



KEI
Wires and Cables

KEI Industries Limited

Annual Report 2013-14

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KEI - A SNAPSHOT

Headquartered at New Delhi, India, KEI Industries Limited (KEI) (formerly known as Krishna Electrical Industries) is an established player in the manufacturing and marketing of EHV, MV and LV power cables segments, and has recently forayed into Engineering, Procurement and Construction (EPC). It enjoys a preferred supplier status with a number of customers, and has been endowed with the 'Super Brand' status for consumer validation.

KEI is listed on the National Stock Exchange (NSE) [Stock ticker: KEI], Bombay Stock Exchange (BSE) [Stock ticker: 517569] and Kolkata Stock Exchange (CSE). The Company is also listed internationally on the Luxembourg Stock Exchange.

Corporate Information

BOARD OF DIRECTORS

Mr. Anil Gupta
Chairman-cum-Managing Director

Mrs. Archana Gupta
Director

Mr. Pawan Bholusaria
Director

Mr. K.G. Somani
Director

Mr. Vijay Bhushan
Director

Mr. Vikram Bhartia
Director

Mr. Rajeev Gupta
Executive Director (Finance)

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Kishore Kunal

AUDITORS

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

BANKERS

Dena Bank
Punjab National Bank
State Bank of India
State Bank of Hyderabad
ING Vysya Bank Ltd
Standard Chartered Bank
ICICI Bank Ltd
State Bank of Patiala
State Bank of Bikaner and Jaipur
Indian Overseas Bank
Corporation Bank
IDBI Bank Ltd
Bank of India
DCB Bank Ltd
The Lakshmi Vilas Bank Ltd
SBERBANK

SHARE TRANSFER AGENT

MAS Services Ltd.
T-34, 2nd Floor, Okhla Industrial Area,
Phase - II, New Delhi - 110 020,
CIN: U74899DL1973PLC006950
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
CIN: L74899DL1992PLC051527
Ph: +91-11-26818840/8642/,
Fax: +91-11-26811959/7225
email: info@kei-.com
website: www.kei-ind.com

KEY MANAGEMENT PERSONNEL

Mr. N. N. Suri
Executive Director (Corporate Strategy)

Mr. Lalit Sharma
COO

Mr. S.L. Kakkar
President

Mr. Manoj Kakkar
Sr. Vice President (Marketing)

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

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

Mr. Manish Mantri
Vice President (EPC)

Mr. Arvind Shrowty
Corporate Advisor

Mr. Dilip Barnwal
Vice President (Operation-Silvassa)

Mr. Munishvar Gaur
Vice President (Marketing-North & East-Cables)

Mr. N.K. Bajaj

Vice President (Marketing-Wires & Flexibles)

Mr. Naval Singh Yadav

Vice President (Technical)

Mr. Alok Saha
GM (Marketing)

Mr. Umesh B. Kank
GM (Marketing)

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

Mr. Keshav K. Mitra
GM-Sales & Marketing

Mr. Deepak Manchanda
Sr. GM (Business Development)

Mr. Ajay Mehra
GM (Works-Bhiwadi)

Mr. Adarsh Jain
GM (Finance)

Mr. Gaurav Sahi
Head-Corporate Communication

Mr. Pawan Kumar Jain
GM (EPC)

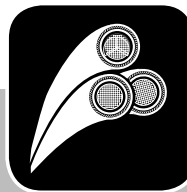
Mr. K.D. Tamhankar
GM (International Marketing)

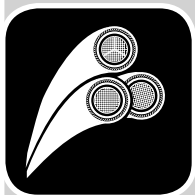
Mr. Kunal Gupta
GM (International Marketing)

Mr. Anand Kishore
GM (HR & Admin.)

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.





At KEI, capacities are not merely a function of demand; they are in fact the core of our business model, defined as much by the need to create new markets as by the requirement of the existing ones.

Actuated by the need to align our manufacturing capacities to match the pace of growth and expansion, we are strategically focused on building the right mix of capabilities and strengths to create a robust growth model.

A humungous USD 1 trillion opportunity in infrastructure beckons us as we move into the next phase of our growth trajectory. An estimated USD 3 billion estimated demand for cables (including EHV, MV and LV cables) used for transmission and distribution purposes augurs well for our Company, with our enhanced strategic focus on new-age demand opportunities.

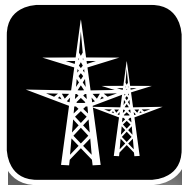
The potential infrastructural growth plan unveiled by the new government has energised the cable industry in India. As a trusted brand name firmly entrenched in the cable industry, we are effectively poised to leverage this opportunity.

The thrust is on boosting efficiencies and enhancing capabilities to match the capacities that we have built over the years, thereby delivering more across the power value chain. Having successfully executed several turnkey projects for key clients in the public and private sector domains, we are now shifting gear to maximise growth and value.



Steered by a well-formulated approach founded on clearly defined goals, we are continually striving to improve our marketing and execution capabilities, backed by significant investments to expand and strengthen our human capital, manufacturing capacities, EPC capabilities, export network, as well as EHV and institutional focus.

This Annual Report maps our journey towards aligning our capabilities to capacities through reinforcement of our proven strategic charter, to deliver greater value to all our stakeholders.



Unmatched capabilities to match exemplary capacities

Strengths that extend beyond the ordinary, and capabilities that border on the extraordinary. On these twin platforms is founded our growth strategy that has steered our progress since our establishment as a partnership firm in 1968.

Dotted by iconic achievements and milestone developments, our growth odyssey is a story of unmatched capabilities and expanding capacities, both of which are inexorably linked and entwined to deliver exceptional value to our stakeholders.

As one of the top three cable manufacturing companies in India, it is our constant endeavour to define our priorities, and redefine our strengths and capabilities in line with our goals.

Our well-diversified product basket and business model across retail (domestic & exports), institutional, EHV segments, suitably balanced to address the demands of private and public sector organizations lends us an enviable position in the cable industry.

Strong customer loyalty, earned through an unerring focus on quality, and an extensively networked distribution and marketing system have empowered us with a distinctive edge that has yielded positive results for us even in tough times. A robust balance sheet, with a current order book of ₹ 1,100 crores, stands testimony to our leadership position.

A good blend of experience and expertise in our management team makes us an organization with unmatched capabilities that are not only aligned to our capacities but also to the dynamics of an ever evolving market.



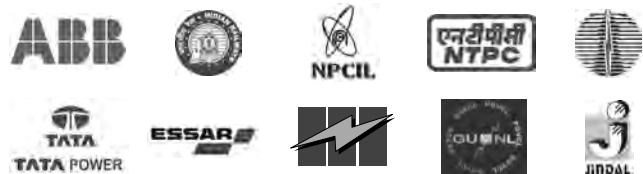


PRODUCT CAPABILITIES CATERING TO DIVERSIFIED CLIENTS ACROSS SECTORS

We have an established presence in the EHV, MV & LV cables, with 400 products addressing myriad demands from more than 800 customers across a cross-section of sectors, including power, oil refineries, railways, automobiles, cement, steel, fertilisers, textile and real estate, amongst others.

Diversified customer and sector base:

POWER SECTOR CLIENTS



INDUSTRIAL CLIENTS



REFINERY



ENERGY SECTOR



FERTILIZER SECTOR



STEEL SECTOR



Our wide product basket comprises:

- Extra High Voltage cables up to & including 220 kV
- High & Medium Voltage cables
- Low Tension cables
- Control and instrumentation cables
- Specialty cables
- Rubber cables
- Winding, Flexibles and house wires
- Submersible cables,
- OVC/poly wrapped winding wires
- Stainless steel wires
- Engineering, Procurement and Construction (EPC)

R&D CAPABILITIES PAR EXCELLENCE

We are focused on constantly enhancing our product portfolio through R&D investments, thereby leading to the delivery of niche product offerings. Our ability to customise solutions for clients has empowered us with a strong platform for growth. Our R&D focus has imbibed in us the expertise to manufacture specialty cables including braided cables, fire survival and zero halogen cables, which are emerging as strong contributors to our sales in the light of their growing demand.



MANUFACTURING CAPACITIES TO ADDRESS DIVERSE DEMAND

Our manufacturing facilities are strategically located at Bhiwadi & Chopanki (Rajasthan) and Silvassa (Dadra and Nagar Haveli). Current manufacturing capacities stand at 500 km of EHV cables, 5,100 km of HT cables, 67,000 km of LT cables, 2,80,000 km of Winding, Flexibles & House Wires, 4,800 MT of Stainless Steel Wire.



QUALITY FOCUS ALIGNED TO GLOBAL STANDARDS

Our products are tested as per international standards by KEMA (Netherlands), FGH (Germany), TUV (Rheinland), SGS, IRS, ABS, CEIL, BRE (UK), LLOYDS REGISTER, BVQI, DNV, KVERNER POWERGAS, CPRI, SRIRAM TEST HOUSE, ERDA, IDEMI, EIL, PDIL and MECON, which ensure high quality offerings.

Our quality thrust is endorsed by ISO 9001:2000, ISO 9001:2008, OHSAS 18001:2007, OHSAS 14001:2004, ISO / IEC 17025:2005 certifications.

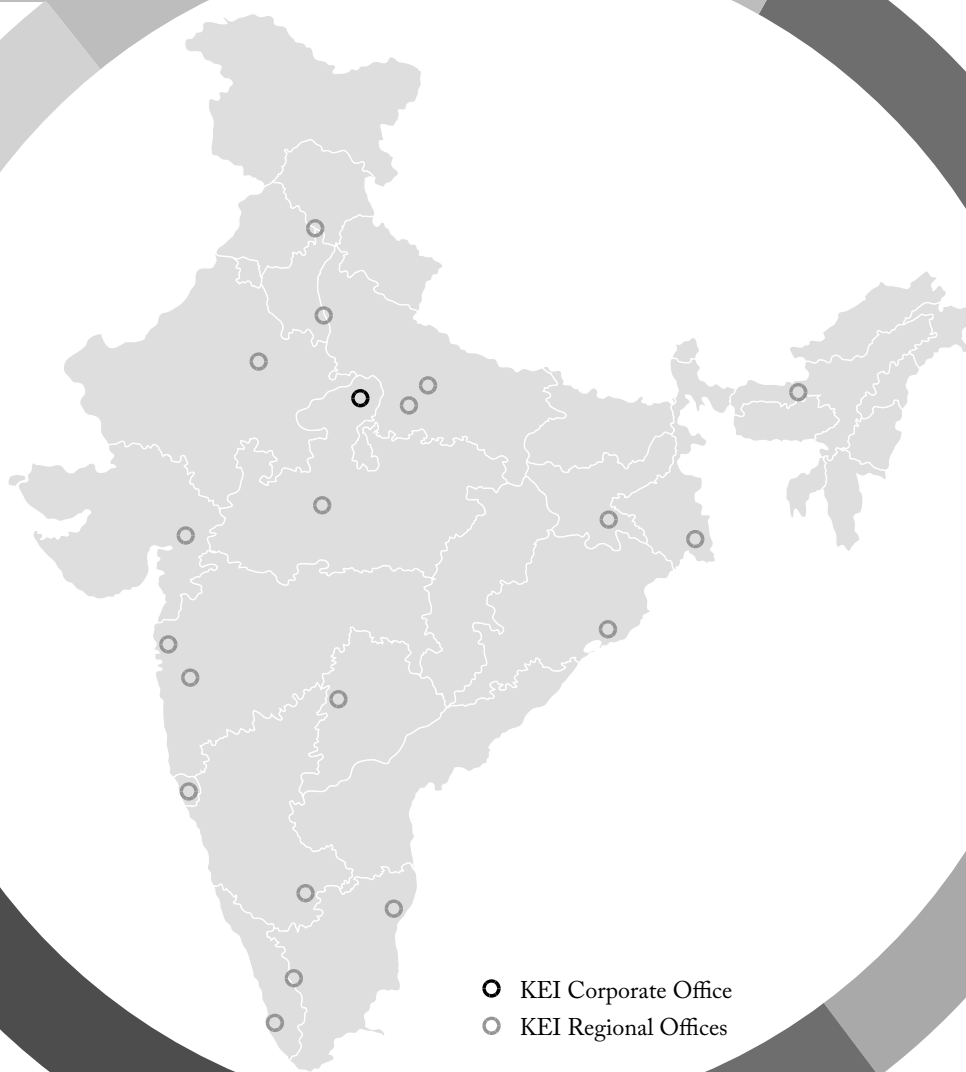


COLLABORATING TO BUILD CAPACITIES & CAPABILITIES

We have a strong collaboration with Brugg Kabel AG, Switzerland, which has an experience of more than 100 years and ability to manufacture cables up to 550 kV. It has enabled a better experience and a faster entry into the EHV cable market, with strong designs and process to cater to the needs of end-users. It has also helped us capitalise Brugg's proven presence in the Cable and EPC business.



OUR EXPANDING PRESENCE ACROSS INDIA



Reinforcing capabilities in a growing retail market

Energised by the prospects of the exponential growth in the retail market for cables in the coming few quarters, we, at KEI, have initiated several key measures in an effort to seize a substantial chunk of the retail business pie.

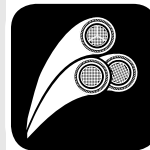
Having built extensive and state-of-the-art manufacturing capacities, with some to spare, we are currently focused on exploring new markets and export destinations, and expanding the dealer network. Our concerted initiatives to enhance our market capability to match our manufacturing capacities have helped us achieve phenomenal success over the past three years. Armed with a vision to position ourselves as a 'specialist cable manufacturer', we have successfully created a niche for ourselves, backed by a strong reputation as the 'power behind the power'.

Our robust growth is founded on the three pillars of trust & quality, brand awareness and customer service, all of which we are continuously striving to further strengthen.

We undertook several expansion and growth measures during the year under review to reinforce our capabilities in the burgeoning retail market.

FOCUSED EFFORTS

100 new dealers and distributors added during the year; total number increases to 600.





Focused efforts and aggressive brand building initiatives, leading to increased house wire sales.

Recently appointed new Business Head for Retail Business, having more than 20 years experience in retail business of Wires and Cables.

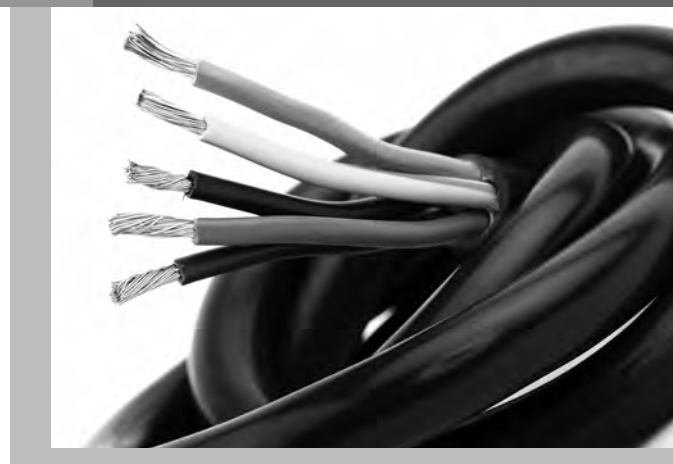
Aggressive marketing steered by various brand promotion activities through various channels of communication, including television and print.

Our superior product and quality offering, specialist positioning and brand enhancing activities, coupled with a strengthening distribution and dealership network, have put us firmly on track towards achieving higher sales growth, going forward. The thrust will be on adding capacities for retail house wire business, with special focus on enhancing dealer and distributor led sales, as we move towards capturing all major metros and Tier I & II cities.

Building awareness as a brand of repute in house wires would be a key focus area as we power our way to dominating the retail trade through expansion of house wires and flexible wires for retail and distribution during FY 2014-15. We have already added manufacturing capacity at Silvasa to cater to the retail market, thereby doubling the capacity for the manufacture of house wires and flexible wires and paving the way for generating greater turnover from the retail market.

The additional capacity shall be effectually used to further leverage our robust dealer-distributor network to cross-sell products and enhance cost efficiencies.

An aggressive marketing and advertising campaign during the last quarter of FY 2013-14 has laid the foundation for pushing our retail pitch higher in the coming months, as we move into a forceful retail building phase with a target of doubling the business to contribute 50% of the Company's revenues.



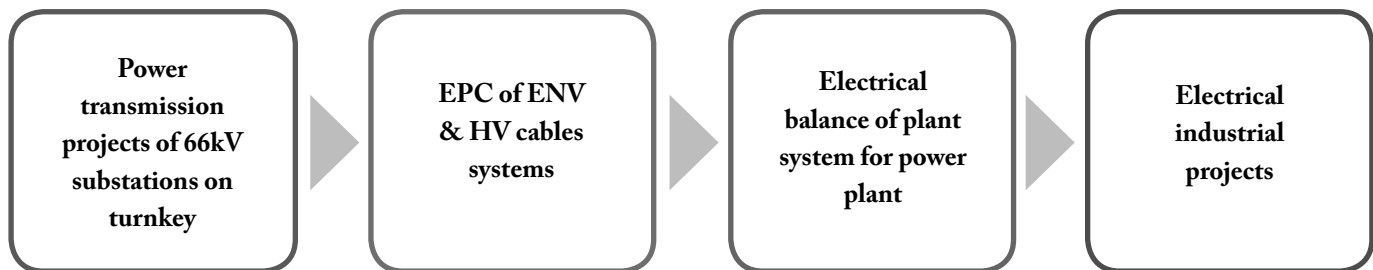
Clearly, the prospects for growth are enormous, with exciting new opportunities unfolding in the retail segment in the context of the new policy and demand environment. Powered by focused strategies aligned to capacity and capability augmentation, we are all set to scale up growth across the retail business as we chart the next phase of our progressive odyssey.

Enhancing capacities to service the institutional segment

The institutional segment promises enviable growth opportunities for our business, impelling us to intensify our focus on strengthening our delivery model to cater the increasing demand for servicing the power value chain with speciality cables and value-additions.

The fast growing institutional demand scenario motivated our foray into the production of Extra High Voltage (EHV) cables, which further led us to offer Engineering, Procurement and Construction (EPC) services in a bid to provide impetus to the institutional business segment.

Significant investments in the segment have placed us in an enviable position, paving the way for increased capitalization of the demand potential in this niche space.



With unmatched capabilities growing in tandem with high-end capacities, we have built a nucleus of strengths in the EPC segment, including:

- ✓ In-house execution capabilities
- ✓ Ability to manufacture own EHV cable / HV cable (which are a critical component of EPC projects)
- ✓ Product offerings across instrumentation cables, control cables and power cables
- ✓ Extensive network of marketing infrastructure and regional offices across all major cities in India

Our powerhouse of strengths has enabled us to successfully execute EPC projects for government and private sectors. The next 2-3 years will see us expand this service into new and promising sectors such as transmission lines, SEZ/MRT/Airport infrastructure, as well as cement, power and steel plants.

During the year, we undertook a ₹ 550 crore EPC project, spread over two years. With 30% of the project value attributable

to our own cable supply, the project is expected to yield high margins.

With a current EPC order book of ₹ 500 crore, executable in a two year span, and current cable order book of ₹ 600 crore, the prospects for growth in this segment are immense and our focus on growing the institutional business across the public and private sectors shall continue during the next fiscal.

STRENGTHENING OUR EHV BUSINESS

The high-margin EHV cables business has emerged as a major growth area for us over the past 3 years. With an eye on the opportunity matrix in this segment, we forayed into commercial production of Extra High Voltage Cables (ranging from 66kV to 220kV) in November 2010 at our Chopanki Plant, District Alwar, Rajasthan, to become only the third Company in the country with the capability to manufacture EHV cables.

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. Since the launch of commercial production, we have executed some notable orders for EHV cables.

Our EHV business foray is aided by our technological collaboration with Switzerland-based M/s Brugg Kabel AG, which enjoys over 100 years of experience and ability to manufacture cables up to 550 kV.

The platform is now set for generation of increased EHV sales on the back of our pre-qualification – the lack of which had impeded growth in this segment during 2013-14. Expansion of EHV cable up to 400 kV is also on the anvil.

We see several large orders for EHV cables coming in during FY 2014-15 – a clear sign of our strengthening presence in the segment and the resultant impetus to our turnkey EPC business, which consumes a significant portion of EHV cables.

The focus on EPC and EHV shall be further intensified in the coming year, as we prepare to replicate the success of our earlier projects across the country to take a gigantic leap in growing this business segment and increasing our profitability margins.



Aligning global capabilities to domestic capacities

The exports market for cables has grown manifold in recent years and promises greater traction in the years to come. As an established player in the global market for cables, with a strong foothold in 45 countries, we are ideally positioned to leverage the upcoming potential.

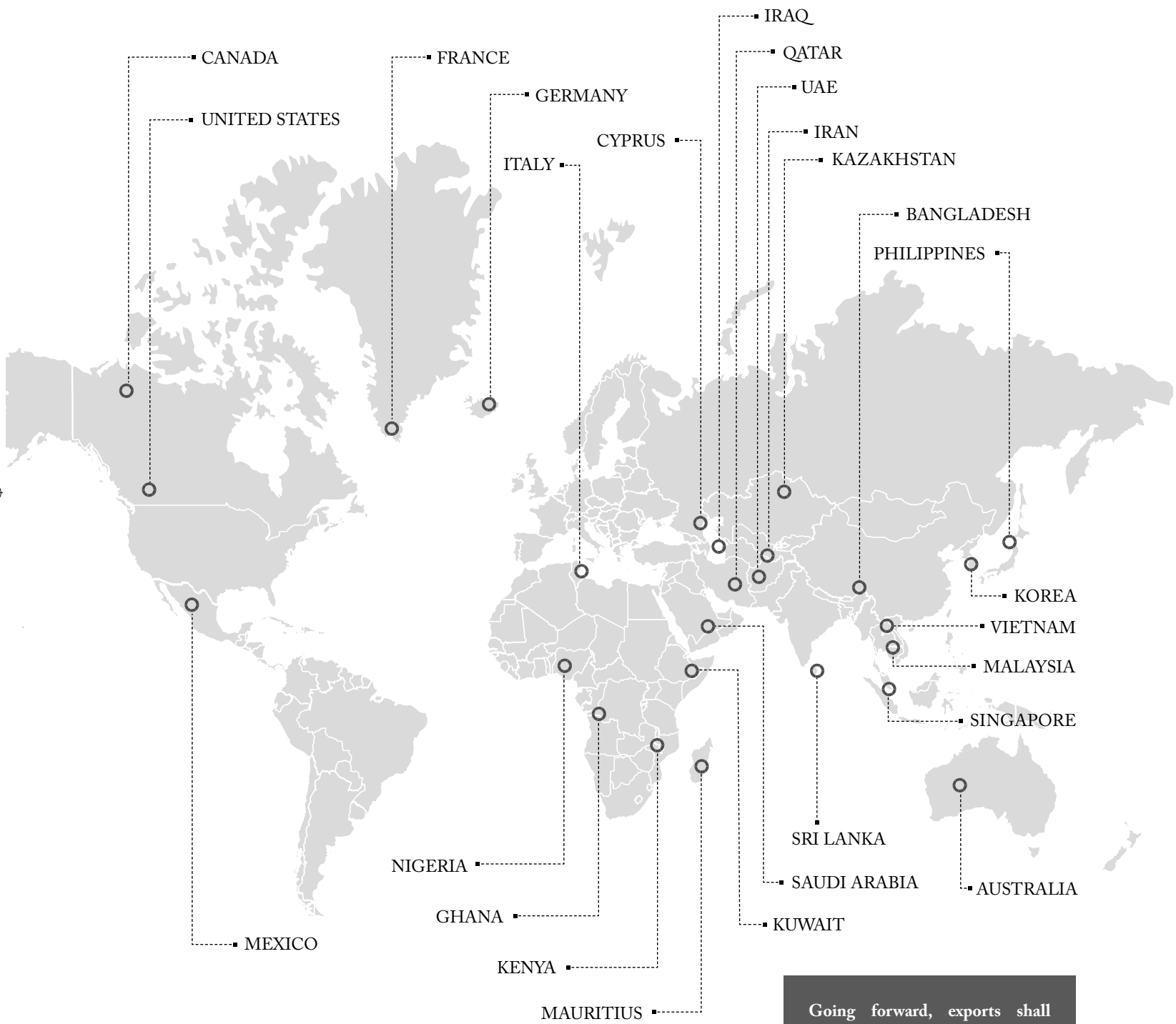
Prompted by the need to utilize our increased manufacturing capacities, we have fast-tracked our expansion plans in the exports market and went in for aggressive enhancement of our capabilities in this aspect of our business during the year. We set up new overseas offices to further align our global marketing capabilities to our capacity to produce in large quantities. We opened these new offices in Singapore, Nigeria and Kazakhstan, while strengthening our existing base in Dubai/Abu Dhabi. We also have a strong presence in Australia and Korea through agents.

Competitive pricing and ability to offer customised solutions as well as specialty cables has helped us grow our export presence. With focus on the oil & gas and utilities segments, we are currently offering a wide range of cables in the exports market, viz EHV (66kV to 220kV), MV (11kV to 66kV) and LV (< 11kV) cables.

Regular participation in exhibitions to establish new linkages and showcase our overseas focus, strengthening of prequalification parameters and approval for large projects with local and government companies / undertakings in the Middle East, Singapore and South Africa have set the stage for the growth of our exports segment. Our expertise in the exports market can be gauged from the fact that till date we have participated in more than ₹ 500 crores worth of tenders.

A strongly focused exports strategy, driven by the geo-political dynamics of the countries of our presence and consistent improvement in capacity utilisation, coupled with cost efficiencies, will be central to our global profitability index, going forward. Africa, along with other ex-CIS countries, shall be an important area for expanding our footprint.

OUR GLOBAL PRESENCE



Going forward, exports shall continue to be a key focus area and a major contributor to our revenue and profitability.

Chairman's communiqué



Dear Stakeholders

An unusually tough economic and market environment impacted growth across the industry during the past 12 months, putting the Company under pressure as it battled the industry downturn. The prevailing conditions, though detrimental to financial or operational growth during the year, did prove to be a game-changer for us, as it successfully paved the way for the next phase of our journey through reinforcement of our strategic priorities and renewed focus on aligning our capabilities to our capacities.

Building on our intrinsic strengths, and steered by a set of clearly defined goals, we charted a new course for the Company that would enable our evolution as a globally recognised and reputed brand entity.

It gives me great pleasure to share with you the details of some of the key initiatives that we undertook to map our odyssey for the future. However, before I do that, let me take you through the challenging environment that plunged the industry into despair during the year.

MACROECONOMIC OVERVIEW

The first half of 2013-14 was particularly difficult for the economy as delayed project approvals and implementation, decline in private investments, high interest rates and supply-side bottlenecks emerged as major impediments to growth. Things improved during the second half across some of the macroeconomic indicators, leading to narrowing of the current account deficit (CAD), increase in foreign exchange reserves, reduction in short-term external debt, easing of fiscal pressures and retail inflation stabilising, on the back of some strong reforms initiated by the new Government. The macroeconomic environment is on the way to improve further in the wake of various initiatives announced in the Union Budget for 2014-15.

The environment is favourable for industry growth in the wake of the policy initiatives unveiled by the new government and we are set to make the most of the burgeoning opportunities.

FINANCIAL AND OPERATIONAL PERFORMANCE

On the back of the strained economic environment and sustained high pressure on demand, your Company's financial performance also witnessed a dip. Because of the low off-take, the topline witnessed a marginal decrease by about 3% over the previous year, to ₹ 1,753 Crores in 2013-14. Decline in the topline and increase in expenses also lowered the PAT margins.

Sales remained more or less stagnant as compared to the previous year, with improved contribution of Retail and Exports respectively to the topline. As infrastructure projects virtually dried up in the country, the EPC segment suffered a dip, which pulled down the topline considerably. The cables and wires segment, which contributes significantly to the overall topline, was, however, able to sustain the previous year's levels.

The slow pace of implementation of various infrastructure projects proved a major hurdle to the growth of the industry, impacting your Company's business plans.

REINFORCING OUR FOCUS ON THE RETAIL BUSINESS

Let me now share some insights in the retail business, which currently contributes 20-25% of your Company's revenues. The potential for scaling up this contribution to as much as 50% is immense, given the impetus that the Infrastructure and Real Estate sectors are set to receive under the new Budget provisions.

With major investments planned in Highways, Ports, Airports and SEZs, and rapid growth expected in Housing, IT Parks, Hotels, Shopping Malls and BPOs, the retail segment is expected to witness a boom in the coming years. In fact, infrastructure spending is estimated at USD 1 trillion in the next five years, with an estimated USD 250 billion FDI estimated to come into the infrastructure sector and another USD 750 billion expected to be mobilized locally.

The demand for urban premium housing is set to grow to ₹ 757 billion in 2019-20 from ₹ 116 billion in 2008-09, offering a huge potential matrix. An expected CAGR growth of 13% in demand for wires over the next 7-8 years shall pave the way for significant business opportunities in retail.

With a strong and well-entrenched pan India dealer-distributor network and a wide & diverse product portfolio backed by state-of-the-art manufacturing capacities, we have decided to increase our focus on this segment through additional investments in augmenting our capacities in the house wires, winding wires and flexible wires segment. This will enable us to serve more products in more markets, and thereby improve our topline.

Branding and marketing activities shall continue to help boost our visibility and presence in the retail markets, which we want to capture in a big way in the coming year.

MOVING UP THE EPC VALUE CHAIN

While the prevailing negative sentiment did prove to be growth-stalling, it did not, fortunately, derail the Company's strategic focus. Steered by our vision for the future, and buoyed by the plethora of sector-favourable initiatives announced by the new government, we spent the year in judicious planning and building of systems for our growth in the coming quarters.

As we continued to align our capabilities to match our increased capacities, we were encouraged by the signs of positivity in the business environment for the cable industry. With our growing presence in the Engineering, Procurement and Construction (EPC) space and successful execution of some key projects, we hold a clear edge above our peers.



As a result of our focused initiatives, we are well equipped to cater to the growing cables demand in the institutional space. Our technical collaboration with Brugg Kabel AG, Switzerland, which already has a proven expertise and experience of over 100 years in the Cable and EPC business, has equipped us with the wherewithal to meet all speciality requirements and service clients across the public and private sectors through the Power value chain.

As you are aware, in the absence of pre-qualification, we were hitherto hindered in the participation of large utility tenders. With this hurdle now cleared and our increased capabilities for commercial production of EHV cables, our turnkey EPC business is all set to scale new heights, which will add significantly to our profitability.

With infrastructure development back on track following key policy initiatives by the government the EPC industry is projected to be a multi-billion-dollar industry, going forward. This augurs well for your Company's institutional business, which is poised for tremendous growth in the coming years.

EXPANDING THROUGH EXPORTS

The year 2013-14 was one of continued expansion of our global footprint through new export markets, where the demand for Oil & Gas is on the rise. We opened new sales offices in Nigeria, Kazakhstan and Singapore, which will lead our exports business growth in these regions, while consolidating our presence in Dubai/Abu Dhabi, where we already had an office.

Our sustained focus on growing our exports segment paid dividend during the year under review, which witnessed a doubling of our global business over the previous fiscal. The growth is further expected to multiply on the strength of our expanded network and we shall continue to invest in this business as we go forward.

WHAT LIES AHEAD?

India and its people's rising aspirations can only be met if the economy

embarks upon a sustained growth momentum. Infrastructure development is the key to this progress and the Indian electrical industry needs to stand up to support this growth. Power is one of the important components of infrastructure development. Increased investments are targeted towards the sector, to build 88.5 GW capacities over the 12th FYP, and 93 GW over the 13th FYP. This indicates strong growth in cable demand in the coming years.

The next decade will be crucial as the industry gears up to meet the rapidly growing demand and also establish itself as a leading player on the global landscape. Your Company's growing presence across the Power value chain, with several turnkey projects successfully executed for marquee clients, has enabled it to be more powerful than ever as it leads the way for the industry to contribute more in the process of nation building.

On the anvil are expansion of our existing product range and diversification into other electrical products suited to the needs of modern India. Customised solutions to meet specific requirements of a diversified client base will continue to be a strong focus area for our R&D division, with an expanding dealer-distributor network to support the market growth.

STRATEGIC ROADMAP

In a year which saw some of the industry players buckle under the mounting pressure, your Company did not succumb; rather, we mapped a concerted strategy for the future. Our roadmap for progress is driven by our initiatives to fortify our dealer-distribution network to capitalise on the retail growth story and help us expand into new markets. Other measures include deeper penetration in the Extra High Voltage (EHV) segment by fulfilling all the prequalification criteria with all major utilities in the country, addition of new products, augmentation of our manufacturing capacities and greater thrust on EPC.



We are poised to expand our EPC presence through focus on projects enabling 30-40% cable requirement to be met by your Company, generating better margins by bridging the gap created by the EPC contractor who was hitherto procuring cables from us and supplying for such projects. This strategic policy shift will help your Company leverage the immense opportunities unfolding in the EPC space to its greater benefit.

Going ahead, we shall establish ourselves as a strong house wire brand with top-of-the-mind recall. We intend to create the widest range of power and instrumentation cables.

The environment is favourable for industry growth in the wake of the policy initiatives unveiled by the new government and we are set to make the most of the burgeoning opportunities.

The next three years will be crucial for our growth plans as we aim to make a significant leap in our profitability, and I am confident of your Company's capacity and capability to make the transition into a major industry player within and outside India.

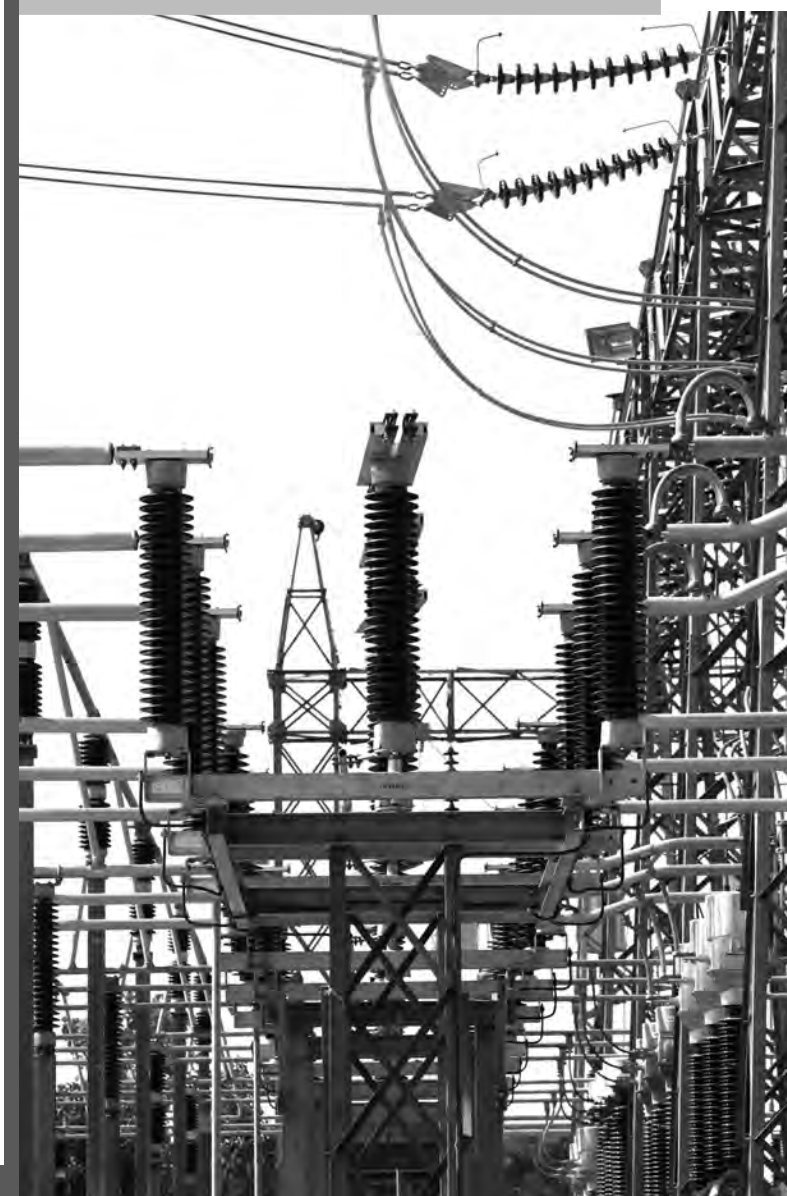
CONCLUDING NOTE

In conclusion, on behalf of all the Board of Directors, I would like to take this opportunity to thank all the stakeholders, including our vendors, customers, banks, financial institutions, Central and State Government bodies, dealers, other business associates and employees for their constant faith and confidence in us. It is their trust and support that has guided us through these tough times and that shall continue to lead us on the path of greater progress.

Sincerely,

ANIL GUPTA

Chairman-cum-Managing Director



Financial highlights

(₹ in Crores)

FIVE-YEAR SUMMARY

PARTICULARS	2009-10	2010-11	2011-12	2012-13	2013-14
Paid up Capital	12.79	13.39	13.39	14.05	14.75
Capital Employed	365.97	455.70	420.37	441.75	455.57
Sales	972.52	1257.68	1852.95	1812.28	1753.47
Less: Excise Duty	63.28	94.57	130.65	153.93	134.56
Net sales	909.24	1163.11	1722.30	1658.35	1618.91
PBDIT	76.33	93.75	151.70	172.87	154.32
PBIT	61.66	77.14	132.16	152.43	133.35
PBT	17.26	17.82	36.00	43.08	21.82
Net Profit	14.23	10.56	24.33	26.34	11.60

Profitability Ratios (Percent)

PBDIT	8.39	8.06	8.81	10.42	9.53
PBIT	6.78	6.63	7.67	9.19	8.24
PBT	1.90	1.53	2.09	2.60	1.35
Net Profit	1.57	0.91	1.41	1.59	0.72
ROCE (PAT / Capital Employed)	3.89	2.32	5.79	5.96	2.55

Growth Ratios (Percent)

Net Sales	-6.23	27.92	48.08	-3.71	-2.38
PBDIT	22.95	22.82	61.81	13.96	-10.73
PBIT	22.07	25.11	71.32	15.34	-12.52
PBT	382.49	3.24	102.02	19.67	-49.35
Net Profit	1038.40	-25.79	130.40	8.26	-55.96

Capital Employed

Fixed Assets	277.86	312.00	319.15	314.15	314.38
Current Assets	521.11	613.87	871.68	859.92	926.04
Less: Current Liabilities	236.62	326.18	477.92	437.40	443.75
Less: Bank Borrowing	196.38	140.32	290.20	284.36	325.07
Less: Deferred Tax Liability	0.00	3.67	2.34	10.56	16.03
Capital Employed	365.97	455.70	420.37	441.75	455.57
Net Worth	222.62	237.92	227.09	255.57	273.08

Sales (₹ in Crores)

2009-10	972.52
2010-11	1257.68
2011-12	1852.95
2012-13	1812.28
2013-14	1753.47

PBDIT (₹ in Crores)

2009-10	76.33
2010-11	93.75
2011-12	151.7
2012-13	172.87
2013-14	154.32

PAT (₹ in Crores)

2009-10	14.23
2010-11	10.56
2011-12	24.33
2012-13	26.34
2013-14	11.6

Director's Report

To The Members

Your Directors take pleasure in presenting their 22nd Annual Report for the year ended March 31, 2014. Briefly stated the Financial Results of operation are: -

(₹ In lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Revenue from Operations (Gross) and Other Income	1,75,475.01	1,81,463.80
Profit before Finance Costs, Depreciation and Amortisation Expenses and Tax Expenses	15,432.05	17,287.46
Less: Finance Cost	11,153.06	10,935.37
Depreciation and Amortisation Expenses	2,097.35	2,044.48
Profit before tax	2,181.64	4,307.61
Tax Expenses		
— Current Tax	459.97	850.98
— Deferred tax	547.10	822.85
Short/(Excess) Provision		
-Earlier Years	14.49	0.08
Profit for the Year	1,160.08	2,633.70
Add: Balance brought forward from last year's account	17,252.99	14,783.63
Amount available for Appropriations	18,413.07	17,417.33
Appropriations:		
Proposed Dividend on Equity Shares	154.48	140.47
Dividend Distribution Tax on Proposed Dividend	26.25	23.87

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, 2014, including 35,00,000 equity shares of face value of ₹ 2/- each allotted by the Board of Directors on 15.05.2014 upon conversion of 35,00,000 outstanding Warrants. Dividend 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 19, 2014.
- 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 2013-14, turnover of your Company remained flat and there was slight decline from ₹ 1,81,463.80 Lacs to ₹ 1,75,475.01 Lacs. During the year, turnover from Cables stood at ₹ 1,27,182.02 lacs as compared to ₹ 1,29,482.16 lacs in 2012-13, showing a marginal decline of 1.78%. Stainless Steel Wire Products contributed a turnover of ₹ 10,030.62 lacs in 2013-14 as compared to ₹ 8,305.69 lacs in 2012-13, showing strong growth of 20.77%. Winding wire, Flexible & House Wire contributed ₹ 29,406.73 lacs in 2013-14 as against ₹ 26,647.77 lacs in 2012-13, showing growth of 10.35%. During the year under review, Profit before finance costs, depreciation and amortisation expenses and tax expenses stood at ₹ 15,432.05 lacs as compared to ₹ 17,287.46 lacs while Profit Before Tax stood at ₹ 2,181.64 lacs and Net profit at ₹ 1,160.08 lacs respectively. Your Company was able to bag various prestigious orders of elastomeric cables, speciality cables apart from normal cables & wires which contributed towards achievement of turnover. The Company has already marked its presence in Extra High Voltage (EHV) Cable segment ranging from 66kV to 220kV and will continue to further strengthen its position in this segment with Technical Collaboration from M/s. Brugg Kabel AG, Switzerland. The Company has also successfully completed the rigorous long duration pre-qualification test

on 220 kV Cable system at an International Laboratory, FGH Engineering & Test GmbH, Hallenweg, Germany. This gives the Company a firm marketing ground and the status of being the only few Company in India to achieve this feat.

FUTURE OUTLOOK

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

RATING BY CARE

During the year under review, Credit Analysis & Research Ltd (CARE) has reaffirmed its rating for Long Term bank facilities as "CARE BBB" (Triple B) and revised rating for the Commercial Paper (CP) / Short Term Debt programme of the Company as 'CARE A3+' (A Three Plus) from "CARE A2" (A Two). Instrument with these rating is considered to have moderate degree of safety regarding timely payment of financial obligations. CARE has assigned the rating taking into account KEI's long track record of operations, experience of Promoter, 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).

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

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, a separate Section titled Report on Corporate Governance has been included in this Annual Report. Your Directors are pleased to report that your Company is fully compliant as on March 31, 2014 with the SEBI Guidelines on Corporate Governance.

DIRECTORS

Mrs. Archana Gupta and Mr. Kishan Gopal Somani retire by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of section 255 and 256 of the Companies Act, 1956.

With the notification of section 149 of the Companies Act, 2013 and other applicable provisions of the Act, Mr. Kishan Gopal Somani being eligible and offering himself for re-appointment, is proposed to be re-appointed as an Independent Director in terms of section 149 and other applicable provisions of the Companies Act, 2013, for a term of 5 (Five) consecutive years commencing from 19th September, 2014 to 18th September, 2019.

Further, the Board of Directors of your Company is seeking appointment of all other/remaining independent directors (who were appointed as Directors pursuant to the provisions of Companies Act, 1956 with their period of office liable to determination by retirement of directors by rotation and were independent in terms of clause 49 of the Listing Agreement) namely, Mr. Vijay Bhushan, Mr. Vikram Bhartia and Mr. Pawan Kumar Bholusaria as an independent directors in terms of section 149 and other applicable provisions of the Companies Act, 2013, for a term of 5 (Five) consecutive years commencing from 19th September, 2014 to 18th September, 2019.

CORPORATE SOCIAL RESPONSIBILITY

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

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year under review, your Company has transferred unclaimed / unpaid dividend related to financial year ended 2005-06 to the Investor Education and Protection Fund (IEPF) pursuant to the provisions of Section 205A of the Companies Act, 1956.

UNPAID / UNCLAIMED DIVIDEND

Pursuant to circular issued by Ministry of Corporate Affairs (MCA) with respect to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 vide G.S.R. 342 (E) dated May 10, 2012, your Company has uploaded on its [website www.kei-ind.com](http://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 2006-07 and onwards. Accordingly, the details of the unclaimed / unpaid dividend are 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

- That in the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable accounting standards had been followed;
- That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;
- That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the directors had prepared the accounts for the financial year ended March 31, 2014 on a 'going concern' basis;

AUDITORS OF THE COMPANY

Statutory Auditors:

M/s Jagdish Chand & Co., Chartered Accountants (Firm registration Number: 000129N), auditors of the Company will retire at the conclusion of the ensuing AGM and are eligible for re-appointment as per consent and certificate furnished by them under Section 139, 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014.

Cost Auditors:

Your Directors have re-appointed S. Chander & Associates, Cost Accountants (Membership No. M/9455) to conduct the audit of Cost Accounts for the financial year 2014-15 pursuant to consent and certificate furnished by them under Section 139, 141 and 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014. Cost Audit Report for the FY 2012-13 was filed on October 23, 2013.

PARTICULARS OF EMPLOYEES

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

Name & Designation	Gross Remuneration (₹ in lacs)	Qualification	Experience	Age
Mr. Anil Gupta, CMD	148.51	B.Com	33 Years	55yrs
Mr. Rajeev Gupta, Executive Director (Finance)	52.76	C.A	21 Years	50yrs

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, 2014.

ACKNOWLEDGEMENTS

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

(ANIL GUPTA)
Chairman-cum-Managing Director
DIN: 00006422

Place: New Delhi
Date : August 8, 2014

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, 2014 is as follows:

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

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

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

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

- Energy audit is planned and further actions shall be taken after recommendations.

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

- Obtained power factor incentives in Bhiwadi & Chopanki.

2. RESEARCH & DEVELOPMENT**Areas in which Research & Development activities are carried out :****2.1 New Product Development**

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

2.2 Product Improvements

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

2.3 Process Improvement

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

2.4 Benefits as a result of R & D Activities

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

2.5 Future Plan of Action

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

3. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

3.1 Technology Absorption / Adoption, Adaptation and Innovation

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

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

4. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

During the financial year 2013-14, the Company made exports sales of worth ₹ 19,753.46 lacs as compared to ₹ 9,721.81 lacs during the financial year 2012-13. With management focus, marketing strategies and dedicated efforts of Company's International Business Team, the Company is hopeful to improve its export sales in succeeding years compared to previous year. The concentrated efforts of management on the territories of Africa, Middle East, Singapore and other emerging markets will result in growth of exports in the coming years. Amongst the various initiatives taken by the Company towards its export sales, few major initiatives are highlighted herein below:

- Promotional activities for strengthening of KEI brand;
- Participated in exhibitions in foreign countries for promotion of its products;
- Procurement of certifications from various local utilities and authorities for various markets in Africa, Middle East, Singapore, 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	₹ 19,753.46 lacs
Outgo	₹ 11,839.53 lacs

FOR AND ON BEHALF OF THE BOARD

Place : New Delhi
Date : August 8, 2014

(ANIL GUPTA)
Chairman-cum-Managing Director
DIN: 00006422

Management Discussion and Analysis

COMPANY OVERVIEW

A leading player in the cables business, KEI Industries Limited (hereinafter “the Company” / “KEI”) is engaged in the manufacturing and marketing of power cables for retail and institutional segments. The Company’s wide product portfolio encompasses the complete range of power cables – Low Tension (LT), High Tension (HT) and Extra High Voltage (EHV), control and instrumentation cables, specialty cables, elastomeric cables, rubber cables, submersible cables, flexible and house wires, winding wires and stainless steel wires. The cables are designed to address the diverse cabling requirements of a wide spectrum of private and public sectors, such as power, oil refineries, railways, automobiles, cement, steel, fertilizers, textile and real estate, in the domestic and overseas markets. Besides manufacture of electrical cables/wires and stainless steel wires, the Company is also engaged in Engineering, Procurement and Construction (EPC) business, wherein it has developed extensive expertise across the power value chain to deliver quality projects. During the last three years, the Company has procured and executed several prestigious orders/contracts for survey, supply of materials, design, erection, testing & commissioning of EPC projects on a turnkey basis.

KEI’s diversified business model gives it a strong competitive edge and the Company, ranked among the top three cable manufacturing companies in India, has effectively aligned its capabilities to its expanding capacities to deliver diverse, cost-effective, reliable and quality product offerings. These, coupled with vast sectoral coverage, flexible and state-of-the-art manufacturing facilities, increased capacities and presence across cabling solutions up to 220 kV, have equipped the Company to successfully harness the humongous opportunities and growth potential across power utilities, core infrastructure, industrial and real estate projects across the country.

With specialty cables gaining increasing importance globally, KEI has developed strong capabilities in their manufacture, which has helped the Company address specialized needs of customers across its regions of presence. Retail is a key area of focus for the Company, which has an extensive

network of channel partners and dealers/distributors to market its products pan India. EPC is also a major thrust area for the Company, which has the necessary pre-requisites and wherewithal to meet the growing demands in this area.

Economic review

Led by the United States, the advanced economies provided the much-needed impetus to the overall recovery of the global economy, especially in the latter half of 2013. The US witnessed substantial recovery on account of encouraging monetary policies and a smaller drag from fiscal consolidation, pushing its growth rate at par with Eurozone economies. On the other hand, growth in the Eurozone economies slowed down during the year owing to high debt and financial fragmentation. Overall, however, the global recovery is expected to accelerate in 2014, especially in the advanced economies led by the US, the UK and Germany.

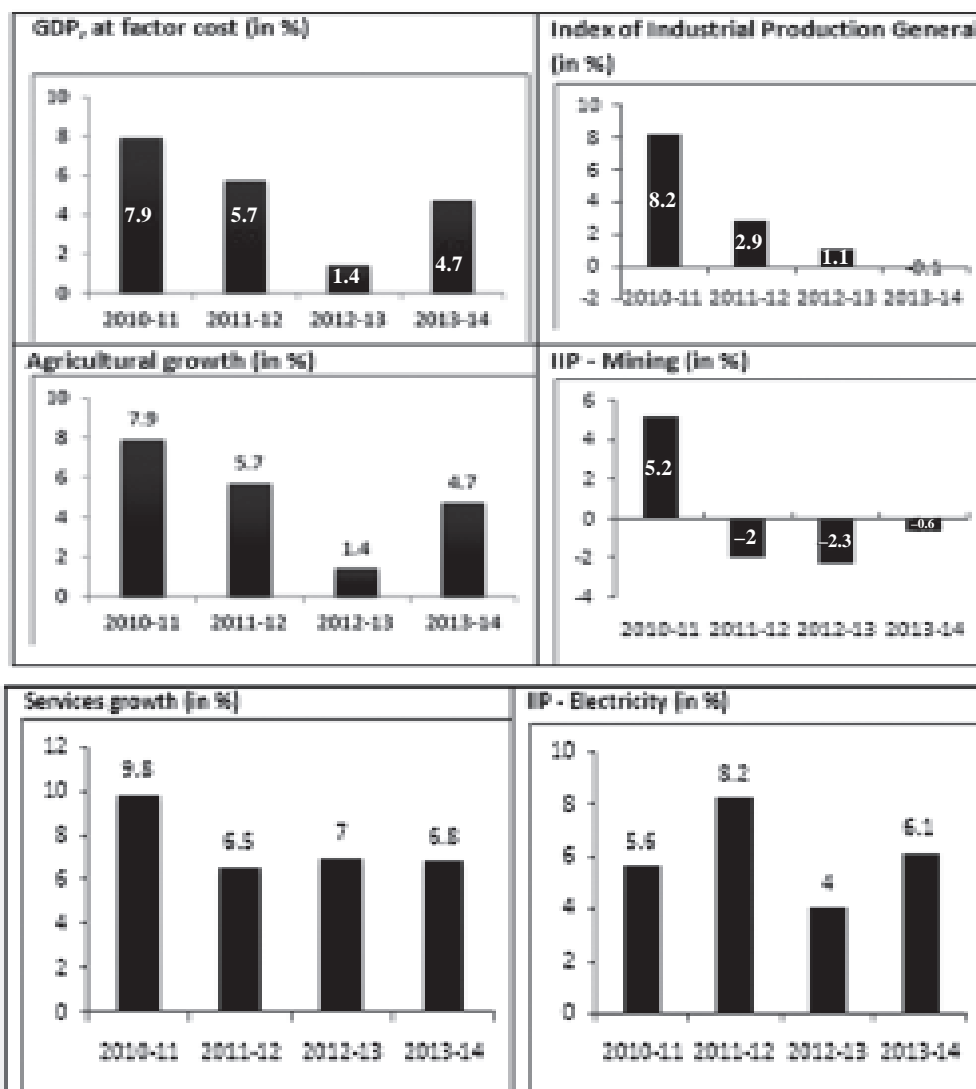
In contrast to the developed nations, the emerging market economies continued to face unfavorable external financial climate, along with infrastructure bottlenecks, labor market issues and subdued investment climate.

According to IMF – WEO Report, April 2014, the global GDP growth is projected to reach 3.6 per cent in 2014 and 3.9 per cent by 2015.

Indian economic scenario

Like other emerging markets, India’s GDP slowed down further, to 4.7 per cent, in 2013-14. It was the second consecutive year of sub-5 per cent growth after reaching levels of 8 per cent for almost a decade prior to that. A combination of external factors and domestic structural constraints as well as inflationary pressures led to this decline.

The industrial sector, which includes manufacturing, mining, electricity and construction, was the worst affected. The sector recorded a mere 0.4 per cent growth in 2013-14, contracting further from 1.0 per cent in 2012-13. Weakened domestic demand, higher raw material prices, interest rate hikes, supply side bottlenecks, subdued business sentiment and slow pace of implementation of reforms hampered the performance of the sector.



(Source: Livemint.com, Macroeconomic Snapshot, 11th August, 2014)

Notwithstanding the challenging environment that prevailed during the year, there were many positive takeaways, the most notable being narrowing of the Current Account Deficit (CAD) after two years of extremely high rates. Further, inflation reduced in the second half of the year and fiscal deficit witnessed a decline for the second year in a row, following some medium term policy interventions by the government. Sentiment picked up, as reflected in a capital market upsurge witnessed towards the end of the year, spilling over to the next fiscal as well.

The spill-over effect of the pick-up is expected to continue, with the economy projected to get a facelift on account of moderation in inflation and drop in deficit levels. These factors are expected to help ease monetary policy stance and revive the investment climate in the country. The reforms agenda of the new Government at the Centre is likely to provide impetus to the support policies that will address

supply-side concerns, boost infrastructure investment, revive investment climate, and thereby infuse growth, optimism and confidence in the economy.

These policy initiatives, along with expectations of moderate recovery in some advanced economies, are likely to brighten the country's growth prospects in the coming year.

Infrastructure & power sector scenario

Public Private Partnerships (PPPs) in the infrastructure sector are gaining prominence and benefiting from government support. PPPs generally function when they are complemented with efficiency and risk assessment of the private sector, along with the public purpose of the government sector. The PPP model is fast becoming an important growth driver for the infrastructure sector as it helps augment service delivery.

The importance accorded to infrastructure growth can be gauged from the measures announced in the Union Budget 2014-15 to fast-track projects, mostly in the PPP space. An institution to provide support to mainstreaming PPPs, called 3P India, is proposed to be set up with a corpus of ₹ 500 crores. A modified Real Estate Investment Trusts (REITs) type structure for infrastructure projects has been announced as Infrastructure Investment Trusts.

The Power sector has also received a major boost in the Budget proposals, which provide for 10-year tax holidays on projects commencing power generation, transmission or distribution on or before 31st March, 2017, allocation of funds allocated towards Ultra Mega Solar Power Projects, among others.

The Mega Power Policy announced by the Government in February 2014 is also expected to further augment growth in the sector. Besides approving changes for provisional mega power certified projects, the Policy introduced several key amendments for the sector. Developers are now required to tie-up 65 per cent of installed capacity/net capacity through competitive bidding and balance under regulated tariff, as per specific host state policy. The Policy has necessitated approval to be taken by the respective regulators under the long-term power purchase agreements (PPAs) with Discoms or agencies designated by the State. Other amendments related to extension of completion of date of import of provisional mega projects for tax-related purposes and one-time dispensation, limiting to 15 projects (19,000 MW) located in states having mandatory host state power to tie-up policy of PPAs under regulated tariff.

Generation, Transmission & Distribution

Power generation

Despite a multifold increase in installed capacity – from 1,713 MW in 1950 to 2,50,566.98 MW as on 31st July, 2014 (Source: <http://cea.nic.in>) – the 12th Five Year Plan assessment of capacity addition required to meet the demand shortage by the end of the Plan stands at 88,537 MW. While FY 2012-13 witnessed highest ever annual capacity addition of 20,622.8 MW (against the target of 17,956.3 MW), FY 2013-14 saw an addition of 17,825.1 MW against the target of 18,432.3 MW. (Source: Working Group on Power for 12th Plan, Planning Commission)

Ultra Mega Power Project initiatives

The Ministry of Power proposed the development of coal-based supercritical Ultra Mega Power Projects (UMPP) of about 4,000 MW capacities each. UMPPs of Sasan (Madhya Pradesh), Mundra (Gujarat), Krishnapatnam (Andhra Pradesh) and Tilaiya (Jharkhand) have already been transferred to the identified developers and are at different stages of implementation.

At present, the Mundra UMPP (5x800 MW) is commissioned and operational. Three units of the Sasan UMPP (3x660 MW) have just been commissioned. The remaining units (except the last unit of the Tilaiya UMPP) are expected to be commissioned and operational during the Twelfth Plan.

Some recent initiatives to augment power generation

- Approval of 100 per cent foreign equity in generation, transmission & distribution, and trading in the power sector without any upper ceiling on the quantum of investment
- Fuel supply agreement with Ministry of Coal/Coal India Limited to sign fuel supply agreements (FSAs) for a total capacity of 78,000 MW, including tapering linkages, which are likely to be commissioned by March 2015; as on date, FSAs have been signed for 160 units, totaling capacity of around 74,000 MW
- Allocation of new coal blocks to NTPC for 8,460 MW of power projects
- Approval of pass-through mechanism for the concluded PPAs (14,000 MW-Case I and Case II post 2009 plants) in June 2013
- Incorporation of PPA condition for coal block allocation at the time of executing mining lease with IPPs for coal block allocation, so that the benefits of low cost coal can be passed on to the consumers
- Approval of Independent Coal Regulatory Bill by the Cabinet
- Approval on appointing agency for third-party sampling to address the issues of coal quality

Expansion in transmission system and capacity

In order to ensure that power reaches the end-consumers, transmission and distribution capacities are also planned for augmentation, commensurate with the addition of generation capacities. The 12th Plan envisages 37,800 MW of inter-regional transmission capacity addition, along with about 1,09,000 circuit kms. of transmission lines, 13,000 MW HVDC terminal capacity, AC transformation capacity of 2,70,000 MVA and a quantum jump in 765 kV transmission systems.

(Source: Working Group on Power for 12th Plan, Planning Commission)

Creation of a National Grid

The need to maintain the stability of the electricity grid cannot be understated. Such stability is necessary to manage transmission more effectively in order to meet the growing demand for power. India has been finally able to fulfill its dream of 'One Nation One Grid', with South India joining the National Grid Connectivity, thus integrating the entire country into one seamless network for delivering power. The

integration was achieved through the commissioning of the Raichur-Solapur 765 kilovolt (kV) single-circuit transmission line by state-owned Power Grid Corporation of India Ltd. With this, the Indian power sector has now the largest operating synchronous grids globally, with about 232 GW of installed power generation capacity.

(Source: Livemint.com, India is now one nation, one grid published on 1st January, 2014)

Distribution

Distribution plays a crucial role in the overall functioning of the power sector. The Government has implemented various schemes aimed at benefiting power consumers. These include the Rajiv Gandhi Grameen Vidyutikaran Yojana and R-APDRP initiative. The latter is aimed at reducing AT&C losses (to give a brief perspective, the AT&C loss at national level reduced from 38.86% in 2001-02 to 27.15% during FY 2009-10) through application of IT and technology for energy auditing and accounting, and thereby strengthening the distribution infrastructure. Apart from availability and access, the Government has recognized the need for supplying reliable and quality power by building adequate reserves and redundancies across the value chain to meet unforeseen exigencies. (Source: Working Group on Power for 12th Plan, Planning Commission)

Challenges and Outlook

The Government's targets for the Power sector are critically dependent on consistent fuel supply (coal as well as gas), better financial health of the State Electricity Boards (SEBs) and making PPAs of IPPs economically viable. All these factors also affect the capital expenditure program in the Power sector. To manage these concerns, some steps have been initiated for restructuring Discoms' finances, strengthening governance standards, rationalizing tariff structure and optimizing power procurement cost.

Retail – domestic house wires

Backed by a strong brand focus and an ability to adapt its capabilities in alignment with its capacities, KEI has emerged as a brand of repute in the industry, with the clear positioning of a "specialist cable manufacturer". Consistent enhancement of the brand through strategically planned campaigns and activities has helped augment the Company's specialist positioning and wide product portfolio of quality offerings. Working in tandem with initiatives to strengthen the distribution and dealership network, these initiatives have yielded dividends, and 'the domestic house wires business has shown revenue growth of 10% in the Financial Year 2013-14 as compared to the previous year.

Regular investments in marketing have enabled the Company to establish a strong brand recall, which, in turn, has helped it maintain excellent relations with realty developers, building contractors, large dealers and architects.

As part of its continuing efforts to build on its brand positioning, the Company continued to employ cost-effective but impactful marketing and advertising initiatives, with the outdoor advertising mediums across the country proving to be highly effective advertising tools. The focus remains on ensuring greater brand recall through strong marketing interventions, positioning the Company as a one-stop destination for all cables needs.

A strong pan-India presence, backed by streamlined supply chain management processes, ensures timely delivery of products to distributors. Realizing the importance of the distribution network to the smooth and profitable conduct of its business, the Company continued to focus on augmenting the same in hitherto unrepresented areas across the country, with special focus on concerted brand building activities. The Company is continually leveraging its robust dealer network to explore cross-selling opportunities in the retail market. Efforts are regularly made to grow retail presence and servicing capabilities through expansion and strengthening of the marketing systems. With an eye on the future potential for growth in retail, the Company has already doubled the capacity for the manufacture of house wires and flexi wires and shall continue to drive growth in the retail market through focused initiatives.

Exports

Mindful of the huge untapped market potential across the globe, the Company, which exports products to 45 countries, continued with its expansion efforts in the exports market during the year. Oil & gas and utilities segments are a key focus area of the Company, which is continuously expanding its footprint in the global arena. The Company has established a strong presence in the export market on the back of competitive pricing and the ability to offer customized solutions and specialty cables. The Company has achieved Export Sales of ₹ 19,753.46 lacs during Financial Year 2013-14, as compared to ₹ 9,721.81 lacs during the previous year, showing robust growth of 103.19%. In a bid to strengthen and grow its market presence in the overseas market, KEI participated in various international exhibitions to establish new linkages across key targeted markets. New offices established in Singapore, Nigeria and Kazakhstan have set the stage for higher growth in the exports segment, as the Company prepares to move into new geographies and sectors of growth. During the year, the Company continued to bid for large projects across different regions, and at the same time explored opportunities to foray into new and promising sectors of growth. The focus on exports remains high on the Company's growth agenda.

Institutional

With the launch of Extra High Voltage (EHV) cable manufacturing, coupled with foray into turnkey EPC

services, the Company has gained a strong growth impetus in the institutional business segment. This segment offers fast-paced growth potential, which the Company continued to explore and tap during the year. 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. In the EHV segment, KEI has the backing of Switzerland-based M/s Brugg Kabel AG, with which the Company has a Know-how & Trademark License Agreement. This agreement has enabled faster penetration into the market and also equipped the Company with the capability - in line with the capacity - to offer designs and process back-up services which are sought by end users. M/s Brugg Kabel AG is also specialist in the area of turnkey systems/design of EHV cable projects with installations the world over. Through this technical collaboration, KEI is now equipped to manufacture cables ranging from 66kV to 220kV at its facilities, thereby joining the elite league of cable manufacturers worldwide that are armed with this capability. Backed by this technology edge, KEI is well positioned to establish a leadership position in the EHV cable segment, where it is working on projects from both the government and private sectors in the power segment.

Future Outlook

Greater thrust on retail business, expansion into more geographies and a focused growth strategy shall be the growth drivers for the Company, going forward. With the pre-qualification criteria now fulfilled, the Company is set to scale up its EHV sales and consequently grow its presence in the EPC business, which consumes a significant portion of the EHV cables. The Company shall continue to strengthen its capabilities across its business segments to align the same with its increased capacities. This will help KEI leverage its capacities to the maximum, and also increase its customer base across the public and private sectors.

QUALITY, ENVIRONMENTAL AND OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM STANDARD

KEI's Management System is accredited with various key certifications, awarded by

Det Norkse Veritas (DNV), a world leading independent certification body, on the basis of periodical audits.

ISO 9001:2008

ISO 9001 certification endorses the Company's Quality Management System's compliance to the best standard practices. It provides a framework for enhanced customer

and product focus, increased process performance and greater effectiveness. The emphasis is on continual improvement and objective measurement. While helping the Company to achieve consistency, improve internal processes and fulfill contractual obligations, the certification lends competitive advantage and increases customer confidence for the Company.

OHSAS 18001:2007

OHSAS 18001:2007 certification proves that the Management System of the Company is built to ensure proactive protection of the health and safety of the workforce. It also underlines the Company's commitment to the health and safety of its employees, reduces overall liability as well as occurrence of ill health and injuries, and provides assurance that legal compliance is effectively managed.

OHSAS 14001:2004

ISO 14001 certification demonstrates that the Company's Environment Management System has been measured against the best practice standard and is found compliant. It indicates the Company's systematic approach towards minimizing the negative impact of its business on the environment and the community around it. The Company is cognizant of the fact that an effective environment management system can significantly reduce the environmental impact of its business, increase operational efficiency and identify opportunities for cost savings, and hence the Company is committed to continuous strengthening of its environment management system.

INTERNAL CONTROLS & SYSTEMS

The Company has in place a robust and streamlined system of internal controls, ensuring regular:

- 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

Cognizant of the importance of controlling and regulating the risks – both expected and unforeseen - faced in the conduct of its business, the Company has developed a detailed risk management strategy encompassing proper and in-depth identification, assessment and prioritization of risks. This is followed by speedy mobilization of resources to minimize, monitor and control the probability of unfortunate and unforeseen events. Listed below are some of the major risks to which the Company is exposed, and the various measures in place to mitigate the same.

Risk	Issues & concerns	Mitigation strategy
Business Risk	<ul style="list-style-type: none"> Company's products are used primarily by the power utilities, infrastructure, real estate and industrial segments. . Any slowdown in these sectors can have a major impact on the demand for the Company's products. 	<ul style="list-style-type: none"> Company is continuously diversifying its product and sectoral presence.
Competition Risk	<ul style="list-style-type: none"> Majority of the Company's products are highly competitive in nature and face a strong threat from other players. 	<ul style="list-style-type: none"> Company believes it has developed strong customer relations as a result of its ability to cater to customer needs across a wide range of diversified products, along with a strong commitment to quality, emphasis on customer services, upgradation in technology and substantial product and distribution resources. These strengths give the Company the competitive edge needed to effectively manage this risk.
Raw Material Price Fluctuation Risk	<ul style="list-style-type: none"> Excessive volatility in the Company's key raw materials – copper and aluminum – can have severe impact on its profitability. Although the Company attempts to recover copper and other raw material price changes either through the selling price of products or through hedging, there is no assurance that it can do so successfully or at all in the future. 	<ul style="list-style-type: none"> Company has adopted stringent strategies to tackle such volatility. To mitigate the risk of increasing raw material prices, the Company incorporates price escalation clauses for large orders, while including a three-month price validity clause for smaller projects.
Currency Fluctuations Risk	<ul style="list-style-type: none"> With exports, a key contributor to the Company's revenues, excessive volatility in currency rates can significantly impact profitability. Company also imports raw material, and extreme currency fluctuations can also adversely affect the costs of the same, causing profitability to be impacted. 	<ul style="list-style-type: none"> The Company constantly monitors currency movements and resorts to forward booking, where deemed appropriate.
Human Resource Risk	<ul style="list-style-type: none"> Quality human resources being critical to its business operations, the Company may not be able to execute its ambitious growth plans in the absence of this vital asset. 	<ul style="list-style-type: none"> Company has a well-planned HR strategy, focused on nurturing and retaining talent.

HUMAN RESOURCES

People are vital engines of the Company's growth strategy and the Company has a well-planned strategy in place to nurture talent. With a strong focus on the development of its human capital assets, the Company is continually investing in building the same. Its well-documented HR strategy has given the Company a strong strategic edge as it strives towards operational excellence. Regular HR initiatives include skill mapping and matching, as well as assessment of training & development programs. Such assessment helps in ensuring proper performance appraisals.

Adequate training, skill development and mentoring programs are designed to bridge gaps, if any. The Company has set for itself clear objectives and goals, which help lend objectivity to performance. 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 (including one woman director) 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, 2014 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 public limited 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 Stakeholders / Shareholders / Investors Grievance Committees.

Name of the Director	Category	No. of Board Meeting attended during the year	Attendance at Last AGM (June 21, 2013)	No. of Directorships in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies	
					Chairman	Member
Mr. Anil Gupta (CMD) (DIN: 00006422)	Non-Independent, Executive	5	No	1	None	None
Mr. Pawan Kumar Bholusaria (DIN: 00092492)	Independent, Non-Executive	4	Yes	2	None	3
Mr. K.G. Somani (DIN: 00014648)	Independent, Non-Executive	3	Yes	1	None	None

Name of the Director	Category	No. of Board Meeting attended during the year	Attendance at Last AGM (June 21, 2013)	No. of Directorships in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies	
					Chairman	Member
Mr. Vijay Bhushan (DIN: 00002421)	Independent, Non-Executive	4	No	4	2	3
Mr. Vikram Bhartia (DIN: 00013654)	Independent, Non-Executive	5	Yes	None	None	None
Mrs. Archana Gupta (DIN: 00006459)	Non-Independent, Non-Executive	5	No	2	None	None
Mr. Rajeev Gupta (DIN: 00128865)	Non-Independent, Executive	4	Yes	None	None	None

Meeting of Board of Directors:

There were 5 (Five) Board Meetings held during the year ended March 31, 2014. These were on 22.05.2013, 14.08.2013, 24.09.2013, 08.11.2013 and 29.01.2014.

The last Annual General Meeting (AGM) was held on June 21, 2013.

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 2013-14 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), during the financial year 2013-14.

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 Company's website www.kei-ind.com.

All the Directors and Member of Senior Management have affirmed compliance to the Code of Conduct as on March 31, 2014. A declaration to this effect, signed by Chairman-cum Managing Director is annexed to this report.

3. Audit Committee:

The terms of reference of the Audit Committee are as defined under the relevant provisions of the Companies Act 2013 as in force (with effect from the notification of the Companies Act, 2013, governing provisions are contained under section 177 in place of erstwhile section 292A of the Companies Act, 1956) and clause 49 of the Listing Agreement with stock exchanges.

- 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, re-appointment, removal and terms of remuneration of Cost Auditors, Internal auditors.
- 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:

- Matters required to be included in the Directors' Responsibility Statement as featured in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956 / corresponding provisions of sub-section (5) of section 134 of the Companies Act, 2013.
- 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 listing and other legal requirements concerning financial statements;
- Any related party transactions.
- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, external and internal auditors 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/Vigil Mechanism Policy.
- Considering such other matters the Board may specify.
- Reviewing other areas that may be brought under the purview of role of Audit Committee as specified in Listing Agreement and the Companies Act, as and when amended.
- 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
 - 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, 2014, five Audit Committee Meetings were held on 22.05.2013, 14.08.2013, 24.09.2013, 08.11.2013 and 29.01.2014.

Mr. Pawan Kumar Bholusaria, Chairman of the Audit Committee was present at the last Annual General Meeting held on June 21, 2013.

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 Kumar Bholusaria	Independent Director (Chairman)	Chartered Accountant	4
Mr. K.G. Somani	Independent Director (Member)	Chartered Accountant	3
Mr. Vikram Bhartia	Director (Member)	Business	5

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

4. Stakeholders Relationship Committee / Shareholders Grievance Committee:

The terms of reference and the ambit of powers of Stakeholders Relationship Committee are as per clause 49 of the Listing Agreement and the section 178 of the Companies Act, 2013 (or any amendment thereof) and allied rules as may be notified from time to time. The 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, remat of shares etc. The status of grievances / complaints has also been placed before the Committee on quarterly basis.

During the year ended March 31, 2014, four meeting of the Committee were held on 22.05.2013, 14.08.2013, 08.11.2013 and 29.01.2014.

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	Independent Director (Chairman)	Business	3
Mr. Vikram Bhartia	Independent Director (Member)	Business	4
#Mr. Anil Gupta	CMD (Member)	Business	4

#The Board of Directors has appointed Mr. Pawan Kumar Bholusaria as new member of Stakeholders Relationship/ Shareholders Grievance Committee in place of Mr. Anil Gupta at its meeting held on 15.05.2014.

Number of Shareholders complaints received and resolved during the year ended March 31, 2014 are as follows:

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

Number of pending Shareholders complaints and Share Transfer as on March 31, 2014 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. Nomination and Remuneration Committee / Remuneration & Compensation Committee:

The Nomination and Remuneration Committee determines on behalf of the Board and on behalf of the shareholders, the Company's policy governing remuneration payable to the Whole-time Directors as well as the nomination and appointment of Directors.

With the notification of Companies Act, 2013 w.e.f. 1st April, 2014, the role of the Nomination and Remuneration Committee also covers such functions and scope as prescribed under section 178 of the Companies Act, 2013 read with allied Rules framed there under.

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.
- 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.
- Considering such other matters as the Board may specify and other areas that may be brought under the purview / role of Committee as specified in Listing Agreement and the Companies Act, as and when amended.

The Remuneration & Compensation Committee shall be deemed to be "Nomination and Remuneration Committee" within the meaning of Clause 49 of the Listing Agreement, Schedule V of the Companies Act, 2013 / 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, 2014, one meeting was held on 22.05.2013.

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

Name of the Director	Category	Profession	No. of Meetings attended
Mr. Vikram Bhartia	Independent Director (Chairman)	Business	1
Mr. Vijay Bhushan	Independent Director (Member)	Business	1
Mr. Pawan Kumar Bholusaria	Independent 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, 2014:

The aggregate value of salary, perquisites and commission paid for the year ended March 31, 2014 to the Chairman-cum-Managing Director (CMD) and Whole Time Director (WTD) are as follows:

(₹ in lacs)

Name	Salary	Commission	Co.'s Cont. to P.F	Perquisites	Sitting Fees	Others	Total
Mr. Anil Gupta, CMD	129.00	NIL	0.09	19.42	NIL	NIL	148.51
Mr. Rajeev Gupta, ED (Finance)	52.47	NIL	0.09	0.20	NIL	NIL	52.76
Total							201.27

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

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

b) Details of Sitting Fees / Remuneration paid to Non- Executive Directors for the Year ended on 31st March, 2014

During the financial year 2013-14, the Company has not paid any remuneration to Non-Executive and Independent Director except sitting fees of ₹ 10,000/- per Board / Committee meeting as detailed below:

(₹ in lacs)

Name of Director	Amount
Mr. Pawan Kumar Bholusaria	₹ 1.00
Mr. K.G. Somani	₹ 0.60
Mr. Vikram Bhartia	₹ 1.50
Mr. Vijay Bhushan	₹ 0.90
Mrs. Archana Gupta	₹ 0.90

The Board of Directors of the Company on recommendation of Nomination and Remuneration Committee has approved sitting fees of ₹ 20,000/- per Board / Committee meeting w.e.f. 15.05.2014 payable to Non-executive Directors for attending meeting of Board / Committee thereof.

6. Share Allotment Committee:

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

- To consider and allot the equity shares upon conversion of Foreign Currency Convertible Bonds (FCCB), as requested by the bondholders from time to time in the Form of conversion notice.

- To consider and allot the equity shares upon exercise of Stock options by the eligible employees.
- To consider and allot the equity shares upon conversion of other convertible securities issued by the Company from time to time.
- To exercise all other powers as may be delegated by the Board from time to time.

During the year ended March 31, 2014, one meeting was held on 11.07.2013 for allotment of Equity shares and Warrants convertible into Equity shares on preferential basis to Promoter / Promoter Group.

The composition of the Committee is as under:

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

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

7. Finance Committee:

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

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

- opening / operation of Bank Accounts including any matter relating to working capital limits of the Company;
- borrowing from Banks / Financial Institutions / body corporate or from any other person up to an amount not exceeding ₹ 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 up to the said limit of ₹ 300 crores;
- to provide any loan / deposits / guarantee / investment for an amount not exceeding ₹ 20 crores at any time. As per provisions of Section 186 of the Companies Act, 2013 / 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, 2014 four meetings were held, these were on 22.04.2013, 31.07.2013, 03.08.2013, & 02.09.2013.

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

Name of the Director	Category	Profession	No. of Meetings attended
Mr. Anil Gupta	CMD (Chairman)	Business	4
Mrs. Archana Gupta	Non-Executive Director (Member)	Business	4
Mr. Rajeev Gupta	E D (Finance) (Member)	Chartered Accountant	4

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

8. Corporate Social Responsibility (CSR) Committee:

The Corporate Social Responsibility Committee has been constituted by the Board of Directors of the Company at their meeting held on 15.05.2014, pursuant to section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, to formulate and recommend to the Board, a Corporate Social Responsibility indicating the activities to be undertaken by the Company as specified in Schedule VII to the Act, to recommend the amount of expenditure to be incurred on such activities and to monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Corporate Social Responsibility Committee comprises 3 (three) members of which the Chairman being Non-executive and Independent and other two are executive directors.

The composition of the Committee are as under:

Name of the Director	Category	Profession
Mr. Pawan Kumar Bholusaria	Independent Director (Chairman)	Chartered Accountant
Mr. Anil Gupta	CMD (Member)	Business
Mr. Rajeev Gupta	E D (Finance) (Member)	Chartered Accountant

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

9. 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 A G M	Venue
2011	Thursday	September 15, 2011	10.30 A.M	2	Sri Satya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi-110 003
2012	Thursday	September 13, 2012	10.30 A.M	1	Sri Satya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi-110 003
2013	Friday	June 21, 2013	10.30 A.M	3	Sri Satya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi-110 003

(II) Postal Ballot:

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

10. 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, Associate or Management made in the Balance Sheet in Note No. 29.

(b) Compliance with Regulations:

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

(c) Accounting Standards:

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

(d) Subsidiary:

The Company does not have any holding or subsidiary company.

(e) Risk Management:

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

(f) CEO / CFO Certificate:

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

(g) Auditors Certificate on Corporate Governance:

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

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

Name of Director	Category	No. of shares held
Mrs. Archana Gupta	Promoter, Non-executive Director	8,37,315
Mr. Pawan Kumar 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 2013-14, 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.

11. MEANS OF COMMUNICATION:

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

The quarterly, half-yearly and annual results of the Company are published in the 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 and neaps. 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 the Stock Exchanges through e-mails, fax and hard copy as per the requirement of the Listing Agreement with the Stock Exchanges.

c) Annual Report:

Annual Report for the financial year 2013-14 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)/BSE- Listing centre:

The NEAPS is a web based application designed by NSE for corporate(s). The Shareholding Pattern, Corporate Governance Report and other data are also filed electronically on NEAPS. Similarly, BSE has developed **listing centre** for filing of disclosures, documents, certificates, shareholding pattern, financial results etc electronically. Company is regularly filing all the requisite disclosures through neaps <https://www.connect2nse.com/LISTING> and listing centre <http://listing.bseindia.com> as provided by NSE & BSE respectively.

e) Up-dation of website:

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

12. General Shareholders Information:

(a) 22nd Annual General Meeting- Day, Time and Venue:

Day	Date	Time	Venue
Friday	September 19, 2014	10.00 A.M	Sri Satya Sai International Centre, Pragati Vihar, Institutional Area, Lodhi Road, New Delhi-110 003

(b) Green initiative in Corporate Governance:

The Ministry of Corporate Affairs (MCA), Government of India, through its Circular No. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively and Companies Act, 2013 has allowed the Companies to send official documents / communication to their shareholders electronically as part of its green initiatives in Corporate Governance. Recognizing the spirit of the circular / Act, the Company proposes to send documents like the Notices convening the General Meetings, Financial Statements, Directors Report, Auditors Report, etc, to the email address provided by you with your depositories.

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

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

(c) Unpaid / Unclaimed Dividend:

Pursuant to circular issued by Ministry of Corporate Affairs with respect to Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 vide G.S.R. 342 (E) dated May 10, 2012, Company has uploaded on its website www.kei-ind.com as well as on the Ministry's website information regarding Unpaid / Unclaimed Dividend amount lying with the company related to Financial year 2006-07 and onwards. The Company has transferred unpaid / unclaimed amount for the financial year 2005-06 to Investor Education and Protection Fund (IEPF).

Shareholders who have not received the dividend for the Financial year 2006-07 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)
2006-07	13.09.2007	20.10.2014
2007-08	28.08.2008	04.10.2015
2008-09	20.07.2009	26.08.2016
2009-10	28.08.2010	04.10.2017
2010-11	15.09.2011	22.10.2018
2011-12	13.09.2012	20.10.2019
2012-13	21.06.2013	28.07.2020

(d) Financial Calendar:
Financial Year - 1st April to 31st March
Adoption of quarterly results for the quarter ending (tentative and subject to change):

June, 2014	1 st / 2 nd week of August, 2014
September, 2014	1 st / 2 nd week of November, 2014
December, 2014	1 st / 2 nd week of February, 2015
March, 2015	3 rd / 4 th week of May, 2015

(e) Date of Book closure: (Both days inclusive) September 13, 2014 to September 19, 2014

(f) Dividend payment date:

Dividend payment on or after September 24, 2014 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) Corporate Identification Number(CIN)** : U74899DL1992PLC051527
- (i) Listing on Stock Exchanges** : Bombay Stock Exchange Ltd.
: National Stock Exchange of India Ltd.
: The Calcutta Stock Exchange Ltd.
: The Luxembourg Stock Exchange*

Note:

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

(j) Payment of Listing and Depository Fees:

Annual Listing fee and Depository fees for the financial year 2014-15 has been paid in time by the Company to Stock Exchanges viz. BSE, NSE & CSE and Depositories (NSDL & CDSL).

(k) 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 IND" & "KEI"

Note: Global Depository Receipts (GDRs) are listed outside India at Luxembourg Stock Exchange. The ISIN Code of GDRs is US4824682045.

(l) **Stock Market Data:**

Month	Bombay Stock Exchange Ltd. (BSE)		National Stock Exchange of India Ltd. (NSE)	
	High	Low	High	Low
April, 2013	12.70	10.20	12.40	10.10
May, 2013	12.90	10.26	12.40	10.05
June, 2013	11.30	9.60	11.40	9.50
July, 2013	11.00	7.15	11.25	7.50
August, 2013	8.40	6.50	8.35	6.70
September, 2013	8.75	6.99	8.75	6.90
October, 2013	9.60	6.85	9.45	6.80
November, 2013	9.90	7.86	9.90	7.95
December, 2013	12.35	8.65	12.70	8.55
January, 2014	14.52	11.00	14.50	11.25
February, 2014	14.25	10.90	14.20	10.85
March, 2014	12.88	11.10	12.80	11.05

(m) **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

(n) **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.

(o) **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. 7,33,20,154 equity shares of ₹ 2/- each forming 99.43 % of the share capital of the Company stands dematerialized as on March 31, 2014. Security Code No. with NSDL and CDSL is- ISIN-INE 878B01027.

(p) **Shareholding Pattern as on March 31, 2014:**

Category	No. of shareholders	No. of Shares (face value of ₹ 2/- each)	No. of shares in demat form	% of shareholding
Promoters	8	3,46,48,466	3,46,48,466	46.99
Bodies Corporate	367	1,45,67,967	1,45,37,467	19.76
NRI/OCBs/Clearing Members/Trust	360	13,85,251	13,32,751	1.88
Bank/ Financial Institutions/ Mutual Funds/ FIIs	4	8,03,819	8,03,819	1.09
Indian Public	25,445	2,23,31,935	2,19,97,651	30.28
Total	26,184	7,37,37,438	7,33,20,154	100.00

Note: 253 Shareholders are Common in Demat & Physical.

(q) Distribution Schedule of Shareholding as on March 31, 2014:

No. of Shareholders	% to Total	Shareholding of Nominal Value of ₹	No. of Shares	Amount in ₹	% of Total
19908	76.031	0001 TO 1000	36,82,570	73,65,140	4.994
2915	11.133	1001 TO 2000	24,69,958	49,39,916	3.35
1543	5.893	2001 TO 4000	24,31,663	48,63,326	3.298
558	2.131	4001 TO 6000	14,47,639	28,95,278	1.963
245	0.936	6001 TO 8000	8,89,273	17,78,546	1.206
286	1.092	8001 TO 10000	13,57,160	27,14,320	1.841
390	1.489	10001 TO 20000	28,85,279	57,70,558	3.913
339	1.295	20001 AND ABOVE	5,85,73,896	11,71,47,792	79.436
26184	100.00	TOTAL	7,37,37,438	14,74,74,876	100.00

*Note: 253 Shareholders are common in Demat & Physical.

(r) Liquidity of Shares:

The equity shares of the Company are listed at three Stock Exchanges and thus is liquid security. As on March 31, 2014, 7,37,37,438 equity shares of face value of ₹ 2/- each are listed at The National Stock Exchange of India Ltd (NSE), Bombay Stock Exchange Limited (BSE) and The Calcutta Stock Exchange Limited.

The Board of Directors of the Company has allotted 35,00,000 equity shares on May 15, 2014, upon conversion of Warrants and the same has been listed with NSE & BSE. The Company will make requisite application for listing of these shares to CSE.

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

The Company had issued & allotted Global Depository Receipts (GDRs) on September 16, 2005. As on March 31, 2014, Nil GDR is outstanding for conversion.

During the year, Company has allotted 35,00,000 (thirty five lacs) Warrants on Preferential basis to Promoter / Promoter. The Warrant holder has option of subscribing one equity shares of face value of ₹ 2/- each per Warrant at a price of ₹ 14/- per equity share at any time up to 10.01.2015. As on March 31, 2014, 35,00,000 Warrants were pending for conversion into equivalent number of equity shares.

However, pursuant to application received for conversion of Warrant into equity shares, Board of Directors of the Company has allotted 35,00,000 equity shares of ₹ 2/- each on 15.05.2014.

There are no Foreign Currency Convertible Bonds (FCCBs), pending / outstanding for conversion as on March 31, 2014.

(t) 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

(u) Address for Correspondence:

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

13. 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

14. 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) Nomination and Remuneration Committee:

The Company has constituted Nomination and Remuneration Committee as discussed in **section 5** above.

(III) Shareholder's 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 / Vigil Mechanism 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 the 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, 2014.

Place: New Delhi
Date: August 8, 2014

(ANIL GUPTA)
Chairman-cum-Managing Director
DIN: 00006422

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, 2014 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 15, 2014

(ANIL GUPTA)
Chairman-cum-Managing Director
DIN: 00006422

(RAJEEV GUPTA)
Executive Director (Finance)
DIN: 00128865

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, 2014 as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

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

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

For JAGDISH CHAND & CO.
Firm Reg. No. 000129N
Chartered Accountants

(PRAVEEN KUMAR JAIN)
Partner
M.No.085629

Place : New Delhi
Dated : August 8, 2014

Independent Auditors' Report

To the Members of KEI INDUSTRIES LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **KEI INDUSTRIES LIMITED** (the "Company"), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956 of India (the "Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the

manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013;
 - (e) On the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Place of Signing: New Delhi (PRAVEEN KUMAR JAIN)
Dated : 15th May, 2014 Partner
M. No. 085629

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT
Referred to in paragraph '7' of the Independent Auditors' Report to the Members of KEI Industries Limited on the financial statements for the year ended 31st March, 2014

- (i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, a portion of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.
- (ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the record of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii) [(b), (c), (d)] of the said Order are not applicable to the Company.
- (b) The company has taken deposits from nine parties covered in register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 336.00 Lacs and the year end balance of deposits taken from such parties was ₹ 143.00 Lacs.
- (c) 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.
- (d) 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 the aforesaid internal control system.
- (v) (a) According to the information and explanations given to us, during the year, there were no transactions that need to be entered into the register maintained under Section 301 of the Companies Act 1956.
- (b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lacs in respect of any party during the year.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As per the information and explanations given to us, no order on the Company under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.

- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that, prime facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to information and explanations given to us and the records of the Company examined by us, the Company has been regularly depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, Investor Education and Protection Fund, sales

tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities. We are informed that there are no undisputed statutory dues as at 31st March, 2014 outstanding for a period of more than six months from the date they become payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of disputed dues on account of income tax, sales tax, excise duty, service tax and cess matters that have not been deposited as at 31st March, 2014 by the Company on account of a dispute are as follows :-

Name of the Statute	Nature of the Due	Amount (₹ in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Income Tax	4.95	2010-11	Commissioner (Appeals)
Sales/Entry Tax Act	Central Sales Tax	7.17	1999-2000	Tax Board, Rajasthan
	Central Sales Tax	6.64	Various years for 2006-07 to 2011-12	Commercial Tax, Alwar, Rajasthan (Appellate Authority)
	Value Added Tax	200.68	Various years for 2006-07 to 2011-12	Commercial Tax, Alwar Rajasthan (Appellate Authority)
	The Rajasthan Entry Tax - Goods Act, 2003	43.48	Various years for 2007-08 to 2009-10	Deputy Commissioner of Sales Tax
	West Bengal Tax on Entry of Goods into Local Areas Act, 2012	8.30	2013-14	Hon'ble High Court at Calcutta
Central Excise Duty	Excise Duty	654.26	Various years for 2005-06 to 2011-12	CESTAT
	Excise Duty	107.83	Various years for 2007-08 to 2010-11	Commissioner (Appeals)
Finance Act	Service Tax	75.10	2005-06 & 2006-07	Commissioner (Adjudication)
	Service Tax	13.01	2008-09	CESTAT

- (x) The Company does not have accumulated losses as at the year ended 31st March, 2014. Further, the Company has not incurred any cash losses during the year ended 31st March, 2014 and in the immediately preceding financial year ended 31st March, 2013.
- (xi) According to the records of the Company examined by us and on the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or debenture holders during the year.
- (xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the Order is not applicable.
- (xiii) As the Company is not a chit fund / nidhi / mutual benefit funds / society to which the provisions of special statute relating to chit fund are applicable, paragraph 4(xiii) of the Order is not applicable.
- (xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
- (xv) The Company has given guarantees for loan taken by others from banks. According to the information and explanations given to us, we are of the opinion that

the terms and conditions thereof are not prima facie prejudicial to the interest of the company.

- (xvi) We are informed that the Company had obtained term loans during the year and term loans were applied, on an overall basis, for the purposes for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that during the year short term funds have not been used to finance long term investments.
- (xviii) During the year, the company has allotted equity shares on preferential basis to one company covered in the Register maintained under section 301 of the companies Act, 1956. The price at which, these equity shares have been issued has been determined as per the Securities and Exchange Board of India (Issue of Capital & Disclosures Requirements) Regulations, 2009, which in our opinion, is not prejudicial to the interest of the company.
- (xix) The Company has not issued any debentures during the year and does not have any debentures outstanding

as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.

- (xx) The Company has not raised any money by a public issue during the year. Accordingly, the provisions of Clause 4(xx) of the order are not applicable.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

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

Place of Signing: New Delhi (PRAVEEN KUMAR JAIN)
Dated : 15th May, 2014
Partner
M. No. 085629

BALANCE SHEET AS AT 31ST MARCH, 2014

	Note No.	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	2	1,474.75		1,404.75	
Reserves and Surplus	3	25,391.06		24,152.22	
Money Received Against Share Warrants		442.50	27,308.31	-	25,556.97
Non-Current Liabilities					
Long Term Borrowings	4	11,655.63		10,344.37	
Deferred Tax Liability (Net)	5	1,603.47		1,056.38	
Long Term Provisions	6	234.62	13,493.72	213.92	11,614.67
Current Liabilities					
Short Term Borrowings	7	32,695.23		28,602.61	
Trade Payables	8	38,723.83		39,478.07	
Other Current Liabilities	9	11,665.46		12,004.96	
Short Term Provisions	10	465.07	83,549.59	457.90	80,543.54
TOTAL			1,24,351.62		1,17,715.18
ASSETS					
Non-Current Assets					
Fixed Assets	11				
Tangible assets	11.1	31,330.09		30,825.80	
Intangible assets	11.2	77.56		61.24	
Capital Work -in- Progress		23.94	31,431.59	259.76	31,146.80
Non- Current Investments	12		309.17		308.17
Long Term Loans and Advances	13		339.88		527.34
Current Assets					
Inventories	14	40,313.95		35,815.51	
Trade Receivables	15	42,862.51		42,121.83	
Cash and Bank Balances	16	455.69		1,562.21	
Short Term Loans and Advances	17	6,054.56		4,550.49	
Other Current Assets	18	2,584.27	92,270.98	1,682.83	85,732.87
TOTAL			1,24,351.62		1,17,715.18
Significant Accounting Policies And Notes on Financial Statements	1 to 35				

As per our Separate Report of even date attached

For **JAGDISH CHAND & CO.**
Firm Registration No. 000129N
Chartered Accountants

(PRAVEEN KUMAR JAIN)
Partner
M.No- 085629

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place of Signing: New Delhi
Dated : 15th May, 2014

(KISHORE KUNAL)
Company Secretary

(ADARSH JAIN)
General Manager (Finance)

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

Particulars	Note No.	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Revenue from Operations (Gross)	19	1,75,347.30		1,81,228.30	
Less: Excise Duty		13,456.37	1,61,890.93	15,393.05	1,65,835.25
Other Income	20		127.71		235.50
Total Revenue			1,62,018.64		1,66,070.75
Expenses:					
Cost of Materials Consumed	21		1,24,820.97		1,24,612.76
Purchases of Stock in Trade	22		179.48		596.80
(Increase) / Decrease in Finished goods, Work-in-progress and Stock-in-trade	23		(4,194.85)		(4,339.01)
Employee Benefits Expense	24		5,158.55		4,614.41
Finance Costs	25		11,153.06		10,935.37
Depreciation and Amortisation Expense					
— Tangible Assets		2,072.47		2,015.90	
— Intangible Assets		24.88	2,097.35	28.58	2,044.48
Other Expenses	26		20,622.44		23,298.33
Total Expenses			1,59,837.00		1,61,763.14
Profit Before Tax			2,181.64		4,307.61
Tax Expense					
— Current tax		459.97		850.98	
— Deferred tax		547.10		822.85	
— Short/(Excess) Provision-Earlier Years		14.49	1,021.56	0.08	1,673.91
Profit for the Year			1,160.08		2,633.70
Earnings per Equity Share:	27				
Equity shares of par value ₹ 2/- each					
— Basic			1.59		3.84
— Diluted			1.54		3.84
Significant Accounting Policies And Notes on Financial Statements	1 to 35				

As per our Separate Report of even date attached

For **JAGDISH CHAND & CO.**

Firm Registration No. 000129N

Chartered Accountants

(PRAVEEN KUMAR JAIN)

Partner

M.No- 085629

(ANIL GUPTA)

Chairman-cum-Managing Director

(RAJEEV GUPTA)

Executive Director (Finance)

Place of Signing: New Delhi

Dated : 15th May, 2014

(KISHORE KUNAL)

Company Secretary

(ADARSH JAIN)

General Manager (Finance)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

	Year Ended 31 st March, 2014 (₹ in Lacs)	Year Ended 31 st March, 2013 (₹ in Lacs)
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extraordinary items	2,181.64	4,307.61
Adjustments for :		
Depreciation	2,097.35	2,044.48
Dividend received	(3.90)	(2.91)
(Profit)/Loss on Investment	(1.00)	–
Financial Charges	11,153.06	10,935.37
Provision for leave encashment/ Gratuity	82.97	97.59
FCMITDA Written Off / (Back)	424.24	213.14
Fixed Assets written off	50.92	17.93
Loss on sale of Assets	20.80	21.73
Operating Profit Before Working Capital Changes	16,006.08	17,634.94
Adjustments for :		
Trade & Other Receivables	(3,220.91)	8,892.90
Inventories	(4,498.46)	(6,591.18)
Trade & Other Payables	606.76	(4,106.72)
Cash Generated from operations	8,893.47	15,829.94
Direct Taxes paid	(545.94)	(903.74)
Cash flow before Extraordinary items	8,347.53	14,926.20
Extra Ordinary Items	–	–
Net Cash from operating activities	8,347.53	14,926.20
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets and other capital expenditure	(2,201.39)	(1,514.46)
Sale of Fixed Assets	9.71	8.03
Dividend Received	3.90	2.91
Net Cash from investing activities	(2,187.78)	(1,503.52)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd...)

	Year Ended 31 st March, 2014 (₹ in Lacs)	Year Ended 31 st March, 2013 (₹ in Lacs)
(C) CASH FLOW FROM FINANCIAL ACTIVITIES		
Long term borrowings	(1,110.05)	(1,215.91)
Finance lease liabilities (Net)	40.41	(39.28)
Inter corporate & other deposits (Net of repayments)	116.90	39.20
Working capital facilities from banks	4,071.37	(584.40)
Issue of Equity Share Capital	490.00	594.00
Money Received Against Share Warrants	442.50	-
Financial Charges	(11,153.06)	(10,935.37)
Dividend paid	(140.47)	(133.87)
Tax on Dividend	(23.87)	(21.72)
Net Cash from Financing Activities	(7,266.27)	(12,297.35)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	(1,106.52)	1,125.33
Cash & Cash Equivalents as at 1 st April (Opening Balance)	1,562.21	436.88
Cash & Cash Equivalents as at 31 st March (Closing Balance)	455.69	1,562.21

Cash and Bank Balance includes ₹ 256.20 lacs (Previous year ₹ 223.40 lacs) held under lien/custody with banks/others and balance in unclaimed dividend account ₹ 12.92 lacs (previous year ₹ 12.77 lacs).

Note: Figures in brackets represent cash outflow
As per our Separate Report of even date attached

For **JAGDISH CHAND & CO.**
Firm Registration No. 000129N
Chartered Accountants

(PRAVEEN KUMAR JAIN)
Partner
M.No- 085629

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place of Signing: New Delhi
Dated : 15th May, 2014

(KISHORE KUNAL)
Company Secretary

(ADARSH JAIN)
General Manager (Finance)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation:

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

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

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

(c) Depreciation and amortisation:

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

(d) Investments:

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

(e) Inventories:

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

(f) Revenue Recognition:

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

(g) Excise Duty:

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

(h) Employee Benefits:

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

(i) Foreign Currency Transactions:

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

(j) Miscellaneous Expenditure:

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

(k) Taxes on Income:

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

(l) Impairment of Fixed Assets:

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

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

(m) Contingent Liabilities:

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

(n) Provision for Contractual Obligations:

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

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2014**2 Share Capital:**

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Authorised				
11,00,00,000 (Previous year 11,00,00,000) Equity Shares of ₹ 2/- each		2,200.00		2,200.00
3,00,00,000 (Previous year 3,00,00,000) Preference Shares of ₹ 100/- each		300.00		300.00
Total		2,500.00		2,500.00
Issued, Subscribed & paid-up				
7,37,37,438 (Previous year 7,02,37,438) Equity Shares of ₹ 2/- each fully paid		1,474.75		1,404.75
Total		1,474.75		1,404.75

2.1 Rights, preferences and restrictions attached to shares:

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

2.2 Reconciliation of the Number of Equity Shares:

(₹ in Lacs)

Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
	Nos.	Amount	Nos.	Amount
Balance as at the beginning of the year	7,02,37,438	1,404.75	6,69,37,438	1,338.75
Add: Issued during the Year	35,00,000	70.00	33,00,000	66.00
Balance as at the end of the year	7,37,37,438	1,474.75	7,02,37,438	1,404.75

Additions of 35,00,000 (Previous Year 33,00,000) equity shares were issued on preferential basis to following parties as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 at a price of ₹ 14 per share (including securities premium of ₹ 12/-).

Name of Shareholder	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
	Nos.	Nos.
Mr. Anil Gupta	-	14,00,000
M/s Projection Financial & Management Consultants Pvt. Ltd.	35,00,000	9,00,000
M/s Dhan Versha Agency Pvt. Ltd.	-	10,00,000
	35,00,000	33,00,000

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

Name of Shareholders	As at 31 st March, 2014		As at 31 st March, 2013	
	Nos.	%age	Nos.	%age
Mr. Anil Gupta	1,55,80,776	21.13%	1,55,80,776	22.18%
M/s Anil Gupta HUF beneficiary				
Mr. Anil Gupta	46,50,375	6.31%	46,50,375	6.62%
M/s Projection Financial and Management Consultants Pvt. Ltd.	44,00,000	5.97%	9,00,000	1.28%

2.4 During the year the Company has allotted 35,00,000 (thirty five lacs) Share Warrants on preferential basis to Promoter / Promoter Group. The Warrant Holder has option of subscribing one equity share of face value of ₹ 2/- each per Warrant at a price of ₹ 14/- per equity share any time up to 10.01.2015. Amount received from Warrant holders as on March 31, 2014 is ₹ 442.50 lacs

3 Reserves & Surplus:

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Capital Reserve				
Balance as at the beginning of the year		280.00		280.00
Securities Premium				
Balance as at the beginning of the year	6,420.61		5,892.61	
Add: On allotment of Equity Shares	420.00	6,840.61	528.00	6,420.61
General Reserve				
Balance as at the beginning of the year		413.68		413.68
Surplus				
Balance as at the beginning of the year	17,252.99		14,783.63	
Add: Net Profit for the year	1,160.08		2,633.70	
Less: Appropriations				
– Proposed Dividend on Equity Shares [Dividend per share ₹ 0.20 (Previous Year ₹ 0.20)]	154.48		140.47	
– Dividend Distribution Tax on Proposed Dividend (Refer Note 3.1)	26.25	18,232.34	23.87	17,252.99
Foreign Currency Monetary Item Translation Difference Account (FCMITDA)				
Balance at the beginning of the year	(215.06)		(102.82)	
Add: Additions during the year	(584.75)		(325.38)	
Less: Written off during the year (Refer Note 3.2)	(424.24)	(375.57)	(213.14)	(215.06)
Total		25,391.06		24,152.22

3.1 Proposed dividend includes dividend on equity shares due to conversion of warrants after 31st March, 2014.

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

4 Long-Term Borrowings:

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Secured				
Term Loans				
– From Banks	8,602.38		5,965.71	
– Foreign Currency Loans from Banks	2,637.70	11,240.08	4,110.77	10,076.48
Finance Lease Obligations		61.05		9.04
Unsecured				
Loans and Advances from Related parties				
– Deposits from Related Parties		73.50		36.00
Deposits from Others				
– Public Deposits		281.00		222.85
Total		11,655.63		10,344.37

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 Mr. 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	4-5 Years
USD LIBOR+300 BPS	1,507.25	1,130.45	-	-
13.00%	362.50	-	-	-
13.50%	875.00	718.75	133.64	-
13.75%	1,168.75	625.00	625.00	-
13.85%	250.00	250.00	62.49	-
13.90%	1,000.00	500.00	-	-
14.75%	625.00	625.00	625.00	156.25
Total	5,788.50	3,849.20	1,446.13	156.25

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

5 Deferred Tax Liability (Net):

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Deferred Tax Liabilities				
Arising on account of timing difference in – Depreciation		3,750.39		3,586.29
Deferred Tax Assets				
Arising on account of timing difference in – Carried forward Losses & Unabsorbed Depreciation	(1,956.14)		(2,328.90)	
– Expenses & Others	(190.78)	(2,146.92)	(201.01)	(2,529.91)
Total		1,603.47		1,056.38

6 Long Term Provisions:

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Employee benefits (Refer Note 24.1)				
– Provision for Leave Encashment		234.62		213.92
Total		234.62		213.92

7 Short Term Borrowings:

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Secured				
– Working Capital Loans from Banks		32,506.88		26,435.51
Unsecured				
– Commercial Paper Issued to Bank		–		2,000.00
Loans and Advances from Related Parties				
– Deposits	6.50		10.00	
– Inter Corporate Deposits	63.00	69.50	–	10.00
Deposits from Others				
– Inter Corporate Deposits	55.00		55.00	
– Public Deposits	63.85	118.85	102.10	157.10
Total		32,695.23		28,602.61

7.1 Working Capital facilities from banks are secured by 1st pari-passu charge by way of hypothecation on the entire current assets including raw material, stock in process, finished goods, consumable stores & spares and receivables of the Company, 1st pari-passu charge on present and future fixed assets at SP-920 & SP-922, RIICO Industrial Area Phase III, Bhiwadi, Distt. Alwar (Rajasthan) and movable fixed assets at D-90, Okhla Industrial Area, Phase I, New Delhi, 2nd pari-passu charge by equitable mortgage of property of the Land and Building at 99/2/7, Madhuban Industrial Estate, Village Rakholi, Silvassa (D & N H), Plot No. A 280-284, Chopanki and SP-919, RIICO Industrial Area Phase III, Bhiwadi, Distt. Alwar (Rajasthan) both present and future. Further, they are secured by personal guarantee of Mr. Anil Gupta, Chairman-cum-Managing Director of the Company.

8 Trade Payables:

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
	Acceptances		26,028.19	
Others		12,695.64		15,510.66
		38,723.83		39,478.07

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 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
	Current Maturities of Long-Term Debt			
– From Banks	4,825.00		5,583.39	
– Foreign Currency Loans from Banks (Refer Note 4.1)	1,863.58	6,688.58	2,794.09	8,377.48
Current Maturities of Finance Lease Obligations (Refer Note 4.2)		25.39		36.99
Interest on Borrowings				
– Accrued but not due	0.10		2.89	
– Accrued and due	135.77	135.87	150.03	152.92
Unearned Revenue		242.12		146.23
Unpaid Dividend (Refer Note 9.1)		12.92		12.77
Security Deposits Received		128.70		126.68
Employee Benefits Payable		387.73		401.04
Sundry Creditors -Capital Goods		170.29		171.52
Advance from Customers / Payable to Customers		2,606.59		703.55
Statutory Dues Payable		1,267.27		1,869.46
Other Payables		-		6.32
Total		11,665.46		12,004.96

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

10 Short Term Provisions:

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Employee benefits (Refer Note 24.1)				
– Provision for Leave Encashment	35.20	237.98	33.64	175.71
– Provision for Gratuity	202.78		142.07	
Others				
– Proposed Dividend on Equity Shares	154.47	227.09	140.47	282.19
– Dividend Distribution Tax on Proposed Dividend	26.25		23.87	
– Provision for Wealth Tax	1.72		1.66	
– Provision for Income Tax	44.65		116.19	
[Net of Advance Tax ₹ 424.18 lacs (Previous Year ₹ 748.98 lacs)]				
Total		465.07		457.90

11 FIXED ASSETS:
11.1 Tangible Assets:

(₹ in Lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION & AMORTIZATION				NET BLOCK		
	As At 01.04.2013	Additions	Deductions	As At 31.03.2014	As At 01.04.2013	For the Year	Dedu- ctions	As At 31.03.2014	As At 31.03.2014	As At 31.03.2013
Own Asset:										
Land										
– Free Hold	36.61	-	-	36.61	-	-	-	-	36.61	36.61
– Lease Hold	1,567.97	-	-	1,567.97	-	-	-	-	1,567.97	1,567.97
Building	10,206.46	417.49	-	10,623.95	1,629.97	314.24	-	1,944.21	8,679.74	8,576.49
Plant & Equipment	26,534.86	2,043.52	207.73	28,370.65	7,682.88	1,499.49	148.91	9,033.46	19,337.19	18,851.98
Furniture & Fixtures	1,037.05	28.86	15.77	1,050.14	317.44	65.51	15.17	367.78	682.36	719.62
Leasehold Building Improvement	759.43	1.79	25.59	735.63	211.84	91.80	25.56	278.08	457.55	547.59
Vehicles	343.29	2.97	40.89	305.37	153.03	30.63	23.49	160.17	145.20	190.26
Office Equipment	125.74	17.31	0.47	142.58	27.45	7.16	0.48	34.13	108.45	98.29
Computers	331.75	44.37	82.68	293.44	164.72	49.52	78.11	136.13	157.31	167.02
Assets taken on Finance Lease										
Hire Purchase										
— Vehicles	89.29	101.86	-	191.15	19.32	14.12	-	33.44	157.71	69.97
Total:	41,032.45	2,658.17	373.13	43,317.49	10,206.65	2,072.47	291.72	11,987.40	31,330.09	30,825.80
Previous Year:	40,025.50	1,160.69	153.74	41,032.45	8,288.53	2,015.90	97.98	10,206.65	30,825.80	31,736.97

11.2 Intangible Assets:

(₹ in Lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION & AMORTIZATION				NET BLOCK		
	As At 01.04.2013	Additions	Deductions	As At 31.03.2014	As At 31.03.2013	For the Year	Dedu- ctions	As At 31.03.2014	As At 31.03.2014	As At 31.03.2013
Own Assets (Acquired)										
Software	210.54	41.20	-	251.74	149.30	24.88	-	174.18	77.56	61.24
Total :	210.54	41.20	-	251.74	149.30	24.88	-	174.18	77.56	61.24
Previous Year:	194.04	16.50	-	210.54	120.72	25.58	-	149.30	61.24	73.32

11.3 Carrying value of Assets acquired under hire purchase as on 31.03.2013 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) NIL (Previous year ₹ 77.75 lacs exchange loss) has been adjusted in gross Block of Fixed assets and capital-work-in progress. Exchange difference on External commercial borrowings (ECB's) raised for repurchasing FCCB's has been transferred to FCMITDA.

11.5 Additions are after adjusting exchange loss (net) NIL (Previous Year exchange loss (net) ₹ 77.75 lacs).

(₹ in lacs)

Assets	31.03.2014	31.03.2013
1) Building	-	-
2) Plant & Equipment	-	77.75
3) Furniture & Fixtures	-	-
Total	-	77.75

12 Non Current Investments:
(Long Term Investments)

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ 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 8,000 (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 ₹ 10/- 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 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Unquoted Mutual Funds				
– UTI-Opportunities Fund-Growth 11,770.711 (Previous Year 11,770.711) Units of ₹ 10/- each fully paid		3.00	2.00	
– L192D SBI PSU Fund-Regular Plan-Dividend 2,12,944.872 (Previous Year 2,12,944.872) Units of ₹ 10/- each fully paid		20.00	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		309.17		308.17
Quoted Investments				
– Aggregate of Book Value		286.17		286.17
– Aggregate of Market Value		116.92		156.96
Unquoted Investments				
– Aggregate of Book Value		23.00		22.00

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

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Capital Advances		6.42		268.60
Security Deposits				
– Others		326.22		230.37
Loans & Advances to workers & staff		7.24		28.37
Total		339.88		527.34

14. Inventories:

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Raw Materials [Includes In Transit ₹ 1,155.69 lacs (Previous Year ₹ 907.23 lacs)]		6,488.13		5,945.30
Project Materials [Includes In Transit ₹ 12.91 lacs (Previous Year NIL)]		1,081.37		1,271.09
Work -in- Progress		21,673.94		16,040.45
Finished Goods		10,030.59		11,511.08
Stock in Trade [Includes In Transit NIL (Previous Year ₹ 30.48 lacs)]		73.25		66.94
Stores & Spares [Includes in Transit ₹ 26.10 lacs (Previous Year ₹ 56.23 lacs)]		437.41		425.75
Packing Materials		392.69		423.39
Scrap		136.57		131.51
Total		40,313.95		35,815.51

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

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Outstanding for a period exceeding six months from the date due for payment		3,916.05		3,955.73
Others		38,946.46		38,166.10
Total		42,862.51		42,121.83

16 Cash and Bank Balances:

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Cash on hand		63.54		25.21
Balances with Banks				
– Current Accounts	89.17		470.48	
– Fixed Deposits (Refer Note 16.1)	302.98	392.15	1,066.52	1,537.00
Total		455.69		1,562.21
Balance with Bank in Unpaid dividend accounts		12.92		12.77
Fixed Deposit with more than twelve month maturity		38.04		131.47

16.1 Fixed Deposits with Banks ₹ 256.20 lacs (Previous Year ₹ 223.40 lacs) are under lien/custody with Banks /Others.

17 Short Term Loans & Advances:

(Unsecured, Considered good)

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Balance with Excise Authorities		1,406.80		905.49
Others				
– Advances to Suppliers	1,217.71		1,330.97	
– Advances Recoverable	99.14		46.37	
– Prepaid Expenses	425.94		567.81	
– Earnest Money Deposits	345.24		497.27	
– Security Deposits	46.18		24.65	
– Loans to Workers & Staff	34.39		48.62	
– Claims Recoverable from Government	2,479.16	4,647.76	1,129.31	3,645.00
Total		6,054.56		4,550.49

18 Other Current Assets:

(Unsecured, Considered good)

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Project Work in Progress		218.71		60.91
Unbilled Revenue		2,299.06		1,596.19
Interest Accrued		39.25		22.45
Unamortised Premium on Forward Contracts		27.25		3.28
Total		2,584.27		1,682.83

18.1 Jobs with lump-sum price, where the physical progress of work is less than 25 per cent, the direct costs incurred thereon amounting to ₹218.71 lacs (Previous Year ₹60.91 lacs) have been carried forward as Project Work in Progress.

19 Revenue From Operations (Gross):

Particulars	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Sale of Products				
– Manufactured Goods	1,66,619.37		1,64,435.62	
– Traded Goods	154.37	1,66,773.74	1,550.39	1,65,986.01
Income from Turnkey Projects (Refer note 19.3)		6,755.42		13,187.84
Job Work		4.80		6.39
Other Operating Revenues				
– Export Benefits	386.34		308.53	
– Scrap	1,427.00	1,813.34	1,739.53	2,048.06
Total		1,75,347.30		1,81,228.30

19.1 Details of Sales (Manufactured Goods):

Class of Goods	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Cables		1,27,182.02		1,29,482.16
Stainless Steel Wires		10,030.62		8,305.69
Winding Wire, Flexible & House Wires		29,406.73		26,647.77
Total		1,66,619.37		1,64,435.62

19.2 Details of Sales (Traded Goods):

Class of Goods	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Miscellaneous		154.37		1,550.39
Total		154.37		1,550.39

19.3 Income from Turnkey Projects:

Particulars	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Income from Turnkey Projects		6,597.62		16,347.71
Increase/(Decrease) in Work-in-progress :				
– Closing Work in Progress	218.71		60.91	
– Less: Opening Work in Progress	60.91	157.80	3,220.78	(3,159.87)
Total		6,755.42		13,187.84

20 Other Income:

Particulars	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Dividend from long term investments		3.90		2.91
Interest Income		53.12		47.64
Profit on Long Term Investments		1.00		-
Liabilities written back		68.85		58.97
Miscellaneous Income		0.84		33.24
Exchange Fluctuation (Net)		-		92.74
Total		127.71		235.50

21 Cost of Materials Consumed:

Particulars	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Raw Materials Consumed				
Opening Stock	5,038.07		3,652.70	
Add: Purchases	1,20,868.72		1,19,478.24	
Less: Closing Stock	5,332.44		5,038.07	
Less: Captive use	19.99	1,20,554.36	-	1,18,092.87
Turnkey Project Materials				
– Opening Stock	1,271.09		-	
Add : Purchases	4,063.98		7,790.98	
Less: Closing Stock	1,068.46	4,266.61	1,271.09	6,519.89
		1,24,820.97		1,24,612.76

21.1 Particulars of Raw Materials consumed:

Class of Goods	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Copper		58,873.12		54,194.49
PVC & DOP		19,687.43		19,693.63
G.I.Wire/S.S.Wire/Strip		9,029.63		10,891.63
Aluminium Wire Rod		23,320.51		24,881.83
Stainless Steel Rod		6,829.54		5,238.69
Others		2,834.12		3,192.60
Total		1,20,574.35		1,18,092.87
Less : Captive use		19.99		-
Total		1,20,554.36		1,18,092.87

21.2 Turnkey Project Materials:

Class of Goods	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Various Project Items		4,266.61		6,519.89
		4,266.61		6,519.89

22 Purchase of Trading Goods:

Class of Goods	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Miscellaneous		179.48		596.80
		179.48		596.80

23 Increase / Decrease in Inventory of Finished Goods, Work in Progress and Stock in trade.

Particulars	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Opening Stock				
– Finished Goods	11,511.08		8,534.73	
– Stock in Trade	36.46		49.93	
– Work in Progress	16,040.45		14,649.00	
– Scrap	131.51	27,719.50	146.83	23,380.49
Less : Closing Stock				
– Finished Goods	10,030.59		11,511.08	
– Stock in Trade	73.25		36.46	
– Work in Progress	21,673.94		16,040.45	
– Scrap	136.57	31,914.35	131.51	27,719.50
		4,194.85		4,339.01

24 Employee Benefits Expense:

Particulars	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
	Salaries, Wages & Others Benefits	4,771.42		4,267.59
Contribution to Provident & Other Funds	194.47		179.01	
Welfare Expenses	192.66	5,158.55	167.81	4,614.41
		5,158.55		4,614.41

24.1 Disclosures under Accounting Standard 15 "Employee Benefits":

Defined Contribution Plan

Amount recognized as an expense in defined contribution plans: (₹ in Lacs)

Particulars	Expense recognised in 2013-14		Expense recognised in 2012-13	
	Contributory Provident Fund & Employees Pension Scheme 1995		104.42	

Defined Benefit Plans

The company is having following Defined Benefit Plans:

- Gratuity (Partly Funded)
- Leave Encashment (Unfunded)

Particulars	Gratuity (Partly Funded) 2013-14	Leave Encashment (Unfunded) 2013-14	Gratuity (Partly Funded) 2012-13	Leave Encashment (Unfunded) 2012-13
a) Actuarial Assumptions				
Discount rate	8.00%	8.00%	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	498.85	247.56	402.93	186.17
Interest cost	39.91	19.80	25.49	16.01
Current Service Cost	56.80	44.22	38.89	42.50
Benefits paid	(22.76)	(28.07)	(8.26)	(21.43)
Actuarial (gain)/loss on Obligations	21.15	(13.70)	23.29	24.31
Present value of obligations as at end of year	593.94	269.82	498.85	247.56
c) Reconciliation of opening and closing balances of fair value of plan assets				
Fair value of plan assets as on beginning of year	373.31	–	302.39	–
Expected return on plan assets	32.36	–	30.11	–
Contributions	24.00	–	49.00	–
Benefits paid	(22.76)	–	(8.20)	–
Actuarial Gain/(Loss) on Plan assets	–	–	–	–
Fair value of plan assets at the end of year	406.91	–	373.31	–
d) Fair value of plan assets				
Fair value of plan assets at beginning of year	373.31	–	302.39	–
Actual return on plan assets	32.36	–	30.11	–
Contributions	24.00	–	49.00	–
Benefits paid	(22.76)	–	(8.20)	–
Fair value of plan assets at the end of year	406.91	–	373.31	–
Funded status	(187.03)	(269.82)	(125.54)	(247.56)
Excess of Actual over estimated return on plan	–	–	–	–
e) Actuarial Gain/Loss recognized				
Actuarial gain/(Loss) for the year – Obligation	(21.15)	13.70	(23.29)	(24.31)
Actuarial (gain)/Loss for the year – plan assets	–	–	–	–
Total (gain)/Loss for the year	21.15	(13.70)	23.29	24.31
Actuarial (gain)/Loss recognized in the year	21.15	(13.70)	23.29	24.31
f) The amounts recognized in the balance sheet				
Present value of obligations as at the end of year	593.94	269.82	498.85	247.56
Fair value of plan assets as at the end of the year	406.91	–	373.31	–
Funded status	(187.03)	(269.82)	(125.54)	(247.56)
Net (Asset)/liability recognized in balance sheet	187.03	269.82	125.54	247.56
g) Expenses Recognized in statement of Profit & Loss				
Current Service Cost	56.80	44.22	48.59	42.50
Interest cost	39.91	19.80	32.23	16.01
Expected return on plan assets	(32.36)	–	(30.11)	–
Net Actuarial (gain)/Loss recognized in the year	21.15	(13.70)	23.29	24.31
Expenses recognized in statement of Profit & Loss	85.49	50.32	74.01	82.82

25 Finance Costs:

Particulars	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Interest Expense				
– Interest On Income Tax	14.76		20.98	
– Interest (Others)	9,437.48	9,452.24	9,233.18	9,254.16
Other Borrowing Costs		1,700.82		1,681.21
Total		11,153.06		10,935.37

26 Other Expenses:

Particulars	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Stores, Spares & Consumables		562.52		568.52
Packing Expenses		4,607.73		4,694.89
Excise Duty (Refer Note 26.1)		(372.52)		319.86
Job Work Charges		2,536.29		2,511.28
Sub Contractor's Expenses		651.14		3,444.91
Power, Fuel & Lighting		3,010.35		2,851.61
Repairs & Maintenance				
– Plant & Machinery	668.75		764.97	
– Building	42.56		45.21	
– Others	110.00	821.31	140.45	950.63
Freight, Handling and Octroi (Net) [Net of recovery ₹ 1066.74 lacs (Previous Year ₹ 1166.72 lacs)]		1,980.05		1,991.62
Rebate, Discount, Commission on Sales		1,439.42		1,277.23
Bad Debts Written off		68.41		214.97
Rates & Taxes [Includes Wealth Tax ₹ 1.72 lacs (Previous Year ₹ 1.66 lacs)]		677.10		557.77
Rent		285.69		397.25
Insurance (Net) (Refer Note 26.2) [Net of recovery ₹ 4.24 lacs (Previous Year ₹ 4.86 lacs)]		226.74		182.82
Travelling & Conveyance		651.55		633.50
Advertisement & Publicity		369.74		202.57
Auditor's Remuneration (Refer Note 26.3)		35.83		37.81
Loss on sales of Assets (Net)		20.80		21.73
Fixed Assets Written off		50.92		17.93
Communication Expenses		178.77		174.45
Donations		16.56		41.67
Director's Meeting Fee		4.90		5.50
Professional & Consultancy Charges		186.19		262.11
Miscellaneous Expenses		2,007.92		1,724.56
Exchange Fluctuation (Net)		180.79		-
FCMITDA written off		424.24		213.14
Total		20,622.44		23,298.33

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

26.2 Insurance premium of ₹20.92 lacs (Previous year ₹ 20.88 lacs) on Keyman Insurance Policy has been charged to Profit & Loss Account. Maturity value of such policy will be accounted for on receipt basis.

26.3 Auditor's Remuneration*:

Particulars	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Audit Fee		25.00		25.00
Tax Audit		4.00		4.00
Certification		6.83		8.81
		35.83		37.81

* Excludes service tax

26.4 Value of Imports on CIF basis:

Particulars	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Raw Materials purchases		9,463.61		3,505.77
Packing Materials		175.89		142.35
Project Materials		43.58		-
Traded Goods		11.80		-
Stores, Spares & Consumables		47.35		17.13
Capital Goods		343.69		113.33

26.5 Expenditure in Foreign Currency (on Accrual Basis):

Particulars	Year Ended 31 st March, 2014 (₹ in Lacs)		Year Ended 31 st March, 2013 (₹ in Lacs)	
Manufacturing Selling & Other Expenses				
Freight, Handling, Octroi & Insurance	-		1.49	
Rebate, Discount, Commission on Sales	487.90		138.92	
Rent	11.55		11.41	
Travelling & Conveyance	43.53		39.84	
Communication Expenses	6.85		6.93	
Miscellaneous Expenses	573.07	1,122.90	442.92	641.51
Employee Benefits Expense				
Salaries, Wages & Other Benefits	157.03		80.85	
Welfare Expenses	1.33	158.36	2.55	83.40
Financial Charges				
Interest (Others)	451.15		737.92	
Others Borrowing Costs	21.20	472.35	1.12	739.04

26.6 Value of Imported and Indigenous materials consumed:

Class of Goods	Percentage		(₹ in lacs)	
	Year Ended 31.03.2014	Year Ended 31.03.2013	Year Ended 31.03.2014	Year Ended 31.03.2013
Materials				
- Indigenous	92.36	97.22	1,15,280.17	1,21,147.50
- Imported	7.64	2.78	9,540.80	3,465.26
Total	100.00	100.00	1,24,820.97	1,24,612.76
Stores, Spares & Consumables				
- Indigenous	90.75	95.46	510.49	542.72
- Imported	9.25	4.54	52.03	25.80
Total	100.00	100.00	562.52	568.52

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

Class of Goods	Percentage		₹ in lacs	
	Year Ended 31.03.2014	Year Ended 31.03.2013	Year Ended 31.03.2014	Year Ended 31.03.2013
Packing Material				
– Indigenous	95.82	96.70	4,415.07	4,539.80
– Imported	4.18	3.30	192.66	155.09
Total	100.00	100.00	4,607.73	4,694.89

26.7 Remittance in foreign currency on account of dividends:

Particulars	Year Ended 31 st March, 2014 (₹ in Lacs)	Year Ended 31 st March, 2013 (₹ in Lacs)
The year to which dividend relates	2012-13	2011-12
Amounts of dividend remitted	2.54	1.59
Number of Non-Resident Shareholders / OCBs/FILs	318	343
Number of Equity Shares	12,72,301	7,94,710

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 2012-13 & 2011-12 are as above.

26.8 Earnings in Foreign Exchange (on Accrual Basis):

Particulars	Year Ended 31 st March, 2014 (₹ in Lacs)	Year Ended 31 st March, 2013 (₹ in Lacs)
Sales (Exports)	19,753.46	9,721.81

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

Particulars	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
Profit after taxation (₹ in lacs)	1,160.08	2,633.70
Number of Equity shares at the beginning of the year	7,02,37,438	6,69,37,438
Add: Weighted average number of equity shares issued during the year	25,31,507	17,35,890
Weighted average number of Equity shares for Basic EPS	7,27,68,945	6,86,73,328
Add; Adjustment for Warrant outstanding upto 31.03.2014	25,31,507	–
Weighted average number of equity shares for Diluted EPS	7,53,00,452	6,86,73,328
Basic Earnings Per Share (₹)	1.59	3.84
Diluted Earnings Per Share (₹)	1.54	3.84
Par Value Per Equity Share (₹)	2.00	2.00

28 In terms of provision of AS-7 on "Construction Contracts" for Lump Sum Turnkey Projects for contract in progress as on 31.03.2014

- The aggregate amount of cost incurred and recognised profit upto 31.03.2014 ₹ 27,924.74 lacs (Previous year ₹ 19,896.46 lacs).
- The amount of advances received ₹ 1,419.40 lacs (Previous year NIL)
- The amount of retention ₹ 2,149.98 lacs (Previous year ₹ 2,047.84 lacs)
- Gross amount due to customers ₹ 242.12 lacs (Previous year ₹ 117.21 lacs)
- Gross amount due from customers ₹ 2,517.77 lacs (Previous year ₹ 1628.08 lacs)

29 Related party Disclosures as required by Accounting Standard (AS-18):
a) Name of Related Parties:
i) Associate of The company:

- KEI International Limited

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

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

iii) Key Managerial Personnel:

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

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

- Mr. Sunil Gupta
- Mrs. Varsha Gupta
- Mrs. Shashi Gupta
- Mrs. Veena Agarwal
- Mrs. Archana Gupta (Director)
- Mrs. Sumitra Devi Gupta
- Mr. Shrikrishan Gupta

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

- Sunil Gupta (HUF)
- Ashwathama Constructions Pvt. Ltd.

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

(₹ in lacs)

Particulars	Year	(i)	(ii)	(iii)	(iv)	(v)	Total
Interest expense on deposits	2013-14	-	11.00	-	3.01	1.10	15.11
	2012-13	-	1.28	1.73	3.60	1.10	7.71
Deposits Received during the year	2013-14	-	585.00	-	-	-	585.00
	2012-13	-	77.00	200.00	5.40	-	282.40
Deposits Paid during the year	2013-14	-	478.00	-	10.00	-	488.00
	2012-13	-	77.00	235.00	-	-	312.00
Credit Balance Outstanding as at the year end	2013-14	-	107.00	-	26.00	10.00	143.00
	2012-13	-	-	-	36.00	10.00	46.00
Rent paid for use of assets	2013-14	-	6.60	-	116.55	8.40	131.55
	2012-13	-	132.60	-	99.00	8.25	239.85
Managerial remuneration	2013-14	-	-	201.27	-	-	201.27
	2012-13	-	-	280.52	-	-	280.52
Expenses Payable	2013-14	-	-	8.53	-	-	8.53
	2012-13	-	-	71.46	-	-	71.46
Director's Meeting Fee	2013-14	-	-	-	0.90	-	0.90
	2012-13	-	-	-	1.50	-	1.50
Deposit Recovered during the year	2013-14	-	-	-	-	-	-
	2012-13	-	31.92	-	-	-	31.92
Dividend Paid	2013-14	-	29.46	31.16	1.67	-	62.29
	2012-13	-	25.66	28.40	1.80	0.02	55.88
Equity Share Allotment	2013-14	-	70.00	-	-	-	70.00
	2012-13	-	38.00	28.00	-	-	66.00
Security Premium on Share Allotment	2013-14	-	420.00	-	-	-	420.00
	2012-13	-	304.00	224.00	-	-	528.00
Money Received Against Share Warrants	2013-14	-	442.50	-	-	-	442.50
	2012-13	-	-	-	-	-	-

c) Non Financial Transactions:

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

30 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	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Within one year	33.36	40.23	7.97	3.24	25.39	36.99
Later than one year and not later than five years	72.33	9.38	11.28	0.34	61.05	9.04
More than Five years	NIL	NIL	NIL	NIL	NIL	NIL
Total:	105.69	49.61	19.25	3.58	86.44	46.03

30.1 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 amount to ₹ 283.45 lacs (Previous year ₹ 399.61 lacs) for the leases which commenced on or after April 1, 2001.

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

31. (a) Information about Primary Business Segments:

(₹ in lacs)

Particulars	Cables		Stainless Steel Wire		Turnkey Projects		Unallocated		Inter Segment Elimination		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Revenue (Gross)												
External	1,55,920.51	1,58,191.73	10,142.97	8,463.36	9,470.38	14,692.92	-	(26.97)	(186.56)		1,75,347.30	1,81,321.04
Less: Excise Duty	12,687.06	14,792.57	769.31	600.48	-	-	-	-	-		13,456.37	15,393.05
Inter-Segment Revenue	2,414.56	-	-	-	-	-	-	-	(2,414.56)		-	-
Total Revenue (Net)	1,45,648.01	1,43,399.16	9,373.66	7,862.88	9,470.38	14,692.92	-	(26.97)	(2,601.12)		1,61,890.93	1,65,927.99
Result												
Segment Result	17,612.71	17,715.34	546.55	141.04	402.68	1,748.59	-	-	(186.56)		18,375.38	19,604.97
Unallocated Expenditure net of unallocated income							(5,097.70)	(4,412.54)			(5,097.70)	(4,412.54)
Interest Expenses							(11,153.06)	(10,935.37)			(11,153.06)	(10,935.37)
Interest Income							53.12	47.64			53.12	47.64
Dividend Income							3.90	2.91			3.90	2.91
Profit Before Taxation	17,612.71	17,715.34	546.55	141.04	402.68	1,748.59	(16,193.74)	(15,297.36)	(186.56)	-	2,181.64	4,307.61
Less: Taxation											1,021.56	1,673.91
Net Profit											1,160.08	2,633.70
Other Information												
Segment Assets	1,05,971.69	98,197.91	4,736.94	3,807.40	11,465.36	12,317.92	2,177.63	3,391.95			1,24,351.62	1,17,715.18
Segment Liabilities	37,006.79	36,725.44	2,902.21	2,458.25	3,192.56	3,230.48	35,383.80	30,818.10			78,485.36	73,232.27
Capital Expenditure	1,656.49	1,186.61	97.15	42.82	3.06	63.34	71.56	153.96			1,828.26	1,446.73
Depreciation	1,805.61	1,739.82	71.82	80.39	7.47	7.36	212.45	216.91			2,097.35	2,044.48
FCMITDA Written off		-		-		-	424.24	213.14			424.24	213.14

31. (b) Information about Secondary Business Segment:

(₹ in lacs)

Revenue by geographical market	India		Outside India		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
External Revenue (Gross)	1,55,593.84	1,71,599.23	19,753.46	9,721.81	1,75,347.30	1,81,321.04
Less: Excise Duty	13,456.37	15,393.05	–	–	13,456.37	15,393.05
Inter Segment	–	–	–	–	–	–
Total Revenue (Net)	1,42,137.47	1,56,206.18	19,753.46	9,721.81	1,61,890.93	1,65,927.99
Carrying Amount of Segment Assets	1,24,319.27	1,17,699.58	32.35	15.60	1,24,351.62	1,17,715.18
Additions to Fixed Assets	1,828.26	1,446.73	–	–	1,828.26	1,446.73

31. (c) Notes :

- (i) The Company is organised into business segments, namely:
- Cables comprising of EHV, HT & LT Power Cables , Control and Instrumentation Cables, Winding Wires & Flexible and House Wires
 - Stainless Steel Wire comprising of Stainless Steel Wire.
 - Turnkey projects etc
- Segments have been identified and reported taking into account, the nature of products and services, the differing risks and returns, the organisation structure, and the internal financial reporting systems.
- ii) Segment Revenue in each of the above business segments primarily includes sales, job work income and export incentives in the respective segments.

(₹ in lacs)

Segment Revenue comprising of (₹ in lacs)	2013-14	2012-13
Sales	1,68,200.74	1,67,725.54
Project Income	6,755.42	13,187.84
Job Work	4.80	6.39
Export Incentives	386.34	308.53
Exchange Fluctuation	-	92.74
Total	1,75,347.30	1,81,321.04

- iii) The Segment Revenue in the geographical segments considered for disclosure are as follows:
- a) Revenue within India includes sales to customers located within India and earnings in India.
 - b) Revenue outside India includes sales to customers located outside India and earnings outside India.
- iv) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

32 (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, 2014 amount to ₹ 3,397.94 lacs (Previous Year ₹ 2333.15 lacs). Category wise break up is given below:

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Interest Rate Swap and Option Deal (net)		357.21		1,786.05
Forward Contracts(net)		3,040.73		547.10

- (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.

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

Particulars	As at 31.3.2014			As at 31.3.2013		
	(₹ in lacs)	Amount in Foreign Currency	Foreign Currency	(₹ in lacs)	Amount in Foreign Currency	Foreign Currency
Imports of Goods & Advance Received	315.21	5.25	USD	615.45	10.15	USD
	335.94	4.06	EURO	192.18	3.60	EURO
	2.24	3.78	JPY	-	-	JPY
	0.31	0.0045	CHF	-	-	CHF
	14.96	0.32	SGD	-	-	SGD
Working Capital Loan (Buyer's Credit)	201.16	3.34	USD	1,993.14	36.50	USD
Term Loan	4,501.27	75.97	USD	6,904.85	129.94	USD
Royalty/Know How/Licence Fees	166.26	1.99	EURO	183.42	2.64	EURO
Expenses Payable	154.99	2.57	USD	77.21	1.41	USD
	1.08	0.01	EURO	3.77	0.05	EURO
	66.12	0.65	GBP	12.34	0.15	GBP
	7.28	0.15	SGD	-	-	SGD
	17.73	1.09	AED	6.95	0.47	AED

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

Particulars	As at 31.3.2014			As at 31.3.2013		
	(₹ in lacs)	Amount in Foreign Currency	Foreign Currency	(₹ in lacs)	Amount in Foreign Currency	Foreign Currency
Exports of Goods & Advance Paid	3,240.12	54.28	USD	1,064.13	19.68	USD
	249.00	3.04	EURO	329.49	5.03	EURO
	69.93	0.71	GBP	-	-	GBP
	211.39	4.48	SGD	-	-	SGD
Balance With Banks	0.57	0.01	USD	-	-	USD
	4.34	0.09	SGD	-	-	SGD
	10.74	0.66	AED	8.82	0.60	AED

34 Contingent Liabilities & Commitments:

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
Contingent Liabilities				
Claims Against the Company not acknowledged as Debt		0.18		0.18
Guarantees				
a) Financial Bank Guarantees outstanding		8,173.11		5,326.00
Other money for which company is contingently liable				
a) Unutilised Letter of Credits		1,747.83		93.32
b) Outstanding Bills discounted		3,752.88		11,805.92
c) Prorata share of company in channel finance given by banks to others		2,977.35		782.20
d) Sales Tax/ Entry Tax demands under appeal		306.85		53.65

Contingent Liabilities & Commitments (Continue from previous page):

Particulars	As at 31 st March, 2014 (₹ in Lacs)		As at 31 st March, 2013 (₹ in Lacs)	
e) Income tax Matters:				
– Demand Under Appeal	4.95		–	
– Appellate decision in favour of company but department has filed against decision of appellate authorities.	86.54		86.54	
f) Excise / Service tax demands under appeal	885.08		885.08	
g) Labour Cess Demands under Appeal	104.31	9,865.79	36.68	13,743.39
Commitments				
Estimated amount of contracts remaining to be executed on Capital Account		91.73		613.60

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

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

(PRAVEEN KUMAR JAIN)
Partner
M.No- 085629

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place of Signing : New Delhi
Dated : 15th May, 2014

(KISHORE KUNAL)
Company Secretary

(ADARSH JAIN)
General Manager (Finance)



KEI INDUSTRIES LIMITED

CIN: L74899DL1992PLC051527

CORPORATE & REGISTERED OFFICE

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