

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JAY RAILWAY PROJECTS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of JAY RAILWAY PROJECTS PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Deloitte Haskins & Sells

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31 March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(Registration No. 117365W)



Saira Nainar
Partner
(Membership No. 040081)

MUMBAI, May 8, 2013



Deloitte Haskins & Sells

ANNEXURE TO THE AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business/activities/result during the year, clauses (i), (ii), (iii), (v), (vi), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of CARO are not applicable.
- (ii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (iii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- (iv) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed dues, including Income-tax, Tax deducted at source and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amount payable in respect of Income-tax, Tax deducted at source and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2013 on account of disputes.
- (v) 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.
- (vi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(Registration No. 117365W)



Saira Nainar
Partner

(Membership No.040081)

MUMBAI, *May 8, 2013*



Jay Railway Projects Private Limited

Balance Sheet as at 31 March, 2013

Particulars		Note No.	As at 31 March, 2013	As at 31 March, 2012
			₹	₹
I.	EQUITY AND LIABILITIES			
(1)	Shareholders' funds			
	(a) Share capital	3	10,000,000	10,000,000
	(b) Reserves and surplus	4	(7,895,346)	(6,787,605)
			2,104,654	3,212,395
(2)	Non-current liabilities			
	(a) Long-term borrowings	5	134,999,375	128,206,652
(3)	Current liabilities			
	(a) Trade payables	6	64,391,587	51,582,861
	(b) Other current liabilities	7	1,940,962	3,553,638
			66,332,549	55,136,499
	TOTAL		203,436,578	186,555,546
II.	ASSETS			
(1)	Non-current assets			
	(a) Fixed assets			
	(i) Intangible assets	8	51,677,534	58,627,534
	(b) Long-term loans and advances	9	8,716,313	4,003,072
			60,393,847	62,630,606
(2)	Current assets			
	(a) Trade receivables	10	61,323,253	53,276,001
	(b) Cash and cash equivalents	11	12,325,684	5,147,017
	(c) Short-term loans and advances	12	13,270,216	16,833,713
	(d) Other current assets	13	56,123,578	48,668,209
			143,042,731	123,924,940
	TOTAL		203,436,578	186,555,546
III.	See accompanying notes forming part of the financial statements			

In terms of our report attached.

For Deloitte Haskins & Sells

Chartered Accountants

Saira Nainar

Saira Nainar

Partner

For and on behalf of the Board of Directors

Vijay W. Waghmare

Director

Director

Place: MUMBAI
Date: 08 MAY 2013

Place: MUMBAI
Date: 08 MAY 2013

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Jay Railway Projects Private Limited

Statement of Profit and Loss for the year ended 31 March, 2013

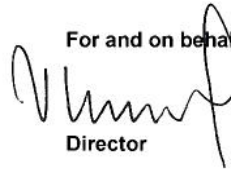
Particulars		Note No.	For the year ended	For the year ended
			31 March 2013	31 March 2012
			₹	₹
I.	Revenue from operations	14	77,736,466	71,782,171
II.	Other income	15	798,985	639,088
III.	Total revenue (I+II)		78,535,451	72,421,259
IV.	Expenses			
	(a) Cost of materials consumed	16	13,705,925	13,480,965
	(b) Subcontracting expenses	17	56,095,000	52,423,723
	(c) Amortisation	8	6,950,000	6,950,000
	(d) Other expenses	18	2,892,267	1,773,500
	Total expenses		79,643,192	74,628,188
V.	Loss before tax (III - IV)		(1,107,741)	(2,206,929)
VI.	Tax expense		-	-
VII.	Loss for the year (V - VI)		(1,107,741)	(2,206,929)
VIII.	Earnings per equity share			
	- Basic & Diluted	23.3	(1.11)	(2.21)
	- Nominal Value of share		10	10
See accompanying notes forming part of the financial statements				

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants


Saira Nainar
Partner

For and on behalf of the Board of Directors


Director


Director

Place: MUMBAI
Date: 8 MAY 2013

Place: MUMBAI
Date: 8 MAY 2013


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Cash Flow Statement for the year ended 31 March, 2013

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	₹	₹	₹	₹
A. Cash flow from operating activities				
Loss before tax	(1,107,741)		(2,206,929)	
<u>Adjustments for:</u>				
Amortisation	6,950,000		6,950,000	
Interest income	(798,985)		(639,088)	
Operating profit before working capital changes		5,043,274		4,103,983
<u>Changes in working capital:</u>				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	(8,047,252)		(1,679,413)	
Short-term loans and advances	2,123,666		2,971,383	
Long-term loans and advances	(3,949,033)		(2,663,179)	
Other current assets	(5,409,590)		(46,730,393)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	12,808,726		48,675,001	
Other current liabilities	(1,612,676)	(4,086,159)	3,537,188	4,110,587
Cash generated from operations		957,115		8,214,570
Net income tax (paid) / refunds		(1,277,825)		(556,250)
Net cash flow from / (used in) operating activities (A)		(320,710)		7,658,320
B. Cash flow from investing activities				
Interest received		706,654		347,493
Bank Balance not considered as Cash and Cash equivalents Placed (Deposit of original maturity of more than 3 months) Matured		(291,263)		-
		-		5,061,638
Net cash flow from investing activities (B)		415,391		5,409,131
C. Cash flow from financing activities				
Proceeds from long-term borrowings	12,504,282		10,538,959	
Repayment of long-term borrowings	(5,711,559)		(24,947,402)	
Net cash flow from / (used in) financing activities (C)		6,792,723		(14,408,443)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		6,887,404		(1,340,992)
Cash and cash equivalents at the beginning of the year (Refer footnote 1 below)		1,806,292		3,147,284
Cash and cash equivalents at the end of the year (Refer footnote 1 below)		8,693,696		1,806,292

Footnotes:

1. Reconciliation of Cash and cash equivalents with the Balance Sheet:

Cash and cash equivalents as per Balance Sheet
Less: Bank Balance not considered as cash and cash equivalents as defined in AS 3 Cash flow Statements
Deposits Placed for exceeding 3 months #
Cash and cash equivalents at the end of the year *

In ₹	
As at 31 March, 2013	As at 31 March, 2012
12,325,684	5,147,017
3,631,988	3,340,725
8,693,696	1,806,292
8,693,696	1,806,292
8,693,696	1,806,292

* Components of Cash and Cash Equivalents:

Balances with banks
In current accounts

Not immediately available for use by the Company as the Balances with banks held as margin money or security against the guarantees.

2. Previous year figures have been regrouped, wherever necessary to confirm to the current year classifications.

In terms of our report attached.

For Deloitte Haskins & Sells
Chartered Accountants

Saira Nainar

Saira Nainar
Partner

For and on behalf of the Board of Directors

V K
Director
VK

V V D

Director
VVD

Place: MUMBAI
Date: 8 MAY 2013

Place: MUMBAI
Date: 8 MAY 2013

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JAY RAILWAY PROJECTS PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS

Jay Railways Projects Private Limited (JRPPL) is a Railways Signaling Automation Systems & Technology Company. JRPPL operates in the areas of design, execution, supply, installation, commissioning and maintenance of safety-related rail signaling and control systems.

It has developed expertise in handling sophisticated signaling projects on turnkey basis involving electronic interlocking system, audio frequency track circuit, multi entry digital axle counter, panel interlocking and route relay interlocking.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

2.01 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.

2.02 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 is recognised in the period in which results are known / materialized.

2.03 Revenue Recognition:

a) Revenue from long term construction 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 expenses 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.

b) Interest income is recognised on time proportion basis.

2.04 Intangible Assets:

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. Assessment of indication of impairment of an asset is made at the year-end and impairment loss, if any, is recognised.

2.05 Amortisation:

Brand is amortised over ten years being its useful life as estimated by the Company.

2.06 Taxes on Income

Current tax is measured on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961.

JAY RAILWAY PROJECTS PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The tax effect of the timing differences between taxable income and accounting income which are capable of reversal in one or more subsequent periods is recorded as a deferred tax asset subject to the consideration of prudence or deferred tax liability. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates and tax laws by the Balance Sheet date.

Deferred tax assets are recognized on unabsorbed depreciation and carry forward 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 realized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date.

2.07 Provisions and Contingent Liabilities

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.

2.08 Operating Cycle

Assets and liabilities other than those relating to turnkey contracts are classified as current if it is expected to realize or settle within 12 months after the balance sheet date.

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



Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 3 - Share capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	₹	Number of shares	₹
Authorised:				
Equity shares of Rs.10 each	4,000,000	40,000,000	4,000,000	40,000,000
Issued, Subscribed and fully Paid up				
Equity shares of Rs.10 each	1,000,000	10,000,000	1,000,000	10,000,000

3.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh Issue	Buy back	Closing Balance
Equity shares				
Year ended 31 March, 2013				
- Number of shares	1,000,000	-	-	1,000,000
- Amount (Rs.)	10,000,000	-	-	10,000,000
Year ended 31 March, 2012				
- Number of shares	1,000,000	-	-	1,000,000
- Amount (Rs.)	10,000,000	-	-	10,000,000

3.2 Details of shares held by each shareholder holding more than 5% shares / held by holding company:

Name of the shareholder	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	% holding	Number of shares	% holding
Equity shares				
KEC International Limited, the holding company *	1,000,000*	100%	1,000,000*	100%

* Includes 100 Shares held by its nominee

Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 4 - Reserves and surplus

Particulars	As at 31	As at 31
	March, 2013	March, 2012
	₹	₹
Surplus / (Deficit) in the Statement of Profit and Loss		
Opening balance	(6,787,605)	(4,580,676)
Add: Loss for the year	(1,107,741)	(2,206,929)
Total	(7,895,346)	(6,787,605)

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Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 5 - Long-term borrowings

Particulars	As at 31	As at 31
	March, 2013	March, 2012
	₹	₹
Loans and advances from related parties (Refer Note 23.2) Unsecured	134,999,375	128,206,652
Total	134,999,375	128,206,652

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Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 6 - Trade payables

Particulars	As at 31 March,	As at 31
	2013	March, 2012
	₹	₹
Trade payables		
Other than Acceptances (Refer Note 21)	64,391,587	51,582,861
Total	64,391,587	51,582,861

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Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 7 - Other current liabilities

Particulars	As at 31 March, 2013	As at 31 March, 2012
	₹	₹
Other payables		
- Statutory remittances (Withholding Taxes)	1,940,962	1,006,765
- Gross amount due to customers for long term construction contracts (Refer Note 23.1)	-	2,546,873
	1,940,962	3,553,638

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Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 8 - Fixed assets

PARTICULARS	GROSS BLOCK		AMORTISATION		NET BLOCK	
	As at March 31, 2012 ₹	Additions ₹	As at 31 March, 2013 ₹	During the Year ₹	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
Intangible assets (other than internally generated)						
- Brand	69,500,000	-	69,500,000	6,950,000	17,822,466	58,627,534
Total	69,500,000	-	69,500,000	6,950,000	17,822,466	51,677,534
	69,500,000	-	69,500,000	6,950,000	10,872,466	58,627,534

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Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 9 - Long-term loans and advances

Particulars	As at 31 March, 2013	As at 31 March, 2012
	₹	₹
(a) Security deposits Unsecured, considered good	3,240,651	2,080,651
(b) Advance income tax Unsecured, considered good	1,277,825	513,617
(c) Other loans and advances WCT refund receivable Unsecured, considered good	4,197,837	1,408,804
Total	8,716,313	4,003,072

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Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 10 - Trade receivables

Particulars	As at 31 March, 2013	As at 31 March, 2012
	₹	₹
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	39,025,314	47,961,231
Other Trade receivables Unsecured, considered good	22,297,939	5,314,770
	61,323,253	53,276,001

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Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 11 - Cash and cash equivalents

Particulars	As at 31 March, 2013	As at 31 March, 2012
	₹	₹
Balances with banks		
(i) In current accounts	8,693,696	1,806,292
(ii) In earmarked accounts		
- Balances in deposit accounts held as margin money or security against the guarantees.	3,631,988	3,340,725
Total	12,325,684	5,147,017
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement is -	8,693,696	1,806,292

Note:

Balances in deposit accounts held as margin money or security against the guarantees amounting to ₹ 3,631,988 (previous year ₹ 3,340,725) have an original maturity of 12 months.

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Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 12 - Short-term loans and advances

Particulars	As at 31 March, 2013	As at 31 March, 2012
	₹	₹
(a) Security deposits Unsecured, considered good	8,578,942	7,135,046
(b) Prepaid expenses Unsecured, considered good	94,156	69,524
(c) Advance income tax (net of provisions ₹ 300,000 (As at 31 March, 2012 ₹ 300,000) - Unsecured, considered good	1,118,223	2,558,054
(d) Others Unsecured, considered good		
Advances to Suppliers	2,070,091	5,230,519
WCT refund receivable	1,408,804	1,840,570
Total	13,270,216	16,833,713

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Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 13 - Other current assets

Particulars	As at 31 March, 2013	As at 31 March, 2012
	₹	₹
(a) Gross amount due from customers for long term construction contracts (Refer note 23.1)	42,132,385	48,313,932
(b) Accruals - Interest accrued on deposits with banks	446,608	354,277
(c) Others (Refer Note 20)	13,544,585	-
Total	56,123,578	48,668,209

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Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 14 - Revenue from operations

Particulars	For the Year ended 31 March, 2013	For the Year ended 31 March, 2012
	₹	₹
Turnkey Contract Revenue - Signaling & Telecommunication	77,736,466	71,782,171
Total	77,736,466	71,782,171

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Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 15 - Other income

Particulars	For the Year ended 31 March, 2013	For the Year ended 31 March, 2012
	₹	₹
Interest income		
on bank deposits	330,768	308,906
other balances	468,217	330,182
Total	798,985	639,088

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Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 16 - Cost of materials consumed

Particulars	For the Year ended 31 March, 2013	For the Year ended 31 March, 2012
	₹	₹
Consumption of materials and components	13,705,925	13,480,965
Total	13,705,925	13,480,965

Footnote - Consumption of materials and components comprises of:

	For the Year ended 31 March, 2013	For the Year ended 31 March, 2012
	₹	₹
Audio Frequency Track Circuits (AFTC) Set	-	7,739,571
Diesel Generator air cooled silent genset	-	2,250,000
Axel Counter	-	1,708,500
Cable & Wire	1,631,805	-
Data logger & Computer	2,078,442	-
Double Walled Corrugated pipe	3,217,826	-
Mechanical Item	3,105,091	-
Signalling Material	2,946,641	-
Others *	726,120	1,782,894
Total	13,705,925	13,480,965

	%		%	
Indigenous	100	13,705,925	100	13,480,965
Imported	-	-	-	-
	100	13,705,925	100	13,480,965

* Others include equipment, components and miscellaneous items connected with installation of railway signalling 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 information in respect thereof.

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Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 17 - Subcontracting expenses

Particulars	For the Year ended	For the Year ended
	31 March, 2013	31 March, 2012
	₹	₹
Subcontracting expenses	56,095,000	52,423,723
Total	56,095,000	52,423,723

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Jay Railway Projects Private Limited
Notes forming part of the financial statements

Note 18 - Other expenses

Particulars	For the Year ended 31 March, 2013	For the Year ended 31 March, 2012
	₹	₹
Legal and professional Fees	93,433	19,929
Filing and other fees	8,427	8,710
Rates and taxes	828,210	112,654
Payments to statutory auditors (including service tax) (Refer Note 18.1)	421,350	337,080
Tender Fees	260,000	291,960
Printing and stationery	-	2,150
Bank (guarantee and other) charges	280,847	401,017
Deputed Staff Cost	1,000,000	600,000
Total	2,892,267	1,773,500
Note 18.1 - Payments to statutory auditors comprises (including service tax):		
As auditors - statutory audit	337,080	337,080
For taxation matters	84,270	-
	421,350	337,080

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JAY RAILWAY PROJECTS PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

19. Jay Electrocom Industries (Jay PF) a Partnership Firm being a Joint Stock Company within the meaning of the said term defined by Section 566 of the Companies Act, 1956 was registered on September 7, 2010 under Part IX of the Companies Act, 1956 as Jay Railway Signaling Private Limited.

1,000,000 Equity shares of ₹ 10 each of the Company were allotted to the Partners of Jay PF in the same proportion as their respective shares in Capital Account of Jay PF.

On September 14, 2010, the Company, KEC International Limited ("the Purchaser") and the erstwhile Shareholders ("Sellers") of the Company entered in to Share Purchase Agreement ("the Agreement") and the Purchaser acquired all the equity shares of the Company and the Company has become a 100% subsidiary of the Purchaser from that date.

The name of the Company was changed to Jay Railway Projects Private Limited on December 23, 2010.

20. In terms of the Agreement referred to in Note 19 above each of the Seller is jointly and severally liable to indemnify the Company, in the event of non-realization of outstanding receivables (including but not limited to inventory, trade receivables, loans and advances) as at September 14, 2010 being the date of acquisition of equity shares by the Purchaser.

Pursuant to the above, during the year the Company identified Rs. 13,544,585 as recoverable from the Sellers towards trade receivables/ WCT refund receivable/ Security deposits in respect of the closed projects and outstanding Income tax receivable, which is included in Note 13 Other current assets - Others.

21. Based on the details regarding the status of the suppliers obtained by the Company, there is no supplier under the Micro, Small and Medium Enterprises Development Act, 2006. This has been relied upon by the auditors.

22. The Company has not taken any derivative instrument during the year and there is no derivative instrument outstanding as at year end. The Company does not have any foreign currency exposure as at the year end.

23. Disclosures under the Accounting Standards

23.1 Disclosures under the Accounting Standard – 7 "Construction Contracts":

			Year Ended March 31, 2013	Year Ended March 31, 2012
			₹	₹
(a)	(i)	Contract revenue recognised during the period	77,736,466	71,782,171
	(ii)	Method used to determine contract revenue and the stage of completion of contracts in progress	Refer Note 2.03 above	
(b)		Disclosure in respect of contracts in progress as at the year / period end		
	(i)	aggregate amount of costs incurred and recognised profits	151,102,175	73,365,710
	(ii)	the gross amount due from customers for contract work (included under Note 13 - Other current assets)	42,132,385	48,313,932

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JAY RAILWAY PROJECTS PRIVATE LIMITED**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(iii)	the gross amount due to customers for contract work (included under Note 7 - Other current liabilities)	-	2,546,873
(iv)	the amount of advance received	-	-
(v)	Retention receivable	15,172,447	11,895,896

23.2 Related Party Disclosures:

Related Party disclosures in accordance with Accounting Standard 18 – “Related Party Disclosure”.

A. Name and nature of relationship of the enterprise where control exists :-

KEC International Limited- The Holding Company

B. Parties with whom transactions have taken place:

Holding Company: KEC International Limited

C. Transactions with the related party during the period April 01, 2012 to March 31, 2013 and outstanding balance as at March 31, 2013

Particulars	Amounts in ₹	
	Year Ended March 31, 2013	Year Ended March 31, 2012
Transactions		
Subcontracting expenses	56,095,000	52,423,723
Payments made by the related party on behalf of the Company	1,523,406	1,204,147
Borrowings to the Company	10,980,876	9,334,812
Repayments of Borrowings by the Company	5,711,559	24,947,402
Deputed Staff Cost	1,000,000	600,000
Balance outstanding as at the year end		
Amount payable - (a) Long-term borrowings	134,999,375	128,206,652
(b) Trade Payables	56,065,114	42,869,295

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

JAY RAILWAY PROJECTS PRIVATE LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

23.3 Earnings per Share

Particulars	Units	Year ended March 31, 2013	Year ended March 31, 2012
Net Loss (As per Statement of Profit and Loss)	₹	(1,107,741)	(2,206,929)
Weighted Average No. of equity shares outstanding	Nos.	1,000,000	1,000,000
Basic and Diluted earnings per share	₹	(1.11)	(2.21)
Nominal Value per share	₹	10	10

- 23.4 The Company is primarily engaged in the business of Railway Signaling. As such there is no other separate reportable segment as defined by Accounting Standard – 17 "Segment Reporting".
24. The Company is a subsidiary of a Public Company and hence is a Public Company in terms of the provision of Section 3(1)(iv)(c) of the Companies Act, 1956.
25. Previous year figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board
 Director
 Director

Place

Date = 8 MAY 2013

