

**NOTICE**

THE 13TH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD AT HAMDARD CONVENTION CENTER (HALL NO.1) JAMIA HAMDARD, HAMDARD NAGAR, NEAR BATRA HOSPITAL, NEW DELHI - 110 062 ON THURSDAY, THE 30TH OF JUNE, 2005 AT 10.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2005 and Balance Sheet as at that date and the report of the Board of Directors and the Auditors of the Company thereon.
2. To declare a dividend on the equity shares @10 % for the year ending 31st March, 2005.
3. To appoint a Director in place of Shri Pawan Bholusaria, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri K. G. Somani, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION** :
"RESOLVED THAT M/s. JAGDISH CHAND & CO., Chartered Accountants, New Delhi be and are hereby appointed auditors of the company from the conclusion of this Annual General Meeting of the company until the conclusion of the next Annual General Meeting of the company on such remuneration as shall be fixed by the Board of Directors of the Company".

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as an **ORDINARY RESOLUTION**:
"RESOLVED THAT Shri Sunil Gupta, who was appointed as an Additional Director and who holds office only upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom a notice has been received by the Company from a member proposing him as a candidate for the office of a Director under the provisions of Section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company."
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions as an **ORDINARY RESOLUTION**:
"RESOLVED THAT Smt. Archana Gupta, who was appointed as an Additional Director and who holds office only upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and in respect of whom a notice has been received by the Company from a member proposing her as a candidate for the office of a Director under the provisions of Section 257 of the Companies Act, 1956 and who is eligible for appointment to the office of Director, be and is hereby appointed as Director of the Company."
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 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) 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, Financial Institution(s), 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 offer, issue and allot upto 17,00,000 (Seventeen lakhs) Zero Coupon Warrants at a price of Rs. 138/- each (hereinafter referred to as "Warrants") based on the relevant date i.e. 30th May, 2005 on preferential basis 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 Rs. 10/- each, at any time not exceeding eighteen months from the date of allotment of the Warrants in accordance with the SEBI (Disclosure and Protection) Guidelines 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 17,00,000 (Seventeen lakhs) equity shares of Rs. 10/- each on such terms and conditions as may be decided and deemed appropriate by the Board at the time of issue of warrants to the following Bodies Corporate :

S. No.	Name of Allottees	No. of Warrants
1.	SHRI LAXMI CONTRACTORS PVT. LTD.	4,50,000
2.	PICK-UP ELECTRONICS PVT. LTD.	4,00,000
3.	THADHANI INVESTMENT PVT. LTD.	4,50,000
4.	ANANTA CHIT FUND PVT. LTD.	4,00,000
	Total	17,00,000

RESOLVED FURTHER 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 Rs. 10/- each of the Company.
3. The Warrant holder(s) shall, on the date of allotment, pay an amount, equivalent of 10% of the price fixed per Warrant.
4. The Warrant holder(s) shall, on the respective dates of conversion, pay the balance 90% 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 Guidelines, 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."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. PROXY FORM IS ATTACHED HERewith.
2. The instrument appointing the proxy should however be deposited at the Registered office of the company not less than 48 hours before the commencement of the meeting.
3. Member / proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books will remain close from 28.06.2005 to 30.06.2005 (both days inclusive).
5. The dividend on equity shares, if declared at the AGM will be made payable to those members whose names are on the Register of Members on 30th June, 2005.
6. Members holding shares in physical form are requested to notify any change of address, bank mandates, if any, to the Registrar and Share Transfer Agent MAS SERVICES PVT. LTD., AB-4, Safdarjung Enclave, New Delhi -110029 and / or the Company Secretary by 28.06.2005 or to their respective depository participants if the shares are held in electronic form.
7. Member who hold shares in dematerialised form are requested to bring their Clint ID and DP ID numbers for easy identification of attendance at the meeting.
8. Shareholders are requested to bring their copy of Annual Report at the meeting.
9. Pursuant to Section 205A of the Companies Act, 1956 read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, all unclaimed / unpaid dividend up to the financial year ended 31.03.1997 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 encash 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.
10. At the ensuing Annual General Meeting, Shri Pawan Bholusaria and K.G. Somani, retire by rotation and being eligible offer themselves for reappointment. The information or details pertaining to these directors to be provided in terms of Clause 49 of the listing agreement with the Stock Exchange are annexed herewith.

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

(KISHORE KUNAL)
Company Secretary

Place : New Delhi
Dated : 04.06.2005

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 6**

Shri Sunil Gupta has been appointed as an Additional Director on 01.10.2004 and would hold such office upto the date of next Annual General Meeting.

Shri Sunil Gupta is one of the Promoter of the company and has been acting as Director of the company since the formation of the company. He is a graduate and has over 21 years of rich experience in Financial Management.

Shri Sunil Gupta has a blend of experience in Managing the Cable Industry because he was acting as a Whole Time Director of the Company and was actively involved in the day to day management of the company.

He holds 357334 equity shares of the Company.

Your Directors are confident that his guidance and participation in the deliberations of the Board would be very beneficial for the Company's business.

Therefore, the Ordinary Resolutions at ITEM NO. 6, are placed before the Members for their approval.

Shri Anil Gupta, Chairman-cum-Managing Director and Smt. Archana Gupta, Director of the Company are relatives and therefore deemed to be concerned or interested in the resolution.

ITEM NO. 7

Smt. Archana Gupta has been appointed as an Additional Director on 31.01.2005 and would hold such office upto the date of next Annual General Meeting.

Smt. Archana Gupta is a graduate and has been associated with the group for a long period. She is also looking after the workings of the company's Stainless Steel Wire Division at Bhiwadi in Rajasthan and is actively involved in managing the day to day business affairs of the Stainless Steel Wire Division at Bhiwadi.

She holds 167463 equity shares of the Company.

Your Directors are confident that his guidance and participation in the deliberations of the Board would be very beneficial for the Company's business.

Therefore, the Ordinary Resolutions at ITEM NO. 7, are placed before the Members for their approval.

Shri Anil Gupta, Chairman-cum-Managing Director and Shri Sunil Gupta, Director of the Company are relatives and therefore deemed to be concerned or interested in the resolution.

ITEM NO. 8

The Company proposes to raise its share capital for enhancing its Capital base to reduce interest costs and to meet immediate needs for balancing equipment/s.

For this your Company proposes to raise funds through a preferential issue of upto 17,00,000 (Seventeen lakhs) Zero Coupon convertible Warrants as per the rules and regulations of SEBI, at a price of Rs. 138/- per warrant / share determined as per SEBI Guidelines.

In case the securities that may be issued are in the form of equity shares and / or result in issue and allotment of equity shares on conversion, the aggregate increase in the equity capital of your company shall be to the tune of around 17,00,000 (Seventeen lakhs) shares.

In terms of Section 81(1A) of the Companies Act, 1956, approval of the shareholders of the company is being sought to 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 Resolution, is required for Item enumerated at No. 8

We give below the disclosures which are required to be given in the explanatory statement to the notice of the Annual General Meeting in terms of clause 13.1 A of the SEBI Guidelines for Preferential issues (as amended from time to time) and as are in force on the date of this notice :

(a) Objects of the Issue :

The objects of the proposed issue of Zero Coupon convertible Warrants on private basis have already been discussed above.

(b) Intention of the promoters, directors, their associates and relatives and key management personnel to subscribe to the offer :

The offer is not meant for promoters, directors and their relatives.

Out of the total issue, the warrants are proposed to be allotted in the following manner :

Upto 17,00,000 (Seventeen lakhs) Zero Coupon Warrants optionally convertible into equity shares to Bodies Corporate other than the promoters / directors of the company.

- (c) The allotment would not result in any change in the control or management of the affairs of the company or in the board of directors of the company. However there could be consequential change in the voting rights / shareholding pattern of the company.
- (d) The present allotment shall be subject to lock-in-period as per SEBI Guidelines.
- (e) The present allotment does not attract SEBI (Substantial Acquisition & Takeover) Regulations, 1997.
- (f) **Shareholding pattern before and after the offer :**

Category	PRE-ISSUE		POST-ISSUE	
	No. of Shares held	% of Shares held	No. of Shares held	% of Shares held
A. Promoters Holding				
Indian Promoters	5254764	66.35	5254764	54.62
Foreign Promoters	0	0	0	0
Person Acting in Concert	100	0.00	100	0.00
Sub Total	5254864	66.35	5254864	54.62
B. Non-Promoters Holding				
Mutual Funds and UTI	195474	2.47	195474	2.03
Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non Govt. Institutions)	0	0.00	0	0.00
FIIS	461641	5.83	461641	4.80
Sub Total	657115	8.30	657115	6.83
C. Others				
Private Corporate Bodies	684416	8.64	684416	7.11
Shri Laxmi Contractors Pvt. Ltd.	0	0.00	450000	4.68
Pick-up Electronics Pvt. Ltd.	0	0.00	400000	4.16
Thadhani Investment Pvt. Ltd.	0	0.00	450000	4.68
Ananta Chit Fund Pvt. Ltd.	0	0.00	400000	4.16
Indian Public	1205440	15.22	1205440	12.53
NRIS/OCBS	73921	0.93	73921	0.77
Any other (pl. specify)				
Clearing Members	44287	0.56	44287	0.46
Sub Total	2008064	25.35	3708064	38.55
GRAND TOTAL	7920043	100.00	9620043	100.00

- (g) **Proposed time within which the allotment shall be complete :**

The Board proposes to allot the Zero Coupon Warrants Optionally Convertible into equity shares within a period of 15 days from the date of this Annual General Meeting.

As per SEBI Guidelines, the warrant holders have the option to subscribe for one equity share of Rs. 10/- each per warrant at a price of Rs. 138/- (Rupees One Hundred Thirty Eight only) at any time within 18 months from the date of allotment of the warrants.

- (h) Identity of the proposed allottee/s and Percentage of post preferential issued capital that may be held by him / them.

Out of the total issue, convertible warrants are proposed to be allotted in the following manner :

Bodies Corporate :

- SHRI LAXMI CONTRACTORS PVT. LTD.
- PICK-UP ELECTRONICS PVT. LTD.
- THADHANI INVESTMENT PVT. LTD.
- ANANTA CHIT FUND PVT. LTD.

are companies registered under Companies Act, 1956

Seventeen Lakhs equity shares constituting 17.67% of the post issue capital will be issued to the above (a) (b) (c) & (d).

None of the allottees are acting in concert with each other.

- (i) **Pricing of the Issue**

Rs. 138/- per share of Rs. 10/- each (i.e. at a premium of Rs. 128/- per share). This price is calculated on the basis of relevant date



as 30.05.2005, which is the date 30 days prior to the date on which the Annual General Meeting is to be held, in terms of Section 81(1A) of the Companies Act, 1956 to consider the proposed issue and is determined in accordance with Explanation (a) of Para 13.1.1.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

Where convertible instruments are issued on private placement basis providing for the issuer Company to allot shares at future date, the price on conversion shall be Rs. 138/- per share of Rs. 10/- each on a one to one basis in accordance with same guidelines as referred to above.

(j) Conversion period

The warrant holders shall have the option of subscribing for one equity share of Rs. 10/- each per warrant at a price of Rs. 138/- (Rupees One Hundred Thirty Eight only), being the price determined in accordance with Explanation (a) of Para 13.1.1.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 on Preferential Issues, at any time within 18 months from the date of allotment of the warrants.

(k) Terms of payment

In the case of warrants convertible into equity shares, at least 10% of the total consideration shall be paid at the time of allotment and the balance at or before the time of conversion in different tranches.

The said amount of 10% shall be forfeited proportionately if the option to acquire the shares is not exercised fully or in part thereof.

As required by the SEBI (Disclosure and Investor Protection) Guidelines, 2000 on Preferential Issues, a certificate from the Statutory Auditors, to the effect that the proposed allotment will be made in accordance with the said guidelines, will be placed at the meeting.

The Members are, therefore, requested to accord their approval to the proposed resolution set out at ITEM NO. 8 by way of a Special Resolution.

None of the Directors is interested in the resolution.

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

(KISHORE KUNAL)
Company Secretary

Place : New Delhi
Dated : 04.06.2005

ANNEXURE TO NOTICE

Information under clause 49 of the Listing Agreements:

- Directors seeking reappointment under ITEM NO. 3 & 4 of the NOTICE.

a) Name	:	Shri Pawan Bholusaria
Date of Appointment	:	23.07.1993
Education Qualifications	:	B.Com., F.C.A
Expertise in specific functional area	:	

Shri Pawan Bholusaria is a fellow member of the The Institute of Chartered Accountants of India, New Delhi.

He is partner of M/s P. Bholusaria & Co., Chartered Accountants and has been in Public Practice for over 25 years. He has been auditing the accounts of Nationalised Banks, Mutual Funds, Government and Public Companies.

He holds 100 equity shares of the company.

He is Director in number of companies. He has sound knowledge of Finance, Companies Act, tax laws and has handled a large number of audits.

List of outside Directorship	:	1. PKB Portfolio (P) Ltd 2. Panafic Industries Ltd
Chairman/Member of the Committee of the Board of Directors of the Company	:	Audit Committee - Chairman Remuneration Committee - Member
Chairman / Member of the Committee of the Board of Directors of other Companies	:	NIL

b) Name	:	Shri K.G. Somani
Date of Appointment	:	02.08.1994
Education Qualifications	:	B.Com.,F.C.A.,A.C.I.S.,ACS
Expertise in specific functional area	:	

Shri Somani Qualified as a Chartered Accountant in the year 1963.

He is a fellow member of the The Institute of Chartered Accountants of India, New Delhi. He was elected as a member of the Central Council of the Institute of Chartered Accountants of India in the year 1979, and was a Council Member during 1979-1992.

He was the President of the Institute in 1988-89. He has worked on all the standing committees during his continued membership of the council during 1972-1992, has been chairman of Professional Development Committee, Board of Studies and Company Law Committee of the Institute during this period.

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

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

He is partner of M/s K.G. Somani & Co., Chartered Accountants and has been in Public Practice for over 32 years. He has been auditing the accounts of Nationalised Banks, Insurance Companies, Government and Public Companies.

He holds 200 shares of the company.

He is Director in number of companies. He has sound knowledge of Finance, Companies Act, tax laws and has handled a large number of audits and cases related to sick units before B.I.F.R. and its Appellate Authority. Since the firm K.G. Somani and Co. was registered with SEBI as Merchant Banker Category IV, he is well versed with the Merchant Banking Activities, raising resources etc.

List of outside Directorship	:	1. K.G. Somani Management Consultants (P) Ltd
		2. Classic Enterprise Ltd
		3. NTB Bowsmith Irrigation Ltd
		4. The Delhi Stock Exchange Association Ltd

Chairman/Member of the Committee of the Board of Directors of the Company	:	Audit Committee - Member
--	---	--------------------------

Chairman / Member of the Committee of the Board of Directors of other Companies	:	The Delhi Stock Exchange Association Ltd.
	:	– Arbitration Committee
	:	– Default Committee
	:	– De-listing Committee
	:	– Code of Ethics Committee
	:	– Standing Committee on On-Line Trading
	:	– Investment Committee
	:	– Audit Committee
	:	– Economic Committee

• Directors seeking appointment under ITEM NO. 6 & 7 of the NOTICE.

Name	Date of Appointment	Qualification	Expertise in Specific Functional Area	List of Outside Directorship held	Chairman/Member of the Committee of the Board of Directors of the Companies
Shri Sunil Gupta	01.10.2004	B.Com	As explained in Explanatory Statement	Ashwathama Constructions Pvt. Ltd.	Shareholders Grievance Committee-Member
Smt. Archana Gupta	31.01.2005	B.A.	As explained in Explanatory Statement	– KEI Cables Pvt. Ltd. – KEI International Ltd. – Dhanvarsha Agency Pvt Ltd. – Soubhgya Agency Pvt. Ltd. – Subhlaxmi Motels & Inns. Pvt. Ltd. – Projection Financial & Management Consultants Pvt. Ltd.	None

**DIRECTOR'S REPORT**

To The Members

Your Directors take pleasure in presenting their 13th Annual Report for the year ended 31.03.2005. Briefly stated the financial results of operation are :-

	Amount in Rs. 01.04.04 to 31.03.05	Amount in Rs. 01.04.03 to 31.03.04
Sales and other income	2321551990	1088399719
Profit before interest, Depreciation and tax	212311718	89186096
Less : Financial Charges (Net)	68528996	56031830
Depreciation	19857289	17557799
Profit before tax	123925433	15596467
Provision for Taxation — General	36500000	1275000
— Deferred	3529548	5382095
Profit after tax	83895885	8939372
Add : Balance Brought Forward	86602750	77661147
Add : Taxation for earlier years	(3496)	2231
Amount available for Appropriations	170495139	86602750
Appropriation:		
Proposed Dividend	7920043	—
Provision for Taxation on Proposed Dividend	1110786	—
Transfer to General Reserve	5000000	—
Balance Carried Forward	156464310	86602750

During the year the company was able to improve its performance both in terms of sales and profits. The improvement was possible due to increase in turnover of cables from Rs. 7331.76 lacs in 2003-04 to Rs. 19128.46 lacs in 2004-05. Stainless Steel Wire Products Contributed Rs. 2606.62 lacs in 2004-05 as compared to Rs. 1947.62 lacs in 2003-04. Winding, Flexible & Home Wire Cable contributed Rs. 968.13 lacs in 2004-05 as against Rs. 1113.57 lacs in 2003-04. Profit after tax is higher at Rs. 838.96 lacs during 2004-05 as compared to Rs. 89.39 lacs during 2003-04.

DIVIDEND & APPROPRIATIONS :

An amount of Rs.50.00 Lacs has been credited to General Reserves.

Your Directors have recommended a dividend @ 10% (i.e Re1/- per equity share) on 7920043 Equity Shares of Rs. 10/- each for the financial year ended 31st March, 2005, 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 30th June, 2005.
- those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

REVIEW OF OPERATIONS :

Due to improvement in economy, implementation of infrastructure and power projects and Industrial expansion demand for power, control and instrumentation cables picked up during the year due to which company was able to have good order book resulting in higher sales. In stainless steel division company is continuously focussed on improving quality. Stainless steel division has entered into long term contract for conversion of stainless steel rods into wire for a customer. All this has resulted in increased capacity utilisation and sales.

Keeping in view the anticipated higher demand for Company's products: Power, Control and Instrumentation Cables, and also due to the anticipated slack/declining demand in Jelly Filled Telephone Cables (JFTC), Management of the Company took a conscious and strategic decision to convert its JFTC plant into plant for production of Power, Control and Instrumentation Cables. This was achieved at minimum cost and in shortest possible time. For this purpose Company has also bought some new machinery and balancing equipment. Benefits of this conversion have already resulted in higher production capacity and sales of Power, Control and Instrumentation Cables. It is further expected that benefit of this strategic decision will be fully realised in the coming years.

The Company continued to expand its Dealers Network throughout India, which is being used for sale of Power, Control and Instrumentation Cables, and flexible and house wires. Benefits of Company's thrust on Dealers Network in earlier years are being realised now by way of increased sales. During the year company has opened a Branch Office at Jebel Ali Free Zone Authority (JAFZA) in Dubai and Trading Licence has been granted to the company by JAFZA.

Sales of the Company have increased from Rs. 10863.86 lacs to Rs.23022.92 lacs. Profit before tax has increased to Rs.1239.25 lacs from Rs. 155.96 lacs.

FUTURE OUTLOOK :

Current year has started on a robust note and with emphasize by Government on power sector reforms, infrastructure development and industrial expansion, it is expected that barring unforeseen circumstances, demand for Company's products will increase. With



Company's thrust on marketing of Power, Instrumentation and Control cables it is expected that Company's turnover will increase substantially during the year.

Considering Company's strength of marketing network in the field of Power, Control and Instrumentation Cables, the Company has decided to expand its product range to High Tension (H.T) Power Cables. For this Company has already acquired land adjoining its existing manufacturing unit at Bhiwadi. Since this product will be manufactured in a facility adjoining Company's existing manufacturing unit, it will result in cost saving and optimum utilisation of resources. With the commissioning of H.T Power Cable plant, the Company will be able to offer complete array of cables to its existing and prospective customers and dealers in India and outside India. Company is also opening overseas marketing offices for tapping export markets in Cables.

The Company, in order to reduce costs and for increasing efficiency / productivity, is implementing Enterprise Resource Planning (ERP)- BAAN, which will be commissioned during the current year itself.

LISTING OF SHARES :

Company's equity shares are listed at Delhi, Mumbai & Calcutta Stock exchanges and the company has paid its upto date listing fees. Company's shares are in compulsory dematerialisation.

CORPORATE GOVERNANCE :

The report on Corporate Governance as prescribed by the listing Agreement is annexed and forms a part of Annual Report. The Auditors Certificate on compliance of the provisions of Corporate Governance as mentioned in the listing Agreement is also attached.

DIRECTORS :

Shri Pawan Bholusaria, Director of the company retires by rotation at the end of 13th AGM and being eligible offers himself for reappointment.

Shri K.G. Somani, Director of the company retires by rotation at the end of 13th AGM and being eligible offers himself for reappointment. Shri Sunil Gupta & Smt. Archana Gupta who were appointed as additional directors of the Company and hold office only upto the date of this Annual General Meeting, have been proposed for the office of director.

DIRECTOR'S RESPONSIBILITY STATEMENT :

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

- That in the preparation of the annual accounts for the financial year ended 31st March, 2005, the applicable accounting standards had been followed;
- That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That the directors have prepared the accounts for the financial year ended 31st March, 2005 on a 'going concern' basis.

FIXED DEPOSITS:

There are no overdue fixed deposits as on 31st March, 2005.

AUDITORS :

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

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	Qualification	Experience	Date of joining	Age
Anil Gupta	CMD	Rs. 4009207	M.Com	25 Years	31.12.92	46 yrs

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 per annexure and forms an integral part of the report.

ACKNOWLEDGMENTS :

Your Directors express their deep appreciation and sincere thanks to various departments of the Central & State Governments, Dena Bank, Punjab National Bank, ING Vysya Bank Ltd., State Bank of Hyderabad & YES Bank Ltd. for their valuable assistance and co-operation. Industrial relations remained cordial during the year. The Directors wish to place on record their appreciation for the contribution made by employees at all levels during the year.

FOR AND ON BEHALF OF THE BOARD

(ANIL GUPTA)

Chairman-cum-Managing Director

Place : New Delhi
Dated : 04.06.2005

**ANNEXURE OF THE DIRECTOR'S REPORT**

Disclosure of particulars with respect to conservation of energy, technology absorption, foreign exchange earning and outgo under section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Director's report for the year ended 31st March, 2005.

1. CONSERVATION OF ENERGY :

- (a) Energy conservation measures taken : In view of measures taken in earlier years no fresh measures were required to be taken during the year. Power consumption is continuously monitored.
- (b) Additional investments and proposal if any, being implemented for conservation of energy. : No major additional investment is required.
- (c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. : Not Applicable
- (d) Total energy consumption & energy consumption per unit of production as per Form A of the Annexure. : Not Applicable

2. TECHNOLOGY ABSORPTION :

- (a) Research & Development : Details in house analytical laboratory is there for the fine-tuning of operations. Accordingly, success has been achieved in increasing the quality of goods with higher yield percentage.
- (b) Technology Absorption : The company neither entered into any technical foreign collaboration nor received/ imported any technology from any foreign organisation.

3. FOREIGN EXCHANGE EARNING AND OUTGO :

- (a) Activities relating to export initiatives taken to increase exports, developments of new export markets for products and export plans. : **Cables**
Company participated in exhibitions in foreign countries for promotion of its products. Products as per requirements of foreign markets were developed.
Stainless Steel Wires
The company was able to develop new customers, new markets with its thrust on exports during the year. Foreign customers were regularly followed up by visits as well as by other means.
- (b) Total foreign exchange used & earned :
Earnings : Rs. 2269.89 Lacs
Outgo : Rs. 253.77 Lacs

FOR AND ON BEHALF OF THE BOARD

Place : New Delhi
Dated : 04.06.2005

(ANIL GUPTA)
Chairman-cum-Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The principal business of KEI INDUSTRIES LIMITED at present is the manufacture and sale of Cable and Power Cable, House wire & Flexible wire, Winding wire and Stainless Steel Wire.

Company is aggressively concentrating on infrastructure, power projects and industrial expansion for sale of its cables. Company also is marketing some of its cable products through dealer network.

Due to improvement in economy, implementation of infrastructure and power projects the demand for power, control and instrumentation cables picked up during the year due to which company was able to have good order book resulting in higher sales.

In stainless steel division the company is continuously focussed on improving quality. Stainless steel division has entered into long term contract for conversion of stainless steel rods into wire for a customer. All this has resulted in increased capacity utilisation and sales.

Keeping in view the anticipated higher demand for Company's products: Power, Control and Instrumentation Cables, and also due to the anticipated slack/declining demand in Jelly Filled Telephone Cables (JFTC), Management of the Company took a conscious and strategic decision to convert its JFTC plant into plant for production of Power, Control and Instrumentation Cables. This was achieved at minimum cost and in shortest possible time. For this purpose Company has also bought some new machinery and balancing equipment. Benefits of this conversion have already resulted in higher production capacity and sales of Power, Control and Instrumentation Cables. It is further expected that benefit of this strategic decision will be fully realised in the coming years.

The Company continued to expand its Dealers Network throughout India, which is being used for sale of Power, Control and Instrumentation Cables, and flexible and house wires. Benefits of Company's thrust on Dealers Network in earlier years are being realised now by way of increased sales.

Future Outlook

It is expected that barring unforeseen circumstances, demand for Company's products will increase. With Company's thrust on marketing of Power, Instrumentation and Control cables it is expected that Company's turnover will increase substantially during the year.

Considering Company's strength of marketing network in the field of Power, Control and Instrumentation Cables, the Company has decided to expand its product range to High Tension (H.T) Power Cables. For this Company has already acquired land adjoining its existing manufacturing unit at Bhiwadi. Since this product will be manufactured in a facility adjoining Company's existing manufacturing unit, it will result in cost saving and optimum utilisation of resources. With the commissioning of H.T Power Cable plant, Company will be able to offer complete array of cables to its existing and prospective customers and dealers in India and outside India. Company is also opening overseas market offices for tapping export markets in Cables.

Competitive Strategy

The Company is focusing on rapid response time, faster delivery, innovative products development and cost control measures to spearhead its competitive strategy in domestic and overseas market.

How your Company fared

Growth in various segments of the company is given below:

Segments	Sales 2004-05 (Rs. In Lacs)	Sales 2003-04 (Rs. In Lacs)	Growth %
Cables	19128.46	7331.76	160.90%
Stainless Steel Wire	2606.62	1947.62	33.84%
Winding, Flexible & House wires	968.13	1113.57	-13.06%

More information on the Company's performance is contained in the Director's Report.

Internal Control System

The system of Internal Control provides for maintenance of proper accounting records, reliability of financial information and assures safeguarding of assets against unauthorized use or disruption.

Risk Management

Business Risk

The future of Cables, Power cable, House wire and Flexible, Winding wire and Stainless Steel wire is good and the company is giving due emphasis on enhancement of quality, cost control and production of these products. Demand of Company's products is depending



upon the state of Indian economy and new investments in Power and Industrial Sectors. Any adverse development in the above factors can have a negative impact on Company's financial performance. Any increase in prices of raw materials can also have an adverse impact on performance of the Company.

Technology Risk

There is no significant change in the basic technology for the manufacture of cable and stainless steel wire. The Company keeps track of the new trends in the cable and stainless steel industry globally.

Financial Risk

The company has adequate system to control financial risks. The Company has adequate system and control to monitor the adequate inventory levels so as to reduce the cost of capital.

Human Resource

The Company has adequate system to reward and recognize the employee contribution towards the growth of the Company. The effort to reduce/replace employees and "do more with less" is continuing.

The Company has continued its drive to enhance the skill and competence of its human resources. On the other hand, the Company is stressing on building an environment of accountability combined with teamwork and initiative, through innovative performance based incentive structures, objective-setting programs and training seminars.

Cautionary Statement

Statement in the Management Discussions and Analysis describing the company's objectives, projections, estimates, expectations are "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations 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 factors.

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 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. The Company has fully complied with Corporate Governance Code as required under Listing Agreement with Stock Exchanges.

2. Board of Directors :

Composition of the Board of Directors as on 31st March, 2005.

Name of the Director	Category of Directorship	Number of other Directorship	Number of Committee membership in all Companies	No. of Board Meeting Attended	Attendance at last AGM
Mr. Anil Gupta	Promoter, CMD	1	None	19	Yes
Mr. Sunil Gupta	Promoter, Non-Executive Director	1	1	16	No
Mr. Pawan Bholusaria	Non-Executive Independent Director	2	2	7	Yes
Mr. K.G.Somani	Non-Executive Independent Director	4	9	4	No
Mr. Vijay Bhushan	Non-Executive Independent Director	7	7	3	No
Mr. Vikram Bhartia	Non-Executive Independent Director	1	3	9	No
Mrs. Archana Gupta*	Non-Executive Director	6	None	2	No

* Appointed as an Additional Director w.e.f. 31.01.2005.

Meeting of Board of Directors : There were 19 (Nineteen) Board Meetings held during the year ended 31.03.2005. These were on 26.05.2004, 28.05.2004, 26.06.2004, 17.07.2004, 31.07.2004, 09.08.2004, 16.08.2004, 01.10.2004, 04.10.2004, 18.10.2004, 30.10.2004, 27.11.2004, 30.11.2004, 14.12.2004, 11.01.2005, 20.01.2005, 31.01.2005, 12.02.2005 and 07.03.2005.

The last Annual General Meeting (AGM) was held on 30.09.2004

All the Directors are liable for retirement by rotation.

3. Audit Committee :

The Audit Committee headed by Mr. Pawan Bholusaria is working according to the terms of reference under Section 292A of the Companies Act, 1956 and the guidelines set out in the listing agreements which inter alia, include overseeing financial reporting processes, reviewing with the Management the financial statements, accounting policies and practices, adequacy of internal audit functions and discussion with internal auditors on any significant findings, financial and risk management policies.

During the year ended 31.03.2005, four Audit Committee Meetings were held on 26.05.2004, 31.07.2004, 30.10.2004 and 31.01.2005.

Mr. Pawan Bholusaria, Chairman of the Audit Committee was present at the last Annual General Meeting held on 30.09.2004

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	4

Note : Mr. Kishore Kunal, Company Secretary of the Company acts as Secretary to the Committee w.e.f 31.01.2005.

4. Shareholders Grievance Committee :

The "Shareholders Grievance Committee" looks in to redressing investor's grievances/complaints such as non-receipt of Balance Sheet, non-receipt of dividends and share transfers related works. During the year ended 31.03.2005, one meeting of the Committee was held on 31.07.2004.

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

Name of Director	No. of meetings attended
Mr. Vijay Bhushan (Chairman)	–
Mr. Sunil Gupta (Member)	1
Mr. Vikram Bhartia (Member)	1

Number of Shareholders complaints received during the year ending 31.03.2005 and resolved was 2, number of complaints not solved to the satisfaction of shareholders was NIL. Number of pending share transfer as on 31.03.2005 was NIL.

Mr. Kishore Kunal, Company Secretary has been appointed as Compliance Officer of the Company in place of Mr. Rajeev Gupta w.e.f 19.4.05.

5. Remuneration Committee :

Although this is a non-mandatory requirement, the Company has constituted a Remuneration Committee.

During the year one meeting of the Remuneration Committee was held on 15.01.2005 to consider variation in the terms and conditions of appointment of Shri Anil Gupta, Managing Director and remuneration payable to him.



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

Name of Director	No. of meetings attended
Mr. Vikram Bhartia (Chairman)	1
Mr. Vijay Bhushan (Member)	1
Mr. Pawan Bholusaria (Member)	1

Details of Remuneration paid to all the Directors for the Year :

The aggregate value of salary, perquisites and commission paid for the year ended 31st March, 2005 to the Managing Director and Whole Time Director are as follows:

Name	Salary	Commission	Company's Contribution to P.F.	Perquisites	Sitting Fees	Total
Mr. Anil Gupta	1230000	2297877	9360	471970	Nil	4009207
Mr. Sunil Gupta*	200000	Nil	3120	157980	12000	373100

* Whole Time Director till 31.07.2004.

The Company pays sitting fees to all the Non-executive Directors at the rate of Rs.1000/- (Rupees One Thousands only) per Director for each meeting attended.

The sitting fee paid for the year ended on 31st March, 2005 to the Directors are as follows:

- Mr. Sunil Gupta Rs.12000/-
- Mr. Pawan Bholusaria Rs.12000/-
- Mr. K.G. Somani Rs.7000/-
- Mr. Vikram Bhartia Rs.15000/-
- Mr. Vijay Bhushan Rs.4000/-
- Mrs. Archana Gupta Rs.2000/-

Besides this, as per the rules of the company all Non-executive Directors are paid conveyance and out of pocket expenses @Rs.1000/- per Board Meeting attended.

6. General Body Meetings :

The last three Annual General Meeting were held at the Hamdard Convention Centre (Hall no.1) Jamia Hamdard Nagar, Near Batra Hospital, New Delhi-110 062 as per details given below :

Year	Day	Date	Time
2002	Monday	30.09.2002	10.30 A.M.
2003	Tuesday	30.09.2003	10.30 A.M.
2004	Thursday	30.09.2004	10.30 A.M.

Postal Ballots:

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.

However, during the year under review the Company has passed resolutions for (1) alteration of Articles of Association of the company enabling the company to pass resolution by postal ballot and increase in the sitting fee payable to Non-executive Directors; (2) creation of charges/mortgages and hypothecations etc. on the properties of the company; (3) enhancing the borrowing limits of the company and (4) variation in the terms and conditions of appointment of Mr. Anil Gupta, Managing Director through Postal Ballot pursuant to Section 192A of the Companies Act, 1956. The Notice of resolutions passed through Postal Ballot was sent to all the Members of the Company by 15.02.2005.

The result of the Postal Ballot was declared by Shri Anil Gupta, Chairman on Wednesday, the 23rd March, 2005 at 4.30 P.M at the Registered Office of the company at D-90, Okhla Industrial Area, Phase-I, New Delhi-110 020. Member passed the resolution with overwhelming majority. The result of the postal ballot is as under :

Resolution No. (as above)	No. of valid Postal Ballot Forms received	Votes in favour of the resolution	Votes against the resolution	No. of invalid Postal Ballot Forms received
1.	88	5745112	330	8
2.	88	5745012	130	8
3.	88	5744512	630	8
4.	88	5744842	400	8

7. Disclosures :

Disclosures of transactions with any related parties i.e Promoters, Directors, Relatives, Subsidiary or Management have been made in this Balance Sheet in Schedule "V" Notes to Accounts at Note No.16.

The company has complied with the requirements of the Stock Exchanges, SEBI and other statutory requirements on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the company by the said authorities.

8. Means of Communication:

The quarterly results are usually published in "The Financial Express"/ "The Economic Times" (English) and "Jansatta"/ "Navbharat Times" (Hindi) Newspaper. The Management Discussion and Analysis Report forms part of the Annual Report.

9. General Shareholders Information:

(a) 13th Annual General Meeting – Day , Time and Venue

Day	Date	Time	Venue
Thursday	30.06.2005	10.00 A.M	Hamdard Convention Centre (Hall No.1) Jamia Hamdard, Hamdard Nagar, Near Batra Hospital, New Delhi-110 062.

(b) Financial Calendar

Financial Year	1st April to 31st March
Adoption of quarterly results for the quarter ending:	
June, 2005	31st July, 2005
September, 2005	3rd / 4th week of October, 2005
December, 2005	3rd / 4th week of January, 2006
March, 2006	3rd/ 4th week of April, 2006
Date of Book closure (Both days inclusive)	28.06.05 to 30.06.05
Dividend payment date (if declared at the AGM)	25.07.2005

- (c) **Registered Office** : D-90, Okhla Industrial Area, Phase-I, New Delhi-110 020
- (d) **Listing on Stock Exchanges** : The Mumbai Stock Exchange, Mumbai
: The Delhi Stock Exchange Associations Ltd, N.Delhi
: The Calcutta Stock Exchange Association Ltd, Kolkata.

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

(e) Stock Code :

- The Mumbai Stock Exchange, Mumbai : 517569
The Delhi Stock Exchange Association Ltd : 11127
The Calcutta Stock Exchange Association Ltd : —
Trading Symbol Bombay Stock Exchange : KEI INDUSTRI

(f) Stock Market Data:

Month	Bombay Stock Exchange	
	High	Low
April, 2004	6.70	4.41
May, 2004	8.50	6.27
June, 2004	5.38	3.75
July, 2004	7.15	4.02
August, 2004	9.20	5.29
September, 2004	17.48	7.33
October, 2004	27.30	12.30
November, 2004	60.80	29.90
December, 2004	84.60	57.80
January, 2005	73.80	55.00
February, 2005	92.40	72.85
March, 2005	91.45	66.65

(g) Registrar and Share Transfer Agents

M/s MAS Services Pvt. Ltd.
AB-4, Safdarjung Enclave, New Delhi- 110 029, Phone No : 011 - 26104142, Fax No. : 011 - 26181081

(h) 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 Share Transfer Committee of the Board which meets as per the work requirements. 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 dematerialisation, confirmation in respect of the request for dematerialisation of shares is sent to the respective Depositories, i.e National Security Depository Limited(NSDL) and Central Depository Services(India) Ltd within 7 days.

(i) Dematerialisation of Shares :

The shares of the company are permitted for trading on dematerialisation form only. The company's shares are available for trading in the depository system of both NSDL and CDSL. As on 31.03.2005, 75,44,193 Equity Shares forming 95.25% of the share capital of the company stands dematerialised. Security Code No. with NSDL and CDSL is- ISIN-INE 878B01019.

**(j) Shareholding Pattern as on 31.03.2005:**

Category	No. of Shares	%
Promoters	5254864	66.35
Bodies Corporate	1132140	14.29
NRI/OCBs	86218	1.09
Bank/Financial Institutions/Mutual Fund/FIIs	296381	3.74
Public	1150440	14.53
TOTAL	7920043	100.00

(k) Distribution Schedule of Shareholding as on 31.03.2005

No. of Shareholders	% to Total	Share holding of Nominal Value of Rs.	No. of Shares	Amount in Rs.	% of Total
2611	86.37	Upto 5000	330998	3309980	4.18
167	5.52	5001 to 10000	146222	1462220	1.85
91	3.01	10001 to 20000	145639	1456390	1.84
36	1.19	20001 to 30000	94122	941220	1.19
19	0.63	30001 to 40000	70576	705760	0.89
23	0.76	40001 to 50000	109500	1095000	1.38
31	1.03	50001 to 100000	245332	2453320	3.10
45	1.49	100001 And Above	6777654	67776540	85.57
3023	100.00	Total	7920043	79200430	100.00

(l) Liquidity of Shares:

The shares of the company are listed at three Stock Exchanges and thus is liquid security. 4819243 Equity Shares are pending listing at The Calcutta Stock Exchange. Company has provided all the necessary details for listing of these shares to the Calcutta Stock Exchange and is following up the matter with that Stock Exchange.

(m) Plant Locations:

1. D-90, Okhla Industrial Area, Phase-I, New Delhi-110 020.
2. SP-920, RIICO Industrial Area, Phase-III, Bhiwadi Distt. Alwar(Raj.)-301019.
3. 99/2/7 Madhuban Industrial Estate, Village Rakholi, Silvassa(D&H)-396240.

(n) Address for Correspondence:

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

M/s MAS SERVICES PVT. LTD

AB-4, Safdarjung Enclave, New Delhi-110029
Phone : 011 - 26104142, Fax : 011 - 26181081

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

We have examined the compliance of conditions of Corporate Governance by KEI INDUSTRIES LIMITED("the Company") for the year ended 31st March, 2005 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 have to state that no Investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholder's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For JAGDISH CHAND & CO.
CHARTERED ACCOUNTANTS

(J.C. GUPTA)
PARTNER
(M. No. 6107)

Place : New Delhi
Dated : 4th June, 2005

AUDITORS' REPORT

To the members of
KEI INDUSTRIES LIMITED

We have audited the attached Balance Sheet of KEI INDUSTRIES LIMITED as at 31st March, 2005 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
 - ii. in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flow of the Company for the year ended on that date.

For JAGDISH CHAND & CO.
CHARTERED ACCOUNTANTS

(J.C. GUPTA)
PARTNER
(M. No. 6107)

Place : New Delhi
Dated : 11th May, 2005

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph '3' of the Auditors' Report to the Members of KEI Industries Ltd on the accounts for the year ended March 31, 2005

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.



- (ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the record of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) There is one party covered in the register maintained under Section 301 of the Companies Act, 1956 to which Company has given deposit as per contractual obligations. The maximum amount involved during the year was Rs. 85,50,000/- and the year end balance of deposit granted to such party was Rs. 66,50,000/-. (Refer Note No 8 of Schedule "V".)
- (b) In our opinion, terms and conditions on which deposit has been given to party listed in the register maintained under Section 301 of Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company. No interest was charged from this party, since this is deposit against premises taken on rent.
- (c) The party has repaid the principal amount as stipulated, no interest was charged from this party, since this was deposit against premises taken on rent. (Refer Note No 8 of Schedule "V").
- (d) There is no overdue amount of deposit granted to Companies, firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) The company has taken deposits from six Companies and five other parties covered in register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 3,63,07,862/- and the year end balance of deposits taken from such parties was Rs. 2,31,73,000/- .
- (f) In our opinion, the rate of interest 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. There are no sale of services during the year. Further, on the basis of our examination and according to the information and explanations given to us, we have not come across nor have any information of any instances of major weaknesses in the aforesaid internal control systems.
- (v) (a) According to the information and explanations given to us, we are of the opinion that during the year, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs in respect of any party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As per the information and explanations given to us, no order on the Company under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the records of the Company and information and explanations given to us and the records of the Company examined by us, the Company has been regularly depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, Investor Education and Protection fund, Sales tax, wealth tax, Service tax, customs duty, excise duty, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed

there are no undisputed statutory dues as of March 31, 2005 outstanding for a period of more than six months from the date they become payable.

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

Name of the Statute	Nature of the due	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Excise Tax Law	Excise Rebate on Export	924044	2003-04	Appeal filed in High Court, Jaipur
	Cenvat Credit Wrongly taken	22467506	01.09.02-31.08.03	CEGAT, New Delhi
	MODVAT on Capital Goods disallowed	178096	F. Y.. 1996-97	Matter Remanded back to Dy. Commissioner by CEGAT
Sales Tax Laws	Local Sales Tax	85588	2003-04	Appeal to be filed within time allowed
	Central Sales Tax	1000893	2003-04	Appeal to be filed within time allowed
	Central Sales Tax	880055	2002-03	Deputy Commissioner of Sales Tax
	Local Sales Tax	20489	2002-03	Deputy Commissioner of Sales Tax
	Local Sales Tax	306979	1988-89	Deputy Commissioner of Sales Tax
	Local Sales Tax	374862	1987-88	Deputy Commissioner of Sales Tax
	Central Sales Tax	67995	1988-89	Deputy Commissioner of Sales Tax
	Central Sales Tax	100084	1987-88	Deputy Commissioner of Sales Tax

- (x) The Company does not have accumulated losses as at the year ended March 31, 2005. Further, the Company has not incurred any cash losses during the year ended March 31, 2005 and in the immediately preceding financial year ended March 31, 2004.
- (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 during the year. The Company has not taken any loans from financial institutions and has not issued debentures 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) We are informed that during the period, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- (xvi) We are informed that the Company has obtained term loans during the year and term loans were applied for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that during the year short term funds have not been used to finance long term investments.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2005.

For JAGDISH CHAND & CO.
CHARTERED ACCOUNTANTS

(J.C. GUPTA)
PARTNER
 (M. No. 6107)

Place : New Delhi
 Dated : 11th May, 2005

**BALANCE SHEET AS AT 31ST MARCH, 2005**

	Schedule	As at 31st March, 2005 Rupees		As at 31st March, 2004 Rupees	
I. SOURCES OF FUNDS :					
1. SHAREHOLDER'S FUNDS :					
a) Share Capital	"A"	79200430		79200430	
b) Reserves & Surplus	"B"	201926991	281127421	131927235	211127665
2. DEFERRED TAX					
a) Deferred Tax Liabilities		39730574		38061635	
b) Less : Deferred Tax Assets		1705279	38025295	3565888	34495747
3. LOAN FUNDS :					
a) Secured Loans	"C"	219145718		197254347	
b) Unsecured Loans	"D"	229690154	448835872	106946871	304201218
			767988588		549824630
II. APPLICATION OF FUNDS :					
1. FIXED ASSETS					
a) Gross Block	"E"	397300750		381185541	
b) Less : Depreciation		116510772		106943238	
		280789978		274242303	
c) Capital Work in progress	"F"	8024411	288814389	—	274242303
2. INVESTMENTS					
	"G"		339465		269400
3. CURRENT ASSETS, LOAN & ADVANCES :					
a) Inventories	"H"	503554384		313505550	
b) Sundry Debtors	"I"	499945167		227875593	
c) Cash & Bank Balances	"J"	49782756		48173323	
d) Loans & Advances	"K"	55325791		29733542	
		1108608098		619288008	
Less : Current Liabilities and Provisions	"L"	629773364		346729281	
Net Current Assets			478834734		272558727
4. MISCELLANEOUS EXPENDITURE					
(To the extent not written off or adjusted)	"M"		—		2754200
			767988588		549824630
NOTES ON ACCOUNTS					
	"V"				

As per our Separate report of even date attached

FOR JAGDISH CHAND & CO.

Chartered Accountants

(J.C. GUPTA)

Partner

M. No. 6107

ANIL GUPTA

Chairman-cum-Managing Director

ARCHANA GUPTA

Director

Place : New Delhi

Dated : 11th May, 2005

RAJEEV GUPTA

General Manager (Finance)

KISHORE KUNAL

Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Schedule	Year Ended 31st March, 2005 Rupees	Year Ended 31st March, 2004 Rupees
I. INCOME			
Gross Sales Less Returns		2302292012	1086386467
Less : Excise Duty		267763700	107047451
Net Sales		2034528312	979339016
Job Work		18175848	1615885
Other Income	"N"	1084130	397367
Increase/[Decrease] in Stock	"O"	67672680	93199058
		<u>2121460970</u>	<u>1074551326</u>
II. EXPENDITURE			
Materials	"P"	1569457141	743074973
Manufacturing, Selling & Other Expenses	"Q"	282751085	181370783
Increase/[Decrease] Excise Duty on Stock		2894738	14450805
Payments to and Provision for Employees	"R"	46869781	41296516
Managerial Remuneration	"S"	4422307	2403908
Financial Charges	"T"	68528996	56031830
Depreciation & Amortisation	"U"	19857289	17557799
Miscellaneous Expenditure Written off		2754200	2768245
		<u>1997535537</u>	<u>1058954859</u>
III. PROFIT BEFORE TAX [I-II]			
		123925433	15596467
Less : Provision For Taxation			
— Current Tax		36500000	1275000
— Deferred tax		3529548	5382095
IV. PROFIT AFTER TAX			
		83895885	8939372
Add : Balance Brought Forward From			
Last year's Account		86602750	77661147
Add/(Less) Taxation for earlier years		(3496)	2231
V. AMOUNT AVAILABLE FOR APPROPRIATION			
		170495139	86602750
VI. APPROPRIATION			
Proposed Dividend		7920043	—
Provision for Taxation on Proposed Dividend		1110786	—
Transfer to General Reserve		5000000	—
VII. BALANCE CARRIED TO BALANCE SHEET			
		<u>156464310</u>	<u>86602750</u>
Face Value per equity share		Rs. 10/-	Rs. 10/-
Earning per share:			
— Basic & Diluted		10.59	1.13
NOTES ON ACCOUNTS	"V"		

As per our Separate report of even date attached

FOR JAGDISH CHAND & CO.

Chartered Accountants

(J.C. GUPTA)

Partner

M. No. 6107

Place : New Delhi

Dated : 11th May, 2005

ANIL GUPTA

Chairman-cum-Managing Director

ARCHANA GUPTA

Director

RAJEEV GUPTA

General Manager (Finance)

KISHORE KUNAL

Company Secretary



	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
SCHEDULE - "A" : SHARE CAPITAL		
Authorised		
90,00,000 (Previous year 90,00,000) Equity Shares of Rs. 10/- each	90000000	90000000
3,00,000 (Previous year 3,00,000) Preference Shares of Rs. 100/- each	30000000	30000000
	<u>120000000</u>	<u>120000000</u>
Issued, Subscribed & Paid-up		
79,20,043 (Previous year 79,20,043) Equity shares of Rs.10/- each fully paid (of the above 17,43,243 Equity were allotted to as fully paid shares as per Scheme of amalgamation without payment being received in cash)	79200430	79200430
	<u>79200430</u>	<u>79200430</u>
SCHEDULE - "B" : RESERVES & SURPLUS		
Share Premium		
As per last Balance Sheet	36621163	36913594
Less : Public Issue Expenses written off	—	292431
	<u>36621163</u>	<u>36621163</u>
Revaluation Reserve		
As per last Balance Sheet	4861804	5020227
Less : Transfer to Profit & Loss Account	57137	158423
Less : Transfer on Sale of Asset	4804667	—
	<u>—</u>	<u>4861804</u>
General Reserve		
As per last Balance Sheet	3841518	3841518
Add : Transferred from Profit & loss account	5000000	—
	<u>8841518</u>	<u>3841518</u>
Profit & Loss Account		
As per Annexed Account	156464310	86602750
	<u>201926991</u>	<u>131927235</u>

	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
SCHEDULE - "C" : SECURED LOANS		
From Banks		
Term Loan	10580203	14088431
(Secured by equitable mortgage of factory land & buildings, first charge on immovable & movable assets of the company and guaranteed by Sh. Anil Gupta, Chairman-cum-Managing Director and Sh. Sunil Gupta, Director)		
For working capital	202990140	173854827
Interest Accrued & Due	115007	
(Secured by equitable mortgage of factory land & buildings, hypothecation of Company's all Current & Movable assets & by way of first charge on all plant & machinery and guaranteed by Sh. Anil Gupta, Chairman-cum-Managing Director and Sh. Sunil Gupta, Director & equitable mortgage of premises of a Company)		
From Others		
Hire Purchase Finance	5460368	9311089
(Secured against hypothecation of vehicles & machinery financed)		
	<u>219145718</u>	<u>197254347</u>
SCHEDULE - "D" : UNSECURED LOANS		
Short term Loan from Bank	89900000	—
(Against personal Guarantee of Shri Anil Gupta, Chairman-cum-Managing Director)		
Deposits		
— Inter Corporate Deposits	56714898	19780898
— Directors	2555000	5331652
— Others	51387000	49244000
	<u>110656898</u>	<u>74356550</u>
Sales Tax Deferment	29133256	32590321
(Repayable within One Year Rs. 7283452/- Previous Year Rs. 7283452/-)		
	<u>229690154</u>	<u>106946871</u>



SCHEDULE - "E" : FIXED ASSETS

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 31.03.2004	Additions	Deduct-ions	As At 31.03.2005	As At 31.03.2004	For the Year	Deductions	As At 31.03.2005	As At 31.03.2005	As At 31.03.2004
Land	3660737	—	—	3660737	—	—	—	—	3660737	3660737
Land (Lease Hold)	25218917	—	16967000	8251917	—	—	—	—	8251917	25218917
Building	86316847	3768002	9949723	80135126	13827277	2364937	3879222	12312992	67822134	72489570
Plant & Machinery	207147824	38986840	2625035	243509629	76562789	13241982	1853083	87951688	155557941	130585035
Electrical Fittings & Equipments	10798597	304420	1981213	9121804	3246258	457118	1191376	2512000	6609804	7552339
Furniture, Fixtures & Office Equipments	17934128	5443737	887124	22490741	6821025	1854193	558953	8116265	14374476	11113103
Vehicles	7869896	365261	1480150	6755007	3066786	644123	1269268	2441641	4313366	4803112
Temporary Structures	68662	—	68662	—	68662	—	68662	—	—	—
Assets Acquired under Hire Purchase :										
— Plant & Machinery	18070400	2220000	—	20290400	1861696	951898	—	2813594	17476806	16208704
— Furniture, Fixtures & Office Equipments	406274	—	406274	—	72645	12161	84806	—	—	333629
— Vehicles	3693259	2064000	2671870	3085389	1416100	388014	1441522	362592	2722797	2277157
TOTAL :	381185541	53152260	37037051	397300750	106943238	19914426	10346892	116510772	280789978	274242303
PREVIOUS YEAR :	361776750	19648517	239726	381185541	89370646	17716222	143630	106943238	274242303	272406103

Notes :

- (a) Land (leasehold) includes Rs. Nil (Previous Year Rs.88,63,552/-) due to revaluation done during 1993-94 to state current replacement value as on 31.03.93.
 (b) Building includes Rs. Nil (Previous Year Rs.47,43,211/-) due to revaluation done during 1993-94 to state current replacement value as on 31.03.93
 (c) Carrying value of Assets acquired under hire purchase as on 31.03.2005 exclude the amount related to hire purchase agreement settled during the current year.

As at
31st March, 2005
Rupees

As at
31st March, 2004
Rupees

SCHEDULE - "F" : CAPITAL WORK IN PROGRESS

CAPITAL WORK IN PROGRESS	8024411	—
(Including Material lying at Site)		
	8024411	—

SCHEDULE - "G" : INVESTMENTS

LONG TERM

OTHER INVESTMENTS

(UNQUOTED) :

— KEI International Limited 76558 (Previous Year 76558) Equity Shares of Rs. 10/- each fully paid (Bonus Shares)	—	—
--	---	---

(QUOTED) :

— State Bank of India 100 (Previous Year 100) Equity Shares of Rs. 10/- each fully paid	10000	10000
— Maryada Commercial Enterprises & Investment Co. Ltd. 1500 (Previous Year 1500) Equity Shares of Rs. 10/- each fully paid	11200	11200
— PNB Gilts Ltd. 6000 (Previous year 6000) Equity Shares of Rs. 10/- each fully paid	180000	180000
— Punjab National Bank 2200 (Previous year 2200) Equity shares of Rs. 10/- each fully paid	68200	68200
— Dena Bank 2595 (Previous year NIL) Equity shares of Rs. 10/- each fully paid	70065	—
	339465	269400

Notes :

- Aggregate cost of quoted investments : Rs. 339465/- (Previous Year Rs. 269400/-)
 Aggregate Market Value of : Rs.1131335/- (Previous Year Rs. 953655/-)

	As at 31st March, 2005 Rupees	As at 31st March, 2004 Rupees
SCHEDULE - "H" : INVENTORIES		
(As taken, valued and certified by the Management)		
Stores, Spares & Consumables	6518568	4064811
Raw Materials	127011713	22173812
Stock in Process	113996075	60397908
Finished Goods	234661732	222227985
Goods In Transit	16036397	184234
Packing Material	2960850	3728517
Scrap	2369049	728283
	<u>503554384</u>	<u>313505550</u>

SCHEDULE - "I" : SUNDRY DEBTORS
(UNSECURED, CONSIDERED GOOD)

Over Six Months	54401994	24888041
Other Debts	445543173	202987552
	<u>499945167</u>	<u>227875593</u>

SEHEDULE - "J" : CASH AND BANK BALANCES

Cash Balances Including imprest & Cheques in hand	433794	873758
Balance with Scheduled Banks:		
— Current Accounts	4809441	4178973
— Fixed Deposits	44413455	42990326
— Unclaimed Dividend	126066	130266
	<u>49348962</u>	<u>47299565</u>
	<u>49782756</u>	<u>48173323</u>

SCHEDULE - "K" : LOANS & ADVANCES

(Unsecured, Considered good, unless stated otherwise)

Advances Recoverable in cash or in kind or for value to be received	18831429	9767296
Loans & Advances to Workers & staff	1575939	1026482
Claims Recoverable from Government	2700858	11266677
Balance with Excise Authorities	19892618	3143825
Earnest Money/Security Deposits	12324947	4529262
	<u>55325791</u>	<u>29733542</u>

	Year Ended 31st March, 2005 Rupees	Year Ended 31st March, 2004 Rupees
SCHEDULE - "O" : INCREASE/(DECREASE) IN STOCK		
Opening Stock		
— Finished Goods	222227985	125286917
— Stock in Process	60397908	63724407
— Scrap	728283	1143794
	283354176	190155118
Less : Closing Stock		
— Finished Goods	234661732	222227985
— Stock in Process	113996075	60397908
— Scrap	2369049	728283
	351026856	283354176
	67672680	93199058
SCHEDULE - "P" : MATERIALS		
Raw Materials Consumed		
— Opening Stock	20837644	19073468
Add : Purchases	1669898577	741386337
	1690736221	760459805
Less : Closing Stock	127011713	20837644
	1563724508	739622161
Traded Items		
— Opening Stock	1336168	
Add : Purchases	4396465	4788980
	5732633	
Less: Closing Stock	—	1336168
	5732633	3452812
	1569457141	743074973
SCHEDULE - "Q" : MANUFACTURING, SELLING & OTHER EXPENSESES		
Stores, Spares & Consumables	19772257	13817341
Packing Expenses	48584570	29402514
Job Work Charges	36760209	9915639
Power, Fuel & Lighting	52570925	31052539
Repairs & Maintenance		
— Plant & Machinery	12273849	5468329
— Building	2219952	2098278
— Others	1955160	2020960
	16448961	9587567
Freight, Handling, Oct. & Insurance (Net)	35318336	32355891
Rebate, Discount, Commission on Sales	24135463	21405714
Rates & Taxes	4718809	1322155
Rent	4678125	777520
Insurance	4907443	1444320
Travelling & Conveyance	10457116	9622447
Advertisement & Publicity	1587376	2191959
Payments to Auditors		
— Audit Fees	425000	325000
— Tax Audit	50000	50000
— In Other Capacity	60000	25000
— Service Tax	—	32000
	535000	432000
Loss on sales of Assets (Net)	2895472	46094
Communication Expenses	4324208	4466630
Exchange Fluctuation (Net)	571614	623546
Lease Rentals	—	89663
Miscellaneous Expenses	14485201	12817244
	282751085	181370783



	Year Ended 31st March, 2005 Rupees	Year Ended 31st March, 2004 Rupees
SCHEDULE - "R" : PAYMENT TO AND PROVISIONS FOR EMPLOYEES		
Salaries,Wages & Others Benefits	39819999	34694640
Contribution to Provident & Other Funds	3268630	3920523
Welfare Expenses	3781152	2681353
	<u>46869781</u>	<u>41296516</u>
SCHEDULE - "S" : MANAGERIAL REMUNERATION		
Salaries	1430000	1440000
Commission	2297877	—
Rent	480000	720000
Contribution to Provident Fund	12480	18720
Perquisites	149950	203188
Director's Meeting Fee	52000	22000
	<u>4422307</u>	<u>2403908</u>
SCHEDULE - "T" : FINANCIAL CHARGES		
Interest		
— Term Loan	2868944	3251854
— Working Capital Facilities (Net)	39433216	32065134
— Others	9368272	51670432
	<u>51670432</u>	<u>10010802</u>
Bank Charges & Commission	16858564	10704040
	<u>68528996</u>	<u>56031830</u>
SCHEDULE - "U" : DEPRECIATION		
On Fixed Assets	19914426	17716222
Less : Transfer from Revaluation Reserve	57137	158423
	<u>19857289</u>	<u>17557799</u>
	<u>19857289</u>	<u>17557799</u>

SCHEDULE - "V"**Significant Accounting Policies and Notes on Accounts for the Year ended 31st March, 2005****1. Statement of significant accounting policies**

- (a) The accounts have been prepared under the historical cost convention except where otherwise stated.
- (b) Fixed Assets :**
- (i) Fixed assets are stated at cost or valuation less accumulated depreciation and impairment loss. The cost includes inward freight and other directly attributable expenses.
 - (ii) In respect of new projects, all expenses relating to the projects up to the commencement of production, including interest on borrowed loan are capitalised. Financing Cost incurred on General Borrowing used for projects is capitalised at the Weighted average cost. The amount of such borrowing is determined after setting off the amount of internal accruals.
 - (iii) In accordance with and at the rates specified in Schedule XIV to the Companies Acts, 1956 depreciation is provided by following methods:-
 - Written down value method in respect of fixed assets valued up to 31st March 1992 in cable division.
 - Straight line method for other fixed assets
 - (iv) No write off is being made in respect of leasehold land, as the lease is a long lease.
- (c) Investments :** Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if, such decline is other than temporary in the opinion of the management .
- (d) Inventories :**
- (i) Finished goods are valued at lower of cost or net realisable value.
 - (ii) Raw materials are valued at cost or net realisable value whichever is lower.
 - (iii) Stock in Process is valued at lower of cost and 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. Work in process includes raw material costs and allocated production overheads. Cost of finished goods is determined by taking derived material costs and others overheads.
- (e) Revenue Recognition :** Sales are accounted for on despatch of goods from the factory to the customers. Sales are net of return and include excise duty wherever directly chargeable from customers, but exclude sales tax.
- (f) Excise Duty :** Excise Duty has been accounted on the basis of both payments made in respect of goods cleared as also provision made for goods lying in factory premises. CENVAT credit is accounted on accrual basis on purchases of materials.
- (g) Employees / Retirement Benefits :**
- (i) The Company has taken group Gratuity scheme with LIC of India. Contribution payable towards this group gratuity scheme is charged to profit & loss account.
 - (ii) Liability towards leave encashment on retirement of employees is accounted for as estimated.
- (h) Foreign Currency Transactions:**
- (i) Transactions denominated in foreign currencies are 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
 - (iii) Exchange differences relating to fixed assets are adjusted in the cost of the asset.
- (i) Reserves :** The difference between depreciation on the revalued value of the asset and depreciation on their historical cost is transferred from Revaluation reserve to Profit & Loss account.
- (j) Miscellaneous Expenditure :**
- (i) Preliminary expenses are being written off over a period of ten years.
 - (ii) Public issue expenditure are being written off against share premium over a period of ten years.
- (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) Deferred Revenue Expenditure:** Incurred up to 31-03-2003 is amortised in 3 equal instalments over a period of 3 year. Expenditure incurred on & from 1-4-2003 is charged to profit & loss account in that year .
- (m) 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.

(n) **Contingent Liabilities** : Contingent liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

2. Contingent Liabilities

- a. Unutilised letter of credits Rs. 11,70,000/- (Previous Year Rs. NIL)
 - b. Outstanding Bills discounted with banks Rs. 6,71,14,620/- (Previous year Rs.4,77,23,799 /-).
 - c. Sales Tax demands under appeal Rs 28,36,945/- (Previous year Rs 17,50,464/-)
 - d. Income tax demands under appeal in respect of earlier years Rs NIL (Previous year Rs. 7,99,350/-)
 - e. Excise Demand under appeal in respect of earlier years Rs. 2,35,69,646/- (Previous year Rs 11,02,140/-)
 - f. Claims against the company not acknowledged as debts Rs. 1,10,000/- (Previous year Rs. 1,10,000/-)
3. Estimated amount of contracts remaining to be executed on Capital Account Rs. 1,92,19,177/- (Previous Year Rs. 21,00,000/-).
 4. Fixed Deposits with banks amounting to Rs 4,14,03,455/- (Previous year Rs. 3,99,90,326/-) are under lien with banks and with Sales Tax Authorities Rs.10,000/- (Previous year Rs. 10,000/-)
 5. The Company has during the year adopted Accounting Standard (AS – 28) "Impairment of Assets" and Accounting Standard (AS-29) "Provision, Contingent liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India. However, this has no impact on profit for the year.
 6. Consequent to sale of revalued land & building Revaluation Reserve of Rs. 48,04,667/- has been transferred to Profit & Loss Account.
 7. **Computation of Net Profit in accordance with Section 198 of the companies Act, 1956.**

Particulars	Year ended 31.03.2005 Amount (Rs.)
Net Profit before tax	123925433
Add : Director's Remuneration	4357827
Add : Loss on sale of assets (net)	2895472
Net Profit	131178732
Less : Net Profit before tax upto 31st December,2004 (after adding managerial remuneration)	71417780
Net Profit for Managerial Remuneration	59760952
Calculation of Director's Remuneration (including commission) @ 5% of the Net Profit for the period from 1.01.2005 to 31.03.2005	2988047
Add : Managerial Remuneration upto 31st December, 2004	1369780
Total Managerial Remuneration	
— Excluding Directors Meeting Fees and contribution to Provident & Other Funds	4357827
— Including Directors Meeting Fees and contribution to Provident & Other Funds	4422307

Note : Since Chairman-cum-Managing Director is entitled to commission from 1st January, 2005, Net Profit for the period since 1st January, 2005 has been calculated after reducing net profit upto 31st December, 2004 as shown by Company in its published result as per listing requirements which were also subjected to "Limited Review" by the Auditors.

8. a) Loan & Advance include security deposit of Rs. NIL (Previous year NIL) due from Ashwathama Construction Private Limited, a Company under the same management. Maximum Balance outstanding during the year Rs NIL (Previous year Rs. 4,30,000/-)
- b) Loans & advances include security deposit given to relative of a director for premises taken on rent Rs.NIL (Previous Year Rs. NIL) Maximum Balance outstanding during the year Rs NIL (Previous year Rs. 7,20,000/-)
- c) Loan & Advance include adjustable security deposit given to a director for premises taken on rent Rs. 66,50,000/- (Previous year Rs. NIL) Maximum Balance outstanding during the year Rs. 85,50,000/- (Previous year Rs. NIL).
9. Interest on working capital facilities are net of interest received Rs. 31,55,085/- (Previous year Rs. 31,21,963/-)
10. As per information available with the management no supplier has claimed status of Small Scale Industrial Undertaking (SSI). Hence, dues to 'SSI ' can not be ascertained separately.

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

	As at 31st March, 2005 (Rs.)	As at 31st March, 2004 (Rs.)
Assets		
Provision for unencashed leave	7,28,124/-	6,42,497/-
Unabsorbed Deprecation	NIL	16,54,017/-
Gratuity Contribution Payable	9,77,155/-	12,69,374/-
	<u>17,05,279/-</u>	<u>35,65,888/-</u>
Liabilities		
Depreciation	<u>3,97,30,574/-</u>	<u>3,80,61,635/-</u>

12. Future lease obligation by way of lease rental as follows:

Due	Total Minimum lease payments outstandings		Future Interest on outstandings		Present value of minimum lease payments	
	31.03.05	31.03.04	2004-05	2003-04	2004-05	2003-04
Within one year	3481172	8621336	345802	985453	3135370	7635883
Later than one year and not later than five years	2508590	2005733	183592	65036	2324998	1940697
More than Five years	NIL	NIL	NIL	NIL	NIL	NIL
TOTAL	5989762	10627069	529394	1050489	5460368	9576580

13. 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 Associates

NAME	As At 31.03.05	Maximum Balance during the year	As At 31.03.04	Maximum Balance during the year
1. Ashwathama Constructions (P) Ltd	NIL	NIL	NIL	4,30,000/-
2. Varsha Gupta	NIL	NIL	NIL	7,20,000/-
3. Sunil Gupta	66,50,000/-	85,50,000/-	NIL	NIL

These are security deposits for premises taken on rent by the Company and are adjustable against rent payable as per terms & conditions.

B) Investments by the Loanee in the shares of the Company :

NAME	As At 31.03.2005		As At 31.03.2004	
	No of Shares	Amount	No of Shares	Amount
1. Ashwathama Construction (P) Ltd	NIL	NIL	295000	38,35,000/-
2. Sunil Gupta	357334	52,67,097/-	927334	1,09,67,097/-
3. Varsha Gupta	160637	15,18,982/-	160637	15,18,982/-

Note : These Investment were made by loanees prior to receiving security deposit.

14. Balance Deferred revenue expenditure of Rs 2727335/- has been amortised during the year.

15. Earning per share pursuant to Accounting Standard- 20 (AS-20) issued by Institute of Chartered Accountant of India has been calculated as follows :

Particulars	Year ended 31-03-2005	Year ended 31-03-2004
Profit after taxation (Rs)	83895885	8939372
Weighted average number of equity shares	7920043	7920043
Total weighted average number of equity shares used for computing basic & diluted earning per share	7920043	7920043
Earning per share (Basic & Diluted) (Rs)	10.59	1.13



16. Related party Disclosures", as required by Accounting Standard (AS-18), issued by the Institute of Chartered Accountants of India, are given in Annexure-I.
17. Segment Information pursuant to Accounting Standard (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India.

a) Information about Primary Business Segments (In Rupees)

Particulars	Cables		Stainless Steel Wire		Unallocated		Total	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
Revenue (Gross)								
External	2028872965	869123111	292377230	218916987	—	—	2321250195	1088040098
Inter – segment	—	—	—	—	—	—	—	—
Total Revenue	2028872965	869123111	292377230	218916987	—	—	2321250195	1088040098
Result								
Segment result	227533062	86558060	17964642	9281599	—	—	245497704	95839659
Unallocated expenditure net of unallocated income	—	—	—	—	(53067025)	(24235687)	(53067025)	(24235687)
Interest expenses(net)	—	—	—	—	(68528996)	(56031830)	(68528996)	(56031830)
Dividend income	—	—	—	—	23750	24325	23750	24325
Profit before taxation and exceptional items	227533062	86558060	17964642	9281599	(121572271)	(80243192)	123925433	15596467
Exceptional items	—	—	—	—	—	—	—	—
Income Tax-current & deferred	—	—	—	—	—	—	(40029548)	(6657095)
Net Profit	—	—	—	—	—	—	83895885	8939372
Other Information								
Segment assets	1115599927	689681619	206423610	154480839	75738415	52391454	1397761952	896553912
Segment liabilities	499491092	289200898	117237990	56537218	499905449	339688130	1116634531	685426246
Capital expenditure	40080448	17972539	6866689	1097329	6205123	578649	53152260	19648517
Deferred Revenue Expenditure	—	—	—	—	—	—	—	—
Depreciation	12180692	10561875	7145927	6866450	530670	129474	19857289	17557799
Non- cash expenses other than depreciation	2727335	2727336	—	—	26865	40909	2754200	2768245

b) Information about Secondary Business Segments (in Rupees)

Revenue by geographical market	India		Outside India		Total	
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
External	2094261637	860487986	226988558	227552112	2321250195	1088040098
Inter-segment	—	—	—	—	—	—
Total	2094261637	860487986	226988558	227552112	2321250195	1088040098
Carrying amount of segment assets	1397761952	896553912	—	—	1397761952	896553912
Additions to fixed assets	53152260	19648517	—	—	53152260	19659522

c) Notes :

- i) The Company is organised into two main business segments, namely:
- Cables comprising of Power Cable, Control and Instrumentation Cable, Winding Wire, Flexible and House wire, Jelly Filled Telecommunication cables and other cables
 - Stainless Steel Wire comprising of Stainless Steel Wire

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.

	2004-05	2003-04
Segment Revenue comprises of :		
— Sales	Rs. 2302292012	Rs. 1086386467
— Other income excluding interest(net)/dividend income	Rs 18958183	Rs. 1653631
TOTAL	Rs. 2321250195	Rs. 1088040098

- iii) The Segment Revenue in the geographical segments considered for disclosure are as follows:
- Revenue within India includes sales to customers located within India and earnings in India.
 - 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.

18. ADDITIONAL INFORMATION PURSUANT TO THE PROVISION OF PART-II OF SCHEDULE VI OF THE COMPANIES ACT, 1956

(A) Particulars of capacity and production

Particulars	Unit	Licenced Capacity	Installed Capacity*		Actual Production	
			As At	As At	Year ended	Year ended
			31.03.2005	31.03.2004	31.03.2005	31.03.2004
Cables	Kms.	Not Applicable	25000.000	14000.000	15409.855	9052.399
Stainless Steel Wires	Kgs.	Not Applicable	2650000.000	2400000.000	1567890.770	1661888.800
Jelly Filled Telephone cables	Ckm	Not Applicable	Nil	630000.000	37.420	15738.510
Winding, Flexiable & House Wiring	Kms.	Not Applicable	100000.000	100000.000	17836.598	37337.568

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

(B) Particulars of Stocks & Sales

Particulars	Unit	Opening Stock		Closing Stock		Sales (Gross)	
		As At	As At	As At	As At	Year ended	Year ended
		31.03.2005	31.03.2004	31.03.2005	31.03.2004	31.03.2005	31.03.2004
Cables	Kms.	969.314	588.238	1305.077	969.314	15074.092	8671.323
	Rs.	168198800	106042951	172764054	168198800	1912845840	733175989
Stainless Steel Wires	Kgs.	63259.158	41345.150	66964.208	63259.158	1564185.720	1639974.800
	Rs.	6862218	6287368	19791775	6862218	260661639	194762270
Jelly Field Telephone cables	Ckm	1645.180	331.160	1492.460	1645.180	190.140	14424.490
	Rs.	1329917	280184	1374556	1329917	98299	15514169
Winding, Flexiable & House Wiring	Kms.	4286.829	3820.085	4044.482	4286.829	18078.945	36870.824
	Rs.	44500882	12676413	40731347	44500882	96812510	111356522
Traded Goods (SS Wire)	Kgs.	10008.000		0	10008.000	70023	49112
	Rs.	1336168		0	1336168	7606573	7129690
Miscellaneous	Rs.	728283	1143794	2369049	728283	24267151	24447827

(C) Particulars of Raw Materials consumed

Class of Goods	Quantity in (Kgs.)		Value in (Rs.)	
	Year Ended	Year Ended	Year Ended	Year Ended
	31.03.2005	31.03.2004	31.03.2005	31.03.2004
Copper	3362575.380	2055793.570	532165669	242715634
PVC & DOP	5473275.630	3022780.828	262898338	126516913
G.I.Wire/S.S.Wire/Strip	4043012.300	2515650.560	156684409	76678681
Aluminium Wire	3645258.760	1629219.160	347751201	140297032
Stainless Steel Rod	1279412.000	1516128.000	191716104	134643442
Thermocouple Wire/Nickle	35046.390	5920.690	33588158	5260552
Others	N.A.	N.A.	38920629	13509901

**(D) Purchase of Trading Goods**

Class of Goods	Quantity in (Kgs.)		Value in (Rs.)	
	Year Ended 31.03.2005	Year Ended 31.03.2004	Year Ended 31.03.2005	Year Ended 31.03.2004
S S Wire Rod	60015.000	59120.000	4396465	4788986

(E) Value of imported and Indigeneous materials consumed

Class of Goods	Percentage		Value in (Rs.)	
	Year Ended 31.03.2005	Year Ended 31.03.2004	Year Ended 31.03.2005	Year Ended 31.03.2004
Materials				
— Indigeneous	99	97	1550564613	724100734
— Imported	1	3	18892528	18974239
	100	100	1569457141	743074973
Stores, Spares & Consumables				
— Indigeneous	99.69	99	19710168	13703389
— Imported	0.31	1	62089	113952
	100	100	19772257	13817341

(F) Value of Imports on CIF basis

	Year ended 31.3.2005 (Rs.)	Year ended 31.3.2004 (Rs.)
Raw Material Purchases	19860330	18974239
Stores, Spares & Consumables	62089	113952
(G) Earnings in Foreign Exchange (on accrual basis)		
Exports	226988558	227552112
(H) Expenditure in Foreign Currency (on Accrual Basis)		
Travelling	1302790	2066229
Commission & Discount	3276883	2319486
Others	875249	682831

19. Previous Year's figures have been regrouped/ rearranged Where necessary.

As per our Separate report of even date attached

FOR JAGDISH CHAND & CO.

Chartered Accountants

(J.C. GUPTA)

Partner

M. No. 6107

ANIL GUPTA

Chairman-cum-Managing Director

ARCHANA GUPTA

Director

Place : New Delhi

Dated : 11th May, 2005

RAJEEV GUPTA

General Manager (Finance)

KISHORE KUNAL

Company Secretary

20. Additional information as required under part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile**I. REGISTRATION DETAILS**

Registration No.	51527	State Code	55
Balance Sheet Date	31.03.2005		

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSAND)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

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

Total Liabilities	767988	Total Assets	767988
Source of Funds		Paid-up Capital	Reserves and Surplus
		79200	201927
		Secured Loan	Unsecured Loans
		219146	229690
		Deferred Tax	
		38025	
Application of Funds		Net fixed assets	Investments
		288814	339
		Net Current assets**	Misc. Expenditure
		478835	0
		Accumulated Losses	
		NIL	

** Net of current liabilities & provisions

IV. PERFORMANCE OF COMPANY (AMOUNTS IN RS. THOUSAND)

Turnover	2121461	Total Expenditure	1997536
		Profit Before Tax	Profit After Tax
		123925	83896
		Earning Per share	Dividend Rate %
		10.59	10

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

Item Code No.	85.44
(ITC Code)	
(Production Description)	CABLES
Item Code No..	72.23
(ITC Code)	
(Production Description)	STAINLESS STEEL WIRE
Item Code No..	85.44
(ITC Code)	
(Production Description)	Winding Wire

ANIL GUPTA
Chairman-cum-Managing Director

ARCHANA GUPTA
Director

Place : New Delhi
Dated : 11th May, 2005

RAJEEV GUPTA
General Manager (Finance)

KISHORE KUNAL
Company Secretary



"Related party Disclosures", as per Accounting Standard (AS-18), issued by The Institute of Chartered Accountants of India :-

Name of Related Parties :-

i) Associate of the company :

- KEI International Ltd. (Subsidiary upto 28-09-03)

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

- D.N.Gupta & Sons (HUF)
- Sh. Anil Gupta HUF
- Sh. Sunil Gupta HUF (Upto 31st July, 2004)
- M/s KEI Cables Pvt. Ltd.
- M/s Ashwathama Construction Pvt. Ltd. (Upto 10th August, 2004)
- M/s Projection Financial & Management Consultants Pvt. Ltd.
- M/s Subh Laxmi Agency Pvt. Ltd.
- M/s Soubhagya Agency Pvt. Ltd.
- M/s Dhan Versha Agency Pvt. Ltd.

iii) Functional Directors :

- Sh. Anil Gupta
- Sh. Sunil Gupta (Upto 31st July, 2004)

iv) Relatives of functional directors :

- Shri Sunil Gupta (Since 1st August, 2004)
- Smt. Archana Gupta (Director from 31st January, 2005)
- Smt. Varsha Gupta
- Smt. Sumitra Devi Gupta
- Smt. Veena Agarwal

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

- Shri Sunil Gupta (HUF) (Since 1st August, 2004)
- M/s Ashwathama Constructions Pvt. Ltd. (Since 11th August, 2004)

The following transactions were carried out with the related parties in the ordinary course of business.

a) Details relating to parties referred to in items (i), (ii), (iii), (iv) and (v) above

Particulars	Year	(i)	(ii)	(iii)	(iv)	(v)	Total
Deposits Received during the year	2004-05	1800000	14500000	8915000	3770000	3515564	32500564
	2003-04	50000	400000	7186652	1578027	—	9214679
Interest paid on deposits received	2004-05	—	—	—	186578	92509	279087
	2003-04	—	—	—	171435	—	171435
Credit Balance Outstanding as at the year end	2004-05	1838000	14520000	—	3915000	2900000	23173000
	2003-04	38000	726160	5331652	1360000	—	7455812
Rent paid for use of assets	2004-05	—	270000	—	4520000	210000	5000000
	2003-04	—	720000	—	720000	—	1440000
Managerial remuneration	2004-05	—	—	4370307	—	—	4370307
	2003-04	—	—	2381908	—	—	2381908
Meeting Fee	2004-05	—	—	—	2000	—	2000
	2003-04	—	—	—	—	—	—
Sale of Fixed Assets (At sale value)	2004-05	—	—	—	17500000	350000	17850000
	2003-04	—	—	—	—	—	—
Sale of Goods	2004-05	—	—	—	1368	—	1368
	2003-04	—	—	—	—	—	—
Sale of Investments in KEI International Ltd.	2004-05	—	—	—	—	—	—
	2003-04	1384250	—	—	—	—	1384250
Security Deposit given for Premises taken on Rent.	2004-05	—	—	—	8550000	—	8550000
	2003-04	—	—	—	—	—	—
Outstanding premises deposit receivable	2004-05	—	—	—	6650000	—	6650000
	2003-04	—	—	—	—	—	—

b) Non Financial Transactions :

- i) Sh. Anil Gupta and Sh. Sunil Gupta have given personal guarantees to banks for company's borrowings.
- ii) M/s Ashwathama Constructions Pvt. Ltd. has given corporate guarantee to banks for company's borrowings.

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2005

(Figures in Rs.)

	2004-05	2003-04
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax Extra ordinary items	123925433	15596467
Adjustments for :		
profit on sale of investment	—	(331150)
Depreciation	19857289	17557799
Dividend Received	(23750)	(24325)
Financial Charges	68528996	56031830
Interest on Income Tax Refunds	(277920)	—
Provision for leave encashment	372240	597516
Misc. Expenditure written off	2754200	2768245
(Profit) / Loss on sales of Assets/Investments	2895472	46094
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	218031960	92242476
Adjustments for :		
Trade & Other Receivables	(297661823)	8557930
Inventories	(190048834)	(89357025)
Trade & Payables	265996718	65531338
Cash Generated from operations	(3681979)	76974719
Financial Charges (Net)	(68528996)	(56031830)
Direct Taxes paid	(28859200)	(459745)
Cash flow before Extra ordinary items	(101070175)	17755808
Extra Ordinary Items	—	—
Net Cash from operating activities	(101070175)	17755808
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed assets and other capital expenditure	(61176671)	(7642653)
Investments	(70065)	1384250
Sale of Fixed Assets	18990020	50000
Dividend Received	23750	24325
Interest on Income Tax Refunds	277920	—
Net Cash from investing activities	(41955046)	(8911414)
(C) CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from long term borrowings (Net of repayments)	(3508228)	(12550725)
Proceeds from short term borrowings (Net of repayments)	89900000	—
Finance lease liabilities (Net)	(3850721)	(9880543)
Inter corporate & other deposits (Net of repayments)	36300348	(896886)
Sales Tax Deferment(Net of repayments)	(3457065)	9226321
Working capital facilities from banks	29250320	18096131
Net Cash from Financing Activities	144634654	3994298
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	1609433	12838692
Cash & Cash Equivalents as at 1st April (Opening Balance)	48173323	35334631
Cash & Cash Equivalents as at 31st March (Closing Balance)	49782756	48173323

Cash and Bank Balance includes Rs.4,14,13,455/- (Previous year Rs. 4,00,00,326/-) held as Margin money / lien against gurantees. issued by the Banks/others and balance in unclaimed dividend account Rs. 1,26,066/-(previous year Rs. 1,30,266/-).

Note : Figures in brackets represent cash out flow.

As per our Separate report of even date attached

FOR JAGDISH CHAND & CO.

Chartered Accountants

(J.C. GUPTA)

Partner

M. No. 6107

Place : New Delhi

Dated : 11th May, 2005

ANIL GUPTA

Chairman-cum-Managing Director

ARCHANA GUPTA

Director

RAJEEV GUPTA

General Manager (Finance)

KISHORE KUNAL

Company Secretary



KEI INDUSTRIES LIMITED

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

PROXY FORM

I/We
of.....being a member/members of the above
names Company hereby appoint.....of.....
or failing him/her.....of.....
as my/our Proxy to vote for me/us on my/our behalf at the 13th Annual General Meeting of the Company to be held on Thursday, the 30th
June, 2005 at 10.00 A.M. and at any adjournment thereof.

Signed this day of 2005.

Signature.....

Affix Rupee One Revenue Stamp
--

Regd. Folio No.....

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

Client ID No.*.....

No. of Shares.....

Address

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 : 30th June, 2005

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 13th Annual General Meeting of the Company at Hamdard Convention Center (Hall No. 1) Jamia Hamdard, Hamdard Nagar, Near Batra Hospital, New Delhi - 110 062.

.....
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.

* Application for investors holding shares in electronic form.



BOOK POST

If underlivered, please return to :-



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

PRINTED BY : FIRST IMPRESSION (011) 22484045/9811224048

13th Annual Report 2004 - 2005

BOARD OF DIRECTORS

Mr. Anil Gupta	Chairman-cum-Managing Director
Mr. Sunil Gupta	Director
Mrs. Archana Gupta	Director
Mr. Pawan Bholusaria	Director
Mr. K. G. Somani	Director
Mr. Vijay Bhushan	Director
Mr. Vikram Bhartia	Director

COMPANY SECRETARY

Mr. Kishore Kunal

AUDITORS

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

BANKERS

DENA BANK
PUNJAB NATIONAL BANK
ING VYSYA BANK LTD.
STATE BANK OF HYDERABAD
YES BANK LTD.

SHARE TRANSFER AGENT

MAS SERVICES PVT. LTD.
AB-4, Safdarjung Enclave
New Delhi - 110 029
Tel. : 26104142, Fax : 26181081

REGISTERED OFFICE

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

WORKS OFFICE

- D-90, Okhla Industrial Area, Phase-I, New Delhi-110 020.
- SP-920, RIICO Industrial Area, Phase-III, Bhiwadi Distt. Alwar (Raj.) - 301019.
- 99/2/7 Madhuban Industrial Estate, Village Rakholi, Silvassa(D&H)-396240.

KEI MANAGEMENT PERSONNEL

P. K. AGGARWAL	General Manager (P&A)
RAJEEV GUPTA	General Manager (Finance)
MANOJ KAKKAR	General Manager (Mktg-West India-Cable)
S. K. MOHANTY	General Manager (Mktg-North-Cable Export)
KANAK RAJAN	General Manager (Mktg-South-Cable)
P.K. GHOSE	General Manager (Works)
K.C. SHARMA	General Manager (Works-Cable)
ALOK SHAH	Asst. General Manager (Mktg-East-Cable)
KULDEEP SHARMA	Senior Manager (Marketing)
AJAY MEHRA	Manager (Q.C)
KRISHNA KARIWAL	Manager (Marketing)