



KEI Industries Limited

Annual Report 2012-13



KEI
Wires and Cables



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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

State Bank of Hyderabad

ING Vysya Bank Ltd.

Standard Chartered Bank

ICICI Bank Ltd.

State Bank of Patiala

IndusInd Bank Ltd.

State Bank of Bikaner and Jaipur

Indian Overseas Bank

Corporation Bank

The Lakshmi Vilas Bank Ltd.

Development Credit Bank Ltd.

IDBI 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:- info@kei-ind.com

website : www.kei-ind.com

KEY MANAGEMENT PERSONNEL

Mr. Lalit Sharma, *COO*

Mr. S.L. Kakkar, *President*

Mr. Manoj Kakkar, *Sr. Vice President (Marketing)*

Mr. P.K. Aggarwal, *Sr. Vice President (Corporate)*

Mr. K.C. Sharma, *Sr. Vice President (Operation)*

Mr. Manish Mantri, *Vice President (EPC)*

Mr. Arvind Shrowty, *Corporate Advisor*

Mr. A.K. Maity, *Vice President (Operation)*

Mr. Dilip Barnwal, *Vice President (Operation-Silvassa)*

Mr. Munishvar Gaur, *VP (Marketing-North & East- Cables)*

Mr. N.K. Bajaj, *VP (Marketing-Wires & Flexibles)*

Mr. Naval Singh Yadav, *Sr. GM (Technical)*

Mr. Alok Saha, *GM (Marketing)*

Mr. Umesh B. Kank, *GM (Marketing)*

Mr. M.V. Gananath, *GM-Sales & Marketing*

Mr. Keshav K. Mitra, *GM-Sales & Marketing*

Mr. Deepak Manchanda, *GM (Business Development)*

Mr. Ajay Mehra, *GM (Works-Bhiwadi)*

Mr. Adarsh Jain, *GM (Finance)*

Mr. Gaurav Sahi, *Head-Corporate Communication*

Mr. Pawan Kumar Jain, *GM (EPC)*

Mr. Kunal Gupta, *GM (International Marketing)*

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.

Chairman's Letter

Dear Shareholders,

The operating economic and market environment of the past 12 months continued to pose challenges and threaten growth momentum however, I am delighted to report that your Company has been able to maintain its turnover during the year 2012-13 with improved profitability at the operating level. I am indeed delighted to share the important highlights and steady performance of your Company during the last 12 months.

Business Overview

Financial Performance

Despite the worldwide economic challenges, your Company was able to maintain its turnover while the Operating profit has improved from the last year. Financially, your Company reported a Gross Sales of ₹ 181228.30 lacs during financial year 2012-13 as compared to ₹ 185295.16 lacs in the previous financial year, showing marginal decline in sales of 2%. Cables (including EHV Cable) contributed 71 %; Winding, Flexible & House wires contributed 15%; Income from Turnkey Projects was 7% while Stainless Steel Wire contributed 5% and others 2% towards achievement of total sales. During the year under review, Operating Profit of the Company has improved to ₹ 15007.48 lacs from ₹ 13053.44 lacs and Profit Before Tax stood at ₹ 4307.61 lacs and Net profit at ₹ 2633.70 lacs respectively.

Extra High Voltage (EHV)

Your Company being only the third Indian cable manufacturer that can produce EHV cables upto 220 kv, it sharpens our competitive edge, further strengthens our principal positioning in the cables industry, and gives us the right foundation to harness the opportunities slated to emanate from power projects in the country.

House Wires – Retail Segment

Our Winding, Flexible & House wires segment continued to deliver and contribute to nearly 15% of our total topline. Our focused efforts in brand building, awareness creation for acceptance of products and market penetration through a fast growing dealer-distribution network has helped our brand become a household name amongst its user segment. The pinnacle of our performance in this space was the receipt of the Consumer Superbrand Status which truly testifies our product quality, market reach and brand acceptance.

Going Ahead

Deeper penetration into the Extra High Voltage segment by virtue of pre-qualification with all major utilities in the country is a top agenda at KEI. Retail business will continue to remain a priority with all efforts to fortify the dealer-distribution network aggressively with the aim of being present across the length and breadth of the country. We want our House wires brand to be a household name and brand of first recall amongst its target groups. On the International Business Operations, Africa along with other ex-CIS countries emerged as our focus geographies for extending our footprint. Our exports strategy will be driven by the geo-political dynamics of different countries where we operate and consistent improvement in capacity utilization coupled with cost efficiencies will be central to our profitability index.

On a Closing Note

Despite the significant economic uncertainty which exists around the globe, we feel that, whilst remaining cautious, the progress that we have made over the past years leaves us well placed to face the challenges, and take advantage of the opportunities as they open up in the current financial year and beyond.

I would like to thank all KEI members and the Board of Directors without whose support this remarkable performance would not have been possible. I express my grateful appreciation for the assistance and co-operation received from vendors, customers, banks, financial institutions, Central and State Government bodies, dealers, and other business associates. I deeply acknowledge the trust and confidence placed by all the shareholders.

Sincerely,

Anil Gupta

Chairman-cum-Managing Director

EIGHT YEAR FINANCIALS

(figures in crores)								
PARTICULARS	2006	2007	2008	2009	2010	2011	2012	2013
PAID UP CAPITAL	10.09	11.79	12.16	12.19	12.79	13.39	13.39	14.05
CAPITAL EMPLOYED	137.99	368.85	375.34	369.63	365.97	455.70	420.37	441.75
SALES	341.35	681.51	980.65	1055.76	972.52	1257.68	1852.95	1812.28
LESS: EXCISE DUTY	41.18	77.60	107.02	86.08	63.28	94.57	130.65	153.93
NET SALES	300.17	603.91	873.63	969.68	909.24	1163.11	1722.30	1658.35
PBDIT	45.80	87.38	109.84	62.08	76.33	93.75	151.70	172.87
PBIT	43.11	81.73	101.72	50.51	61.66	77.14	132.16	152.43
PBT	33.65	57.99	64.81	-6.11	17.26	17.82	36.00	43.08
NET PROFIT	26.01	40.17	43.52	1.25	14.23	10.56	24.33	26.34
PROFITABILITY RATIOS								
PBDIT	15.26	14.47	12.57	6.40	8.39	8.06	8.81	10.42
PBIT	14.36	13.53	11.64	5.21	6.78	6.63	7.67	9.19
PBT	11.21	9.60	7.42	-0.63	1.90	1.53	2.09	2.60
NET PROFIT	8.66	6.65	4.98	0.13	1.57	0.91	1.41	1.59
ROCE (PAT / CAPITAL EMPLOYED)	18.85	10.89	11.59	0.34	3.89	3.07	6.94	7.46
GROWTH RATIOS (PERCENT)								
NET SALES	47.54	101.19	44.66	10.99	-6.23	27.92	48.08	-3.71
PBDIT	115.71	90.80	25.70	-43.48	22.95	22.82	61.81	13.96
PBIT	123.98	89.59	24.46	-50.34	22.07	25.11	71.32	15.34
PBT	171.51	72.34	11.76	-109.43	382.49	3.24	102.02	19.67
NET PROFIT	209.98	54.45	8.34	-97.13	1038.40	-25.79	130.40	8.26
CAPITAL EMPLOYED								
FIXED ASSETS	80.47	140.97	231.39	279.41	277.86	312.00	319.15	314.15
CURRENT ASSETS	200.36	526.99	579.81	479.86	521.11	613.87	871.68	859.92
LESS: CURRENT LIABILITIES	99.14	199.43	251.13	195.00	236.62	326.18	477.92	437.40
LESS: BANK BORROWING	37.70	92.20	173.37	194.64	196.38	140.32	290.20	284.36
LESS: DEFERRED TAX LIABILITY	5.99	7.47	11.36	0.00	0.00	3.67	2.34	10.56
CAPITAL EMPLOYED	137.99	368.85	375.34	369.63	365.97	455.70	420.37	441.75
NET WORTH	99.19	151.86	207.07	196.58	222.62	237.92	227.09	255.57

Director's Report

To The Members

Your Directors take pleasure in presenting their 21st Annual Report for the year ended March 31, 2013. Briefly stated the Financial Results of operation are: -

(₹ In lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Revenue from Operations (Gross) and Other Income	181463.80	1,85,457.64
Profit before Finance Costs, Depreciation and Amortisation Expenses and Tax Expenses	17,287.46	15,170.44
Less: Finance Cost	10,935.37	9,616.23
Depreciation and Amortisation Expenses	2,044.48	1,954.49
Profit Before Tax	4,307.61	3,599.72
Tax Expenses		
— Current Tax	850.98	729.18
— Deferred tax	822.85	438.75
— Short/(Excess) Provision - Earlier Years	0.08	(1.09)
Profit for the Year	2,633.70	2,432.88
Add: Balance brought forward from last year's account	14,783.63	12,506.34
Amount available for Appropriations	17,417.33	14,939.22
Appropriations :		
Proposed Dividend on Equity Shares (Dividend of ₹ 0.20 per equity share)	140.47	133.87
Dividend Distribution Tax on Proposed Dividend	23.87	21.72

APPROPRIATIONS

DIVIDEND & APPROPRIATIONS:

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, 2013, 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 June 21, 2013.
- Those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

REVIEW OF OPERATIONS

During the year, turnover of your Company remained flat and there was slight decline from ₹ 185295.16 lacs to ₹ 181228.30 lacs. During the year, turnover from Cables stood at ₹ 129482.16 lacs as compared to ₹ 143159.38 lacs in 2011-12, showing a decline of 9.55%. Stainless Steel Wire Products contributed a turnover of ₹ 8305.69 lacs in 2012-13 as compared to ₹ 10,068.29 lacs in 2011-12. Winding wire, Flexible & House Wire contributed ₹ 26647.77 lacs in 2012-13 as against ₹ 21139.76 lacs in 2011-12, showing strong growth of 26%. During the year under review, Operating Profit of the Company has improved from ₹ 13053.44 lacs to ₹ 15007.48 lacs while Profit Before Tax stood at ₹ 4307.61 lacs and Net profit at ₹ 2633.70 lacs respectively. Your Company was able to bag various prestigious orders of elastomeric cables, speciality cables apart from normal cables & wires which contributed towards achievement of turnover. The Company has already marked its presence in Extra High Voltage (EHV) Cable segment ranging from 66kV to 220kV and will continue to further strengthen its position in this segment with Technical Collaboration from M/s. Brugg Kabel AG, Switzerland. The Company has also successfully completed the rigorous long duration pre-qualification test on 220 kV Cable system at an International Laboratory, FGH Engineering & Test GmbH, Hallenweg, Germany. This gives the Company a firm marketing ground and the status of being among the few Companies in India to achieve this feat.

FUTURE OUTLOOK

The business environment for Cable industry is showing signs of industrial and infrastructure growth. The future outlook in terms of investment in the infrastructure sector, particularly power, is also good. This indicates that demand for the cable business should improve further. 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.

RATING BY CARE

During the year under review, Credit Analysis & Research Ltd. (CARE) has reaffirmed its rating 'CARE A2' (A Two) for the Commercial Paper (CP) / Short Term Debt programme of the Company and "CARE BBB" (Triple B) and 'CARE A2' (A Two) for Long Term & Short Term Bank Facilities of the Company in accordance with Basel II norms. Instrument with this rating is considered to have strong degree of safety regarding timely payment of financial obligation. CARE has assigned the rating taking into account KEI's long track record of operations, its established market position in cable industry, its wide variety of products, its diversified and reputed clientele as well as technological tie-up with Brugg Kabel AG, (Switzerland) for Extra High Voltage (EHV) cables. Further, CARE has reaffirmed "CARE CGR 3" to the Corporate Governance practice of the Company.

LISTING OF SHARES

Company's equity shares are listed at BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and The Calcutta Stock Exchange Limited (CSE).

The Company has also paid its up-to-date listing fees to all the stock exchanges.

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, 2013 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, Mr. Pawan Bholusaria and Mr. Rajeev Gupta, 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 of Executive Director:

The Board of Directors of your Company on recommendation of Remuneration & Compensation Committee have decided to re-appoint Mr. Anil Gupta, as Chairman-cum-Managing Director of the Company for a period of three years w.e.f. July 01, 2013 till June 30, 2016, on the terms and conditions as stipulated in the Resolution & Explanatory Statement forming part of the Notice of the ensuing Annual General Meeting.

CORPORATE SOCIAL RESPONSIBILITY

As part of Corporate Social Responsibility (CSR) initiative your Company focuses primarily on education and healthcare services which are essential in promoting sustainable human development and economic growth. Your Company is making donation to ISKCON Food Relief Foundation towards their mid day meals project.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year under review, your Company has transferred unclaimed / unpaid dividend for the financial year ended 2004-05 to the Investor Education and Protection Fund (IEPF).

UNPAID / UNCLAIMED DIVIDEND

Pursuant to circular issued by Ministry of Corporate Affairs (MCA) with respect to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 vide G.S.R. 342 (E) dated May 10, 2012, your Company has uploaded on its website www.kei-ind.com as well as on the Ministry's website information regarding Unpaid / Unclaimed Dividend amount lying with the company for the Financial year 2005-06 and onwards. Accordingly, the details of the unclaimed / unpaid dividend will be available on the website of the company www.kei-ind.com under section Investor Relations.

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

- a) That in the preparation of the annual accounts for the financial year ended March 31, 2013, the applicable accounting standards had been followed;
- b) 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;

- c) 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;
- d) That the directors had prepared the accounts for the financial year ended March 31, 2013 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 re-appointment as per certificate furnished by them under Section 224 (1B) of the Companies Act, 1956.

Cost Auditor:

Your Directors have re-appointed S. Chander & Associates, Cost Accountants to conduct the audit for the financial year 2013-14. Cost Audit Report for the FY 2011-12 was filed on February 26, 2013 (within the prescribed time limit as extended / allowed by Ministry of Corporate Affairs).

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	228.90	B.Com	32 Years	54yrs
Mr. Rajeev Gupta, Executive Director (Finance)	51.62	C.A	20 Years	49yrs

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, 2013.

ACKNOWLEDGMENTS

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

The Board places on record its appreciation for the continued co-operation and support extended to the Company by Banks, Stock Exchanges, NSDL and CDSL. The Board wishes to express its grateful appreciation for the assistance and co-operation received from vendors, customers, banks, financial institutions, Central and State Government bodies, dealers, and other business associates. The Board deeply acknowledges the trust and confidence placed by the consumers of the Company and, above all, the shareholders.

For and on behalf of the Board

Place: New Delhi
Date : May 22, 2013

(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, 2013 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:

- IE Exchange metering system installed for efficient utilization of energy.
- AC VFD's are used in place of conventional motor starters.
- Energy efficient lights installation is maintained.
- Continuous controlling of Air & water leakages / wastage.
- Ambient cure material is used for LT XLPE cables.
- New energy efficient machines like multi wire drawing machine installed.

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

- HSD to be replaced by CNG.
- Fresh energy audit is planned and further actions shall be taken after recommendations.

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 in Bhiwadi & Chopanki.

2. RESEARCH & DEVELOPMENT

Areas in which Research & Development activities are carried out :

2.1 New Product Development:

- Flexible aluminium cables, Aluminium FS cables, Fire rated cables, Ceramified Silicone FS wires, Cables suitable for -60 deg.c, Solar cables.

2.2 Product Improvements:

- Diamond dies introduced for manufacturing compacted conductor.
- Started using semi conducting taper over conductor of HT/EHV cables from 400 sq.mm and above.

2.3 Process Improvement:

- New high speed multi wire drawing machine installed from Niehoff.
- Driven pay off installed on bunching machines.

2.4 Benefits as a result of R & D Activities:

- Reduction of manpower, improved quality and quantity, More business with new products.

2.5 Future Plan of Action:

- Facility generation for flexible house wire in Bhiwadi.
- Enhancing product range up to 400 kV.
- Strengthening of EPC division.
- Development of loca proof cables, elastomeric locomotive cables.

3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

3.1 Technology Absorption / Adoption, Adaptation and Innovation:

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

- Thermo setting LSZH compound suitable for 110 deg.c developed.

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 2012-13, the Company made exports sales of worth ₹ 9721.81 lacs as compared to ₹ 12500.23 lacs during the financial year 2011-12. With management focus, marketing strategies and dedicated efforts of Company's International Business Team, the Company is hopeful to improve its export sales in succeeding years compared to previous year. The concentrated efforts of management on the territories of Africa, Middle East and other emerging markets will result in growth of exports in the coming years. 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	₹ 9721.81 lacs
Outgo	₹ 5242.53 lacs

For and on behalf of the Board

(ANIL GUPTA)

Chairman-cum-Managing Director

Place: New Delhi

Date: May 22, 2013

Management Discussion and Analysis

COMPANY OVERVIEW

KEI Industries Limited (hereinafter “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, elastomeric cable, 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 the Engineering, Procurement and Construction (EPC) space by bagging several prestigious orders/contracts for survey, supply of materials, design, erection, testing & commissioning on a turnkey 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. Further, specialty cables has emerged as a significant market on account of the growth in sophisticated applications in many vital sectors of the Indian economy. KEI ranks amongst the principal players in the manufacture of specialty cables. The Company has also enhanced its presence in the retail market by appointing various channel partners and dealers/distributors. It has put in place a diversified business model with 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.

ECONOMIC OVERVIEW, INDUSTRY STRUCTURE, OPPORTUNITIES AND THREATS

Global Economy:

Global economic activity remains subdued amidst signs of diverging growth paths across major economies. In the US, a slow recovery is taking hold, driven by improvements in the housing sector and employment conditions. However, the pace of recovery remains vulnerable to the adverse impact of the budget sequestration which will gradually gain pace in the months ahead. Japan's economy stopped contracting in Q4 of

2012. There has been some improvement in consumer confidence on account of monetary and fiscal stimulus along with a pick-up in external demand on the back of a weakening yen. In the euro area, recessionary conditions, characterized by deterioration in industrial production, weak exports and low domestic demand, continued into Q1 of 2013. High unemployment, fiscal drag and hesitant progress on financial sector repair have eroded consumer confidence. Growth in several Emerging and Developing Economies (EDEs) rebounded from the moderation in 2012 as domestic demand rose on a turnaround in the inventory cycle and some pick-up in investment. Among BRICS countries, growth accelerated in Brazil and South Africa, while it persisted below trend in China, Russia and India. Inflation has remained benign in the Advanced Economies (AEs) in the absence of demand pressures, and inflation expectations remain well-anchored. The EDEs, on the other hand, present a mixed picture. While inflation has picked up in Brazil, Russia and Turkey, it has eased in China, Korea, Thailand and Chile. Reflecting a pessimistic demand outlook, crude oil prices eased in March-April 2013 from the elevated levels prevailing through 2012. Non-energy commodity prices have been easing through Q1 of 2013 on softening metal prices and decline in food prices.

Domestic Economy:

With output expansion of only 4.5 per cent in Q3 of 2012-13, the lowest in 15 quarters, cumulative GDP growth for the period April-December 2012 declined to 5.0 per cent from 6.6 per cent a year ago. This was mainly due to the protracted weakness in industrial activity aggravated by domestic supply bottlenecks, and slowdown in the services sector reflecting weak external demand. The Central Statistics Office (CSO)'s advance estimate of GDP growth for 2012-13 of 5.0 per cent implies that the economy would have expanded by 4.7 per cent in Q4. The growth of industrial production slid to 0.6 per cent in February 2013 from 2.4 per cent a month ago, mainly due to contraction in mining and electricity generation and slowing growth in manufacturing. Consequently, on a cumulative basis, growth in industrial production decelerated to 0.9 per cent during 2012-13 (April-February) from 3.5 per cent in the corresponding period of the previous year. The Reserve Bank's order books, inventories and capacity utilisation survey (OBICUS) suggests that capacity utilisation remained flat.

On the demand side, the persisting decline in capital goods production during April 2012 - February 2013 reflects depressed investment conditions. The moderation in corporate sales and weakening consumer confidence suggest that the slowdown could be spreading to consumption spending. Headline inflation, as measured by the wholesale price index (WPI), moderated to an average of 7.3 per cent in 2012-13 from 8.9 per cent in the previous year.

During 2013-14, economic activity is expected to show only a modest improvement over last year, with a pick-up likely only in the second half of the year. Conditional upon a normal monsoon, agricultural growth could return to trend levels. The outlook for industrial activity remains subdued, with the pipeline of new investment drying up and existing projects stalled by bottlenecks and implementation gaps. With global growth unlikely to improve significantly from 2012, growth in services and exports may remain sluggish. Accordingly, the baseline GDP growth for 2013-14 is projected at 5.7 per cent by the Reserve Bank of India.

(Source: RBI Monetary Policy Statement 2013-14)

Infrastructure & Power Sector Scenario:

The Eleventh Plan emphasized the need for removing infrastructure bottlenecks for sustained growth. Inclusive growth of the economy can be achieved only if the infrastructure deficit is overcome by adequate investment to support higher growth and an improved quality of life for both urban and rural communities. Public Private Partnerships (PPPs) in infrastructure sector are gaining importance and are benefiting from government support. PPPs are expected to augment resource availability as well as improve the efficiency of infrastructure service delivery. Allocation of natural resources in a transparent and fair process would lead to the growth of infrastructure. The installed capacity of power sector at 1,713 MW in 1950 has grown to 1,99,877 MW in March 2012 symbolizing the dynamic growth of power sector. The Eleventh Plan which began with an installed capacity of 1,32,329 MW has grown by 51.05% as of 31st March, 2012. The per capita consumption of electricity in the country has increased from 592 kWh in FY 2003-04 to 814 kWh in FY 2010-11.

Generation, Transmission & Distribution:

Addition to Generation Capacity

The Working Group on Power has estimated a capacity addition requirement of 75,785 MW corresponding to 9 per cent GDP growth during the Twelfth Plan period. However, in order to bridge the gap between peak demand and peak deficit, and provide for faster retirement of the old energy-inefficient plants, the target for the Twelfth Plan has been fixed at 88,537 MW. The share of the private sector in the additional capacity will be 53 %, compared to a target of 19 % in the Eleventh Plan. Since the growth rate of GDP for the Twelfth Plan is likely to be 8.2 per cent and not 9 per cent, the target for capacity addition contain an element of slack of about 10 per cent.

The share of power based on non-fossil fuel plants is very low at present and should be increased over time to promote low

carbon growth strategy. The share of coal and lignite in the additional capacity being created during the Twelfth Plan is 79 %, up from 76 % in the target from the Eleventh Plan which actually ended up at 79 %. The projected capacity addition in non-fossil fuel plants covers addition of hydro capacity of 1,0897 MW and nuclear capacity of 5,300 MW. Besides this, 1,200 MW import of hydro power from Bhutan has also been considered. In addition, it is planned to add a grid interactive renewable capacity addition of about 30,000 MW comprising of 15,000 MW wind, 10,000 MW solar, 2100 small hydro, and the balance primarily from bio mass planned.

Power Generation:

The Working Group for the Twelfth Plan has estimated a requirement of 1,403 BU by the year 2016-17, after taking into account energy conservation measures and demand-supply management. Without such measures, the generation requirement is projected at 1,463 BU. Even if the moderate level of 1,403 BU is taken as the Twelfth Plan target, the projected growth rate in power generation will be 9.8 per cent. The share of renewables in electricity generated is expected to rise from around 6 per cent in 2012 to 9 per cent in 2017 and 16 per cent in 2030. However, the share of hydro electricity is expected to fall from 15 per cent in 2012 to 11 per cent in 2030. The share of nuclear power, another clean source from a carbon emission perspective is expected to rise from 3 per cent in 2012 to 5 per cent in 2017 and to 12 per cent in 2030. Taking all these clean energy sources together, the share of hydro, renewables plus nuclear energy is expected to rise from 26 per cent in 2012 to 39 per cent by 2030.

Renovation and Modernisation and Life Extension of Thermal Power Plants (R&M and LE):

Coal-based thermal plants are the backbone of the Indian power sector. Most of the old and smaller size non-reheat type units are on the verge of retirement. R&M and LE is an economical option to supplement the capacity addition programme which was initiated in 1984 as a Centrally Sponsored Programme during the Seventh Plan. It continued till the Eleventh Plan and CEA has recommended for its continuance during the Twelfth Plan also.

R&M of Hydro Plants:

The normal life expectancy of hydro plants is about 30-35 years after which they need life extension. Many of the existing hydro power stations could be modernised to generate reliable and higher yield by restoration and modernisation schemes. These involve adopting modern equipments like static excitation, microprocessor-based controls, electric microprocessor, high speed static or numerical relays, data logger, optical instrumentation for monitoring vibrations, air gaps, and silt contained in water and so on. These measures would improve availability of hydro power stations and minimise outages. Routine maintenance activities are not included in these schemes. Only activities which aim at increasing the efficiency of the unit and improve availability or steps required to meet environmental norms, or aimed at renovating obsolete equipment controls and instrumentation, are included in R&M scheme.

Expansion in Transmission System and Capacity:

The large expansion in production and consumption of electricity has to be supported by a significant expansion and strengthening of the transmission network. Technological developments for transmission lines of 765 KV and 1,000-1,200 KV are of great relevance to reduce land requirement and transmission losses. Greater reliance will have to be placed on gas insulated substations which need about 20 per cent of the space required for conventional stations. This is an area where public investment can be supplemented by private investment and a good start has been made in the Eleventh Plan. It is important to build a policy framework within which more private sector investments will be forthcoming in the Twelfth Plan. A policy framework for public-private partnership (PPP) and a standardised documentation is being prepared for use by the States. A total of about 1,07,440 ckm of transmission lines; 2,70,000 MVA of AC transformer capacity and 12,750 MW of HVDC systems are estimated as needed during the Twelfth Plan.

Creation of a National Grid:

The power system in the country is demarcated into five regions. Four regional grids have been operating in synchronous mode as a single system for the past few years. Only the southern grid is yet to be connected to the rest of the system. The high voltage link to connect southern grid is under construction and likely to be completed by January 2014. Once this is achieved, all the five regional grids will operate as a single system in synchronous mode. This will be the largest single such system in the world, both in terms of the grid size and system capacity of around 2,00,000 MW, though, at a given point of time, actual power flow may be lower than this level.

The total capacity to transfer power which is currently about 27,750 MW and this is expected to increase by 136 per cent to 65,550 MW by the end of Twelfth Plan. The specific line which is under construction for connecting the southern region is the Raichur-Sholapur 765 KV line. In fact, these are two single circuit lines and the total transmission capacity of these two lines would be about 4,200 MW. Three HVDC systems and a number of 765 KV lines and substations shall be implemented during Twelfth Plan. The Aurangabad-Wardha 400 KV QUAD DC, line which is part of the transmission system for evacuation of power from Mundra Ultra Mega Power Project (UMPP) has been planned and designed in such a way that the lines would be converted into a 1,200 KV S/C lines by a later date.

There is a three-tier structure for load dispatch, namely, State Load Dispatch Centre, Regional Load Dispatch Centre and the National Load Dispatch Centre. The Government of India notified Power System Operation Corporation Limited (POSOCO) as the designated entity to operate RLDC/NLDC with effect from 1 October 2010. A Forum of Load Dispatchers (FOLD) has been Challenges in Transmission Sector.

The proposed rapid expansion of the capacity to transfer capacity poses some serious challenges, viz. right of way, flexibility in line loading and regulation of power and improvement of operational efficiency. Following measures may be implemented to meet the above challenges:

- Upgradation of transmission lines
- High capacity 400 KV multi, circuit/bundle conductor line
- High Surge Impedance Loading(HSIL) line
- Compact towers
- Increase in current: High Temperature Low Sag (HTLS)
- Reduction in land for substation
- Regulation in power flow/FACATS devices
- Improvement of operational efficiency with condition based monitoring and private maintenance
- Development of 1,200 KV AC system
- Creating adequate evacuation and transmission facilities for renewable power including construction/ strengthening of interstate transmission.

The Distribution System:

The distribution segment plays a crucial role in the overall functioning of the power sector because it is the part of the system which generates the revenues needed to pay generation and transmission utilities. The viability of the power sector as a whole is therefore critically dependent on the health of the distribution sector. Unfortunately, as the Eleventh Plan experience amply demonstrates, the financial viability of the system is under severe strain. Poor financial health of utilities has resulted in underinvestment in the distribution network causing poor upkeep and maintenance.

Consequently the quality of supply is hampered, leading to customer dissatisfaction and poor recovery. This, in turn, leads to further deterioration of financial health of utilities. This vicious cycle needs to be broken.

It is absolutely vital that the distribution system is made financially viable during the Twelfth Plan. The key focus of the Twelfth Plan must be to strengthen the performance of the distribution system to achieve improved financial viability of Discoms and to expand access to power in rural areas. This calls for concerted attempts at AT&C loss reduction, introduction of smart grid to allow effective demand side management (DSM), greater private sector participation to achieve management efficiency and so on. Since distribution is entirely the domain of States, the responsibility for improving distribution lies almost entirely with State Governments. The Central Government can incentivise action in a manner which allows the States leeway for experimenting with different ways of obtaining better results.

The Government had constituted the Shunglu Committee in July 2010 to study issues relating to the financial viability of the Ds and give recommendations on how to improve the situation. The Committee has since given its recommendations. In order to examine these recommendations, and suggest a strategy for the turnaround of the distribution sector in the Twelfth Plan,

an Expert Group under the chairmanship of Member (Energy), Planning Commission was set up to look into the problems being faced by the State Discoms.

(Source: Twelfth Plan Programme)

SEGMENT WISE PERFORMANCE

Gross Sales of the Company for the financial year 2012-13 stood at ₹ 181228.30 lacs as compared to ₹ 185295.16 lacs in the previous financial year, showing marginal decline of 2%. The segment wise revenue comparison is given below:

(₹In lacs)

Segment	Gross Sales 2012-13	Gross Sales 2011-12	Growth %
Cables (including EHV Cable)	129482.16	143159.38	-9.55
Stainless Steel Wire	8305.69	10068.29	-17.51
Winding, Flexible & House wires	26647.77	21139.76	26.06
Income from Turnkey Projects	13187.84	6811.21	93.62
Others	3604.84	4116.52	-12.43
Total	181228.30	185,295.16	-2.19

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, 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 26% in the financial year 2012-13 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 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 various countries across the globe including oil & gas and utilities segment. Competitive pricing and ability to offer customised solutions and speciality cables provides KEI a niche in the export market. The Company has achieved Export Sales of ₹ 9721.81 lacs during financial year 2012-13 as compared to ₹ 12500.23 lacs during previous year. Showcasing a strong commitment to grow its presence in the overseas market in the coming years, 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. This agreement would enable a faster penetration 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. The technology edge will enable KEI establish a stronghold in the EHV cable segment and secure contracts in the power segment from both the government and private sector.

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 operation 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 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, 2013 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	6	Yes	1	None	None
Mr. Pawan Bholusaria	Independent, Non-Executive	6	Yes	2	None	3
Mr. K.G. Somani	Independent, Non-Executive	3	No	1	None	None

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. Vijay Bhushan	Independent, Non-Executive	6	No	5	2	3
Mr. Vikram Bhartia	Independent, Non-Executive	5	Yes	None	None	None
Mrs. Archana Gupta	Non-Independent, Non-Executive	6	No	2	None	None
Mr. Rajeev Gupta	Non-Independent, Executive	6	Yes	None	None	None

Meeting of Board of Directors:

There were 6 (Six) Board Meetings held during the year ended March 31, 2013. These were on 29.05.2012, 14.08.2012, 21.09.2012, 02.11.2012, 01.02.2013 & 14.02.2013.

The last Annual General Meeting (AGM) was held on September 13, 2012.

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.

Procedure of Board Meeting and information to Board Members:

During the Financial year 2012-13 agenda of the Board / Committee meeting(s) with proper explanatory notes to agenda was prepared and circulated well in advance to all the Board / Committee members. Draft resolution(s) were also circulated to the Board / Committee members for their comments. In special circumstances, additional or supplementary item(s) on agenda were permitted with the approval of the Chairman of the meeting. The Board also reviewed periodical compliances of all applicable Acts, law(s) / rule(s) and regulation(s) and steps taken by the Company to rectify the non-compliances, if any, during the financial year 2012-13.

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, 2013. 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, 2013, four Audit Committee Meetings were held on 29.05.2012, 14.08.2012, 02.11.2012 and 14.02.2013.

Mr. Pawan Bholusaria, Chairman of the Audit Committee was present at the last Annual General Meeting held on September 13, 2012.

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	4
Mr. K.G. Somani	Director (Member)	Chartered Accountant	3
Mr. Vikram Bhartia	Director (Member)	Business	3

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(s) of the Company as and when required.

4. Shareholders Grievance Committee:

The "Shareholders Grievance Committee" looks into 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, 2013, four meeting of the Committee were held on 29.05.2012, 14.08.2012, 02.11.2012 and 14.02.2013.

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	3
Mr. Anil Gupta	CMD (Member)	Business	4

Number of Shareholders complaints received and resolved during the year ended March 31, 2013 are as follows:

Sr. No.	Nature of Grievances	Received	Status	Pending
1	Non Receipt of Annual Report / Dividend Warrant	NIL	NIL	NIL
2	SEBI / ROC	3	Resolved	NIL
	Total	3	-	

Number of pending Shareholders complaints and Share Transfer as on March 31, 2013 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, 2013, one meeting was held on 05.05.2012.

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

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

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

DIRECTORS REMUNERATION:**a) Details of Remuneration paid to Executive Directors for the Year ended on March 31, 2013:**

The aggregate value of salary, perquisites and commission paid for the year ended March 31, 2013 to the Chairman-cum-Managing Director (CMD) and Whole Time Director (WTD) are as follows:

(₹ in lacs)

Name	Salary	Commission	Co.'s Cont. to P.F	Perquisites	Sitting Fees	Others	Total
Mr. Anil Gupta, CMD	144.00	66.65	0.09	18.16	NIL	NIL	228.90
Mr. Rajeev Gupta, ED (Finance)	47.76	NIL	0.09	3.77	NIL	NIL	51.62
Total							280.52

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 / Remuneration Committee 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. No notice period or severance fee is payable to any director. The statutory provisions will however apply.

b) Details of Sitting Fees / Remuneration paid to Non- Executive Directors for the Year ended on 31st March, 2013:

During the financial year 2012-13, the Company has not paid any remuneration to Non-Executive and Independent Director except sitting fees @Rs. 10,000/- per Board / Committee meeting as detailed below:

(₹ in lacs)

Name of Director	Amount
Mr. Pawan Bholusaria	₹ 1.10
Mr. K.G. Somani	₹ 0.60
Mr. Vikram Bhartia	₹ 1.20
Mr. Vijay Bhushan	₹ 1.10
Mrs. Archana Gupta	₹ 1.50

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 Stock options 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.

The composition of the Committee is as under:

Name of the Director	Category	Profession
Mr. Pawan Bholusaria	Director (Chairman)	Chartered Accountant
Mr. Vijay Bhushan	Director (Member)	Business
Mr. Anil Gupta	Director (Member)	Business

Mr. Kishore Kunal, Company Secretary & Compliance Officer of the Company acts as Secretary to the Committee. During the year ended March 31, 2013, no meeting was held.

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 ₹ 300 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 ₹ 300 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, 2013 nine meetings were held, these were on 14.05.2012, 20.07.2012, 05.09.2012, 15.09.2012, 12.10.2012, 21.11.2012, 07.12.2012, 17.01.2013 & 22.03.2013.

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	9
Mrs. Archana Gupta	Director (Member)	Business	9
Mr. Rajeev Gupta	Director (Member)	Chartered Accountant	9

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:

Year	Day	Date	Time	No. of Special Resolution passed at AGM	Venue
2010	Saturday	August 28, 2010	10.00 A.M	1	Air Force Auditorium Subroto Park, New Delhi - 110 010
2011	Thursday	September 15, 2011	10.30 A.M	2	Sri Satya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi-110 003
2012	Thursday	September 13, 2012	10.30 A.M	1	Sri Satya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi-110 003

(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 Note No. 30.

(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 49(V) 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 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:

During the financial year 2012-13, 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:**a) Quarterly Results / Shareholding Pattern / Notice(s):**

The quarterly, half-yearly and annual results of the Company are published in leading newspaper i.e. Business Standard, English (all editions) and Hindi (Delhi edition). The results are also displayed on the Company's

website www.kei-ind.com. Simultaneously, Financial results and Shareholding Pattern of the Company are available at www.bseindia.com & www.nseindia.com. As per the requirement of Listing Agreement all the notices are published in leading newspapers i.e. the Business Standard or Financial Express (English) and Jansatta (Hindi).

b) News Release & Presentation(s):

All official news and price sensitive information are sent to Stock Exchanges through e-mails, fax and hard copy as per the requirement of the Listing Agreement with the Stock Exchanges. Also, the Corporate presentation(s) are available on the Company's website www.kei-ind.com.

c) Annual Report:

Annual report for the financial year 2012-13 containing, inter alia, Statement of Profit & Loss, Balance Sheet, Cash Flow Statement, Directors Report, Auditor's Report and other important information is circulated to the shareholders at their registered address and e-mail address registered with the Registrar and Transfer Agent and respective Depositories. The Management and Discussion and Analysis Report forms part of the Annual Report. The Annual Report of the Company is also available on the website of the Company www.kei-ind.com.

d) NSE- Electronic Application Processing System (NEAPS):

The NEAPS is a web based application designed by NSE for corporate(s). The Shareholding Pattern, Corporate Governance Report and other data are also filed electronically on NEAPS.

e) Up-dation of website:

As per the requirement of the Clause 54 of the Listing Agreement the website of the Company www.kei-ind.com is regularly updated. The company's website www.kei-ind.com contains a separate dedicated section "Investor Relations" where information related to shareholders is available.

f) Corporate Filing and Dissemination Systems (CFDS):

The CFDS portal is jointly owned, managed and maintained by BSE and NSE which is a single source to view information filed by listed companies. All disclosure and communications to BSE & NSE are filed electronically through CFDS portal and hard copies of the said disclosures and correspondence are also filed with the Stock Exchange. These are available on the website www.corpfiling.co.in.

11. General Shareholders Information:

(a) 21st Annual General Meeting- Day, Time and Venue:

Day	Date	Time	Venue
Friday	June 21, 2013	10.30 A.M	Sri Satya 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 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) Unpaid / Unclaimed Dividend:

Pursuant to circular issued by Ministry of Corporate Affairs with respect to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 vide G.S.R. 342 (E) dated May 10, 2012, Company has uploaded on its website www.kei-ind.com as well as on

the Ministry's website information regarding Unpaid / Unclaimed Dividend amount lying with the company for the Financial year 2005-06 and onwards. The Company has transferred unpaid / unclaimed amount for the financial year 2004-05 to Investor Education and Protection Fund (IEPF) as per Section 205A & 205C of Companies Act, 1956.

Shareholders who have not received the dividend for the Financial year 2005-06 and onwards may write and send their request to the MAS SERVICES LTD. (Registrar and Transfer Agent), T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020, Ph:- 26387281/82/83, Fax:- 26387384, email:- info@masserv.com or directly to the Company at D-90, Okhla Industrial Area, Phase-I, New Delhi-110 020, email:- cs@kei-ind.com and Phone: 011-26818840 quoting their folio number / DPID and Client ID, year for which the dividend is unpaid / unclaimed and their current address respectively.

Status of Unpaid / Unclaimed Dividend:

Dividend for the Financial Year	Dividend Declaration date(AGM)	Due Date of Transfer to Investor Education & Protection Fund (IEPF)
2005-06	15.06.2006	22.07.2013
2006-07	13.09.2007	20.10.2014
2007-08	28.08.2008	04.10.2015
2008-09	20.07.2009	26.08.2016
2009-10	28.08.2010	04.10.2017
2010-11	15.09.2011	22.10.2018
2011-12	13.09.2012	20.10.2019

(d) Financial Calendar:

Financial Year - 1st April to 31st March

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

June, 2013	1st / 2nd week of August, 2013
September, 2013	1st / 2nd week of November, 2013
December, 2013	1st / 2nd week of February, 2014
March, 2014	3rd/ 4th week of May, 2014

(e) Date of Book closure: (Both days inclusive)

June 15, 2013 to June 21, 2013

(f) Dividend payment date:

Dividend payment on or after June 26, 2013 but within the statutory time limit of 30 days, subject to Shareholders' approval.

(g) Registered Office

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

(h) Listing on Stock Exchanges

: BSE Ltd.
: National Stock Exchange of India Ltd.
: The Calcutta Stock Exchange Ltd.
: The Luxembourg Stock Exchange*

***Note:** Global Depository Receipts (GDRs) are listed at Luxembourg Stock Exchange.

(i) Payment of Listing and Depository Fees:

Annual Listing fee and Depository fee for the financial year 2013-14 has been paid in time by the Company to Stock Exchanges viz. BSE, NSE & CSE and Depositories i.e. NSDL & CDSL.

(j) Stock Code:

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

Note: Global. Depository Receipts (GDRs) are listed outside India at Luxembourg Stock Exchange.

The ISIN Code of GDRs is US4824682045.

(k) Stock Market Data:

	BSE Ltd. (BSE)		National Stock Exchange of India Ltd. (NSE)	
Month	High	Low	High	Low
April, 2012	20.00	15.00	20.00	14.00
May, 2012	17.95	14.00	18.90	13.00
June, 2012	19.00	15.50	19.00	15.80
July, 2012	19.50	16.00	19.20	16.30
August, 2012	19.80	15.80	19.75	15.95
September, 2012	19.40	15.40	19.50	15.20
October, 2012	20.20	15.00	20.20	16.30
November, 2012	19.95	16.80	19.95	16.90
December, 2012	18.75	16.35	18.70	15.90
January, 2013	17.55	14.50	17.90	14.00
February, 2013	14.85	12.10	15.40	12.10
March, 2013	13.49	9.90	13.40	9.5

(l) 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

(m) 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.

(n) 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. 6,98,14,419 equity shares of ₹ 2/- each forming 99.40 % of the share capital of the Company stands dematerialized as on March 31, 2013. Security Code No. with NSDL and CDSL is- ISIN-INE 878B01027.

(o) Shareholding Pattern as on March 31, 2013:

Category	No. of shareholders	No. of Shares (face value of ₹ 2/- each)	No. of shares in demat form	% of shareholding
Promoters	8	31148466	31148466	44.35
Bodies Corporate	407	15524656	15494156	22.10
NRI/OCBs/Clearing Members/Trust	392	1179117	1126117	1.68
Bank/ Financial Institutions/ Mutual Funds/ FIIs	3	196594	196594	0.28
Indian Public	26912	22188605	21849086	31.59
Total	27722	70237438	69814419	100.00

Note: 242 Shareholders are Common in Demat & Physical.

(p) Distribution Schedule of Shareholding as on March 31, 2013:

No. of Shareholders	% to Total	Shareholding of Nominal Value of ₹	No. of Shares	Amount in ₹	% of Total
21351	77.02	0001 TO 1000	3967671	7935342	5.65
3001	10.83	1001 TO 2000	2539168	5078336	3.62
1555	5.61	2001 TO 4000	2447289	4894578	3.48
573	2.06	4001 TO 6000	1488872	2977744	2.12
269	0.97	6001 TO 8000	974766	1949532	1.39
246	0.89	8001 TO 10000	1172381	2344762	1.67
391	1.41	10001 TO 20000	2883583	5767166	4.10
336	1.21	20001 AND ABOVE	54763708	109527416	77.97
27722	100.00	TOTAL	70237438	140474876	100.00

Note: 242 Shareholders are common in Demat & Physical.

(q) Liquidity of Shares:

The equity shares of the Company are listed at three Stock Exchanges and thus is liquid security. 7,02,37,438 equity shares of face value of ₹ 2/- each are listed at The National Stock Exchange of India Ltd (NSE), BSE Limited (BSE) and The Calcutta Stock Exchange Limited.

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

The Company had issued & allotted Global Depository Receipts (GDRs) on September 16, 2005. As on March 31, 2013, Nil GDR is outstanding for conversion. Further, there are no Foreign Currency Convertible Bonds (FCCBs), Warrants and Convertible Instruments pending / outstanding for conversion as on March 31, 2013.

(s) 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

(t) 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, 2013.

Place: New Delhi
Date: May 22, 2013

ANIL GUPTA
Chairman-cum-Managing Director

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, 2013 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 22, 2013

Anil Gupta
Chairman-cum-Managing Director

Rajeev Gupta
Executive Director (Finance)

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, 2013 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.

Firm Reg. No. 000129N
Chartered Accountants

Place : New Delhi
Dated : May 22, 2013

(PRAVEEN KUMAR JAIN)
Partner
M.No.085629

Independent Auditors' Report

To the Members of KEI INDUSTRIES LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of KEI INDUSTRIES LIMITED (the "Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying

financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **JAGDISH CHAND & CO.**
Firm Registration Number: 000129N
Chartered Accountants

Place : New Delhi
Dated : 22nd May, 2013

(PRAVEEN KUMAR JAIN)
Partner
M. No. 085629

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph '7' of the Independent Auditors' Report to the Members of KEI Industries Limited on the financial statements for the year ended 31st March, 2013.

- (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, a portion 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 ₹ 31.92 Lacs and the year end balance of deposit granted to such party was ₹ Nil. (Refer Note No 18.1)
- (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 the 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 18.1)
- (d) In respect of aforesaid deposit, there is no overdue amount more than Rupees one Lac.
- (e) The company has taken deposits from eight parties covered in register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 325.60 Lacs and the year end balance of deposits taken from such parties was ₹ 46.00 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 aforesaid internal control system.
- (v) (a) 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.
- (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lacs in respect of any party during the year.
- (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 on the Company in respect of the aforesaid deposits.

- (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 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 at 31st March, 2013 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, the particulars of disputed dues on account of income tax, sales tax, excise duty, service tax and cess matters that have not been deposited as at 31st March, 2013 by the Company on account of a dispute are as follows:

Name of the Statute	Nature of the Due	Amount ₹ in Lacs	Period to which the amount relates	Forum where dispute is pending
Sales/ Entry Tax Act	Central Sales Tax	7.17	1999-2000	Tax Board , Rajasthan
	The Rajasthan Entry Tax - Goods Act, 2003	43.48	Various years for 2007-08 to 2009-10	Deputy Commissioner of Sales Tax
Central Excise Duty	Excise Duty	654.26	Various years for 2005-06 to 2011-12	CESTAT
	Excise Duty	107.83	Various years for 2007-08 to 2010-11	Commissioner (Appeals)
Finance Act	Service Tax	75.10	2005-06 & 2006-07	Commissioner (Adjudication)
	Service Tax	13.01	2008-09	CESTAT

- (x) The Company does not have accumulated losses as at the year ended 31st March, 2013. Further, the Company has not incurred any cash losses during the year ended 31st March, 2013 and in the immediately preceding financial year ended 31st March, 2012.
- (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, on an overall basis, 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 two companies and an Individual 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 (Disclosure and Investor Protection) Guidelines 2000, which in our opinion, is not prejudicial to the interest of the company.
- (xix) The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- (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) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For **JAGDISH CHAND & CO.**

Firm Registration Number: 000129N

Chartered Accountants

Place : New Delhi

Dated : 22.05.2013

(PRAVEEN KUMAR JAIN)

Partner

M. No. 085629

BALANCE SHEET AS AT 31ST MARCH, 2013

Note	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)		
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	2	1,404.75	1,338.75	22,605.85	
Reserves and Surplus	3	24,152.22	25,556.97		21,267.10
Non-Current Liabilities					
Long Term Borrowings	4	10,344.37	12,857.02	13,251.23	
Deferred Tax Liability (Net)	5	1,056.38	233.52		
Long Term Provisions	6	213.92	11,614.67		160.69
Current Liabilities					
Short Term Borrowings	7	28,602.61	29,173.16	83,534.46	
Trade Payables	8	39,478.07	40,925.79		
Other Current Liabilities	9	12,004.96	12,978.04		
Short Term Provisions	10	457.90	80,543.54		457.47
TOTAL			117,715.18		119,391.54
ASSETS					
Non-Current Assets					
Fixed Assets	11			31,831.20	
Tangible Assets	11.1	30,825.80	31,736.97		
Intangible Assets	11.2	61.24	73.32		
Capital Work -in- Progress		259.76	31,146.80		20.91
Non- Current Investments	12		308.17	308.17	
Long Term Loans and Advances	13		527.34	342.09	
Other Non-Current Assets	14		-	20.74	
Current Assets					
Inventories	15	35,815.51	29,224.34	86,889.34	
Trade Receivables	16	42,121.83	48,259.95		
Cash and Bank Balances	17	1,562.21	436.88		
Short Term Loans and Advances	18	4,550.49	5,232.24		
Other Current Assets	19	1,682.83	85,732.87		3,735.93
TOTAL			117,715.18		119,391.54
Significant Accounting Policies And Notes on Financial Statements	1 to 36				

As per our Separate report of even date attached

For **JAGDISH CHAND & CO.**

Firm Registration No. 000129N

Chartered Accountants

(PRAVEEN KUMAR JAIN)

Partner

M.No- 085629

(ANIL GUPTA)

Chairman-cum-Managing Director

(RAJEEV GUPTA)

Executive Director (Finance)

Place : New Delhi

Dated : 22nd May, 2013**(KISHORE KUNAL)**

Company Secretary

(ADARSH JAIN)

General Manager (Finance)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31STMARCH, 2013

Particulars	Notes	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Revenue from Operations (Gross)	20	181,228.30		185,295.16	
Less: Excise Duty		15,393.05	165,835.25	13,064.84	172,230.32
Other Income	21		235.50		162.48
Total Revenue			166,070.75		172,392.80
Expenses:					
Cost of Materials Consumed	22		124,612.76		131,492.19
Purchases of Stock in Trade	23		596.80		1,016.67
(Increase) / Decrease in Finished goods, Work-in-progress and Stock-in-trade	24		(4,339.01)		(842.86)
Employee Benefits Expense	25		4,614.41		3,705.18
Finance Costs	26		10,935.37		9,616.23
Depreciation and Amortisation Expense					
— Tangible Assets		2,015.90		1,919.30	
— Intangible Assets		28.58	2,044.48	35.19	1,954.49
Other Expenses	27		23,298.33		21,851.18
Total Expenses			161,763.14		168,793.08
Profit Before Tax			4,307.61		3,599.72
Tax Expense					
— Current tax		850.98		729.18	
— Deferred tax		822.85		438.75	
— Short/(Excess) Provision-Earlier Years		0.08	1,673.91	(1.09)	1,166.84
Profit for the Year			2,633.70		2,432.88
Earnings per Equity Share:	28				
Equity shares of par value ₹ 2/- each					
— Basic(₹)			3.84		3.63
— Diluted(₹)			3.84		3.63
Significant Accounting Policies And Notes on Financial Statements	1 to 36				

As per our Separate report of even date attached

For **JAGDISH CHAND & CO.**

Firm Registration No. 000129N

Chartered Accountants

(PRAVEEN KUMAR JAIN)

Partner

M.No- 085629

(ANIL GUPTA)

Chairman-cum-Managing Director

(RAJEEV GUPTA)

Executive Director (Finance)

Place : New Delhi

Dated : 22th May, 2013

(KISHORE KUNAL)

Company Secretary

(ADARSH JAIN)

General Manager (Finance)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year Ended 31st March, 2013 (₹ in Lacs)	Year Ended 31st March, 2012 (₹ in Lacs)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extra ordinary items	4,307.61	3,599.72
Adjustments for :		
Depreciation	2,044.48	1,954.49
Dividend Received	(2.91)	(2.38)
Financial Charges	10,935.37	9,616.23
Provision for leave encashment/ Gratuity	97.59	76.53
FCMITDA Written Off / (Back)	213.14	158.03
Exchange Fluctuation on FCCBs on Non-Depreciable Items	-	107.41
Fixed Assets Written off	17.93	21.55
Loss on sales of Assets	21.73	13.15
	17,634.94	15,544.73
Operating Profit Before Working Capital Changes		
Adjustments for :		
Trade & Other Receivables	8,892.90	(25,639.02)
Inventories	(6,591.18)	(997.85)
Trade & Other Payables	(4,106.72)	14,827.02
Cash Generated from operations	15,829.94	3,734.88
Direct Taxes paid	(903.74)	(510.52)
Cash flow before Extra ordinary items	14,926.20	3,224.36
Extra Ordinary Items	-	-
Net Cash from operating activities	14,926.20	3,224.36
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets and other capital expenditure	(1,514.46)	(1,464.10)
Sale of Fixed Assets	8.03	13.74
Dividend Received	2.91	2.38
Net Cash from investing activities	(1,503.52)	(14,47.98)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd...)

	Year Ended 31st March, 2013 (₹ in Lacs)	Year Ended 31st March, 2012 (₹ in Lacs)
(C) CASH FLOW FROM FINANCIAL ACTIVITIES		
Long term borrowings	(1,215.91)	4,843.85
Finance lease liabilities (Net)	(39.28)	(4.27)
Inter corporate & other deposits (Net of repayments)	39.20	(51.49)
Working capital facilities from banks	(584.40)	14,973.12
Issue of Equity Share Capital	594.00	-
Redemption of 'FCCBs'	-	(12,572.68)
Financial Charges	(10,935.37)	(9,616.23)
Dividend paid	(133.87)	(133.87)
Tax on Dividend	(21.72)	(21.72)
Net Cash from Financing Activities	(12,297.35)	(2,583.29)
Net Change in Cash and Cash Equivalents (A+B+C)	1,125.33	(806.91)
Cash & Cash Equivalents as at 1st April (Opening Balance)	436.88	1,243.79
Cash & Cash Equivalents as at 31st March (Closing Balance)	1,562.21	436.88

Cash and Bank Balance includes ₹ 223.40 Lacs (Previous year ₹ 135.87 Lacs) held under lien/custody with banks/others and balance in unclaimed dividend account ₹ 12.77 Lacs (previous year ₹ 11.27 Lacs)

Note: Figures in brackets represent cash outflow

As per our Separate report of even date attached

For **JAGDISH CHAND & CO.**

Firm Registration No. 000129N

Chartered Accountants

(PRAVEEN KUMAR JAIN)

Partner

M.No- 085629

(ANIL GUPTA)

Chairman-cum-Managing Director

(RAJEEV GUPTA)

Executive Director (Finance)

Place : New Delhi

Dated : 22nd May, 2013

((KISHORE KUNAL)

Company Secretary

ADARSH JAIN)

General Manager (Finance)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation:

- i) In compliance with the accounting standards referred to in Section 211(3C) and the other relevant provisions of the Companies Act, 1956 to the extent applicable, the company follows the accrual system of accounting in general and the historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP).
- ii) The preparation of accounting statements in conformity with GAAP requires the management to make assumption and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statement and the amounts of income and expenses during the period reported under the financial statements. Any revision to the accounting estimates are recognised prospectively when revised.
- iii) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

(b) Fixed assets, intangible assets and capital work-in-progress:

- 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.

(c) Depreciation and amortisation:

- i) Cost of capitalized software is amortised over a period of five years from date of its acquisition. Leasehold Improvements are amortised over period of lease or estimated useful life whichever is shorter.
- ii) In accordance with and at the rates specified in Schedule XIV to the Companies Act, 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.
- iii) No write off is being made in respect of leasehold land, as the lease is a long lease.

(d) 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.

(e) Inventories:

- i) Finished Goods, Project Materials 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 other overheads.

(f) Revenue Recognition:

- i) Sales are accounted for on despatch of goods from 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. Project income is net of VAT/Service tax.
- 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.

(g) 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..

(h) 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.

(i) 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.
 - other cases are accumulated in a 'Foreign Currency Monetary Item Translation Difference Account (FCMITDA) and are amortised over period of foreign currency monetary item or upto 31st March, 2020, whichever is earlier.

(j) Miscellaneous Expenditure:

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

(k) 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.

(l) 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.

(m) Contingent Liabilities:

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

(n) 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.

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013**2 Share Capital:**

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
<u>Authorised</u>				
110,000,000 (Previous year 110,000,000) Equity Shares of ₹ 2/- each		2,200.00		2,200.00
300,000 (Previous year 300,000) Preference Shares of ₹ 100/- each		300.00		300.00
Total		2,500.00		2,500.00
<u>Issued, Subscribed & paid-up</u>				
70,237,438 (Previous year 66,937,438) Equity Shares of ₹ 2/- each fully paid		1,404.75		1,338.75
Total		1,404.75		1,338.75

2.1 Rights, preferences and restrictions attached to shares:

Equity Shares: The company has issued one class of equity shares having par value of ₹ 2 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

2.2 Reconciliation of the Number of Equity Shares:

(₹ in Lacs)

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Nos.	Amount	Nos.	Amount
Balance as at the beginning of the year	66937438	1338.75	66937438	1338.75
Add: Issued during the Year	3300000	66.00	-	-
Balance as at the end of the year	70237438	1404.75	66937438	1338.75

Additions of 33,00,000 (Previous Year NIL) equity shares were issued on Preferential basis to following parties as per SEBI (ICDR) Regulations, 2009 at a price of ₹ 18 per share (including securities premium of ₹ 16/-)

Name of Shareholder	Year Ended 31st March, 2013	Year Ended 31st March, 2012
	Nos.	Nos.
Mr. Anil Gupta	1400000	-
M/s Projection Financial & Management Consultants Pvt. Ltd.	900000	-
M/s Dhan Versha Agency Pvt. Ltd.	1000000	-
	3300000	-

2.3 List of Equity Shareholders holding more than 5% of the aggregate Equity Shares:

Name of Shareholders	As at 31st March, 2013		As at 31st March, 2012	
	Nos.	%age	Nos.	%age
Mr. Anil Gupta	15580776	22.18%	14180776	21.19%
M/s Anil Gupta HUF beneficiary Mr. Anil Gupta	4650375	6.62%	4650375	6.95%
M/s Shubh Laxmi Motels and Inns Pvt. Ltd	3480000	4.95%	3480000	5.20%

3 Reserves & Surplus:

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Capital Reserve Account				
Balance as at the beginning of the year		280.00		280.00
Securities Premium Account				
Balance as at the beginning of the year	5,892.61		9,253.11	
Add: On allotment of Equity Shares	528.00		-	
Less: Premium on redemption of FCCBs (Net of Tax Impact)	-	6,420.61	3,360.50	5,892.61
General Reserve				
Balance as at the beginning of the year		413.68		413.68
Surplus				
Balance as at the beginning of the year	14,783.63		12,506.34	
Add: Net Profit for the year	2,633.70		2,432.88	
Less: Appropriations				
– Proposed Dividend on Equity Shares [Dividend per share ₹ 0.20 (Previous Year ₹ 0.20)]	140.47		133.87	
– Dividend Distribution Tax on Proposed Dividend	23.87	17,252.99	21.72	14783.63
Foreign Currency Monetary Item Translation Difference Account (FCMITDA)				
Balance at the beginning of the year	(102.82)		-	
Add: Additions during the year	(325.38)		(260.85)	
Less: Written off during the year (Refer Note 3.2)	(213.14)	(215.06)	(158.03)	(102.82)
Total		24,152.22		21,267.10

3.1 Premium on redemption on FCCBs (net of tax impact) Nil (Previous Year ₹ 3,360.50 lacs) has been set off against Securities Premium Account.

3.2 Are amortised over period of foreign currency monetary item or upto 31st March 2020, whichever is earlier.

4 Long-Term Borrowings:

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Secured				
Term Loans				
– From Banks	5,965.71	10,076.48	5,677.08	12,577.49
– Foreign Currency Loans from Banks	4,110.77		6,900.41	
Finance Lease Obligations				46.03
Unsecured				
Loans and Advances from Related parties				
– Deposits from Directors	-	36.00	35.00	51.50
– Deposits from Related Parties	36.00		16.50	
Deposits from Others				
– Public Deposits		222.85		182.00
Total		10,344.37		12,857.02

4.1 Nature of Security:

- Term Loans from Banks are Secured by a First pari passu charge over Land & Building, Plant & Machinery and other movable fixed assets located at the Company's Plants at Plot No. A-280-284 Chopanki, SP-919, Bhiwadi and 99/2/7 Madhuban Industrial Estate, Silvassa. Further, they are secured by personal guarantee of Shri. Anil Gupta, Chairman-cum-Managing Director of the Company.
- Foreign Currency Loan (Buyer's Credit) of ₹ Nil lacs (Previous Year ₹508.77 lacs) 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 movable fixed assets 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 & NH), Plot No. A - 280-284, chopanki 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.

4.2 Finance Lease Obligations are secured against leased assets.

4.3 Maturity Profile and rate of interest of Secured Term Loans are as set out below: (₹ in lacs)

Rate of Interest	Maturity Profile		
	1-2 Years	2-3 Years	3-4 Years
USD LIBOR+300 BPS	356.33	-	-
USD LIBOR+300 BPS	1,365.25	1,365.25	1,023.94
13.00%	915.01	725.00	-
13.50%	1,622.61	784.34	468.75
13.75%	725.00	725.00	-
Total	4,984.20	3,599.59	1,492.69

4.4 Unsecured Deposits are repayable within 3 years from the date of acceptance.

5 Deferred Tax Liability (Net):

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Deferred Tax Assets				
– Employee Benefits	132.08		60.40	
– FCCBs/GDR Issue Expenses	-		20.52	
– Carried forward Loss	48.87		994.18	
– Unabsorbed Depreciation	2,280.03		1,930.26	
– Rates & Taxes	68.93	2,529.91	-	3,005.36
Deferred Tax Liabilities				
– Depreciation		3,586.29		3,238.88
Total		1,056.38		233.52

6 Long Term Provisions:

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Employee benefits (Refer Note 25.1)				
– Provision for Leave Encashment		213.92		160.69
Total		213.92		160.69

7 Short Term Borrowings:

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Secured				
– Working Capital Loans from Banks		26,435.51		29,019.91
Unsecured				
– Commercial Paper Issued to Bank		2,000.00		-
Loans and Advances from Related Parties				
– Deposits		10.00		24.10
Deposits from Others				
– Inter Corporate Deposits	55.00		15.00	
– Public Deposits	102.10	157.10	114.15	129.15
Total		28,602.61		29,173.16

- 7.1 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 movable fixed assets 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), Plot No. A 280-284, Chopanki 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.

8 Trade Payables:

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Acceptances		23,967.41		23,479.28
Others		15,510.66		17,446.51
		39,478.07		40,925.79

8.1 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.

9 Other Current Liabilities:

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Current Maturities of Long-Term Debt				
Term Loans				
– From Banks	5,583.39		3,754.04	
– Foreign Currency Loans from Banks (Refer Note 4.1)	2,794.09	8,377.48	2,935.23	6,689.27
Current Maturities of Finance Lease Obligations (Refer Note 4.2)		36.99		39.28
Interest on Borrowings				
– Accrued but not due	2.89		29.12	
– Accrued and due	150.03	152.92	182.08	211.20
Unearned Revenue		146.23		3,366.44
Unpaid Dividend (Refer Note 9.1)		12.77		11.27
Security Deposits Received		126.68		187.89
Employee Benefits Payable		401.04		342.73
Sundry Creditors-Capital Goods		171.52		161.67
Advance from Customers/Payable to Customers		703.55		638.68
Statutory Dues Payable		1,869.46		1,320.54
Others Payables		6.32		9.07
Total		12,004.96		12,978.04

9.1 No amount is due 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.

10 Short Term Provisions:

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Employee benefits (Refer Note 25.1)				
– Provision for Leave Encashment	33.64	175.71	25.48	131.35
– Provision for Gratuity	142.07		105.87	
Others				
– Proposed Dividend on Equity Shares	140.47	282.19	133.87	326.12
– Dividend Distribution Tax on Proposed Dividend	23.87		21.72	
– Provision for Wealth Tax	1.66		1.84	
– Provision for Income Tax (Net of Advance Tax ₹ 748.98 lacs) (Previous Year ₹ 498.85 lacs)	116.19		168.69	
Total		457.90		457.47

11 FIXED ASSETS:

11.1 Tangible Assets:

(₹ in Lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK	
	As At 31.03.2012	Additions	Deductions	As At 31.03.2013	As At 31.03.2012	For the Year	Dedu- ctions	As At 31.03.2013	As At 31.03.2013	As At 31.03.2012
Own Asset:										
Land										
— Free Hold	36.61	–	–	36.61	–	–	–	–	36.61	36.61
— Lease Hold	1,567.97	–	–	1,567.97	–	–	–	–	1,567.97	1,567.97
Building	10,210.62	4.10	8.26	10,206.46	1,319.16	310.81	–	1,629.97	8,576.49	8,891.46
Plant & Equipment	25,634.25	952.84	52.23	26,534.86	6,272.29	1,439.19	28.60	7,682.88	18,851.98	19,361.96
Furniture & Fixtures	1,361.47	67.35	60.01	1,368.81	413.48	120.63	51.94	482.17	886.64	947.99
Leasehold Building Improvement	637.96	121.47	–	759.43	115.51	96.33	–	211.84	547.59	522.45
Vehicles	302.26	2.08	33.24	271.10	123.50	27.65	17.24	133.91	137.19	178.76
Office Equipment	112.89	12.85	–	125.74	21.50	5.95	–	27.45	98.29	91.39
Assets taken on Finance Lease										
Hire Purchase										
— Vehicles	161.47	–	–	161.47	23.09	15.34	–	38.43	123.04	138.38
TOTAL :	40,025.50	1,160.69	153.74	41,032.45	8,288.53	2,015.90	97.78	10,206.65	30,825.80	31,736.97
PREVIOUS YEAR	36,609.09	3,648.31	231.90	40,025.50	6,534.98	1,919.30	165.75	8,288.53	31,736.97	30,074.11

11.2 Intangible Assets:

(₹ in Lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK	
	As At 31.03.2012	Additions	Deductions	As At 31.03.2013	As At 31.03.2012	For the Year	Dedu- ctions	As At 31.03.2013	As At 31.03.2013	As At 31.03.2012
Own Assets (Acquired)										
Software	194.04	16.50	–	210.54	120.72	28.58	–	149.30	61.24	73.32
TOTAL :	194.04	16.50	–	210.54	120.72	25.58	–	149.30	61.24	73.32
Previous Year	179.38	14.66	–	194.04	85.53	35.19	–	120.72	73.32	93.85

11.3 Carrying value of Assets acquired under hire purchase as on 31.03.2012 exclude the amount related to hire purchase agreement settled during the current year.

11.4 As per changes made in AS-11 vide Companies (Accounting Standards) Amendment Rules 2009, further amended vide Amendment Rules 2011, 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 loss (net) ₹ 77.75 lacs (Previous year ₹ 1,254.42 lacs exchange loss) has been adjusted in gross Block of Fixed assets and capital-work-in progress. Exchange difference on External commercial borrowings (ECB's) raised for repurchasing FCCB's has been transferred to FCMITDA.

11.5 Additions are after adjusting exchange loss (net) ₹ 77.75 lacs (Previous Year exchange loss (net) ₹ 1,254.42 lacs).
(₹ in lacs)

Assets	31.03.2013	31.03.2012
1) Building	-	437.58
2) Plant & Equipment	77.75	790.08
3) Furniture & Fixtures	-	26.76
Total	77.75	1,254.42

12 Non Current Investments:

(Long Term Investments)

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Other Investments (Valued at Cost unless stated otherwise)				
Quoted				
Equity Shares				
– State Bank of India	0.37		0.37	
67 (Previous Year 67) Equity Shares ₹ 10/- each fully paid				
– PNB Gilts Limited	1.80		1.80	
6,000 (Previous year 6,000) Equity Shares of ₹ 10/- each fully paid				
– Punjab National Bank	0.68		0.68	
2,200 (Previous year 2,200) Equity shares of ₹ 10/- each fully paid				
– Dena Bank	0.70		0.70	
2,595 (previous year 2,595) Equity shares of ₹ 10/- each fully paid				
– ICICI Bank Limited	4.73		4.73	
900 (Previous year 900) Equity shares of ₹ 10/- each fully paid				
– YES Bank Limited	0.11		0.11	
254 (Previous year 254) Equity shares of ₹ 10/- each fully paid				
– Jaypee Infratech Limited	5.10		5.10	
5,000 (Previous Year 5,000) Equity shares of ₹ 102/- each fully paid				
– Technofab Engineering Limited	272.68	286.17	272.68	286.17
1,04,228 (Previous year 1,04,228) Equity shares of ₹ 10/- each fully paid				

Non Current Investments (Continued from previous page)
(Long Term Investments)

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Unquoted				
Mutual Funds				
– U212GR UTI Wealth Builder Fund 20,000 (Previous year 20,000) Units of ₹ 10/- each fully paid	2.00		2.00	
– L192D SBI PSU Fund Dividend 2,12,944.872 (Previous year 2,12,944.872) Units of ₹ 10/- each fully paid	20.00	22.00	20.00	22.00
Equity Shares of Associate Company				
– KEI International Limited 76,558 (Previous Year 76,558) Equity Shares of ₹ 10 each fully paid (Bonus Shares)		–		–
Total		308.17		308.17
Quoted Investments				
– Aggregate of Book Value		286.17		286.17
– Aggregate of Market Value		156.96		191.95
Unquoted Investments				
– Aggregate of Book Value		22.00		22.00

13 Long Term Loans And Advances:
(Unsecured, Considered Good)

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Capital Advances		268.60		84.17
Security Deposits				
– Others		230.37		173.09
Loans & Advances to workers & staff		28.37		84.83
Total		527.34		342.09

14 Other Non Current Assets:
(Unsecured, Considered Good)

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Trade Receivables		–		20.74
		–		20.74

15 Inventories:

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Raw Materials [Includes In Transit ₹ 907.23 lacs (Previous Year ₹ 1,431.40 lacs)]		5,945.30		5,084.10
Project Materials		1,271.09		-
Work -in- Progress		16,040.45		14,649.00
Finished Goods		11,511.08		8,534.73
Stock in Trade [Includes In Transit ₹ 30.48 lacs (Previous Year ₹ 14.14 lacs)]		66.94		64.07
Stores & Spares [Includes in Transit ₹ 56.23 lacs (Previous Year ₹ 39.57 lacs)]		425.75		362.15
Packing Materials		423.39		383.46
Scrap		131.51		146.83
Total		35,815.51		29,224.34

16 Trade Receivables (Current):

(Unsecured, Considered good)

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Outstanding for a period exceeding six months from the date due for payment		3,955.73		3,154.76
Others		38,166.10		45,105.19
Total		42,121.83		48,259.95

17 Cash and Bank Balances:

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Cash on hand		25.21		51.18
Balances with Banks				
– Current Accounts	470.48		210.11	
– Fixed Deposits (Refer Note 17.1)	1,066.52	1,537.00	175.59	385.70
Total		1,562.21		436.88
Balance with Bank in Unpaid dividend accounts		12.77		11.27
Fixed Deposit with more than twelve month maturity		131.47		33.63

17.1 Fixed Deposits with banks ₹ 223.40 lacs (Previous Year ₹ 135.87 lacs) are under lien/custody with banks /others.

18 Short - Term Loans & Advances:

(Unsecured, Considered good)

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Related Parties				
Security Deposit				
– Projection Financial & Management Consultants Private Limited (Refer Note 18.1)		-		31.92
Balance with Excise Authorities		905.49		279.81
Others				
– Advance to Suppliers	1,330.97		1,862.25	
– Advances Recoverable	46.37		4.14	
– Prepaid Expenses	567.81		521.81	
– Earnest Money Deposits	497.27		594.60	
– Security Deposits	24.65		24.45	
– Loans to Workers & Staff	48.62		36.99	
– Claims Recoverable from Government	1,129.31	3,645.00	1,876.27	4,920.51
Total		4,550.49		5,232.24

18.1 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 Related Parties:

(₹ in Lacs)

Name	As at 31.03.2013	Maximum Balance 2012-13	As at 31.03.2012	Maximum Balance 2011-12
Projection Financial & Management Consultants Pvt. Ltd.	-	31.92*	31.92*	60.00*

*Security deposit for premises taken on rent by the Company.

- b) Investments by the Loanee in the shares of the Company ₹ 162.00 Lacs (Previous Year ₹ Nil)

19 Other Current Assets:

(Unsecured, Considered good)

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Project Work in Progress		60.91		3,220.78
Unbilled Revenue		1,596.19		493.77
Interest Accrued		22.45		21.38
Unamortised Premium on Forward Contracts		3.28		-
Total		1,682.83		3,735.93

19.1 Jobs with lump-sum price, where the physical progress of work is less than 25 per cent, the direct cost incurred thereon amounting to ₹ 60.91 lacs (Previous Year 3,220.78 lacs) have been carried forward as Work In Progress.

20 Revenue From Operations(Gross):

Particulars	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Sale of Products				
– Manufactured Goods	164,435.62		174,367.43	
– Traded Goods	1,550.39	165,986.01	1,624.55	175,991.98
Income from Turnkey Projects (Refer note 20.3)		13,187.84		6,811.21
Job Work		6.39		7.99
Other operating Revenues				
– Export Benefits	308.53		265.53	
– Scrap	1,739.53	2,048.06	2,218.45	2,483.98
Total		181,228.30		185,295.16

20.1 Details of Sales (Manufactured Goods):

Class of Goods	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Cables		129,482.16		143,159.38
Stainless Steel Wires		8,305.69		10,068.29
Winding Wire, Flexible & House Wires		26,647.77		21,139.76
Total		164,435.62		174,367.43

20.2 Details of Sales (Traded Goods):

Class of Goods	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Cables and its accessories etc.				1,304.85
Others		1,550.39		319.70
Total		1,550.39		1,624.55

20.3 Income from Turnkey Projects:

Particulars	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Income from Turnkey Projects		16,347.71		3,832.49
Increase/(Decrease) in Work in Progress :				
– Closing Work In Progress	60.91		3,220.78	
– Less : Opening Work In Progress	3,220.78	(3,159.87)	242.06	2,978.72
Total		13,187.84		6,811.21

21 Other Income:

Particulars	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Dividend from long term investments		2.91		2.38
Interest Income		47.64		72.16
Liability written back		58.97		78.99
Miscellaneous Income		33.24		8.95
Exchange Fluctuation (Net)		92.74		-
Total		235.50		162.48

22 Cost of Materials Consumed:

Particulars	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Raw Materials Consumed				
Opening Stock	3,652.70		4,266.45	
Add : Purchases	119,478.24		126,384.98	
Less : Closing Stock	5,038.09		3,652.70	
Less : Captive use	-	118,092.87	67.37	126,931.36
Turnkey Project Materials				
Opening Stock	-		-	
Add : Purchases	7,790.98		4,560.83	
Less: Closing Stock	1,271.09	6,519.89	-	4,560.83
		124,612.76		131,492.19

22.1 Particulars of Raw Materials consumed:

Class of Goods	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Copper		54,194.49		61,600.31
PVC & DOP		19,693.63		19,785.60
G.I.Wire/S.S.Wire/Strip		10,891.63		10,634.24
Aluminium Wire Rod		24,881.83		23,723.43
Stainless Steel Rod		5,238.69		7,177.63
Others		3,192.60		4,077.52
Total		118,092.87		126,998.73
Less : Captive use		-		67.37
Total		118,092.87		126,931.36

22.2 Turnkey Project Materials:

Class of Goods	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Various Project Items		6,519.89		4,560.83
		6,519.89		4,560.83

23 Purchase of Trading Goods:

Class of Goods	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Cables and its accessories etc.		—		697.11
Others		596.80		319.56
		596.80		1,016.67

24 (Increase) / Decrease in Inventory of Finished Goods, Work in Progress and Stock in trade:

Particulars	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Opening Stock				
– Finished Goods	8,534.73		7,844.91	
– Stock in Trade	49.93		0.07	
– Work in Progress	14,649.00		14,625.55	
– Scrap	146.83	23,380.49	67.10	22,537.63
Less : Closing Stock				
– Finished Goods	11,511.08		8,534.73	
– Stock in Trade	36.46		49.93	
– Work in Progress	16,040.45		14,649.00	
– Scrap	131.51	27,719.50	146.83	23,380.49
		(4,339.01)		(842.86)

25 Employee Benefits Expense:

Particulars	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Salaries, Wages & Others Benefits	4,267.59		3,395.30	
Contribution to Provident & Other Funds	179.01		158.79	
Welfare Expenses	167.81	4,614.41	151.09	3,705.18
		4,614.41		3,705.18

25.1 Disclosures under Accounting Standard 15 “Employee Benefits”:**Defined Contribution Plan**

Amount recognized as an expense in defined contribution plans:

(₹ in Lacs)

Particulars	Expense recognised in 2012-13		Expense recognised in 2011-12	
Contributory Provident Fund & Employees Pension Scheme 1995		100.85		87.98

Defined Benefit Plans

The company is having following Defined Benefit Plans:

- Gratuity (Funded)
- Leave Encashment (Unfunded)

Particulars	Gratuity (Funded) 2012-13	Leave Encashment (Unfunded) 2012-13	Gratuity (Funded) 2011-12	Leave Encashment (Unfunded) 2011-12
a) Actuarial Assumptions				
Discount rate	8.00%	8.00%	8.00%	8.60%
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	402.93	186.17	318.68	140.80
Interest cost	25.49	16.01	25.49	11.26
Current Service Cost	38.89	42.50	38.89	37.25
Benefits paid	(8.26)	(21.43)	(8.26)	(19.17)
Actuarial (gain)/loss on Obligations	23.29	24.31	28.13	16.03
Present value of obligations as at end of year	498.85	247.56	402.93	186.17
c) Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan assets as on beginning of year	302.39	–	260.39	–
Expected return on plan assets	30.11	–	25.26	–
Contributions	49.00	–	25.00	–
Benefits paid	(8.20)	–	(8.26)	–
Actuarial Gain/(Loss) on Plan assets	–	–	–	–
Fair value of plan assets at the end of year	373.31	–	302.39	–
d) Fair value of plan assets				
Fair value of plan assets at beginning of year	302.39	–	260.40	–
Actual return on plan assets	30.11	–	25.26	–
Contributions	49.00	–	25.00	–
Benefits paid	(8.20)	–	(8.26)	–
Fair value of plan assets at the end of year	373.31	–	302.40	–
Funded status	(125.54)	(247.56)	(100.53)	(186.17)
Excess of Actual over estimated return on plan	–	–	–	–
e) Actuarial Gain/Loss recognized				
Actuarial gain/(Loss) for the year – Obligation	(23.29)	(24.31)	(28.13)	(16.03)
Actuarial (gain)/Loss for the year – plan assets	–	–	–	–
Total (gain)/Loss for the year	23.29	24.31	28.13	16.03
Actuarial (gain)/Loss recognized in the year	23.29	24.31	28.13	16.03
f) The amounts recognized in the balance sheet				
Present value of obligations as at the end of year	498.85	247.56	402.93	186.17
Fair value of plan assets as at the end of the year	373.31	–	302.40	–
Funded status	(125.54)	(247.56)	(100.53)	(186.17)
Net (Asset)/liability recognized in balance sheet	125.54	247.56	100.53	186.17
g) Expenses Recognized in statement of Profit & Loss				
Current Service Cost	48.59	42.50	38.89	37.25
Interest cost	32.23	16.01	25.49	11.26
Expected return on plan assets	(30.11)	–	(25.26)	–
Net Actuarial (gain)/Loss recognized in the year	23.29	24.31	28.13	16.03
Expenses recognized in statement of Profit & Loss	74.01	82.82	67.25	64.54

26 Finance Costs:

Particulars	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Interest Expense				
– Interest On Income Tax	20.98		39.68	
– Interest (Others)	9,233.18	9,254.16	7,907.51	7,947.19
Other Borrowing Costs		1,681.21		1,669.04
Total		10,935.37		9,616.23

27 Other Expenses:

Particulars	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Stores, Spares & Consumables		568.52		551.98
Packing Expenses		4,694.89		4,658.15
Excise Duty (Refer Note 27.1)		319.86		966.62
Job Work Charges		2,511.28		2,060.84
Sub Contractor's expenses		3,444.91		1,108.43
Power, Fuel & Lighting		2,851.61		2,653.09
Repairs & Maintenance				
– Plant & Machinery	764.97		713.37	
– Building	45.21		48.07	
– Others	140.45	950.63	123.18	884.62
Freight, Handling and Octroi (Net) [Net of recovery ₹ 1166.72 lacs (Previous Year ₹ 1350.28 lacs)]		1,991.62		1,857.14
Rebate, Discount, Commission on Sales		1,277.23		1,598.10
Bad Debts Written off		214.97		511.46
Rates & Taxes [Includes Wealth Tax ₹ 1.66 lacs (Previous Year ₹ 1.84 lacs)]		557.77		183.75
Rent		397.25		382.28
Insurance (Net) (Refer Note 27.2) [Net of recovery ₹ 4.86 lacs (Previous Year ₹ 18.91 lacs)]		182.82		173.08
Travelling & Conveyance		633.50		495.40
Advertisement & Publicity		202.57		106.03
Auditor's Remuneration (Refer Note 27.3)		37.81		37.90
Loss on sales of Assets (Net)		21.73		13.15
Fixed Assets Written off		17.93		21.55
Communication Expenses		174.45		138.05
Donations		41.67		30.90
Director's Meeting Fee		5.50		4.80
Professional & Consultancy Charges		262.11		200.46
Miscellaneous Expenses		1,724.56		2,715.39
Exchange Fluctuation (Net)		–		339.98
FCMITDA written off		213.14		158.03
Total		23,298.33		21,851.18

27.1 Represents excise duty borne by the company and difference between excise duty on opening stock and closing stock of finished goods.

27.2 Insurance premium of ₹ 20.88 lacs (Previous year ₹ 20.71 lacs) on Keyman Insurance Policy has been charged to Profit & Loss Account. Maturity value of such policy will be accounted for on receipt basis.

27.3 Auditor's Remuneration*:

Particulars	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Audit Fee		25.00		18.00
Tax Audit		4.00		4.00
Certification		8.81		5.14
Consultancy		—		10.76
		37.81		37.90

* Excludes service tax ₹ 0.54 lacs (Previous year ₹ 4.44 lacs)

27.4 Value of Imports on CIF basis:

Particulars	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Raw Materials purchases		3,505.77		4,133.15
Packing Materials		142.35		47.65
Stores, Spares & Consumables		17.13		32.34
Capital Goods		113.33		420.18

27.5 Expenditure in Foreign Currency (on Accrual Basis):

Particulars	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Manufacturing Selling & Other Expenses				
Freight, Handling, Octroi & Insurance	1.49		20.77	
Rebate, Discount, Commission on Sales	138.92		519.23	
Rent	11.41		15.30	
Travelling & Conveyance	39.84		23.86	
Communication Expenses	6.93		5.61	
Miscellaneous Expenses	442.92	641.51	435.89	1,020.66
Payment to and Provisions for Employees				
Salaries, Wages & Other Benefits	80.85		56.31	
Welfare Expenses	2.55	83.40	1.08	57.39
Financial Charges				
Interest (Others)	737.92		259.32	
Others Borrowing Costs	1.12	739.04	169.31	428.63

27.6 Value of Imported and Indigenous materials consumed

Class of Goods	Percentage		(₹ in lacs)	
	Year Ended 31.03.2013	Year Ended 31.03.2012	Year Ended 31.03.2013	Year Ended 31.03.2012
Materials				
– Indigenous	97.22	97.32	121,147.50	123,471.53
– Imported	2.78	2.68	3,465.26	3,527.20
Total	100.00	100.00	124,612.76	126,998.73
Stores, Spares & Consumables				
– Indigenous	95.46	93.52	542.72	516.21
– Imported	4.54	6.48	25.80	35.77
Total	100.00	100.00	568.52	551.98

Value of Imported and Indigenous materials consumed (Continue from previous page)

Class of Goods	Percentage		(₹ in lacs)	
	Year Ended 31.03.2013	Year Ended 31.03.2012	Year Ended 31.03.2013	Year Ended 31.03.2012
Packing Material				
– Indigenous	96.70	98.86	4,539.80	4,605.27
– Imported	3.30	1.14	155.09	52.88
Total	100.00	100.00	4,694.89	4,658.15

27.7 Remittance in foreign currency on account of dividends:

Particulars	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
The year to which dividend relates		2011-12		2010-11
Amount of dividend remitted (₹ in Lacs)		1.59		1.76
Number of Non-Resident Shareholders / OCBs/FIIs		343		378
Number of Equity Shares		794,710		881,116

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 2011-12 & 2010-11 are as above.

27.8 Earnings in Foreign Exchange (on Accrual Basis)

Particulars	Year Ended 31st March, 2013 (₹ in Lacs)		Year Ended 31st March, 2012 (₹ in Lacs)	
Sales (Exports)		9,721.81		12,500.23

28 Earnings Per Share ('EPS') pursuant to Accounting Standard-20 ('AS-20') has been calculated as follows:

Particulars	Year Ended 31st March, 2013		Year Ended 31st March, 2012	
Profit after taxation (₹ in lacs)		2,633.70		2,432.88
Number of Equity shares at the beginning of the year		66,937,438		66,937,438
Add: Weighted average number of equity shares issued during the year		1,735,890		-
Weighted average number of Equity shares for Basic EPS		68,673,328		66,937,438
Weighted average number of equity shares for Diluted EPS		68,673,328		66,937,438
Basic Earnings Per Share (₹)		3.84		3.63
Diluted Earnings Per Share (₹)		3.84		3.63
Par Value Per Equity Share (₹)		2.00		2.00

29 In terms of provision of AS – 7 on “Construction Contracts” for Lump-sum Turnkey Projects for contract in progress as on 31.03.2013:

- The aggregate amount of cost incurred and recognised profit upto 31.03.2013 ₹ 19,896.46 lacs (Previous year ₹ 6,770.08 lacs)
- The amount of advances received ₹ 1,272.15 lacs (Previous year ₹ 2,070.76 lacs).
- The amount of retention ₹ 2,047.84 lacs (Previous year ₹ 449.44 lacs).
- Gross amount due to customers ₹ 117.21 lacs (Previous year ₹ 42.62 lacs).
- Gross amount due from customers ₹ 1,628.08 lacs (Previous year ₹ 3,714.55 lacs).

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

a) Name of Related Parties :

i) Associate of The company:

- KEI International Limited

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

- Anil Gupta (HUF)
- Projection Financial & Management Consultants Pvt. Ltd.
- Shubh Laxmi Motels & Inns Pvt. Ltd.
- Soubhagya Agency Pvt. Ltd.
- Dhan Versha Agency Pvt. Ltd.
- KEI Cables Pvt. Ltd.
- KEI Power Ltd.

iii) Key Managerial Personnel:

- Shri Anil Gupta, Chairman-cum-Managing Director
- Shri Rajeev Gupta, Executive Director (Finance)

iv) Relatives of Key Managerial Personnel with whom transaction have taken place:

- Shri Sunil Gupta
- Smt. Archana Gupta (Director)
- Smt. Varsha Gupta
- Smt. Sumitra Devi Gupta
- Smt. Shashi Gupta
- Smt. Srikrishan Gupta
- Smt. Veena Aggarwal

v) Enterprises Over which person mentioned in (iv) above are able to exercise significant control and transactions have taken place:

- 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 expense on deposits	2012-13	-	1.28	1.73	3.60	1.10	7.71
	2011-12	-	-	3.98	3.37	1.10	8.46
Deposits Received during the year	2012-13	-	77.00	200.00	5.40	-	282.40
	2011-12	-	-	-	-	-	-
Deposits Paid during the year	2012-13	-	77.00	235.00	-	-	312.00
	2011-12	-	-	-	-	-	-
Credit Balance Outstanding as at the year end	2012-13	-	-	-	36.00	10.00	46.00
	2011-12	-	-	35.00	30.60	10.00	75.60
Rent paid for use of assets	2012-13	-	132.60	-	99.00	8.25	239.85
	2011-12	-	174.60	-	99.00	6.60	280.20
Managerial remuneration	2012-13	-	-	280.52	-	-	280.52
	2011-12	-	-	233.39	-	-	233.39
Expenses Payable	2012-13	-	-	71.46	-	-	71.46
	2011-12	-	-	67.41	-	-	67.41
Director's Meeting Fee	2012-13	-	-	-	1.50	-	1.50
	2011-12	-	-	-	1.30	-	1.30
Deposit Recovered during the year	2012-13	-	31.92	-	-	-	31.92
	2011-12	-	28.08	-	-	-	28.08
Outstanding premises deposit receivable	2012-13	-	-	-	-	-	-
	2011-12	-	31.92	-	-	-	31.92
Dividend Paid	2012-13	-	25.66	28.40	1.80	0.02	55.88
	2011-12	-	25.66	26.96	3.24	0.02	55.88
Equity Share Allotment	2012-13	-	38.00	28.00	-	-	66.00
	2011-12	-	-	-	-	-	-
Security Premium on Share Allotment	2012-13	-	304.00	224.00	-	-	528.00
	2011-12	-	-	-	-	-	-

c) Non Financial Transactions:

- (i) Shri Anil Gupta has given personal guarantee to banks for company's borrowings.
- (ii) 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.

31 Future lease obligation by way of lease rental:

(₹ in lacs)

Due	Total Minimum lease payments outstanding		Future Interest on outstanding		Present value of minimum lease payments	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Within one year	40.23	46.91	3.24	7.64	36.99	39.28
Later than one year and not later than five years	9.38	49.60	0.34	3.57	9.04	46.03
More than Five years	NIL	NIL	NIL	NIL	NIL	NIL
Total:	49.61	96.51	3.58	11.21	46.03	85.31

31.1 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/Computers 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 ₹ 399.61 lacs (Previous year ₹ 398.58 lacs) for the leases which commenced on or after April 1, 2001.

32. (a) Segment information pursuant to Accounting Standard (AS-17) "Segment Reporting"
Information about Primary Business Segments

Particulars	Cables		Stainless Steel Wire		Turnkey Projects		Unallocated		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Revenue (Gross)										
External	158,191.73	167,094.30	8,463.36	10,116.36	14,692.92	8,084.50	(26.97)	-	181,321.04	185,295.16
Less: Excise Duty	14,792.57	12,463.16	600.48	601.68	-	-	-	-	15,393.05	13,064.84
Inter-segment	-	-	-	-	-	-	-	-	-	-
Total Revenue (Net)	143,399.16	154,631.14	7,862.88	9,514.68	14,692.92	8,084.50	(26.97)	-	165,927.99	172,230.32
Result										
Segment Result	17,715.34	17,124.34	141.04	384.47	1,748.59	(318.04)	-	-	19,604.97	17,190.77
Unallocated expenditure										
net of unallocated income	-	-	-	-	-	-	(4,412.54)	(4,049.36)	(4,412.54)	(4,049.36)
Interest Expenses	-	-	-	-	-	-	(10,935.37)	(9,616.23)	(10,935.37)	(9,616.23)
Interest Income	-	-	-	-	-	-	47.64	72.16	47.64	72.16
Dividend Income	-	-	-	-	-	-	2.91	2.38	2.91	2.38
Profit before Taxation	17,715.34	17,124.34	141.04	384.47	1,748.59	(318.04)	(15,297.36)	(13,591.05)	4,307.61	3,599.72
Taxation	-	-	-	-	-	-	-	-	1,673.91	1,166.84
Net Profit	-	-	-	-	-	-	-	-	2,633.70	2,432.88
Other Information										
Segment Assets	98,197.91	104,407.64	3,807.40	4,671.49	12,317.92	8,023.24	3,391.95	2,289.17	117,715.18	119,391.54
Segment Liabilities	36,725.44	38,387.89	2,458.25	2,127.62	3,230.48	6,059.28	30,818.10	30,472.09	73,232.27	77,046.88
Capital Expenditure	1,186.61	2,381.47	42.82	(58.38)	63.34	46.08	153.96	135.15	1,446.73	2,504.32
Depreciation	1,739.82	1,647.02	80.39	86.47	7.36	15.97	216.91	205.02	2,044.48	1,954.48
FCMITDA written off/(back)	-	-	-	-	-	-	213.14	158.03	213.14	158.03

32. (b) Information about Secondary Business Segment:

(₹ in lacs)

Revenue by geographical market	India		Outside India		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
External Revenue (Gross)	171,599.23	172,794.93	9,721.81	12,500.23	181,321.04	185,295.16
Less: Excise Duty	15,393.05	13,064.84	–	–	15,393.05	13,064.84
Inter-segment	–	–	–	–	–	–
Total Revenue(Net)	156,206.18	159,730.09	9,721.81	12,500.23	165,927.99	172,230.32
Carrying amount of segment assets	117,699.58	119,476.21	15.60	18.15	117,715.18	119,391.54
Additions to fixed assets	1,446.73	2,504.32	–	–	1,446.73	2,504.32

32 (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.
 - 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.

(₹ in lacs)

Segment Revenue comprising of (₹ in lacs)	2012-13	2011-12
Sales	167,725.54	178,210.43
Project Income	13,187.84	6,811.21
Job Work	6.39	7.99
Export Incentives	308.53	265.53
Exchange Fluctuation	92.74	–
Total	181,321.04	185,295.16

- 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.

33 (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, 2013 amount to ₹ 2,333.15 lacs (Previous Year ₹ 3,808.14 lacs). Category wise break up is given below:

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Interest Rate Swap and Option Deal (net)		1,786.05		3,214.89
Forward Contracts(net)		547.10		593.25

- (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.

34 (i) Amount payable in foreign currency: (₹ in lacs)

Particulars	As at 31.3.2013			As at 31.3.2012		
	(₹ in lacs)	Amount in Foreign Currency	Foreign Currency	(₹ in lacs)	Amount in Foreign Currency	Foreign Currency
Imports of Goods & Advance Received	615.45	10.15	USD	509.34	10.08	USD
	192.18	3.60	EURO	214.25	3.11	EURO
	-	-	GBP	99.14	1.79	GBP
Working Capital Loan (Buyer's Credit)	1,993.14	36.50	USD	1,638.26	31.89	USD
	-	-	EURO	53.46	0.77	EURO
Term Loan	6904.85	129.94	USD	9,482.63	187.19	USD
	-	-	EURO	353.01	5.11	EURO
Royalty/Know How/Licence Fees	183.42	2.64	EURO	185.25	2.76	EURO
Expenses Payable	77.21	1.41	USD	290.73	5.66	USD
	3.77	0.05	EURO	6.36	0.09	EURO
	12.34	0.15	GBP	-	-	GBP
	6.95	0.47	AED	5.99	0.43	AED

(ii) Amount receivable in foreign currency : (₹ in lacs)

Particulars	As at 31.3.2013			As at 31.3.2012		
	(₹ in lacs)	Amount in Foreign Currency	Foreign Currency	(₹ in lacs)	Amount in Foreign Currency	Foreign Currency
Exports of Goods & Advance Paid	1,064.13	19.68	USD	1,089.39	21.41	USD
	329.49	5.03	EURO	558.06	8.46	EURO
	-	-	CHF	42.19	0.76	CHF
Imprest With Staff	0.28	0.02	AED	0.05	**0.00	AED
	0.01	*0.00	CNY	-	-	CNY
	3.33	0.06	USD	3.41	0.07	USD
	0.85	0.01	EURO	1.84	0.03	EURO
	0.11	0.26	LKR	0.11	0.26	LKR
	0.28	0.01	SGD	0.54	0.01	SGD
Balance With Banks	8.82	0.60	AED	12.67	0.91	AED

(*CNY 110) (**AED 326)

35 Contingent Liabilities & Commitments:

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
Contingent Liabilities				
Claims Against the Company not acknowledged as Debt		0.18		0.18
Guarantees				
a) Financial Bank Guarantees outstanding		5,326.00		4,407.50
Other money for which company is contingently liable				
a) Unutilised Letter of Credits	93.32		441.72	
b) Outstanding Bill discounted	11,805.92		9,003.78	
c) Prorata share of company in channel finance given by banks to others	782.20		543.52	

Contingent Liabilities & Commitments (Continue from previous page)

Particulars	As at 31st March, 2013 (₹ in Lacs)		As at 31st March, 2012 (₹ in Lacs)	
d) Sales Tax/ Entry Tax demands under appeal	53.65		45.02	
e) Income tax Matters:				
– Demand Under Appeal	-		86.54	
– Appellate decision in favour of company but department has filed against decision of appellate authorities.	86.54		-	
f) Excise / Service tax demands under appeal	885.08		730.31	
g) Labour Cess Demands under Appeal	36.68	13,743.39	-	10,850.89
Commitments				
Estimated amount of contracts remaining to be executed on Capital Account		613.60		287.80

36 Previous Year's figures have been regrouped / rearranged wherever necessary.
As per our Separate report of even date attached

For **JAGDISH CHAND & CO.**

Firm Registration Number: 000129N

Chartered Accountants

(PRAVEEN KUMAR JAIN)

Partner

M.No- 085629

(ANIL GUPTA)

Chairman-cum-Managing Director

(RAJEEV GUPTA)

Executive Director (Finance)

Place : New Delhi

Dated : 22nd May, 2013

(KISHORE KUNAL)

Company Secretary

(ADARSH JAIN)

General Manager (Finance)

Notice

THE 21ST 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 - 110 033 ON FRIDAY THE 21ST DAY OF JUNE, 2013 AT 10.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Statement of Profit & Loss for the year ended 31st March 2013 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 2013.
3. To appoint a Director in place of Mr. Pawan Bholusaria, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rajeev Gupta, 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 subject to consent of shareholders of the Company and pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof, for the time being in force) and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the enabling provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed and the

approvals and / or sanctions from all appropriate authorities, including the Securities and Exchange Board of India (SEBI), Govt. of India, Reserve Bank of India, Stock Exchanges and all other bodies and Institutions as may be relevant (hereinafter singly or collectively referred to as "**the Appropriate Authorities**") and subject to such conditions and modification/s as may be prescribed or imposed by any of them while granting any such consents, permissions, approvals and / or sanctions (hereinafter singly or collectively referred to as "**the requisite approvals**") and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee(s) consisting of one or more members of the Board and / or one or more officials of the Company appointed by the Board in this behalf which the Board may constitute to exercise powers of the Board), the consent, authority and approval of the company be and is hereby accorded to the Board and the Board is hereby authorized to offer, issue and allot, up to an aggregate of 35,00,000 (Thirty Five Lacs) Equity Shares of ₹ 2/- each for cash at a price of ₹ 14/- (which includes a premium of ₹ 12/- per Equity Share) on preferential basis and to the following entity (the "proposed allottee") forming part of Promoter / Promoters Group, on such terms and conditions and in such manner as may be decided by the Board.

RESOLVED FURTHER THAT the Equity Shares so issued and allotted shall rank pari-passu in all respects with the existing Equity Shares of the Company including dividend entitlement.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to do all such things and acts as may be necessary and expedient and to settle any matter that may arise in connection therewith.

RESOLVED FURTHER THAT the Board be and is hereby authorised to accept any modification(s) to or to modify the terms of issue of the said new Equity Shares, as may be required by any authority, without being required to seek any further consent or approval of the Company in General Meeting.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any director or

directors or to any committee of director(s) or any other officer or officers of the company and to do all such acts, matters, things and deeds and to take all such steps and do all such things and give all such directions as the Board may consider necessary or expedient or desirable and also to settle any question/s or difficulty/ies or doubt/s that may arise in regard to the offer / issue, allotment and utilization of the proceeds and further to do all such acts, deeds, matters and things and to finalize and execute all documents and writings as may be necessary, proper, desirable or expedient as the Board, in its absolute discretion may deem fit and take all such steps which are incidental and ancillary in this regard."

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as **SPECIAL RESOLUTION**:

"RESOLVED THAT subject to consent of shareholders of the Company and pursuant to and in terms of the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof, for the time being in force) and the enabling provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed and the approvals and / or sanctions from all appropriate authorities, including the Securities & Exchange Board of India (SEBI), Govt. of India, Reserve Bank of India, Stock Exchanges and all other bodies and Institutions as may be relevant (hereinafter singly or collectively referred to as **"the Appropriate Authorities"**) and subject to such conditions and modification/s as may be prescribed or imposed by any of them while granting any such consents, permissions, approvals and / or sanctions (hereinafter singly or collectively referred to as **"the requisite approvals"**) and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as **"the Board"** which term shall be deemed to include any committee(s) consisting of one or more members of the Board and / or one or more officials of the Company appointed by the Board in this behalf which the Board may constitute to exercise powers of the Board), the consent of the company be and is hereby accorded to the Board and the Board is hereby authorized to create, offer, issue and allot, from time to time, up to 35,00,000 (Thirty Five Lacs) Warrants at a price of ₹ 14/- each based on the relevant date i.e. May 22, 2013 on preferential basis to the Promoter / Promoter Group, in one or more tranches, on such terms and conditions and in such manner as the Board may think fit, without offering the same to any other person/s who on the date of offer are holders of

the equity shares, each Warrant entitling the holder thereof to apply and be allotted one fully paid-up equity share of face value ₹ 2/- each, at any time not exceeding eighteen months from the date of allotment of the Warrants in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and other relevant authorities as may be applicable such that the total number of equity shares to be issued by the Company upon conversion of the Warrants do not exceed 35,00,000 (Thirty Five Lacs) equity shares of ₹ 2/- each on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue of warrants.

FURTHER RESOLVED THAT the issue of Warrants, if any, as above, shall be subject to the following terms and conditions:

1. The Warrants shall be convertible within a period of 18 months from the date of allotment.
2. Each Warrant shall be convertible into one equity share of ₹ 2/- each of the Company.
3. The Warrant holder(s) shall, on the date of allotment, pay an amount, equivalent of 25% of the price fixed per Warrant.
4. The Warrant holder(s) shall, on the respective dates of conversion, pay the balance 75% of the consideration towards subscription to each equity share.
5. The proportionate amount referred to in (3) above shall be forfeited, if the option to acquire shares is not exercised fully or in part thereof.
6. The number of Warrants and the price per Warrant shall be appropriately adjusted, subject to the Companies Act, 1956 and SEBI (ICDR) Regulations, 2009, for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring.

FURTHER RESOLVED THAT the Board be and is hereby authorised to issue and allot such number of Equity shares as may be required to be issued and allotted upon conversion of the Warrants and that equity shares shall be as per the Memorandum and Articles of Association of the company and shall rank pari passu with the existing Equity shares of the Company.

FURTHER RESOLVED THAT the Board be and is hereby authorised to accept the terms, conditions and stipulations made by the Appropriate Authorities while granting approval to the Company for issue of the Warrants as aforesaid.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee of director(s) or any other officer or officers of the company and to do all such acts, matters, things and deeds and to take all such steps and do all such things and give all such directions as the Board may consider necessary or expedient or desirable and also to settle any question/s or difficulty/ies or doubt/s that may arise in regard to the offer / issue, allotment and utilization of the proceeds and further to do all such acts, deeds, matters and things and to finalize and execute all documents and writings as may be necessary, proper, desirable or expedient as the Board, in its absolute discretion may deem fit and take all such steps which are incidental and ancillary in this regard."

8. 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 re-appointment of Mr. Anil Gupta as Chairman-cum-Managing Director (CMD) of the Company for a period of three years with effect from **July 01, 2013 to June 30, 2016** on the terms & conditions set out here below and with further discretion to the Board / Committee to alter from time to time said terms & conditions 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 will 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 as per rules of the Company.
- 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."

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. Members or their respective proxies are requested to:
 - i. bring copies of Annual Report sent to the Members as the copies of Annual Report shall not be distributed at the Annual General Meeting;
 - ii. Quote their Folio / DP ID & Client ID in the attendance slips for attending the meeting;
 - iii. bring the attendance slip sent herewith duly filled in for attending the meeting.
4. 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.
5. Annual Report is available at the website of the Company at www.kei-ind.com in the Investor Relations section.
6. The Register of Members and Share Transfer Books will remain close from June 15, 2013 to June 21, 2013 (both days inclusive).
7. Dividend, if declared at the AGM will be paid to those Members whose names appear on the Company's Register of Members on June 21, 2013. 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 June 14, 2013, as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
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 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.
10. Pursuant to Section 205 A and 205 C of the Companies Act, 1956 read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2002, unclaimed / unpaid dividend for the financial year ended 31.03.2005 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.
11. Ministry of Corporate Affairs (MCA) has vide its circular bearing No.17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 has allowed paperless compliance by Companies through electronic mode. Accordingly, the Company proposes to send various notices / documents including Notice calling Annual General Meeting, Audited Financial Statements, Director's Report, Auditor's Report etc., to the shareholder(s) through electronic mode, at the registered e-mail address of the shareholder(s). Members who have not yet registered their e-mail address are requested to register / update their e-mail address in respect of electronic holding with their Depository Participants and in respect of physical form with Registrar and Transfer Agent.
12. In terms of Article 106 of Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. Pawan Bholusaria and Mr. Rajeev Gupta, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. 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.

Place: New Delhi
Dated: May 22, 2013

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

(Kishore Kunal)
Company Secretary

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

ITEM NO. 6& 7

The Company desires to strengthen its equity base with the objective to meet the long term funds requirements and margin for working capital requirement, capital expenditure for Company's existing as well as new growth opportunities, to meet requirement of general corporate purpose and to improve financial leveraging strength.

Your Company proposes to raise funds through issue of equity shares and Warrants to entity under Promoter / Promoters Group on preferential basis. Entity under Promoter Group has agreed to provide the necessary funds by subscribing to 35,00,000 (Thirty Five Lacs) equity shares and 35,00,000 (Thirty Five Lacs) Warrants at a price determined as per SEBI (ICDR) Regulations, 2009.

The Board of Directors of the Company at its meeting held on May 22, 2013, subject to necessary approval(s), has approved the proposal for issuing 35,00,00,000 (Thirty Five Lacs) equity shares and 35,00,00,000 (Thirty Five Lacs) Warrants convertible into equity shares through preferential offer to Promoter / Promoters Group. The preferential issue of Equity Shares and Warrants to the Promoter / Promoter Group shall have the effect of increasing the shareholding of Promoter / Promoter Group in the Company. However, even after the allotment under this preferential issue the aggregate Promoter Shareholding shall not exceed 75% of the paid up share capital, the maximum promoter shareholding permissible for continued listing as per Listing Agreement. The increase in Promoter shareholding on account of preferential issue of Equity Shares & Warrants will also be in compliance with the requirements under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011.

In terms of Section 81(1A) of the Companies Act, 1956, approval of the shareholders of the company is being sought to create, offer, issue and allot further shares in the share capital of the company to investors, whether or not the allottees are existing shareholders of the company. Thus, consent of the members of the company, by way of a Special Resolutions, is required for Item No. 6 & 7.

Disclosures, which are required to be given in terms of Regulation 73 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009:

(a) Objects of the Issue :

The Company desires to strengthen its equity base with the objective to meet the long-term funds requirements and margin for working capital requirement, capital expenditure for Company's existing as well as new growth opportunities, to meet requirement of general corporate purpose and to improve financial leveraging strength.

(b) Intention/proposal of the promoters, directors or key management personnel to subscribe to the offer:

The following entity from Promoter / Promoter Group do intend to subscribe to the above mentioned preferential issue of Equity Shares & Warrants of the Company. No shares are being offered to other Directors or key management personnel of the Company.

Name of proposed Allottee	No. of Equity Shares	No. of Warrants
Projection Financial & Management Consultants Private Limited	35,00,000	35,00,000

(c) Shareholding pattern of the Company before and after the Preferential Issue:

Category of Shareholder	Pre-Issue shareholding as on 17.05.2013		Preferential Issue		*Post Issue shareholding (after conversion of Warrants)	
	Total No. of Shares	% of total No. of Shares	No of equity shares	No of Warrants	Total No. of Shares	% of total No. of Shares
Promoter & Promoter Group						
Indian Promoter						
Individuals / HUF	21068466	30.00			21068466	27.28
Bodies Corporate	10080000	14.35	3500000	3500000	17080000	22.11
Total (A)	31148466	44.35			38148466	49.39
Public Shareholding						
Foreign Institutional Investors / Financial Institutions / Banks	401386	0.57			401386	0.52
Bodies Corporate	15486310	22.05			15486310	20.05
Individual	22074337	31.43			22074337	28.58
NRI/OCBs/Clearing Member / Trust	1126939	1.60			1126939	1.46
Total (B)	39088972	55.65			39088972	50.61
Total (A+B)	70237438	100.00	3500000	3500000	77237438	100.00

* Post issue % has been calculated on increased total number of shares (post issue), assuming full conversion of 35,00,000 Warrants.

d) Proposed time within which the allotment shall be completed:

As required under the SEBI (ICDR) Regulations, 2009, the allotment of equity shares and warrants will be completed within 15 days from the date of the passing of the resolution by shareholders. Provided that where the allotment is pending on account of pendency of approval or permission by any regulatory authority or the Central Government, if applicable, the allotment would be completed within 15 days from the date of such approval.

e) Identity of the proposed allottee, percentage of post preferential issue capital that may be held by them and change in control, if any, consequent to the Preferential Issue:

Sr. No	Name	Category	Pre-Issue Shareholding		Preferential Issue		*Post Issue shareholding (after conversion of Warrants)	
			No. of shares	%	No of equity	No of Warrants	No. of Shares	% Shares
1.	Projection Financial & Management Consultants Private Limited	Promoter Group	900000	1.28	3500000	3500000	7900000	10.23

*Post issue % has been calculated on increased total number of shares (post issue), assuming full conversion of 35,00,000 Warrants.

f) Consequential changes in the Voting Rights:

Voting Rights will change in tandem with the shareholding pattern. However, there will be no change in the control or management of the Company consequent to the preferential issue.

g) Pricing:

The issue of Equity Shares and Warrants on preferential basis shall be made at a Price of ₹14/- (₹ 2/- face value and premium of ₹12/-per share) determined as per Regulation 76 of Chapter VII of the SEBI (ICDR) Regulation, 2009 governing pricing of Equity shares and Warrants to be issued under preferential allotment.

h) Relevant Date:

Relevant date for the purpose of calculating the price of the Issue of Equity Shares and Warrants is May 22, 2013, the date 30 days prior to the date of this Annual General Meeting.

i) Auditors Certificate:

The Company has obtained Certificate from M/s Jagdish Chand & Co., Chartered Accountants, Statutory Auditors of the Company, certifying that the preferential issue of Equity shares and Warrants are being made in accordance with the requirement of SEBI (ICDR) Regulations, 2009. A copy of this certificate is being placed before the shareholders at the Annual General Meeting and the same will also be available for inspection at the Registered Office of the Company between 11.00 AM to 1.00 PM on any working day prior to the date of Annual General Meeting.

j) Lock-in:

- (a) 35,00,000 Equity Shares being allotted to Promoter / Promoter group on preferential basis as mentioned at "point e" above shall be locked in for a period of three years from the date of allotment of equity shares.
- (b) 35,00,000 Warrants being allotted to Promoter / Promoter group on preferential basis as mentioned at "point e" above shall be locked in for a period of three years from the date of allotment of Warrants and Equity shares allotted pursuant to the conversion of the Warrants will be put under fresh lock in for a period of 3 years respectively from the date of conversion or as may be required under SEBI (ICDR) Regulations, 2009.
- The entire pre preferential allotment shareholding, if any, shall be locked in from the relevant date upto a period of six months from the date of preferential allotment.

k) Undertaking:

The Company undertakes to re-compute the price of the prescribed securities in terms of the SEBI (ICDR) Regulations, 2009, where it is required to do so. If the amount payable on account of the re-computation of the price is not paid within the time stipulated in the SEBI (ICDR) Regulations, 2009 the specified securities shall continue to be locked-in till time such amount is paid by the allottees.

None of the Directors other than Mr. Anil Gupta and Mrs. Archana Gupta, who are also Directors and shareholders of above entity, are concerned or interested in the above resolutions.

The Board of Directors of the Company recommends passing of the resolution as set out in the Notice.

ITEM NO. 8

At the 16th Annual General Meeting of the Company held on August 28, 2008, the members of the company had re-appointed Mr. Anil Gupta as Chairman-cum-Managing Director of the Company for a period of 5 years with effect from July 01, 2008 to June 30, 2013. Mr. Anil Gupta has been on the Board of Directors of the Company since inception of the Company. He is B.Com and has about 32 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 Cables at Bhiwadi & Chopanki in Rajasthan and 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.

The Remuneration & Compensation Committee and the Board of Directors at their respective meeting held on May 22, 2013 have re-appointed Mr. Anil Gupta, as Chairman-cum-Managing Director of the Company for a period of three years with effect from July 01, 2013 till June 30, 2016 on the terms and conditions set out in the resolution under Item No.8.

Re-appointment of Mr. Anil Gupta, as Chairman-cum-Managing Director (CMD) of the Company and remuneration payable to him requires the approval of the Members of the Company under Section 309 of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956. The Board considers that the re-appointment of Mr. Anil Gupta and remuneration payable to him is commensurate with his duties and responsibilities as the Chairman-cum-Managing Director of the Company. Therefore, the Special Resolution at ITEM NO.8 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 re-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 15580776 equity shares of face value of ₹ 2/- each of the Company. None of the Directors other than Mr. Anil Gupta & Mrs. Archana Gupta are in any way concerned or interested in the said resolution.

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

(KISHORE KUNAL)
Company Secretary

Place : New Delhi
Dated : 22nd May, 2013

ANNEXURE TO NOTICE

Information under clause 49 of the Listing Agreements:

• **Directors seeking re-appointment under ITEM NO. 3 & 4 of the NOTICE.**

(a) **Name** : **Mr. Pawan Bholusaria**
Date of Appointment : **23..07.1993**
Education Qualifications : **Chartered Accountant**
Expertise in specific functional area :

Mr. Pawan Bholusaria is fellow Member of Institute of Chartered Accountants of India. He is a practicing Chartered Accountant and qualified his chartered accountancy examination in 1978. He is partner of M/s P. Bholusaria & Co., Chartered Accountants and has been in Public Practice for over 32 years. He has been auditing the accounts of Nationalised Banks, Mutual Funds, Government and Public Companies. He is on Board of Directors of other private/ public companies. He has sound knowledge of Finance, Companies Act, tax laws and has handled a large number of audits.

Mr. Pawan Bholusaria holds 7500 equity shares of the Company.

List of outside Directorship : 1) PKB Portfolio Pvt. Ltd.
 2) International Securities Limited.

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

Name of Body Corporate	Name of Committee	Chairman / Member
KEI Industries Ltd.	Audit Committee	Chairman
	Remuneration & Compensation Committee	Member
	Share Allotment Committee	Chairman
International Securities Ltd.	Audit Committee	Member
	Shareholders Grievance Committee	Member

Name : **Mr. Rajeev Gupta**
Date of Appointment : **21.04.2006**
Education Qualifications : **Chartered Accountant**
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 20 years. 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.

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

List of outside Directorship : **None.**

Chairman / Member of the Committee of 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 8 OF THE NOTICE:

MR. ANIL 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 2013	FY 2012	FY 2011
Revenue from Operations (Gross)	1812.28	1852.95	1257.68
Less: Excise Duty	153.93	130.65	94.57
Net Sales	1658.35	1722.30	1163.11
Other Income	2.36	1.63	5.98
Total Revenue	1660.71	1723.93	1169.09
Total Expenses	1617.63	1687.93	1151.28
Profit before tax	43.08	36.00	17.81
Tax Expenses (including Current tax, Deferred Tax, short/excess provision for earlier years)	16.74	11.67	7.26
Profit for the year	26.34	24.33	10.55
Appropriations			
Proposed Dividend on Equity Shares	1.40	1.34	1.34
Dividend Distribution Tax on Proposed Dividend	0.24	0.22	0.22
Paid up Share Capital	14.05	13.39	13.39
Reserves and Surplus	241.52	212.67	224.53
Net Worth	255.57	226.06	237.92

(5)	Export performance and net foreign exchange collaborations	Export performance of the Company for the last three years are: FY 2013: ₹ 97.22 Crores FY 2012: ₹ 125.00 Crores FY 2011: ₹ 103.45 Crores
(6)	Foreign investments or collaborators, if any	Foreign Technical Collaboration Agreement with Brugg Kabel A.G, Switzerland for manufacturing of Extra High Voltage (EHV) cables ranging from 66kV to 220kV.

II. INFORMATION ABOUT THE APPOINTEE

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

(1)	Background details	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 ₹ 1850 Crores. He is B.Com and has about 32 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 & Chopanki in Rajasthan and Silvassa. He looks after the policies of marketing, production, quality control and product development.
(2)	Past remuneration	(a) Salary: ₹ 1.44 Crores per annum (b) Perquisites: ₹ 21.00 Lacs per annum. (c) 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.
(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.8
(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. He is Promoter of 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. During FY 2012-13 Company has been able to improve its performance but the profit may be 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.
(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 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.



KEI INDUSTRIES LIMITED

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

PROXY FORM

I/Webeing a member/members
of.....
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 21st Annual General Meeting of the Company to be held
on Friday, the June 21, 2013 at 10.30 A.M. and at any adjournment thereof.

Affix
Rupee One
Revenue
Stamp

Signed this day of 2013.

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.**

----- **Tear Here** -----



KEI INDUSTRIES LIMITED

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

ATTENDANCE SLIP

Annual General Meeting : June 21st, 2013

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 21st 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.



KEI Industries Limited

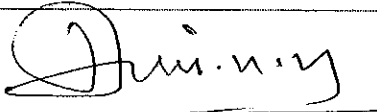
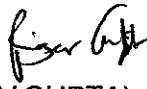
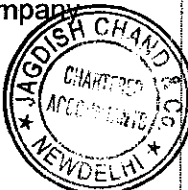
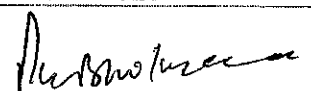
Regd. Office & works: D-90, Okhla Industrial Area, Phase - I New Delhi - 110020 Tel.: +91-11-26818840, 26818642, 26815558, 26815559. Fax: +91-11-26811959, 26817225. Email: keiind@vsnl.com Website: www.kei-ind.com

KEI/NSE/2013-14

The National Stock Exchange of India Ltd
Listing Division,
Exchange Plaza, Plot No. C/1,
G Block, Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051

FORM A

(Format of covering letter of the Annual Audit Report to be filed with the Stock Exchanges)

1.	Name of the Company	KEI INDUSTRIES LIMITED
2.	Annual Financial Statements for the year ended	31 st March, 2013
3.	Type of Audit Observation	Unqualified
4.	Frequency of Observation	NIL
5.	To be signed by :	
	• CEO/Managing Director	 (ANIL GUPTA) Chairman-cum-Managing Director
	• CFO	 (RAJEEV GUPTA) Executive Director-Finance
	• Auditor of the Company	For JAGDISH CHAND & CO., Firm's Regn. No.: 000129N Chartered Accountants   (PRAVEEN KUMAR JAIN) Partner M.No-085629
	• Audit Committee Chairman	 (PAWAN BHOLUSARIA)

CC: BSE and CSE

Works-II : Bhiwadi : SP-920, RIICO Industrial Area, Phase-III, Bhiwadi, Dist. Alwar-301019 (Rajasthan) Tel : 01493-220106, 221731 Fax : 01493-221732.
Works-III : Silvassa : 99/27, Madhuban Industrial Estate, Rakholi, Silvassa UT of D & N.H-396240. Tel/Fax : 0091-260-2644404, 2630944, 2645896
Branch : Chennai : 27/F-1, first floor, Chakrapani Street, West Mambalam, Chennai-600 033 Tel : 044-24803363 Fax : 044-24603404.
Offices : Mumbai : 101/102, Vastu Shilp, Vastu Enclave, Andheri Pump House, Andheri(East), Mumbai-400093. Tel: 0091-22-2823963/28375642, Fax: 28258277
Kolkata : P-47 & 48, Nilachal Complex Phase-II, Narendra Pur (Opp. Mandir Gate) Kolkata-700 013 Telfax : 033-24773299