognised and the stage of completion of contracts in progress	Refer note B 1(b) of Schedule 16	
(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)	477,885.70	505,392.28
	*(ii)	Advances received	26,976.77	7,627.53
	*(iii)	Retentions receivable	27,053.35	30,560.65
	(iv)	Gross amount due from customers	14,133.92	11,809.60
		- Included under Schedule 7 – Sundry Debtors net of adjustment referred to in Note B (6) of Schedule 16	13,430.98	9,930.33
	(v)	Gross amount due to customers	9,771.64	7,937.64
		- Included in Sundry Creditors under Schedule 10 – Current Liabilities and Provisions net of adjustment of respective debit balances of sundry debtors	1,615.94	493.93

*Net of adjustment referred to in Note B (6) of Schedule 16.

10. Managerial remuneration:

	Current Year ₹ in lacs	Previous Year ₹ in lacs
To the Managing Director		
Salary and allowances	199.24	156.57
Commission	33.37	28.41
Perquisites	2.17	2.34
Contribution to provident fund and other Funds	19.24	15.69
	#254.02	**# 203.01**
To directors, other than the Managing Director		
Fees	10.70	* 9.65
Commission to Non-Executive Directors (@ includes ₹ 164.00 lacs relating to the year 2008-09 which is paid during the previous year on receipt of approval of the Central Government).	^880.00	@412.00

Notes:

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

* Excludes sitting fess of ₹ 0.05 lacs paid to a director of the erstwhile RPG Cables Limited during the period March 1, 2010 (the appointed date) to March 31, 2010 (the effective date), borne by the Company in terms of the Scheme of Amalgamation referred to in Note 1 above.

^ Members of the Company in the Annual General Meeting held on June 27, 2008 and the Central Government vide its letter dated June 30, 2009 approved payment of commission to Non-Executive Directors up to a ceiling of 1% of the net profits of the Company. The Board of Directors in its meeting held on May 6, 2011has approved payment of commission up to 5% of the net profits of the Company subject to approval of members in the forthcoming Annual General Meeting and of the Central Government as required under section 310 of the Companies Act, 1956. Accordingly, commission of ₹ 625.81 lacs in excess of 1% of the net profits included above, is subject to approval of members and of the Central Government as stated above.

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

11. Major components of deferred tax assets/liabilities arising on account of timing differences are:

		Current Year ₹ in lacs	Previous Year ₹ in lacs
Deferred Tax Liability			
Depreciation	(A)	8,644.91	7,640.88
Deferred Tax Assets			
Provision for doubtful debts and advances		1,464.58	963.97
Amalgamation Expenses		122.30	210.22
VRS Expenditure u/s 35 DDA		225.88	-
Expenses debited to Profit and Loss Account allowed in subsequent year		1,189.90	411.13
Unabsorbed depreciation*		-	1,186.17
Provision for non recovery of value added tax		414.59	-
Others		259.15	258.34
	(B)	3,676.40	3,029.83
Deferred Tax Liability (net)	(A-B)	**4,968.51**	**4,611.05**

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

12. Details of Employee Benefits as required by Accounting Standard-15 "Employee Benefits" are as follows:

	Current Year ₹ in lacs	Previous Year ₹ in lacs
1 Defined Contribution Plans		
The Company has recognised the following amounts in the Profit and Loss Account:		
- Contribution to Provident Fund and Family Pension Fund	779.12	426.93
- Contribution to Superannuation Fund	161.40	128.80
The above amount is included in 'Contribution to provident fund, gratuity and other funds' under 'Personnel Expenses' in Schedule 15.		

2 Defined Benefit Plan (Funded)

a. A general description of the Employees 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 salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

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

		Current Year ₹ in lacs	Previous Year ₹ in lacs
I	**Components of employer expense**		
1	Current Service cost	152.83	126.92
2	Interest Cost	190.19	139.96
3	Expected return on Plan Assets	(169.83)	(134.51)
4	Actuarial Losses/(Gains)	(106.94)	128.41
5	Total expense recognised in the Profit and Loss Account (included in 'Contribution to provident fund, gratuity and other funds' under 'Personnel Expenses' in Schedule 15)	66.25	260.78

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

			Current Year ₹ in lacs	Previous Year ₹ in lacs
II	Actual Contribution and Benefits Payments for the year			
	1	Actual Benefits Payments	(424.88)	(288.91)
	2	Actual Contributions	705.00	524.66
III	Net asset/(liability) recognised in the Balance Sheet			
	1	Present Value of Defined Benefit Obligation	2,198.69	2,377.45
	2	Fair Value of Plan Assets	2,265.99	1,806.00
	3	Funded Status [Surplus/(Deficit)]	67.30	(571.45)
	4	Net asset/(liability) recognised in the Balance Sheet	67.30	(571.45)
IV	Change in Defined Benefit Obligation during the year			
	1	Present Value of Defined Benefit Obligation as at the beginning of the year	2377.45	1,969.23
	2	Current Service Cost	152.83	126.92
	3	Interest Cost	190.19	139.96
	4	Acquisitions/Amalgamations	-	297.01
	5	Actuarial Losses/(Gains)	(96.90)	133.24
	6	Benefits paid	(424.88)	(288.91)
	7	Present Value of Defined Benefit Obligations as at the end of the year	2,198.69	2,377.45
V	Change in Fair Value of Plan Assets during the year			
	1	Plan Assets as at the beginning of the year	1,806.00	1,430.91
	2	Acquisition/Amalgamation	-	-
	3	Expected return on Plan Assets	169.83	134.51
	4	Actuarial Gains/(Losses)	10.04	4.83
	5	Actual Company Contributions	705.00	524.66
	6	Benefits paid	(424.88)	(288.91)
	7	Plan Assets as at the end of the year	2,265.99	1,806.00
VI	Actuarial Assumptions			
	1	Discount Rate	8.00	7.50
	2	Expected Return on plan assets	9.40	9.40
	3	Salary escalation Rate	5.50	5.00
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 ₹ **179.87 lacs** (Previous Year ₹ 139.34 lacs).			
VIII	The assumption of the future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors.			
IX	The major categories of Plan Assets as a percentage of the total plan assets			
	Insurer Managed Funds		100%	100%
	Note: The details of investment made by the Insurer is not readily available with the Company.			

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

X	Experience Adjustments	2010-11	2009-10	2008-09	2007-08
1	Present Value of Defined Benefit Obligation as at the end of the year	2,198.69	2,377.45	1,969.23	1,994.23
2	Fair Value of Plan Assets as at the end of the year	2,265.69	1,806.00	1,430.91	884.02
3	Funded Status [Surplus/(Deficit)]	67.30	(571.45)	(538.32)	(1,110.21)
4	Experience adjustment on Plan Liabilities	96.90	(74.71)	0.28	(72.80)
5	Experience adjustment on Plan Assets	(10.04)	(4.83)	(11.38)	0.66

XI Contribution expected to be paid to the Plan during the year ending March 31, 2012 – ₹ 94.58 lacs.

13. The derivative instruments, which are not intended for trading or speculative purpose, outstanding as at March 31, 2011 are as follows:

Forward Exchange Contracts:

Currency	Buy/Sell	Cross currency	Foreign Currency in lacs	
			As at March 31, 2011	As at March 31, 2010
USD	Sell	INR	-	45.04
USD	Sell	EUR	-	40.33
EUR	Sell	USD	107.03	-
CAD	Sell	USD	103.95	-
USD	Buy	BRL	28.93	-
USD	Buy	INR	185.74	293.52
EUR	Buy	INR	12.07	1.30
EUR	Buy	USD	127.98	-
JPY	Buy	USD	-	13,656.12
JPY	Buy	INR	1,684.79	-

Hedging Commodity related risks:

Commodity	Buy/Sell	Quantity in MT	
		As at March 31, 2011	As at March 31, 2010
Copper	Buy	1,174.00	300.00
Zinc	Buy	1,125.00	725.00
Aluminum	Buy	765.00	265.00
Lead	Buy	75.00	-

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

Receivables:

	As at March 31, 2011		As at March 31, 2010	
Currency	FC in lacs	₹ in lacs	FC in lacs	₹ in lacs
AED	1,252.37	15,205.40	1,161.16	14,198.34
AFA	4,928.92	4,843.16	4,758.79	4,410.92
BDT	-	-	14.74	9.56
CAF	-	-	333.40	30.84
DA	855.43	545.85	1,837.05	1,152.20
EGP	341.24	2,553.90	269.59	2,199.70
ETB	233.01	625.00	248.49	833.20
EUR	59.39	3,767.36	-	-
FCFA	-	-	175.12	16.18
GHC	17.81	524.17	23.63	747.58
KSH	904.91	485.85	226.75	131.83

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

Receivables:

Currency	As at March 31, 2011 FC in lacs	As at March 31, 2011 ₹ in lacs	As at March 31, 2010 FC in lacs	As at March 31, 2010 ₹ in lacs
KWD	14.75	2,381.79	-	-
LYD	2.46	90.99	-	-
MYR	8.46	124.71	-	-
NAD	4.91	32.26	10.82	66.30
NGN	8,300.55	2,374.79	9,991.77	2,990.54
OMR	6.02	697.06	6.27	731.83
PHP	130.66	134.41	-	-
QR	0.01	0.17	0.02	0.26
SLR	22.26	9.00	22.84	9.00
SR	685.17	8,148.03	428.08	5,126.67
SYP	0.25	0.23	134.06	130.88
TND	-	-	8.26	264.65
TJS	-	-	125.20	1,287.45
ZAR	63.06	414.12	9.16	56.12
ZMK	55,076.65	523.23	55,757.90	535.28
MZM	-	-	594.28	775.83

Payables:*

BDT	87.12	53.40	-	-
BTN	319.38	323.49	-	-
CAD	3.82	175.92	0.82	36.45
CAF	24,087.37	2,329.25	-	-
CHF	3.01	147.98	18.79	796.74
EUR	-	-	6.56	397.30
FCFA	1,975.46	188.36	-	-
GEL	3.25	86.06	-	-
JPY	468.91	252.41	2,278.97	1,095.73
KWD	-	-	2.99	465.37
KZT	69,384.61	21,252.51	7,845.41	2,286.79
LBP	5,134.17	152.48	3,815.02	114.45
LYD	-	-	19.85	700.76
MZM	96.53	126.18	-	-
NPR	113.95	71.23	-	-
SEK	98.10	700.35	-	-
TJS	42.55	424.85	-	-
TND	68.15	2,204.22	-	-
USD	329.48	14,688.04	440.81	19,796.90

Note: *The above excludes term loan taken in foreign currency ₹ **8,395.50 lacs** (previous year ₹ 8395.50 lacs) which has been swapped with Rupee currency fixed interest rate loan.

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

14. Related Party Disclosures

a) Parties with whom transactions have taken place:

Joint Ventures:

(i) Al-Sharif Group and KEC Ltd. Company, Saudi Arabia (formerly known as Faiz Abdul Hakim Al-Sharif Group and KEC Company Ltd., Saudi Arabia)

(ii) KEC Power India Private Limited

(iii) EJP KEC Joint Venture, South Africa

(iv) KEC – ASSB JV, Malaysia

(v) KEC – ASIAKOM – UB JV

(vi) KEC – ASIAKOM JV

(vii) KEC – JEI JV

(viii) KEC – DELCO – VARAHA JV

(ix) KEC – VARAHA – KHAZANA JV

(x) KEC – VALECHA – DELCO JV

(xi) KEC – SIDHARTH JV

(xii) KEC – TRIVENI – KPIPL JV

(xiii) KEC – UNIVERSAL JV

(xiv) KEC – DELCO – DUSTAN JV

(xv) KEC – ANPR – KPIPL JV

(xvi) KEC – PLR – KPIPL JV

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

(b) Transactions with the Related Parties:

₹ in lacs

Transactions	Current Year			Previous Year		
	Joint Ventures	Key Management Personnel	Total	Joint Ventures	Key Management Personnel	Total
Sales and Services	**4,401.73**	**-**	**4,401.73**	**-**	**-**	**-**
KEC - ANPR - KPIPL JV	142.93	-	142.93	-	-	-
KEC - ASIAKOM JV	46.41	-	46.41	-	-	-
KEC - ASIAKOM - UB JV	465.73	-	465.73	-	-	-
KEC - DELCO - DUSTAN JV	151.13	-	151.13	-	-	-
KEC - DELCO - VARAHA JV	464.96	-	464.96	-	-	-
KEC - JEI JV	86.03	-	86.03	-	-	-
KEC - PLR- KPIPL JV	100.48	-	100.48	-	-	-
KEC - SIDHARTH JV	88.50	-	88.50	-	-	-

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

(b) Transactions with the Related Parties (Contd.) :

₹ in lacs

Transactions	Current Year			Previous Year		
	Joint Ventures	Key Management Personnel	Total	Joint Ventures	Key Management Personnel	Total
KEC - TRIVENI-KPIPL JV	89.91	-	89.91	-	-	-
KEC - UNIVERSAL JV	5.86	-	5.86	-	-	-
KEC - VALECHA - DELCO JV	372.71	-	372.71	-	-	-
KEC - VARAHA - KHAZANA JV	145.07	-	145.07	-	-	-
EJP KEC Joint Venture, South Africa	2,242.01	-	2,242.01	-	-	-
Services received	**31.87**	**-**	**31.87**	**25.75**	**-**	**25.75**
KEC Power India Private Limited	31.87	-	31.87	25.75	-	25.75
Remuneration	-	**254.02**	**254.02**	**-**	**203.01**	**203.01**
Mr. R. D. Chandak -Managing Director	-	254.02	254.02	-	203.01	203.01
Sale of Fixed Assets	0.74	-	0.74	70.70	-	70.70
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	0.74	-	0.74	70.70		70.70
Purchase of Fixed Assets	**47.81**	**-**	**47.81**	**56.13**	**-**	**56.13**
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	47.81	-	47.81	56.13	-	56.13
Payments made/expenses incurred on behalf of related party	**766.21**	**-**	**766.21**	**-**	**-**	**-**
KEC - ANPR - KPIPL JV	29.01	-	29.01	-	-	-
KEC - ASIAKOM JV	4.29	-	4.29	-	-	-
KEC - ASSB JV, MALAYSIA	351.84	-	351.84	-	-	-
KEC - DELCO - DUSTAN JV	28.40	-	28.40	-	-	-
KEC - DELCO - VARAHA JV	47.65	-	47.65	-	-	-
KEC - JEI JV	4.41	-	4.41	-	-	-
KEC - PLR- KPIPL JV	18.21	-	18.21	-	-	-
KEC - SIDHARTH JV	20.72	-	20.72	-	-	-
KEC - TRIVENI-KPIPL JV	19.87	-	19.87	-	-	-
KEC - UNIVERSAL JV	11.87	-	11.87	-	-	-
KEC - VALECHA - DELCO JV	15.79	-	15.79	-	-	-
KEC - VARAHA - KHAZANA JV	10.99	-	10.99	-	-	-
EJP KEC Joint Venture, South Africa	176.49	-	176.49	-	-	-
KEC Power India Private Limited	26.67	-	26.67	-	-	-
Expenses recovered	**35.49**	**-**	**35.49**	**43.02**	**-**	**43.02**
KEC Power India Private Limited	35.49	-	35.49	43.02	-	43.02
Advance/Loan Given	**654.89**	**-**	**654.89**	**-**	**-**	**-**
EJP KEC Joint Venture, South Africa	654.89	-	654.89	-	-	-

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

(c) Balances outstanding as at the year end:

₹ in lacs

Transactions	Current Year Joint Ventures	Current Year Key Management Personnel	Current Year Total	Previous Year Joint Ventures	Previous Year Key Management Personnel	Previous Year Total
Amount receivable/(payable)	**2,766.06**	**-**	**2,766.06**	**149.13**	**-**	**149.13**
Al-Sharif Group and KEC Ltd. Company, Saudi Arabia	125.05	-	125.05	149.13	-	149.13
KEC - ANPR - KPIPL JV	150.29	-	150.29	-	-	-
KEC - ASIAKOM JV	36.75	-	36.75	-	-	-
KEC - ASIAKOM - UB JV	198.84	-	198.84	-	-	-
KEC - ASSB JV, MALAYSIA	116.11	-	116.11	-	-	-
KEC - DELCO - DUSTAN JV	165.05	-	165.05	-	-	-
KEC - DELCO - VARAHA JV	401.67	-	401.67	-	-	-
KEC - JEI JV	48.17	-	48.17	-	-	-
KEC - PLR- KPIPL JV	108.67	-	108.67	-	-	-
KEC - SIDHARTH JV	79.48	-	79.48	-	-	-
KEC - TRIVENI-KPIPL JV	98.63	-	98.63	-	-	-
KEC - UNIVERSAL JV	8.24	-	8.24	-	-	-
KEC - VALECHA - DELCO JV	323.05	-	323.05	-	-	-
KEC - VARAHA - KHAZANA JV	76.73	-	76.73	-	-	-
EJP KEC Joint Venture, South Africa	829.33	-	829.33	-	-	-

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

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

15. Disclosure for leases under Accounting Standard 19 – "Leases"

A. Operating Leases:

	Current Year ₹ in lacs	Previous Year ₹ in lacs
Disclosure in respect of the agreements entered into for taking on leave and license/under operating leases the residential/office premise, warehouses, including furniture and fittings therein, machinery, etc. is given below:		
1 Lease payments recognised in the Profit and Loss account for the year.[Includes minimum lease payment ₹ **720.43 lacs** (previous year ₹ 194.91 lacs)].	2,424.15	1,411.07
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-cancelable are as follows:		
(i) Not later than one year	1,073.01	300.82
(ii) Later than one year and not later than five years.	362.52	196.74
(iii) Later than five years	-	-

B. Finance lease:

(i) The net carrying amount as at March 31, 2011 for assets acquired under finance lease

(ii) The maturity profiles of finance lease obligation as follows :

} Refer Schedule 5 - Fixed Assets

₹ in lacs

	Total minimum lease payments outstanding as at March 31, 2011	Interest not due	Present value of minimum lease payments
Not later than one year	84.08 (-)	5.05 (-)	79.04 (-)
Later than one year and not later than five years.	78.32 (-)	15.66 (-)	62.65 (-)
Total	**162.40** (-)	**20.71** (-)	**141.69** (-)

Figures in brackets are for the previous year.

(iii) General description of these agreements :

Some of these agreements contain renewal clause.

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

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

16. (a) Payment to statutory auditors:
(Including Service tax, where applicable)

	Current Year ₹ in lacs	Previous Year ₹ in lacs
As auditors	66.18	54.05
Company law matters	-	-
In other capacity	94.14	63.26
Reimbursement of out of pocket expenses	1.50	1.20

(b) Miscellaneous expenses include fees ₹ **62.71 lacs** (previous year ₹ 75.52 lacs) paid to branch/division auditors of the Company, ₹ **70.89 lacs** (previous year ₹ 2.42 lacs) paid to statutory auditors of subsidiaries and ₹ **4.53 lacs** (previous year ₹ Nil) paid to statutory auditors of joint ventures.

17. Basic/diluted earnings per share has been calculated by dividing the profit for the year after taxation of ₹ **20,564.57 lacs** (previous year ₹ 18,966.29 lacs), by **25,70,88,370** (previous year 24,76,03,375) being the weighted average number of equity shares outstanding during the year. For this purpose, equity shares allotted on April 26, 2010 in consideration for the amalgamation referred to in Note 2(c) above have been considered in the calculation of weighted average number of equity shares in the previous year. Further, as during the year each equity share of face value of ₹ 10/- of the Company has been split/subdivided into face value of ₹ 2/-each, the basic/diluted earnings per share for the previous year has been adjusted in accordance with Accounting Standard -20 "Earnings Per Share".

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

19. The execution of the construction works under contracts with General Electric Company, Libya 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, 2011 of the Company relating to these contracts aggregate ₹ 6,865 lacs. The Company is hopeful to recommence and complete the balance work of the projects on restoration of normalcy in Libya.

20. On September 14, 2010, the Company has acquired 100% equity in Jay Railway Signaling Private Limited (now known as Jay Railway Projects Private Limited), a Railway signaling automation systems and technology company and on September 23, 2010 the Company has acquired through the Special Purpose Vehicles floated in Mauritius and United States of America 100% membership interest in SAE Towers Holdings LLC, USA (SAE Towers), the holding company of wholly owned subsidiaries having manufacturing facilities in Mexico and Brazil.

The financial position and results of the above mentioned subsidiaries as considered in the consolidated financial statements for the year ended March 31, 2011 are given below:

Particulars	₹ in lacs As at March 31, 2011
Liabilities	
Loan Funds	8,289.77
Current Liabilities and Provisions	16,293.01
Assets	
Goodwill on consolidation	28,124.58
Fixed Asset- Net Block (Including Capital work in progress)	10,533.07
Current Assets, Loans and Advances	32,343.55
Deferred Tax Asset (Net)	819.91
Income	
Sales and services	35,412.95
Other Income	4.30
Expenditure	
Cost of material	18,367.71
Personnel expenses	6,719.25
Other expenses	4,408.84
Interest	(126.23)
Depreciation/Amortisation (Net)	545.83
Provision for Taxation	1,656.39
Profit for the year before taxation	3,845.46

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

21. The information in aggregate for each subsidiary including subsidiaries of subsidiaries of the Company in terms of direction under Section 212(8) of the Companies Act, 1956:

₹ in lacs

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 before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1	SAE Towers Holdings, LLC, USA*	INR	11,782.94	7,740.43	19,523.37	-	-	-	3,842.80	-	3,842.80	-
		USD(000)	26,431.00	17,363.00	43,794.00	-	-	-	8,620.00	-	8,620.00	-
2	SAE Towers Brazil Subsidiary Company LLC, USA*	INR	-	@	@	-	-	-	@	-	@	-
		USD(000)	-	#	#	-	-	-	#	-	#	-
3	SAE Towers Mexico Subsidiary Holding Company LLC, USA*	INR	-	0.45	0.45	-	-	-	0.45	-	0.45	-
		USD(000)	-	1.00	1.00	-	-	-	1.00	-	1.00	-
4	SAE Towers Mexico S de RL de CV, Mexico *	INR	7,613.82	1,951.27	15,049.77	5,484.68	-	11,782.05	1,420.76	201.07	1,219.69	-
		USD(000)	17,079.00	4,377.00	33,759.00	12,303.00	-	26,429.00	3,187.00	451.00	2,736.00	-
5	SAE Towers Brazil Torres de Transmission Ltda, Brazil*	INR	2,127.80	5,747.25	25,793.54	17,918.49	-	22,964.05	3,832.54	1,179.14	2,653.40	-
		USD(000)	4,773.00	12,892.00	57,859.00	40,194.00	-	51,512.00	8,597.00	2,645.00	5,952.00	-
6	SAE Towers 2 Investmentos e Participacoes Ltda, Brazil*	INR	421.28	429.75	4,155.30	3,304.27	-	482.80	289.77	100.32	189.45	-
		USD(000)	945.00	964.00	9,321.00	7,412.00	-	1,083.00	650.00	225.00	425.00	-
7	SAE Prestadora de Servicios Mexico, S de RL de CV, Mexico *	INR	-	173.42	633.04	459.62	-	1,582.14	18.72	82.92	(64.20)	-
		USD(000)	-	389.00	1,420.00	1,031.00	-	3,549.00	42.00	186.00	(144.00)	-
8	SAE Towers Ltd, USA*	INR	0.45	(312.51)	6,341.06	6,653.12	-	9,940.45	39.68	72.67	(32.99)	-
		USD(000)	1.00	(701.00)	14,224.00	14,924.00	-	22,298.00	89.00	163.00	(74.00)	-
9	SAE Towers Panama Holdings LLC, USA*	INR	-	(0.89)	(0.89)	-	-	-	-	-	-	-
		USD(000)	-	(2.00)	(2.00)	-	-	-	-	-	-	-

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

21. The information in aggregate for each subsidiary including subsidiaries of subsidiaries of the Company in terms of direction under Section 212(8) of the Companies Act, 1956: (Contd.)

₹ in lacs

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 before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
10	SAE Towers Panama S de RL, Panama *	INR	-	(681.18)	-	681.18	-	-	(1.34)	-	(1.34)	-
		USD(000)	-	(1,528.00)	-	1,528.00	-	-	(3.00)	-	(3.00)	-
11	KEC Investment Holdings, Mauritius *	INR	267.48	(5.20)	262.28	-	-	-	(5.20)	-	(5.20)	-
		USD(000)	600.00	(11.67)	588.33	-	-	-	(11.67)	-	(11.67)	-
12	KEC International Holdings LLC, USA*	INR	0.02	-	0.02	-	-	-	-	-	-	-
		USD(000)	0.05	-	0.05	-	-	-	-	-	-	-
13	KEC Brazil LLC, USA*	INR	0.01	-	0.01	-	-	-	-	-	-	-
		USD(000)	0.03	-	0.03	-	-	-	-	-	-	-
14	KEC Mexico LLC, USA*	INR	0.01	-	0.01	-	-	-	-	-	-	-
		USD(000)	0.03	-	0.03	-	-	-	-	-	-	-
15	KEC Transmission LLC, USA*	INR	0.01	(75.22)	27,263.29	27,338.50	-	-	(75.22)	-	(75.22)	-
		USD(000)	0.03	(168.72)	61,155.90	61,324.59	-	-	(168.72)	-	(168.72)	-
16	KEC US LLC, USA*	INR	0.01	(50.29)	18,174.82	18,225.10	-	-	(50.29)	-	(50.29)	-
		USD(000)	0.03	(112.81)	40,769.01	40,881.79	-	-	(112.81)	-	(112.81)	-
17	Jay Railway Projects Private Limited, India	INR	100.00	(45.81)	1,509.58	1,455.39	-	15.84	(45.81)	-	(45.81)	-
18	RPG Transmission Nigeria Limited, Nigeria	INR	28.61	1.11	29.72	-	-	-	-	-	-	-
		Naira(000)	10,000.00	389.61	10,389.61	-	-	-	-	-	-	-
19	KEC Global FZ – LLC, Ras UL Khaimah, UAE	INR	121.41	4,461.12	13,217.34	8,634.81	-	20,180.01	2,853.52	114.10	2,739.42	-
		AED(000)	1,000.00	36,743.39	108,862.72	71,119.33	-	166,209.61	23,502.57	939.74	22,562.83	-

Exchange rates as at year end considered for conversion:
1USD = ₹ 44.58, 1AED = ₹ 12.1413, 1NAIRA= ₹ 0.2861
*Financial Information is based on Unaudited Results of the respective subsidiaries.
@ ₹ 44.58
# USD 1

Schedule forming part of the Consolidated Balance Sheet and the Profit and Loss Account

22. In view of the matters stated in Notes 1 and 20 above, the figures of the previous year are not directly comparable with those of the current year. Further previous year's figures have been regrouped where necessary to conform with those of the current year.

Signatures to Schedules 1 to 17 which form an integral part of accounts.

For and on behalf of the Board

H. V. GOENKA
Chairman

VARDHAN DHARKAR
Chief Financial Officer

R. D. CHANDAK
Managing Director

Place : Mumbai
Date : May 6, 2011

CH. V. JAGANNADHA RAO
Company Secretary

A. T. VASWANI
Director

Consolidated Cash Flow Statement for the year ended March 31, 2011

	Notes	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
A. Cash Flow from Operating Activities					
Profit before Taxation			**31,672.09**		**29,335.91**
Adjusted for :					
Depreciation/Amortisation (Net)		4,081.42		2,702.45	
Unrealised Foreign Exchange (Gain)/Loss (Net)		(120.97)		(4,310.70)	
Write Off of Expenditure During Construction Period		298.14		-	
Preliminary Expenses Written Off		2.27		-	
Loss on Sale/Write Off of Fixed Assets (Net)		16.35		67.52	
Interest Expenses		11,418.64		9,446.65	
Interest Income		(668.26)	15,027.59	(799.94)	7,105.98
Operating Profit before Working Capital changes			**46,699.68**		**36,441.89**
Changes in :					
Trade and other receivables	1	(60,050.92)		(3,669.92)	
Inventories		7,353.24		4,146.31	
Trade and other payables	1	29,725.75	(22,971.93)	(25,669.89)	(25,193.50)
Cash Generated from Operations			**23,727.75**		**11,248.39**
Direct Taxes Paid (net of refund of taxes)			(6,783.97)		(7,782.14)
Net Cash from Operating Activities			**16,943.78**		**3,466.25**
B. Cash Flow from Investing Activities					
Acquisition of fixed assets (after adjustment of increase/decrease in capital work-in-progress and advances for capital expenditure)			(8,106.94)		(6,181.82)
Acquisition of subsidiaries			(43,909.33)		-
Sale of fixed assets			303.92		297.33
Interest received			599.31		799.44
Net Cash used in Investing Activities			**(51,113.04)**		**(5,085.05)**
C. Cash Flow from Financing Activities					
Proceeds from long term borrowings			54,067.27		32,379.28
Repayment of long term borrowings			(16,218.03)		(26,641.41)
Proceeds from/(Repayment of) short term borrowings (net)			16,699.84		(227.98)
Interest paid [Including interest capitalised ₹ **90.90 lacs** (previous year ₹ 432.26 lacs)]			(11,400.75)		(9,440.26)
Dividend paid (including tax on distributed profit)			(3,544.02)		(2,852.43)
Net Cash from/(used) in Financing Activities			**39,604.31**		**(6,782.80)**

Consolidated Cash Flow Statement for the year ended March 31, 2011

(Contd.)

	Notes	Current Year ₹ in lacs	Current Year ₹ in lacs	Previous Year ₹ in lacs	Previous Year ₹ in lacs
Net Increase/(Decrease) In Cash and Cash Equivalents		(A+B+C)	**5,435.05**	(A+B+C)	**(8,401.60)**
Cash and Cash Equivalents as at the commencement of the year			6,993.06		14,099.00
Add : Cash and bank balances acquired under the Scheme referred to in Note 1 of Schedule 17			-		1,295.66
Add : Cash and bank balances taken over on acquisition of subsidiaries			3,707.39		-
Cash and Cash Equivalents as at the end of the year			16,135.50		6,993.06
Net Increase/(Decrease) in Cash and Cash Equivalents			**5,435.05**		**(8,401.60)**

NOTES :

1) Changes in Trade and other receivables and trade and other payables have been arrived at after considering the adjustment referred to in Note B (6) of Schedule 16 to the Accounts.

2)

	As at 31.03.2011 ₹ in lacs	As at 31.3.2010 ₹ in lacs
Cash and Cash Equivalents :		
Cash and Bank Balances [Include fixed deposits ₹ 772.96 lacs (previous year ₹ 279.90 lacs) on which banks are having lien]	16,135.21	6,978.72
Effect of exchange rate changes	0.29	14.34
	16,135.50	**6,993.06**

3] Previous year's figures have been regrouped to conform with those of the current year.

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

U. M. NEOGI
Partner

Place : Mumbai
Date : May 6, 2011

VARDHAN DHARKAR
Chief Financial Officer

CH. V. JAGANNADHA RAO
Company Secretary

Place : Mumbai
Date : May 6, 2011

H. V. GOENKA
Chairman

R. D. CHANDAK
Managing Director

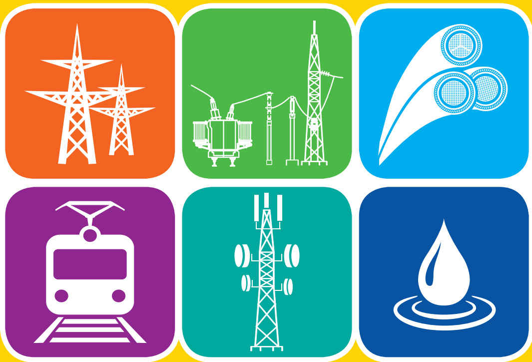
A. T. VASWANI
Director

Persons constituting group coming within the definition of 'group' as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (MRTP) for the purpose Regulation 3 (1) (e) (i) of the Securities and Exchange Board of India (Substantial Acquisition of Share and Takeovers) Regulations, 1997 include the following:

Accurate Commodeal Private Limited	Puffin Investments Limited
Adapt Investments Limited	Rainbow Investments Limited
Adorn Investments Limited	Ritushree Vanijya Private Limited
Alipore Towers Private Limited	RPG Cellular Investments & Holdings Private Limited
Allwin Apartments LLP	RPG Enterprises Limited
Amber Apartments Private Limited	RPG Industries Private Limited
Atlantic Holdings Limited	RPG Infrastructure Investment Private Limited
B N Elias & Company Private Limited	RPG Life Sciences Limited
Best Apartments Private Limited	SAREGAMA India Limited
Blue Niles Holdings Limited	Secura India Trust
Brabourne Investments Limited	Sentinel Tea & Exports Limited
Carniwal Investments Limited	Shaft Investments Private Limited
CEAT Limited	Shri Krishna Chaitanya Trading Co Private Limited
CESC Limited	Solty Commercial Private Limited
Chattarpati Investments Limited	South Asia Electricity Holdings Limited
Crescent Power Limited	Spencer & Co Limited
Crystal India Tech Trust	Spencer International Hotels Limited
Dakshin Bharat Petrochem Private Limited	Spencer's Travel Services Limited
Doon Dooars Plantations Limited	Spencer's Retail Limited
Dotex Mercandise Private Limited	Spotboy Tracom Private Limited
Eastern Aviation & Industries Private Limited	Shri Parvathi Suthan Trading Co LLP
Ektara Enterprises Private Limited	Stellar Energy Trust
FGP Limited	Stylefile Events Limited
Goodhope Sales Private Limited	Summit Securities Limited
Goodluck Dealcom Private Limited	Swallow Associates Limited
Haldia Energy Limited	Tirumala Dealtrade Private Limited
Harrisons Malayalam Limited	Trade Apartments Limited
Highway Apartments Private Limited	Ujala Agency Private Limited
Horizon Master Trust	Universal Industrial Fund Limited
Idea Tracom Private Limited	Vayu Udaan Aircraft Private Limited
Indent Investments Private Limited	Wonder Land Limited
Instant Holdings Limited	Zensar Technologies Limited
Integrated Coal Mining Limited	Shri Rama Prasad Goenka
Kestrel Investments Limited	Smt. Sushila Goenka
Kutub Properties Private Limited	Shri. Harsh Vardhan Goenka
Malabar Coastal Holdings Limited	Smt. Mala Goenka
Monitor Portfolio Trust	Shri. Sanjiv Goenka
Noida Power Company Limited	Smt. Preeti Goenka
Nucleus Life Trust	Shri. Anant Vardhan Goenka
OffShore India Limited	Smt. Radha Goenka
Organised Investments Limited	Shri. Shashwat Goenka
Pedriano Investments Limited	Rama Prasad Goenka & Sons (HUF)
Peregrine Enterprises Limited	Harsh Anant Goenka (HUF)
Petrochem International Limited	Sanjiv Goenka & Others (HUF)
Phillips Carbon Black Limited	Anant Vardhan Goenka (HUF)
Prism Estates Trust	

Project footprints in 45 countries

Afghanistan	Ghana	Malaysia	South Africa
Algeria	Georgia	Mali	Sri Lanka
Argentina	India	Mexico	Tajikistan
Australia	Indonesia	Mozambique	Thailand
Bangladesh	Iraq	Namibia	Tunisia
Bhutan	Jordan	Nepal	UAE
Brazil	Kenya	New Zealand	USA
Cameroon	Kazakhstan	Nigeria	Vietnam
Canada	Kuwait	Oman	Zambia
Chad	Laos	Philippines	
Egypt	Lebanon	Peru	
Ethiopia	Libya	Saudi Arabia	



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