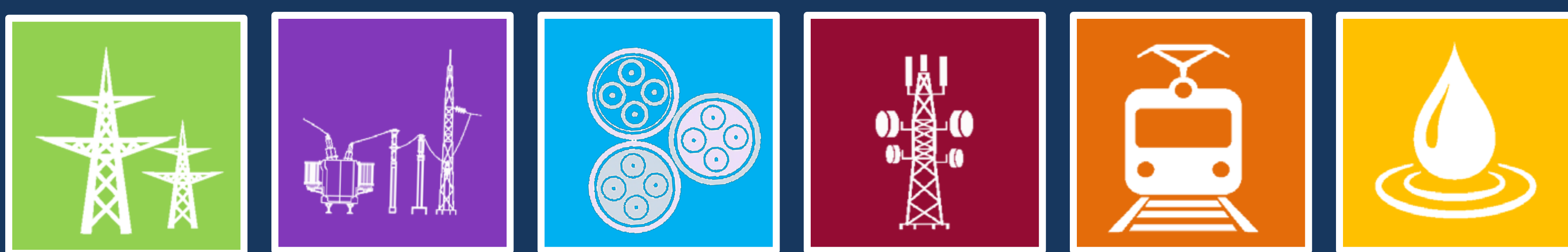
KEC International Limited

Corporate Presentation



May 2014

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Contents

Company Profile

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KEC International - Introduction

EPC Major

- An Indian multinational infrastructure EPC major
- Flagship company of the RPG group
- Over 6 decades of experience
- Executing 100+ projects

Business Portfolio

- 4 businesses
- Global leader in Power Transmission EPC
- Growing presence in Power Systems, Cables, Telecom, Railways and Water

Revenue and Order Book

- FY14 sales: ` 7,902 cr. ($1.3bn)
- Order book: ` 10,200 cr. ($1.7bn)
- Sales growth 5 yr. CAGR: ~20%

Global Presence

- Spread across 6 continents
- Footprints in 50 countries
- Currently executing projects in 30 countries
- ~60% sales from outside India

Multi-Locational Manufacturing

- 8 manufacturing facilities across India, Brazil and Mexico
- Manufactures Towers, Cables, Poles and Hardware

Global Workforce

- 5,200+ employees
- Diverse nationalities with 23% non Indian workforce

Business Portfolio

KEC

Power Transmission & Distribution

- Transmission lines
- Towers - Lattice & Poles
- Hardware
- Substations
- Distribution Network
- Telecom Towers, OFC/OPGW Network

Cables

- Power Cables LT/HT/EHV
- Telecom Cables

Railways

- Electrification
- Civil & Track Works
- Signaling

Water

- Water Resource Management
- Water & Waste Water Treatment

EPC | Supply

Our value drivers

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.

Culture Pillars

Delivery focus

Cost and profitability focus

Ownership and Accountability

Cross functional teamwork

Empowering performance

Valuing people

Providing diverse opportunities

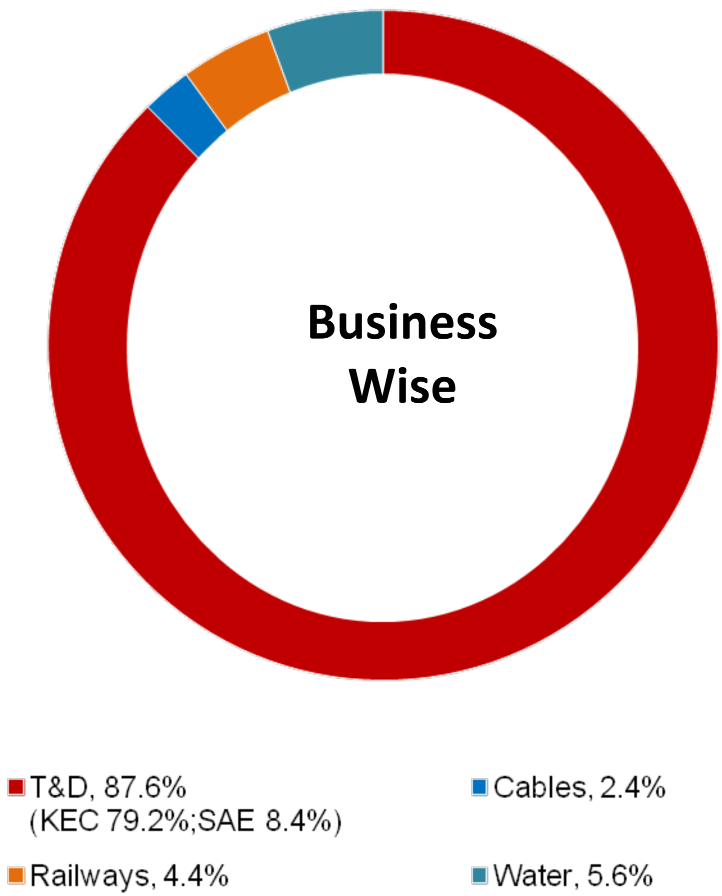
Forward looking

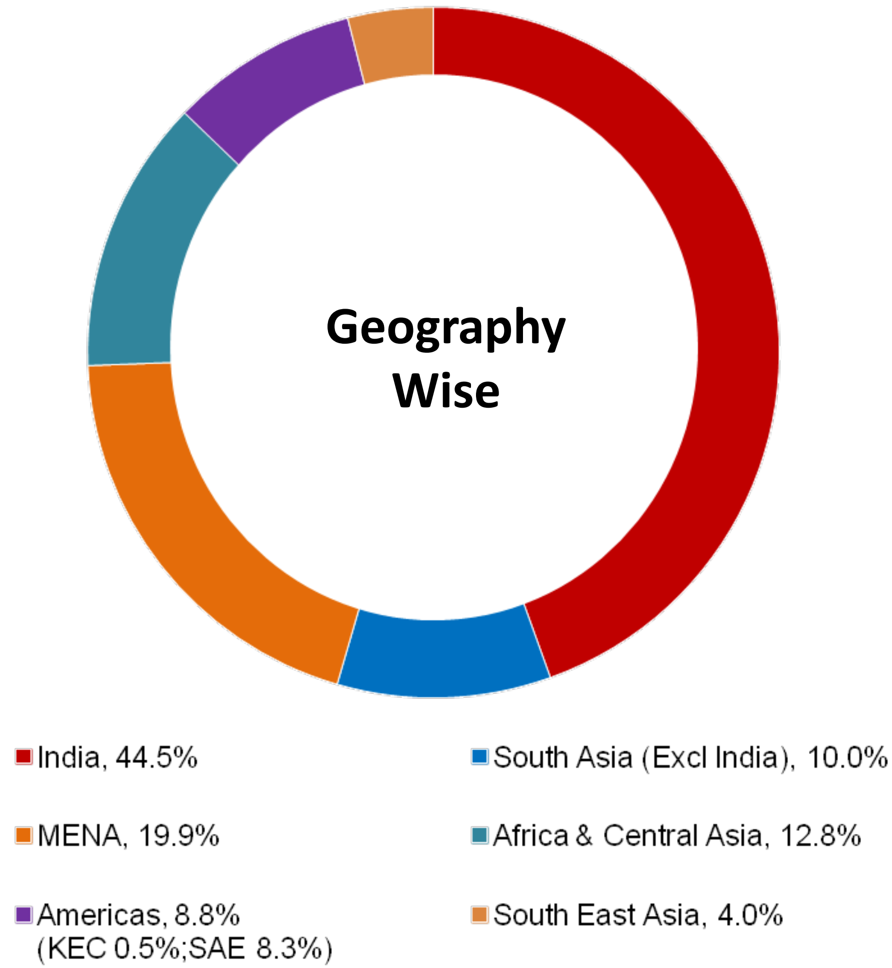
Historical Milestones

1945	Manufacturing, enameling, trading for Hollowware
1950	Structures supplied for Bhakra Nangal Project, India.
1959	220 kV transmission in India.
1960	Tower supply to New Zealand
1961	Railway Electrification
1968	International turnkey transmission in Sudan
1982	Taken over by RPG Group
1999	765 kV transmission project
2007	RPG Transmission and NITEL (Telecom) merged. Distribution SBU started
2009	Railways - turnkey construction
2010	SAE towers acquired. RPG Cables merged
2011	Forays into Water EPC Business
2012	Established world-class greenfield facility at Vadodara, for Manufacturing of power cables

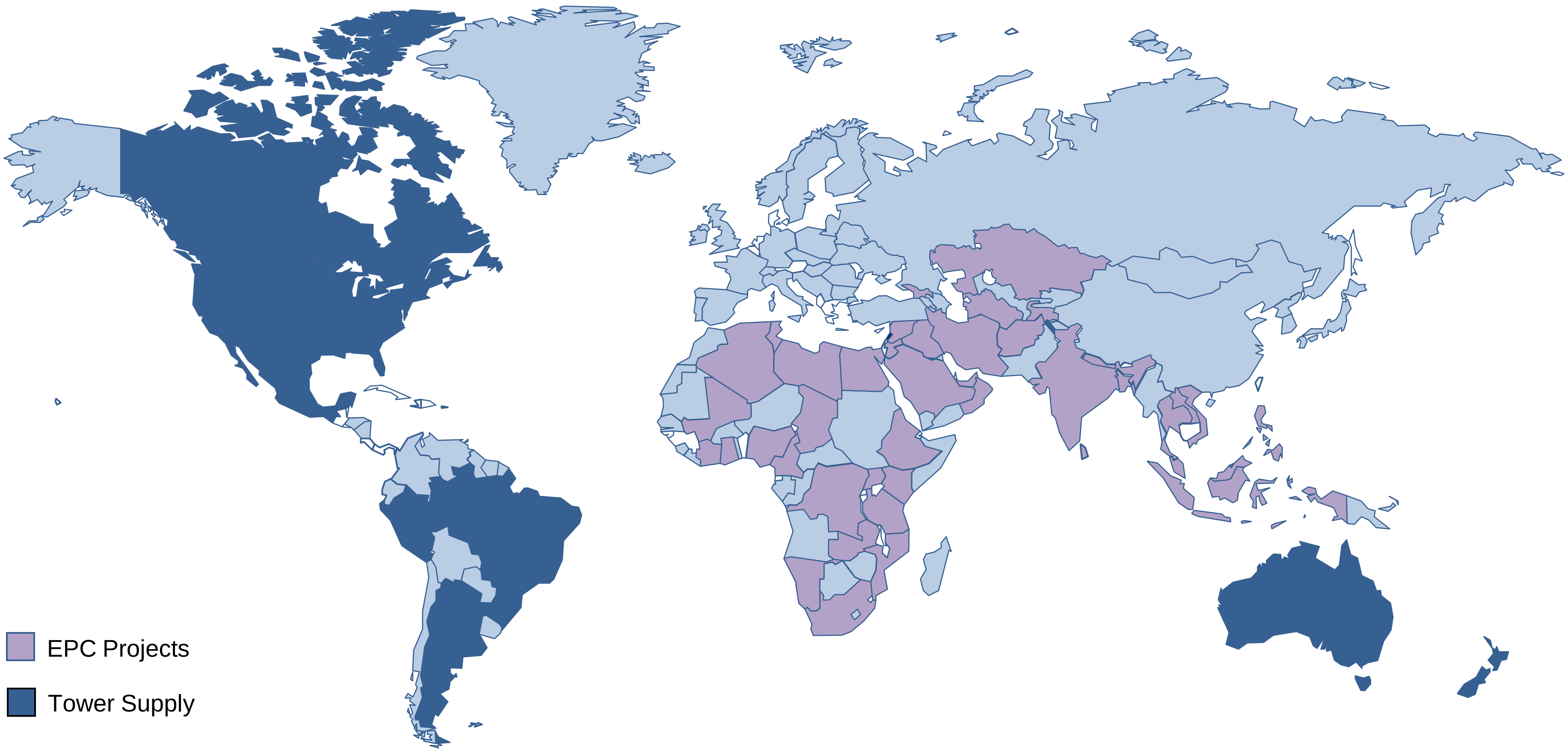
Order Book Breakup

Robust and Diversified Order Book – ₹ 10,200 crore





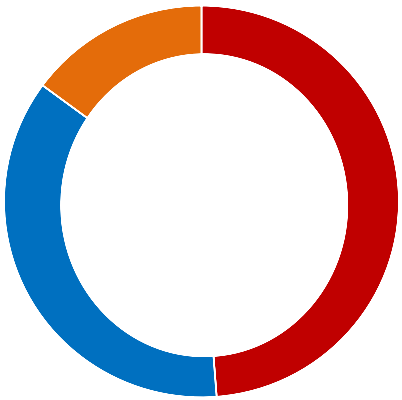
Global Footprint



Footprints in 50 countries across the globe

KEC - Equity Share Information

Shareholding Pattern



Top Institutional Shareholders

Fund Name	Holding (%)
HDFC MF	9.06%
LIC of India	5.92%
Reliance MF	5.27%
UTI MF	3.36%
SBI MF	3.10%
Birla Sun Life MF	2.68%
Sundaram MF	1.35%
DSP Blackrock MF	1.24%

Equity Share Information

- **Share Price:** ₹ 79.95/share *
- **Market Cap:** ₹ 2,055Cr. ($ 343 mn) *
- **Net Worth:** ₹ 1,192 cr. ($ 198 mn)
- **Financial Year –** April to March
- **Face Value –** ₹ 2 per share
- **Listed on Indian Stock Exchanges**
  - Bombay Stock Exchange (Code : 532714)
  - National Stock Exchange (Code : KEC)
  - MCX Stock Exchange (Code : KEC)
- **Bloomberg Code** – KECI IN
- **Reuters Code** – KECL.BO

** as on May 6th , 2014*

Business Overview

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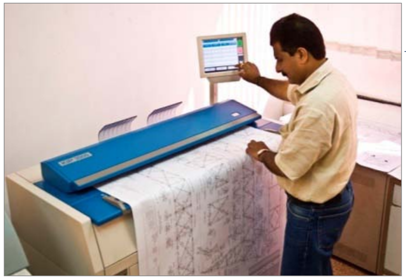
Power Transmission & Distribution Business

- Largest business vertical and provides end-to-end solutions related to power transmission and power distribution
- Global leadership in power transmission with an experience of over six decades
- Strong international presence across multiple geographies
- Successfully executed projects in difficult terrains and adverse climatic conditions
- Capable of executing projects of up to 1,200 kV transmission lines on a turnkey basis
- Supported by in-house design and engineering expertise; capable of designing very complex and large towers
- Tower manufacturing and testing facilities spread across India, Mexico and Brazil
- Amongst the leading EPC players to provide telecom towers, Optical Fibre Cable (OFC) laying and Optical Ground Wire (OPGW) stringing on a turnkey basis
- Undertakes EPC projects of Substations, Distribution network & Electrical-Balance of Plant (E-BoP), Industrial Electrification and Cabling .

SAE Towers, United States : Wholly owned subsidiary of KEC

- Leading manufacturer of lattice transmission towers in the Americas
- Annual production capacity – 100,000 MTs spread over 2 locations; Mexico (35,000 MTs) & Brazil (65,000 MTs)
- Also manufactures steel poles and hardware.

Power Transmission & Distribution Business : Capabilities



Design & Engineering

- In-house design centers with a strong team of over 100 design experts spread in India and Americas.
- Equipped with latest softwares like BOCAD, PLS Tower, PLS Pole, PLS CADD, AUTOCAD, MICROSTATION and Google Earth.

Manufacturing

- Largest globally operated tower manufacturing capacity
- Multi- locational plants – 3 in India (Nagpur, Jabalpur, Jaipur); 1 in Mexico and 1 in Brazil
- Manufacturing Capacity - 311,200 MTs (Owned)
- In addition to above, the Company also have Value Added Partners for tower manufacturing
- Manufactures Transmission towers, Telecom towers, Steel poles and Hardwares

Tower Testing

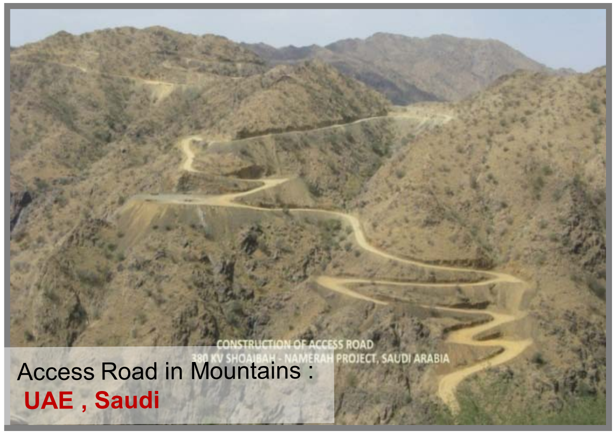
- The only company in the world to have 4 tower testing stations - 3 in India; 1 in Brazil
- Capable of testing towers up to 1,200 kV
- Brazil facility is the largest tower testing station in the Americas
- Testing stations are strategically located near the manufacturing facilities
- Capable of testing all types of towers: Lattice, Guyed, Tubular and Mono Poles

Power Transmission & Distribution Business : Capabilities

Successfully executed projects in difficult terrains and adverse climatic conditions

Dust Storms :
Iraq

Seas/RIvers:
West Bengal, India



Access Road in Mountains :
UAE , Saudi

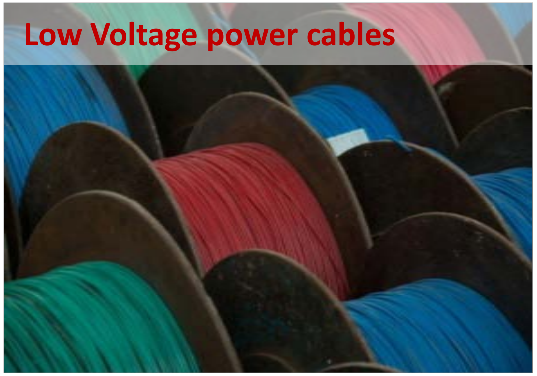
Deserts –
Abu Dhabi, Libya

Snowfields :
Substation, Kazakh

Mountains, Hills :
UAE, Saudi, India, Mozambique

Cables Business

- Fully integrated state-of-the-art manufacturing facilities in different parts of India.
- Pioneered production of XLPE cables in India.
- Manufactures range of power cables and telecom cables.
- Manufacturing locations –
  - Vadodara (Gujarat) – High Tension and Extra High Voltage Power Cables
  - Mysore (Karnataka) – Low Tension Power Cables, Telecom Cables and Instrumentation Cables
  - Silvassa (Union Territory) – Low Tension Power Cables
- Accredited with ISO 9001, ISO 14001 and OHSAS 18001 certifications.
- Testing facilities for the entire range of power cables and telecom cables as per various national and international specifications.



Railways Business

- Complete turnkey solutions provider in the railways infrastructure EPC space.
  - Civil infrastructure including bridges, tunnels, platform, workshop modernization, station building etc.
  - Earthwork, new track laying and rehabilitation of existing tracks.
  - Railway electrification and power systems.
  - Signaling and telecommunication network.
- Prequalified to bid various parts of dedicated freight corridor projects in consortium with partners

Water Business

- **Undertakes Water Resource Management Projects -** Includes construction of canals, dams, tunnels, embankments and lift irrigation schemes.

- **Undertakes Water and Waste Water Treatment –** Includes intake system, transmission, storage, collection, treatment and disposal of waste water

- Currently executing projects in Gujarat, Madhya Pradesh, Maharashtra and West Bengal

Water Resource Management – Canal Works

Water Treatment Works

Industry Overview

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Industry Outlook: Transmission & Distribution (T&D)

The T&D industry is expected to show strong demand globally driven by -

- Increase in new power generation capacities
- Increasing Private Sector Investments in the sector
- Investments in interconnection grids/projects by various countries
- Replacement of existing aged networks
- More frequent and intense blackouts

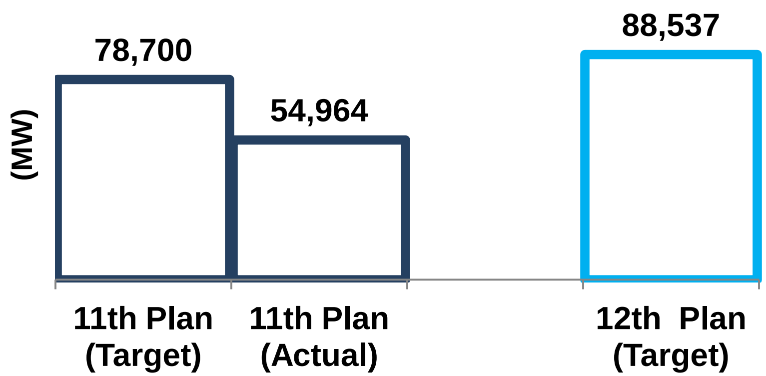
Region-wise T&D investment needs, Per Capita Power Consumption and Access to Power

Geographical Region	Investment Needs - Year 2010-20 ($ Bn)		Per Capita Power Consumption (in 2010) (kwh)	Population without access to Power (in 2009) (%)
	Transmission	Distribution		
India	102	210	616	33.7
Middle East	29	59	2,652	6.2
Africa	28	57	553	67.6
United States	140	302	13,394	NA
North America	169	363	13,567	NA
Brazil	22	46	2,384	1.7
Pacific	91	156	NA	NA
World	986	2,179	2,975	25.9

Source: IEA's World Energy Outlook 2010, World Bank

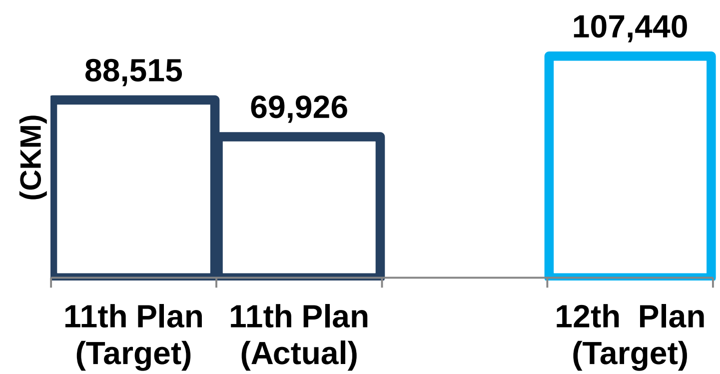
Industry Outlook: T&D (India)

Power Generation



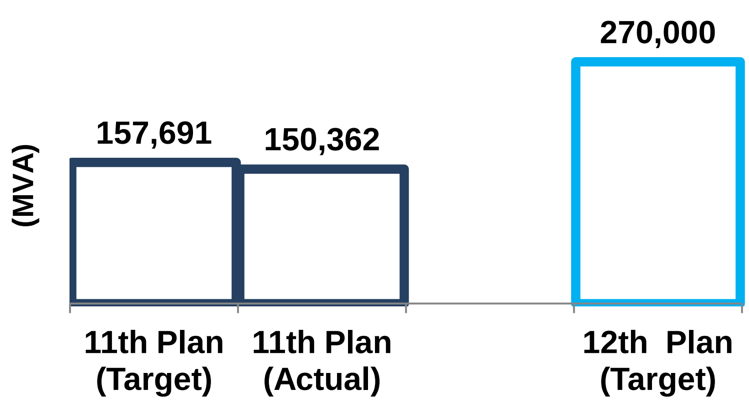
Source: Planning Commission –12th five year plan

Transmission Lines



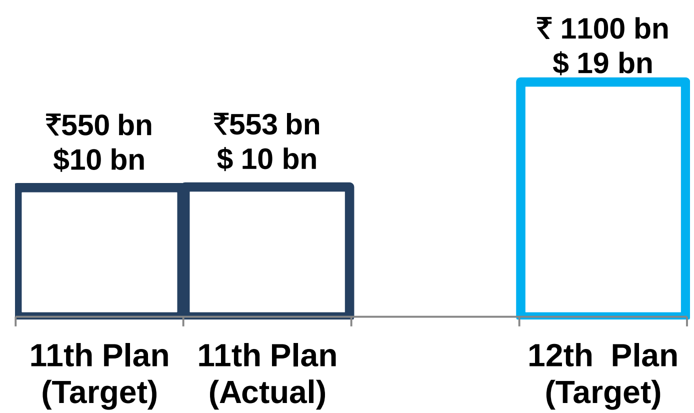
Source: Planning Commission –12th five year plan

Substation



Source: Planning Commission –12th five year plan

Power Grid (PGCIL) Capex



Source: PGCIL, India

Industry Outlook – T&D (International)

Region	Key Countries	Key Demand Drivers
Africa	South Africa, Nigeria, Ethiopia, Kenya	▪ Per capita electricity consumption is very low - 553 kwh v/s World average of 2,975 kwh ▪ Various interconnections are being planned to improve power evacuation infrastructure
Middle East	Saudi, UAE, Oman, Kuwait	▪ Upcoming large power generating plants ▪ Development of inter-country/regional interconnection lines
North America	United States, Canada	▪ The US transmission grid is aging due to underinvestment in transmission infrastructure ▪ The American Reinvestment and Recovery Act 2009 – facilitating $11 bn investment in T&D
South America	Brazil	▪ Next 10 years plan – 61 GW generation and 42,553 kms transmission ▪ Infrastructure Development backed by 2014 FIFA World Cup & 2016 Olympics ▪ Long distance transmission lines to carry power from northern region (more generation) to southern region (more usage)
Central Asia	Kazakhstan, Ukraine and Georgia	▪ Several initiatives, supported and funded by multilateral institutions, are being undertaken to expand and upgrade power infrastructure
SAARC	Bangladesh, Sri-Lanka, Nepal, Bhutan	▪ India's cross border electricity transmission interconnection with Bangladesh, Nepal, Bhutan and Sri-Lanka is being expanded ▪ PGCIL, India also initiated steps to establish transmission links with Nepal and Bhutan

Industry Outlook – Cables and Telecom

Cables

- The Current size of cables market in India is estimated to be ₹ 14,000 cr. ($ 2.6 bn) per annum.
- The demand for power cables is mainly driven by the power sector, real estate and industries such as steel, oil & gas, chemicals etc.
- The Government of India's aggressive growth plans in the power sector, especially in the distribution segment, during the 12th plan, provides significant growth opportunities in power cables.
- Extra High Voltage (EHV) cables is expected to be the fastest growing product segment, as the urban regions of India are increasingly moving away from over-head lines to under-ground cabling.
- The demand for Optical Fibre Cables is driven by growth in the telecom sector.

Telecom

- **OPGW Network -** In India, the PGCIL plans to invest ₹ 4000 cr. ($740mn) under National Optic Fibre Network (NOFN) for establishing OFC networks on high voltage overhead lines.
- **Telecom Towers** - Domestic tower market continues to be dull as operators are not expanding networks despite subscriber growth and poor quality of network. This is expected to change as demand for improved quality increases.

Industry Outlook - Railways

12th five year plan (2012-17)

- Targets spend is 2x as compare to 11th plan target.

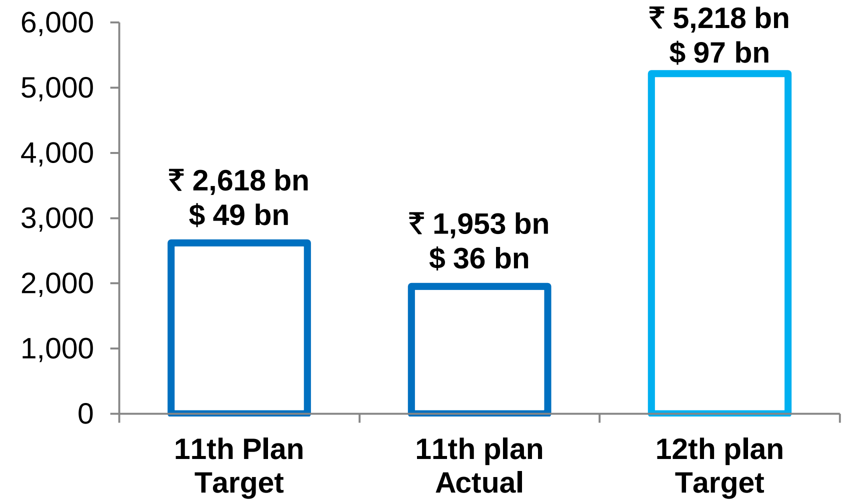
Dedicated Freight Corridors (DFC)

- Two DFCs have been planned – Eastern (1839 kms) and Western (1534 kms)
- Total Investment - Over ₹ 40,000 cr. ($ 8 bn)
- Scheduled completion – 2017

Mass Rapid Transit System (MRTS) (Metro and Mono)

- Increasing urbanization & strain on existing transport infrastructure is necessitating investment in MRTS.
- Government is planning metro systems for cities with a population of over 2 million.
- ₹ 60,000 cr. ($ 12 bn) metro projects (272 kms+) are currently in the advanced planning stages and their implementation is likely to begin in next 2-3 years.
- These include Metro in Ahmedabad, Navi Mumbai, Kochi, Bangalore (Phase II) and Delhi (Phase III)

Investment in railway sector in India*



Investment in railway sector in India*

Particulars	11th Plan Target	11th plan Actual	12th plan Target
New lines	2,000	2,205	4,000
Dedicated freight corridor	NA	NA	3,338
Gauge conversion	10,000	5,290	5,500
Doubling	6,000	2,756	7,653
Railway electrification	3,500	4,501	6,500

** Source: Planning Commission – Draft 12th five year plan*

Industry Outlook - Water

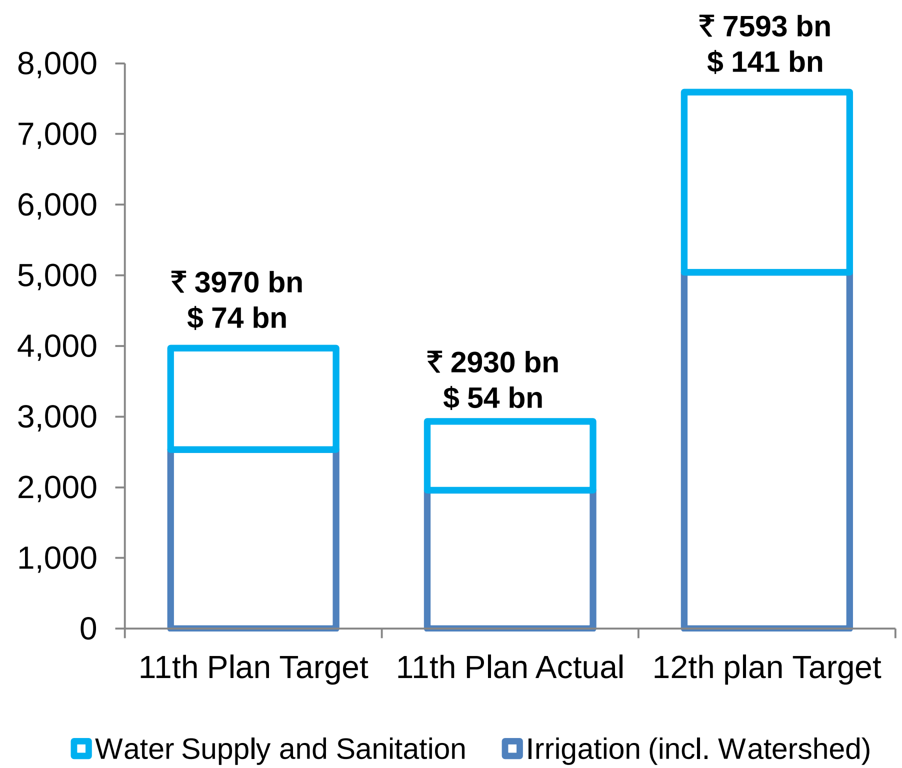
Scarcity of water in India

- India has 16% of the world's population; but only has 4% of world's total available fresh water. *
- While the availability of fresh water is almost fixed, the demand for water is expected to expand from 710 Billion Cubic Meter (BCM) in 2010 to 1,093 BCM in 2025.**
- Only 30% sewage is treated before disposal which is increasingly causing pollution

Government of India initiatives

- Rajiv Gandhi National Drinking Water Mission
- Jawaharlal Nehru National Urban Renewal Mission
- Urban Infrastructure Development for Small and Medium Towns

Investment in water sector in India



Source: Planning Commission – Draft 12th five year plan

* *As per Confederation of Indian Industry (CII), Water Quality Assessment Authority, GoI ;*
** *As per National Commission for Central Water Resources, India*

Management Team

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Highly Experienced Team

Ramesh Chandak
MD & CEO

- Meritorious Chartered Accountant with an Advanced Management Programme from Harvard Business School.
- 40 years of varied experience across textile, edible oils & Engg. Industries & also geographies.
- Former President of the Indian Electricals and Electronics Manufacturers Association (IEEMA) along with being an esteemed member of several other Associations.

Vimal Kejriwal
President –Transmission & Distribution

- Meritorious Chartered Accountant, Company Secretary with an Advanced Executive Programme from Kellogg University.
- Over 31 years of experience across pharmaceuticals, fertilizer, banking, oil & gas sectors.

Rakesh Amol
President – Infrastructure Business

- B.E. (Mechanical) from BITS Mesra with an MBA in Finance from Delhi University,
- He has nearly 3 decades of experience in areas of Project Management and EPC related Projects across sectors like Power, Oil & Gas and Iron & Steel.

Vardhan Dharkar
Executive Director - Finance

- Chartered Accountant with experience of over 24 years in areas of Finance, Accounts, Tax & Legal matters.
- Previous experience in Pharmaceutical sector.

S Venkatesh
Executive Director - HR

- A Post graduate in Personnel Management & Industrial Relations,
- He has over 26 years of experience in HR across Healthcare, Textiles/Fashion, Auto components, Chemicals and IT services.

Highly Experienced Team

Nikhil Gupta
Executive Director - Cables

- Meritorious Chartered Accountant and graduate in Economics.
- Has nearly three decades of experience in Consultancy & Manufacturing sector.

Sanjay Chandra
Chief Executive - Railways

- Electrical Engineer with 30 years of experience across sectors - Railway, Electrical, Signaling and EPC construction projects.

Dilip Shukla
Chief Executive - Water

- Mechanical Engineer with 31 years of experience in water management, infrastructure and engineering.

Chip Breitweiser
CEO - SAE Towers

- Engineer with over 25 years of experience in the T&D and steel structures segment .

Randeep Narang
Executive Director –
South Asia Transmission & Distribution

- Commerce graduate and an MBA from NMIMS, Mumbai. Over 26 years of experience in tyres and telecommunications across India's leading corporate houses.

Financial Performance

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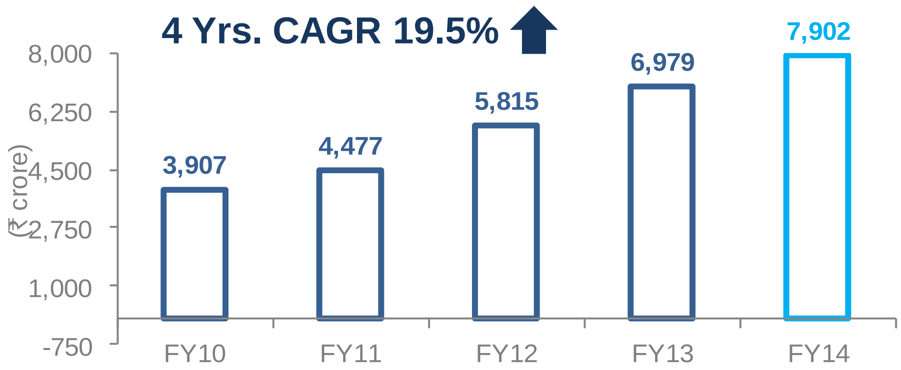
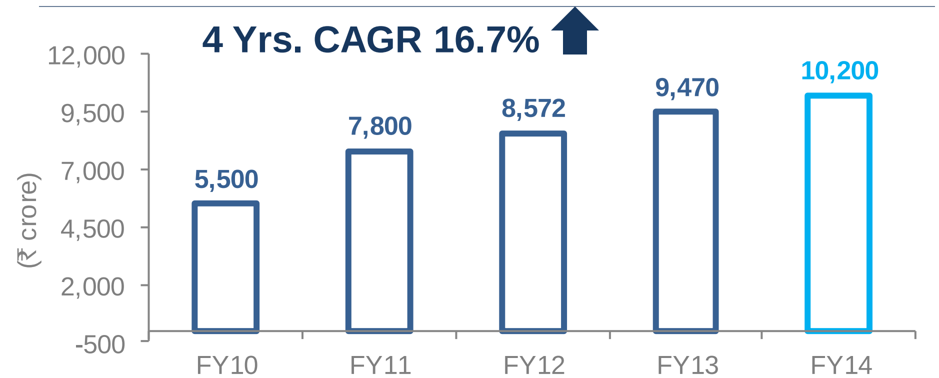
Financial Performance – Last 5 years

Net Sales



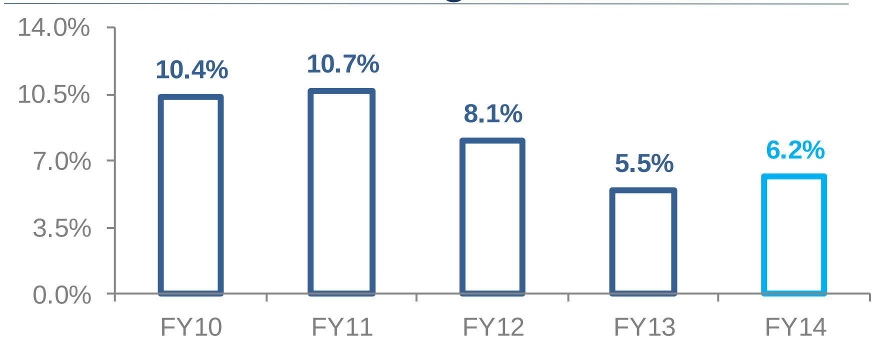
$ Mn	632	720	825	1071	1286

Order Book



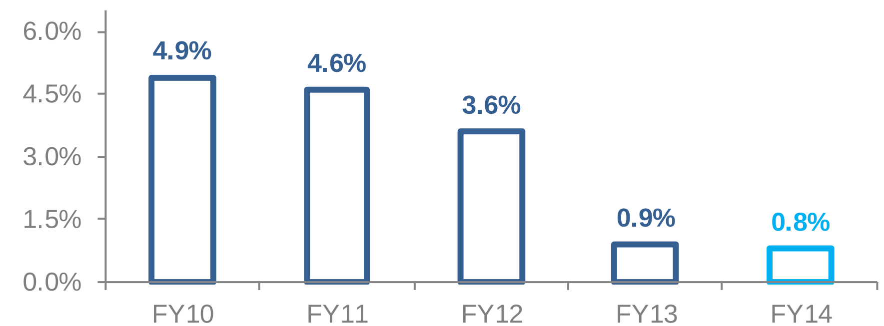
$ Mn	951	1013	1437	1579	1745

EBITDA / EBITDA Margins



₹ Cr.	407	477	471	381	493
$ Mn	75	88	87	70	82

PAT / PAT Margins

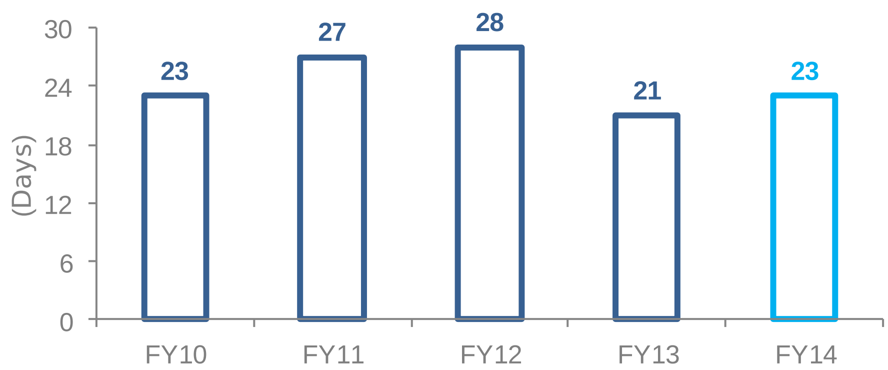


₹ Cr.	190	206	209	65	67
$ Mn	35	38	39	12	11

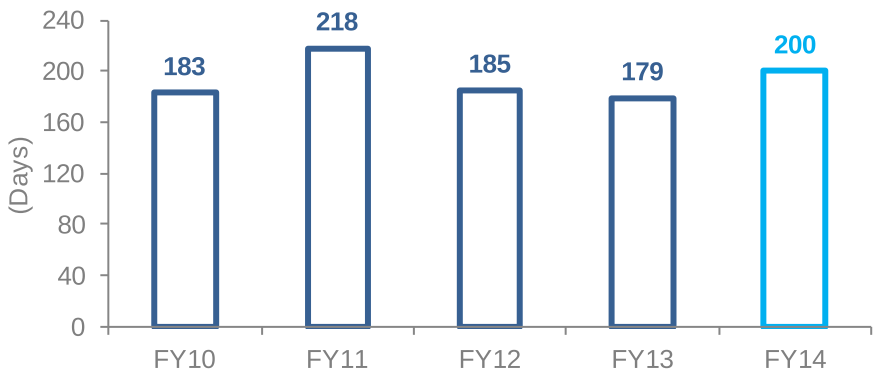
Exchange Rate Conversion – ₹ 59.904 per $

Financial Performance – Last 5 years

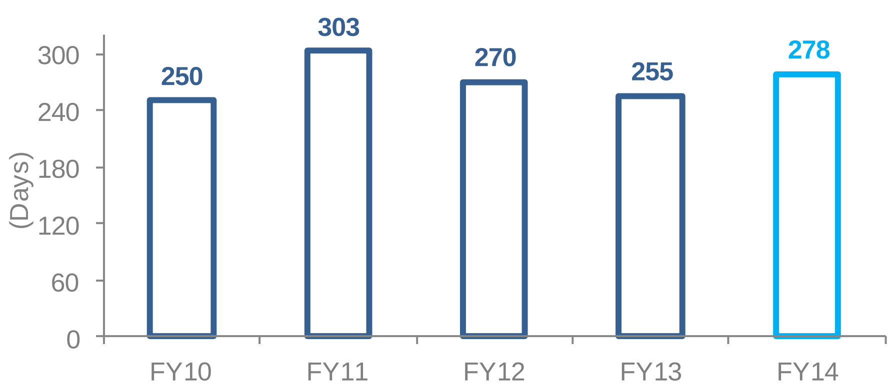
Inventories (Days)



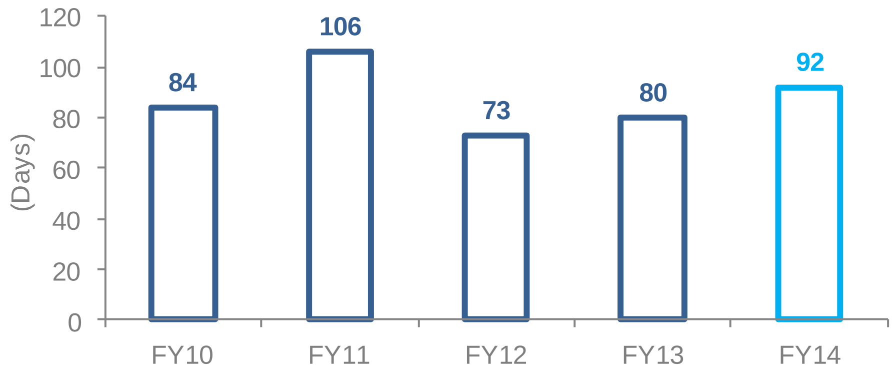
Receivables (Days)



Gross Working Capital (Days)



Net Working Capital (Days)



Profit & Loss Highlights – Q4FY14 and FY14

Particulars	(₹ Crore)						($ Millions)	
	Q4 FY14	Q4 FY13	Growth (Y-o-Y)	FY14	FY13	Growth (Y-o-Y)	FY14	FY13
Net Sales	2,176	2,150	1.2%	7,902	6,979	13.2%	1,319	1,165
EBITDA	151	89	70.3%	493	381	29.3%	82	64
EBITDA Margins (%)	7.0%	4.1%		6.2%	5.5%		6.2%	5.5%
PBT (excluding VRS expenses)	70	21	226.3%	173	147	17.9%	44	32
VRS expenses	0	0		18	0		3.3%	2.8%
PBT (Including VRS expenses)	70	21	228.5%	155	147	5.6%	29	25
Taxes	35	35		88	82		15	14
PAT (Excluding VRS expenses)	34	-14	-346.7%	67	65	2.6%	11	11

Exchange Rate Conversion – ₹ 59.904 per $

Balance Sheet – as on March 2014 end

Particulars	Value	
	₹ crore	$ million
Net Worth	1,192	199
Gross Debt	2,127	355
Deferred Tax Liability (Net)	51	9
Total	**3,370**	**563**
Net Fixed Assets (Including Goodwill)	1,370	229
Receivables	4,339	724
Other assets (Current / Non Current)	1,681	281
Gross Working Capital	6,020	1,005
(-) Advances	216	
(-) Liabilities & Provisions (Current / Non Current)	3,803	635
Net Working Capital	2,000	334
Total	**3,370**	**563**

Exchange Rate Conversion – ₹ 59.904 per $

Growth Enablers and Strategy

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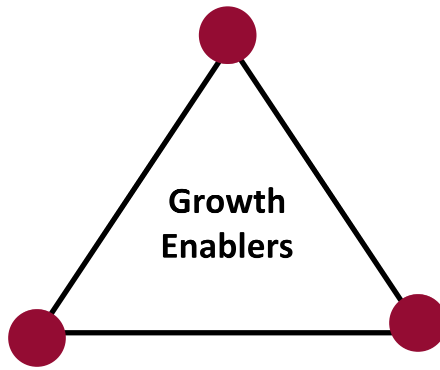
Growth Enablers

Strong Industry Fundamentals

- Power, Telecom, Railways and Water: Basic infrastructure needs for economic development of all the developing & underdeveloped countries
- Each of our business has large global potential



Strong Balance Sheet

- Superior working capital management
- Ability to grow through internal accruals; no equity dilution in last 15 years
- Credit Rating: A+ & A1
- Ability to borrow for growth

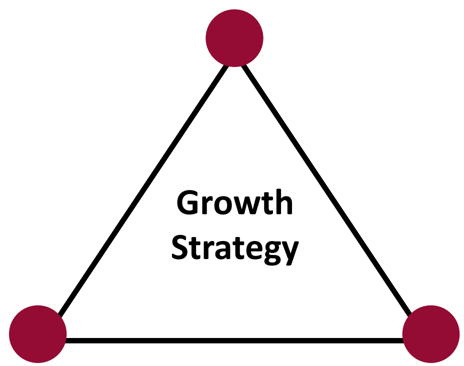
Diversified Presence

- Well balanced business portfolio : 4 businesses
- Global presence: Ability to secure business from across the world
- Presence in developing markets as well as developed markets

Growth Strategy

Product Expansion

- Entered in Power Systems, Railways, Cables, Telecom and Water
- Established new facility for EHV cables at Vadodara
- Exploring opportunities in Solar and Wind EPC
- Monopoles business in US; Increased capacity at Mexico
- Hardware product portfolio expanded in Brazil



Geographical Expansion

- Enter new countries every year
- Expand foothold in South America
- Strengthen presence in SAARC & Southeast Asia
- Expand each businesses internationally by leveraging strong global presence

Business Expansion

- Expand prequalification (PQ) base for new businesses
- Acquisition of 220 kV cables PQ
- Target construction opportunities in Americas
- Increasing tower manufacturing capacity in India at existing plants
- M&A: Proven track record; Continue to look for opportunistic acquisition

Summary

Transforming into an EPC conglomerate

- Strong industry fundamentals
- Diversified Geographical presence
- Leadership in Power Transmission EPC
- Growing presence in Power Systems, Cables, Railways and Water
- Robust Order Book
- Financial performance – Consistent Growth
- Growing through good mix of organic and in-organic opportunities
- Experienced Management team

THANK YOU

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