



KEI Industries Limited.

Annual Report 2010-11

KEI

Wires and Cables

The power behind the power



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Corporate information

BOARD OF DIRECTORS

Mr. Anil Gupta, *Chairman-cum-Managing Director*
Mrs. Archana Gupta, *Director*
Mr. Pawan Bholusaria, *Director*
Mr. K.G. Somani, *Director*
Mr. Vijay Bhushan, *Director*
Mr. Vikram Bhartia, *Director*
Mr. Rajeev Gupta, *Executive Director (Finance)*

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Kishore Kunal

AUDITORS

M/s. Jagdish Chand & Co., Chartered Accountants,
New Delhi

BANKERS

Dena Bank
Punjab National Bank
ING Vysya Bank Ltd
State Bank of Hyderabad
Yes Bank Ltd
Standard Chartered Bank
ICICI Bank Ltd
HSBC Bank Ltd
HDFC Bank Ltd
RBS (earlier ABN Amro Bank)
State Bank of Patiala
IndusInd Bank Ltd

SHARE TRANSFER AGENT

MAS Services Ltd
T-34, 2nd Floor, Okhla Industrial Area, Phase - II,
New Delhi - 110 020,
Ph:-+91-11- 26387281/82/83, Fax:-+91-11- 26387384,
email:- info@masserv.com, website : www.masserv.com

CORPORATE & REGISTERED OFFICE

D-90 Okhla Industrial Area
Phase - I, New Delhi - 110 020
Ph:- +91-11-26818840/8642/,
Fax:-+91-11-26811959/7225,
email:- keiind@vsnl.com website : www.kei-ind.com

KEY MANAGEMENT PERSONNEL

Mr. S.L. Kakkar, *President*
Mr. Manoj Kakkar, *Sr. Vice President (Marketing)*
Mr. P.K. Aggarwal, *Vice President*
Mr. K.C. Sharma, *Vice President (Operation)*
Mr. Arvind Shrowty, *Corporate Advisor*
Mr. A.K. Maity, *Sr. GM (Works)*
Mr. N.K. Bajaj, *Sr. GM-Marketing (Wires & Flexibles)*
Mr. Chirag Garg, *Sr. G.M (EPC)*
Mr. Mukesh Sethi, *GM-Marketing (EHV)*
Mr. Munishvar Gaur, *GM (Head-North Marketing Cables)*
Mr. Alok Saha, *GM (Marketing)*
Mr. M.V. Gananath, *GM-Sales & Marketing*
Mr. Keshav K. Mitra, *GM-Sales & Marketing*
Mr. Deepak Manchanda, *GM (Business Development)*
Mr. Ajit Dinesh Durve, *GM (International Business)*
Mr. Naval Singh Yadav, *GM (Technical)*
Mr. Dilip Barnwal, *GM (Works- Silvassa)*
Mr. Dayanand Sharma, *GM (Works – Chopanki)*
Mr. Ajay Mehra, *GM (Works-Bhiwadi)*
Mr. Gaurav Sahi, *Head –Corporate Communication*

WORKS OFFICE

- SP-919-920, 922 RIICO Industrial Area,
Phase-III, Bhiwadi,
Dist. Alwar (Rajasthan) - 301 019.
- 99/2/7 Madhuban Industrial Estate,
Village Rakholi, Silvassa (D&H) - 396 240.
- Plot No. A- 280-284,
RIICO Industrial Area,
Chopanki, Dist. Alwar (Rajasthan) - 301 019.



Dear Shareholders,

India has weathered the global crisis relatively well, and even as high inflation remains a major concern, India's economy is expected to grow at 8% this year in comparison to 8.5% during 2010-11.

On the global front, the sovereign debt problems that have beset the euro area over the past year now threaten larger economies in the region. In the US, concerns over a sovereign default loom over financial markets, with potentially disruptive consequences for global capital flows. Japan is dealing with the challenges of recovering from the impact of the tsunami amidst deeper recessionary tendencies. In striking contrast to advanced economies, emerging market economies (EMEs) have generally been dealing with rising inflation, caused by a combination of elevated commodity prices and robust domestic demand. The IMF, in its June, 2011 Update of World Economic Outlook (WEO), revised downwards its estimates for global growth in 2011 to 4.3 per cent from its April 2011 estimate of 4.4 per cent. More importantly, according to the IMF, downside risks to global growth have increased on account of continuing sluggishness in major advanced economies due to the weak labour and housing markets, and lingering sovereign debt concerns. Globally, while growth is set to decelerate, inflation is expected to edge up in 2011 reflecting higher commodity prices and strong demand in EMEs. Although prices of cotton, rubber and metals have softened in the recent period, crude oil prices continue to be volatile and the outlook on this front remains uncertain. The IMF's projection is that

consumer price inflation is likely to increase from 1.6 per cent in 2010 to 2.6 per cent in 2011 in advanced economies, and from 6.1 per cent to 6.9 per cent in emerging and developing economies.

Business Overview 2010-11

Year 2010-11 was satisfactory for your company, where Company achieved top line growth of 29% compared with previous year. However, profitability continued to be under tremendous pressure due to oversupply in the industry, leading to cut-throat competition, lower capacity utilizations and immense pressure on pricing and margins.

On the industry front, during the second half of the financial year 2010-11, there was improvement in the demand scenario of the Industry which has resulted in the significant growth of turnover compared to previous year. In the medium and low voltage power cable field, the growth is fuelled by the boom in the power, industrial, realty and construction sectors.

Operational highlights

During the year 2010-11, Company completed expansion at its Chopanki Plant for manufacturing of Extra High Voltage (EHV) Cables ranging from 66kV to 220kV. With the manufacturing of EHV Cables, your Company will be only the third Indian Company to manufacture EHV Cables up to 220kV. During the year under review, your Company achieved EHV Cable sales of ₹ 1400.00 lacs. However, the key highlights that transpired for your company in the year

under review was the receipt of order worth ₹ 75 Crores for EHV Cables.

In addition, in line with the spurt in economic and industrial output in the year under review, your company recorded good sales in the power and utilities vertical, thereby further strengthening its leadership positioning in the power sector, along with strong orders from the industrial segment. I am confident that this development will help your company further strengthen its leadership positioning in the power sector and enhance presence in the industrial segment.

Technical Collaboration

Your Company joined hands with M/s Brugg Kabel AG, a company having over 100 years of experience and expertise in manufacturing EHV ranging from 66Kv to 550 KV in the previous year and entered into Technical Collaboration for manufacturing of EHV Cables up to 220kV. This technical Collaboration will entail complete know-how transfer, including designing, manufacturing, testing techniques, training of its manufacturing/design personnel in manufacturing of cables, etc. This technology will enable KEI to establish a stronghold in the EHV cable segment and enable it to secure contracts in the power segment from both the government and private sector.

Engineering, Procurement and Construction (EPC)

Your Company has marked its presence into Engineering, Procurement and Construction (EPC) space by bagging various prestigious orders primarily in the State of Madhya Pradesh. This EPC contract is on turn-key basis for survey, supply of materials, erection, testing & commissioning of 33kV & 11kV substation and distribution lines in power distribution segment, which was awarded by MP State Power Distribution Companies. This EPC contract has been awarded to the company under RAPDRP Scheme, Feeder Separation Scheme & Rajeev Gandhi Gramin Vidyutikaran Yojna (RGGVY).

Strengthening EHV Cable segment

The fastest growing segment is that of high voltage cables which is projected to be double in the next three years. Presently, most of the demand for 132 KV, 220 KV and 400 KV XLPE cables are met through import. In addition to the projected growth in power generation and transmission, the rapid pace of urbanization is also expected to contribute to enhanced demand for underground high voltage cable installations in place of overhead lines. The Extra High Voltage cables segment enjoys both excellent demand prospects and is also marked by higher margins in comparison to MV and LV Cables.

It is against this background that our full technical collaboration with Brugg assumes importance as it will also

enable us to entrench our positioning in the EHV space by virtue of our ability to provide invaluable design and process solutions to our customers in executing EHV turnkey contracts. This Collaboration will enable KEI's positioning amongst the top three companies addressing the 220 kV EHV space, boost our preparedness and pre-qualification to participate in large utility tenders and also give a firm impetus to our turnkey EPC business, which consumes significant portion of EHV cables.

We believe that, going forward, with Company's clear focus on this segment, coupled with its proactive and strategic initiatives and strengths to grow its presence in this space, almost 10% of your company's revenues in FY12 will accrue from this segment.

Retail – domestic house wires

During the last three years the domestic house wires segment has shown tremendous growth. The encouraging results clearly reinforce your company's excellent product and quality offering, endorse its cables' specialist positioning and also vindicate the myriad 360 degree brand communication and distribution & dealer enhancement initiatives undertaken over the last few years. During the year under review, Company appointed additional 130 number of dealer / distributor across Pan-India. Having reached so far, your company is all set to increase house wire sales contribution to over ₹ 200 crore in the coming fiscal by further augmenting distribution network and strengthening brand building activities.

Exports

With the complete meltdown witnessed in the company's key markets of presence in Middle East and Africa, a sharp revenue erosion was witnessed in the previous year. With the global recovery underway and a definite spurt in demand, the export market is expected to slowly and steadily improve in the next year. The Company has achieved Export Sales of ₹ 10344.71 lacs during financial year 2010-11 as compared to ₹ 9362.60 lacs during previous year, showing a growth of 10%. Your Company has been awarded "Trading House" status based on its export performance. With the global recovery underway and a definite spurt in demand, I expect improved performance of KEI in this segment.

Recognition and Awards

Your Company has been conferred with the prestigious Superbrand Status. Superbrand is a Global Standard of Brand Excellence which enables significant emotional and physical advantage over competitors. It pays tribute to world's leading brands selected by consumers and experts.

It provides access to globally respected accreditation. It boosts up brand image as well as business volume and values.

for cables has already picked up and is expected to get a positive impetus. I see a positive scenario for your company



Further, Det Norske Veritas (DNV), has awarded following accredited certification to KEI'S Management System.

ISO 9001:2008 for Company's Quality Management System. It provides a framework for focus on customer and product requirements, process performance and effectiveness with emphasis on continual improvement and objective measurement.

OHSAS 18001:2007 for Company's proactive protection of the health and safety of the workforce. It shows Company's commitments to the health and safety of its employees, reduces overall liability, reduces occurrence of ill health and injuries and provides assurance that legal compliance is effectively managed.

OHSAS 14001:2004 for company's Environment Management System. It shows Company's systematic approach in minimizing negative impact on the environment and surrounding community. An effective environment management system can significantly reduce the Company's Environmental impact, increase operational efficiency and identify opportunities for cost savings.

Strategic direction & outlook

As I look ahead at 2011-12, the future looks bright and promising. As mentioned earlier in my letter, the demand

in view of the overall macro-economic indicators and indices prevailing currently. Armed with enhanced capacities, turnkey solution offerings, focused approach in its domestic house wires and EHV segment, your company, I am confident, is well positioned to deliver exceptional growth and success going forward.

I want to thank our board of directors for their counsel and support and our employees for their tireless efforts in ensuring KEI's delivers on its ambitious promises and plans. I also take this opportunity of expressing my sincere thanks to the Central Government, Government of Delhi, the Government of Rajasthan, the Government of UT Dadar Nagar Haveli, the Financial Institutions and Banks for the encouragement and support to your company at all times.

But most of all, thank you for your continued faith and support has helped us take path-breaking decisions that promise to propel your company to higher echelons of success and glory.

Sincerely

Anil Gupta

Chairman-cum-Managing Director

Seven Year Financials

(₹ in crores)

PARTICULARS	2005	2006	2007	2008	2009	2010	2011
PAID UP CAPITAL	7.92	10.09	11.79	12.16	12.19	12.79	13.39
CAPITAL EMPLOYED	52.65	137.99	368.85	375.34	369.63	365.97	456.22
SALES	230.23	341.35	681.51	980.65	1055.76	972.52	1253.86
LESS: EXCISE DUTY	26.78	41.18	77.60	107.02	86.08	63.28	94.57
NET SALES	203.45	300.17	603.91	873.63	969.68	909.24	1159.29
PBDIT	21.23	45.80	87.38	109.84	62.08	76.33	92.82
PBIT	19.25	43.11	81.73	101.72	50.51	61.66	76.21
PBT	12.39	33.65	57.99	64.81	-6.11	17.26	17.89
NET PROFIT	8.39	26.01	40.17	43.52	1.25	14.23	10.56
PROFITABILITY RATIOS (%)							
PBDIT	10.44	15.26	14.47	12.57	6.40	8.39	8.01
PBIT	9.46	14.36	13.53	11.64	5.21	6.78	6.57
PBT	6.09	11.21	9.60	7.42	-0.63	1.90	1.54
NET PROFIT	4.12	8.66	6.65	4.98	0.13	1.57	0.91
ROCE (PAT / CAPITAL EMPLOYED)	15.93	18.85	10.89	11.59	0.34	3.89	2.31
GROWTH RATIOS (%)							
NET SALES	107.75	47.54	101.19	44.66	10.99	-6.23	27.50
PBDIT	138.07	115.71	90.80	25.70	-43.48	22.95	21.60
PBIT	168.69	123.98	89.59	24.46	-50.34	22.07	23.60
PBT	694.93	171.51	72.34	11.76	-109.43	382.49	3.65
NET PROFIT	839.53	209.98	54.45	8.34	-97.13	1038.40	-25.79
CAPITAL EMPLOYED							
FIXED ASSETS	28.88	80.47	140.97	231.39	279.41	277.86	312.00
CURRENT ASSETS	110.86	200.36	526.99	579.81	479.86	521.11	613.64
LESS: CURRENT LIABILITIES	62.98	99.14	199.43	251.13	195.00	236.62	325.26
LESS: BANK BORROWING	20.31	37.70	92.20	173.37	194.64	196.38	140.49
LESS: DEFERRED TAX LIABILITY	3.80	5.99	7.47	11.36	0.00	0.00	3.67
CAPITAL EMPLOYED	52.65	137.99	368.85	375.34	369.63	365.97	456.22
NET WORTH	28.11	99.19	151.86	207.07	196.58	222.62	237.92



Director's Report

To The Members

Your Directors take pleasure in presenting their 19th Annual Report for the year ended March 31, 2011. Briefly stated the Financial Results of operation are: -

Particulars	Year ended March 31, 2011	(₹ In lacs) Year ended March 31, 2010
Sales and other income	126272.49	98789.42
Profit before interest,		
Depreciation and tax	9281.78	7633.27
Less: Financial Charges (Net)	5832.10	4439.60
Depreciation	1661.00	1467.64
Profit / (Loss) before tax	1788.68	1726.03
Provision for Taxation		
—Current Tax	363.90	298.00
—Deferred tax	366.82	0.00
Profit / (Loss) after tax	1057.96	1428.03
Add / (Less) Taxation for earlier years	2.14	4.79
Net Profit	1055.82	1423.24
Add: Balance brought forward from last year's account	11606.11	10331.98
Amount available for Appropriations	12661.93	11755.22
Appropriation:		
Proposed Dividend	133.87	127.87
Provision for Taxation on Proposed Dividend	21.72	21.24
Balance Carried to Balance Sheet	12506.34	11606.11

During the year turnover of Cables was ₹ 98995.96 lacs as compared to ₹ 77341.11 lacs in 2009-10, showing strong growth @ 28%. The turnover of Stainless Steel Wire Products contributed ₹ 8713.38 lacs in 2010-11, Winding, Flexible & House Wire contributed ₹ 15733.52 lacs in 2010-11 as against ₹ 12365.64 lacs in 2009-10. During the year under review, Profit before tax and Profit after tax was ₹ 1788.68 lacs and ₹ 1057.96 lacs respectively while Net profit was ₹ 1055.82 lacs.

APPROPRIATIONS

Dividend:

During the year under review, your Directors have recommended a dividend of ₹ 0.20/- per equity share (i.e. @ 10%) on the Equity

Shares of face value of ₹ 2/- each for the Financial Year ended March 31, 2011, which if approved by the members at the forthcoming Annual General Meeting, will be paid to:

- Those equity shareholders whose names appear in the register of members on September 15, 2011.
- Those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

Transfer to reserves and surplus:

During the year, Company has cancelled 40,00,000 Warrants due to non-exercise of conversion options by Warrant holders and forfeited ₹ 280.00 lacs received as application money against these warrants which has been transferred to Capital Reserve Account.

REVIEW OF OPERATIONS

Expansion at Chopanki Plant:

During the second half of financial year 2010-11, Company had completed expansion at its Chopanki Plant for manufacturing of Extra High Voltage (EHV) Cables ranging from 66kV to 220kV. The Company had inaugurated its Extra-High Voltage (EHV) Cable manufacturing facility at its Plant at Chopanki, Distt. Alwar Rajasthan on November 02, 2010.

This facility is under a Technical Collaboration Agreement with M/s. Brugg Kabel AG, Switzerland - a pioneer in manufacturing high voltage / extra high voltage cables - along with jointing and cable accessories up to 500kV voltage grade. The Technical Collaboration agreement will allow the Company complete know-how transfer which shall include design, testing, techniques, training of its manufacturing / design personnel in manufacturing of cables along with jointing techniques as also complete EHV system design of EHV Cables. With this technology back-up, the collaboration will also help the Company making its presence in extra high voltage segment by securing contracts from various public utilities (Central/State) as also private segment.

Engineering, Procurement and Construction (EPC):

The Company has marked its presence into Engineering, Procurement and Construction (EPC) space by bagging various prestigious orders for survey, supply of materials, erection, testing & commissioning of 33kV & 11kV substation and distribution lines in power distribution segment.

Under this segment, Company will be tapping both Government and Private Sector clients on turn-key basis however there will be more focus in Government Power Utility.

FUTURE OUTLOOK

With Company's successful venture into Extra High Voltage (EHV) Cables and presence in Engineering, Procurement and Construction (EPC) space, Company has an edge in the Cable Industry. The Company has specific tie-ups in this segment i.e. Foreign Technical Collaboration with Brugg Kabel AG, Switzerland which will help the Company to capitalize its proven presence in the Cable and EPC business.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBs)

The Company raised USD 36,000,000 (thirty six million) by way of allotment of 1% Foreign Currency Convertible Bonds (FCCB) due 2011 in the financial Year 2006-07. The Bond has a maturity of 5 years and one day. The conversion price has been reset downward at ₹ 71/- per share as per reset conversion clause in the terms & conditions of FCCB issue. As on March 31, 2011, 3,320 Bonds of USD 5000 each are outstanding for conversion.

The Company has duly paid the semi-annual interest payable on outstanding Bonds on respective due dates. Unless, the Bonds have been previously redeemed, repurchased and cancelled or converted, the Company shall redeem the Bonds on November 30, 2011 (the "Maturity Date") equal to the outstanding principal amount of a Bond together with redemption premium and accrued but unpaid interest thereon to the Maturity Date. All outstanding bonds on the date of redemption would be redeemed at a price of USD 7,277 per Bond, providing a Yield to Maturity (YTM) of 8.5 % compounded semi-annually. The bonds are listed and traded at Luxembourg Stock Exchange.

EMPLOYEES STOCK OPTION SCHEME

The Company has KEI Employee Stock Option Scheme 2006 ("KEI ESOS 2006") which was set up so as to offer and grant, for the benefit of employees (excluding promoters) of the Company, who are eligible under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, Options of the Company, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board / Committee, in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard. The Remuneration and Compensation Committee of the Board has not granted any fresh Options during the year ended March 31, 2011.

RATING BY CARE

During the year under review, Credit Analysis & Research Ltd (CARE) has reaffirmed PR2+ (equivalent to CARE A2+ revised as per SEBI Circular) rating for the Commercial Paper (CP) / Short Term Debt programme of the Company and "CARE BBB+" (Triple B Plus) and PR2+ (PR Two Plus) for Long Term & Short Term Bank Facilities of the Company in accordance with Basel II norms. Instrument with this rating would have adequate capacity for timely payment of short-term debt obligations. CARE has reaffirmed this rating taking into account KEI's vast experience in the cable industry, proven track record, established market position, diversified and reputed clientele and continued focus on power sector development by Government of India. Further, CARE has reaffirmed "CARE CGR 3" to the Corporate Governance practice of the Company.

REGISTRATION OF BRANDS

During the financial year Company has received Trade Mark registration for its House Wire brands viz. "Conflame" and "Banfire" from Registrar of Trade marks, Government of India. Further, Company's one of its brand name "Empower" has also been registered under Trade Marks Act, 1999.

While Company's Brand Names viz. "Conflame" and "Banfire" is our own invented Trade marks and has been derived by juxtaposition of various English words, "Empower" represents strong presence of KEI in power & other sectors. The above brand names have uniqueness and distinctive character of its own and are clearly capable of distinguishing our goods / brands from those of others.

conFlame**banFire****Empower**

SUPERBRAND STATUS

Your Company has been conferred with the prestigious Superbrand Status. Superbrand is a Global Standard of Brand Excellence which enables significant emotional and physical advantage over competitors. It pays tribute to world's leading brands selected by consumers and experts. It provides access to globally respected accreditation. It boosts up brand image as well as business volume and values.



INCREASE IN PAID-UP SHARE CAPITAL

During the year under review, the Share Allotment Committee of the Board at its meeting held on February 25, 2011 allotted 30,00,000 equity shares of ₹ 2/- each upon conversion of Warrants to Promoter / Promoter Group. Due to exercise of conversion of Warrants, the equity share capital of the Company increased from 12,78,74,876 to 13,38,74,876 consisting of 6,69,37,438 equity shares of ₹ 2/- each.

LISTING OF SHARES

Company's equity shares are listed at Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and The Calcutta stock Exchange Limited (CSE). As on date 30,00,000 equity shares allotted on February 25, 2011 are pending listing with CSE. The Company has also paid its up-to-date listing fees to all the stock exchanges. BSE & NSE have nation-wide trading terminals and therefore provide full liquidity to investors.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a separate Section titled Report on Corporate Governance has been included in this Annual report. Your directors are pleased to report that your Company is fully compliant as on March 31, 2011 with the SEBI Guidelines on Corporate Governance.

DIRECTORS

Retirement by Rotation:

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mrs. Archana Gupta and Mr. K.G.Somani, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting. Both the Directors are eligible and have offered themselves for re-appointment at the forthcoming AGM.

Re-appointment and increase / revision in remuneration of Executive Directors:

The Board of Directors of your Company has re-appointed Mr. Rajeev Gupta as Executive Director (Finance) for a period of 5 years w.e.f. April 01, 2011 to March 31, 2016. Further, on review of duties and responsibilities assigned to Mr. Anil Gupta, CMD and the remuneration structure prevalent in the Industry, the Board of Directors of your Company on recommendation of Remuneration & Compensation Committee have decided to increase remuneration payable to Mr. Anil Gupta w.e.f. August 01, 2011 to June 30, 2013.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed

- That in the preparation of the annual accounts for the financial year ended March 31, 2011, the applicable accounting standards had been followed;
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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;
- That the directors had taken proper and sufficient care 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;
- That the directors had prepared the accounts for the financial year ended March 31, 2011 on a 'going concern' basis;

AUDITORS OF THE COMPANY

Statutory Auditors:

M/s Jagdish Chand & Co., Chartered Accountants, auditors of the Company will retire at the conclusion of the ensuing AGM and are eligible for reappointment as per certificate furnished by them under Section 224 (1B) of the Companies Act, 1956.

Cost Auditor:

As per the directive of Central Government pursuant to the

provisions of Section 233B of the Companies Act, 1956, your Directors have re-appointed S. Chander & Associates, Cost Accountants to conduct the cost audit for the year ended March 31, 2012.

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is as given below:

Name & Designation	Gross Remuneration (₹ in lacs)	Qualification	Experience	Age
Mr. Anil Gupta, CMD	129.62	B.Com	30 Years	50yrs

Note: Managerial remuneration paid to Mr. Anil Gupta during financial year 2010-11 includes ₹ 32.00 Lacs paid as arrears of remuneration related to period 01.08.2009-31.03.2010 pursuant to approval received from Ministry of Corporate Affairs (MCA).

Mr. Anil Gupta, CMD is relative of Mrs. Archana Gupta (Director) of the Company.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The information as regards conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Section 217(1) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed hereto as Annexure and forms an integral part of the report.

FIXED DEPOSITS

There are no overdue fixed deposits as on March 31, 2011.

ACKNOWLEDGMENTS

Your Directors place on record their sincere appreciation for significant contribution made by employees through their dedication, hard work and commitment.

Your Directors also acknowledge the support extended by the bankers, government agencies, shareholders and investors at large and look forward to having the same support in our endeavour to grow consistently.

For and on behalf of the Board

Place : New Delhi
Date : August 08, 2011

(ANIL GUPTA)
Chairman-cum-
Managing Director

ANNEXURE

Information under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended March 31, 2011 is as follows :

1. CONSERVATION OF ENERGY**1.1 Energy Conservation Measures Taken:**

Your Company greatly emphasize on energy conservation. It regularly reviews measures to be taken for energy conservation, consumption and its effective utilization. The energy conservation initiatives taken at different locations are given below:

- Energy audit done by CII.
- Synchronizing of UPS, DG sets and air compressors.
- Installation of additional UPS.
- Sealing of curing tanks, insulation of steam pipeline to reduce steam leakage and heat losses.
- Using AC variable frequency drives.
- Solenoid valve control on drying air to reduce consumption of compressed air.
- Installation of 30T trolley mounted on rail in place of mobile lifter for drum movement.
- Replacement of pneumatic compound conveying system with gravity feed system on CCV line.
- Mechanical type roof venting/ exhaust system.
- Use of self curing compound for LT XLPE cables to save fuel/energy consumption in curing.
- Use of 28 w tubelights in place of 40 w conventional tubes.
- Change of boiler from diesel to furnace oil resulting in a saving of 50% in the fuel cost.
- 30B armouring VFD drives installed in place of traditional starters thus saving energy & jerks.

1.2 Additional investment and proposals, if any, being implemented for reduction of consumption of energy :

- Auto switching off plant shed & street lights with photo cell.
- Solar panels for emergency lights.
- Over head cranes to be fitted with induction motors & VFD in place of slipring motors.
- Extruder's dc motors to be replaced by ac motors.
- Material handling tools to be improvised to save energy.

1.3 Impact of measures taken for reduction of energy consumption and consequent impact on the cost of production of goods:

- Obtained power factor incentives of ₹ 18.97 lacs in Bhiwadi & ₹ 3.47 lacs in Chopanki.

2. RESEARCH & DEVELOPMENT

Areas in which Research & Development activities are carried out :

2.1 New Product Development:

- Extrudable semicon coating in place of graphite coating.
- Water tight conductors.
- Milliken type conductors above and including 1000 sq.mm
- Aluminium corrugation for EHV cables
- 220 kV cable manufacturing.
- Poly-al sheathed cables for 66kV grade.
- Installation of DSC, TGA for various R & D activities.
- Developing fieldbus cables.
- FT-10 type elastomeric cables.
- Cables suitable for -30 deg.C
- Ship wiring cable.
- Railway Signaling cable.

2.2 Product Improvements:

- Installation of clean room & interlocking for restricted access for compound handling room of CCV.
- Installation of separate PD room for in-process check of HT cables.
- Changing to higher number of wires construction in higher size of conductors.
- Modification in cooling system of dry block wire drawing machines to enhance physical properties of SS wire.
- Installation of rotating catter pillar and Tross system to improve product quality of high wall thickness cables on CCV
- More compacted conductors for HT cables.
- In-house compound manufacturing for special applications.
- Triple layer extrusion for elastomeric cables.
- Automatic coil wrapping machine installed at Silvassa.

2.3 Process Improvement:

- Main extruder of CCV line of Bhiwadi changed for improvement in productivity.
- Driven pay off installed on pairing machines.
- Installation of pre heater of conductor on CCV line of Bhiwadi
- Auto core rewinder installed for control/ instrumentation cables.
- New acid tank with heating coil installed for improving surface quality of SS wires.

- Oil merged traverse fitted on wet block wire drawing machines.
- Water cooled cooling coil fitted on wet wire drawing machines.
- New boiler installed.
- Screw conveyor installed on 150 mm extruder for compound loading.
- 1250mm high speed buncher installed from SETIC, France for flexible conductors at Silvassa.
- Bar coding system implemented on house wire boxes.

2.4 Benefits as a result of R & D Activities:

- Clean handling, clean working environment and reduced wastage.
- Enhanced product range.
- Better quality, higher safety.
- Energy conservation, better machine utilization, and Cost reduction.

2.5 Future Plan of Action:

- Enhancing product range up to 400 kV.
- Strengthening of EPC division.
- Development of solar cables, loca proof cables, elastomeric locomotive cables.

3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

3.1 Technology Absorption / Adoption, Adaptation and Innovation:

- Absorption of EHV cable testing techniques from Hipotronics, USA.
- Adaptation of EHV cable manufacturing technology from Brugg, Switzerland.
- Adaption and observation of EHV cable design software by Cymcap, Canada.
- Adaption and observation of material testing equipments (DSC & TGA) by TA Instruments, USA.
- In-house development of Poly-Al applicator.
- Adaption and observation of Aluminium Corrugation technology by Lianchi, China.

3.2 Benefits derived as a result of Technology Absorption, Adoption, Adaptation:

- Developing EPC division.
- Obtained ISO:14001 & OHSAS 18001 certification from DNV
- RDSO approval for railway signaling cables.
- Obtained product licence IS:7098 (Pt-3) for manufacturing and testing of EHV cables.
- Enhancing product range.
- Obtained Super Brand certification.
- Obtained NABL accreditation for testing lab as per ISO/IEC-17025-2005.
- Obtained DNV approval for ship wiring cables.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

4.1. Activities relating to exports; initiatives taken to increase exports; development of new export markets for product; export plans:

During the financial year 2010-11, the Company made exports sales of worth ₹ 10344.71 lacs as compared to ₹ 9362.60 lacs during the financial year 2009-10. With management focus, marketing strategies and dedicated efforts of Company's International Business Team, the Company has been able to improve its export sales by 10% compared to previous year. The concentrated efforts of management on the territories of Africa, Middle East and other emerging markets has resulted in growth of exports during the year. Amongst the various initiatives taken by the Company towards its export sales, few major initiatives are highlighted herein below:

- Promotional activities for strengthening of KEI brand;
- Participated in exhibitions in foreign countries for promotion of its products.
- Procurement of certifications from various local utilities and authorities for various markets in Middle East, Africa, Europe and Asia Pacific;
- Tapping of business potential in emerging markets of Africa, Middle East and Asia.

With objective to expand the reach of Company's products globally, the Management is focusing on increasing number of countries for its business operations, development of products as per requirements of foreign markets, and appointment of additional agents & channel partners for export sales.

4.2. Total foreign exchange used and earned:

Earnings	₹ 10344.71 lacs
Outgo	₹ 6588.88 lacs

For and on behalf of the Board

Place: New Delhi
Date : August 08, 2011

(ANIL GUPTA)
Chairman-cum-Managing Director

Management Discussion and Analysis

COMPANY OVERVIEW

KEI Industries Limited (“the Company” / “KEI”) is engaged in the business of manufacturing and marketing power cables – Low Tension (LT), High Tension (HT) and Extra High Voltage (EHV), control and instrumentation cables, specialty cables, rubber cables, submersible cables, flexible and house wires, winding wires and stainless steel wires that address the cabling requirements of a wide spectrum of sectors such as power, oil refineries, railways, automobiles, cement, steel, fertilizers, textile and real estate, amongst others. The Company has also ventured into Engineering, Procurement and Construction (EPC) space by bagging various prestigious orders / contract for survey, supply of materials, design, erection, testing & commissioning on turn-key basis.

Featuring amongst the top three cable manufacturing companies in India, the Company’s diverse, cost effective, reliable and quality product offerings coupled with vast sectoral coverage, flexible manufacturing facilities, higher capacities and presence across cabling solutions up to 220 kV, positions the Company favorably

to harness the immense opportunities and growth prospects emanating from the power utilities, core infrastructure, industrial and real estate projects across the country. The Company’s prudent foray into the EPC services for power sector projects space further expands its opportunity matrix and revenue enhancing channels. The Company has also enhanced its presence in the retail market by appointing various channel partners and dealers / distributors. Company has diversified business model characterized by its presence in both the domestic and international market, servicing both the retail and institutional segment, catering to both private and public sector clients and offering one-stop products basket. Further, Company’s collaboration with M/s. Brugg Kabel AG, Switzerland for manufacturing of EHV Cables ranging from 66kV to 220kV has proved to be a milestone in KEI’s history. During the year sales of EHV Cables was ₹1400.00 lacs and expects a significant growth in the turnover of EHV Cables in the ensuing years. There is significant demand coming for EHV Cables in all major cities for replacement of overhead lines with underground EHV Cables. Even though the cost of replacement of overhead lines with under ground EHV Cable is higher, State



utilities / State Govts. are going for replacement of the same due to better commercial use of the unused land and difficulty for right of the way. Further, there are enormous opportunities in EHV Cable due to being early entrant into this segment as the Company is only third player to enter into this segment. During the second half of the financial year 2010-11, there has been improvement in the demand scenario of the Industry which has resulted in the significant growth of turnover compared to previous year. In the export market, although the global market has not fully recovered from the aftermath of the financial crisis, the Company has exported Cables to various countries.

ECONOMIC OVERVIEW, INDUSTRY STRUCTURE, OPPORTUNITIES AND THREATS

Indian economy is expected to grow at 8% this year and importantly our economy shall by the end of this year be a 2 trillion USD economy. In fact, today India is an engine of growth for the global economy alongside China and the other major emerging markets.

With the opening up of the Infrastructure sector, investments of one trillion USD are planned over the next five years. It is anticipated that the foreign direct investments into India will finance around 250 billion USD, the balance 750 billion USD will be mobilized locally. Presently China is the only substantial market which is growing more rapidly than India. However, leading firms such as Morgan Stanley, PWC and Goldman Sachs forecast that India's growth rate will overtake that of China's growth rate between the years 2015 to 2017 and thus emerge as the fastest growing economy in the world. India's strength lies in its young population, 50% of who are in the age group of 25 years and below. These are the people who will ensure that what China has done yesterday, India shall do tomorrow.

The above macro indices of growth hold true for the cable industry in India as well. The power sector in India is growing as there is acute shortage of power in the country. The planned addition to generating capacity of 78,700 MW in the Indian government's 11th five year plan covering the period 2007-2012 is not expected to be met but it is encouraging that the capacity addition in the last financial year ending March 31, 2011 has exceeded 15000 MW, the highest ever increase in capacity in any one year till date. This augurs well for achievement of the target of 100,000 MW capacity addition set for the 12th five year plan covering the period 2012 – 2017. This is all the more bolstered by the fact that 60% of the capacity additions in this plan are expected from private companies, whose entry into the power sector is already giving renewed impetus to growth. This expected growth of 20 GW per annum is second only to China which plans an addition of 30 GW annually for the next few years.

Even greater investments have been allocated to the transmission and distribution areas. Double digit growth is expected in the installation of 400 kV lines and HVDC lines above 500 kV with the highest growth being charted for transmission lines of 765 KV and above. The distribution targets include electrification of 100,000 villages which do not presently have any electricity. The outlay in the distribution segment is expected to increase from USD 30 billion over the past 5 years, to approx USD 90 billion in the next 5 years. This shall greatly enhance demand for MV and LV cables from utilities.

The energy cable market in India was estimated at USD 3 billion in 2010 increasing at a compounded annual growth rate of over 10%. This can be broadly divided into following segments:-

- High voltage HV (> 132 KV): USD 300 million
- Medium voltage MV (11 to 66 KV): USD 900 million
- Low voltage LV: USD 1.8 billion

The fastest growing segment is that of high voltage cables which is projected to be double in the next three years. Presently, most of the demand for 132 KV, 220 KV and 400 KV XLPE cables are met through import. In addition to the projected growth in power generation and transmission, the rapid pace of urbanization is also expected to contribute to enhanced demand for underground high voltage cable installations in place of overhead lines.

In the medium and low voltage power cable field, the growth is fuelled by the boom in the power, industrial, realty and construction sectors.

Further, specialty cables have started to become a significant market with the growth in sophisticated applications in many vital sectors of the Indian economy. The government of India's thrust on non-conventional power generation such as wind, solar and nuclear power has led to a big push in demand of special cables required for these applications. The current installed capacity of 4560 MW for nuclear power is planned to grow by 3400 MW by 2017 and by a further 8000 MW till 2022. In the nuclear power area, the country is poised for the construction of a large number of power plants in a phased manner. Similarly there is a major thrust on capacity expansion in wind energy envisaging addition of 22500 MW in the 10 years to 2022. For wind power, the number of major players such as Suzlon, Enercon and Vestas is being augmented by entry of other big players such as Siemens and Gamesa. The other areas contributing to the increased demand for special cables are the growth of mechanized mining and material handling, railways, oil & gas and shipbuilding industries. These areas require the use of flexible cables often designed for use in hazardous conditions. KEI is one of the manufacturer for specialty cables.

In this growth scenario, multinational cable companies are increasingly entering the Indian market. In the High Voltage field some companies have set up joint ventures or technical collaborations. The cable industry continues to be fragmented with about 125 players in the organized sector and many more in the unorganized sector. There is need for consolidation to achieve economies of scale and bring in technology and quality improvements which have sometimes been sacrificed under the current intense competitive pressure and consequent low margins which are plaguing in the industry. This situation is not conducive to the long term health of Cable industry. Further, a large segment of low voltage cables is composed of building wires whose market is conservatively estimated at USD 800 million. Here the industry is composed of a few large units with thousands of small units in the unorganized sector. In this area, there is a pressing need for upgraded wiring systems and modern manufacturing technology to cater to safety and reliability in this fast expanding market. An encouraging sign is the emergence of more discerning customers with each passing year.

SEGMENT WISE PERFORMANCE

Gross Sales of the Company for the financial year 2010-11 stood at ₹ 125385.91 lacs as compared to ₹ 97252.37 lacs in the previous financial year. Gross Sales of the Company has grown by almost 29% in comparison to previous year. The segment wise revenue comparison is given below:

(₹ in lacs)			
Segment	Gross Sales 2010-11	Gross Sales 2009-10	Growth
Cables (including EHV Cable)	98995.96	77341.11	28.00%
Stainless Steel Wire	8713.38	5696.88	52.95%
Winding, Flexible & House wires	15733.52	12365.64	27.24%
Others	1943.05	1848.74	5.10%
Total	125385.91	97252.37	28.93%

Out of the total Sales of Cables, value of Extra High Voltage Cable sale during financial year was ₹ 1400.00 lacs. The Company expects to achieve significant increase in sales in the EHV segment in the coming years.

Retail – domestic house wires

KEI has developed a strong reputation and has established a clear positioning of a “specialist cable manufacturer”. The company’s product and quality offering, specialist positioning and continuous brand enhancing activities and strengthening of the distribution & dealership network has paid off well, with the domestic house wires business showing strong revenue growth of 27% in the fiscal year 2010-11 as compared to previous year. Besides establishing a strong brand recall with ongoing marketing activities, the company continued to maintain excellent relations with realty developers, building contractors, large dealers and architects. The company used practical, cost-effective yet impactful advertising and marketing avenues tapping various outdoor advertising mediums across the country. The company has a pan-India presence, backed with adequate supply chain management ability to reach products to distributors on time. The company continued to focus on augmenting its distribution network in unrepresented areas and appointed additional 130 number of dealer / distributors across India with continued focus on its brand building activities. The business segment also saw recruitment of additional marketing staff to strengthen presence and servicing capabilities.

Exports

The company exports products to over 45 countries across the globe, focusing primarily on the oil & gas and utilities segment. Competitive pricing and ability to offer customised solutions and speciality cables provides KEI a niche in the export market. With the complete meltdown witnessed in the company’s key markets of presence in Middle East and Africa, a sharp revenue erosion was witnessed in the previous year. With the global recovery underway and a definite spurt in demand, the export market is expected to slowly and steadily improve in the next year. The Company has achieved Export Sales of ₹ 10344.71 lacs during financial year 2010-11 as compared to ₹ 9362.60 lacs during previous year, showing a growth of 10%. The Company has been awarded “Trading House” status based on its export performance. The company utilised the downturn as an opportunity to strengthen and build on prequalification parameters, achieving

approvals for large projects with local companies in Middle East and appointed channel partners & agents to further entrench into markets. Showcasing a strong commitment to grow its presence in the overseas market, KEI participated in various international exhibitions to establish new linkages across key targeted markets. The company continued to bid in projects that were announced, and at the same time explored opportunities to foray into different promising sectors where opportunities are expected to pick up in the future.

FUTURE OUTLOOK

The commencement of the EHV cable manufacturing along with the ability to offer turnkey EPC services, will provide impetus to the institutional business segment where demand is fast expanding. Some of the end-users of EHV cables include transmission companies, mega power plants, metro cities, industries such as steel, cement, refineries, petrochemicals, large realty projects such as IT Parks, large residential complexes, etc. KEI’s foray into the EHV segment will be aided by its Know-how & Trademark License Agreement entered with Switzerland-based M/s Brugg Kabel AG, Switzerland. This agreement would



enable a faster entry into the market and also help the company be in a position to offer designs, process back-up services which are sought by end users. They are also specialists in the area of turnkey systems/design of extra high voltage cable projects with installations world over. Through this technical collaboration, KEI joins the elite group of cable manufacturers worldwide equipped to manufacture cables ranging from 66kV to 220kV at its facilities. This technical Collaboration Agreement will entail complete know-how transfer, including designing, manufacturing, testing techniques, training of its manufacturing/design personnel in manufacturing of cables, etc. This technology will enable KEI to establish a stronghold in the EHV cable segment and enable it to secure contracts in the power segment from both the government and private sector. Currently, India’s requirement of 132kV / 220kV cables is primarily met through imports. As the ability to procure local cables as against imports will result in substantial cost saving, KEI foresees improved revenue visibility. KEI also commenced execution of EPC contracts. The main services offered by the company in the EPC segment include execution of:

- Power transmission projects of 66kV to 400kV
- Substations on turnkey basis
- EPC of EHV & HV Cables Systems
- Electrical balance of plant system for power plant
- Electrical industrial projects

The company is better placed to bid at cost competitive rates due to the in-house cable manufacturing capabilities, especially of EHV cables. KEI is well poised to garner a share of the EHV cable turnkey projects due to its experience gained so far in the execution of electrical transmission (substation) projects, its proven technical competence and execution capabilities.

QUALITY, ENVIRONMENTAL AND OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM STANDARD

Det Norkse Veritas (DNV), a world leading independent certification body, has awarded following accredited certification to KEI'S Management System based on the periodical audits conducted by them.

ISO 9001:2008

ISO 9001 certification proves that the Company's Quality Management System has been certified against the best practices standard and is found compliant. It provides a framework for focus on customer and product requirements, process performance and effectiveness with emphasis on continual improvement and objective measurement. It helps the Company to achieve consistency, improve internal processes, fulfill contractual obligations and gives a competitive advantage and increases customer confidence.

OHSAS 18001:2007

Certification to OHSAS 18001:2007 proves that the Management System of the company ensures proactive protection of the health and safety of the workforce. It shows Company's commitments to the health and safety of its employees, reduces overall liability, reduces occurrence of ill health and injuries and provides assurance that legal compliance is effectively managed.

OHSAS 14001:2004

An ISO 14001 Certification proves that the company's Environment Management System has been measured against the best practice standard and is found compliant. It shows Company's systematic approach in minimizing negative impact on the environment and surrounding community. An effective environment management system can significantly reduce the Company's Environmental impact, increase operational efficiency and identify opportunities for cost savings.

INTERNAL CONTROLS & SYSTEMS

The Company has an adequate system of internal control in place which provides inter-alia

- Authorization, recording and reporting of transactions.
- Recording and safeguarding of assets against unauthorized use or disruption.
- Maintenance of proper accounting records and reliability of financial information.

RISKS AND CONCERNS

The company's risk management strategy encompasses the proper and in-depth identification, assessment and prioritisation of risks, followed by speedy mobilisation of resources to minimise, monitor and control the probability of unfortunate events. Some of the major risks to which Company is exposed and the Company's policy to reduce the adverse impacts of the same are:

Business Risk:

The company's products are used primarily by the power utilities, infrastructure, real estate and industrial segment. Any slowdown in these sectors can largely impact the demand for the company's products.

Competition Risk:

The Company's most of the products are highly competitive and includes several competitors. The Company believes that it has developed strong customer relations as a result of its ability to cater to customer needs across a broad range of products, its commitment to quality, emphasis on customer services, up-gradation in technology and substantial product and distribution resources.

Raw material price fluctuation risk

Excessive volatility in the Company's key raw materials – copper and aluminium – can have severe impact on its profitability. The company has adopted stringent strategies for raw material price increase. To mitigate the risk of increasing raw material prices, the company inculcates price escalation clauses for large orders and offers price validity of three months in the case of smaller projects. Although the Company attempts to recover copper and other raw material price changes either in the selling price of products or through hedging, there is no assurance that Company can do so successfully or at all in the future.

Currency fluctuations risk

As the company derives a portion of its revenues from exports, excessive volatility in currency rates can significantly impact profitability. Similarly, the company also imports raw material wherein excessive volatility in currency rates can impact raw materials costs and finally profitability. The company constantly monitors currency movements and resorts to forward booking, where deemed appropriate.

Human resource risk

In the absence of quality human resources, the company may not be able to execute its ambitious growth plans.

HUMAN RESOURCES

The company places due importance on its human capital assets and invests in building and nurturing a strong talented pool to gain strategic edge and achieve operational excellence in all its goals. As a part of ongoing HR initiatives, skill mapping and matching is carried out; assessment of training and development is also carried out at the time of performance appraisals. Adequate training, mentoring programmes are designed to bridge gaps, if any. Clear objectives and goals are determined to bring objectivity to performance and overall goal achievement. During the year, industrial relations continued to be cordial.

DISCLAIMER CLAUSE

Statement in the Management Discussion & Analysis describing the Company's objectives, projections, estimate, expectations are "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations and include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the government regulations, tax, corporate and other laws and other incidental factor.

Report on Corporate Governance

1. Company's Philosophy:

The Company believes in adopting best practices in the area of corporate governance and follows the principles of full transparency and accountability by providing information on various issues concerning the Company's business and financial performance to its shareholders. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. It is firmly believed that good governance practices would ensure efficient conduct of the affairs of the Company and help the Company achieve its goal of maximising value for all its stakeholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming leader in Power Cable Industry.

The Company has adopted a Code of Conduct for Directors & Senior Management. This Code is available on the Company's website. In addition, Company has framed Code of Conduct for Prevention of Insider Trading.

The Company is in compliance with the requirements of the revised guidelines on corporate governance stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges.

The Board considers itself as the Trustee of its Shareholders. During the period under review, the Board continued its pursuit by adopting and monitoring of corporate strategies, prudent business plans, major risks and ensuring that the Company pursues policies and procedures to satisfy its social, legal and ethical responsibilities.

2. Board of Directors:

- (i) The Company has 7 Directors with an Executive Chairman. Of the 7 Directors, 5 are Non-Executive Directors and 4 are Independent Directors. The Composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.
- (ii) None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other Public Limited Companies as on March 31, 2011 have been made by the Directors.
- (iii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies are given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholder / Investors Grievance Committees.

Name of the Director	Category	No. of Board Meeting attended	Attendance at Last AGM	No. of Directorships in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies	
					Chairman	Member
Mr. Anil Gupta (CMD)	Non-Independent, Executive	7	Yes	1	None	None
Mr. Pawan Bholusaria	Independent, Non-Executive	7	Yes	1	None	2

Name of the Director	Category	No. of Board Meeting attended	Attendance at Last AGM	No. of Directorships in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies	
Mr. K.G. Somani	Independent, Non-Executive	5	Yes	1	None	None
Mr. Vijay Bhushan	Independent, Non-Executive	7	No	4	2	3
Mr. Vikram Bhartia	Independent, Non-Executive	5	Yes	None	None	None
Mrs. Archana Gupta	Non-Independent, Non-Executive	7	No	2	None	None
Mr. Rajeev Gupta	Non-Independent, Executive	7	Yes	None	None	None

Meeting of Board of Directors:

There were 7 (Seven) Board Meetings held during the year ended March 31, 2011. These were on 19.05.2010, 27.05.2010, 26.07.2010, 09.08.2010, 30.09.2010, 11.11.2010 & 05.02.2011.

The last Annual General Meeting (AGM) was held on August 28, 2010.

All the Directors except Chairman-cum-Managing Director (CMD) of the Company are liable for retirement by rotation. However, he shall be reckoned as a director for the purpose of fixing the number of directors to retire.

Code of Conduct:

In compliance with clause 49 of the Listing Agreement the Company has framed and adopted a Code of Conduct. This code is applicable to all Directors and Members of Senior Management of the Company. The Code of Conduct is available on our website www.kei-ind.com.

All the Directors and Member of Senior Management have affirmed compliance to the Code of Conduct as at March 31, 2011. A declaration to this effect, signed by Chairman-cum Managing Director is Annexed to this report.

3. Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee are broadly as under:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position.
- Recommending the appointment, re-appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Recommending the appointment of Cost Auditors under Section 233(B) of the Companies Act, 1956.
- Reviewing the financial statements and draft audit report, including quarterly / half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - ☐ Any changes in accounting policies and practices;
 - ☐ Major accounting entries based on exercise of judgment by management;
 - ☐ Qualifications in draft audit report;
 - ☐ Significant adjustments arising out of audit;
 - ☐ Compliance with accounting standard;
 - ☐ Compliance with stock exchange and legal requirements concerning financial statements;
 - ☐ Any related party transactions as per Accounting Standard 18.

- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- 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.
- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.
- Mandatory review of following information:
 - ☐ Management discussion and analysis of financial condition and results of operation;
 - ☐ Statement of significant related party transactions, submitted by management;
 - ☐ Management letters / letters of internal control weaknesses issued by Statutory Auditors and
 - ☐ Appointment, removal and terms of remuneration of Internal Auditor.
 - ☐ Cost Auditor is free from any disqualification as specified under Section 233B (5) read with Section 224 and sub section (3) or sub section (4) of Section 226 of the Companies Act, 1956.

During the year ended March 31, 2011, five Audit Committee Meetings were held on 19.05.2010, 27.05.2010, 09.08.2010, 11.11.2010 and 05.02.2011.

Mr. Pawan Bholusaria, Chairman of the Audit Committee was present at the last Annual General Meeting held on August 28, 2010.

The composition of the Audit Committee and the attendance of the Members in the meetings are as under:

Name of the Director	Category	Profession	No. of Meetings attended
Mr. Pawan Bholusaria	Director (Chairman)	Chartered Accountant	5
Mr. K.G. Somani	Director (Member)	Chartered Accountant	3
Mr. Vikram Bhartia	Director (Member)	Business	4

Mr. Kishore Kunal, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee. In addition to the above, the Committee meetings were also attended by the Statutory Auditors and other Executive of the Company as and when required.

4. Shareholders Grievance Committee:

The "Shareholders Grievance Committee" looks in to redressing investor's grievances/complaints such as non-receipt of notices, annual reports, dividends, revalidation of Dividend Warrants and share transfers related works. The Committee also approves issue of duplicate share certificates etc. During the year ended March 31, 2011, four meetings of the Committee were held on 19.05.2010, 09.08.2010, 11.11.2010 and 05.02.2011.

The composition of the Committee and attendance of the members at the meeting are as under:

Name of the Director	Category	Profession	No. of Meetings attended
Mr. Vijay Bhushan	Director (Chairman)	Business	4
Mr. Vikram Bhartia	Director (Member)	Business	4
Mr. Anil Gupta	CMD (Member)	Business	4

Number of Shareholders complaints received during the year ended March 31, 2011 was three. Number of pending share transfer as on March 31, 2011 was Nil.

The Company has designated an E-mail ID: cs@kei-ind.com exclusively for the purpose of receiving various queries, complaints etc. of the investors & to take necessary follow up action.

Mr. Kishore Kunal, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee.

5. Remuneration & Compensation Committee:

Although this is a non-mandatory requirement, the Company has constituted a Remuneration & Compensation Committee for determining the remuneration of its directors. The Remuneration and Compensation Committee also have the following additional powers and functions:

- Formulate suitable employee's stock option scheme in terms of the SEBI (ESOS & ESPS) Guidelines, 1999 for the benefit of employees and directors of the Company.
- Adopt rules and regulations for implementing the Scheme from time to time.
- Identify the Employees eligible to participate under the Scheme.
- Grant Options to the identified Eligible Employees and determine the date of Grant.
- Determine the number of Options to be granted to each Grantee.
- Determine the number of Shares of the Company to be covered by each Option granted under the Scheme.
- Determine the method for exercising the Vested Options.
- Determine the Exercise price of the Options granted.
- Determine the procedure for making a fair and reasonable adjustment to the number of options.
- Determine the terms and conditions, not inconsistent with the terms of the Scheme, of any Option granted hereunder.
- Approve forms or agreements for use under the Scheme.
- Construe and interpret the terms of the Scheme, and the Options granted pursuant to the Scheme.
- Frame suitable policy, procedure and system to comply with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 2003 to be followed by the Participants.
- Frame rules and regulations, prescribe forms and issue circulars or orders in relation to the Scheme and may from time to time amend, recall or replace such rules and regulations, forms, orders and circulars.
- Decide all other matters that must be determined in connection with an Option under the Scheme.

The "Remuneration & Compensation Committee" shall be deemed to be "Remuneration Committee" within the meaning of Clause 49 of the Listing Agreement, Schedule XIII of the Companies Act, 1956 and for all other purposes as may be required under any / all Acts, Rules, Regulations, Circulars etc, for the time being or as amended from time to time.

During the year ended March 31, 2011, two meetings were held on 19.05.2010 and 26.07.2010.

The composition of the Committee and attendance of the members at the meeting are as under:

Name of the Director	Category	Profession	No. of Meetings attended
Mr. Vikram Bhartia	Director (Chairman)	Business	1
Mr. Vijay Bhushan	Director (Member)	Business	2
Mr. Pawan Bholusaria	Director (Member)	Chartered Accountant	2

Mr. Kishore Kunal, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee.

Details of Remuneration paid to Executive Directors for the Year ended on March 31, 2011:

The aggregate value of salary, perquisites and commission paid for the year ended March 31, 2011 to the CMD and Whole Time Director are as follows: (₹ in lacs)

Name	Salary	Commission	Co.'s Cont. to P.F	Perquisites	Sitting Fees	Total
Mr. Anil Gupta, CMD	116.00	NIL	0.09	13.53	NIL	129.62
Mr. Rajeev Gupta, ED (Finance)	33.52	NIL	0.09	7.36	NIL	40.97
Total						170.59

Note: Managerial remuneration paid to Mr. Anil Gupta during financial year 2010-11 includes ₹ 32.00 Lacs paid as arrears of remuneration related to period 01.08.2009-31.03.2010 pursuant to approval received from Ministry of Corporate Affairs (MCA).

Service Contract, Severance Fee and Notice Period of the Executive Directors:

The appointment of the Executive Directors is governed by resolutions passed by the Board and the Shareholders of the Company, which cover the terms and conditions of such appointment, read with the service rules of the Company. A separate Service Contract is not entered into by the Company with Executive Directors. The Company has KEI Employee Stock Option Scheme 2006 (KEI ESOS 2006) for stock options. No notice period or severance fee is payable to any director. The statutory provisions will however apply.

Details of Sitting fees:

Apart from the Remuneration paid to Executive Directors, the Company pays sitting fees to all Non-executive and Independent Directors @ ₹ 10, 000/- per Board / Committee meeting.

The sitting fees paid for the year ended on March 31, 2011 to Non-executive and Independent Directors are as follows:

(₹ in lacs)

Mr. Pawan Bholusaria	₹ 1.50
Mr. K.G. Somani	₹ 0.80
Mr. Vikram Bhartia	₹ 1.40
Mr. Vijay Bhushan	₹ 1.40
Mrs. Archana Gupta	₹ 1.20

6. Share Allotment Committee:

Share Allotment Committee was constituted by the Board of Directors of the Company with detailed terms of reference which include, inter-alia, the following powers:

- To consider and allot the equity shares upon conversion of Foreign Currency Convertible Bonds (FCCB), as requested by the bondholders from time to time in the Form of conversion notice.
- To consider and allot the equity shares upon exercise of option by the eligible employees.
- To consider and allot the equity shares upon conversion of other convertible securities issued by the Company from time to time.
- To exercise all other powers as may be delegated by the Board from time to time.

During the year ended March 31, 2011, one meeting was held on 25.02.2011 for allotment of Equity Shares upon conversion of Warrants.

The composition of the Committee and attendance of the members at the meeting are as under:

Name of the Director	Category	Profession	No. of Meetings attended
Mr. Pawan Bholusaria	Director (Chairman)	Chartered Accountant	1
Mr. Vijay Bhushan	Director (Member)	Business	1
Mr. Anil Gupta	Director (Member)	Business	1

Mr. Kishore Kunal, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee.

7. Finance Committee:

In addition to the mandatory/non mandatory Board Committee specified under Clause 49 of the Listing Agreement, your company has constituted a Finance Committee comprising of One Non Executive Director and Two Executive Directors of the Company. The primary role of the Finance Committee is to expeditiously decide business matters of routine nature and regular financial nature.

The detailed terms of reference which include, inter-alia, the following powers:

- opening / operation of Bank Accounts including any matter relating to working capital limits of the Company;
- borrowing from Banks / Financial Institutions / body corporate or from any other person up to an amount not

exceeding ₹ 200 crores at any time. The same shall be reported in the subsequent Board Meeting. However the borrowing made by the Committee and reported in the subsequent Board Meeting, shall not be considered for computing the said limit of ₹ 200 crores;

- creation of security by way of hypothecation / mortgage on the assets of the Company for the borrowing;
- to provide any loan / deposits / guarantee / investment for an amount not exceeding ₹ 20 crores at any time. As per provisions of Section 372A of the Companies Act, 1956 the Board can make investment up to 60% of the paid-up capital & free reserves or 100% of the free reserves, whichever is more and investment more than this can be made by the Board with the approval of shareholders;
- execution and signing of various documents in respect of above;
- Any other financial matter relating to the Company viz. sales tax, income tax, excise, custom, RBI, Foreign Exchange, etc.

During the year ended March 31, 2011, five meetings were held on 06.12.2010, 31.12.2010, 22.01.2011, 10.02.2011 and 26.03.2011

The composition of the Committee and attendance of the members at the meeting are as under:

Name of the Director	Category	Profession	No. of Meetings attended
Mr. Anil Gupta	Director (Chairman)	Business	5
Mrs. Archana Gupta	Director (Member)	Business	5
Mr. Rajeev Gupta	Director (Member)	Chartered Accountant	5

Mr. Kishore Kunal, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee.

8. General Body Meetings:

(I) Annual General Meeting (AGM) Details:

The last three Annual General Meetings were held as per details below:

Year	Day	Date	Time	No. of Special Resolution passed at AGM	Venue
2008	Thursday	August 28, 2008	10.00 A.M.	2	Hamdard Convention Centre (Hall no.1) Jamia Hamdard Nagar, Near Batra Hospital, New Delhi-110 062
2009	Monday	July 20, 2009	10.00 A.M.	4	Air Force Auditorium Subroto Park, New Delhi - 110 010
2010	Saturday	August 28, 2010	10.00 A.M.	1	Air Force Auditorium Subroto Park, New Delhi - 110 010

(II) Postal Ballot:

No Special resolution was put through Postal Ballot in the last Annual General Meeting. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through Postal Ballot.

9. Disclosures:

(a) Related Party Transactions:

There have been no materially significant related party transactions with the Company's subsidiaries, promoters, directors, management or their relatives which may have a potential conflict with the interests of the Company. Members may refer to Disclosures of transactions with related parties i.e. Promoters, Directors, Relatives, Subsidiary or Management made in the Balance Sheet in **Schedule "V"** Notes to Accounts at **Note No. 21**.

(b) Compliance with Regulations:

The Company has complied fully with the requirements of the regulatory authorities on capital markets. There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor has any penalty or stricture been imposed on the Company by the stock exchanges, SEBI or any other statutory authority.

(c) Accounting Standards:

The Company has followed the Accounting Standards laid down by the Companies Act, 1956.

(d) Subsidiary:

The Company does not have any holding or subsidiary company.

(e) Risk Management:

The audit committee regularly reviews the risk management strategy of the Company to ensure the effectiveness of risk management policies and procedures.

(f) CEO / CFO Certificate:

The Chairman-cum-Managing Director and Executive Director (Finance) of the Company have furnished the requisite certificate to the Board of Directors under Clause 49V of the Listing Agreement.

(g) Auditors Certificate on Corporate Governance:

The Statutory Auditors of the Company have furnished the requisite certificate to the Board of Directors as required by clause 49 of the Listing Agreement.

(h) Number of Shares and convertible instruments held by Non-executive Directors:

Name of Director	Category	No. of shares held
Mrs. Archana Gupta	Promoter, Non-executive Director	837,315
Mr. Pawan Bholusaria	Non-executive Independent Director	7,500
Mr. K.G. Somani	Non-executive Independent Director	1,000
Mr. Vikram Bhartia	Non-executive Independent Director	10,000

(i) Secretarial Audit:

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

(j) Prohibition of Insider Trading:

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has constituted a comprehensive Code of Conduct for its Senior Management, Staff, and relevant business associates. The code lays down guidelines, which advises them on procedure to be followed and disclosures to be made while dealing with the Shares of the Company.

10. Means of Communication:

The quarterly, half-yearly and annual results of the Company are published in leading newspapers i.e. Business Standard (all editions). The results are also displayed on the Company's website www.kei-ind.com. Also, financial results and shareholding pattern of the Company are available at www.bseindia.com & www.nseindia.com. As per the requirements of the Clause 54 of the Listing Agreement the website of the Company is regularly updated. The Annual Report of the Company is sent to all the shareholders at their registered addresses. The Management Discussion and Analysis Report forms part of the Annual Report.

11. General Shareholders Information:

(a) 19th Annual General Meeting- Day, Time and Venue:

Day	Date	Time	Venue
Thursday	September 15, 2011	10.30 A.M	Sri Sathya Sai International Centre, Pragati Vihar, Institutional area, Lodhi Road, New Delhi-110 003

(b) Green initiative in Corporate Governance:

The Ministry of Corporate Affairs (MCA), Government of India, through its Circular No. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents to their shareholders electronically as part of its green initiatives in Corporate Governance. Recognizing the spirit of the circular issued by the MCA, the Company henceforth proposes to send documents like the Notices convening the General Meetings, Financial Statements, Directors Report, Auditors Report , etc, to the email address provided by you with your depositories.

We request you to update your email address with your depository participant to ensure that the Annual Report and other documents reach you on your preferred mail.

However, in case you wish to receive the above communication/documents in physical mode or have not registered the e-mail address, you will be entitled to receive the above documents at free of cost by sending your request at cs@kei-ind.com/ info@masserv.com quoting your DP / Client ID or Folio No. or by sending letter to the Company or Mas Services Ltd (RTA).

(c) Financial Calendar:

Financial Year - 1st April to 31st March

Adoption of quarterly results for the quarter ending (tentative and subject to change):

June, 2011	1 st / 2 nd week of August, 2011
September, 2011	3 rd / 4 th week of October, 2011
December, 2011	3 rd / 4 th week of January, 2012
March, 2012	3 rd / 4 th week of May, 2012

(d) **Date of Book closure:** (Both days inclusive) September 10, 2011 to September 15, 2011

(e) Dividend payment date:

Dividend payment on or after September 20, 2011 but within the statutory time limit of 30 days, subject to Shareholders' approval.

(f) **Registered Office** : D-90, Okhla Industrial Area,
Phase-I, New Delhi- 110 20 (India).

(g) **Listing on Stock Exchanges** : Bombay Stock Exchange Ltd
: National Stock Exchange of India Ltd
: The Calcutta Stock Exchange Ltd
: The Luxembourg Stock Exchange*

* **Note:** Global Depository Receipts (GDRs) & Foreign Currency Convertible Bonds (FCCBs) are listed at Luxembourg Stock Exchange.

The Company has paid in time the annual listing fees to each of the said Stock Exchanges.

(h) Stock Code:

National Stock Exchange of India Ltd	: KEI
Bombay Stock Exchange Ltd	: 517569
The Calcutta Stock Exchange Ltd	: 21180
Trading Symbol of BSE & NSE are respectively	: "KEI INDUSTRI" & "KEI"

Note: Global Depository Receipts (GDRs) & 1% USD 36 Million Foreign Currency Convertible Bonds (FCCBs) due 2011 are listed outside India at Luxembourg Stock Exchange.

The ISIN Code of GDRs & FCCBs are US4824682045 & XS0273861137 respectively.

(i) Stock Market Data:

	Bombay Stock Exchange Ltd (BSE)		National Stock Exchange of India Ltd (NSE)	
Month	High	Low	High	Low
April, 2010	38.95	33.05	38.50	32.75
May, 2010	37.20	29.50	37.90	29.55
June, 2010	33.70	29.00	34.20	29.00
July, 2010	35.50	30.55	35.50	30.65
August, 2010	35.95	30.60	34.95	30.40
September, 2010	40.25	31.15	40.25	31.05
October, 2010	39.40	34.65	39.45	34.65
November, 2010	43.30	30.60	43.25	30.55
December, 2010	35.90	27.00	36.00	26.75
January, 2011	32.80	22.40	32.90	22.20
February, 2011	25.90	20.85	25.90	21.00
March, 2011	23.70	20.00	23.70	20.00

(j) Registrar and Share Transfer Agents:

MAS SERVICES LTD., T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020, Ph:- 26387281/82/83, Fax:- 26387384, email: info@masserv.com, website : www.masserv.com

(k) Share Transfer System:

With a view to expedite the process of share transfer, the Board of Directors has delegated the power of share transfer to M/s MAS Services Ltd, Registrar and Share Transfer Agent. The Share for transfer received in Physical mode by the Company, are transferred expeditiously and thereafter option letter is sent to the transferee(s) for dematerialization, confirmation in respect of the request for dematerialization of shares is sent to the respective Depositories, i.e. National Security Depository Limited (NSDL) and Central Depository Services (India) Ltd within 7 days.

(l) Dematerialization of Shares:

The shares of the Company are permitted for trading on dematerialized form only. The Company's shares are available for trading in the depository system of both NSDL and CDSL. As on March 31, 2011, 66,429,062 equity shares of ₹ 2/- each forming 99.24 % of the share capital of the Company stands dematerialized. Security Code No. with NSDL and CDSL is- ISIN-INE 878B01027.

(m) Shareholding Pattern as on March 31, 2011:

Category	No. of shareholders	No. of Shares (face value of ₹ 2/- each)	No. of shares in demat form	% of shareholding
Promoters	7	27848466	27848466	41.60
Bodies Corporate	636	17693727	17663227	26.43
NRI/OCBs/Clearing Members/Trust	575	1087485	1034485	1.63
Bank/ Financial Institutions/ Mutual Funds/ FIIs	7	281684	281684	0.42
Indian Public	30300	20026076	19601200	29.92
Total	31525	66937438	66429062	100

(n) Distribution Schedule of Shareholding as on March 31, 2011:

No. of Shareholders	% to Total	Shareholding of Nominal Value of ₹	No. of Shares	Amount in ₹	% of Total
30094	95.46	0001 TO 5000	10667414	21334828	15.93
779	2.47	5001 TO 10000	2983770	5967540	4.46
350	1.11	10001 TO 20000	2630839	5261678	3.93
94	0.30	20001 TO 30000	1171145	2342290	1.75
52	0.17	30001 TO 40000	937033	1874066	1.40
19	0.06	40001 TO 50000	434272	868544	0.65
67	0.21	50001 TO 100000	2448362	4896724	3.66
70	0.22	100001 AND ABOVE	45664603	91329206	68.22
31525	100	TOTAL	66937438	133874876	100

*Note: One Shareholder is common in Physical & Demat.

(o) Liquidity of Shares:

The equity shares of the Company are listed at three Stock Exchanges and thus is liquid security. 66937438 equity shares of face value of ₹ 2/- each are listed at The National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Limited (BSE). Further, 30,00,00 Equity Shares allotted on February 25, 2011, upon conversion of warrants are pending for listing at The Calcutta Stock Exchange Ltd as on March 31, 2011. Company has provided all the necessary details for listing of these shares to the Calcutta Stock Exchange and is following up the matter with that Stock Exchange.

(p) Outstanding GDRs / ADRs / Warrants / Convertible Instruments:

The Company had issued & allotted Global Depository Receipts (GDRs) on September 16, 2005. As on March 31, 2011, Nil GDR is outstanding for conversion.

Company raised USD 36,000,0000 (thirty six million) by way of allotment of 1% Foreign Currency Convertible Bonds (FCCBs) due 2011 in the financial Year 2006-07. The Bond has a maturity of 5 years and one day. Out of 7,200 Nos. bonds of face value of USD 5,000 each, 3320 Bonds are outstanding for conversion as on March 31, 2011.

During the financial year 2009-10, the Company had allotted 1,00,00,000 (One Crore) Warrants on Preferential basis. 30,00,000 Equity shares were allotted on 30.03.2010 against conversion of equivalent number of Warrants. Further, the Share Allotment Committee of the Board has allotted 30,00,000 equity shares of ₹ 2/- each on 25.02.2011. 40,00,000 Warrants were cancelled and forfeited due to non-exercise of conversion options. As on March 31, 2011, NIL Warrants is pending for conversion into equity shares.

The Company has KEI Employee Stock Option Scheme 2006 framed in accordance with SEBI (Employees Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999. During the year, no fresh Options has been granted under KEI ESOS 2006. Total Options outstanding as on March 31, 2011 is NIL.

(q) Forfeiture of Warrants:

During the financial year 2009-10, the Company has allotted 1,00,00,000 (One Crore) Warrants on Preferential basis. The Warrant holders had option of subscribing one equity shares of face value of ₹ 2/- each per Warrant at a price of ₹ 28/- per equity share any time up to 25.02.2011. As per terms and conditions of allotment read with SEBI(ICDR) Regulation, 2009, 25% of Issue Price was payable before allotment of Warrants and balance 75% was required to be paid within 18 months from the date of allotment of Warrants i.e., before 25.02.2011.

On 25th February, 2011 Company had cancelled these 40,00,000 Warrants which were not exercised by Non-Promoter Group and forfeited ₹ 280.00 lacs received as application money against these warrants.

(r) **Plant Locations:**

- 1) SP-919, 920 & 922, RIICO Industrial Area, Phase-III, Bhiwadi, Distt. Alwar (Raj.)-301 019.
- 2) 99/2/7 Madhuban Industrial Estate, Village Rakholi, Silvassa(D&H)-396 240.
- 3) Plot No. A- 280-284, RIICO Industrial Area, Chopanki, Distt. Alwar (Raj.)-301 019

(s) **Address for Correspondence:**

The shareholders may address their communication/ suggestion/ grievances/ queries to our Share Transfer Agent:

MAS SERVICES LTD., T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020, Ph:- 26387281/82/83, Fax: 26387384, email: info@masserv.com, website : www.masserv.com

12. Compliance Officer:

The Board had designated Mr. Kishore Kunal, Company Secretary as Compliance Officer.

Address: D-90, Okhla Industrial Area, Phase-I, New Delhi-110 020.

E-mail: cs@kei-ind.com

Phone: 011-26818840, Fax: 011-26811959

13. Non-Mandatory Requirements:

(I) Non-executive Chairman:

The Company does not have non-executive chairman and no expenses are being incurred & reimbursed in this regard.

(II) Remuneration Committee:

The Company has constituted Remuneration & Compensation Committee as discussed in **section 5** above.

(III) Shareholder Rights:

The quarterly and half yearly results are not being sent to the personal address of shareholders as the quarterly performance and financial results of the Company are published in the Newspaper having wide circulation in India. The quarterly/ half-yearly/ annual financial results are also posted on the website of the Company www.kei-ind.com. Also, financial results and shareholding pattern of the Company are available at www.bseindia.com & www.nseindia.com.

(IV) Whistle Blower Policy:

The Board has approved the Whistle Blower Policy, a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. The mechanism also provide for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. During the year under review no personnel has been denied access to the audit committee.

DECLARATION BY THE CHAIRMAN & CEO UNDER CLAUSE 49 (1D) OF THE LISTING AGREEMENT

I hereby confirm that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the code of conduct for Directors and Senior Management, as approved by the Board, for the financial Year ended March 31, 2011.

Place : New Delhi
Date : August 08, 2011

ANIL GUPTA
Chairman-cum-Managing Director

AUDITOR'S CERTIFICATE**TO THE MEMBERS OF KEI INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by KEI INDUSTRIES LIMITED for the year ended March 31, 2011 as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month with the Company.

We further 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 JAGDISH CHAND & CO.
Chartered Accountant

Place : New Delhi
Dated : August 08, 2011

(PRAVEEN KUMAR JAIN)
Partner
M.No.85629
Firm Reg. No. 000129N

CERTIFICATION BY CEO & CFO

We, Anil Gupta, Chairman-cum-Managing Director, and Rajeev Gupta, Executive Director (Finance) of **KEI INDUSTRIES LIMITED** to the best of our knowledge and belief, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2011 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting for the Company and we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies, of which we are aware, in the design or operation of the internal controls, if any and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit committee
 - (i) significant changes in internal control during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) that there were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place : New Delhi
Date : May 21, 2011

Anil Gupta
Chairman-cum-Managing Director

Rajeev Gupta
Executive Director (Finance)

Auditors' Report

To the members of

KEI INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **KEI INDUSTRIES LIMITED** as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Without qualifying our opinion, we draw attention to, Note 3 of schedule "V" to the financial statements regarding non provision of proportionate premium on redemption of US \$ 16.60 Million 1% foreign currency convertible bonds amounting to ₹ 2852.84 Lacs. The same has been disclosed as a contingent liability. Management has represented, that the redemption premium will be offset against the securities premium account.
5. Further to our comments in the Annexure referred to in Paragraph 3 above, 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 appears from our examination of those books;
- c) The Balance Sheet, Profit and Loss Account 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, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 and the rules framed there under;
- e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon 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;
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - ii. in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **JAGDISH CHAND & CO.**
Chartered Accountants

Place : New Delhi (PRAVEEN KUMAR JAIN)
Dated : 21st May, 2011 Partner
M. No. 85629
Firm Registration Number: 000129N

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph '3' of the Auditors' Report to the Members of KEI Industries Ltd on the accounts for the year ended 31st March, 2011

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- (ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the record of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) There is one party covered in the register maintained under Section 301 of the Companies Act, 1956 to which Company has given deposit as per contractual obligations. The maximum amount involved during the year was ₹ 60.00 Lacs and the year end balance of deposit granted to such party was ₹ 60.00 Lacs. (Refer Note No 20(a) & (b) of Schedule "V".)
- (b) In our opinion, terms and conditions on which deposit has been given to such party listed in the register maintained under Section 301 of Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company. No interest was charged from the party, since this is deposit against premises taken on rent.
- (c) No principal amount was due for repayment, no interest was charged from the party, since this was deposit against premises taken on rent. (Refer Note No 20(a) & (b) of Schedule "V").
- (d) There is no overdue amount of deposit granted to Companies, firm or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (e) The company has taken deposits from five parties covered in register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 84.50 Lacs and the year end balance of deposits taken from such parties was ₹ 80.60 Lacs.
- (f) In our opinion, the rate of interest where applicable and other terms and conditions on which deposits have been taken from Companies, firms or other parties listed in the register maintained under Section 301 of Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (g) The Company is regular in repaying the principal amounts as stipulated and also in the payment of interest, where applicable, in case of deposits taken from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (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 regard to the purchase of inventories, fixed assets and with regard to the sale of goods and services during the year. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in internal control system.
- (v) According to the information and explanations given to us, during the year, there were no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph (V) (a) and (b) of the Order are not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As per the information and explanations given to us, no order on the Company under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
- (viii) 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 and are of the opinion that, prime facie, the prescribed accounts and records have

been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- (ix) (a) According to the records of the Company and information and explanations given to us and the records of the Company examined by us, the Company has been regularly depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, Investor Education and Protection Fund, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it with the appropriate

authorities. We are informed that there are no undisputed statutory dues as of 31st March, 2011 outstanding for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputed dues of customs duty, wealth tax & cess which have not been deposited. The particulars of disputed dues on account of income tax, fringe benefit tax, sales tax, excise duty and service tax matters that have not been deposited by the Company are as follows :-

Name of the Statute	Nature of the Due	₹ in Lacs	Period to which the amount relates	Forum where dispute is pending
Sales/Entry Tax Act	Local Sales Tax	3.07	1988-89	VAT Officer
	Local Sales Tax	3.75	1987-88	VAT Officer
	Central Sales Tax	0.68	1988-89	VAT Officer
	Central Sales Tax	1.00	1987-88	VAT Officer
	Value Added Tax	1.38	2007-08	VAT Officer
	The Rajasthan Entry Tax - Goods Act, 2003	10.16	2007-08	Deputy Commissioner of Sales Tax
	The Rajasthan Entry Tax - Goods Act, 2003	18.74	2008-09	Deputy Commissioner of Sales Tax
	The Rajasthan Entry Tax - Goods Act, 2003	14.58	2009-10	Deputy Commissioner of Sales Tax
Central Excise Act	Excise Duty	178.25	2006-07	CESTAT
	Excise Duty	32.26	2005-06	CESTAT
	Excise Duty	192.40	2007-08	CESTAT
	Excise Duty	24.82	2008-09	Commissioner (appeals)
	Excise Duty	131.98	2007-08	CESTAT
	Excise duty	12.39	2007-08	Commissioner (appeals)
	Excise duty	4.14	2007-08	Commissioner (appeals)
	Excise duty	11.29	2008-09	Commissioner (appeals)
	Excise duty	8.58	2008-09	Commissioner (appeals)
	Excise duty	22.15	2009-10	Commissioner (appeals)

- (x) The Company does not have accumulated losses as at the year ended 31st March, 2011. Further, the Company has not incurred any cash losses during the year ended 31st March, 2011 and in the immediately preceding financial year ended 31st March, 2010.
- (xi) According to the records of the Company examined by us and on the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or debenture holders during the year.
- (xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares,

debentures and other securities, paragraph 4(xii) of the Order is not applicable.

- (xiii) As the Company is not a chit fund / nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable, paragraph 4(xiii) of the Order is not applicable.

- (xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.

- (xv) The Company has given guarantees for loan taken by others from banks. According to the information and

- explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the company.
- (xvi) We are informed that the Company had obtained term loans during the year and term loans were applied for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that during the year short term funds have not been used to finance long term investments.
- (xviii) During the year, the company has allotted equity shares on preferential basis to a company covered in the Register maintained under Section 301 of the Companies Act, 1956, consequent upon conversion of warrants. The price at which, these equity shares have been issued has been determined as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)
- Regulations 2009, which in our opinion, is not prejudicial to the interest of the company.
- (xix) The Company has not issued any secured debentures during the year.
- (xx) The Company has not raised any money by a public issue during the year. Accordingly, the provisions of Clause 4(xx) of the order are not applicable.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the Company has been noticed or reported during the year.
- For JAGDISH CHAND & CO.
Chartered Accountants
- Place : New Delhi (PRAVEEN KUMAR JAIN)
Dated : 21st May, 2011 Partner
M. No. 85629
Firm Registration Number: 000129N

BALANCE SHEET AS AT 31ST MARCH, 2011

Schedule		As at 31st March, 2011 (₹ in Lacs)		As at 31st March, 2010 (₹ in Lacs)	
I. SOURCES OF FUNDS :					
1. Shareholder's Funds:					
a) Share Capital	"A"	1,338.75		1,278.75	
b) Amount received against Warrants		—		490.00	
c) Reserves & Surplus	"B"	22,453.13	23,791.88	20,492.90	22,261.65
2. Loan Funds:					
a) Secured Loans	"C"	28,309.40		25,762.82	
b) Unsecured Loans	"D"	7,877.11	36,186.51	7,946.34	33,709.16
3. Foreign Currency Monetary Item Translation Defference Account (FCMITDA)		"E"	—		274.53
4. Deferred Tax :					
a) Deferred Tax Liabilities		2,800.12		2,373.29	
b) Less: Deferred Tax Assets		2,433.30	366.82	2,373.29	—
			60,345.21		56,245.34
II APPLICATION OF FUNDS :					
1. Fixed Assets		"F"			
a) Gross Block		36,788.47		31,620.43	
b) Less : Depreciation		6,620.52		5,076.43	
		30,167.95		26,544.00	
c) Capital Work in progress	"G"	1,031.83	31,199.78	1,242.24	27,786.24
2. Investments		"H"	308.17		10.39
3. Current Assets, Loan & Advances:					
a) Inventories	"I"	28,226.49		20,268.25	
b) Sundry Debtors	"J"	26,356.17		26,006.91	
c) Cash & Bank Balances	"K"	1,233.25		507.70	
d) Loans & Advances	"L"	5,261.19		5,183.24	
e) Other Current Assets	"M"	286.55		144.41	
		61,363.65		52,110.51	
Less : Current Liabilities and Provisions	"N"	32,526.39		23,661.80	
Net Current Assets			28,837.26		28,448.71
			60,345.21		56,245.34
Notes on Accounts		"V"			

As per our Separate report of even date attached

For **JAGDISH CHAND & CO.**
Chartered Accountants

(PRAVEEN KUMAR JAIN)

Partner

M.No- 85629

Firm Registration No. : 000129N

(ANIL GUPTA)

Chairman-cum-Managing Director

(RAJEEV GUPTA)

Executive Director (Finance)

Place : New Delhi

Dated : 21st May, 2011

(KISHORE KUNAL)

Company Secretary

(ADARSH JAIN)

Dy. General Manager
(Finance)

(VIVEK KUMAR MITTAL)

Sr. Manager (Finance)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	Year Ended 31st March, 2011 (₹ in Lacs)	Year Ended 31st March, 2010 (₹ in Lacs)
I. INCOME			
Gross Sales Less Returns		125,385.91	97,252.37
Less : Excise Duty		9,457.33	6,327.83
Net Sales		115,928.58	90,924.54
Job Work		10.14	7.83
Income From Turnkey Projects	"O"	263.07	52.37
Other Income	"P"	613.37	1,476.85
Increase/[Decrease] in Stock	"Q"	6,955.50	2,557.50
		123,770.66	95,019.09
II. EXPENDITURE			
Materials	"R"	97,898.02	73,609.80
Manufacturing, Selling & Other Expenses	"S"	13,647.56	11,781.04
Increase/[Decrease] Excise Duty on Stock		189.44	109.59
Payments to and Provision for Employees	"T"	2,753.86	1,885.39
Financial Charges	"U"	5,832.10	4,439.60
Depreciation & Amortisation		1,661.00	1,467.64
		121,981.98	93,293.06
III. PROFIT/(LOSS) BEFORE TAX [I-II]		1,788.68	1,726.03
Less : Provision For Taxation			
– Current Tax		363.90	298.00
– Deferred tax		366.82	–
IV. PROFIT/(LOSS) AFTER TAX		1,057.96	1,428.03
Add/(Less) Taxation for earlier years			
– Current Tax		(2.14)	(1.76)
– Fringe Benefit tax		–	(3.03)
V. NET PROFIT		1,055.82	1,423.24
Add : Balance Brought Forward From Last year's Account		11,606.11	10,331.98
VI. AMOUNT AVAILABLE FOR APPROPRIATION		12,661.93	11,755.22
VII. APPROPRIATION			
Proposed Dividend		133.87	127.87
Provision for Taxation on Proposed Dividend		21.72	21.24
VIII. BALANCE CARRIED TO BALANCE SHEET		12,506.34	11,606.11
Earning per share:			
– Basic	₹	1.64	2.33
– Diluted	₹	1.30	1.83
NOTES ON ACCOUNTS	"V"		

As per our Separate report of even date attached

For JAGDISH CHAND & CO.

Chartered Accountants

(PRAVEEN KUMAR JAIN)

Partner

M.No- 85629

Firm Registration No. : 000129N

Place : New Delhi

Dated : 21st May, 2011

(ANIL GUPTA)

Chairman-cum-Managing Director

(KISHORE KUNAL)

Company Secretary

(ADARSH JAIN)

Dy. General Manager

(RAJEEV GUPTA)

Executive Director (Finance)

(VIVEK KUMAR MITTAL)

Sr. Manager (Finance)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year Ended 31st March, 2011 (₹ in Lacs)	Year Ended 31st March, 2010 (₹ in Lacs)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extra ordinary items	1,788.68	1,726.03
Adjustments for :		
Write back on repurchase of 'FCCBs'	–	(1,111.83)
Depreciation	1,661.00	1,467.64
Dividend Received	(0.54)	(0.86)
Financial Charges (Net)	5,832.10	4,439.60
Provision for leave encashment/ Gratuity	97.41	(15.12)
FCMITDA written back	(328.97)	(260.90)
Fixed Assets Written off	45.49	15.78
Loss on sales of Assets	19.10	49.60
Operating Profit before working capital changes	9,114.27	6,309.94
Adjustments for :		
Trade & Other Receivables	(967.48)	(1,369.85)
Inventories	(7,958.24)	(4,521.36)
Trade & Other Payables	8,760.71	4,170.13
Cash Generated from operations	8,949.26	4,588.86
Financial Charges (Net)	(5,832.10)	(4,439.60)
Direct Taxes paid / Refund (Net)	32.09	(330.30)
Cash flow before Extra ordinary items	3,149.25	(181.04)
Extra Ordinary Items	–	–
Net Cash from operating activities	3,149.25	(181.04)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed assets and other capital expenditure	(5,240.24)	(2,577.40)
Purchase of investments	(297.78)	–
Sale of Fixed Assets	23.46	25.94
Dividend Received	0.54	0.86
Net Cash from investing activities	(5,514.02)	(2,550.60)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011 (Contd...)

	Year Ended 31st March, 2011 (₹ in Lacs)	Year Ended 31st March, 2010 (₹ in Lacs)
(C) CASH FLOW FROM FINANCIAL ACTIVITIES		
Long term borrowings (Net)	8,154.56	3,156.03
Finance lease liabilities (Net)	23.42	(19.73)
Inter corporate & other deposits (Net of repayments)	20.00	22.84
Working capital facilities from banks	(5,588.55)	173.19
Proceeds from issue of Equity Share Capital / Warrants	630.00	1,330.00
Repurchase of 'FCCBs'	—	(1,582.52)
Proceeds from Commercial Paper	—	(2,000.00)
Dividend paid	(127.87)	(121.87)
Tax on Dividend	(21.24)	(20.71)
Net Cash from Financing Activities	3,090.32	937.23
Net Change in Cash and Cash Equivalents (A+B+C)	725.55	(1,794.41)
Cash & Cash Equivalents as at 1st April (Opening Balance)	507.70	2,302.11
Cash & Cash Equivalents as at 31st March (Closing Balance)	1,233.25	507.70

Cash and Bank Balance includes ₹ 611.95 Lacs (Previous year ₹ 349.20 Lacs) held under lien/custody with banks/others and balance in unclaimed dividend account ₹ 9.89 Lacs (previous year ₹ 8.73 Lacs)

As per our Separate report of even date attached

For JAGDISH CHAND & CO.

Chartered Accountants

(PRAVEEN KUMAR JAIN)

Partner

M.No- 85629

Firm Registration No. : 000129N

(ANIL GUPTA)

Chairman-cum-Managing Director

(RAJEEV GUPTA)

Executive Director (Finance)

Place : New Delhi

Dated : 21st May, 2011

(KISHORE KUNAL)

Company Secretary

(ADARSH JAIN)

Dy. General Manager
(Finance)

(VIVEK KUMAR MITTAL)

Sr. Manager (Finance)

	As at 31st March, 2011 (₹ in Lacs)		As at 31st March, 2010 (₹ in Lacs)	
SCHEDULE "A" : SHARE CAPITAL				
<u>Authorised</u>				
11,00,00,000 (Previous year 11,00,00,000) Equity Shares of ₹ 2/- each		2,200.00		2,200.00
3,00,000 (Previous year 3,00,000) Preference Shares of ₹ 100/- each		300.00		300.00
		2,500.00		2,500.00
<u>Issued, Subscribed & paid-up</u>		1,338.75		1,278.75
66,937,438 (Previous year 63,937,438) Equity Shares of ₹ 2/- each fully paid		1,338.75		1,278.75

Note: 87,16,215 Equity Shares of ₹ 2/- each were allotted to as fully paid Shares as per Scheme of amalgamation without payment being received in cash.

	As at 31st March, 2011 (₹ in Lacs)		As at 31st March, 2010 (₹ in Lacs)	
SCHEDULE "B" : RESERVES & SURPLUS				
<u>Capital Reserve Account</u>				
Transfer on forfeiture of Share Warrants		280.00		–
<u>Securities Premium Account</u>				
As per last Balance Sheet	8,473.11		7,693.11	
Add : During the year	780.00	9,253.11	780.00	8,473.11
<u>General Reserve</u>				
As per last Balance Sheet		413.68		413.68
<u>Profit & Loss Account</u>				
As per Annexed Account		12,506.34		11,606.11
		22,453.13		20,492.90
SCHEDULE "C" : SECURED LOANS				
Term Loan From Banks	14,119.53		6,011.11	
Interest Accrued and Due	51.15	14,170.68	47.87	6,058.98
Working Capital From Banks	14,021.18		19,596.15	
Interest Accrued and Due	27.96	14,049.14	41.54	19,637.69
Hire Purchase Finance		89.58		66.15
		28,309.40		25,762.82

	As at 31st March, 2011 (₹ in Lacs)		As at 31st March, 2010 (₹ in Lacs)	
SCHEDULE “D” : UNSECURED LOANS				
<u>Deposits</u>				
– Inter Corporate Deposits	15.00		15.00	
– Directors	40.00		–	
– Others	383.24	438.24	403.24	418.24
<u>Other Loans</u>				
– Foreign Currency Convertible Bonds (FCCBs)		7,438.87		7,528.10
		7,877.11		7,946.34
SCHEDULE “E” : FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT (FCMITDA)				
Opening Balance	274.53		(12.09)	
During the year	54.44	328.97	547.52	535.43
Less : Written Back to Profit & Loss Account		328.97		260.90
		–		274.53

SCHEDULE “F” : FIXED ASSETS

(₹ in Lacs)

S. No.	Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At 31.03.10	Additions	Deductions	As At 31.03.11	As At 31.03.10	For the Year	Dedu- ctions	As At 31.03.11	As At 31.03.11	As At 31.03.10
1	Land (Free Hold)	36.61	–	–	36.61	–	–	–	–	36.61	36.61
2	Land (Lease Hold)	1,479.33	85.78	–	1,565.11	–	–	–	–	1,565.11	1,479.33
3	Building	8,670.47	852.95	3.16	9,520.26	749.64	271.43	0.06	1,021.01	8,499.25	7,920.83
4	Plant & Machinery	17,615.53	3,567.04	49.05	21,133.52	3,638.66	1,083.11	21.66	4,700.11	16,433.41	13,976.87
5	Electrical Fittings & Equipment	1,895.02	91.15	0.39	1,985.78	247.71	92.60	0.07	340.24	1,645.54	1,647.31
6	Furniture, Fixtures & Office Equipment	1,428.51	615.86	124.42	1,919.95	283.70	142.19	79.24	346.65	1,573.30	1,144.81
7	Vehicles	251.72	11.33	27.95	235.10	82.01	22.79	15.88	88.92	146.18	169.71
8	Assets Acquired Under Hire Purchase: – Vehicles	121.22	91.54	–	212.76	20.06	18.00	–	38.06	174.70	101.16
9	Intangible Assets – Software	122.02	57.36	–	179.38	54.65	30.88	–	85.53	93.85	67.37
	TOTAL :	31,620.43	5,373.01	204.97	36,788.47	5,076.43	1,661.00	116.91	6,620.52	30,167.95	26,544.00
	PREVIOUS YEAR	30,946.98	829.51	156.07	31,620.43	3,673.53	1,467.64	64.74	5,076.43	26,544.00	27,273.46

Notes :

- (a) Carrying value of Assets acquired under hire purchase as on 31.03.2010 exclude the amount related to hire purchase agreement settled during the year.
- (b) Additions are after adjusting exchange gain (net) ₹ 77.65 Lacs (Previous Year ₹ 173.18 Lacs).
- (c) Title Deeds of Land (Leasehold) ₹ 85.78 Lacs (Previous Year Nil) have been registered subsequent to the date of Balance Sheet

	As at 31st March, 2011 (₹ in Lacs)	As at 31st March, 2010 (₹ in Lacs)
SCHEDULE "G" : CAPITAL WORK IN PROGRESS		
Capital Work in Progress (Including Material lying at Site)	690.70	628.70
Capital Advances	337.33	551.25
Construction Period Expenses pending allocation	—	27.50
Capital Goods In Transit	3.80	34.79
	1,031.83	1,242.24
SCHEDULE "H" : INVESTMENTS		
LONG TERM		
OTHER INVESTMENTS		
(UNQUOTED) :		
— KEI International Limited 76558 (Previous Year 76558) Equity Shares of ₹ 10/- each fully Paid (Bonus Shares)	—	—
— U212GR UTI Wealth Builder Fund 20000 (Previous Year 20000) Units of ₹ 10/- each fully paid	2.00	2.00
— L192D SBI PSU Fund Dividend 2,12,944.872 (Previous Year Nil) Units of ₹ 10/- each fully paid	20.00	—
(QUOTED) :		
— State Bank of India 67 (Previous Year 67) Equity Shares of ₹ 10/- each fully paid	0.37	0.37
— PNB Gilts Limited 6000(Previous Year 6000) Equity Shares of ₹ 10/- each fully paid	1.80	1.80
— Punjab National Bank 2200 (Previous Year 2200) Equity shares of ₹ 10/- each fully paid	0.68	0.68
— Dena Bank 2595 (Previous Year 2595) Equity shares of ₹ 10/- each fully paid	0.70	0.70
— ICICI Bank Limited 900 (Previous Year 900) Equity shares of ₹ 10/- each fully paid	4.73	4.73
— YES Bank Limited 254 (Previous Year 254) Equity shares of ₹ 10/- each fully paid	0.11	0.11
— Jaypee Infratech Limited 5,000 (Previous Year Nil) Equity shares of ₹ 10/- each fully paid	5.10	—
— Technofab Engineering Limited 1,04,228 (Previous Year Nil) Equity shares of ₹ 10/- each fully paid	272.68	—
	308.17	10.39
Notes.		
1. Quoted Investments		
— Aggregate of Book Value	286.17	8.39
— Aggregate of Market Value	208.09	36.38
SCHEDULE "I" : INVENTORIES		
Stores, Spares & Consumables	250.47	231.65
Raw Materials	4,266.45	2,598.00
Stock in Process	14,625.55	9,483.21
Finished Goods	7,844.98	6,031.84
Packing Materials	310.60	229.75
Scrap	67.10	67.01
Goods In Transit	861.34	1,626.79
	28,226.49	20,268.25

	As at 31st March, 2011 (₹ in Lacs)		As at 31st March, 2010 (₹ in Lacs)	
SCHEDULE "J" : SUNDRY DEBTORS				
(Unsecured, Considered Good)				
Over six Months		2,734.23		3,155.52
Other Debts		23,621.94		22,851.39
		26,356.17		26,006.91
SCHEDULE "K" : CASH AND BANK BALANCES				
Cash Balances Including imprest		46.36		24.22
Balance with Scheduled Banks:				
— Current Accounts	26.19		72.57	
— Fixed Deposits	1,148.85		383.84	
— Unclaimed Dividend	9.89	1,184.93	8.73	465.14
Balance with Other Banks:				
— Current Accounts*		1.96		18.34
		1,233.25		507.70
* Balance with Other Banks				
— HSBC Bank Middle East Limited, Dubai		1.96		18.34
Maximum Balances in Current accounts with				
— HSBC Bank Middle East Limited, Dubai		63.56		569.05
SCHEDULE "L" : LOANS & ADVANCES				
(Unsecured, Considered good, unless stated otherwise)				
Advances Recoverable in cash or in kind				
or for value to be received		1,290.12		1,903.94
Loans & Advances to Workers & Staffs		120.70		84.65
Claims Recoverable from Government		1,841.52		1,216.11
Balance with Excise Authorities		1,428.59		1,146.09
Advance Tax (Net of Provisions)		47.04		445.17
Earnest Money/Security Deposits		533.22		387.28
		5,261.19		5,183.24
SCHEDULE "M" : OTHER CURRENT ASSETS				
Project Work in Progress		286.55		144.41
		286.55		144.41

	As at 31st March, 2011 (₹ in Lacs)		As at 31st March, 2010 (₹ in Lacs)	
SCHEDULE “N” : CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors *				
— Raw Materials	27,370.42		20,033.85	
— Others	2,320.32	29,690.74	1,958.76	21,992.61
Other Liabilities		863.22		795.76
Advance/Security Deposit received		1,550.71		556.95
Investor Education and Protection Fund Shall be credit by the following amount namely **				
— Unclaimed Dividend		9.89		8.73
Interest Accrued but not due		40.73		40.52
		32,155.29		23,394.57
PROVISIONS				
Provision for Leave Encashment/Gratuity	215.51		118.11	
Provision for Proposed Dividend	133.87		127.88	
Provision for tax on Proposed Dividend	21.72	371.10	21.24	267.23
		32,526.39		23,661.80
* Includes dues to micro ,small and medium enterprises ₹ NIL (Previous Year NIL)				
** No amount is due on March 31, 2011 for credit to Investor Education and Protection Fund (Fund). Amount remaining due after adjustment of amounts to be claimed from the Company will be transferred on the respective due dates to Fund.				
	Year ended 31st March, 2011 (₹ in Lacs)		Year ended 31st March, 2010 (₹ in Lacs)	
SCHEDULE “O” : INCOME FROM TURNKEY PROJECTS				
Income from Turnkey Projects		120.93		107.09
Increase/(Decrese) in Work-in-progress :				
Closing Work In Progress	286.55		144.41	
Less : Opening Work in Progress	144.41	142.14	199.13	(54.72)
		263.07		52.37
SCHEDULE “P” : OTHER INCOME				
Dividend- Long Term Investments (Other than trade)		0.54		0.86
Exchange Fluctuation (Net)		104.75		65.53
Drawback Income		108.77		21.32
Liability Written Back		55.21		–
Write back on repurchase of FCCBs		–		1,111.83
FCMITDA written back		328.97		260.90
Miscellaneous Income		15.13		16.41
		613.37		1,476.85

	Year ended 31st March, 2011 (₹ in Lacs)		Year ended 31st March, 2010 (₹ in Lacs)	
SCHEDULE “Q” : INCREASE/(DECREASE) IN STOCK				
Opening Stock				
— Finished Goods	6,031.84	15,582.06	6,250.04	13,024.56
— Stock in Process	9,483.21		6,732.31	
— Scrap	67.01		42.21	
Less : Closing Stock				
— Finished Goods	7,844.91	22,537.56	6,031.84	15,582.06
— Stock in Process	14,625.55		9,483.21	
— Scrap	67.10		67.01	
		6,955.50		2,557.50
SCHEDULE “R” : MATERIALS				
Raw Materials Consumed				
— Opening Stock	2,598.00	97,844.37	1,512.97	73,559.50
Add : Purchases	99,537.04		74,646.81	
	102,135.04		76,159.78	
Less : Closing Stock	4,266.45		2,598.00	
	97,868.59		73,561.78	
Less : Capitalized for Own Use	24.22		2.28	
Turnkey Project Materials				
— Opening Stock	—	10.59	—	0.31
Add : Purchases	10.59		0.31	
	10.59		0.31	
Less: Closing Stock	—		—	
Traded Items				
— Opening Stock	0.06	43.06	2.72	49.99
Add : Purchases	43.07		47.33	
	43.13		50.05	
Less: Closing Stock	0.07		0.06	
		97,898.02		73,609.80

	Year ended 31st March, 2011 (₹ in Lacs)		Year ended 31st March, 2010 (₹ in Lacs)	
SCHEDULE “S” : MANUFACTURING,SELLING & OTHER EXPENSES				
Stores, Spares & Consumables		328.22		261.88
Packing Expenses		3,775.06		2,773.63
Job Work Charges		1,583.49		1,244.78
Power, Fuel & Lighting		2,060.33		1,816.64
Repairs & Maintenance				
— Plant & Machinery	466.57		388.82	
— Building	26.87		55.32	
— Others	98.76	592.20	62.04	506.18
Freight,Handling and Octroi (Net)		1,679.18		1,461.06
Rebate,Discount,Commission on Sales		685.62		1,246.48
Bad Debts Written off		90.41		7.43
Rates & Taxes		83.31		53.80
Rent		336.67		265.39
Insurance (Net)		197.43		120.59
Travelling & Conveyance		386.15		303.65
Advertisement & Publicity		169.19		449.20
Auditors’ Remuneration		27.03		20.21
Loss on sales of Assets (Net)		19.10		49.60
Fixed Assets written off		45.49		15.78
Communication Expenses		124.09		119.79
Donations		33.78		24.43
Director’s Meeting Fee		6.30		5.70
Professional & Consultancy Charges		201.40		217.69
Miscellaneous Expenses		1,223.11		817.13
		13,647.56		11,781.04
SCHEDULE “T” : PAYMENT TO AND PROVISIONS FOR EMPLOYEES				
Salaries,Wages & Others Benefits		2,470.63		1,710.15
Contribution to Provident & Other Funds		154.57		84.48
Welfare Expenses		128.66		90.76
		2,753.86		1,885.39
SCHEDULE “U” : FINANCIAL CHARGES				
Interest				
— Term Loan	731.10		668.22	
— Working Capital Facilities (Net)	1,937.01		1,948.25	
— FCCBs	75.37		81.76	
— Others	1,806.64	4,550.12	1,040.28	3,738.51
Financial Charges & Commission		1,281.98		701.09
		5,832.10		4,439.60

SCHEDULE – “V”

Significant Accounting Policies and Notes on Accounts for the Year ended 31st March, 2011

1. Statement of significant accounting policies:

(a) The accounts have been prepared under the historical cost convention except where otherwise stated.

(b) Fixed Assets :

- i) Fixed assets are stated at cost or valuation less accumulated depreciation and impairment loss. The cost includes inward freight and other directly attributable expenses.
- ii) In respect of qualifying assets, all direct expenses relating to the projects up to commencement of production, including interest on borrowed loan are capitalised. Financing Cost incurred on general borrowing used for projects is capitalised at weighted average cost. Amount of such borrowing is determined after setting off amount of internal accruals.
- iii) Cost of any software purchased initially along with the computer hardware is being capitalised along with cost of hardware. Any subsequent acquisition/up-gradation of software is being capitalised as an asset.
- iv) Cost of capitalized software is amortised over a period of five years from date of its acquisition. Leasehold Improvements included in respective asset block like building and furniture and fixtures are amortised over period of lease or estimated useful life whichever is shorter.
- v) In accordance with and at the rates specified in Schedule XIV to the Companies Acts, 1956 depreciation is provided by straight line method. Addition/deletion in the cost of the fixed assets due to exchange fluctuation in long term foreign currency monetary items arising due to difference in exchange rate vis a vis initial recording and reporting date are depreciated over the balance life of the assets.
- vi) No write off is being made in respect of leasehold land, as the lease is a long lease.

(c) Investments:

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if, such decline is other than temporary in the opinion of the management.

(d) Inventories:

- i) Finished goods are valued at lower of cost or net realisable value.
- ii) Raw materials are valued at cost or net realisable value whichever is lower.
- iii) Stock in Process is valued at lower of cost or net realisable value.
- iv) Stores, spares and consumables and packing materials are valued at cost.
- v) Scrap is valued at estimated realisable value.
- vi) Cost of Raw Materials is determined on First In First Out (FIFO) basis. Cost of packing materials, stores & spares are determined on weighted average basis. Work in process includes raw material costs and allocated production overheads. Cost of finished goods is determined by taking derived material costs and others overheads.

(e) Revenue Recognition:

- i) Sales are accounted for on despatch of goods from the factory to the customers. Sales are net of return and include excise duty wherever directly chargeable from customers, but exclude Sales Tax/VAT.
- ii) Turnkey Projects
 - In the case of lump-sum Turnkey contracts, as proportion of actual direct costs of the work to latest estimated total direct cost of the work.
- iii) No income has been taken into account on jobs for which:
 - The terms have been agreed to at lump-sum turnkey contracts and physical progress is less than 25%.
 - Where physical progress is less than 25%, the cost of such jobs is carried forward as work-in-progress at actual direct cost.
- iv) Other claims including interest on outstanding are accounted for when there is virtual certainty of ultimate collection.

(f) Excise Duty:

Excise Duty has been accounted on the basis of both payments made in respect of goods cleared as also provision made for goods lying in factory premises. CENVAT credit is accounted on accrual basis on purchases of materials.

(g) Employee Benefits:

- i) Liability in respect of Gratuity, a defined benefit plan, is being paid to fund maintained by LIC/Reliance Life Insurance Company Limited and administered through a separate irrevocable trust set up by the company. Difference between the fund balance and accrued liability at the end of the year based on actuarial valuation is charged to Profit & Loss Account.
- ii) Liability in respect of leave encashment, a terminal employee benefit, being defined benefit plan, is recognized on the basis of actuarial valuation.
- iii) Contributions with respect to Provident Fund, is recognized as an expense in the Profit and Loss Account of the year in which the related service is rendered.
- iv) In respect of employees stock options, the excess of intrinsic value on the date of grant over the exercise price is recognized as deferred compensation cost amortized over vesting period.

(h) Foreign Currency Transactions:

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of transaction.
- ii) Foreign currency transactions remaining unsettled at the year end are translated at year end rate. Premium in respect of forward contracts is accounted over the period of contract. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- iii) Exchange difference arising on reporting of long term foreign currency monetary items:-
 - in so far as they relate to the acquisition of a depreciable capital assets are adjusted in cost of assets
 - In other cases are accumulated in a 'Foreign Currency Monetary Item Translation Difference Account (FCMITDA)' and has been fully amortized upto 31st March, 2011.

(i) Miscellaneous Expenditure:

Public issue expenditure/ 'FCCBs' issue expenditure is being written off against Securities / share premium, net of taxes, in the year of issue.

(j) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, 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.

(k) Impairment of Fixed Assets:

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the assets in prior years.

(l) Contingent Liabilities:

Contingent liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

(m) Provision for contractual obligations:

The provision for estimated liabilities on account of guarantees & warranties etc. in respect of lump-sum turnkey contracts awarded to the company are being made on the basis of assessment of risk and consequential probable liabilities on each such job made by the management.

2. Contingent Liabilities:

- (a) Unutilised letter of credits ₹323.03 Lacs (Previous Year ₹ 1,255.42 Lacs)
 - (b) Financial Bank Guarantees outstanding ₹ 6,324.01 Lacs (Previous Year ₹ 2,589.05 Lacs)
 - (c) Outstanding Bills discounted ₹ 11,933.00 Lacs (Previous year ₹ 5,408.38 Lacs)
 - (d) Prorata share of Company in 'Channel Finance' given by banks to others ₹ 188.12 Lacs (Previous Year ₹ Nil)
 - (e) Sales Tax/Entry Tax demands under appeal ₹ 53.36 Lacs (Previous year ₹ 20.05 Lacs)
 - (f) Income tax demands under appeal/rectification arising out of disallowances and non credit of tax deduction at source ₹ 99.06 Lacs (Previous year ₹ Nil)
 - (g) Excise and Service tax Demands under appeal ₹ 674.53 Lacs (Previous year ₹ 648.35 Lacs)
 - (h) Claims against the Company not acknowledged as debts ₹ 0.18 Lacs (Previous year ₹ 0.18 Lacs)
 - (i) Premium on Redemption of 1% Foreign Currency Convertible Bonds (FCCBs) ₹ 2,852.84 Lacs (Previous Year ₹ 2,125.91 Lacs)
3. 1% Foreign Currency Convertible Bonds ('FCCBs') have an option to convert bonds into Equity Shares at Conversion Price ₹ 71/- per share (adjusted for sub-division of equity shares & subsequent reset of conversion price pursuant to Clause 11 of the Terms & Conditions of Bonds) at a fixed exchange rate (₹ 44.65=US\$1) between 15th December, 2006 and 30th October, 2011. Unless previously converted, redeemed or repurchased or cancelled, the Company will redeem these bonds at 145.54 percent of the principal amount on 30th November, 2011. The premium, if paid, would be adjusted against the Securities Premium Account.
4. Estimated amount of contracts remaining to be executed on Capital Account ₹ 410.50 Lacs (Previous Year ₹ 1,320.89 Lacs)
5. (i) Working capital facilities from Banks are secured by 1st pari-passu charge by way of hypothecation on the entire current assets including raw material, stock in process, finished goods, consumable stores & spares and receivables of the Company, 1st pari-passu charge on present and future fixed assets at SP-920 & SP-922, RIICO Industrial Area Phase III, Bhiwadi, Distt. Alwar (Rajasthan) and at D-90, Okhla Industrial Area, Phase I, New Delhi, 2nd pari-passu charge by equitable mortgage of property of the Land and Building at 99/2/7, Madhuban Industrial Estate, Village Rakholi, Silvassa (D & N H) and SP-919, RIICO Industrial Area, Phase III, Bhiwadi, Distt. Alwar (Rajasthan) both present and future. Further, they are secured by personal guarantee of Shri. Anil Gupta, Chairman-cum-Managing Director of the Company.
- (ii) Term Loans from banks are secured by 1st pari-passu charge on present and future fixed assets of the company at 99/2/7, Madhuban Industrial Area, Village Rakholi, Silvassa (D & N H), SP-919, RIICO Industrial Area, Phase III, Bhiwadi, Distt. Alwar (Rajasthan) and Plot Nos. A-280 to A-284, RIICO Industrial Area, Chopanki, Distt. Alwar (Rajasthan).
- (iii) Hire Purchase Finance is secured against assets financed from it.
6. Pursuant to application and payment received for conversion of Warrants into equity shares, 30,00,000 equity shares were allotted on 25th February, 2011. Application money of ₹ 280.00 Lacs received on 40,00,000 Warrants stands forfeited as per the terms and conditions of the issue due to non-exercise of conversion option and has been transferred to Capital Reserve. Funds received have been utilized as per objects of the issue.
7. Fixed Deposits with banks amounting to ₹ 611.95 Lacs (Previous year ₹ 349.20 Lacs) are under lien/custody with banks/others.
8. Interest on working capital facilities is net of interest income received ₹ 96.29 Lacs (Previous year ₹ 85.69 Lacs)
9. Sales include Export Benefits ₹ 84.80 Lacs (Previous Year ₹ 57.49 Lacs)
10. As per changes made in AS-11 vide Companies(Accounting Standards) Amendment Rules 2009, during financial year 2008-09 company exercised option of deferring foreign exchange difference arising on long term foreign currency monetary items viz 'FCCBs', Foreign Currency Term Loan to the Profit and Loss account, in respect of accounting periods commencing on or after 7th December, 2006. As a result, such foreign exchange difference relating to the acquisition of depreciable capital assets have been adjusted with cost of such assets and would be depreciated over the balance life of the assets and in other cases has been accumulated in 'FCMITDA'. Exchange gain (net) ₹ 77.65 Lacs (Previous year ₹ 1,173.18 Lacs) has been adjusted in gross block of fixed assets and capital work-in progress. Exchange difference on external commercial borrowing (ECBs) raised for repurchasing FCCBs has been transferred to 'FCMITDA'.

11. Amount of Excise Duty deducted from the turnover is relatable to sales made during the year and the amount recognized separately in the statement of Profit & Loss is related to the difference between the closing stock & opening stock.
12. Proceeds of Foreign Currency Convertible Bonds ('FCCBs') have been utilized as per objects of issue in following manner:-

(₹ in Lacs)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
Capital Expenditure/Advances(Net)	—	682.43
Interest Income received	—	(87.58)
Total	—	594.85

13. Following expenses were capitalized and allocated to fixed assets:-

(₹ in Lacs)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Opening Balance	27.50	—
Bank Charges & Commission	—	25.19
Interest on Term Loan	47.55	2.31
Travelling	1.16	—
Insurance	0.18	—
Technical Know How	430.79	—
Total	507.18	27.50
Less: Allocated to Fixed Assets	507.18	—
Construction Period Expenses pending Allocation	—	27.50

14. Managerial Remuneration:

(₹ in Lacs)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Salaries	149.52	63.37
Rent	6.60	6.60
Contribution to Provident Fund & Other Funds	0.19	0.19
Perquisites	14.29	4.84
Director's Meeting Fees	6.30	5.70
Total	176.90	80.70

Notes:

- (i) In view of inadequate profit, Managerial Remuneration as approved by the Ministry of Corporate Affairs "(MCA)" has been paid / provided. Managerial Remuneration paid in 2010-11 includes ₹ 32.00 Lacs paid as arrears of remuneration related to period 01.08.2009 to 31.03.2010 upon receipt of approval from "MCA".
- (ii) Since no commission has been paid computation of net profit u/s 198 of the Companies Act, 1956 has not been done.
- (iii) The remuneration does not include Gratuity and Provision for leave encashment under Accounting Standard-15 (Revised), mediclaim and personal accident insurance premium, since same is not available for individual employees.
15. Insurance Premium of ₹ 20.61 Lacs (Previous year ₹ 20.61 Lacs) on Keyman Insurance Policy has been charged to Profit & Loss Account. Maturity value of such policy will be accounted for on receipt basis.

16. Auditor's Remuneration:

(₹ in Lacs)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
As Auditor*		
— Audit fee	18.00	14.00
— Tax Audit	4.00	2.00
— In other capacity	5.03	4.21

* Excludes Service Tax ₹ 2.78 Lacs (Previous year ₹ 2.08 Lacs)

17. Deferred Tax Assets and Liabilities are attributable to following items:

(₹ in Lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
Assets		
Provision for unencashed leave	45.68	34.12
'FCCBs'/GDR Issue Expenses	55.31	92.24
Carried forward Loss	994.17	1,017.84
Unabsorbed Depreciation	1,338.14	1,229.09
Total	2,433.30	2,373.29
Liabilities		
Depreciation	2,800.12	2,373.29

Note: As required by Accounting Standard-22 ('AS-22'), in view of existence of Carried forward losses and unabsorbed depreciation under tax laws, Deferred Tax Assets have been recognised only to the extent they are virtually certain to be realised.

18. Earning per share ('EPS') pursuant to Accounting Standard-20 ('AS-20') has been calculated as follows:

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Profit after taxation (₹ in Lacs)	1,055.82	1,423.24
Number of equity shares at the beginning of the year	63937438	60937438
Add: Weighted average number of equity shares issued during the year	287671	16438
Weighted average number of equity shares for Basic EPS	64225109	60953876
Add: Adjustment for 'FCCBs' convertible in equity shares	10439296	10902767
Add: Adjustment for weighted warrants outstanding having option to subscribe equity shares	6328767	5956164
Weighted average number of equity shares for Diluted EPS	80993172	77812807
Basic Earning Per Share (₹)	1.64	2.33
Diluted Earning Per Share (₹)	1.30	1.83
Face value of Equity Shares (₹)	2.00	2.00

19. (a) Future lease obligation by way of lease rental:

(₹ in Lacs)

Due	Total Minimum lease payments outstandings		Future Interest on outstandings		Present value of minimum lease payments	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Within one year	42.72	41.91	7.61	5.71	35.11	36.19
Later than one year and not later than five years	60.43	33.75	5.96	3.79	54.47	29.96
More than Five years	NIL	NIL	NIL	NIL	NIL	NIL
Total	103.15	75.66	13.57	9.50	89.58	66.15

(b) Operating Leases- Other than non-cancellable

The Company has entered into lease transactions during the current financial year mainly for leasing of factory/ office/residential premises and company leased accommodations for its employees for periods up to 10 years. Terms of lease include terms of renewal, increase in rents in future periods and terms of cancellation. The Operating lease payments recognized in the Profit & Loss account amount to ₹ 339.95 Lacs (Previous year ₹ 268.55 Lacs) for the leases, which commenced on or after 1st April, 2001.

20. Disclosure pursuant to clause 32 of the Listing Agreement with Stock Exchanges is given below:

(a) Loans and Advances in the nature of Loans given to Associate:

(₹ in Lacs)

Name	As at 31.03.2011	Maximum Balance during 2010-2011	As at 31.03.2010	Maximum Balance during 2009-2010
Projection Financial & Management Consultants Pvt. Ltd.	60.00	60.00	60.00	60.00

Notes:- Security deposit for premises taken on rent by the Company.

(b) Investments by the Loanee in the shares of the Company: ₹ NIL (Previous Year NIL)

21. Related party Disclosures as required by Accounting Standard (AS-18):

(a) Name of Related Parties :

i) **Associate of the company:**
KEI International Ltd

ii) **Other related parties in the Group where common control exists:**

Anil Gupta (HUF)

Projection Financial & Management Consultants Pvt. Ltd.

Subh Laxmi Motels & Inns Pvt. Ltd.

Soubhagya Agency Pvt. Ltd.

Dhan Versha Agency Pvt. Ltd.

KEI Cables Pvt. Ltd.

KEI Power Ltd.

iii) **Functional Directors:**

Shri Anil Gupta, Chairman-cum-Managing Director

Shri Rajeev Gupta, Executive Director (Finance)

iv) **Relatives of Functional Directors:**

Shri Sunil Gupta

Smt. Archana Gupta (Director)

Smt. Varsha Gupta

Smt. Sumitra Devi Gupta

Smt. Shashi Gupta

Shri Shri Krishan Gupta

Smt. Veena Agarwal

v) **Enterprises over which person mentioned in (iv) above are able to exercise significant control:**

Sunil Gupta (HUF)

Ashwathama Constructions Pvt. Ltd.

(b) Details of transactions relating to parties referred to in items (i) (ii) (iii) (iv) and (v):

(₹ in Lacs)

Particulars	Year	(i)	(ii)	(iii)	(iv)	(v)	Total
Interest paid on deposits received	2010-11	-	-	3.23	3.37	1.10	7.70
	2009-10	-	-	-	2.79	1.10	3.89
Deposits Received during the year	2010-11	-	-	40.00	-	-	40.00
	2009-10	-	-	-	10.00	-	10.00
Credit Balance Outstanding as at the year end	2010-11	-	-	40.00	30.60	10.00	80.60
	2009-10	-	-	-	30.60	10.00	40.60
Rent paid for use of assets	2010-11	-	174.60	-	99.00	6.05	279.65
	2009-10	-	121.10	-	99.00	5.50	225.60
Managerial remuneration	2010-11	-	-	170.60	-	-	170.60
	2009-10	-	-	75.00	-	-	75.00
Amount received on warrant allotment and exercise of option to convert warrants in equity shares	2010-11	-	630.00	-	-	-	630.00
	2009-10	-	1050.00	-	-	-	1050.00
Expenses Payable	2010-11	-	-	3.39	-	-	3.39
	2009-10	-	1.91	2.60	-	-	4.51
Director's Meeting Fee	2010-11	-	-	-	1.20	-	1.20
	2009-10	-	-	-	0.50	-	0.50
Outstanding premises deposit receivable	2010-11	-	60.00	-	-	-	60.00
	2009-10	-	60.00	-	-	-	60.00
Dividend Paid on Equity Shares	2010-11	-	19.66	26.96	3.25	0.02	49.89
	2009-10	-	13.66	26.96	3.26	-*	43.88

*(₹ 20.00)

(c) Non Financial Transactions:

- Shri Anil Gupta has given personal guarantee to banks for company's borrowings.
- The remuneration does not include Gratuity and Provision for leave encashment under Accounting Standard-15 (Revised), mediclaim and personal accident insurance Premium, since same is not available for individual employees.

22. Segment information pursuant to Accounting Standard (AS-17) "Segment Reporting":

a) Information about Primary Business Segments

(₹ in Lacs)

Particulars	Cables		Stainless Steel Wire		Others		Unallocated		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenue (Gross)										
External	1,16,844.76	91,576.50	8,788.15	5,716.49	280.76	76.95	29.31	45.89	125,942.98	97,415.83
Less: Excise Duty	8,885.91	6,017.34	571.42	310.49	-	-	-	-	9,457.33	6,327.83
Inter-segment	-	-	-	-	-	-	-	-	-	-
Total Revenue (Net)	1,07,958.85	85,559.16	8,216.73	5,406.00	280.76	76.95	29.31	45.89	116,485.65	91,088.00
Result										
Segment Result	10,117.44	7,007.20	210.62	313.12	(55.92)	(49.92)	-	-	10,272.14	7,270.40
Unallocated expenditure net of unallocated income	-	-	-	-	-	-	(2,651.90)	(2,217.46)	(2,651.90)	(2,217.46)
Interest expenses (net)	-	-	-	-	-	-	(5,832.10)	(4,439.60)	(5,832.10)	(4,439.60)
(Loss)/Profit on Sale of Investment	-	-	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	-	0.54	0.86	0.54	0.86
Write back on repurchase of 'FCCBs	-	-	-	-	-	-	-	1,111.83	-	1,111.83
Profit before taxation	10,117.44	7,007.20	210.62	313.12	(55.92)	(49.92)	(8,483.46)	(5,544.37)	1,788.68	1,726.03
Taxation	-	-	-	-	-	-	-	-	(732.86)	(302.79)
Net Profit	-	-	-	-	-	-	-	-	1,055.82	1,423.24
Other Information										
Segment assets	84,572.82	73,748.71	3,942.33	3,278.91	730.36	250.71	3,626.09	2,628.81	92,871.60	79,907.14
Segment Liabilities	29,911.16	21,734.73	1,175.77	999.40	584.61	(157.64)	15,270.81	20,722.99	46,942.35	43,299.48
Capital expenditure	4,333.74	832.83	78.79	44.84	19.75	-	525.35	370.48	4,957.63	1,248.15
Depreciation	1,413.23	1,279.99	99.24	99.85	3.89	-	144.64	87.80	1,661.00	1,467.64
Write Back of FCMTDA	-	-	-	-	-	-	328.97	260.90	328.97	260.90

b) Information about Secondary Business Segment

(₹ in Lacs)

Revenue by Geographical Market	India		Outside India		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
External Revenue (Gross)	1,15,683.07	88,053.23	10,259.91	9,362.60	1,25,942.98	97,415.83
Less: Excise Duty	9,457.33	6,327.83	-	-	9,457.33	6,327.83
Inter-segment	-	-	-	-	-	-
Total Revenue(Net)	1,06,225.74	81,725.40	10,259.91	9,362.60	1,16,485.65	91,088.00
Carrying amount of segment assets	92,869.18	79,885.17	2.42	21.97	92,871.60	79,907.14
Additions to fixed assets	4,957.63	1,248.15	-	-	4957.63	1,248.15

c) Notes:

i) The Company is organised into business segments, namely:

- Cables comprising of EHV, HT & LT Power Cables, Control and Instrumentation Cables, Winding Wires & Flexible and House Wires
- Stainless Steel Wire comprising of Stainless Steel Wire
- Others (Turnkey projects etc.)

Segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns, the organisation structure, and the internal financial reporting systems.

ii) Segment Revenue in each of the above domestic business segments primarily includes sales, job work income and export incentives in the respective segments.

Segment Revenue comprising of (₹ in Lacs)	2010-11	2009-10
Sales	1,25,385.91	97,252.37
Other income excluding interest(net)/dividend income/ write back on repurchase of 'FCCBs'	557.07	163.46
Total	1,25,942.98	97,415.83

iii) The Segment Revenue in the geographical segments considered for disclosure are as follows:

- a) Revenue within India includes sales to customers located within India and earnings in India.
- b) Revenue outside India includes sales to customers located outside India and earnings outside India.

iv) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

23. Jobs with lump-sum price, where the physical progress of work is less than 25 per cent, the direct cost incurred thereon amounting to ₹ 242.06 Lacs (Previous year NIL) have been carried forward as Work in Progress.

24. In terms of provision of AS -7 on "Construction Contracts" for Lump-sum Turnkey Projects for contract in progress as on 31.03.2011:

- a. The aggregate amount of cost incurred and recognized Profit up to 31.03.2011 ₹ 406.61 Lacs (Previous year ₹ 275.24 Lacs).
- b. The amount of advances received ₹ 537.93 Lacs (Previous year ₹ 4.76 Lacs).
- c. The amount of retention ₹ 34.57 Lacs (Previous year ₹ 35.43 Lacs)
- d. Gross amount due to customers ₹ 287.16 Lacs (Previous year ₹ 144.71Lacs).
- e. Gross amount due from customers ₹ 0.60 Lacs (Previous year ₹ 0.48 Lacs)

25. The disclosures required under Accounting Standard 15 "Employee Benefits" are given below:

Defined Contribution Plan

The amount recognized as an expense in defined contribution plan are as under:

Particulars	Expense recognized in 2010-11 (₹ in Lacs)	Expense recognized in 2009-10 (₹ in Lacs)
Contributory Provident Fund & Employees Pension Scheme ,1995	64.93	56.73

Defined Benefit Plan

The company is having the following Defined Benefit Plans:

- Gratuity (Funded)
- Leave Encashment (Unfunded)

(₹ in Lacs)

	Gratuity (Funded) 2010-11	Leave Encashment (Unfunded) 2010-11	Gratuity (Funded) 2009-10	Leave Encashment (Unfunded) 2009-10
a) Actuarial Assumptions				
Discount rate	8.00%	8.00%	8.00%	7.80%
Expected rate of return on assets	9.25%	—	9.25%	—
Expected rate of future salary increase	6.00%	6.00%	6.00%	6.00%
b) Reconciliation of opening and closing balances of Defined Benefit obligation				
Present value of obligations as at beginning of year	221.90	102.72	181.71	87.26
Interest cost	17.75	8.01	14.54	6.54
Current Service Cost	28.74	29.05	23.59	19.63
Benefits paid	(10.48)	(14.02)	(4.23)	(8.67)
Actuarial (gain)/loss on Obligations	60.76	15.02	6.29	(2.04)
Present value of obligations as at end of year	318.68	140.79	221.90	102.72
c) Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan assets as on beginning of year	222.68	—	154.09	—
Expected return on plan assets	20.60	—	16.86	—
Contributions	27.60	—	55.96	—
Benefits paid	(10.48)	—	(4.23)	—
Actuarial Gain/(Loss) on Plan assets	0.00	—	0.00	—
Fair value of plan assets at the end of year	260.39	—	222.68	—
d) Fair value of plan assets				
Fair value of plan assets at beginning of year	222.68	—	154.09	—
Actual return on plan assets	20.60	—	16.86	—
Contributions	27.60	—	55.96	—
Benefits paid	(10.48)	—	(4.23)	—
Fair value of plan assets at the end of year	260.39	—	222.68	—
Funded status	(58.28)	(140.79)	0.78	(102.72)
Excess of Actual over estimated return on plan	—	—	—	—

(In Rupees)

	Gratuity (Funded) 2010-11	Leave Encashment (Unfunded) 2010-11	Gratuity (Funded) 2009-10	Leave Encashment (Unfunded) 2009-10
e) Actuarial Gain/Loss recognized				
Actuarial gain/(Loss) for the year – Obligation	(60.76)	(15.02)	(6.29)	2.04
Actuarial (gain)/Loss for the year – plan assets	0.00	0.00	0.00	0.00
Total (gain)/Loss for the year	60.76	15.02	6.29	(2.04)
Actuarial (gain)/Loss recognized in the year	60.76	15.02	6.29	(2.04)
f) The amounts recognized in the balance sheet				
Present value of obligations as at the end of year	318.68	140.79	221.90	102.72
Fair value of plan assets as at the end of the year	260.39	—	222.68	—
Funded status	(58.28)	(140.79)	0.78	(102.72)
Net (Asset)/liability recognized in balance sheet	58.28	140.79	(0.78)	102.72
g) Expenses Recognized in statement of Profit & Loss				
Current Service Cost	28.74	29.05	23.59	19.63
Interest cost	17.75	8.01	14.54	6.54
Expected return on plan assets	(20.60)	—	(16.86)	—
Net Actuarial (gain)/Loss recognized in the year	60.76	15.02	6.29	(2.04)
Expenses recognized in statement of Profit & Loss	86.65	52.09	27.56	24.13

26. The Company has KEI Employee Stock Option Scheme 2006 (“KEI ESOS 2006”) which was set up so as to offer and grant, for the benefit of employees (excluding promoters) of the Company, who are eligible under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, Options of the Company, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board / Committee, in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard.

The Remuneration and Compensation Committee of the Board has not granted any fresh Options during the year ended 31st March, 2011. Total Options outstanding as on 31st March, 2011 is Nil (Previous Year Nil)

27. In terms of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006, the outstanding to these enterprises are required to be disclosed. However, these enterprises are required to be registered under the Act. In absence of information about registration of the Enterprises under the above Act, the required information could not be furnished.

28. Additional information pursuant to the provision of Part-II of Schedule VI of the Companies Act, 1956.

(A) Particulars of capacity and production

Particulars	Unit	Licenced Capacity	Installed Capacity*		Actual Production	
			As at 31.03.2011	As at 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010
Cables	Kms.	N. A.	65600.000	65600.000	45787.590	42793.189
Stainless Steel Wires	Kgs.	N. A.	4800000.000	4800000.000	3916194.910	3095144.300
Winding, Flexible & House Wires	Kms.	N. A.	270000.000	270000.000	103377.074	111932.812

* Installed capacity has been certified by Chairman cum Managing Director and relied upon by Auditors.

(B) Particulars of Stocks & Sales

Particulars	Unit	Opening Stock		Closing Stock		Sales (Gross)	
		As at 01.04.2010	As at 01.04.2009	As at 31.03.2011	As at 31.03.2010	Year Ended 31.03.2011	Year Ended 31.03.2010
Cables*	Kms. (₹in Lacs)	2813.611 4,173.65	2789.234 5,271.32	2910.210 5,667.41	2813.611 4,173.65	45636.733 98,995.96	42768.025 77,341.11
Stainless Steel Wires	Kgs. (₹in Lacs)	124043.423 267.43	88958.592 158.87	126907.693 299.21	124043.423 267.43	3913330.640 8,713.38	3060059.469 5,696.88
Winding, Flexible & House Wire**	Kms. (₹in Lacs)	10393.541 1,590.76	5544.674 819.84	11908.703 1,878.29	10393.541 1,590.76	101861.912 15,733.52	107056.08 12,365.64
Traded Goods	(₹in Lacs)	0.06	2.72	0.07	0.06	50.30	85.13
Miscellaneous	(₹in Lacs)	67.01	42.21	67.10	67.01	1,892.75	1,763.60
Total		6,098.91	6,294.96	7,912.08	6,098.91	125,385.91	97,252.36

*Does not include Cable consumption for Captive purposes 54.258 Kms (Previous Year 0.787 Kms)

**Does not include Flexible & House wire consumption for Captive purposes Nil Kms (Previous Year 27.865 Kms)

(C) Particulars of Raw Materials consumed

Class of Goods	Quantity (Kgs.)		(₹ in Lacs)	
	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
Copper	10886429.170	10603961.910	44,527.67	33,807.77
PVC & DOP	26949724.570	23772524.205	16,304.92	13,581.25
G.I.Wire/S.S.Wire/Strip	16801608.000	14513463.830	8,103.06	6,920.24
Aluminium Wire	17626422.150	14115555.400	20,419.53	13,838.85
Stainless Steel Rod	4070668.200	3273359.200	6,419.81	4,019.12
Others	NA	N.A	2,093.60	1,394.56
Total			97,868.59	73,561.78
Less : Material Capitalised	—	—	24.22	2.28
Net			97,844.37	73,559.50

(D) Purchase of Trading Goods

Class of Goods	Quantity (Kgs.)		(₹ in Lacs)	
	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
Miscellaneous	N.A.	N.A.	53.66	47.65

(E) Value of Imported and Indigenous materials consumed

Class of Goods	Percentage		(` in Lacs)	
	Year ended 31.03.2011	Year ended 31.03.2010	Year ended 31.03.2011	Year ended 31.03.2010
Materials				
— Indigenous	96.07	97.53	94,021.01	71,745.07
— Imported	3.93	2.47	3,847.58	1,816.71
Total	100.00	100.00	97,868.59	73,561.78
Stores, Spares & Consumables				
— Indigenous	94.99	92.73	311.76	242.84
— Imported	5.01	7.27	16.46	19.04
Total	100.00	100.00	328.22	261.88
Packing Material				
— Indigenous	100.00	98.91	3,775.06	2,743.50
— Imported	0.00	1.09	-	30.13
Total	100.00	100.00	3,775.06	2,773.63

(F) Value of Imports on CIF basis

(` in Lacs)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Raw Materials purchases	3,955.44	1,881.91
Capital Goods	802.18	258.81
Stores, Spares & Consumables	14.91	17.77
Packing Material	-	30.13

(G) Earnings in Foreign Exchange (on Accrual Basis)

(` in Lacs)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Sales (Exports)	10,344.71	9,362.60

(H) Expenditure in Foreign Currency (on Accrual Basis)

(` in Lacs)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Manufacturing Selling & Other Expenses		
Freight, Handling, Octroi & Insurance	14.68	1.12
Rebate, Discount & Commission on Sales	185.05	339.86
Rent	15.86	14.02
Travelling & Conveyance	55.01	29.48
Communication Expenses	5.22	7.01
Royalty/Know How/Licence fee(Including Capitalised)	703.01	-
Miscellaneous Expenses	115.01	98.77
Payment to and Provisions for Employees		
Salaries, Wages & Other Benefits	57.97	57.70
Welfare Expenses	2.45	0.63
Financial Charges		
Bank Charges	0.31	-
Interest on Packing Credit Loan	-	0.40
Interest on Term Loan (Including Capitalised)	582.45	333.86
Interest on 'FCCBs' Bonds (Including Capitalised)	75.37	81.77
Others		
Listing fee	3.96	4.22

(I) Remittance in foreign currency on account of dividends:

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
The year to which dividend relates	2009-10	2008-09
Amounts of dividend remitted (₹ in Lacs)	1.16	11.92
Number of Non-Resident Shareholders / OCBs/FIIs	358	394
Number of Equity Shares	578439	5960018

Note: The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident shareholders. The particulars of dividends declared and paid to non-resident shareholders for the year 2008-09 & 2009-10 are as above.

29. (a) (i) Derivative contracts entered into by the company and outstanding:

For Hedging Currency and Interest Rate Related Risks:

Nominal amounts of derivative contracts entered into by the Company and outstanding as at 31st March 2011 amount to ₹ 4,798.09 Lacs (Previous Year ₹ 5,087.00 Lacs). Category wise break up is given below:

(₹ in Lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
Interest Rate Swap and Option Deal (net)	4,286.52	4,286.52
Forward Contracts(net)	511.57	800.48

(ii) The company has hedged interest rate and currency risk for External Commercial Borrowing ('ECB') by entering into an interest rate swap and option deal. The interest rate swap and option deal being a derivative transaction, on a going concern basis, is not likely to give rise to any loss necessitating any provision in the books of accounts of the company.

(b) (i) Amount payable in foreign currency:

Particulars	As at 31.03.2011			As at 31.03.2010		
	₹ in Lacs	Amount in Foreign Currency	Foreign Currency	₹ in Lacs	Amount in Foreign Currency	Foreign Currency
Imports of Goods & Advance Received	520.32	11.59	USD	431.78	9.18	USD
	87.21	1.40	EURO	58.57	0.95	EURO
	27.25	3.82	SEK	17.19	2.69	SEK
	—	—	GBP	1.20	0.02	GBP
Term Loan	6,901.13	154.00	USD	5,442.53	120.01	USD
	185.38	2.91	EURO	—	—	EURO
Royalty/Know How/ Licence fee	49.95	0.78	EURO	—	—	—
'FCCBs'	7,438.88	166.00	USD	7,528.10	166.00	USD
Expenses Payable	180.37	4.03	USD	116.08	3.87	USD
	1.32	0.02	EURO	5.58	0.09	EURO
	3.54	0.29	AED	4.55	0.37	AED

(b) (ii) Amount receivable in foreign currency :

Particulars	As at 31.03.2011			As at 31.03.2010		
	₹ in Lacs	Amount in Foreign Currency	Foreign Currency	₹ in Lacs	Amount in Foreign Currency	Foreign Currency
Exports of Goods & Advance Paid	849.27	19.10	USD	2,118.92	46.97	USD
	631.95	10.13	EURO	663.06	10.18	EURO
	10.07	0.14	GBP	—	—	—
	26.14	5.58	CHF	—	—	—
Imprest with Staff	0.34	0.03	AED	0.74	0.06	AED
	0.12	0.01	SAR	—	—	—
	1.78	0.04	USD	1.66	0.04	USD
	0.30	0.01	EURO	5.39	0.09	EURO
Advance With Staff	—	—	—	2.15	0.18	AED
Balance with Banks	1.96	0.16	AED	18.34	1.50	AED

30. Previous Year's figures have been regrouped / rearranged wherever necessary.

As per our Separate report of even date attached

For JAGDISH CHAND & CO.
Chartered Accountants

(PRAVEEN KUMAR JAIN)
Partner
M.No- 85629
Firm Registration Number: 000129N

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place : New Delhi
Dated : 21st May, 2011

(KISHORE KUNAL)
Company Secretary

(ADARSH JAIN)
Dy. General Manager (Finance)

(VIVEK KUMAR MITTAL)
Sr. Manager (Finance)

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Corporate Identification Number (CIN)	L74899DL1992PLC051527	State Code	55
Balance Sheet Date	31.03.2011		

II. CAPITAL RAISED DURING THE YEAR (₹ IN THOUSAND)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement*
NIL	84000

* Including Share Premium

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (₹ IN THOUSAND)

Total Liabilities	Total Assets
6034521	6034521

Source of Funds

Paid-up Capital	Share Warrants
133875	Nil
Reserves and Surplus	Secured Loan
2245313	2830940
Unsecured Loans	Deferred Tax Liability
787711	36682

Application of Funds

Net fixed assets	Investments
3119978	30817

Net Current assets**
2883726

** Net of current liabilities & provisions

IV. PERFORMANCE OF COMPANY (₹ IN THOUSAND)

Turnover	Total Expenditure
12377066	12198198
Profit/(Loss) Before Tax	Profit After Tax
178868	105582
Earning Per share	Dividend Rate %
1.64	10

V. GENERIC NAME OF PRINCIPAL PRODUCT/SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code No.	85
(ITC Code)	
(Production Description)	CABLES
Item Code No.	72
(ITC Code)	
(Production Description)	STAINLESS STEEL WIRE
Item Code No.	85
(ITC Code)	
(Production Description)	WINDING WIRE

(ANIL GUPTA)

Chairman-cum-Managing Director

(RAJEEV GUPTA)

Executive Director (Finance)

Place : New Delhi

Dated : 21st May, 2011

(KISHORE KUNAL)

Company Secretary

(ADARSH JAIN)

Dy. general Manager (Finance)

(VIVEK KUMAR MITTAL)

Sr. Manager (Finance)

Notice

THE 19TH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD AT SRI SATHYA SAI INTERNATIONAL CENTRE, PRAGATI VIHAR INSTITUTIONAL AREA, LODHI ROAD, NEW DELHI - 110 003 ON THURSDAY THE 15TH DAY OF SEPTEMBER, 2011 AT 10.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March 2011 and Balance Sheet as at that date and the report of the Board of Directors and the Auditors of the Company thereon.
2. To consider declaration of dividend for the financial year ended 31st March 2011.
3. To appoint a Director in place of Mrs. Archana Gupta, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. K.G. Somani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. JAGDISH CHAND & CO., Chartered Accountants (Firm Registration number 000129N), as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as **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, read with Schedule XIII of the said Act, and subject to other approvals as may be necessary, the members of the Company hereby accord its approval for revision /

increase in remuneration of Mr. Anil Gupta, Chairman-cum-Managing Director (CMD) of the Company with effect from **August 01, 2011 to June 30, 2013** on the terms & conditions set out here below and with further discretion to the Board / Committee to alter from time to time the said terms in such manner as it may deem fit in the best interest of the Company and agreed to with Mr. Anil Gupta.

The remuneration payable by way of salary, perquisites and commission be as follows:

- (a) **Salary:** ₹ 12,00,000/- per month.
- (b) **Perquisites:**

Perquisites shall be restricted to an amount equal to not exceeding ₹ 21,00,000/-per annum. The said perquisites are classified into following three categories A, B & C.

The value of perquisites would be evaluated as per Income Tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.

- (c) **Commission:**

Up to 5% of the Net Profit less remuneration payable under point no.(a) & (b) above, calculated as per the provisions of Section 198 of the Companies Act, 1956.

Categories of Perquisites:

Category – A

- i) **Housing:** The expenditure by the Company on hiring furnished / unfurnished accommodation for him will be subject to the following ceilings:
 - a) ₹ 1,00,000/- per month.
In case the accommodation provided to him is owned by the company, ten percent of his salary be deducted by the Company.
 - b) In case the company does not provide him accommodation, he will be paid rent allowance at the rate of ₹ 1,00,000/- per month.

The expenditure incurred by the company on gas, electricity, water and furnishings evaluated as per Income Tax Rules, 1962.

- ii) **Medical Reimbursement:** Expenses incurred for himself and his family subject to ceiling of half month's salary in a year.
- iii) **Club Fees:** Fees of clubs to a maximum of two clubs. This will not include admission and life membership fees.

Category – B

The company's contribution for him to provident fund, superannuation fund or annuity fund in accordance with the Rules and Regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Category – C

Car with a driver for use on the company's business and telephone at residence provided that personal long distance calls on telephone and use of car for private purpose shall be billed by the company to him. The provision of car and telephone will not be considered as perquisites".

"RESOLVED FURTHER THAT the minimum remuneration and perquisites to be paid in the event of absence or inadequacy of profits in any financial year during his tenure of office shall be as per Schedule XIII of the Companies Act, 1956, as may be amended from time to time".

"RESOLVED FURTHER THAT the Board / Committee of Directors of the Company or such Officer(s) / Authorised Representative(s) as may be authorised by the Board be and are hereby authorized to file the necessary applications, documents with, inter alia, the Registrar of Companies and to do all such acts, deeds, matters and things as may be deemed necessary, proper or expedient for the purpose of giving effect to the above resolution and for matters connected herewith or incidental hereto."

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as **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 read with Schedule XIII thereof (including any statutory modifications and re-enactment thereof, for the time being in force) the members of the Company hereby accord its approval for re-appointment of Mr. Rajeev Gupta as Executive Director (Finance) for a period of 5 years with effect from **April 01, 2011 to March 31, 2016** on the terms and conditions including

remuneration as set out here below and with further discretion to the Board / Committee to alter from time to time the said terms in such manner as it may deem fit in the best interest of the Company and agreed to with Mr. Rajeev Gupta:

- (a) **Salary:** ₹ 1,91,400/- per month, with annual increments up to 35% p.a., effective 1st April each year, as may be decided by the Board / Committee of Directors of the Company.
- (b) **Perquisites:** Perquisites shall be classified into following three categories A, B & C.

Category-A

- i) **Housing:**
Rent allowance at the rate of ₹ 52,000/- per month (with annual increments up to 35% p.a.)
- ii) **Other Allowances:**
 - (a) Education Allowance: ₹ 2,000/- (per month with annual increments up to 35% p.a.)
 - (b) Special Allowance: ₹ 48,190/- (per month with annual increments up to 35% p.a.)
 - (c) Conveyance Allowance: ₹ 35,440/- (per month with annual increments up to 35% p.a.)
- iii) **Medical Reimbursement:** Expenses incurred for himself and his family subject to ceiling of half month's basic salary in a year.
- iv) **Leave Travel Allowance:** Leave Travel Allowance for self and members of his family subject to ceiling of one and half month's salary in a year or three months salary over a period of two years.
- v) **Leave Encashment:** Leave encashment as per Company rules.

Category-B

The company's contribution for him to provident fund, superannuation fund, gratuity fund and annuity fund in accordance with the Rules and Regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

Category-C

Car with a driver for use on the company's business and telephone at residence provided that personal long distance calls on telephone and use of car for private purpose shall be billed by the company to him. The provision of car and telephone will not be considered as perquisites".

“RESOLVED FURTHER THAT the minimum salary and perquisites to be paid in the event of absence or inadequacy of profits in any financial year during his tenure of office shall be as per Schedule XIII of the Companies Act, 1956, as may be amended from time to time”.

“RESOLVED FURTHER THAT the Board / Committee of Directors of the Company or such Officer(s) / Authorised

Representative(s) as may be authorised by the Board be and are hereby authorized to file the necessary applications, documents with, inter alia, the Registrar of Companies and to do all such acts, deeds, matters and things as may be deemed necessary, proper or expedient for the purpose of giving effect to the above resolution and for matters connected herewith or incidental hereto”.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. PROXY FORM IS ATTACHED HEREWITH.**
2. The instrument appointing the proxy should however be deposited at the Registered office of the company not less than 48 hours before the commencement of the meeting.
3. Member / proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
4. Annual Report is available at the website of the Company at www.kei-ind.com in the Investor Relations section.
5. The Register of Members and Share Transfer Books will remain close from September 10, 2011 to September 15, 2011 (both days inclusive).
6. Dividend, if declared at the AGM will be paid to those Members whose names appear on the Company's Register of Members on September 15, 2011. In respect of shares held in electronic form, the dividend will be payable to those who are the beneficial owners of shares at the close of business hours on September 09, 2011, as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
7. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote in their behalf at the Meeting.
8. All documents referred to in the Notice and accompanying Explanatory Statement, as well as the Annual Report, are open for inspection at the Registered Office of the Company on all working days, except Sunday and other holidays, between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.
9. Members holding shares in physical form are requested to notify any change of address, bank mandates, if any, to the Registrar and Share Transfer Agent MAS SERVICES LTD., T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020, Ph:- 26387281/ 82/83, Fax:- 26387384, email:- info@masserv.com, website : www.masserv.com and / or the Company Secretary or to their respective depository participants if the shares are held in electronic form.
10. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 7 days in advance, so as to enable the Company to keep the information ready.
11. Pursuant to Section 205A of the Companies Act, 1956 read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2002, all unclaimed / unpaid dividend up to the financial year ended 31.03.2003 has been transferred to the Investor Education and Protection Fund set up by the Central Government account and no claim can be admitted in respect of this fund. Members are therefore requested to en-cash their dividend warrants immediately for subsequent financial years. Members are requested to write to the Company and / or Share Transfer Agents, if any dividend warrant is due and pending to be paid so that fresh / revalidated warrants could be issued by the company.
12. At the ensuing Annual General Meeting, Mrs. Archana Gupta and Mr. K.G. Somani, retire by rotation and being eligible offer themselves for re-appointments. The information or details pertaining to director to be provided in terms of Clause 49 of the listing agreement with the Stock Exchange are annexed herewith.

By Order of Board of Directors
for **KEI INDUSTRIES LIMITED**

Place : New Delhi
Dated : August 08, 2011

(Kishore Kunal)
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 6

At the 16th Annual General Meeting of the Company held on August 28, 2008, the members of the company had approved the re-appointment of Mr. Anil Gupta as Chairman-cum-Managing Director of the Company for a period of 5 years with effect from July 01, 2008.

Mr. Anil Gupta has been on the Board of Directors of the Company since formation of the Company. He is B.Com and has about 30 years of experience in managing the KEI group of companies, as a partner of erstwhile Krishna Electrical Industries thereafter as Chairman-cum-Managing Director of M/S KEI INDUSTRIES LIMITED which has successfully executed implementation of SS Wire manufacturing project at Bhiwadi, setting up of new / expansion project of EHV / HT / LT Cable at Bhiwadi in Rajasthan & Silvassa. Under his leadership, the Company has ventured into manufacturing of Extra High Voltage (EHV) cables ranging from 66kV to 220kV at its manufacturing facilities located at Bhiwadi & Chopanki, district, Alwar, Rajasthan in Foreign Technical Collaboration Agreement with Brugg Kabel A.G, Switzerland.

He looks after the policies of marketing, production, quality control and product development. As CMD of the Company he is responsible for motivating the team of professionals to implement management policies.

Pursuant to approval received from MCA vide its letter dated May 12, 2011 for annual remuneration of ₹ 99.00 lacs and subject to shareholder's approval, the Remuneration & Compensation Committee and the Board of Directors at their meeting held on May 21, 2011 and August 08, 2011 respectively have revised / increased remuneration payable to Mr. Anil Gupta, Chairman-cum-Managing Director of the Company **with effect from August 01, 2011 till June 30, 2013** (i.e. for a period of 1 year & 11 months) on the terms and conditions set out in the resolution under Item No. 6.

Increase in remuneration of Mr. Anil Gupta, Chairman-cum-Managing Director (CMD) of the Company requires the approval of the members in terms of Part III of Schedule XIII to the Companies Act, 1956 and the remuneration payable also requires the approval of the Members of the Company under Section 309 of the Companies Act, 1956.

The Board considers that the remuneration payable to Mr. Anil Gupta is commensurate with his duties and responsibilities as the Chairman-cum-Managing Director of the Company.

Therefore, the Special Resolution at ITEM NO.6 is placed before the members for their approval.

Mr. Anil Gupta is interested in the remuneration payable to him. Mrs. Archana Gupta, being related to him may be deemed to be interested in this resolution.

This may be regarded as an abstract of Mr. Anil Gupta's terms of appointment and remuneration payable to him as

CMD of the Company and Memorandum of interest under Section 302 of the Companies Act, 1956.

Mr. Anil Gupta is holding 13458806 equity shares of face value of ₹ 2/- each of the Company.

None of the Director other than Mr. Anil Gupta & Mrs. Archana Gupta are in any way concerned or interested in the said resolution.

ITEM NO. 7

At 14th Annual General Meeting of the Company held on 15th June 2006, members of the Company had approved appointment of Mr. Rajeev Gupta as Executive Director (Finance) for a period of 5 years w.e.f. April 21, 2006. Prior to his appointment as Executive Director (Finance), Mr. Rajeev Gupta was working as Head of Accounts & Finance of the Company for approximately 13 years. He has about 18 years of experience. His innovative guidance in managing the Finance of the Company has helped the Company to grow in a significant manner. His valuable contribution and guidance has helped the Company to achieve the future targets in sales and value. Considering his invaluable contribution & dedication in the management of the Company he has been proposed to be re-appointed as the Executive Director (Finance) for a fresh term of five years with effect from April 01, 2011. The detailed terms and conditions of re-appointment of Mr. Rajeev Gupta and remuneration payable to him are set out in resolution under ITEM No.7.

Subject to shareholder's approval, the Board of Directors at their meeting held on February 05, 2011 have re-appointed Mr. Rajeev Gupta as Executive Director (Finance) for a period of 5 years w.e.f. **April 01, 2011 till March 31, 2016** on the terms and conditions set out in the resolution under Item No.7.

The terms of re-appointment and remuneration of Mr. Rajeev Gupta will require approval of the members of the Company. Therefore, the Special Resolution at ITEM No.7 is placed before the members for their approval.

Mr. Rajeev Gupta holds 18910 equity shares of the Company.

This may be regarded as an abstract of Mr. Rajeev Gupta's terms of re-appointment and remuneration payable to him as Executive Director (Finance) of the Company and Memorandum of interest under Section 302 of the Companies Act, 1956.

None of the Director other than Mr. Rajeev Gupta is in any way concerned or interested in the said resolution.

By Order of Board of Directors
for **KEI INDUSTRIES LIMITED**

Place : New Delhi
Dated : August 08, 2011

(Kishore Kunal)
Company Secretary

ANNEXURE TO NOTICE

Information under clause 49 of the Listing Agreement:

- Directors seeking re-appointment under ITEM NO.3, 4 & 7 of the Notice.

- a) Name : Mrs. Archana Gupta
Date of Appointment : 31.01.2005
Educational Qualification : BA (Hons)
Expertise in specific functional area :

Mrs. Archana Gupta was inducted as an Additional Director by the Board of Directors on January 31, 2005. Later the members of the Company approved her appointment as Directors, liable to retire by rotation, at AGM held on June 30, 2005. Mrs. Archana Gupta is BA (Hons) and has been associated with the Group for a long period. She is looking after day to day affairs of the Company's Stainless Steel Wire Segment at Bhiwadi (Rajasthan).

Mrs. Archana Gupta is holding 8,37,315 equity shares of face value of ₹ 2/- each of the Company.

- List of outside Directorship:
- 1) KEI Cables Pvt. Ltd
 - 2) Soubhgaya Agency Pvt. Ltd
 - 3) Projection Financial & Management Consultant Pvt. Ltd
 - 4) Dhan Versha Agency Pvt. Ltd.
 - 5) Shubh Laxmi Motels & Inns Pvt. Ltd.
 - 6) KEI International Ltd.
 - 7) KEI Power Ltd.

Chairman/Member of the Committee of the Board of Directors of all Companies:

Name of Body Corporate	Name of Committee	Chairman/Member
KEI Industries Ltd.	Finance Committee	Member

- b) Name : Mr. K.G. Somani
Date of Appointment : 02.08.1994
Educational Qualification : B.Com., F.C.A, A.C.I.S, ACS
Expertise in specific functional area :

Mr. K.G. Somani qualified as a Chartered Accountant in the year 1963. He is a fellow member of The Institute of Chartered Accountants of India. He was elected as a member of the Central Council of the Institute of Chartered Accountants of India in the year 1979, and was a Council Member during 1979-1992.

He was the President of The Institute of Chartered Accountants of India in 1988-89. He has worked on all the standing committees during his continued membership of the council during 1979-1992. He was Chairman of Professional Development Committee, Board of Studies and Company Law Committee of the Institute during this period.

He is also a qualified member of Institute of Company Secretaries of India.

He was the Chairman of the Technical Standards Committee of South Asian Federation of Accountants (SAFA). He has participated in a large number of Seminars & Conferences all over India & Abroad.

Mr. Somani was a member of the Central Direct Tax Advisory Committee during 1988-89. He was the Indian nominee on the Council of International Federation of Accountants, Newyork during June 1990 to December, 1992.

He is partner of M/s K.G. Somani & Co., Chartered Accountants, New Delhi and has been in Public Practice for over 35 years. He has been auditing the accounts of Nationalised Banks, Insurance Companies, Government and Public Companies.

He has sound knowledge of Finance, Companies Act, tax laws and has handled a large number of audits and cases related to sick units before B.I.F.R. and its Appellate Authority.

He holds 1000 equity shares of face value ₹ 2/ each of the Company.

List of outside Directorship :
 1) K.G.Somani Mangement Consultants (P) Ltd.
 2) NTB Bowsmith Irrigation Ltd

Chairman/Member of the Committee of the Board of Directors of all Companies:

Name of Body Corporate	Name of Committee	Chairman/Member
KEI Industries Ltd.	Finance Committee	Member

c) Name : Mr. Rajeev Gupta
 Date of Appointment : 21.04.2006
 Educational Qualification : B.Com (Hons.), F.C.A
 Expertise in specific functional area :

He is B.Com (Hons) and a Fellow member of The Institute of Chartered Accountant of India. He has been working as Head of Finance & Accounts of the Company for approximately 18 years. He was inducted in the Board in 2006. His innovative guidance in managing the Finance of the Company has helped the Company to grow in a significant manner. His valuable contribution & guidance will also help the company to achieve the future targets in Sales and value.

He holds 18910 equity shares of face value ₹ 2/- each of the Company.

List of outside Directorship : None

Chairman/Member of the Committee of the Board of Directors of all Companies:

Name of Body Corporate	Name of Committee	Chairman/Member
KEI Industries Ltd.	Finance Committee	Member

ADDITIONAL INFORMATION AS REQUIRED PURSUANT TO SCHEDULE XIII OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO 6 & 7 OF THE NOTICE:

MR. ANIL GUPTA & MR. RAJEEV GUPTA:

I. GENERAL INFORMATION

(1)	Nature of Industry	The Company is engaged in manufacturing of Electrical Cables & Wires.
(2)	Date or expected date of commencement of commercial production	The Company is already in existence and is in operation since December 31, 1992.
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not Applicable.
(4)	Financial Performance for last 3 years is given below:	

(₹ In Crores)

Particulars	FY 2011	FY 2010	FY 2009
Net Sales	1159.29	909.25	969.68
Other Income	8.86	15.37	32.04
Increase / (decrease) in Stock	69.55	25.57	-62.03
Total Income	1237.71	950.19	939.69

(₹ In Crores)

Particulars	FY 2011	FY 2010	FY 2009
Total Expenditure	1219.82	932.93	945.8
Profit before tax	17.89	17.26	-6.11
Provision for tax (including FBT, Deferred Tax)	7.31	2.98	-8.45
Profit after tax	10.58	14.28	2.34
Add / (Less) Taxation for earlier years	0.02	0.05	1.09
Net Profit	10.56	14.23	1.25
Appropriation			
Proposed Dividend	1.34	1.28	1.22
Provision for tax on Proposed Dividend	0.22	0.21	0.21
Paid up Share Capital	13.39	12.79	12.19
Reserves and Surplus (excluding revaluation reserve)	224.53	204.93	184.39

(5)	Export performance and net foreign exchange collaborations	Export performance of the Company for the last three years are: FY 2011: ₹103.45 Crores FY 2010: ₹93.63 Crores FY 2009: ₹162.09 Crores
(6)	Foreign investments or collaborators, if any.	Company had signed Foreign Technical Collaboration Agreement with Brugg Kabel A.G, Switzerland for manufacturing of Extra High Voltage (EHV) cables ranging from 66kV to 220kV at its manufacturing facilities located at Bhiwadi & Chopanki, district, Alwar, Rajasthan.

II. INFORMATION ABOUT THE APPOINTEE

(A): Mr. Anil Gupta: Chairman-cum-Managing Director (CMD)

(1)	Background details	<p>He has been on the Board of Directors of the Company since formation of the Company i.e. 31/12/1992. He joined the business as partner of erstwhile Krishna Electrical Industries in the year 1982 along with his father. After death of his father in 1993, under his leadership Company did its first Public Issue in 1995 and has moved up to the present level of turnover of ₹ 1254 Crores.</p> <p>He is B.Com and has about 30 years of experience in managing the KEI group of companies, as a partner of erstwhile Krishna Electrical Industries thereafter as CMD of M/S KEI INDUSTRIES LIMITED which has successfully executed implementation of SS Wire manufacturing project at Bhiwadi, setting up of new / expansion project of HT / LT Cable at Bhiwadi in Rajasthan & Silvassa. Besides, he has successfully set up 100% Export Oriented Undertaking (EOU) at Chopanki Dist. Alwar, Bhiwadi (Rajasthan). Under his leadership,</p>
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		the Company has entered into Foreign Technical Collaboration Agreement with Brugg Kabel A.G, Switzerland for manufacture of Extra High Voltage (EHV) cables ranging from 66kV to 220kV at its manufacturing facilities located at Bhiwadi & Chopanki, district, Alwar, Rajasthan. He looks after the policies of marketing, production, quality control and product development. As CMD of the Company he is responsible for motivating the team of professionals to implement management policies.
(2)	Past remuneration:	Salary: ₹ 84,00,000/- per annum Perquisites: ₹ 15,00,000/- per annum. The Ministry of Corporate Affairs, Govt. of India has approved annual remuneration of ₹ 99,00,000/- to Mr. Anil Gupta, CMD pursuant to Section 198, 309 (3) and 310 r/w Section 637A & 637AA vide its letter dated May 12, 2011.
(3)	Recognition or awards	None
(4)	Job profile and his suitability	Mr. Anil Gupta, being the Chairman-cum-Managing Director of the Company is entrusted with substantial powers of management in relation to normal business matters. He looks after policies of marketing, production, quality control and product development. As CMD of the Company he is responsible for motivating the team of professionals to implement management policies.
(5)	Remuneration proposed:	As per resolution under Item No.6
(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The proposed remuneration is reasonably justified in comparison with the general market trends, size of the Company and remuneration package of top level managerial persons having comparative qualifications and experience.
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	There is no other pecuniary relationship of Mr. Anil Gupta, Chairman-cum-Managing Director with the Company except the Remuneration payable to him as CMD and shares held by him and his relatives in the Company. There is no relationship of Mr. Anil Gupta with any other Managerial Personnel except Mrs. Archana Gupta, a Non-executive director of the Company.

(B): Mr. Rajeev Gupta: Executive Director (Finance)

(1)	Background details	He has been on the Board of Directors of the Company since April 21, 2006. He joined the Company in 1994. He is B.Com and Chartered Accountant and has about 18 years of experience in managing the financial affairs of the Company. He has been instrumental in raising funds for the Company for Expansion/ Modernization Projects of the Company. He looks after the Finance & Accounts Department of the Company.
(2)	Past remuneration:	Salary & Perquisites: ₹ 40,96,896/- per annum during FY 2010-11.
(3)	Recognition or awards	None

(4)	Job profile and his suitability	<p>Mr. Rajeev Gupta, being Executive Director (Finance) of the Company is entrusted with substantial powers of management in relation to financial matters, strategic planning and development of the Company. Mr. Rajeev Gupta looks after the Financial planning of the company and reporting to higher management.</p> <p>As Executive Director (Finance) of the Company he is responsible for motivating the team of professional to implement the Financial Policies.</p>
(5)	Remuneration proposed:	As per resolution under Item No.7
(6)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The proposed remuneration is reasonably justified in comparison with the general market trends and remuneration package of top level managerial persons having comparative qualifications and experience.
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	There is no other pecuniary relationship of Mr. Rajeev Gupta, Executive Director (Finance) with the Company except the Remuneration payable to him as ED (Finance) and shares held by him and his relatives in the Company. .

III. OTHER INFORMATION

(1)	Reasons for loss or inadequate profits	The Company has been making profit since inception. The Company has also good dividend payment record. The Company has never been into loss since inception. During financial year 2008-09, global meltdown coupled with sharp fall in the inventory price led to operational loss. During FY 2010-11 Company has been able to improve its performance but the profit is inadequate due to margin pressure, low capacity utilization and competition in the Industry.
(2)	Steps taken or proposed to be taken for improvement	The Company has taken various steps to improve productivity and increase operational efficiency. Margin is slowly improving with the strong order book position. Further, Company has entered into manufacturing of Extra High Voltage (EHV) cables ranging from 66KV to 220KV which has higher margin in comparison to HT / LT cables and has also ventured into Engineering, Procurement and Construction (EPC) space.
(3)	Expected increase in productivity and profits in measurable terms	The company is expected to close the current financial year with improved production and profits.

IV. DISCLOSURES:

- (1) The Shareholders of the Company shall be informed of the remuneration package of Mr. Anil Gupta & Mr. Rajeev Gupta as per the provisions of applicable laws.
- (2) Requisite disclosure regarding, remuneration etc has been disclosed as a part of the Board of Director's Report under the heading "Corporate Governance" attached to the Annual Report of the Company.

Appeal to Shareholders

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative" in Corporate Governance by allowing paperless compliance by companies through electronic mode. In accordance with the circulars bearing No.17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011 issued by Ministry of Corporate Affairs, Companies can now send various notices/ documents including Notice calling Annual General Meeting , Audited Financial Statements, Director's Report, Auditor's Report etc., to their shareholders through electronic mode, to the registered e-mail address of the shareholders.

In furtherance of the initiative, the company will send all future communications and notices/ documents in electronic form at the registered e-mail id of the shareholders.

We therefore, request and encourage you to register / update your e-mail address in respect of electronic holdings with the Depository through your Depository Participants. Members who hold shares in physical form are requested to notify / update their e-mail address to the Registrar and Share Transfer Agents (RTA) viz. M/s Mas Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020, Ph:- 26387281/82/83, Fax:- 26387384, email:- info@masserv.com, website: www.masserv.com, so as to facilitate the communications with you in the electronic mode.

However, please note that you will be entitled to be furnished, free of cost, physical copy of these documents upon receipt of a requisition from you, as a member of the Company.



KEI INDUSTRIES LIMITED

Regd. Office : D-90, Okhla Industrial Area, Phase - I, New Delhi - 110 020.

PROXY FORM

I/We
of.....being a member/members
of the above names Company hereby appoint.....of.....
or failing him/her.....of.....
as my/our Proxy to vote for me/us on my/our behalf at the 19th Annual General Meeting of the Company to be held
on Thursday, the September 15, 2011 at 10.30 A.M. and at any adjournment thereof.

Affix
Rupee One
Revenue
Stamp

Signed this day of 2011.

Signature.....

Regd. Folio No.....

D.P. ID. No.*.....

Address

Client ID No.*.....

No. of Shares.....

Note : This form in order to be effective should be duly stamped, completed and signed must be deposited with the
Company's Registered office not less than 48 hours before the time for holding the aforesaid Meeting.

* Applicable for Investors holding Shares in Electronic Form.

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KEI INDUSTRIES LIMITED

Regd. Office : D-90, Okhla Industrial Area, Phase - I, New Delhi - 110 020.

ATTENDANCE SLIP

Annual General Meeting : September 15, 2011

Regd. Folio No.....

DP. ID. No.*.....

Client ID No.....

Mr./Ms.....

Father's/Husband's Name.....

Address.....

I certify that I am a registered Shareholder/Proxy for the registered Shareholder of the Company.

I hereby record my presence at the 19th Annual General Meeting of the Company at Sri Sathya Sai International
Centre, Pragati Vihar Institutional Area, Lodhi Road, New Delhi - 110003

.....
Member's / Proxy's Name in Block Letters

.....
Member's/Proxy's Signature

Note :

- 1) Please fill in this attendance slip and hand it over at the entrance of the Meeting Hall.
- 2) Member's Signature should be in accordance with the specimen signature registered with the Company.
- 3) Please bring your copy of the Annual Report for reference at the Meeting.

* Applicable for investors holding shares in electronic form.

Unit-1

SP-919/920/922 RIICO Industrial Area,
Phase-III, Bhiwadi, Distt. Alwar-301019, Rajasthan
Tel: (01493)-220106/221731
Fax: 221731 E-mail: bhiwadi@kei-ind.com

Unit-2

99/2/7, Madhuban Industrial Estate, Rakholi,
Silvassa-396230, Dadra & Nagar Haveli
Tel: (0260)- 2644404/2630944
Fax: 2645896 E-mail: silvassa@kei-ind.com

Unit-3

A 280/281/282/283/284 RIICO Industrial Area (Chopanki)
Distt. Alwar-301019, Rajasthan
Tel: (01493)-260202/06
Fax: 260203 E-mail: chopanki@kei-ind.com

Marketing Office (Mumbai)

101/102, Vastu Shilp, Vastu Enclave, Andheri Pump House,
Andheri (East), Mumbai-400093
Tel: (022)-28239673, 28375642
Fax: 28258277 E-mail: mumbai@kei-ind.com

Jaipur Office

7 Kailash Path, Suraj Nagar (W) Civil Lines,
Jaipur-302006
Tel: (0141)-5179279, 09829036095
Fax: 2221707 E-mail: jaipur@kei-ind.com

Pune Office

Office No. 410, Amit Court, Behind Mangala Talkies,
Shivajinagar, Pune-411005
Tel: (020)-30526258/ 30524765, 9822048426
E-mail: pune@kei-ind.com

Baroda Office

803, Siddharth Complex, Near Hotel Express,
R.C. Dutt Road, Baroda-390007
Tel: (0265)-6539719, 2341831 Fax: 2334161
E-mail: baroda@kei-ind.com

Bangalore Office

72/2, Ground Floor, Railway Parallel Road,
Kumara Park West, Bangalore-560020
Tel: (080)-23466260
E-mail: bangalore@kei-ind.com

Chennai Office

F-1, Sir Usman Court, New No. 63 (Old No. 27),
Eldams Road, Teynampet, Chennai-600018
Tel: (044)-42009120 Fax: 044-42009130
E-mail: chennai@kei-ind.com

Hyderabad Office

Plot No. 76, H.No. 3-14-52/1, Shubodaya Colony,
Near Little Chums School, Mansoorabad,
Vanasthalipuram, Hyderabad-500070
Tel: (040)-20064358, 09985522558, 09985577886
Fax: 24024260 E-mail: hyderabad@kei-ind.com

Kolkata Office

33, Dr. Sundari Mohan Avenue, 1st Floor,
Kolkata-700014
Tel: (033)-22866696, 09831806270
Fax: 22866697 E-mail: kolkata@kei-ind.com

Chandigarh Office

SCO 84, 1st Floor, Swastik Vihar, Sector-5, Panchkula-134109
Tel: (0172)-4416301
Fax: 4416300 E-mail: chandigarh@kei-ind.com

Bhopal Office

S-13, Thada Ram Complex, M.P.Nagar Zone-I,
Bhopal (MP) - 462011, Tel: 09752531145
E-mail: bhopal@kei-ind.com

Bhubaneswar Office

C/21, Palashpalli, Near N.C.C. Office,
Bhubaneswar-751012
Tel: 09238396638, E-mail: bhubneswar@kei-ind.com

Chhatisgarh Office

Soubhagya, 72/10, Nehru Nagar (West),
Bhilai-490020, Chhattisgarh
Tel: 09630019494, nE-mail: chhatisgarh@kei-ind.com

Kanpur Office

8/6, F.M. Colony, Civil Lines, Kanpur-208001
Tel: 09839081711, Email: kanpur@kei-ind.com

Goa Office

F-1, Shetye Apartments, Antilpeth, Bicholim, Goa-403504
Tel: 09765394685, E-mail: goa@kei-ind.com

Nagpur Office

103, Misal Layout, Nagpur-440014
Tel: 09822473774, E-mail: nagpur@kei-ind.com

Cochin Office

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