

KEI

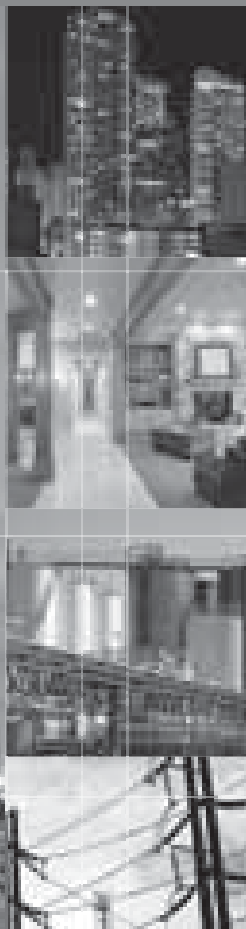
Wires and Cables

The power behind the power™



'Power'ful Ambitions

KEI Industries Limited
Annual Report 2011-12



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Corporate Information

BOARD OF DIRECTORS

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

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Kishore Kunal

AUDITORS

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

BANKERS

Dena Bank
Punjab National Bank
ING Vysya Bank Ltd.
State Bank of Hyderabad
Yes Bank Ltd.
Standard Chartered Bank
ICICI Bank Ltd.
HSBC Bank Ltd.
HDFC Bank Ltd.
State Bank of Patiala
IndusInd Bank Ltd.
State Bank of Bikaner and Jaipur
Indian Overseas Bank
Corporation Bank
Lakshmi Vilas Bank

SHARE TRANSFER AGENT

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

CORPORATE & REGISTERED OFFICE

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

KEY MANAGEMENT PERSONNEL

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

WORKS OFFICE

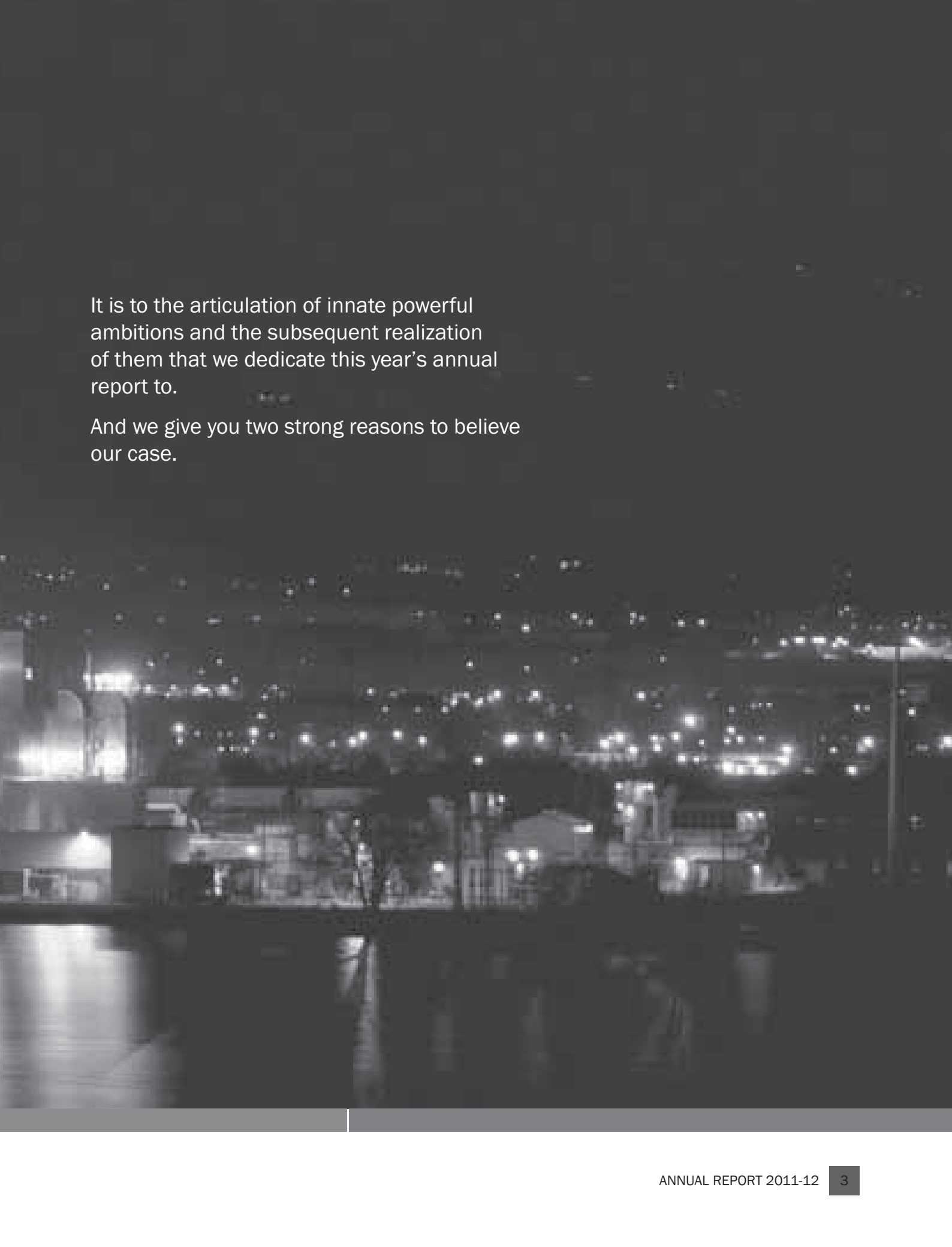
- SP-919-920, 922 RIICO Industrial Area, Phase-III, Bhiwadi, Dist. Alwar (Rajasthan) - 301 019
- 99/2/7 Madhuban Industrial Estate, Village Rakholi, Silvassa (D&H) - 396 240
- Plot No. A- 280-284, RIICO Industrial Area, Chopanki, Dist. Alwar (Rajasthan) - 301 019



'Power'ful Ambitions

At KEI Industries Limited, ambition is not defined and measured just by the successful achievement of stated quantitative goals.

But more importantly, it is the actualization of our inherent strengths which allows us to think beyond the conventional, implement beyond the expected and deliver beyond the seemingly possible to stand tall, differentiated & well-positioned in our industry.



It is to the articulation of innate powerful ambitions and the subsequent realization of them that we dedicate this year's annual report to.

And we give you two strong reasons to believe our case.

1 Extra High Ambitions

Years of presence in the cable industry has helped us put together a strong product pipeline, service diverse industries and build strong manufacturing capacities and R&D wherewithal.

However, despite an enviable ranking amongst the top five cable manufacturers in the country, there was a collective voice to break out from this comfort zone and strengthen further our portfolio, proposition and positioning.

Result: Foray into the Extra High Voltage cables segment in 2009-10 through a technical collaboration with Bruggs, allowing us to meet the necessary pre-qualifications to operate in this space.

Our decision stands vindicated. Our extra high ambitions paid off.

In the first 12 months of operations in the EHV segment, KEI bagged multiple high value, high margin projects from State Electricity Boards, reported significant revenues from this segment and successfully transitioned to the top three cable manufacturers' league rankings.



2

Branding Our Ambitions

One of the Company's key offerings comprises its house wires for the retail segment. Given its excellent product offering combined with a strong quality edge, KEI house wires reported encouraging off take over the years.

However, the Company's ambition was beyond just clocking attractive numbers. It was about creating a brand that endorsed its cables' specialist positioning and created a platform of trust and credibility amongst its target segments.

And that is exactly what it embarked on doing.

From aggressive advertising across print, electronic and outdoor mediums to undertaking incisive below the line activities and point of purchase activations to strengthening its dealer-distribution network & relationships to deepening market penetration, the Company implemented a holistic 360 degree brand building campaign.

Result: KEI was awarded the Consumer Superbrand Status in the Business-to-Consumer category in 2011-12.



Powering Our Ambitions



THE POWER BEHIND THE POWER

KEI Industries Limited is India's leading Power Cables and Wires Manufacturer.

PRODUCT PORTFOLIO

From Low Tension (LT), High Tension (HT), Extra High Voltage (EHV) to Specialty cables comprising Control cables, Instrumentation Cables, Thermacouple Extension / Compensating, Rubber cables, elastomeric cables, Single/ Multicore Flexible Wires, Submersible cables, Braided cables, Zero Halogen cables, Winding Wires, House Wires, Stainless Steel Wires. The Company offers one of the widest product ranges in the Industry.



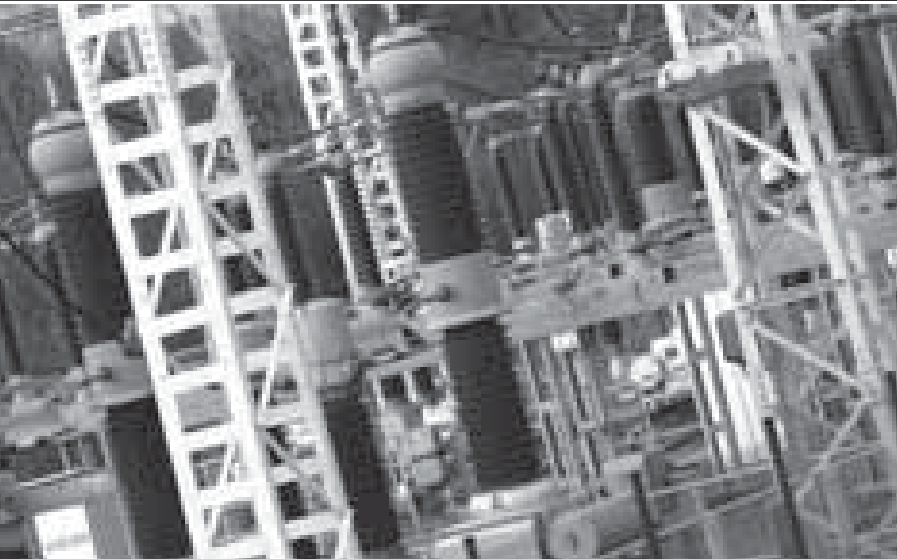
PRESENCE

Enjoying a principal player industry positioning, the Company services the discerning cabling requirements of customers across diverse industries namely Power, Oil & Gas, Marine, Refineries, Railways, Automobiles, Cement, Steel, Fertilizers, Textile, Real estate and Material handling.

Along with a pan India presence, the Company exports its products to more than 40 countries with a strong presence in the Middle East, Africa and other non CIS countries.

PRODUCTION

The Company's international standard multi-product plants are located at Bhiwadi (Rajasthan), Silvassa (D&NH) and Chopanki (Rajasthan). The Company's HT & EHV installed capacities stand at 5,600 kms, House Wires and Winding Wires at 2,70,000 kms and Power cable, Control cable, Instrumentation cable and Rubber cable at 67,000 kms.



PROWESS

To strengthen its technological and competitive edge, the Company has collaborated with BRUGG Kabels, a 100 +years old Swiss Company for the manufacture of EHV cables. This makes KEI amongst the few cable manufacturers with the technological know-how and capability to produce EHV cables.

Another distinction to its credit is the fact that KEI is the only Company in India having the DNV Class approval for marine cables as per NEK 606 and IEC 60092-350.

PROPELLING UP THE VALUE CHAIN

Drawing on its experience in the cables industry, the Company has transitioned up the value chain with its integrated one-stop turkey solutions offering. The Company has set up its Engineering, Procurement and Construction division driven by experienced professional in this field and which offer a range of services namely integrated design, engineering, material procurement, field services, construction and project management services.





Chairman's Letter

“THE PINNACLE OF OUR PERFORMANCE IN THE HOUSE WIRES SPACE WAS THE RECEIPT OF THE PRESTIGIOUS CONSUMER SUPERBRAND STATUS WHICH TRULY TESTIFIES OUR PRODUCT QUALITY, MARKET REACH AND BRAND ACCEPTANCE.”

Dear Stakeholders,

While the operating economic and market environment of the past 12 months continued to pose challenges and threaten growth & momentum, I am delighted to report that the year 2011-12 has been a good one for KEI Industries – a year marked by significant corporate progress, new milestones and one which saw us return to growth and profitability at the operating level.

I am indeed delighted to report stellar performance of your Company which indicated the significant strategic initiatives management had begun and would continue to take to catapult KEI into a more competitive, proactive, differentiated and profitable Company.

Before I share the important highlights that dotted the KEI calendar for the last 12 months, I would like to take you through the very difficult economic environment that panned out in 2012 and how, moving against the tide, we sailed through.

MACROECONOMIC OVERVIEW

Year 2012 was marked by severe euro zone debt crisis which coupled with the rising concerns in the Middle East led to rising crude oil prices on account of supply uncertainties. Rising unrest in the Middle East and North Africa (MENA) further aggravated the crude oil volatility. Matters worsened further with the European economies languishing and US witnessing a downgrade in its credit rating resulting in the global economy estimated to grow at a modest 3.8% in 2011 as compared to 5.2% in the previous fiscal.

These global trends have had an impact on the Indian economy as well. After clocking a growth rate of over 8% for the past two years the Indian economy did not grow to its full potential in 2011-12. Several external factors including a likely headwind of double-dip recessions in Europe and the US, hardening of international crude prices and high inflation resulted in the slowdown of the Indian economy with the IMF lowering India's growth projection to 6.9% for 2012.



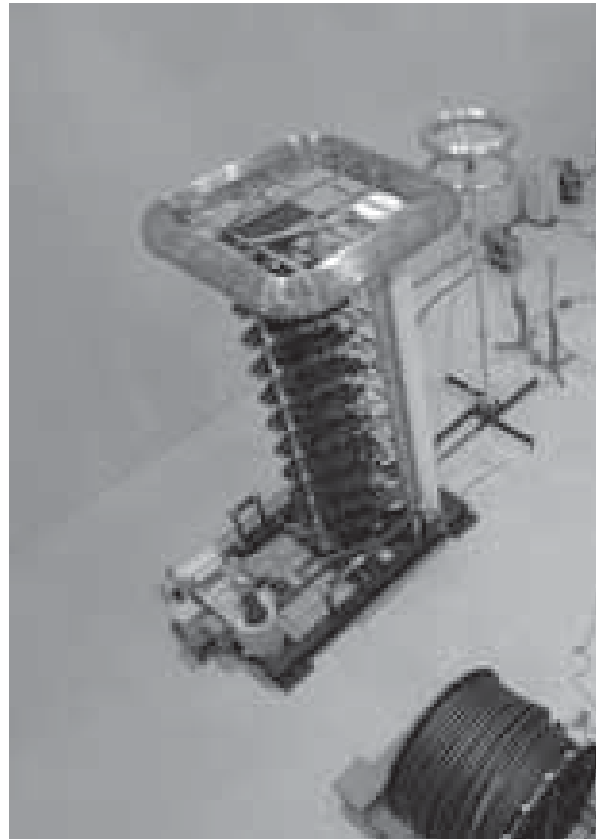
BUSINESS OVERVIEW

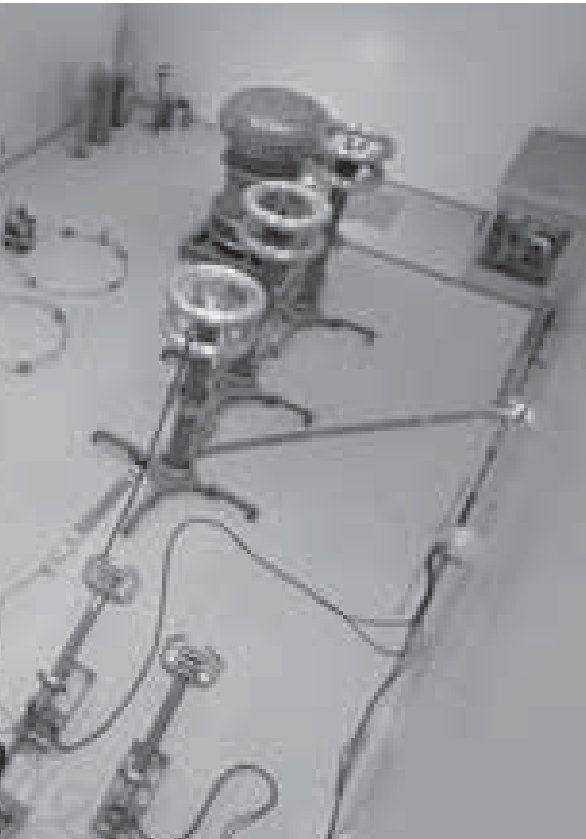
Financial Performance

Despite the worldwide economic challenges, your Company remained steadfast in delivering excellent performance and achieving its tangible and intangible goals for the year. Financially, your Company reported a 48 % increase in net sales at ₹ 1722.30 cr, and a 130% increase in profitability at ₹ 24.33 cr. Another key financial highlight was the payment of our Foreign Currency Convertible Bonds in November 2011 amidst the tough economic milieu that played out for most of the year.

EHV

A number of factors helped achieve this growth. Amongst the biggest and most notable highlight that transpired in the year under review was the execution of major contracts for Extra High Voltage cables (66 kv to 220 kv) to the tune of ₹ 150 cr. With your Company being only the third Indian cable manufacturer that can produce EHV cables upto 220 kv, it sharpens our competitive edge, further strengthens our principal positioning in the cables industry, and gives us the right foundation to harness the opportunities slated to emanate from power projects in the country.





Specialty Cables

Another key milestone was the performance of our elastomeric cables that generated sales to the tune of ₹ 100 cr. in 2011-12. Our constant efforts in certifying our products from various third party agencies combined with the prestigious certification from DNV TUE which endorses our product quality paid rich dividends and allowed us to service niche cabling requirements from fast growing verticals such as oil & gas, mining, material handling and wind power to name a few.

House Wires –Retail Segment

Our house wires segment continued to deliver and contribute to nearly 10% of our total topline. Our focused efforts in brand building, awareness creation for acceptance of products and market penetration through a fast growing dealer-distribution network has helped our brand become a household name amongst its user segment which has also translated into a 34% growth in house wires sales in 2011-12. The pinnacle of our performance in this space was the receipt of the Consumer Superbrand Status in the year under review which truly testifies our product quality, market reach and brand acceptance.



Engineering, Procurement & Construction

In my letter to you in last year's report, I had shared that your Company bagged several prestigious orders of turnkey projects in the state of Madhya Pradesh for survey, supply of materials, erection, testing and commissioning of 33 kv and 11 kv substation and distribution lines in power distribution segment. Your Company is well on schedule in executing and completing these projects as per stipulated timelines. With our approach being steadfast in growing our presence in this space, we would like to grow on the back of excellent project management & delivery.

Other Developments

Better capacity utilization on the back of strong demand dynamics, significant high value orders for the EHV segment, execution of turnkey EPC projects and good order inflow for LT / HT cables played a vital part in not only enhancing topline but also improving the bottomline performance of the Company.

Energy conservation was a key focus area wherein we embarked on spreading awareness on conservation, preserving precious resources and protecting the environment.



On the International Business Operations, Africa along with other ex-CIS countries emerged as our focus geographies for extending our footprint. Going ahead, we will continue to leverage the prospects unfurling in these regions to grow our exports business.

GOING AHEAD

Deeper penetration into the Extra High Voltage segment by virtue of pre-qualification with all major utilities in the country is a top agenda at KEI. Moving ahead, our focus will be on growing through differentiation and our presence in the EHV space is central to that strategy. Retail business will continue to remain a priority with all efforts to fortify the dealer-distribution network aggressively with the aim of being present across the length and breadth of the country. We want our House wires brand to be a household name and brand of first recall amongst its target groups.

Adding new verticals for our cables will continue as has in the past; our exports strategy will be driven by the geo-political dynamics of different countries where we operate and consistent improvement in capacity utilization coupled with cost efficiencies will be central to our profitability index.



On a Closing Note

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

I would like to thank all KEI members and the board of directors without whose support this remarkable performance would not have been possible.

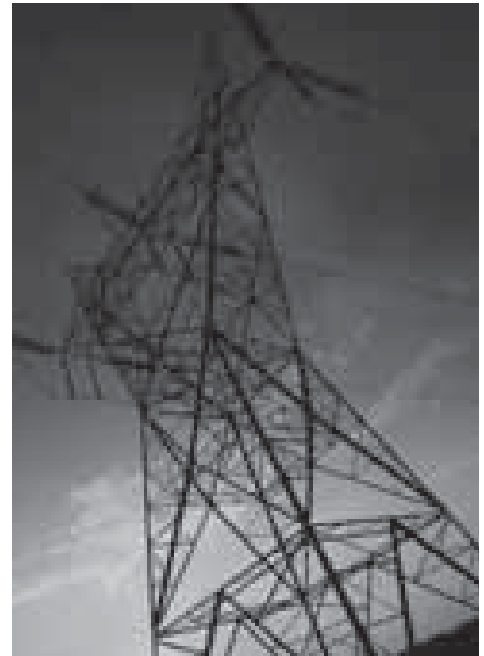
For all stakeholders who continued to believe in us at our toughest times, my heartfelt thank you.

With our strategy in place, I believe 2012-13 will see your Company further establish the foundations for long term profitable growth.

Sincerely,

Anil Gupta

Chairman-cum-Managing Director



Financial Ambitions

(figures in crores)							
PARTICULARS	2006	2007	2008	2009	2010	2011	2012
PAID UP CAPITAL	10.09	11.79	12.16	12.19	12.79	13.39	13.39
CAPITAL EMPLOYED	137.99	368.85	375.34	369.63	365.97	343.68	350.55
SALES	341.35	681.51	980.65	1055.76	972.52	1257.68	1852.95
LESS: EXCISE DUTY	41.18	77.60	107.02	86.08	63.28	94.57	130.65
NET SALES	300.17	603.91	873.63	969.68	909.24	1163.11	1722.30
PBDIT	45.80	87.38	109.84	62.08	76.33	93.75	151.70
PBIT	43.11	81.73	101.72	50.51	61.66	77.14	132.16
PBT	33.65	57.99	64.81	-6.11	17.26	17.82	36.00
Net Profit	26.01	40.17	43.52	1.25	14.23	10.56	24.33
PROFITABILITY RATIOS (PERCENT)							
PBDIT	15.26	14.47	12.57	6.40	8.39	8.06	8.81
PBIT	14.36	13.53	11.64	5.21	6.78	6.63	7.67
PBT	11.21	9.60	7.42	-0.63	1.90	1.53	2.09
Net Profit	8.66	6.65	4.98	0.13	1.57	0.91	1.41
ROCE (PAT / CAPITAL EMPLOYED)	18.85	10.89	11.59	0.34	3.89	3.07	6.94
GROWTH RATIOS (PERCENT)							
NET SALES	47.54	101.19	44.66	10.99	-6.23	27.92	48.08
PBDIT	115.71	90.80	25.70	-43.48	22.95	22.82	61.81
PBIT	123.98	89.59	24.46	-50.34	22.07	25.11	71.32
PBT	171.51	72.34	11.76	-109.43	382.49	3.24	102.02
Net Profit	209.98	54.45	8.34	-97.13	1038.40	-25.79	130.40
CAPITAL EMPLOYED							
FIXED ASSETS	80.47	140.97	231.39	279.41	277.86	308.62	318.31
CURRENT ASSETS	200.36	526.99	579.81	479.86	521.11	610.94	869.92
LESS: CURRENT LIABILITIES	99.14	199.43	251.13	195.00	236.62	431.89	545.14
LESS: BANK BORROWING	37.70	92.20	173.37	194.64	196.38	140.32	290.20
LESS: DEFERRED TAX LIABILITY	5.99	7.47	11.36	0.00	0.00	3.67	2.34
CAPITAL EMPLOYED	137.99	368.85	375.34	369.63	365.97	343.68	350.55
NET WORTH	99.19	151.86	207.07	196.58	222.62	237.92	227.09

Director's Report

To The Members

Your Directors take pleasure in presenting their 20th Annual Report for the year ended March 31, 2012. Briefly stated the Financial Results of operation are: -

(₹ In lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Revenue from Operations (Gross) and Other Income	1,85,457.64	1,26,366.71
Profit before Finance Costs, Depreciation and Amortisation Expenses and Tax Expenses	15,170.44	9,374.10
Less: Finance Costs	9,616.23	5,931.54
Depreciation and Amortisation Expenses	1,954.49	1,661.00
Profit Before Tax	3,599.72	1,781.56
Tax Expenses		
– Current Tax	729.18	356.78
– Deferred tax	438.75	366.82
– Short / (Excess) Provision Earlier Years	(1.09)	2.14
Profit for the Year	2,432.88	1,055.82
Add: Balance brought forward from last year's account	12,506.34	11,606.11
Amount available for Appropriations	14,939.22	12,661.93
Appropriations:-		
Proposed Dividend on Equity Shares (Dividend of ₹ 0.20 per equity share)	133.87	133.87
Dividend Distribution Tax on Proposed Dividend	21.72	21.72

During the year, turnover from Cables stood at ₹ 143,159.38 lacs as compared to ₹ 98,967.72 lacs in 2010-11, showing a strong growth of 44.65%. Stainless Steel Wire Products contributed a turnover of 10,068.29

lacs in 2011-12 as compared to ₹ 8656.82 lacs in 2010-11. Winding wire, Flexible & House Wire contributed ₹ 21,139.76 lacs in 2011-12 as against ₹ 15,733.52 lacs in 2010-11. During the year under review, Profit Before Tax was ₹ 3,599.72 lacs and Net profit was ₹ 2,432.88 lacs.

APPROPRIATIONS

DIVIDEND & APPROPRIATIONS:

During the year under review, your Directors have recommended a dividend of ₹ 0.20/- per equity share (i.e. @ 10%) on the Equity Shares of face value of ₹ 2/- each for the Financial Year ended March 31, 2012, which if approved by the members at the forthcoming Annual General Meeting, will be paid to:

- Those equity shareholders whose names appear in the register of members on September 13, 2012.
- Those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

REVIEW OF OPERATIONS

During the year 2011-12, turnover of your Company increased from ₹ 125767.90 lacs to ₹ 185295.16 lacs, showing growth of over 47%. During its first full year of operation, Extra High Voltage (EHV) Cable segment contributed more than ₹ 15000 lacs. Your Company was able to bag various prestigious orders of elastomeric cables, speciality cables and EHV cables apart from normal cables & wires which contributed towards achievement of turnover. The Company has already marked its presence in Extra High Voltage (EHV) Cable segment ranging from 66kV to 220kV and will continue to further strengthen its position in this segment with Technical Collaboration from M/s. Brugg Kabel AG, Switzerland. The Company has also successfully completed the rigorous long duration pre-qualification test on 220 kV Cable system at an International Laboratory, FGH Engineering & Test GmbH, Hallenweg, Germany. This gives the Company a firm marketing ground and the status of being the only

few Company in India to achieve this feat. Having marked its presence for EHV Cables up to 220 kV, the Company is preparing grounds for venturing into 400 kV segment.

FUTURE OUTLOOK

The business environment for Cable industry is showing signs of industrial and infrastructure growth. The future outlook in terms of investment in the infrastructure sector, particularly power, is also good. This indicates that demand for the cable business should improve further. With Company's successful venture into Extra High Voltage (EHV) Cables and presence in Engineering, Procurement and Construction (EPC) space, Company has an edge in the Cable Industry. The Company has specific tie-ups in this segment i.e. Foreign Technical Collaboration with Brugg Kabel AG, Switzerland which will help the Company to capitalize its proven presence in the Cable and EPC business.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB)

The Company had raised USD 36,000,000 (thirty six million) by way of allotment of 1% Foreign Currency Convertible Bonds (FCCB) on November 29, 2006. After conversion and buyback / repurchase of FCCBs totaling USD 19,400,000 from time to time, FCCBs of USD 16,600,000 were outstanding for redemption / payment on maturity date i.e. November 30, 2011. Your Company has successfully redeemed the outstanding Foreign Currency Convertible Bonds (FCCBs) of USD 16,600,000 together with redemption premium and interest on maturity date. With this payment, the entire FCCBs liability has been extinguished. Your Company made the repayment of FCCBs as per schedule, in line with the terms and conditions of the FCCB Offering Circular, underlining the company's strong fundamentals and values. There is no FCCB outstanding for redemption / conversion as on March 31, 2012.

EMPLOYEES STOCK OPTION SCHEME

The Company had framed KEI Employee Stock Option Scheme 2006 ("**KEI ESOS 2006**") in accordance with SEBI (Employees Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999. The Remuneration and Compensation Committee of the Board of Directors of the Company at their meeting held on May 05, 2012 has cancelled KEI Employee Stock Option Scheme 2006 ("**KEI ESOS 2006**"). During the year, no fresh Stock Options were granted under KEI ESOS 2006. Further, there is no Stock Option due / pending for exercise by the eligible employee(s). Consequent to cancellation of Stock Option Scheme, no further Stock Option will be granted under KEI ESOS 2006.

RATING BY CARE

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

LISTING OF SHARES

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

As on date 30,00,000 equity shares are pending for listing at CSE. The Company has also paid its up-to-date listing fees to all the stock exchanges. Further, the Board of Directors of your Company has approved voluntary delisting of Equity Shares of the Company from CSE. The Equity Shares will however be continued to be listed and traded on BSE and NSE, having nation-wide trading terminals, and therefore delisting from CSE will not have any effect on the trading volume of your Company's Shares.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a separate Section titled Report on Corporate Governance has been included in this Annual Report. Your Directors are pleased to report that your Company is fully compliant as on March 31, 2012 with the SEBI Guidelines on Corporate Governance.

DIRECTORS

Retirement by Rotation:

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Vijay Bhushan and Mr. Vikram Bhartia, Directors of the Company, retire by rotation at the forthcoming Annual General Meeting. Both the Directors are eligible and have offered themselves for re-appointment at the forthcoming AGM.

CORPORATE SOCIAL RESPONSIBILITY

As part of Corporate Social Responsibility (CSR) initiative your Company focuses primarily on education and healthcare services which are essential in promoting sustainable human development and economic growth.

KEI is making donation to ISKCON Food Relief Foundation towards their mid day meals project.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of the Section 205A and 205C of the Companies Act, 1956, your Company has transferred the following amounts to the Investor Education and Protection Fund (IEPF):

- ₹ 60,079/- lying unclaimed / unpaid with the Company for a period of seven years after the declaration of Dividend for the financial year ended 2004-05.

UNPAID / UNCLAIMED DIVIDED

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

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- a) That in the preparation of the annual accounts for the financial year ended March 31, 2012, the applicable accounting standards had been followed;
- b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and

for preventing and detecting fraud and other irregularities;

- d) That the directors had prepared the accounts for the financial year ended March 31, 2012 on a 'going concern' basis;

AUDITORS OF THE COMPANY

Statutory Auditors:

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

Cost Auditor:

As per the directive of Central Government pursuant to the provisions of Section 233B of the Companies Act, 1956, your Directors have re-appointed S. Chander & Associates, Cost Accountants to conduct the audit for the financial year ended March 31, 2013. Cost Audit Report for the FY 2010-11 was filed on September 21, 2011 (within the prescribed time limit).

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 (₹ lacs)	Qualification	Experience	Age
Mr. AnilGupta, CMD	191.38	B.Com	31 Years	51yrs

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

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

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

FIXED DEPOSITS

There are no overdue fixed deposits as on March 31, 2012.

ACKNOWLEDGMENTS

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

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

associates. The Board deeply acknowledges the trust and confidence placed by the consumers of the Company and, above all, the shareholders.

For and on behalf of the Board

Place : New Delhi
Date : August 14, 2012

(ANIL GUPTA)
Chairman-cum-
Managing Director

ANNEXURE

Information under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended March 31, 2012 is as follows :

1. CONSERVATION OF ENERGY

1.1 Energy Conservation Measures Taken:

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

- Implementation of recommendations made after Energy audit done by CII.
- New curing tank to reduce steam leakage and heat losses.
- Changes made in Armouring machine to improve the torque ratio of take-up leading to reduction in load.
- Conventional motor starter replaced with AC VFD.
- Controlling of Air & water leakages / wastage.
- Energy efficient lights installed.

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

- PVC Mixer to be replaced with Heating oven / hopper.

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

- Obtained power factor incentives in Bhiwadi & Chopanki.

2. RESEARCH & DEVELOPMENT

Areas in which Research & Development activities are carried out :

2.1 New Product Development:

- Silicone FS cable.

2.2 Product Improvements:

- Introduced triple layer extrusion in Rubber HT cable core manufacturing.

2.3 Process Improvement:

- New Tinning Plant added from OTO'FF.
- DB-1 AC Drive fitted in each drum ,increasing speed & production.

2.4 Benefits as a result of R & D Activities:

- -40 deg. PVC compound developed.

2.5 Future Plan of Action:

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

3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

3.1 Technology Absorption / Adoption, Adaptation and Innovation

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

- Hot air curing for silicone core manufacturing.

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

During the financial year 2011-12, the Company made exports sales of worth ₹ 12500.23 lacs as compared to ₹ 10259.91 lacs during the financial year 2010-11. With management focus, marketing strategies and dedicated efforts of Company's International Business Team, the Company has been able to improve its export sales by over 21% compared to previous year. The concentrated efforts of management on the territories of Africa, Middle East and other emerging markets has resulted in growth of exports during the year. Amongst the various initiatives taken by the Company towards its export sales, few major initiatives are highlighted herein below:

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

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

4.2. Total foreign exchange used and earned:

Earnings	₹ 12500.23 lacs
Outgo	₹ 6140.00 lacs

For and on Behalf of the Board

Place : New Delhi
Dated : August 14, 2012

(ANIL GUPTA)
Chairman-cum-Managing Director

Management Discussion and Analysis

COMPANY OVERVIEW

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

Featuring amongst the top three cable manufacturing companies in India, the Company’s diverse, cost effective, reliable and quality product offerings coupled with vast sectoral coverage, flexible manufacturing facilities, higher capacities and presence across cabling solutions up to 220 kV, positions the Company favorably to harness the immense opportunities and growth prospects emanating from the power utilities, core infrastructure, industrial and real estate projects across the country. Further, specialty cables has emerged as a significant market on account of the growth in sophisticated applications in many vital sectors of the Indian economy. In addition, the Government of India’s thrust on non-conventional power generation such as wind, solar and nuclear power has given a big impetus to the demand of specialty cables required for these applications. KEI ranks amongst the principal players in the manufacture of specialty cables.

The Company has also enhanced its presence in the retail market by appointing various channel partners and dealers/distributors. It has put in place a diversified business model with presence in both the domestic and international market, servicing both the retail and institutional segment, catering to both private and public sector clients and offering one-stop products basket. Furthermore, the Company’s collaboration with M/s. Brugg Kabel AG, Switzerland for manufacturing of EHV Cables ranging from 66kV to 220kV has proved to be a

notable milestone in KEI’s history. During the first year of operations, it reported credible EHV Cables sales of over ₹ 15000.00 lacs. With the enormous opportunities in the EHV Cable space coupled with the Company being only the third player to enter this space augurs well for KEI. On the export front, the Company exports Cables to various countries globally which are still reeling under the aftermath of the financial crisis.

ECONOMIC OVERVIEW, INDUSTRY STRUCTURE, OPPORTUNITIES AND THREATS

The macroeconomic conditions have deteriorated and much of the global economy is in a synchronised slowdown, having lost the upward momentum seen in the early months of the year. Despite the slowing global economy, the outlook for commodity prices is uncertain. The situation in the euro area continues to cause concern even as the prospects of immediate default have been averted. While exports of emerging and developing economies (EDEs) have been dented by the weak global economic activity, capital flows into them have declined markedly because of the strains in the euro area financial market conditions.

Domestically, the macroeconomic situation continues to raise concerns. While growth has slowed down significantly, inflation remains well above the comfort zone of the Reserve Bank of India (RBI). The large twin deficits, viz. Current account deficit (CAD) and fiscal deficit, pose significant risks to macroeconomic stability. Against this backdrop of heightened global uncertainty and domestic macroeconomic pressures, the challenge for monetary policy is to maintain its priority of containing inflation and lowering inflation expectations. At the same time, monetary policy has also to be sensitive to risks to growth and financial stability. RBI has lowered its growth projections for 2012-13 to 6.5%, in its first quarter review of monetary policy.

Infrastructure & Power Sector Scenario:

The Eleventh Plan emphasized the need for removing infrastructure bottlenecks for sustained growth. Inclusive growth of the economy can be achieved only if the infrastructure deficit is overcome by adequate investment

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

Generation, Transmission & Distribution:

The Government of India has continually initiated several reforms to create a favourable environment for addition of new generation capacity in the country. Further, Power transmission sector in India is witnessing a massive system augmentation drive in accordance with generation capacity addition. However, transmission works are delayed /held up because of Right-of-Way (RoW) issues, non-availability/delay in getting forest clearance and delay in land acquisition for sub-stations. The Twelfth Plan envisages rapid augmentation and strengthening of distribution networks to ensure that the sector is able to absorb the upcoming generation. Addressing high AT&C losses is a major challenge. Government of India's initiative to reduce AT&C losses below 15% through Restructured Accelerated Power Development Reform Programme (R-APDRP) announced in July 2008 with an outlay of ₹ 515 billion has achieved a marginal reduction of 1% in AT&C losses.

SEGMENT WISE PERFORMANCE

Gross Sales of the Company for the financial year 2011-12 stood at ₹ 185295.16 lacs as compared to ₹ 125767.90 lacs in the previous financial year. Gross Sales of the Company has grown by 47% in comparison to previous year. The segment wise revenue comparison is given below:

(₹ In lacs)

Segment	Gross Sales 2011-12	Gross Sales 2010-11	Growth %
Cables (including EHV Cable)	143,159.38	98,967.72	44.65
Stainless Steel Wire	10,068.29	8,656.82	16.30
Winding, Flexible & House wires	21,139.76	15,733.52	34.36
Income from Turnkey Projects	6,811.21	263.07	2489.12
Others	4,116.52	2,146.77	91.75
Total	185,295.16	1,25,767.90	47.33

Out of the total Sales of Cables, value of Extra High Voltage Cable sale during financial year was over ₹ 15000.00 lacs. The Company expects to achieve significant increase in sales in the EHV segment in the coming years.

Retail – domestic house wires

KEI has developed a strong reputation and has established a clear positioning of a “specialist cable manufacturer”. The Company's product and quality offering, specialist positioning, continuous brand enhancing activities and strengthening of the distribution & dealership network has paid off well, with the domestic house wires business showing strong revenue growth of 34% in the financial year 2011-12 as compared to previous year. Besides establishing a strong brand recall with ongoing marketing activities, the company continued to maintain excellent relations with realty developers, building contractors, large dealers and architects. The Company used practical, cost-effective yet impactful advertising and marketing avenues tapping various outdoor advertising mediums across the country. The Company has a pan-India presence, backed with adequate supply chain management ability to reach products to distributors on time. The Company continued to focus on augmenting its distribution network in unrepresented areas across India with continued focus on its brand building activities. The business segment also saw recruitment of additional marketing staff to strengthen presence and servicing capabilities.

Exports

The Company exports products to various countries across the globe, focusing primarily on the oil & gas and utilities segment. Competitive pricing and ability to offer customised solutions and speciality cables provides KEI a niche in the export market. The Company has achieved Export Sales of ₹ 12500.23 lacs during financial year 2011-12 as compared to ₹ 10259.91 lacs during previous year, showing a growth of over 21%. Showcasing a strong commitment to grow its presence in the overseas market, KEI participated in various international exhibitions to establish new linkages across key targeted markets. The company continued to bid in projects that were announced, and at the same time explored opportunities to foray into different promising sectors where opportunities are expected to pick up in the future.

FUTURE OUTLOOK

The commencement of the EHV cable manufacturing along with the ability to offer turnkey EPC services, will provide impetus to the institutional business segment where demand is fast expanding. Some of the end-users of EHV cables include transmission companies, mega power plants, metro cities, industries such as steel, cement, refineries, petrochemicals, large realty projects such as IT Parks, large residential complexes, etc. KEI's foray into the

EHV segment will be aided by its Know-how & Trademark License Agreement entered with Switzerland-based M/s Brugg Kabel AG. This agreement would enable a faster penetration into the market and also help the company be in a position to offer designs, process back-up services which are sought by end users. They are also specialists in the area of turnkey systems/design of Extra High Voltage Cable projects with installations world over. Through this technical collaboration, KEI joins the elite group of cable manufacturers worldwide equipped to manufacture cables ranging from 66kV to 220kV at its facilities. The technology edge will enable KEI establish a stronghold in the EHV cable segment and secure contracts in the power segment from both the government and private sector.

QUALITY, ENVIRONMENTAL AND OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM STANDARD

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

ISO 9001:2008

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

OHSAS 18001:2007

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

OHSAS 14001:2004

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

INTERNAL CONTROLS & SYSTEMS

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

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

RISKS AND CONCERNS

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

Business Risk:

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

Competition Risk:

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

Raw material price fluctuation risk:

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

Currency fluctuations risk:

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

movements and resorts to forward booking, where deemed appropriate.

Human resource risk:

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

HUMAN RESOURCES

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

objectivity to performance and overall goal achievement. During the year, industrial relations continued to be cordial.

DISCLAIMER CLAUSE

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

Report on Corporate Governance

1. Company's Philosophy:

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

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

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

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

2. Board of Directors:

- (i) The Company has 7 Directors with an Executive Chairman. Of the 7 Directors, 5 are Non-Executive Directors and 4 are Independent Directors. The Composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.
- (ii) None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other Public Limited Companies as on March 31, 2012 have been made by the Directors.
- (iii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies are given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholder / Investors Grievance Committees.

Name of the Director	Category	No. of Board Meeting attended	Attendance at Last AGM	No. of Directorships in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies	
					Chairman	Member
Mr. Anil Gupta (CMD)	Non-Independent, Executive	4	Yes	1	None	None
Mr. Pawan Bholusaria	Independent, Non-Executive	4	Yes	2	None	3

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

Meeting of Board of Directors:

There were 4 (Four) Board Meetings held during the year ended March 31, 2012. These were on 21.05.2011, 08.08.2011, 24.10.2011 & 06.02.2012.

The last Annual General Meeting (AGM) was held on September 15, 2011.

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

Procedure of Board Meeting and information to Board Members:

During the Financial year 2011-12 agenda of the Board / Committee meeting(s) with proper explanatory notes to agenda was prepared and circulated well in advance to all the Board / Committee members. Draft resolution(s) were also circulated to the Board / Committee members for their comments. In special circumstances, additional or supplementary item(s) on agenda were permitted with the approval of the Chairman of the meeting. The Board also reviewed periodical compliances of all applicable Acts, law(s) / rule(s) and regulation(s) and steps taken by the Company to rectify the non-compliances, if any, during the financial year 2011-12.

Code of Conduct:

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

All the Directors and Member of Senior Management have affirmed compliance to the Code of Conduct as at March 31, 2012. A declaration to this effect, signed by Chairman-cum Managing Director is annexed to this report.

3. Audit Committee:

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

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position.
- Recommending the appointment, re-appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Recommending the appointment of Cost Auditors under section 233(B) of the Companies Act, 1956.
- Reviewing the financial statements and draft audit report, including quarterly / half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices;

- Major accounting entries based on exercise of judgment by management;
- Qualifications in draft audit report;
- Significant adjustments arising out of audit;
- Compliance with accounting standard;
- Compliance with stock exchange and legal requirements concerning financial statements;
- Any related party transactions as per Accounting Standard 18.
- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.
- Mandatory review of following information:
 - Management discussion and analysis of financial condition and results of operation;
 - Statement of significant related party transactions, submitted by management;
 - Management letters / letters of internal control weaknesses issued by Statutory Auditors and
 - Appointment, removal and terms of remuneration of Internal Auditor.
 - Cost Auditor is free from any disqualification as specified under Section 233B (5) read with Section 224 and sub section (3) or sub section (4) of Section 226 of the Companies Act,1956.

During the year ended March 31, 2012, four Audit Committee Meetings were held on 21.05.2011, 08.08.2011, 24.10.2011 and 06.02.2012.

Mr. Pawan Bholusaria, Chairman of the Audit Committee was present at the last Annual General Meeting held on September 15, 2011.

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	2
Mr. Vikram Bhartia	Director (Member)	Business	4

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

4. Shareholders Grievance Committee:

The "Shareholders Grievance Committee" looks into redressing investor's grievances/complaints such as non-receipt of notices, annual reports, dividends, revalidation of Dividend Warrants and share transfers related works. The Committee also approves issue of duplicate share certificates etc. During the year ended March 31, 2012, four meeting of the Committee were held on 21.05.2011, 08.08.2011, 24.10.2011 and 06.02.2012.

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

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

Number of Shareholders complaints received and resolved during the year ended March 31, 2012 are as follows:

Sr. No.	Nature of Grievances	Received	Status	Pending
1	Non Receipt of Annual Report	3	Resolved	NIL
2	Non Receipt of Dividend Warrant	2	Resolved	NIL
	Total	5	-	

Number of pending Shareholders complaints and Share Transfer as on March 31, 2012 was Nil.

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

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

5. Remuneration & Compensation Committee:

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

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

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

During the year ended March 31, 2012, one meeting was held on 21.05.2011.

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

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

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

DIRECTORS REMUNERATION:
a) Details of Remuneration paid to Executive Directors for the Year ended on March 31, 2012:

The aggregate value of salary, perquisites and commission paid for the year ended 31st March, 2012 to the Chairman-cum-Managing Director (CMD) and Whole Time Director (WTD) are as follows:

(₹ in lacs)

Name	Salary	Commission	Co.'s Cont. to P.F	Perquisites	Sitting Fees	Other	Total
Mr. Anil Gupta, CMD	124.00	51.59	0.09	15.70	NIL	NIL	191.38
Mr. Rajeev Gupta, ED (Finance)	39.49	NIL	0.09	NIL	NIL	2.43	42.01
Total							233.39

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

The appointment of the Executive Directors is governed by resolutions passed by the Board and the Shareholders of the Company, which cover the terms and conditions of such appointment, read with the service rules of the Company. A separate Service Contract is not entered into by the Company with Executive Directors. No notice period or severance fee is payable to any director. The statutory provisions will however apply.

b) Details of Sitting Fees / Remuneration paid to Non- Executive Directors for the Year ended on March 31, 2012:

During the financial year 2011-12, the Company has not paid any remuneration to Non-Executive and Independent Director except sitting fees @ ₹ 10,000/- per Board / Committee meeting as detailed below:

(₹ in lacs)

Name of Director	Amount
Mr. Pawan Bholusaria	₹ 0.90
Mr. K.G. Somani	₹ 0.40
Mr. Vikram Bhartia	₹ 1.30
Mr. Vijay Bhushan	₹ 0.90
Mrs. Archana Gupta	₹ 1.30

6. Share Allotment Committee:

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

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

The composition of the Committee is as under:

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

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

During the year ended March 31, 2012, no meeting was held.

7. Finance Committee:

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

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

- opening / operation of Bank Accounts including any matter relating to working capital limits of the Company;
- borrowing from Banks / Financial Institutions / body corporate or from any other person up to an amount not exceeding ₹ 300 crores at any time. The same shall be reported in the subsequent Board Meeting. However the borrowing made by the Committee and reported in the subsequent Board Meeting, shall not be considered for computing the said limit of ₹ 300 crores;
- creation of security by way of hypothecation / mortgage on the assets of the Company for the borrowing;
- to provide any loan / deposits / guarantee / investment for an amount not exceeding ₹ 20 crores at any time. As per provisions of Section 372A of the Companies Act, 1956 the Board can make investment up to 60% of the paid-up capital & free reserves or 100% of the free reserves, whichever is more and investment more than this can be made by the Board with the approval of shareholders;
- execution and signing of various documents in respect of above;
- Any other financial matter relating to the Company viz. sales tax, income tax, excise, custom, RBI, Foreign Exchange, etc.

During the year ended March 31, 2012 nine meetings were held, these were on 05.05.2011, 09.06.2011, 04.07.2011, 27.07.2011, 20.09.2011, 28.11.2011, 29.12.2011, 30.01.2012 & 22.03.2012.

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

Name of the Director	Category	Profession	No. of Meetings attended
Mr. Anil Gupta	Director (Chairman)	Business	9
Mrs. Archana Gupta	Director (Member)	Business	9
Mr. Rajeev Gupta	Director (Member)	Service	9

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

8. General Body Meetings:

(I) Annual General Meeting (AGM) Details:

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

Year	Day	Date	Time	No. of Special Resolution passed at AGM	Venue
2009	Monday	July 20, 2009	10.00 A.M.	4	Air Force Auditorium Subroto Park, New Delhi - 110 010
2010	Saturday	August 28, 2010	10.00 A.M.	1	Air Force Auditorium Subroto Park, New Delhi - 110 010
2011	Thursday	September 15, 2011	10.30 A.M.	2	Sri Sathya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi-110 003

(II) Postal Ballot:

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

9. Disclosures:

(a) Related Party Transactions:

There have been no materially significant related party transactions with the Company's subsidiaries,

promoters, directors, management or their relatives which may have a potential conflict with the interests of the Company. Members may refer to Disclosures of transactions with related parties i.e. Promoters, Directors, Relatives, Subsidiary or Management made in the Balance Sheet in Note No. 30.

(b) Compliance with Regulations:

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

(c) Accounting Standards:

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

(d) Subsidiary:

The Company does not have any holding or subsidiary company.

(e) Risk Management:

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

(f) CEO / CFO Certificate:

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

(g) Auditors Certificate on Corporate Governance:

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

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

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

(i) Secretarial Audit:

During the financial year 2011-12, a qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

(j) Prohibition of Insider Trading:

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

10. MEANS OF COMMUNICATION:

a) Quarterly Results / Shareholding Pattern / Notice(s):

The quarterly, half-yearly and annual results of the Company are published in leading newspaper i.e. Business Standard, English (all editions) and Hindi (Delhi edition). The results are also displayed on the Company's website www.kei-ind.com. Simultaneously, Financial results and Shareholding Pattern of the Company are available at www.bseindia.com & www.nseindia.com. As per the requirement of Listing Agreement all the notices are published in leading newspapers i.e. the Business Standard or Financial Express (English) and Jansatta (Hindi).

b) News Release & Presentation(s):

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

c) Annual Report:

Annual report for the financial year 2011-12 containing, inter alia, Statement of Profit & Loss, Balance Sheet, Cash Flow Statement, Directors Report, Auditor's Report and other important information is circulated to the shareholders at their registered address and e-mail address registered with the Registrar and Transfer Agent and respective Depositories. The Management and Discussion and Analysis Report forms part of the Annual Report. The Annual Report of the Company is also available on the website of the Company www.kei-ind.com.

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

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

e) Updation of website:

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

f) Corporate Filing and Dissemination Systems (CFDS):

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

11. General Shareholders Information:**(a) 20th Annual General Meeting- Day, Time and Venue:**

Day	Date	Time	Venue
Thursday	September 13, 2012	10.30 A.M	Sri Sathya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi-110 003

(b) Green initiative in Corporate Governance:

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

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

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

(c) Unpaid / Unclaimed Dividend:

Pursuant to circular issued by Ministry of Corporate Affairs with respect to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 vide G.S.R. 342 (E) dated May 10, 2012, Company will upload on its website www.kei-ind.com as well as on the Ministry's website information regarding Unpaid / Unclaimed Dividend amount lying with the company for the Financial year 2005-06 and onwards. The Company has transferred unpaid / unclaimed amount for the financial year 2004-05 to Investor Education and Protection Fund (IEPF) as per Section 205A & 205C of Companies Act, 1956.

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

Status of Unpaid / Unclaimed Dividend:

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

(d) Financial Calendar:

Financial Year – 1st April to 31st March

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

June, 2012	1st / 2nd week of August, 2012
September, 2012	1st / 2nd week of November, 2012
December, 2012	1st / 2nd week of February, 2013
March, 2013	3rd/ 4th week of May, 2013

(e) Date of Book closure: (Both days inclusive) September 08, 2012 to September 13, 2012

(f) Dividend payment date:

Dividend payment on or after September 18, 2012 but within the statutory time limit of 30 days, subject to Shareholders' approval.

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

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

Note:

The Board of Directors at its meeting held on 29.05.2012, has approved proposal for de-listing of shares from The Calcutta Stock Exchange Ltd.

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

(i) Payment of Listing and Depository Fees:

Annual Listing fee and Depository fee for the financial year 2012-13 has been paid in time by the Company to Stock Exchanges viz. BSE, NSE & CSE and Depositories i.e. NSDL & CDSL.

(j) Stock Code:

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

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

The ISIN Code of GDRs is US4824682045.

(k) Stock Market Data:

Month	Bombay Stock Exchange Ltd (BSE)		National Stock Exchange of India Ltd (NSE)	
	High	Low	High	Low
April, 2011	31.00	20.70	30.60	20.60
May, 2011	26.75	22.2	26.95	22.10
June, 2011	23.80	20.00	23.95	20.55
July, 2011	25.00	21.20	22.90	21.20
August, 2011	22.70	15.25	21.90	14.65
September, 2011	17.90	13.50	17.85	15.25
October, 2011	18.00	14.70	17.50	14.65
November, 2011	17.95	14.10	17.95	14.00
December, 2011	16.60	12.75	16.50	12.50
January, 2012	20.00	12.80	19.85	12.80
February, 2012	22.00	15.50	22.25	16.70
March, 2012	19.70	15.00	19.70	16.05

(l) Registrar and Share Transfer Agents:

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

(m) Share Transfer System:

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

(n) Dematerialization of Shares:

The shares of the Company are permitted for trading on dematerialized form only. The Company's shares are available for trading in the depository system of both NSDL and CDSL. As on March 31, 2012, 66,511,885 equity shares of ₹ 2/- each forming 99.36 % of the share capital of the Company stands dematerialized. Security Code No. with NSDL and CDSL is- ISIN-INE 878B01027.

(o) Shareholding Pattern as on March 31, 2012:

Category	No. of shareholders	No. of Shares (face value of 2/- each)	No. of shares in demat form	% of shareholding
Promoters	6	27848466	27848466	41.60
Bodies Corporate	444	17165885	17135385	25.65
NRI/OCBs/Clearing Members/Trust	424	882276	829276	1.32
Bank/ Financial Institutions/ Mutual Funds/ FIIs	3	205244	205244	0.31
Indian Public	28601	20835567	20493514	31.12
Total	29478	66937438	66511885	100.00

*Note: 242 Shareholders are common in Demat & Physical.

(p) Distribution Schedule of Shareholding as on March 31, 2012:

No. of Shareholders	% to Total	Shareholding of Nominal Value of ₹	No. of Shares	Amount in ₹	% of Total
23022	78.10	0001 TO 1000	4267330	8534660	6.37
3222	10.93	1001 TO 2000	2726993	5453986	4.07
1506	5.11	2001 TO 4000	2361425	4722850	3.53
575	1.95	4001 TO 6000	1491555	2983110	2.23
249	0.85	6001 TO 8000	910219	1820438	1.36
243	0.82	8001 TO 10000	1162204	2324408	1.74
361	1.22	10001 TO 20000	2682980	5365960	4.01
300	1.02	20001 AND ABOVE	51334732	102669464	76.69
29478	100.00	TOTAL	66937438	133874876	100.00

*Note: 242 Shareholders are common in Demat & Physical.

(q) Liquidity of Shares:

The equity shares of the Company are listed at three Stock Exchanges and thus is liquid security. 66937438 equity shares of face value of ₹ 2/- each are listed at The National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Limited (BSE). 30,00,000 equity shares allotted on February 25, 2011, upon conversion of Warrants are pending for listing at The Calcutta Stock Exchange Limited. Company has made necessary application for listing of these shares.

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

The Company had issued & allotted Global Depository Receipts (GDRs) on September 16, 2005. As on March 31, 2012, Nil GDR is outstanding for conversion.

Company raised USD 36,000,000 (thirty six million) by way of allotment of 1% Foreign Currency Convertible Bonds on November 29, 2006. After conversion and buyback / repurchase of FCCBs totaling USD 19,400,000 from time to time, (FCCBs) of USD 16,600,000 were outstanding for redemption / payment on maturity i.e. November 30, 2011. Company has redeemed the outstanding Foreign Currency Convertible Bonds (FCCBs) of USD 16,600,000 together with redemption premium and interest, totaling to USD 23,427,314.33. With this payment, the entire FCCBs liability has been extinguished. As on March 31, 2012, there is no FCCBs outstanding for redemption / conversion.

Remuneration and Compensation Committee of the Board of Directors of the Company at their meeting held on May 05 2012 has cancelled KEI Employee Stock Option Scheme 2006 framed in accordance with SEBI (Employees Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999. During the year, no fresh Stock Options was granted under KEI ESOS 2006. Total Options outstanding as on March 31, 2012 is NIL. As on date, there is no Stock Option due / pending for exercise by the eligible employee(s). In view of the above, no further Stock Option will be granted under KEI ESOS 2006.

(s) Plant Locations:

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

(t) Address for Correspondence:

The shareholders may address their communication/suggestion/grievances/queries to our Share Transfer Agent: MAS SERVICES LTD., T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020, Ph:- 26387281/82/83, Fax:- 26387384, email:- info@masserv.com, website:- www.masserv.com

12. Compliance Officer:

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

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

E-mail: cs@kei-ind.com

Phone: 011-26818840, Fax: 011-26811959

13. Non-Mandatory Requirements:**(I) Non-executive Chairman:**

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

(II) Remuneration Committee:

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

(III) Shareholder Rights:

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

(IV) Whistle Blower Policy:

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

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

I hereby confirm that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the code of conduct for Directors and Senior Management, as approved by the Board, for the financial Year ended March 31, 2012.

Place : New Delhi
Date : May 29, 2012

ANIL GUPTA
Chairman-cum-Managing Director

CERTIFICATION BY CEO & CFO

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

1. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2012 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting for the Company and we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies, of which we are aware, in the design or operation of the internal controls, if any and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit committee
 - (i) significant changes in internal control during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) that there were no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place : New Delhi
Date : May 29, 2012

Anil Gupta
Chairman-cum-Managing Director

Rajeev Gupta
Executive Director (Finance)

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

We have examined the compliance of conditions of Corporate Governance by **KEI INDUSTRIES LIMITED** for the year ended March 31, 2012 as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of Company's Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

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

For JAGDISH CHAND & CO.
Chartered Accountants

Place : New Delhi
Dated : August 14, 2012

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

Auditors' Report

To the members of

KEI INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of **KEI INDUSTRIES LIMITED** as at 31st March, 2012 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 and the rules framed there under;
 - e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii. in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

Place : New Delhi (PRAVEEN KUMAR JAIN)
Dated : 29th May, 2012 Partner
M. No. 85629
Firm Registration Number: 000129N

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph '3' of the Auditors' Report to the Members of KEI Industries Ltd on the accounts for the year ended 31st March, 2012

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- (ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the record of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) There is one party covered in the register maintained under Section 301 of the Companies Act, 1956 to which Company has given deposit as per contractual obligations. The maximum amount involved during the year was ₹ 60.00 Lacs and the year end balance of deposit granted to such party was ₹ 31.92 Lacs. (Refer Note No 18.1).
- (b) In our opinion, terms and conditions on which deposit has been given to such party listed in the register maintained under Section 301 of Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company. No interest was charged from the party, since this is deposit against premises taken on rent.
- (c) No principal amount was due for repayment, no interest was charged from the party, since this was deposit against premises taken on rent. (Refer Note No 18.1).
- (d) There is no overdue amount of deposit granted to Companies, firm or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (e) The company has taken deposits from five parties covered in register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 81.61 Lacs and the year end balance of deposits taken from such parties was ₹ 75.60 Lacs.
- (f) In our opinion, the rate of interest where applicable and other terms and conditions on which deposits have been taken from Companies, firms or other parties listed in the register maintained under Section 301 of Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- (g) The Company is regular in repaying the principal amounts as stipulated and also in the payment of interest, where applicable, in case of deposits taken from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories, fixed assets and with regard to the sale of goods and services during the year. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in internal control system.
- (v) According to the information and explanations given to us, during the year, there were no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph (V) (a) and (b) of the Order are not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As per the information and explanations given to us, no order on the Company under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that, prime facie, the prescribed accounts and records have been made and maintained. We have not, however,

made a detailed examination of the records with a view to determine whether they are accurate or complete.

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

We are informed that there are no undisputed statutory dues as of 31st March, 2012 outstanding for a period of more than six months from the date they become payable.

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

Name of the Statute	Nature of the Due	Amount ₹ in Lacs	Period to which the amount relates	Forum where dispute is pending
Sales/ Entry Tax Act	Value Added Tax	1.54	2006-07	VAT Officer
	The Rajasthan Entry Tax - Goods Act, 2003	43.48	Various years for 2007-08 to 2009-10	Deputy Commissioner of Sales Tax
Central Excise Duty	Excise Duty	534.89	Various years for 2005-06 to 2007-08	CESTAT
	Excise Duty	71.37	Various years for 2007-08 to 2009-10	Commissioner (Appeals)
Finance Act	Service Tax	75.10	2005-06 & 2006-07	Commissioner (Adjudication)
	Service Tax	0.62	Various years for 2005-06 to 2008-09	Commissioner (Appeals)
	Service Tax	13.44	2008-09	CESTAT

- (x) The Company does not have accumulated losses as at the year ended 31st March, 2012. Further, the Company has not incurred any cash losses during the year ended 31st March, 2012 and in the immediately preceding financial year ended 31st March, 2011.
- (xi) According to the records of the Company examined by us and on the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or debenture holders during the year.
- (xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the Order is not applicable.
- (xiii) As the Company is not a chit fund / nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable, paragraph 4(xiii) of the Order is not applicable.
- (xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
- (xv) The Company has given guarantees for loan taken by others from banks. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the company.
- (xvi) We are informed that the Company had obtained term loans during the year and term loans were applied

for the purposes for which the loans were obtained.

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that during the year short term funds have not been used to finance long term investments.
- (xviii) According to the information and explanation given to us the Company has not made any preferential allotment of shares to parties and companies covered in the registered maintained under Section 301 of the 'Act' during the year.
- (xix) The Company has not issued any secured debentures during the year.
- (xx) The Company has not raised any money by a public issue during the year. Accordingly, the provisions of Clause 4(xx) of the order are not applicable.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the Company has been noticed or reported during the year.

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

Place : New Delhi (PRAVEEN KUMAR JAIN)
Dated : 29th May, 2012 Partner
M. No. 85629
Firm Registration Number: 000129N

BALANCE SHEET AS AT 31ST MARCH, 2012

Notes	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
EQUITY AND LIABILITIES				
Shareholder's Funds				
Share Capital	2	1,338.75		1,338.75
Reserves and Surplus	3	21,369.92	22,708.67	22,453.13
				23,791.88
Non-Current Liabilities				
Long Term Borrowings	4	12,857.02		11,390.72
Deferred Tax Liability (Net)	5	233.52		366.82
Long Term Provisions	6	160.69	13,251.23	124.41
				11,881.95
Current Liabilities				
Short Term Borrowings	7	29,173.16		14,157.22
Trade Payables	8	40,925.79		29,423.08
Other Current Liabilities	9	12,978.04		13,392.22
Short Term Provisions	10	457.47	83,534.46	248.59
				57,221.11
TOTAL			119,494.36	92,894.94
ASSETS				
Non-Current Assets				
Fixed Assets	11			
Tangible assets	11.1	31,736.97		30,074.11
Intangible assets	11.2	73.32		93.85
Capital Work -in- Progress		20.91	31,831.20	694.50
				30,862.46
Non- Current Investments	12		308.17	308.17
Long Term Loans and Advances	13		342.09	610.05
Other Non-Current Assets	14		20.74	20.74
Current Assets				
Inventories	15	29,224.34		28,226.49
Trade Receivables	16	48,259.95		26,335.43
Cash and Bank Balances	17	436.88		1,243.79
Short Term Loans and Advances	18	5,232.24		4,981.03
Other Current Assets	19	3,838.75	86,992.16	306.78
				61,093.52
TOTAL			119,494.36	92,894.94
Significant Accounting Policies And Notes on Financial Statements	1 to 36			

As per our Separate report of even date attached

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

(**PRAVEEN KUMAR JAIN**)
Partner
M.No- 085629
Firm Registration No. : 000129N

(**ANIL GUPTA**)
Chairman-cum-Managing Director

(**RAJEEV GUPTA**)
Executive Director (Finance)

Place : New Delhi
Dated : 29th May, 2012

(**KISHORE KUNAL**)
Company Secretary

(**ADARSH JAIN**)
General Manager
(Finance)

(**VIVEK KUMAR MITTAL**)
Asst. General Manager (Finance)

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Notes	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
Revenue from Operations(Gross)	20	185,295.16		125,767.90	
Less: Excise Duty		13,064.84	172,230.32	9,457.33	116,310.57
Other Income	21		162.48		598.81
Total Revenue			172,392.80		116,909.38
Expenses:					
Cost of Materials Consumed	22		131,492.19		97,854.96
Purchases of Stock in Trade	23		1,016.67		43.06
(Increase) / Decrease in Finished goods, Work-in-progress and Stock-in-trade	24		(842.86)		(6,955.50)
Employee Benefits Expense	25		3,705.18		2,753.86
Finance Costs	26		9,616.23		5,931.54
Depreciation and Amortisation Expense					
— Tangible Assets		1,919.30		1,630.12	
— Intangible Assets		35.19	1,954.49	30.88	1,661.00
Other Expenses	27		21,851.18		13,838.90
Total Expenses			168,793.08		115,127.82
Profit Before Tax			3,599.72		1,781.56
Tax Expense					
— Current tax		729.18		356.78	
— Deferred tax		438.75		366.82	
— Short/(Excess) Provision-Earlier Years		(1.09)	1,166.84	2.14	725.74
Profit for the Year			2,432.88		1,055.82
Earnings per Equity Share:	28				
Equity shares of par value ₹ 2/- each					
— Basic(₹)			3.63		1.64
— Diluted(₹)			3.63		1.30
Significant Accounting Policies And Notes on Financial Statements	1 to 36				

As per our Separate report of even date attached

For JAGDISH CHAND & CO.

Chartered Accountants

(PRAVEEN KUMAR JAIN)

Partner

M.No- 085629

Firm Registration No. : 000129N

(ANIL GUPTA)

Chairman-cum-Managing Director

(RAJEEV GUPTA)

Executive Director (Finance)

Place : New Delhi

Dated : 29th May, 2012

(KISHORE KUNAL)

Company Secretary

(ADARSH JAIN)

General Manager
(Finance)

(VIVEK KUMAR MITTAL)

Asst. General Manager (Finance)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year Ended 31st March, 2012 (₹ in Lacs)	Year Ended 31st March, 2011 (₹ in Lacs)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extra ordinary items	3,599.72	1,781.56
Adjustments for :		
Depreciation	1,954.49	1,661.00
Dividend Received	(2.38)	(0.54)
Financial Charges	9,616.23	5,931.54
Provision for leave encashment/ Gratuity	76.53	97.40
FCMITDA written back	158.03	(328.97)
Ex Fluctuation of FCCBs on Non-Depreciable Items	107.41	–
Fixed Assets Written off/ (back)	21.55	45.50
Loss on sales of Assets	13.15	19.10
	15,544.73	9,206.59
Operating Profit Before Working Capital Changes		
Adjustments for :		
Trade & Other Receivables	(25,639.02)	(978.38)
Inventories	(997.85)	(7,958.24)
Trade & Other Payables	14,827.02	8,771.61
Cash Generated from operations	3,734.88	9,041.58
Direct Taxes paid	(510.52)	39.22
Cash flow before Extra ordinary items	3,224.36	9,080.80
Extra Ordinary Items	–	–
Net Cash from operating activities	3,224.36	9,080.80
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed assets and other capital expenditure	(1,464.10)	(5,240.25)
Purchase of investments	–	(297.78)
Sale of Fixed Assets	13.74	23.46
Dividend Received	2.38	0.54
Net Cash from investing activities	(1,447.98)	(5,514.03)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd...)

	Year Ended 31st March, 2012 (₹ in Lacs)	Year Ended 31st March, 2011 (₹ in Lacs)
(C) CASH FLOW FROM FINANCIAL ACTIVITIES		
Long term borrowings	4,843.85	8,154.56
Finance lease liabilities (Net)	(4.27)	23.42
Inter corporate & other deposits (Net of repayments)	(51.49)	20.00
Working capital facilities from banks	14,973.12	(5,578.00)
Proceeds from issue of Equity Share Capital / Warrants	–	630.00
Redemption of 'FCCBs'	(12,572.68)	–
Financial Charges	(9,616.23)	(5,931.54)
Dividend paid	(133.87)	(127.88)
Tax on Dividend	(21.72)	(21.24)
Net Cash from Financing Activities	(2,583.29)	(2,830.68)
Net Change in Cash and Cash Equivalents (A+B+C)	(806.91)	736.09
Cash & Cash Equivalents as at 1st April (Opening Balance)	1,243.79	507.70
Cash & Cash Equivalents as at 31st March (Closing Balance)	436.88	1,243.79

Cash and Bank Balance includes ₹ 135.87 Lacs (Previous year ₹ 611.95 Lacs) held under lien/custody with banks/others and balance in unclaimed dividend account ₹ 11.27 Lacs (previous year ₹ 9.89 Lacs)

Note: Figures in brackets represent cash outflow

As per our Separate report of even date attached

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

(PRAVEEN KUMAR JAIN)
Partner
M.No- 085629
Firm Registration No. : 000129N

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place : New Delhi
Dated : 29th May, 2012

(KISHORE KUNAL)
Company Secretary

(ADARSH JAIN)
General Manager
(Finance)

(VIVEK KUMAR MITTAL)
Asst. General Manager (Finance)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation:

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

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

- i) Fixed assets are stated at cost or valuation less accumulated depreciation and impairment loss. The cost includes inward freight and other directly attributable expenses
- ii) In respect of qualifying assets, all direct expenses relating to the projects up to commencement of production, including interest on borrowed loan are capitalised. Financing Cost incurred on general borrowing used for projects is capitalised at weighted average cost. Amount of such borrowing is determined after setting off amount of internal accruals.
- iii) Cost of any software purchased initially along with the computer hardware is being capitalised along with cost of hardware. Any subsequent acquisition/up-gradation of software is being capitalised as an asset.

(c) Depreciation and amortisation:

- i) Cost of capitalized software is amortised over a period of five years from date of its acquisition. Leasehold Improvements included in respective asset block like building and furniture and fixtures are amortised over period of lease or estimated useful life whichever is shorter.
- ii) In accordance with and at the rates specified in Schedule XIV to the Companies Acts, 1956 depreciation is provided by straight line method. Addition/Deletion in the cost of the fixed assets due to exchange fluctuation in long term foreign currency monetary items arising due to difference in exchange rate vis a vis initial recording and reporting date are depreciated over the balance life of the assets.
- iii) No write off is being made in respect of leasehold land, as the lease is a long lease.

(d) Investments:

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

(e) Inventories:

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

(f) Revenue Recognition:

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

(g) Excise Duty:

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

(h) Employee Benefits:

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

(i) Foreign Currency Transactions:

- i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of transaction.
- ii) Foreign currency transactions remaining unsettled at the year end are translated at year end rate. Premium in respect of forward contracts is accounted over the period of contract. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.
- iii) Exchange difference arising on reporting of long term foreign currency monetary items:-
 - in so far as they relate to the acquisition of a depreciable capital assets are adjusted in cost of assets.
 - other cases are accumulated in a 'Foreign Currency Monetary Item Translation Difference Account (FCMITDA) and are amortised over period of foreign currency monetary item or upto 31st March, 2020, whichever is earlier.

(j) Miscellaneous Expenditure:

Public issue expenditure/ 'FCCBs' issue expenditure and premium on redemption of 'FCCBs' is being written off against Securities / Share Premium, net of tax impact, in the year of issue/ redemption.

(k) Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(l) **Impairment of Fixed Assets:**

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

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

(m) **Contingent Liabilities:**

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

(n) **Provision for Contractual Obligations:**

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

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012

2 Share Capital:

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Authorised				
110,000,000 (Previous year 110,000,000) Equity Shares of ₹ 2/- each		2,200.00		2,200.00
300,000 (Previous year 300,000) Preference Shares of ₹ 100/- each		300.00		300.00
Total		2,500.00		2,500.00
Issued, Subscribed & paid-up				
66,937,438 (Previous year 66,937,438) Equity Shares of ₹ 2/- each fully paid		1,338.75		1,338.75
Total		1,338.75		1,338.75

2.1 Rights, preferences and restrictions attached to shares:

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

2.2 Reconciliation of Number of Equity Shares:

(₹ in Lacs)

Particulars	As at 31st March, 2012		As at 31st March, 2011	
	Nos.	Amount	Nos.	Amount
Balance as at the beginning of the year	66937438	1338.75	63937438	1278.75
Add: Issued during the Year	–	–	3000000	60.00
Balance as at the end of the year	66937438	1338.75	66937438	1338.75

Additions of Nil (Previous Year 30,00,000 equity shares were issued to Shubh Laxmi Motels & Inns Private Limited upon conversion of Share Warrants into Equity Shares as per terms and conditions of issue of Share Warrants).

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

Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
	Nos.	%age	Nos.	%age
Mr. Anil Gupta	14180776	21.19%	13458806	20.11%
M/s Anil Gupta HUF beneficiary Mr. Anil Gupta	4650375	6.95%	4650375	6.95%
M/s Shubh Laxmi Motels and Inns Pvt. Ltd.	3480000	5.20%	3480000	5.20%

2.4 Company has KEI Employee Stock Option Scheme 2006 ("KEI ESOS 2006") which was set up so as to offer and grant, for benefit of employees (excluding promoters) of Company, who are eligible under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, Options of Company, in one or more tranches, and on such terms and conditions as may be fixed or determined by Board / Committee, in accordance with the provisions of law or guidelines issued by relevant authorities in this regard. Remuneration and Compensation Committee of Board has not granted any fresh Options during the year ended 31st March, 2012. Total Options outstanding as on 31st March, 2012 are NIL (Previous Year NIL)

3 Reserves & Surplus:

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Capital Reserve Account				
Balance as at the beginning of the year	280.00		–	
Add: Transfer on forfeiture of share warrants	–	280.00	280.00	280.00
Securities Premium Account				
Balance as at the beginning of the year	9,253.11		8,473.11	
Add: On allotment of Equity Shares	–		780.00	
Less: Premium on redemption of FCCBs (Net of Tax Impact)	3,360.50	5,892.61	–	9,253.11
General Reserve				
Balance as at the beginning of the year		413.68		413.68
Surplus				
Balance as at the beginning of the year	12,506.34		11,606.11	
Add: Net Profit for the year	2,432.88		1,055.82	
Less: Appropriations				
– Proposed Dividend on Equity Shares [Dividend per share ₹ 0.20 (Previous Year ₹ 0.20)]	133.87		133.87	
– Dividend Distribution Tax on Proposed Dividend	21.72	14,783.63	21.72	12,506.34
Total		21,369.92		22,453.13

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

4 Long-Term Borrowings:

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
	Secured			
Term Loans				
– From Banks	5,677.08		6,931.12	
– Foreign Currency Loans from Banks	6,900.41	12,577.49	4,092.39	11,023.51
Finance Lease Obligations		46.03		54.47
Unsecured				
Loans and Advances from Related parties				
– Deposits from Directors	35.00		40.00	
– Deposits from Related Parties	16.50	51.50	34.10	74.10
Deposits from Others				
– Public Deposits		182.00		238.64
Total		12,857.02		11,390.72

4.1 Nature of Security:

- Term Loans from Banks are Secured by a First pari passu charge over Land & Building, Plant & Machinery and other movable fixed assets located at the Company's Plants at Plot No. A-280-284 Chopanki, SP-919, Bhiwadi and 99/2/7 Madhuban Industrial Estate, Silvassa. Further, they are secured by personal guarantee of Shri. Anil Gupta, Chairman-cum-Managing Director of the Company.
- Foreign Currency Loan (Buyer's Credit) of ₹ 508.77 lacs (Previous Year ₹378.61 lacs) are secured by 1st Pari-Passu charge by way of hypothecation on the entire current assets including raw material, stock in process, finished goods, consumable stores & spares and receivables of the Company, 1st pari-passu charge on present and future fixed assets at SP-920 & SP-922, RIICO Industrial Area Phase III, Bhiwadi, Distt. Alwar (Rajasthan) and at D-90, Okhla Industrial Area, Phase I, New Delhi, 2nd pari-passu charge by equitable mortgage of property of the Land and Building at 99/2/7, Madhuban Industrial Estate, Village Rakholi, Silvassa (D & N H) and SP-919, RIICO Industrial Area Phase III, Bhiwadi, Distt. Alwar (Rajasthan) both present and future. Further, they are secured by personal guarantee of Shri. Anil Gupta, Chairman-cum-Managing Director of the Company.

4.2 Finance Lease Obligations are secured against leased assets

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

Rate of Interest	Maturity Profile			
	1-2 Years	2-3 Years	3-4 Years	Beyond 4 Years
USD LIBOR+300 BPS	1,428.84	357.20	–	–
USD LIBOR+300 BPS	1,284.25	1,284.25	1,284.25	963.19
USD LIBOR+200 BPS to 350 BPS	105.35	193.08	–	–
13.25%	2,500.00	–	–	–
13.95%	833.33	–	–	–
14.45%	625.00	625.00	625.00	468.75
Total	6,776.77	2,459.53	1,909.25	1,431.94

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

5 Deferred Tax Liability (Net):

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Deferred Tax Assets				
– Provision for unencashed leave	60.40		45.68	
– FCCBs/GDR Issue Expenses	20.52		55.31	
– Carried forward Loss	994.18		994.17	
– Unabsorbed Depreciation	1,930.26	3,005.36	1,338.14	2,433.30
Deferred Tax Liabilities				
– Depreciation		3,238.88		2,800.12
Total		233.52		366.82

6 Long Term Provisions:

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Employee benefits (Refer Note 25.1)				
– Provision for Leave Encashment		160.69		124.41
Total		160.69		124.41

7 Short Term Borrowings:

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Secured				
– Working Capital Loans from Banks		29,019.91		14,031.72
Unsecured				
Loans and Advances from Related Parties				
– Deposits		24.10		6.50
Deposits from Others				
– Inter Corporate Deposits	15.00		15.00	
– Public Deposits	114.15	129.15	104.00	119.00
Total		29,173.16		14,157.22

7.1 Working Capital facilities from banks are secured by 1st Pari-Passu charge by way of hypothecation on the entire current assets including raw material, stock in process, finished goods, consumable stores & spares and receivables of the Company, 1st pari-passu charge on present and future fixed assets at SP-920 & SP-922, RIICO Industrial Area Phase III, Bhiwadi, Distt. Alwar (Rajasthan) and at D-90, Okhla Industrial Area, Phase I, New Delhi, 2nd pari-passu charge by equitable mortgage of property of the Land and Building at 99/2/7, Madhuban Industrial Estate, Village Rakholi, Silvassa (D & N H) and SP-919, RIICO Industrial Area Phase III, Bhiwadi, Distt. Alwar (Rajasthan) both present and future. Further, they are secured by personal guarantee of Shri. Anil Gupta, Chairman-cum-Managing Director of the Company.

8 Trade Payables:

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
	Acceptances		23,479.28	
Others		17,446.51		13,765.21
		40,925.79		29,423.08

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

9 Other Current Liabilities:

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
	Current Maturities of Long-Term Debt			
Term Loans				
– From Banks	3,754.04		1,625.00	
– Foreign Currency Loans from Banks (Refer Note 4.1)	2,935.23	6,689.27	1,471.02	3,096.02
Current Maturities of Finance Lease Obligations (Refer Note 4.2)		39.28		35.11
Foreign Currency Convertible Bonds(FCCBs) (Refer Note 9.1)		–		7,438.87
Interest on Borrowings				
– Accrued but not due	29.12		40.73	
– Accrued and due	182.08	211.20	79.12	119.85
Unearned Revenue		3,366.44		0.61
Unpaid Dividend (Refer Note 9.2)		11.27		9.89
Security Deposits Received		187.89		185.98
Employee Benefits Payable		342.73		179.03
Sundry Creditors -Capital Goods		161.67		41.94
Advance from Customers		638.68		1,392.55
Statutory Dues Payable		1,320.54		882.08
Others Payables		9.07		10.29
Total		12,978.04		13,392.22

9.1 Company has redeemed 1% Foreign Currency Convertible Bonds ('FCCBs') at 145.54 percent of the principal amount during the year. These FCCBs had an option to convert bonds into Equity Shares at Conversion Price ₹ 71/- per share (adjusted for sub-division of equity shares & subsequent reset of conversion price pursuant to Clause 11 of the Terms & Conditions of Bonds) at a fixed exchange rate (₹ 44.65=US\$1) between 15th December, 2006 and 30th October, 2011.

9.2 No amount is due for credit to Investor Education and Protection Fund (Fund). Amount remaining due after adjustment of amounts to be claimed from the Company will be transferred on the respective due dates to Fund.

10 Short Term Provisions:

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Employee benefits (Refer Note 25.1)				
– Provision for Leave Encashment	25.48	131.35	16.38	91.10
– Provision for Gratuity	105.87		74.72	
Others				
– Proposed Dividend on Equity Shares	133.87	326.12	133.87	157.49
– Dividend Distribution Tax on Proposed Dividend	21.72		21.72	
– Provision for Wealth Tax	1.84		1.90	
– Provision for Income Tax (Net of Advance Tax ₹ 498.85 lacs)	168.69		–	
Total		457.47		248.59

11 FIXED ASSETS:

11.1 Tangible Assets:

(₹ in Lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK	
	As At 31.03.2011	Additions	Deductions	As At 31.03.2012	As At 31.03.2011	For the Year	Dedu- ctions	As At 31.03.2012	As At 31.03.2012	As At 31.03.2011
Own Asset:										
Land										
— Free Hold	36.61	–	–	36.61	–	–	–	–	36.61	36.61
— Lease Hold	1,565.11	2.86	–	1,567.97	–	–	–	–	1,567.97	1,565.11
Building	9,520.26	690.36	–	10,210.62	1,021.01	298.15	–	1,319.16	8,891.46	8,499.25
Plant & Equipment	23,119.30	2,689.77	174.82	25,634.25	5,040.35	1,364.52	132.58	6,272.29	19,361.96	18,078.95
Furniture & Fixtures	1,231.68	142.17	12.38	1,361.47	297.87	125.21	9.60	413.48	947.99	933.81
Leasehold Building Improvement	591.76	46.20	–	637.96	33.06	82.45	–	115.51	522.45	558.70
Vehicles	329.88	16.70	44.32	302.26	117.87	29.20	23.57	123.50	178.76	212.01
Office Equipment	96.51	16.76	0.38	112.89	15.72	5.78	–	21.50	91.39	80.79
Assets taken on Finance Lease	–	–	–	–	–	–	–	–	–	–
Hire Purchase	–	–	–	–	–	–	–	–	–	–
— Vehicles	117.98	43.49	–	161.47	9.10	13.99	–	23.09	138.38	108.88
TOTAL :	36,609.09	3,648.31	231.90	40,025.50	6,534.98	1,919.30	165.75	8,288.53	31,736.97	30,074.11
PREVIOUS YEAR	31,498.40	5,315.65	204.96	36,609.09	5,021.77	1,630.12	116.91	6,534.98	30,074.11	26,476.63

11.2 Intangible Assets:

(₹ in Lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK	
	As At 31.03.2011	Additions	Deductions	As At 31.03.2012	As At 31.03.2011	For the Year	Dedu- ctions	As At 31.03.2012	As At 31.03.2012	As At 31.03.2011
Own Assets (Acquired)										
— Software	179.38	14.66	–	194.04	85.53	35.19	–	120.72	73.32	93.85
TOTAL :	179.38	14.66	–	194.04	85.53	35.19	–	120.72	73.32	93.85
PREVIOUS YEAR	122.02	57.35	–	179.38	54.65	30.88	–	85.53	93.85	67.37

11.3 Carrying value of Assets acquired under hire purchase as on 31.03.2011 exclude the amount related to hire purchase agreement settled during the current year.

11.4 As per changes made in AS-11 vide Companies (Accounting Standards) Amendment Rules 2009, further amended vide Amendment Rules 2011, during financial year 2008-09 company exercised option of deferring foreign exchange difference arising on long term foreign currency monetary items viz 'FCCBs', Foreign Currency Term Loan to the Profit and Loss account, in respect of accounting periods commencing on or after 7th December, 2006. As a result, such foreign exchange difference relating to the acquisition of depreciable capital assets have been adjusted with cost of such assets and would be depreciated over the balance life of the assets and in other cases has been accumulated in 'FCMITDA'. Exchange loss (net) ₹ 1254.42 lacs (Previous year ₹ 77.65 lacs exchange gain) has been adjusted in gross Block of Fixed assets and capital-work-in progress. Exchange difference on External commercial borrowings (ECB's) raised for repurchasing FCCB's has been transferred to FCMITDA.

11.5 Additions are after adjusting exchange loss (net) ₹ 1254.42 lacs (Previous Year exchange gain (net) ₹ 77.65 lacs).
(₹ in lacs)

Assets	As at 31.03.2012		As at 31.03.2011	
1) Building		437.58		23.48
2) Plant & Equipment		790.08		52.41
3) Furniture & Fixtures		26.76		1.76
Total		1,254.42		77.65

12 Non Current Investments:
(Long Term Investments)

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Other Investments (Valued at Cost unless stated otherwise)				
Quoted				
Equity Shares				
– State Bank of India 67 (Previous Year 67) Equity Shares ₹ 10/- each fully paid	0.37		0.37	
– PNB Gilts Limited 6,000 (Previous year 6,000) Equity Shares of ₹ 10/- each fully paid	1.80		1.80	
– Punjab National Bank 2,200 (Previous year 2,200) Equity shares of ₹ 10/- each fully paid	0.68		0.68	
– Dena Bank 2,595 (previous year 2,595) Equity shares of ₹ 10/- each fully paid	0.70		0.70	
– ICICI Bank Limited 900 (Previous year 900) Equity shares of ₹ 10/- each fully paid	4.73		4.73	
– YES Bank Limited 254 (Previous year 254) Equity shares of ₹ 10/- each fully paid	0.11		0.11	
– Jaypee Infratech Limited 5,000 (Previous Year 5,000) Equity shares of ₹ 102/- each fully paid	5.10		5.10	
– Technofab Engineering Limited 1,04,228 (Previous year 1,04,228) Equity shares of ₹ 10/- each fully paid	272.68	286.17	272.68	286.17

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

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Unquoted				
Mutual Funds				
– U212GR UTI Wealth Builder Fund 20,000 (Previous year 20,000) Units of ₹ 10/- each fully paid	2.00		2.00	
– L192D SBI PSU Fund Dividend 2,12,944.872 (Previous year 2,12,944.872) Units of ₹ 10/- each fully paid	20.00	22.00	20.00	22.00
Equity Shares of Associate Company				
– KEI International Limited 76,558 (Previous Year 76,558) Equity Shares of ₹ 10 each fully paid (Bonus Shares)		–		–
Total		308.17		308.17
Quoted Investments				
– Aggregate of Book Value		286.17		286.17
– Aggregate of Market Value		191.95		208.09
Unquoted Investments				
– Aggregate of Book Value		22.00		22.00

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

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Capital Advances		84.17		337.33
Security Deposits				
– Related parties (Refer Note 18.1)	–		60.00	
– Others	173.09	173.09	140.85	200.85
Loans & Advances to workers & staff		84.83		71.87
Total		342.09		610.05

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

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Trade Receivables		20.74		20.74
		20.74		20.74

15 Inventories:

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Raw Materials [Includes In Transit ₹ 1,431.40 lacs (Previous Year ₹ 841.13 lacs)]		5,084.10		5,107.58
Work -in- Progress		14,649.00		14,625.55
Finished Goods		8,534.73		7,844.91
Stock in Trade [Includes In Transit ₹ 14.14 lacs (Previous Year ₹ Nil)]		64.07		0.07
Stores & Spares [Includes in Transit ₹ 39.57 lacs (Previous Year ₹ 20.21 lacs)]		362.15		270.68
Packing Materials		383.46		310.60
Scrap		146.83		67.10
Total		29,224.34		28,226.49

16 Trade Receivables (Current):
(Unsecured, Considered good)

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Outstanding for a period exceeding six months from the date due for payment		3,154.76		1,958.25
Others		45,105.19		24,377.18
Total		48,259.95		26,335.43

17 Cash and Bank Balances:

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Cash on hand		51.18		46.36
Balances with Banks				
– Current Accounts	210.11		48.58	
– Fixed Deposits (Refer Note 17.1)	175.59	385.70	1,148.85	1,197.43
Total		436.88		1,243.79
Balance with Bank in Unpaid dividend accounts		11.27		9.89
Fixed Deposit with more than twelve month maturity		33.63		455.21

17.1 Fixed Deposits with banks ₹ 135.87 lacs (Previous Year ₹ 611.95 lacs) are under lien/custody with banks /others.

18 Short - Term Loans & Advances:
(Unsecured, Considered good)

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Related parties				
Security Deposit				
– Projection Financial & Management Consultants Private Limited (Refer Note 18.1)		31.92		–
Balance with Excise Authorities		279.81		1,415.44
Others				
– Advance to Suppliers	1,862.25		908.88	
– Advances Recoverable	4.14		70.70	
– Prepaid Expenses	521.81		300.76	
– Insurance Claim Receivable	–		0.45	
– Earnest Money Deposits	594.60		321.29	
– Security Deposits	24.45		11.09	
– Loans to Workers & Staff	36.99		48.82	
– Claims Recoverable from Government	1,876.27		1,854.66	
– Advance tax (Net of Provision ₹ 362.00 Lacs)	–	4,920.51	48.94	3,565.59
Total		5,232.24		4,981.03

18.1 Disclosure pursuant to clause 32 of the Listing Agreement with Stock Exchanges:

- a) Loans and Advances in the nature of Loans given to Related Parties: (₹ in Lacs)

Name	As at 31.03.2012	Maximum Balance 2011-12	As at 31.03.2011	Maximum Balance 2010-11
Projection Financial & Management Consultants Pvt. Ltd.	31.92*	60.00*	60.00*	60.00*

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

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

19 Other Current Assets:
(Unsecured, Considered good)

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Project Work in Progress		3,220.78		242.06
Unbilled Revenue		493.77		45.10
Interest Accrued		21.38		19.62
Unamortised Expenses				
– Foreign Currency Monetary Item				
Translation Difference Account (FCMITDA) (Refer Note 19.2)		102.82		–
Total		3,838.75		306.78

19.1 Jobs with lump-sum price, where the physical progress of work is less than 25 per cent, the direct cost incurred thereon amounting to ₹ 3220.78 lacs (Previous year ₹ 242.06 lacs) have been carried forward as Work in Progress.

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

20 Revenue From Operations(Gross):

Particulars	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
	Sale of Products			
– Manufactured Goods	174,367.43		123,358.06	
– Traded Goods	1,624.55	175,991.98	50.30	123,408.36
Income from Turnkey Projects (Refer note 20.3)		6,811.21		263.07
Job Work		7.99		10.15
Other operating Revenues				
– Export Benefits	265.53		193.57	
– Scrap	2,218.45	2,483.98	1,892.75	2,086.32
Total		185,295.16		125,767.90

20.1 Details of Sales (Manufactured Goods):

Class of Goods	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
	Cables		143,159.38	
Stainless Steel Wires		10,068.29		8,656.82
Winding Wire, Flexible & House Wires		21,139.76		15,733.52
Total		174,367.43		123,358.06

20.2 Details of Sales (Traded Goods):

Class of Goods	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
	Cables and its accessories etc.		1,304.85	
Others		319.70		–
Total		1,624.55		50.30

20.3 Income from Turnkey Projects:

Particulars	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
	Income from Turnkey Projects		3,832.49	
Increase/(Decrease) in Work in Progress :				
– Closing Work In Progress	3,220.78		242.06	
– Less : Opening Work In Progress	242.06	2,978.72	144.41	97.65
Total		6,811.21		263.07

21 Other Income:

Particulars	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
Dividend from long term investments		2.38		0.54
Interest Income		72.16		96.29
Liability written back		78.99		55.21
FCMITDA written back		–		328.97
Miscellaneous Income		8.95		15.12
Exchange Fluctuation (Net)		–		102.68
Total		162.48		598.81

22 Cost of Materials Consumed:

Particulars	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
Raw Materials Consumed				
Opening Stock	4,266.45		2,598.00	
Add : Purchases	126,384.98		99,537.04	
Less : Closing Stock	3,652.70		4,266.45	
Less : Captive use	67.37	126,931.36	24.22	97,844.37
Turnkey Project Materials				
Opening Stock	–		–	
Add : Purchases	4,560.83		10.59	
Less: Closing Stock	–	4,560.83	–	10.59
		131,492.19		97,854.96

22.1 Particulars of Raw Materials consumed:

Class of Goods	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
Copper		61,600.31		44,527.67
PVC & DOP		19,785.60		16,304.92
G.I.Wire/S.S.Wire/Strip		10,634.24		8,103.05
Aluminium Wire Rod		23,723.43		20,419.53
Stainless Steel Rod		7,177.63		6,419.81
Others		4,077.52		2,093.61
Total		126,998.73		97,868.59
Less : Captive use		67.37		24.22
Total		126,931.36		97,844.37

22.2 Turnkey Project Materials:

Class of Goods	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
Various Project Items		4,560.83		10.59
		4,560.83		10.59

23 Purchase of Trading Goods:

Class of Goods	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
Cables and its accessories etc.		697.11		43.06
Others		319.56		-
		1,016.67		43.06

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

Particulars	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
Opening Stock				
- Finished Goods	7,844.91		6,031.84	
- Stock in Trade	0.07		0.07	
- Work in Progress	14,625.55		9,483.21	
- Scrap	67.10	22,537.63	67.01	15,582.13
Less : Closing Stock				
- Finished Goods	8,534.73		7,844.91	
- Stock in Trade	49.93		0.07	
- Work in Progress	14,649.00		14,625.55	
- Scrap	146.83	23,380.49	67.10	22,537.63
		(842.86)		(6,955.50)

25 Employee Benefits Expense:

Particulars	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
Salaries, Wages & Others Benefits	3,395.30		2,470.63	
Contribution to Provident & Other Funds	158.79		154.57	
Welfare Expenses	151.09	3,705.18	128.66	2,753.86
		3,705.18		2,753.86

25.1 Disclosures under Accounting Standard 15 "Employee Benefits":
Defined Contribution Plan

Amount recognized as an expense in defined contribution plans:

Particulars	Expense recognised in 2011-12	Expense recognised in 2010-11
Contributory Provident Fund & Employees Pension Scheme 1995	87.98	64.93

Defined Benefit Plans

The company is having following Defined Benefit Plans:

- Gratuity (Funded)
- Leave Encashment (Unfunded)

(₹ in Lacs)

Particulars	Gratuity (Funded) 2011-12	Leave Encashment (Unfunded) 2011-12	Gratuity (Funded) 2010-11	Leave Encashment (Unfunded) 2010-11
a) Actuarial Assumptions				
Discount rate	8.00%	8.60%	8.00%	8.00%
Expected rate of return on assets	9.25%	-	9.25%	-
Expected rate of future salary increase	6.00%	6.00%	6.00%	6.00%
b) Reconciliation of opening and closing balances of Defined Benefit obligation				
Present value of obligations as at beginning of year	318.68	140.80	221.90	102.73
Interest cost	25.49	11.26	17.75	8.01
Current Service Cost	38.89	37.25	28.74	29.05
Benefits paid	(8.26)	(19.17)	(10.48)	(14.02)
Actuarial (gain)/loss on Obligations	28.13	16.03	60.76	15.02
Present value of obligations as at end of year	402.93	186.17	318.68	140.79
c) Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan assets as on beginning of year	260.39	-	222.68	-
Expected return on plan assets	25.26	-	20.60	-
Contributions	25.00	-	27.60	-
Benefits paid	(8.26)	-	(10.48)	-
Actuarial Gain/(Loss) on Plan assets	-	-	-	-
Fair value of plan assets at the end of year	302.39	-	260.40	-
d) Fair value of plan assets				
Fair value of plan assets at beginning of year	260.40	-	222.68	-
Actual return on plan assets	25.26	-	20.60	-
Contributions	25.00	-	27.60	-
Benefits paid	(8.26)	-	(10.48)	-
Fair value of plan assets at the end of year	302.40	-	260.39	-
Funded status	(100.53)	(186.17)	(58.28)	(140.79)
Excess of Actual over estimated return on plan	-	-	-	-

(₹ in Lacs)

Particulars	Gratuity (Funded) 2011-12	Leave Encashment (Unfunded) 2011-12	Gratuity (Funded) 2010-11	Leave Encashment (Unfunded) 2010-11
e) Actuarial Gain/Loss recognized				
Actuarial gain/(Loss) for the year – Obligation	(28.13)	(16.03)	(60.76)	(15.02)
Actuarial (gain)/Loss for the year – plan assets	–	–	–	–
Total (gain)/Loss for the year	28.13	16.03	60.76	15.02
Actuarial (gain)/Loss recognized in the year	28.13	16.03	60.76	15.02
f) The amounts recognized in the balance sheet				
Present value of obligations as at the end of year	402.93	186.17	318.68	140.79
Fair value of plan assets as at the end of the year	302.40	–	260.39	–
Funded status	(100.53)	(186.17)	(58.28)	(140.79)
Net (Asset)/liability recognized in balance sheet	100.53	186.17	58.28	140.79
g) Expenses Recognized in statement of Profit & Loss				
Current Service Cost	38.89	37.25	28.74	29.05
Interest cost	25.49	11.26	17.75	8.01
Expected return on plan assets	(25.26)	–	(20.60)	–
Net Actuarial (gain)/Loss recognized in the year	28.13	16.03	60.76	15.02
Expenses recognized in statement of Profit & Loss	67.25	64.54	86.65	52.09

26 Finance Costs:

Particulars	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
	Interest Expense			
– Interest On Income Tax	39.68		5.22	
– Interest (Others)	7,907.51	7,947.19	4,646.42	4,651.64
Other Borrowing Costs		1,669.04		1,279.90
Total		9,616.23		5,931.54

27 Other Expenses:

Particulars	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
	Stores, Spares & Consumables		551.98	
Packing Expenses		4,658.15		3,775.06
Excise Duty (Refer Note 27.1)		966.62		189.44
Job Work Charges		2,060.84		1,583.49
Sub Contractor's expenses		1,108.43		9.12
Power, Fuel & Lighting		2,653.09		2,060.33

Other Expenses: (Continued from previous page)

Particulars	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
Repairs & Maintenance				
– Plant & Machinery	713.37		466.57	
– Building	48.07		26.87	
– Others	123.18	884.62	98.76	592.20
Freight, Handling and Octroi (Net)		1,857.14		1,679.18
[Net of recovery ₹ 1350.28 lacs (Previous Year ₹ 948.70 lacs)]				
Rebate, Discount, Commission on Sales		1,598.10		685.62
Bad Debts Written off		511.46		90.41
Rates & Taxes		183.75		85.21
[Includes Wealth Tax ₹ 1.84 lacs (Previous Year ₹ 1.90 lacs)]				
Rent		382.28		336.67
Insurance (Net) (Refer Note 27.2)		173.08		197.43
[Net of recovery ₹ 18.91 lacs (Previous Year ₹ 4.95 lacs)]				
Travelling & Conveyance		495.40		386.15
Advertisement & Publicity		106.03		169.19
Auditor's Remuneration (Refer Note 27.3)		37.90		27.02
Loss on sales of Assets (Net)		13.15		19.10
Fixed Assets Written off		21.55		45.49
Communication Expenses		138.05		124.09
Donations		30.90		33.78
Director's Meeting Fee		4.80		6.30
Professional & Consultancy Charges		200.46		201.40
Miscellaneous Expenses		2,715.39		1,214.00
Exchange Fluctuation (Net)		339.98		–
FCMITDA written off		158.03		–
Total		21,851.18		13,838.90

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

27.2 Insurance premium of ₹ 20.71 lacs (Previous year ₹ 20.61 lacs) on Keyman Insurance Policy has been charged to Profit & Loss Account. Maturity value of such policy will be accounted for on receipt basis.

27.3 Auditor's Remuneration*:

Particulars	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
Audit Fee		18.00		18.00
Tax Audit		4.00		4.00
Certification		5.14		5.02
Consultancy		10.76		–
Total		37.90		27.02

* Excludes service tax ₹ 4.44 lacs (Previous year ₹ 2.78 lacs)

27.4 Following Expenses were capitalized and allocated to Fixed Assets:

Particulars	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
Opening Balance		–		27.50
Bank Charges & Commission		–		–
Interest on Term Loan		–		47.55
Travelling		–		1.16
Insurance		–		0.18
Technical Know How		–		430.79
Total		–		507.18
Less: Allocated to Fixed Assets		–		507.18
Construction Period Expenses pending Allocation		–		–

27.5 Value of Imports on CIF basis:

Particulars	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
Raw Materials purchases		4,133.15		3,955.44
Packing Materials		47.65		–
Stores, Spares & Consumables		32.34		14.91
Capital Goods		420.18		802.18

27.6 Expenditure in Foreign Currency (on Accrual Basis):

Particulars	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
Manufacturing Selling & Other Expenses				
Freight, Handling, Octroi & Insurance	20.77		14.68	
Rebate, Discount, Commission on Sales	519.23		185.05	
Rent	15.30		15.86	
Travelling & Conveyance	23.86		46.20	
Communication Expenses	5.61		5.22	
Miscellaneous Expenses	435.89	1,020.66	821.99	1,089.00
Payment to and Provisions for Employees				
Salaries, Wages & Other Benefits	56.31		57.97	
Welfare Expenses	1.08	57.39	2.45	60.42
Financial Charges				
Interest (Others)	259.32		238.74	
Others Borrowing Costs	169.31	428.63	0.31	239.05

27.7 Value of Imported and Indigenous materials consumed:

Class of Goods	Percentage		(` in lacs)	
	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2012	Year Ended 31.03.2011
Materials				
– Indigenous	97.32	96.07	123,471.53	94,021.01
– Imported	2.68	3.93	3,527.20	3,847.58
Total	100.00	100.00	126,998.73	97,868.59
Stores, Spares & Consumables				
– Indigenous	93.52	94.99	516.21	311.76
– Imported	6.48	5.01	35.77	16.46
Total	100.00	100.00	551.98	328.22
Packing Material				
– Indigenous	98.86	100.00	4,605.27	3,775.06
– Imported	1.14	–	52.88	–
Total	100.00	100.00	4,658.15	3,775.06

27.8 Remittance in foreign currency on account of dividends:

Particulars	Year Ended 31st March, 2012 (` in Lacs)	Year Ended 31st March, 2011 (` in Lacs)
The year to which dividend relates	2010-11	2009-10
Amount of dividend remitted (` in Lacs)	1.76	1.16
Number of Non-Resident Shareholders / OCBs/FIIs	378	358
Number of Equity Shares	881,116	578,439

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident shareholders. The particulars of dividends declared and paid to non-resident shareholders for the year 2010-11 & 2009-10 are as above.

27.9 Earnings in Foreign Exchange (on Accrual Basis):

Particulars	Year Ended 31st March, 2012 (` in Lacs)	Year Ended 31st March, 2011 (` in Lacs)
Sales (Exports)	12,500.23	10,259.91

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

Particulars	Year Ended 31st March, 2012 (` in Lacs)	Year Ended 31st March, 2011 (` in Lacs)
Profit after taxation (` in Lacs)	2,432.88	1,055.82
Number of Equity shares at the beginning of the year	66,937,438	63,937,438
Add: Weighted average number of equity shares issued during the year	–	287,671
Weighted average number of Equity shares for Basic EPS	66,937,438	64,225,109
Add: Adjustment for 'FCCBs' convertible in equity shares	–	10,439,296

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

Particulars	Year Ended 31st March, 2012 (₹ in Lacs)		Year Ended 31st March, 2011 (₹ in Lacs)	
Add: Adjustment for weighted warrants outstanding having option to subscribe equity shares		-		6,328,767
Weighted average number of equity shares for Diluted EPS		66,937,438		80,993,172
Basic Earnings Per Share (₹)		3.63		1.64
Diluted Earnings Per Share (₹)		3.63		1.30
Par Value Per Equity Share (₹)		2.00		2.00

29 In terms of provision of AS -7 on "Construction Contracts" for Lump-sum Turnkey Projects for contract in progress as on 31.03.2012:

- i) The aggregate amount of cost incurred and recognised profit upto 31.03.2012 ₹ 6,770.08 lacs (Previous year ₹ 406.61 lacs)
- ii) The amount of advances received ₹ 2070.76 lacs (Previous year ₹ 537.93 lacs).
- iii) The amount of retention ₹ 449.44 lacs (Previous year ₹ 34.57 lacs).
- iv) Gross amount due to customers ₹ 42.62 lacs (Previous year ₹ 287.16 lacs).
- v) Gross amount due from customers ₹ 3714.55 lacs (Previous year ₹ 0.60 lacs).

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

a) Name of Related Parties :

i) Associate of The company

KEI International Limited

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

Anil Gupta (HUF)

Projection Financial & Management Consultants Pvt. Ltd.

Subh Laxmi Motels & Inns Pvt. Ltd.

Soubhagya Agency Pvt. Ltd.

Dhan Versha Agency Pvt. Ltd.

KEI Cables Pvt. Ltd.

KEI Power Ltd.

iii) Functional Directors:

Shri Anil Gupta, Chairman-cum-Managing Director

Shri Rajeev Gupta, Executive Director (Finance)

iv) Relatives of Functional Directors:

Shri Sunil Gupta

Smt. Archana Gupta (Director)

Smt. Varsha Gupta

Smt. Sumitra Devi Gupta

Smt. Shashi Gupta

Shri Shri Krishan Gupta

Smt. Veena Agarwal

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

Sunil Gupta (HUF)

Ashwathama Constructions Pvt. Ltd.

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

Particulars	Year	(i)	(ii)	(iii)	(iv)	(v)	Total
Interest paid on deposits received	2011-12	-	-	3.98	3.37	1.10	8.46
	2010-11	-	-	3.23	3.37	1.10	7.70
Deposits Received during the year	2011-12	-	-	-	-	-	-
	2010-11	-	-	40.00	-	-	40.00
Credit Balance Outstanding as at year end	2011-12	-	-	35.00	30.60	10.00	75.60
	2010-11	-	-	40.00	30.60	10.00	80.60
Rent paid for use of assets	2011-12	-	174.60	-	99.00	6.60	280.20
	2010-11	-	174.60	-	99.00	6.05	279.65
Managerial Remuneration	2011-12	-	-	233.39	-	-	233.39
	2010-11	-	-	170.60	-	-	170.60
Amount received on warrant allotment and exercise of option to convert warrants in equity shares	2011-12	-	-	-	-	-	-
	2010-11	-	630.00	-	-	-	630.00
Expenses Payable	2011-12	-	-	67.41	-	-	67.41
	2010-11	-	-	3.39	-	-	3.39
Director's Meeting Fee	2011-12	-	-	-	1.30	-	1.30
	2010-11	-	-	-	1.20	-	1.20
Deposit Recoverable Adjusted during the year	2011-12	-	28.08	-	-	-	28.08
	2010-11	-	-	-	-	-	-
Outstanding premises deposit receivable	2011-12	-	31.92	-	-	-	31.92
	2010-11	-	60.00	-	-	-	60.00
Dividend Paid on Equity Shares	2011-12	-	25.66	26.96	3.24	0.02	55.88
	2010-11	-	19.66	26.96	3.24	0.02	49.88

c) Non Financial Transactions

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

31 Future lease obligation by way of lease rental:

(₹ in Lacs)

Due	Total Minimum lease payments outstanding		Future Interest on outstanding		Present value of minimum lease payments	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Within one year	46.91	42.72	7.64	7.61	39.28	35.11
Later than one year and not later than five years	49.60	60.43	3.57	5.96	46.03	54.47
More than Five years	NIL	NIL	NIL	NIL	NIL	NIL
Total:	96.51	103.15	11.21	13.57	85.31	89.58

31.1 Operating Leases-Other than non-cancellable:

The Company has entered into lease transactions during the current financial year mainly for leasing of factory/ office/residential premises/Computers and company leased accommodations for its employees for periods up to 10 years. Terms of lease include terms of renewal, increase in rents in future periods and terms of cancellation. The Operating lease payments recognized in the Profit & Loss account amount to ₹ 398.58 lacs (Previous year ₹ 339.95 lacs) for the leases which commenced on or after April 1, 2001.

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

Particulars	Cables		Stainless Steel Wire		Turnkey Projects		Unallocated		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue (Gross)										
External	167,094.30	116,776.24	10,116.36	8,787.26	8,084.50	280.76	-	26.31	185,295.16	125,870.57
Less: Excise Duty	12,463.16	8,885.91	601.68	571.42	-	-	-	-	13,064.84	9,457.33
Inter-segment	-	-	-	-	-	-	-	-	-	-
Total Revenue (Net)	154,631.14	107,890.33	9,514.68	8,215.84	8,084.50	280.76	-	26.31	172,230.32	116,413.24
Result										
Segment Result	17,228.32	10,117.44	384.47	210.62	(318.04)	(55.92)	-	-	17,294.75	10,272.14
Unallocated expenditure net of unallocated income	-	-	-	-	-	-	(4,153.34)	(2,655.87)	(4,153.34)	(2,655.87)
Interest expenses	-	-	-	-	-	-	(9,616.23)	(5,931.54)	(9,616.23)	(5,931.54)
Interest income	-	-	-	-	-	-	72.16	96.29	72.16	96.29
Dividend Income	-	-	-	-	-	-	2.38	0.54	2.38	0.54
Profit before taxation	17,228.32	10,117.44	384.47	210.62	(318.04)	(55.92)	(13,695.03)	(8,490.58)	3,599.72	1,781.56
Taxation	-	-	-	-	-	-	-	-	1,166.84	725.74
Net Profit	-	-	-	-	-	-	-	-	2,432.88	1,055.82
Other Information	-	-	-	-	-	-	-	-	-	-
Segment assets	104,407.64	84,894.11	4,671.49	3,942.33	8,023.24	730.97	2,391.99	3,327.53	119,494.36	92,894.94
Segment Liabilities	38,387.89	30,091.14	2,127.62	1,175.77	6,059.28	585.22	30,472.09	15,164.72	77,046.88	47,016.85
Capital expenditure	2,381.47	4,333.74	(58.38)	78.79	46.08	19.75	135.15	525.35	2,504.32	4,957.63
Depreciation	1,647.02	1,413.24	86.47	99.24	15.97	3.88	205.02	144.64	1,954.49	1,661.00
FCMITDA written off/(back)	-	-	-	-	-	-	158.03	(328.97)	158.03	(328.97)

32.1 (b) Information about Secondary Business Segment: (₹ in lacs)

Revenue by geographical market	India		Outside India		Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
External Revenue (Gross)	172,794.93	115,610.67	12,500.23	10,259.90	185,295.16	125,870.57
Less: Excise Duty	13,064.84	9,457.33	-	-	13,064.84	9,457.33
Inter-segment	-	-	-	-	-	-
Total Revenue(Net)	159,730.09	106,153.34	12,500.23	10,259.90	172,230.32	116,413.24
Carrying amount of segment assets	119,476.21	92,892.52	18.15	2.42	119,494.36	92,894.94
Additions to fixed assets	2,504.32	4,957.63	-	-	2,504.32	4,957.63

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

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

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, project income, job work income and export incentives in the respective segments.

(₹ in lacs)

Segment Revenue comprising of	2011-12	2010-11
Sales	178,210.43	125,301.11
Project Income	6,811.21	263.07
Job Work	7.99	10.15
Export Incentives	265.53	193.57
Exchange Fluctuation	–	102.67
Total	185,295.16	125,870.57

- 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.

33 (i) **Derivative contracts entered into by the company and outstanding:**

For Hedging Currency and Interest Rate Related Risks:

Nominal amounts of derivative contracts entered into by the Company and outstanding as at 31st March, 2012 amount to ₹ 3808.14 lacs (Previous Year ₹ 4798.09 lacs). Category wise break up is given below:

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
	Interest Rate Swap and Option Deal (net)		3,214.89	
Forward Contracts (net)		593.25		511.57

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

34 (i) **Amount payable in foreign currency:**

Particulars	As at 31st March, 2012			As at 31st March, 2011		
	(₹ in lacs)	Amount in Foreign Currency	Foreign Currency	(₹ in lacs)	Amount in Foreign Currency	Foreign Currency
Imports of Goods & Advance Received	509.34	10.08	USD	520.32	11.59	USD
	214.25	3.11	EURO	87.21	1.40	EURO
	–	–	SEK	27.25	3.82	SEK
	99.14	1.79	GBP	–	–	GBP
Working Capital Loan (Buyer's Credit)	1638.26	31.89	USD	1523.10	33.99	USD
	53.46	0.77	EURO	–	–	EURO
Term Loan	9482.63	187.19	USD	5378.03	120.01	USD
	353.01	5.11	EURO	185.38	2.91	EURO
FCCB's	–	–	–	7438.88	166.00	USD
Expenses Payable	290.73	5.66	USD	180.37	4.03	USD
	6.36	0.09	EURO	51.27	0.81	EURO
	5.99	0.43	AED	3.54	0.29	AED

(ii) Amount receivable in foreign currency:

(₹ in lacs)

Particulars	As at 31st March, 2012			As at 31st March, 2011		
	(₹ in lacs)	Amount in Foreign Currency	Foreign Currency	(₹ in lacs)	Amount in Foreign Currency	Foreign Currency
Exports of Goods & Advance Paid	1089.39	21.41	USD	849.27	19.10	USD
	558.06	8.46	EURO	631.95	10.13	EURO
	–	–	GBP	10.07	0.14	GBP
	42.19	0.76	CHF	26.14	0.56	CHF
Imprest With Staff	0.05	*0.00	AED	0.34	0.03	AED
	–	–	SAR	0.12	0.01	SAR
	3.41	0.07	USD	1.78	0.04	USD
	1.84	0.03	EURO	0.30	**0.00	EURO
	0.11	0.26	LKR	–	–	LKR
	0.54	0.01	SINGAPORE \$	–	–	SINGAPORE \$
	Balance With Banks	12.67	0.91	AED	1.96	0.16

(*AED 326) (**EURO 475)

35 Contingent Liabilities & Commitments:

Particulars	As at 31st March, 2012 (₹ in Lacs)		As at 31st March, 2011 (₹ in Lacs)	
Contingent Liabilities				
Claims Against the Company not acknowledged as Debt		0.18		0.18
Guarantees				
a) Financial Bank Guarantees outstanding		4407.50		6324.01
Other money for which company is contingently liable				
a) Unutilised Letter of Credits	441.72		323.03	
b) Outstanding Bill discounted	9003.78		11933.00	
c) Prorata share of company in channel finance given by banks to others	543.52		188.12	
d) Sales Tax/Entry Tax demands under appeal	45.02		53.36	
e) Income tax demand under appeal	86.54		99.07	
f) Excise /Service tax demands under appeal	730.31	10850.89	674.53	13271.11
Commitments				
Estimated amount of contracts remaining to be executed on Capital Account		287.80		410.50

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

As per our Separate report of even date attached

For JAGDISH CHAND & CO.

Chartered Accountants

(PRAVEEN KUMAR JAIN)

Partner

M.No- 085629

Firm Registration No. : 000129N

(ANIL GUPTA)

Chairman-cum-Managing Director

(RAJEEV GUPTA)

Executive Director (Finance)

Place : New Delhi

 Dated : 29th May, 2012

(KISHORE KUNAL)

Company Secretary

(ADARSH JAIN)

 General Manager
(Finance)

(VIVEK KUMAR MITTAL)

Asst. General Manager (Finance)

Notice

THE 20TH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD AT SRI SATHYA SAI INTERNATIONAL CENTRE, PRAGATI VIHAR INSTITUTIONAL AREA, LODHI ROAD, NEW DELHI - 110 033 ON THURSDAY THE 13th DAY OF SEPTEMBER, 2012 AT 10.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Statement of Profit & Loss for the year ended 31st March 2012 and Balance Sheet as at that date and the report of the Board of Directors and the Auditors of the Company thereon.
2. To consider declaration of dividend for the financial year ended 31st March 2012.
3. To appoint a Director in place of Mr. Vijay Bhushan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vikram Bhartia, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. JAGDISH CHAND & CO., Chartered Accountants (Firm Registration number 000129N), as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS:

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

“RESOLVED THAT subject to consent of shareholders of the Company and pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof, for the time being in force) and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the enabling provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed and the approvals and / or sanctions from all appropriate authorities, including the Securities and Exchange Board of India (SEBI), Govt. of India,

Reserve Bank of India, Stock Exchanges and all other bodies and Institutions as may be relevant (hereinafter singly or collectively referred to as **“the Appropriate Authorities”**) and subject to such conditions and modification/s as may be prescribed or imposed by any of them while granting any such consents, permissions, approvals and / or sanctions (hereinafter singly or collectively referred to as **“the requisite approvals”**) and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as **“the Board”** which term shall be deemed to include any committee(s) consisting of one or more members of the Board and / or one or more officials of the Company appointed by the Board in this behalf which the Board may constitute to exercise powers of the Board), the consent, authority and approval of the company be and is hereby accorded to the Board / Committee of the Board to offer, issue and allot, up to an aggregate of 33,00,000 (Thirty Three Lacs) Equity Shares of ₹ 2/- each for cash at a price of ₹ 18/- (which includes a premium of ₹ 16/- per Equity Share) on preferential basis to the following entities (the **“proposed allottees”**) forming part of Promoter(s) / Promoters Group, on such terms and conditions and in such manner as may be decided by the Board / Committee.

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

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

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

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

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. PROXY FORM IS ATTACHED HERewith.**
2. The instrument appointing the proxy should however be deposited at the Registered office of the company not less than 48 hours before the commencement of the meeting.
3. Members or their respective proxies are requested to:
 - i. bring copies of Annual Report sent to the Members as the copies of Annual Report shall not be distributed at the Annual General Meeting;
 - ii. Quote their Folio / DP ID & Client ID in the attendance slips for attending the meeting;
 - iii. bring the attendance slip sent herewith duly filled in for attending the meeting.
4. Corporate Members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote in their behalf at the Meeting.
5. Annual Report is available at the website of the Company at www.kei-ind.com in the Investor Relations section.
6. The Register of Members and Share Transfer Books will remain close from September 08, 2012 to September 13, 2012 (both days inclusive).
7. Dividend, if declared at the AGM will be paid to those Members whose names appear on the Company's Register of Members on September 13, 2012. In respect of shares held in electronic form, the dividend will be payable to those who are the beneficial owners of shares at the close of business hours on September 07, 2012, as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
8. All documents referred to in the Notice and accompanying Explanatory Statement, as well as the Annual Report, are open for inspection at the Registered Office of the Company on all working days, except Sunday and other holidays, between 11.00 A.M. and 1.00 P.M. up to the date of the Annual General Meeting.
9. Members desiring any information on the accounts at the Annual General Meeting are requested to write to the Company at least 7 days in advance, so as to enable the Company to keep the information ready.
10. Members holding shares in physical form are requested to notify any change of address, bank mandates, if any, to the Registrar and Share Transfer Agent MAS SERVICES LTD., T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020, Ph:- 26387281/82/83, Fax:- 26387384, email:- info@masserv.com, website : www.masserv.com and / or the Company Secretary or to their respective depository participants if the shares are held in electronic form.
11. Pursuant to Section 205A and 205C of the Companies Act, 1956 read with the Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2002, unclaimed / unpaid dividend for the financial year ended 31.03.2005 has been transferred to the Investor Education and Protection Fund set up by the Central Government account and no claim can be admitted in respect of this fund. Members are therefore requested to en-cash their dividend warrants immediately for subsequent financial years. Members are requested to write to the Company and / or Share Transfer Agents, if any dividend warrant is due and pending to be paid so that fresh / revalidated warrants could be issued by the company.
12. Ministry of Corporate Affairs (MCA) has vide its circular bearing No.17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 has allowed paperless compliance by Companies through electronic mode. Accordingly, the Company proposes to send various notices / documents including Notice calling Annual General Meeting, Audited Financial Statements, Director's Report, Auditor's Report etc., to the shareholder(s) through electronic mode, at the registered e-mail address of the shareholder(s). Members who have not yet registered their e-mail address are requested to register / update their e-mail address in respect of electronic holding with their Depository Participants and in respect of physical form with Registrar and Transfer Agent.
13. In terms of Article 106 of Articles of Association of the Company, read with Section 256 of the Companies Act, 1956, Mr. Vijay Bhushan and Mr. Vikram Bhartia, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The information or details pertaining to director to be provided in terms of Clause 49 of the listing agreement with the Stock Exchange are annexed herewith.

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

Place : New Delhi
Dated : August 14, 2012

(Kishore Kunal)
Company Secretary

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

ITEM NO. 6

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

Your Company proposes to raise funds through issue of equity shares to Promoter(s) / Promoters Group on preferential basis. Promoters have agreed to provide the necessary funds by subscribing to 33,00,000 (Thirty Three Lacs) equity shares at a price determined as per SEBI (ICDR) Regulations, 2009.

The Board of Directors of the Company at its meeting held on August 14, 2012, subject to necessary approval (s), has approved the proposal for issuing 33,00,00,000 (Thirty Three Lacs) equity shares through preferential offer to Promoter(s) / Promoters Group. The preferential issue of Equity Shares to the Promoter / Promoter Group shall have the effect of increasing the shareholding of Promoter / Promoter Group in the Company. However, even after the allotment under this preferential issue the aggregate Promoter Shareholding shall not exceed 75% of the paid up share capital, the maximum promoter shareholding permissible for continued listing as per Listing Agreement. The increase in Promoter shareholding on account of preferential issue of Equity Shares will also be in compliance with the requirements under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

In terms of Section 81(1A) of the Companies Act, 1956, approval of the shareholders of the company is being sought to create, offer, issue and allot further shares in the share capital

of the company to investors, whether or not the allottees are existing shareholders of the company. Thus, consent of the members of the company, by way of a Special Resolution, is required for Item No. 6.

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

(a) Objects of the Issue :

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

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

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

Name of proposed Allottee(s)	No. of Equity Shares
Anil Gupta	14,00,000
Projection Financial & Management Consultants Pvt. Ltd.	9,00,000
Dhan Versha Agency Pvt. Ltd.	10,00,000

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

Category of Shareholder	Pre-Issue as on August 10, 2012		Post Issue*	
	Total No. of Shares	% of Total No. of Shares	Total No. of Shares	% of Total No. of Shares
Promoter & Promoter Group				
Indian Promoter				
Individuals / HUF	19668466	29.38	21068466	30.00
Bodies Corporate	8180000	12.22	10080000	14.35
Total (A)	27848466	41.60	31148466	44.35
Public Shareholding				
Foreign Institutional Investors	200244	0.30	200244	0.29
Bodies Corporate	16927503	25.29	16927503	24.10
Individual	20647424	30.85	20647424	29.40
NRI/OCBs	576187	0.86	576187	0.82
Clearing Member	737014	1.10	737014	1.05
Trust	600	0.00	600	0.00
Total (B)	39088972	58.40	39088972	55.65
Total (A+B)	66937438	100.00	70237438	100.00

* Post issue % has been calculated on increased total number of shares (post issue).

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

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

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

Sr. No.	Name	Category	Pre-Issue Shareholding		Post Issue * Shareholding	
			No. of Shares	%	No. of Shares	%
1	Anil Gupta	Promoter	1,41,80,776	21.19	1,55,80,776	22.18
2	Projection Financial & Management Consultants Private Limited	Promoter Group	0	0.00	9,00,000	1.28
3	Dhan Versha Agency Private Limited	Promoter Group	0	0.00	10,00,000	1.42

There will be no change in control or management of the Company consequent to the preferential issue.

*** Post issue % has been calculated on increased total number of shares (post issue).**

f) Pricing:

The issue of Equity Shares on preferential basis shall be made at a Price of ₹ 18/- (₹ 2/- face value and premium of ₹ 16/- per share) determined as per Regulation 76 of Chapter VII of the SEBI (ICDR) Regulation, 2009 governing pricing of Equity shares to be issued under preferential allotment.

g) Relevant Date:

Relevant date for the purpose of calculating the price of the Issue of Equity Shares is August 14, 2012, the date 30 days prior to the date of this Annual General Meeting.

h) Auditors Certificate:

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

i) Lock-in:

The Equity Shares being allotted on preferential basis under SEBI (ICDR) Regulations, 2009 shall be locked in for a period of three years from the date of allotment.

The entire pre preferential allotment shareholding, if any, shall be locked in from the relevant date upto a period of six months from the date of preferential allotment.

j) Undertaking:

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

None of the Directors other than Mrs. Archana Gupta, who is wife of Mr. Anil Gupta and also Directors and shareholders of above entities, is concerned or interested in the above resolution.

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

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

Place : New Delhi
Dated : August 14, 2012

(Kishore Kunal)
Company Secretary

ANNEXURE TO NOTICE

Information under clause 49 of the Listing Agreement:

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

a) Name	:	Mr. Vijay Bhushan
Date of Appointment	:	02.08.1994
Educational Qualification	:	MBA from Delhi University
Expertise in specific functional area	:	

Mr. Vijay Bhushan served as the Chairman of Federation of Indian Stock Exchanges representing 20 Stock Exchanges of the Country from 2002 to 2004. He was nominated as Member of SEBI's Secondary Market Advisor Committee in 2002 and SEBI's Apex Committee for Securities Market Awareness Campaign in 2002 and also nominated as Member of SEBI's Committee on Participation of Securities Brokers in Commodity Forward Markets.

He was elected as the President of the Delhi Stock Exchange Association Ltd. for 2001-2002. He was Member of the Committee on Settlement of Issues and Dispute Resolution Committee of National Stock Exchange from 1998-2001. He was also elected as the Director to the Board of the Delhi Stock Exchange Association Ltd. from 1996-98, and was actively involved in introducing the Trade Guaranteed Fund and Modified Badla Mechanism in Delhi Stock Exchange.

He was actively involved in Merchant Banking Activities from 1994-96 and also actively associated with The Primary and Secondary Market of Stock Exchange since 1981.

He does not hold any equity shares in the Company.

List of outside Directorship:	1) Bharat Bhushan Equity Traders Ltd.
	2) Bharat Bhushan Finance & Commodity Brokers Ltd.
	3) Bharat Bhushan Insurance Brokers Pvt. Ltd.
	4) Bharat Nidhi Ltd.
	5) Paramount Communication Ltd.
	6) Bharat Bhushan Technologies Pvt. Ltd.
	7) Association of National Exchanges Members of India

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

Name of Body Corporate	Name of Committee	Chairman/Member
KEI Industries Ltd.	Shareholders Grievance Committee	Chairman
	Remuneration & Compensation Committee	Member
	Share Allotment Committee	Member
Paramount Communication Ltd.	Audit Committee	Member
	Remuneration Committee	Member
Bharat Bhushan Finance & Commodity Brokers Ltd.	Audit Committee	Member
	Shareholder's Grievances Committee	Chairman
Bharat Nidhi Ltd.	Audit Committee	Chairman

b) Name	:	Mr. Vikram Bhartia
Date of Appointment	:	02.08.1994
Educational Qualification	:	B. Tech. From IIT Kharagpur
Expertise in specific functional area	:	

Mr. Vikram Bhartia qualified B. Tech. From IIT Kharagpur and has 42 Years of industrial experience. He was a member of the Confederation of Indian Industries.

His holding in the Company is 10,000 equity shares of ₹ 2/- each.

List of outside Directorship : None

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

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



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 20th Annual General Meeting of the Company to be held
on Thursday, the September 13, 2012 at 10.30 A.M. and at any adjournment thereof.

Affix
Rupee One
Revenue
Stamp

Signed this day of 2012.

Signature.....

Regd. Folio No.....

D.P. ID. No.*

Address

Client ID No.*

No. of Shares.....

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

* **Applicable for Investors holding Shares in Electronic Form.**

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KEI INDUSTRIES LIMITED

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

ATTENDANCE SLIP

Annual General Meeting : September 13, 2012

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 20th Annual General Meeting of the Company at Sri Sathya Sai International
Centre, Pragati Vihar Institutional Area, Lodhi Road, New Delhi - 110003

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

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

Note :

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

* **Applicable for investors holding shares in electronic form.**



KEI INDUSTRIES LIMITED

CORPORATE & REGISTERED OFFICE

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