

KEC

KEC International Limited

NOTICE

Notice is hereby given that the Eighth Annual General Meeting of KEC International Limited will be held on Wednesday, August 21, 2013 at 03:30 p.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Sayani Road, Prabhadevi, Mumbai - 400 025 to transact the following business:

ORDINARY BUSINESS

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

SPECIAL BUSINESS

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

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

By Order of the Board of Directors

Ch. V. Jagannadha Rao

Company Secretary

Place: Mumbai

Date: May 08, 2013

Registered Office:

RPG House

463, Dr. Annie Besant Road

Worli, Mumbai – 400 030

Notes:

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

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

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

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

Members holding shares in dematerialised mode may note that the bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar and Share Transfer Agents cannot act on any request received directly from the members holding shares in dematerialised mode for any change of bank particulars or bank mandates. Such changes are to be furnished by the members only to their Depository Participant.

- g) The Company is offering the facility of National Electronic Clearing Service (NECS) for members holding shares in physical form. This facility could be used by the members instead of Bank Mandate system for receiving the credit of dividend. To avail this facility, the members are requested to download the NECS form from the website of the Company i.e. www.kecrpg.com under the tab "Investors" and send the same to the Registrar and Share Transfer Agents of the Company.
- h) Members holding shares in single and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website i.e. www.kecrpg.com under the tab "Investors".
- i) The members who are yet to encash the dividend declared by the Company till date are advised to send requests for issuance of demand draft in lieu of unencashed dividend warrants for any of the financial years from 2005-06 and/or revalidation of unencashed dividend warrants still held by them to the Registrar and Share Transfer Agents of the Company so that dividends can be encashed. However the members will be entitled to make any claim for unencashed dividend only upto the last date upto which the unpaid dividend is transferred to the Investor Education and Protection Fund.
- j) Relevant documents referred to in this Notice are open for inspection at the Registered Office of the Company on all working days (except Saturdays) between 11:00 a.m. and 1:00 p.m. upto the date of the ensuing Annual General Meeting.
- k) Members desiring any information with regard to the Accounts are requested to write to the Company at least 7 days in advance so as to enable the Company to keep the information ready at the Annual General Meeting.

Explanatory Statement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other information:

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

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

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

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

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

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

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

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

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

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

Particulars	Re - appointment	Appointment
Name of the Director	Mr. S. M. Kulkarni	Mr. S. M. Trehan
Date of Birth	January 09, 1939	December 18, 1946
Date of Appointment	January 12, 2006	October 30, 2012
Qualifications	B.E	B. E., M.S. (State University of New York, Stony Brook, USA)
Expertise in specific functional areas	He is a Business Advisor and Management Consultant to several Indian and International companies. He has been a CEO & President of major International and Indian corporate entities during his varied 40 years of global experience. His area of expertise covers Business Development, International Alliance Management, Strategic Planning, Venture funding and Corporate Governance.	Mr. Trehan is a gold medalist engineering graduate from the Birla Institute of Technology, Ranchi and has a Master's Degree from the State University of New York, USA. He has a rich experience in the engineering field and has held several senior positions of responsibility in the Crompton Greaves Limited.
Directorships in other Public Limited Companies	● RPG Enterprises Limited ● Hindustan Construction Company Limited ● Styrolution ABS (India) Limited ● HCC Real Estate Limited ● Bayer Cropscience Limited ● Navin Fluorine International Limited ● Camlin Fine Sciences Limited ● Lavasa Corporation Limited	● Crompton Greaves Limited ● Malanpur Captive Power Limited ● Avantha Power and Infrastructure Limited
Membership of Committees in other Public Limited Companies (includes only Audit & Investors' Grievance Committee)	Audit Committee ● Bayer Cropscience Limited ● Hindustan Construction Company Limited ● Navin Fluorine International Limited ● Camlin Fine Sciences Limited ● Lavasa Corporation Limited ● HCC Real Estate Limited ● Styrolution ABS (India) Limited Investors' Grievance Committee ● Bayer Cropscience Limited	NIL
No. of shares held in the Company as on March 31, 2013	NIL	NIL



KEC INTERNATIONAL LIMITED

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

PROXY FORM

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

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

Affix a ₹ 1/-
revenue
Stamp

Signed this day of 2013

* Applicable for members holding shares in dematerialised form.

@ Applicable for members holding shares in physical form.

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

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

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

.....
Signature of the shareholder



KEC INTERNATIONAL LIMITED

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

ATTENDANCE SLIP

PLEASE FILL IN THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholder(s) may obtain additional Attendance Slip(s) at the venue of the meeting

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

Name and address of the Shareholder

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

.....
Signature of the Shareholder or proxy

*Applicable for members holding shares in dematerialised form.

@ Applicable for members holding shares in physical form.

