KEI Industries Limited

Annual Report 2007-08

KEI

Wires and Cables

The power behind the power™

Consistent results.

Consistent efforts.

Contents

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Anil Gupta, Chairman-cum-Managing Director

Mr. Sunil Gupta, Director

Mrs. Archana Gupta, Director

Mr. Pawan Bholusaria, Director

Mr. K.G. Somani, Director

Mr. Vijay Bhushan, Director

Mr. Vikram Bhartia, Director

Mr. Rajeev Gupta, Executive Director (Finance)

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Kishore Kunal

AUDITORS

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

BANKERS

Dena Bank

Punjab National Bank

ING Vysya Bank

State Bank of Hyderabad

Yes Bank

Standard Chartered Bank

ICICI Bank

Bank of India

HSBC Bank

HDFC

ABN Amro Bank

SHARE TRANSFER AGENT

MAS Services Ltd
AB-4, Safdarjung Enclave, New Delhi - 110 029.
Tel.: 011-26104142, Fax: 011-26181081

CORPORATE & REGISTERED OFFICE

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

WORKS OFFICE

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

- SP-919-920, 922 RIICO Industrial Area, Phase-III,
  Bhiwadi, Dist. Alwar (Raj.) - 301 019.

- 99/2/7 Madhuban Industrial Estate,Village Rakholi,
  Silvassa (D&H) - 396 240.

- Plot No. A- 280/281/282/283, RIICO Industrial Area,
  Chopanki, Dist. Alwar (Raj.) - 301 019.

KEY MANAGEMENT PERSONNEL

Mr. Manoj Kakkar, Chief Operating Officer

Mr. S.L. Kakkar, President

Mr. Pawan Aggarwal, Vice-President

Mr. K.C. Sharma, Vice-President (Works- Bhiwadi)

Mr. Ashwini Kumar Gupta, Vice-President (Marketing)

Mr. S.C. Sharma, GM (EPC)

Mr. Vishwesh Bhatia, GM (Marketing)

Mr. N.K. Bajaj, GM (Wires & Flexibles)

Mr. Krishan Kariwal, DGM (International Business)

Mr. N.S. Yadav, DGM (Q.C)

Mr. Dayanand Sharma, DGM (Works – Chopanki)

Mr. Ajay Mehra, DGM (Works- SS Wire)

Mr. Munishvar Gaur, DGM (Works- Bhiwadi)

Mr. Dilip Barnwal, DGM (Works- Silvassa)

Mr. Alok Shah, DGM (Mktg-East-Cable)

Mr. Ajit Dinesh Durve, DGM (International Business)

Mr. Gaurav Sahi, Head Corporate Communications

Illuminating homes.

Empowering industries and businesses.

Enabling automobiles to run, ships to sail, aeroplanes to fly.

Surviving extreme temperatures & toughest conditions, for years together.

Facilitating the generation, distribution and transmitting of power across cities, states, mountains, rivers and oceans.

CABLES AND WIRES silently playing a critical role in every sphere of our lives to usher smiles, hope, success and prosperity.

CONSISTENT EFFORTS. CONSISTENT RESULTS.

Offering one of the widest product ranges in the industry,

Manufacturing products flexibly as per prevailing market conditions,

Dedicating resources to innovatively offer niche customised offerings,

Adopting result oriented market building strategies,

Servicing diverse sectors in India and overseas, from large institutions to individual retail consumers,

Branching into the synergistic EPC segment, expanding into Extra High Voltage power cables segment,

For over 4 decades, through a focused strategy, vision and unmatched drive,

KEI has established a robust, de-risked and diversified business,

A business that is equipped to provide excellent results consistently & succeed for years together.

KEI Wires and Cables

Power cables | Housing wires | Stainless steel wires | EPC segment

Power cables:

- Low Tension (LT)
  - Control cables
  - Instrumentation cables
  - Rubber cables
- High Tension (HT) & Extra High Voltage (EHV)
  - 66 kV
  - Expanding into 132 kV, 220 kV

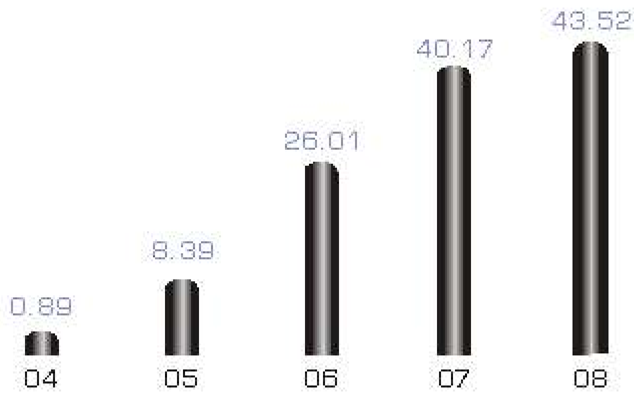
5 YEARS FINANCIAL HIGHLIGHTS

					(RS. IN CRORE)
PARTICULARS	2004	2005	2006	2007	2008
PAID UP CAPITAL	7.92	7.92	10.09	11.79	12.16
CAPITAL EMPLOYED	33.85	52.65	137.99	368.85	375.34
SALES	108.64	230.23	341.35	681.51	980.65
LESS: EXCISE DUTY	10.71	26.78	41.18	77.60	107.02
NET SALES	97.93	203.45	300.17	603.91	873.63
PBDIT	8.92	21.23	45.80	87.38	109.84
PBIT	7.16	19.25	43.11	81.73	101.72
PBT	1.56	12.39	33.65	57.99	64.81
PAT	0.89	8.39	26.01	40.17	43.52
PROFITABILITY RATIOS					
PBDIT	9.11	10.44	15.26	14.47	12.57
PBIT	7.31	9.46	14.36	13.53	11.64
PBT	1.59	6.09	11.21	9.60	7.42
PAT	0.91	4.12	8.66	6.65	4.98
ROCE (PAT / CAPITAL EMPLOYED)	2.64	15.93	18.85	10.89	11.59
GROWTH RATIOS (%)					
NET SALES	24.94	107.75	47.54	101.19	44.66
PBDIT	16.74	138.07	115.71	90.80	25.70
PBIT	21.02	168.69	123.98	89.59	24.46
PAT	19.71	839.53	209.98	54.45	8.34
CAPITAL EMPLOYED					
FIXED ASSETS	27.42	28.88	80.47	140.97	231.39
CURRENT ASSETS	61.93	110.86	200.36	526.99	579.81
LESS: CURRENT LIABILITIES	34.67	62.98	99.14	199.43	251.13
LESS: BANK BORROWING	17.39	20.31	37.70	92.20	173.37
LESS: DEFERRED TAX LIABILITY	3.45	3.80	5.99	7.47	11.36
CAPITAL EMPLOYED	33.85	52.65	137.99	368.85	375.34
NET WORTH	21.11	28.11	99.19	151.86	207.07

Consistent efforts. Consistent results.

NET SALES (Rs. in Crore)

PBDIT (Rs. in Crore)



PAT (Rs. in Crore)

GROSS BLOCK (Rs. in Crore)

EPS (Rs.)*

*Equity Shares of Rs. 2/- each.

LETTER FROM THE CHAIRMAN'S DESK

Dear Shareholders,

2007-08 has been a brilliant year at KEI with both turnover and profitability advancing. Barring the external factors such as appreciation of the rupee against the dollar and slight variation in raw material prices, results were in line with our expectations. Our sustained efforts over several years continue to yield excellent results. Our capacity expansion plans remain on track. Our new HT power cables facility completed its first full of operations in the year. We continued to gain creditable number of large orders from prestigious institutions.

Financial overview

Sales in 2007-08 touched Rs 980.65 crore reflecting a growth of nearly 44% over the previous year. Net Profit increased by 9% to touch nearly Rs 44 crore. House wires & flexible wire segment recorded a phenomenal growth of 110% to touch Rs 104.41 crore. Fluctuations on the raw material price side impacted our margin to an extent.

Operational overview

We continue to work with large and sophisticated customers who value the highest level of quality and technical expertise in power cables and wires. At KEI, we apply our skills in varied combinations and continue to match specific requirements of customers across diverse sectors. The order flow continued to be steady in both the LT and HT power cables segment.

Our efforts in growing the specialty cable segment received a boost with the receipt of a prestigious order from the defense sector for the supply of cables to be used for building a ship.

During the year, KEI invested in building and strengthening the overall corporate image through an extensive branding and advertisement campaign aimed to promote the house wires and flexible cables sales in the retail sector.

Exports

Sales to Africa, the Gulf region and Europe witnessed excellent growth, during the year. To establish a strong marketing base in the overseas market, we have also appointed dealers in UK and Africa. KEI has also participated in several national and international trade fairs / industrial exhibitions to increase visibility. Several other key measures to enable KEI make inroads and achieve acceptability in new geographies have been undertaken.

An important development on the export side has been the receipt of the provisional 'SABS' (South Africa Bureau of Standard) certificate which will enable KEI to make inroads into the South African market encompassing Namibia,

Consistent efforts. Consistent results

"An important development on the export side has been the receipt of the provisional 'SABS' (South Africa Bureau of Standard) certificate which will enable KEI to make inroads into the South African market"

Botswana, Zimbabwe, Zambia, Angola, etc. Efforts are underway to achieve certifications across different geographies.

With the commissioning of the 100% Export Oriented Unit at Chopanki, we have adequate capacity to explore new geographies.

EPC

One of the most satisfying events of the year for all of us was the successful foray made by KEI into the EPC segment. The efforts of setting up a focused EPC division and a new experienced team yielded good results. It gives me immense satisfaction that KEI in the first year of EPC operations has bagged 5 projects including an order for the construction of a 220 kV and 400 kV switchyard power / service station in Haryana. Going forward, to gain from the EPC opportunities, we may pursue strategic technical tie-ups to enhance our key technical eligibility parameters and thus bid for large sized projects. While the initial order flow has been from the Northern region, we are bidding for EPC projects across the country.

Capacity expansion

We have successfully commissioned the Chopanki plant, an Export Oriented Unit (EOU), with an installed capacity of 10,000 kms of power cables which will boost the growth in the export segment.

In addition, we are also upgrading the HT cables capacity from 33 kV to 66 kV & 132 kV and additionally expanding the capacity of LT cables by 7,000 kms.

We have imported state-of-the-art machinery from Germany for the production of HT power cables. This high speed, reliable machinery will result in faster production (nearly twice the speed of the regular output) and lead to overall operational efficiency.

Development on the EHV power cable segment remains on track. We are actively considering a technical collaboration / joint venture with international players to develop this segment at a faster pace.

Managing raw material price fluctuations

Copper, stainless steel and nickel prices remained volatile during different quarters. Increase of copper and steel prices impacted the margin in the last quarter where as the unexpected drop of nickel prices led to a fall in valuation of existing inventory in the second quarter of the year. As the company has several small sized orders; it becomes difficult to pass on the price increase to consumers.

As a measure of prudence, KEI is now taking fixed price orders for a period of three month period only. In the case of large orders, wherever possible, we have introduced price escalation clauses. We have also resorted to hedging where possible. However, we look at the raw material price impact as a one-off occurrence and believe that sufficient measures have been taken to address this area of concern.

The company is confident that its newly installed ERP system will ensure minimum stock buildup and make it easier to map demand – supply and ensure only requisite stock is maintained as per requirements.

Currency fluctuations

We have proactively adopted a policy of forward booking of foreign currency to hedge against the appreciating dollar. While this policy greatly helped, it is only in the last quarter that we suffered a marginal loss on this ground.

People power

I am sure, shareholders will join me in extending a heartfelt gratitude to all employees and their invaluable contribution made over the years. We have immense confidence in their ability, talent and appreciate their efforts. As a means to reward and motivate high performing employees, we have introduced KEI Employees Stock Option Scheme (ESOS) for select employees.

Outlook

The company has performed well in 2007-08, delivering good volumes and is progressing on its strategic objectives. The company is well placed to provide continued revenue growth going forward as the fundamental market conditions remain strong. We are confident of further expanding the export market. On the domestic side, we are confident of entrenching the retail market and the EPC segment further besides achieving continued sales momentum to our prestigious institutional clients. The company's well planned capacity expansion and the focus on the higher voltage power cables bodes well for further solid growth.

On a concluding note, I would like to thank our Board of Directors for their valuable advice and guidance and our stakeholders, bankers and institutions for their continued support.

Anil Gupta
Chairman-cum-Managing Director

DOMESTIC MARKET: INSTITUTIONAL SEGMENT

Power cables

The power cables segment continues to be the bedrock of the company's business. Sales volume for the LT & HT power cables grew at a healthy pace of 40% touching Rs 744.63 crore. One of the key highlights in this core business segment, on the institutional sales side, was the award of the single largest domestic order in the company's history for Rs 122 crore received from a prestigious client in the oil and refinery sector.

While bulk manufacturing of cables is the core business of KEI, the company has through sustained research and development efforts, engineering capabilities and operational strengths developed the competence to customise cables to the specific needs of clients. During the year, the company has successfully bagged an order from the defense sector for the supply of specialty cables.

Sales from the stainless steel wire segment continued at a steady pace recording a 34% increase touching Rs 113 crore.


KEI
INDUSTRIES
LIMITED

DOMESTIC MARKET: INSTITUTIONAL SEGMENT

EHV cables

The expansion plan of the product range from HT to the Extra High Voltage (EHV) segment in the Bhiwadi (Rajasthan) plant continues to progress as per schedule. The company is confident that despite the production of EHV power cables being very complicated, the strong reengineering capabilities and many measures undertaken will expedite the climb to the next level of 220 kV. KEI has employed experienced professionals with intricate & specialized knowledge in this field, and has invested in specialized equipment (differential balancing equipment) and is conducting regular tests to match the stringent criteria to produce such high voltage power cables.

Thus, with increased capacity expansion and focus on expanding the presence in the high margin HT and EHV segment, KEI is confident of even more success in years to come.

DOMESTIC MARKET: RETAIL SEGMENT

House wires

During the year, KEI invested in building and strengthening the overall corporate image through an extensive branding and advertisement campaign aimed to grow the house wires and flexible cables segment in the retail sector.

The advertising campaign included an extensive outdoor media campaign covering the states of Rajasthan, Maharashtra, Gujarat and select cities of Northern India and also covered major highways leading to Delhi. In addition, KEI's focused print media campaign covered extensive advertising in various trade, industry and electronic journals and business magazines. The extensive

Consistent efforts. Consistent results.

advertising and marketing expenses reaped rich benefits as the house wires & flexible wires segment recorded a phenomenal growth of 110% to touch Rs 104.41 crore. The advertisement campaign also helped to strengthen the dealership network.

Moving ahead, KEI will be continuing its advertising efforts and is confident of making further inroads in this segment.

DOMESTIC MARKET: EPC

Engineering Procurement Construction

As a business group that is growing as strongly as KEI, further diversification of revenue is desirable. As a result, several steps were taken to make inroads into the EPC segment. During the year, KEI set up an exclusive EPC division and employed senior, experienced engineers and technical professionals enjoying years of experience in senior positions at large power sector utilities to ensure focused growth in line with its strategic growth plans. KEI has also tied-up with several contractors in North India.

The efforts reaped rich rewards with KEI winning quality orders encompassing the critical power and construction segments. In the last one year, KEI bagged 5 projects including an order for the construction of a 220 kV and 400 kV switchyard power / service station in Haryana and of constructing of a shopping mall in Chandigarh. While the order sizes are not materially significant, they provide KEI a strong footing in the EPC sector and will help the company to meet the eligibility criteria for future power substation projects.

Thus, a whole new set of opportunities awaits KEI in the EPC segment.

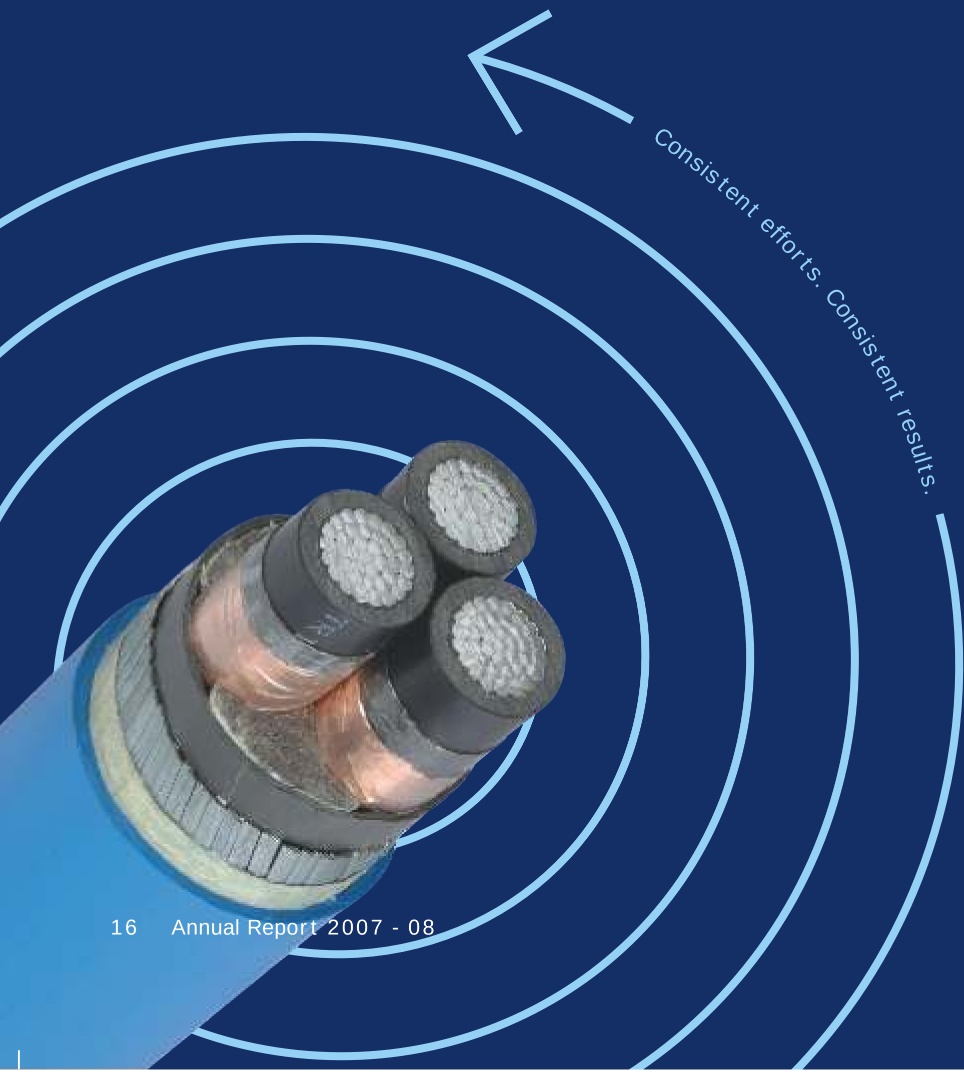
INTERNATIONAL MARKET

Exports

Exports touched Rs 138.72 crore reflecting a growth of 66% as against Rs 83.45 crore in FY 06-07. KEI's sustained marketing efforts yielded higher orders in the Gulf, African and European market segments. The year 2008 has been characterized by the appreciating currency against the US dollar, however, the company's forward booking strategy helped sustain any adverse impact.

Moving ahead, the successful commissioning of the Chopanki plant, an Export Oriented Unit (EOU), will boost the growth in the export segment. The company has commenced the commercial production of LT power cables at the EOU plant in January 2008, while the production of HT cables is expected to commence by September 2008.

In addition, the sustained marketing efforts and the specific measures taken to grow the export segments will increase the growth trajectory of this business segment.




INDUSTRIES
LIMITED
VOLTAS

Director's Report

To The Members

Your Directors take pleasure in presenting their 16th Annual Report for the year ended March 31, 2008. Briefly stated the financial results of operation are: -

Particulars	01.04.07 to 31.03.08	*(Rs. in Lacs)* 01.04.06 to 31.03.07
Sales and other income	**98597.77**	68212.74
Profit before interest, depreciation and tax	**10983.67**	8737.95
Less: Financial Charges (Net)	**3690.86**	2373.59
Depreciation	**811.92**	565.42
Profit before tax	**6480.89**	5798.94
Provision for Taxation		
– General	**1683.04**	1440.70
– Fringe Benefit Tax	**30.00**	21.50
– Deferred	**389.35**	319.97
Profit after tax	**4378.50**	4016.77
Less: Taxation for earlier years	**26.76**	2.30
Net Profit	**4351.74**	4014.47
Add: Balance Brought Forward	**6854.62**	3685.11
Amount available for Appropriations	**11206.36**	7699.58
Appropriation:		
Proposed Dividend	**304.04**	294.85
Provision for Taxation on Proposed Dividend	**51.67**	50.11
Dividend Earlier Years (including Dividend tax)	**0.77**	0.00
Transfer to General Reserve	**500.00**	500.00
Balance Carried Forward	**10349.88**	6854.62

During the year Company was able to improve its performance both in terms of sales and profits. The improvement was possible due to increase in turnover of cables from Rs. 53311.79 lacs in 2006-07 to Rs. 74462.88 lacs in 2007-08. Stainless Steel Wire Products contributed Rs.11300.40 lacs in 2007-08 as compared to Rs.8459.94 lacs in 2006-07. Winding, Flexible & House Wire contributed Rs.10440.63 lacs in 2007-08 as against Rs.4987.46 lacs in 2006-07. Profit after tax is higher at Rs. 4378.50 lacs during 2007-08 as compared to Rs. 4016.77 lacs during 2006-07.

DIVIDEND & APPROPRIATIONS

An amount of Rs.500 Lacs has been credited to General Reserves.

Your Directors have recommended a dividend @ 25% (i.e. Rs.0.50/- per equity share) on the Equity Shares of face value of Rs.2/- each for the financial year ended March 31, 2008, which if approved by the members at the forthcoming Annual General Meeting, will be paid to:

- Those equity shareholders whose names appear in the register of members on August 28, 2008
- Those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

REVIEW OF OPERATIONS

In recent years, India has experienced rapid economic growth. India's GDP at constant prices grew at appx. 7.5%, 9.0% and 9.4% in fiscal 2005, 2006 and 2007 respectively. At KEI, we have made rapid strides converting the many opportunities that the fast growth of the economy presented to us. And financial year 2007-08, once proved to be another successful year at KEI. The company's operations recorded an excellent performance with both turnover and profitability advancing. The power cables segments continued to be the core revenue generator for the company. The company's efforts to increase its presence in the High Tension power cables yielded excellent results. Our plants operated at nearly 100 %

capacity. Several large institutional orders were awarded to KEI during the year.

The expansion project adjacent to existing plant at Bhiwadi (Rajasthan) for up-gradation of HT cables capacity up to 132 kV and additional capacity expansion of LT cables by 7,000 kms continued to progress well. The company has already successfully completed the testing of 66 kV power cable and is in the process of up-grading it to 132 kV.

The conducive atmosphere in the export segments along with intensive marketing yielded excellent results reporting a growth of 66% touching Rs 138.72 crore in the year under review. The successful commissioning of the 100% Export Oriented Undertaking (EOU) plant at Chopanki during the year provided a further boost to the company's export segment.

Substantial measures were taken to increase the percentage of sales from the growing domestic retail market. The extensive advertising and marketing expenses reaped rich benefits as the House wires & Flexible wire segment recorded a phenomenal growth of over 110 %.

KEI made inroads into the EPC segments receiving quality order encompassing the key power and construction segments. These orders usher a whole new level of opportunities for KEI in the power EPC segment. The company has set up an exclusive division and hired key manpower to drive the business in this segment forward.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB)

Company raised USD 36,000,0000 (thirty six million) by way of allotment of 1% Foreign Currency Convertible Bonds (FCCB) due 2011 in the financial Year 2006-07. The Bond has a maturity of 5 years and one day. The initial conversion price was Rs.430/-. The conversion price has been adjusted at Rs. 86/- per share for split of face value of shares from Rs.10/- to Rs.2. Further, the conversion price has been reset downward at Rs. 81/- per share as per reset conversion clause in the terms & conditions of FCCB issue. During the year under review, pursuant to conversion notice received by the Company from bondholders, Company has converted 670 Bonds of the face value of $ 5000/- each into 18,38,623 equity shares of face value of Rs. 2/- each & the balance 6,530 bonds are outstanding for conversion as on March 31, 2008. The Company has duly paid the semi-annual interest payable on FCCB outstanding. Unless, the Bonds have been previously redeemed, repurchased and cancelled or converted, the Company shall redeem the Bonds on November 30, 2011 (the "Maturity Date") equal to the outstanding principal amount of a Bond together with redemption premium and accrued but unpaid interest thereon to the Maturity Date. All outstanding bonds on the date of redemption would be redeemed at a price of USD 7.277 per Bond, providing a Yield to Maturity (YTM) of 8.5 % compounded semi-annually. The bonds are listed and traded at Luxembourg Stock Exchange.

GLOBAL DEPOSITORY RECEIPTS (GDR)

The Global Depository Receipts (GDR) issued by the Company are listed and traded at Luxembourg Stock Exchange. The proceeds of GDR issue have already been used for setting up of HT Power Cable project at Bhiwadi (Rajasthan). As on March 31, 2008 total outstanding GDR is 500 representing same number of equity shares of Rs.2/- each.

EMPLOYEES STOCK OPTION SCHEME

During the previous year, the Company had established KEI Employee Stock Option Scheme 2006 ("KEI ESOS 2006") and the same was approved at the Extra-ordinary General Meeting held on November 23, 2006. The Scheme was set up so as to offer and grant, for the benefit of employees (excluding promoters) of the Company, who are eligible under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, options of the Company in aggregate up to 10,00,000 options under KEI ESOS 2006, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board, in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard.

Pursuant to KEI Employee Stock Option Scheme 2006 framed by the Company in accordance with SEBI (Employees Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, the Remuneration & Compensation Committee of the Board at its meeting held on August 17, 2007 granted 6,55,705 Employee Stock Options to 97 eligible employees and 4 Independent Directors, being the 1st tranche of KEI ESOS 2006. Vesting period is one year from the grant date. Eligible employees can exercise the vested options within three months from the vesting date. As per the Scheme, each option is exercisable for one equity share of face value of Rs.2/- each fully paid up on payment to the Company for such shares. Total options outstanding at the end of the year ended on March 31, 2008 is 6,49,745.

Details of options granted under KEI ESOS 2006 are annexed to this report in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and any modifications thereto as **Annexure A.**

RATING BY CARE

During the year under review Credit Analysis & Research Ltd (CARE) assigned PR1+ (PR One plus) rating to the Commercial Paper (CP) / Short Term Debt programme of the Company. Further, Company's Corporate Governance practice received "CARE CGR 3". Recently, CARE has assigned "CARE A" and 'PR 1' (PR One) rating to the Long Term & Short Term Facilities of the Company in accordance with Vessel II norms. Rating has been assigned considering company's high investment grade, having adequate capacity for timely payment of short term obligations and for timely servicing of debt obligations. CARE has assigned this rating taking into account KEI's vast experience in the cable industry, profitable operations, established clientele and continued focus on power sector development by Government of India.

EXPORT ORIENTED UNDERTAKING (EOU)

During the year under review, Company successfully commissioned its Chopanki plant, a 100% Export Oriented Undertaking (EOU), with an installed capacity of 10,000 kms of power cable. Exports witnessed strong growth in FY 07-08 touching Rs 138.72 crore reflecting a growth of 66 % as against Rs 83.45 crore in FY 06-07. Thus, KEI has taken active steps to grow the export market presence by setting up of a new EOU unit.

FUTURE OUTLOOK

The company is poised to continue on its growth and revenue momentum. Going forward as the fundamental market conditions remain strong, with proactive measures of expanding capacities, strengthening of the marketing capabilities, sustained research and development efforts to find newer applications to capture untapped markets and segments will continue to fuel growth. KEI is confident of expanding the export market, retail market and EPC segment besides maintaining the sales momentum to institutions.

INCREASE IN PAID-UP SHARE CAPITAL

During the year under review, pursuant to conversion notice received by the Company from Bondholders, the Board of Directors / Share Allotment Committee of the Board allotted 1,29,796, 11,02,469 and 6,06,358 equity shares of face value of Rs.2/- each aggregating to 18,38,623 equity shares at their meeting held on June 11, 2007, January 18, 2008 and January 31, 2008 respectively. Due to conversion of above said FCCBs into equity shares the equity share capital of the Company increased from Rs. 11,79,39,430 to Rs. 12,16,16,676 consisting of 6,08,08,338 equity shares of Rs.2/- each.

LISTING OF SHARES

Company's 6,08,08,338 equity shares of Rs.2/- each are listed at Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited (NSE) and the Company has also paid its up-to-date listing fees to all the stock exchanges. BSE & NSE have nation-wide trading terminals and therefore provide full liquidity to investors. Company's 4,53,04,338 equity shares of Rs.2/- each are pending listing at Calcutta stock Exchange Association Limited (CSE). Company has submitted all the necessary documents / papers for listing of these shares to CSE. The Company's equity shares are in compulsory dematerialization form. As on March 31, 2008, 95.40% of the equity shares are held in Demat form.

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, 2008 with the SEBI Guidelines on Corporate Governance.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sunil Gupta and Mrs. Archana Gupta, Directors of the company, retire by rotation at the forthcoming Annual General Meeting. Mrs. Archana Gupta being eligible has offered herself for re-appointment. However, Mr. Sunil Gupta although eligible has not offered himself for re-appointment at the ensuing AGM.

The Board places on record its deep appreciation for the valuable contribution made by Mr. Sunil Gupta during his tenure as Director of the Company.

It is proposed to re-appoint Mr. Anil Gupta as Chairman-cum-Managing Director (CMD) of the Company for a period of 5 years commencing July 01, 2008. The resolution for the same has been included in the notice of the AGM scheduled to be held on August 28, 2008.

Further, as per the terms of appointment of Mr. Rajeev Gupta, ED (Finance), the Board of Directors of your Company on recommendation of Remuneration & Compensation Committee have decided to increase / revise remuneration payable to him with effect from April 01, 2008 as detailed in the Explanatory Statement forming part of the Notice of the ensuing AGM.

DE-LISTING OF SHARES

The equity shares of the Company has been de-listed from Delhi Stock Exchange Association Ltd (DSE) with effect from March 27, 2008, pursuant to application made by the Company for Voluntary de-listing in accordance with SEBI (De-listing of Securities Guidelines) 2003.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

a) That in the preparation of the annual accounts for the financial year ended March 31, 2008, the applicable accounting standards had been followed;

b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review;

c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

d) That the directors had prepared the accounts for the financial year ended March 31, 2008 on a 'going concern' basis.

FIXED DEPOSITS

There are no overdue fixed deposits as on March 31, 2008.

AUDITORS

The Statutory Auditors of the Company M/s Jagdish Chand & Co., Chartered Accountants, retire at the ensuing AGM and have confirmed their eligibility and willingness to accept office of Auditors, if re-appointed. The Audit Committee and the Board of Directors recommend M/s Jagdish Chand & Co. as Statutory Auditors of the Company for the financial year 2008-09.

PARTICULARS OF EMPLOYEES

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

Name	Designation	Gross Remuneration	Qualification	Experience	Date of joining	Age
Anil Gupta	CMD	Rs.3,41,29,636	M.Com	28 Years	31.12.92	49yrs

Mr. Anil Gupta, CMD is relative of Mrs. Archana Gupta & Mr. Sunil Gupta, Directors of the Company.

PARTICUALRS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREGIN EXCHANGE EARNING AND OUTGO

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

ACKNOWLEDGMENTS

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

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

For and on behalf of the Board

New Delhi
July 28, 2008

(ANIL GUPTA)
Chairman-cum-
Managing Director

ANNEXURE - A

Disclosure under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999:

A. Summary of Status of Employee Stock Options Granted

The Position of the existing scheme is summarized as under:

S. No.	Particulars	KEI Employee Stock Option Scheme 2006
1	Details of the Meetings	Board Meeting approved KEI ESOS 2006 on September 12, 2006. Approval of KEI ESOS 2006 by the members of the Company at the Extra ordinary General Meeting of the Company held on November 23, 2006. Remuneration & Compensation Committee granted stock options to eligible employees & directors on August 17, 2008.
2	Maximum Options approved	2,00,000 shares of face value Rs.10/- each (pre-split) now adjusted to 10,00,000 shares of face value Rs.2/- each.
3	Pricing Formula	At a price not less than the face value of the shares of the Company Grant Price (Rs.) : 25.25* Market Price (Rs.) : 75.75# Grant dated 17.08.2008 #Closing Price on the National Stock Exchange. * At approx. 66.67% discount to Market Price.
4	Option Granted	6,55,705
5	Option Vested	0
6	Option Exercised	0
7	Option forfeited/Surrendered	5,960
8	Option Lapsed	0
9	Total Number of Option is in force	6,49,745
10	Variation in terms of ESOP	Not Applicable
11	Total number of share arising as a result of exercise of options	0
12	Money realized by exercise of options (Rs. In Lakhs)	0

B. Employee wise details of options granted during the financial year 2007-08 to:

i) Senior Managerial Personnel

S. No.	Name of Employees/ Directors	Designation	No. options granted
1.	Mr. K.G. Somani	Director	10,000
2.	Mr. Pawan Bholusaria	Director	10,000
3.	Mr. Vijay Bhushan	Director	10,000
4.	Mr. Vikram Bhartia	Director	10,000
5.	Mr. Rajeev Gupta	ED (Finance)	17,410
6.	Mr. P. K. Aggarwal	Vice-President	18,115
7.	Mr. Manoj Kakkar	COO	16,800
8.	Mr. K. C. Sharma	VP (Works)	12,945
	TOTAL		**1,05,270**

ii) Employees holding 5% or more of the total number of options granted during the year. — NIL

iii) Employees who were issued shares equal to or exceeding 1% of the issued capital.	No employee of the company has been awarded more than or equal to 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

C. Weighted average exercise price of Options granted during the year whose

i) Exercise price equal market price (Rs.)	N.A.
ii) Exercise price is greater than market price (Rs.)	N.A.
iii) Exercise price is less than market price (Rs.)	25.25

Weighted average fair value of Options granted during the year whose

i) Exercise price equal market price (Rs.)	N.A.
ii) Exercise price is greater than market price (Rs.)	N.A.
iii) Exercise price is less than market price (Rs.)	50.95

D. The Stock based compensation cost calculated as per the intrinsic value method for the financial year 2007-08 is Rs. 2,03,50,688. If the Stock based Compensation cost was calculated as per fair value method prescribed by SEBI, the total cost to be recognized in the financial statements for the year 2007-08 would be Rs. 2,05,31,052. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Adjusted Net Income and Earning Per Share:

Particulars	Amount (Rs.)
Net income as reported	43,51,73,595
Add: Intrinsic value compensation cost	2,03,50,688
Less: Fair value compensation cost	2,05,31,052
Adjusted Net Income	43,49,93,231

Earning per share: Basic	Amount (Rs.)
As reported	7.33
As adjusted	7.32
Earning per share: Diluted	
As reported	5.58
As adjusted	5.57

E. Method and Assumptions used to estimate the fair value of options granted during the year:
The fair value has been calculated using the Black Scholes Option Pricing model.
The Assumptions used in the model are as follows:

Variables	Tranche 1
	KEI Employee Stock Option Scheme 2006
1. Risk Free Interest Rate	7.69%
2. Expected Life	1.13
3. Expected Volatility	61.54%
4. Dividend Yield	1.37%
5. Price of the underlying share in market at the time of the option grant.(Rs.)	74.85

ANNEXURE B

Disclosure of particulars with respect to conservation of energy, technology absorption, foreign exchange earning and outgo under section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of Director's report for the year ended March 31, 2008.

1. CONSERVATION OF ENERGY

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

2. TECHNOLOGY ABSORPTION:

(a) **Research & Development:** Detailed in house analytical laboratory is there for the fine-tuning of operations. Accordingly, success has been achieved in increasing the quality of goods with higher yield percentage.

(b) **Technology Absorption:** The Company neither entered into any technical foreign collaboration nor received/ imported any technology from any foreign organisation.

3. FOREIGN EXCHANGE EARNING AND OUTGO:

(a) Activities relating to export initiatives taken to increase exports, developments of new export markets for products and export plans.

Cables	:	Company participated in exhibitions in foreign countries for promotion of its products. Products as per requirements of foreign markets were developed.
Stainless Steel Wires	:	The company was able to develop new customers, new markets with its thrust on exports during the year. Foreign customers were regularly followed up by visits as well as by other means.

(b) Total foreign exchange used & earned:

Earnings	:	Rs. 13,871.61 lacs
Outgo	:	Rs. 4,460.58 Lacs

For and on behalf of the Board

New Delhi
July 28, 2008

(ANIL GUPTA)
Chairman-cum-Managing Director

Management Discussion and Analysis

OVERVIEW

KEI is a complete cable solutions company with the widest product range in the industry encompassing LT & HT power cables, control and instrumentation cables, specialty cables, rubber cables, flexible & house wires, submersible cables, OVC/poly wrapped winding wires, and stainless steel wires with capabilities to address demand across a cross-section of sectors such as power, oil refineries, railways, automobiles, cement, steel, fertilizer, textile, real estate and retail segment.

Ranked amongst the top three cable manufacturing companies in India, KEI's diverse product offering along with the indigenously flexible manufacturing facility to switch production from one cable segment to another based on the demand situation makes KEI a strong, fast growing and de-risked company, equipped to enjoy diverse opportunities as well as handle any cyclical swings in demand.

FINANCIAL OVERVIEW

Financial year 2007-08 proved to be another successful year at KEI. The company's operations recorded an excellent performance with both turnover and profitability advancing amidst challenging and volatile market conditions.

The Net Sales of the company touched Rs 873.63 crore reflecting a growth of nearly 45 % over the previous year. The Net Profit increased by nearly 9% to touch Rs 43.52 crore. The company's margins dipped due to lower margins in the stainless steel wires segment, which dropped due to volatility in nickel and stainless prices, the key input for manufacturing stainless steel. Margins in the power cables business were also impacted on account of higher expenses on testing, marketing and expenses incurred to expand its dealer network and develop markets in new geographies.

BUSINESS OVERVIEW

On the institutional side, KEI has continued to service industry stalwarts including Larsen &Tourbo, BHEL, NTPC, Essar Refinery, Jindal Power, Reliance Energy, BSES, Power Grid Corporation, Tata Power, various State Electricity Boards (SEBs), Suzlon Energy, GAIL (India), ONGC, HPCL, BPCL, Tata Chemicals, ABB, Alstom, SAIL, TATA steel, Jindal, Wipro, etc. The ability to offer a comprehensive product range catering to a diverse range of sectors, stringent quality procedures, on time delivery, excellent client servicing and support has enabled the company to enjoy high degree to repeat orders.

The company has augmented its sales from the retail segment where the margins are higher and it ensures year round sales. KEI's focused advertising campaign has not only helped increase the visibility, increased retail sales but also helped the company to further strengthen its dealer network and increase the number of vendor approval status from contractors to ensure repeat sales.

EPC

During the year, the company has set up a special EPC division, employed senior and experienced to ensure focused growth in line with its strategic growth plan in the segment. The company made excellent progress and was awarded break through orders that will enable it to make further inroads into the power EPC segment in the future.

CAPACITY EXPANSION

The company's plant operated at nearly 100 per cent capacity and the expansion plans of company remains on track. The expansion project adjacent to existing plant at Bhiwadi (Rajasthan) for up-gradation of HT cables capacity up to 132 kV and additional capacity expansion of LT cables by 7,000 kms continued to progress well. The company has already successfully completed the testing of the 66 kV power cable and is in the process of up-grading it to 132 kV. The Company is adding 1500 kms of HT Cable capacity at Chopanki Unit. The production of HT cable is expected to commence by September 2008. Post this expansion, the company would be operating with an annual cable manufacturing capacity of 54,000 kms (LT) and 4,500 kms (HT), respectively.

EXPORTS

KEI has successfully commissioned its Chopanki plant, an export oriented undertaking (EOU), with an installed capacity of 10,000 kms of power cable. Exports witnessed strong growth in FY 07-08 touching Rs 138.72 crore reflecting a growth of 66 % as against Rs 83.45 crore in FY 06-07. The company's sustained marketing efforts yielded to higher orders in the Gulf, African and European market segments. KEI already exports products to Canada, South Africa, Australia, USA, France, Italy, Germany, USA, Italy, UK, Uganda, Nigeria, Cyprus, Iran, Abu Dhabi, Malaysia, Mauritius, Sri Lanka, etc.

The company continues to successfully supply cables to leading EPC contractors including ABB, Siemens, L&T executing projects in these regions. KEI's marketing office in Dubai has further been strengthened and is also developing various strategies to expand the other promising market in Africa and Europe.

Thus, KEI has taken active steps to grow the export market presence by increasing the international marketing team's size, participating in international fairs and exhibitions, filing for certifications to sell in new geographies and the setting up of a new EOU unit.

OUTLOOK

The company is well placed to provide continued revenue growth going forward as the fundamental market conditions remain strong. Being a key player in the organized power cables segment, KEI will continue to be a beneficiary of the growth momentum foreseen in the country's power sector.

The company's increased capacity expansion program and the up-gradation of power cables will further enable it to cater to the growing demand. Considering the demand for power cables is high on the back of infrastructure growth and industrial expansion, KEI is thus well-placed to leverage this growth opportunity.

Thus, KEI has aligned its manufacturing capabilities, developed an enviable product mix and a focused marketing campaign to exploit market demand.

The company is considering a technical collaboration or a joint venture for the EHV project. EHV will provide the company additional revenue line in the form of underground power cabling segment – a segment which is gaining immense popularity after the success of underground cabling in Mumbai and Delhi. EHV will provide a strong footing to the company in the power distribution and transmission segment in the future. EHV would enable the company to earn higher margins and help in building a strong foundation for EPC contracts.

The EOU plant is expected to add nearly Rs 350 crore additional revenue in its full year of operation. Post commencement of EOU, in FY09, the export is expected to contribute nearly 20 per cent to the total revenue.

To further strengthen its brand building exercise and increase visibility, the company has allocated funds to cover not only the extensive outdoor campaign but also consider an extensive television campaign. The company will also continue to participate regularly in the exhibitions in India and overseas.

With the completion of the expansion plans, strong demand matrix and increased revenue visibility; the company is on a strong growth path.

The foray in the EPC segment has provided KEI the necessary base to build the EPC segment and meet the eligibility criteria for future projects. With the necessary technical tie-ups and the right manpower skill set, this segment is expected to lead to higher value projects in the future.

OPPORTUNITIES

A key risk to the continued growth of the Indian economy is inadequate infrastructure. Hence, the Government of India has identified the power sector as a critical sector of focus to promote sustained industrial growth.

The market potential to sustain the GDP growth rate of India at 8% plus per annum needs the power sector to grow at 1.8 - 2 times the GDP rate of growth as espoused by economists, planners and industry experts. This would mean a Y-O-Y capacity addition of 18,000 - 20,000 MW to achieve this ambitious plan of moving India to a Developed Economy status, as an Economic Global Powerhouse.

Power cables, is thus a crucial segment of all three: power generation, transmission and distribution.

INDIAN POWER SECTOR

Demand supply scenario

The power industry in India has historically been characterised by energy shortages which have been increasing over the years.

The following table highlights the peak deficit over the years:

Fiscal Year Peak Deficit (MW)

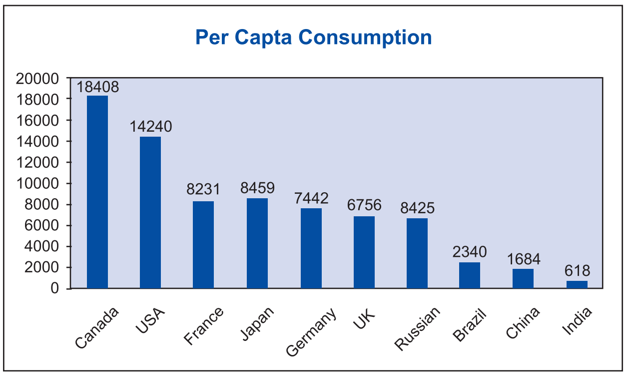
2001-02	10,293
2002-03	9,945
2003-04	9,508
2004-05	10,254
2005-06	11,463
2006-07	13,897
April-September 2007	12,409

(Source: CEA, Power Scenario at a Glance, October 2007)

It is estimated that India's peak demand will reach 152,746 MW with an energy requirement of 968 billion units ("BUs") by fiscal year 2011-12. By the fiscal year 2016-17, peak demand will reach 218,209 MW with an energy requirement of 1,392 BUs.

Consumption levels

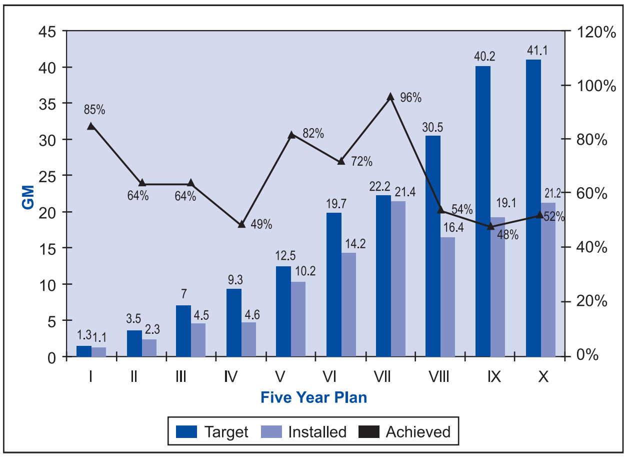
The per capita consumption of energy in India is extremely low in comparison to most other parts of the world, in part due to unreliable supply and inadequate distribution networks. According to World Energy Outlook, 2006, over 400 million of the population in India did not have access to electricity.



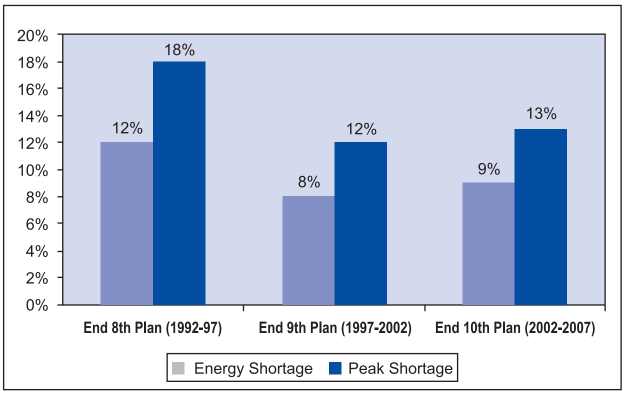
(Source: UNDP – comparing the per capita electricity consumption of energy in various developed and developing countries).

Installed generation capacity

According to the Ministry of Power, as of September 30, 2007, India has an installed generation capacity of approximately 135,782 MW. Despite the fact that the economic liberalization policies of the government, which began in 1992, were designed to fuel growth across all sectors, the power industry has not grown sufficiently to meet the demand shortfall. The economy still faces acute shortage of power.



(Source: Ministry of Power) The above graph depicts installed, target and achieved capacity levels over the years.



Capacity addition

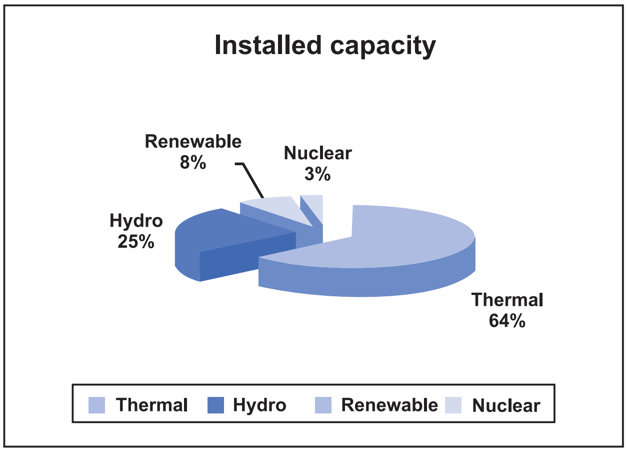
It is estimated that the capacity addition required during 12th Five-Year Plan would be in the range of 70,800 - 107,500 MW, based on normative parameters. The 11th Plan Working Group recommends a capacity addition of 82,200 MW for the 12th Five-Year Plan based on the scenario of 9% GDP growth rate and an elasticity of 0.8%. Large investments will be required to achieve the target of per capita consumption of 1000 KWh by 2012 as set by the Government of India.

To achieve this goal, following milestones are critical:

- Attract large investment into the sector. (FDI & Domestic Investment)
- Adequate capacity growth to sustain GDP Growth at 8% plus.
- Reliable & quality power on 24 x 7 basis, at least in urban & industrialized areas.
- 100% rural electrification with adequate & qualitative power for irrigation purpose.
- Increasing the role of hydel & renewable energy in the energy mix.

(Source: Report of the Eleventh Plan (2007-12), The Working Group on Power Ministry of Power, February 2007)

In order to meet the growing demand for power, India is



expected to continue to exploit all available energy sources. The country plans to develop cleaner sources of energy like hydro electric power and other renewable and non-conventional sources, but coal based thermal generation is likely to continue to dominate power generation in India.

Power cables

Thus, the unlimited opportunity potential provides a compelling growth story for KEI.

- Cables account for nearly 3-3.5 % of the total power generation cost
- Every MW of power generation capacity will generate fresh demand for cables and also generate replacement demand of old cables.
- On a conservative estimate power transmission generates estimated demand for power cables to the tune of 1.5-2% of the total project cost.
- Power distribution on the other hand generates the highest demand for cables in the entire value chain at approxinately 10 % of the total project cost.

Transmission and Distribution

In India, the transmission and distribution system is a three-tier structure comprising regional grids, state grids and distribution networks. Inter-regional transmission lines (which are a part of the national grid) facilitate transfer of power from a region of surplus to one with deficit. Again this segment requires HT and EHV cabling solutions.

The EHV cables will receive excellent boost as demand exists from the underground cabling as cities across the country move from overhead cabling to underground cabling options.

Industrial Capex

Large scale industrial expansion plans which include building factories, manufacturing and industrial units across various sectors right from steel, power, fertilisers, oil & refinery, aluminum, cement, mining etc generate a demand for power cables (both LT & HT). The quality of power cables to withstand stringent conditions also leads to acceptability where industries are adopting inhouse power generation facilities. The investment in cables in the industrial sector is estimated to be 2-2.25 % of the total capex.

Realty sector

Despite fall in demand in the near term, the real estate sector is expected continue to grow on the back of fundamental demand for residential and commercial property.

According to the 11th Five Year Plan document, there is a shortage of 24.71 million houses in the country. A recent study by Delhi-based research firm, Indicus Analytics - called 'Housing Skyline of India 2007-08', projects that there will be demand for over 24.3-million new dwellings for self-living in urban India, and over half of this will come from outside top 100 cities. Nearly 70% of the demand in the commercial sector is from the IT/ITeS sector. The industry has predominantly been export focused. The revenue for the ITeS sector has been growing at a CAGR of nearly 32% for the past 3 years while the domestic revenue has been growing at nearly 58%. Some of the other key sectors fuelling the demand include BFSI (banking, financial services and insurance), FMCG (fast moving consumer goods) and Telecom. The domestic ITeS market is projected to grow at the CAGR for the next two years and is expected to reach USD 2.12 billion in 2008-09. Revenue growth is primarly driven by the telecom and the BFSI verticals, which together account for 86% of the total domestic revenues. With nearly 7-8 million new subscriber additions every month, the telecom industry will lead to demand in the customer relationship management service line. Query call handling is expected to drive the growth in the segment. Thus, with strong demand drivers in place, the demand for real estate will continue. Real estate projects require medium tension and low-tension cables, and with strong construction activities the demand for cables will continue to be robust.

EPC Segment

With the increase in construction activities and the increased privatization of the power sector, company large order books sizes are increasing looking at sub-contracting projects especially in the power and construction space.

The huge investment in the power sector (about 58,644 mw or 74.6 per cent of the total capacity addition by 2012 being thermal power) will also translate into opportunities in the EPC space. According to industry estimates, for every rupee invested towards new power generation capacity about 60 % of project cost is towards equipment and EPC work.

Under this segment, company will not only undertake the order for the supply of cables, but also of all equipment, and specific construction materials and may cover the supervision of erection, commissioning, and performance guarantee testing. The company has also considered the offshore supply of all equipments and materials for goods to be sourced has it enjoys excellent vendor and distributor networks and purchases will be at lower rates.

For conducting engineering, civil and structural works, the company has already tied up with key subcontractors and may also forge tie-ups in inland transportation, custom clearance, custom duty, service tax and other taxes to provide one point turnkey solution.

Exports

The Middle East region is experiencing a new golden age. Awash with petrodollars, the region is reinventing itself through iconic and ground-breaking real estate developments, opening its arms to welcome foreign investors and residents alike. It is repositioning itself on the world stage as a hydrocarbon-rich powerhouse that retains its religious and cultural heritage, yet also knows how to have fun. But there is an ominous threat overhanging the region that could derail everything. The explosive industrial, economic and population growth is putting tremendous pressure on critical infrastructure, such as power, water and wastewater networks. Utility companies are facing an uphill struggle to keep pace with the developers and there is a very real possibility that the region could be hit with a power and water crisis. Already, industry observers are forecasting that electricity demand will overtake generating capacity in the next couple of years, leaving GCC countries with up to a 35% shortfall in supply by 2010. Without these essential utilities, the Middle East will grind to a halt. Estimates say the power industry in the Middle East, North Africa and South Asia (MENASA) region needs US $155 billion worth of investments over the next 10 years in order to match consumption growth.

Energy consumption in the United Arab Emirates is growing at an average rate of 10% per annum, more than double the global average of just 4%. Power consumption rose last year by 15%. Some key facts:

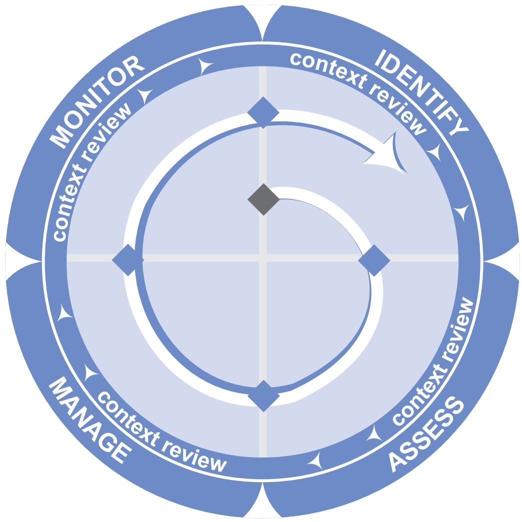
- Abu Dhabi power demand is set to increase by 80% by 2012
- The number of electricity consumers in the UAE rose by 19% last year
- Energy consumption in the UAE is forecast to triple by 2020
- Arab nations are to spend over US$120 billion on new power projects between 2008 - 2012

Oil prices will determine the volume of wealth the GCC states will have available to invest. At current prices, floating above $100 a barrel, they would earn more than $9 trillion in 12 years.

Competitive Strengths

- Wide product basket
- Ongoing capacity expansions
- Well planned strategies designed to solidify and expand business
- De-risked & diversified client base across various sectors and across geographies
- Focusing on markets which offer the greatest potential for growth
- Reputed client base, enjoying over 100 + vendors endorsements from institutions
- Presence across the value chain – catering to large institution & also reaching out to the smallest requirement of the retail customers across the country
- Constantly developing new products and niche customised offerings
- Implementing operational excellence

Risk management



The company adopts a 4 layer risk management strategy which includes the constant monitoring of various business processes, anticipating, identifying and assessing variation in trends to finally manage business, operational and financial risks. The company's hands on approach along the technology up-gradation to bring all process under the MIS have vastly helped the risk management efforts of the company.

Risk	Mitigation strategy
Slow down of the economy	Diversified and de-risked with strong presence across the entire value chain, wide product offering, flexible manufacturing facilities and wide geographic presence insulating the company from any cyclical downswings.
Raw material price fluctuation	Several measures of prudence The company has taken several measures of prudence including incorporating price escalation clauses in large orders, small order where prices are frozen only for three months, reduced inventory of raw material and finished goods. The company's newly installed ERP BAAN system will provide updated MIS systems to monitor this.

Risk	Mitigation strategy
Currency fluctuations	The company is constantly monitoring the currency movements and through prudent forward booking policies has so far managed to control any major losses due to currency fluctuations.
Competition	Constantly, innovating and moved from LT to HT and now moving on EHV power cable segment. On the retail side, investing in building strong brand equity through sustained marketing and sharply focused advertising efforts. Building a strong all-India dealership network.
Execution risk due to talent constraints/Human Resource	To motivate and reward high performing employees, the company has introduced ESOP schemes. The company takes adequate measures to enhance the skills and competence of its human resources. The company emphasis on a culture of accountability and team work and initiative culture through incentive lead payouts, objective-setting programs and training seminars.

Report on Corporate Governance

1. Company's Philosophy:

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

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

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

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

2. Board of Directors:

(i) The Company has 8 Directors with an Executive Chairman. Out of the 8 Directors, 6 (i.e. 75%) are Non-Executive Directors and 4 (i.e. 50%) 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, 2008 have been made by the Directors.

(iii) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other companies are given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship / Membership of Board Committees include only Audit and Shareholder / Investors Grievance Committees.

Name of the Directors	Category	No. of Board Meeting attended	Attendance at Last AGM	No. of Directorship in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies	
					Chairman	Member
Mr. Anil Gupta (CMD)	Non-Independent, Executive	6	Yes	None	None	None
Mr. Pawan Bholusaria	Independent, Non-Executive	6	Yes	2	None	2

Name of the Directors	Category	No. of Board Meeting attended	Attendance at Last AGM	No. of Directorship in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies	
					Chairman	Member
Mr. K.G. Somani	Independent, Non-Executive	4	No	1	None	None
Mr. Vijay Bhushan	Independent, Non-Executive	5	No	4	2	3
Mr. Vikram Bhartia	Independent, Non-Executive	5	Yes	None	None	None
Mrs. Archana Gupta	Non-Independent, Non-Executive	5	No	1	None	None
Mr. Sunil Gupta	Non-Independent, Non-Executive	2	No	None	None	None
Mr. Rajeev Gupta	Non-Independent, Executive	6	Yes	None	None	None

Meeting of Board of Directors

There were 6 (Six) Board Meetings held during the year ended March 31, 2008.These were on 18.05.2007, 11.06.2007, 31.07.2007, 31.10.2007, 25.01.2008 & 20.02.2008. The Board of Directors of the Company passed resolutions by circulation pursuant to Section 289 of the Companies Act, 1956 on 07.05.2007, 20.06.2007, 14.09.2007 and 14.12.2007

The last Annual General Meeting (AGM) was held on September 13, 2007

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

Code of Conduct

The Company has framed Code of Conduct which is applicable to all Directors and members of Senior Management. Pursuant to this Code all the Directors & Senior Management have affirmed compliance with this Code for the year ended March 31, 2008. A declaration of compliance of this Code signed by CMD forms part to this report.

3. Audit Committee:

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

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

- Disclosure of contingent liabilities.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company's Whistle Blower Policy.
- Mandatory review of following information:
  — Management discussion and analysis of financial condition and results of operation;
  — Statement of significant related party transactions, submitted by management;
  — Management letters / letters of internal control weaknesses issued by Statutory Auditors and
  — Appointment, removal and terms of remuneration of Internal Auditor.

During the year ended March 31, 2008, four Audit Committee Meetings were held on 18.05.2007, 31.07.2007, 31.10.2008 & 25.01.2008.

Mr. Pawan Bholusaria, Chairman of the Audit Committee was present at the last Annual General Meeting held on September 13, 2007.

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

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

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

4. Shareholders Grievance Committee:

The "Shareholders Grievance Committee" looks in to redressing investor's grievances/complaints such as non-receipt of notices, annual reports, dividends and share transfers related works. The Committee also approves issue of duplicate share certificates etc. During the year ended March 31, 2008, four meeting of the Committee were held on 18.05.2007, 31.07.2007, 31.10.2007 & 25.01.2008.

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

Name of Director	Category	Profession	No. of meetings attended
Mr. Vijay Bhushan	Director (Chairman)	Business	4
Mr. Sunil Gupta	Director (Member)	Business	2
Mr. Vikram Bhartia	Director (Member)	Business	4

Number of Shareholders complaints received during the year ended March 31, 2008 and resolved were 17, number of complaints not solved to the satisfaction of shareholders was Nil. Number of pending share transfer as on March 31, 2008 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 and Compliance Officer of the Company acts as Secretary to the Committee.

5. Remuneration & Compensation Committee:

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

a. Formulate suitable employees stock option scheme in terms of the SEBI (ESOS & ESPS) Guidelines, 1999 for the benefit of employees and directors of the Company.

b. Adopt rules and regulations for implementing the Scheme from time to time.
c. Identify the Employees eligible to participate under the Scheme.
d. Grant Options to the identified Eligible Employees and determine the date of Grant.
e. Determine the number of Options to be granted to each Grantee.
f. Determine the number of Shares of the Company to be covered by each Option granted under the Scheme.
g. Determine the method for exercising the Vested Options.
h. Determine the Exercise price of the Options granted.
i. Determine the procedure for making a fair and reasonable adjustment to the number of options.
j. Determine the terms and conditions, not inconsistent with the terms of the Scheme, of any Option granted hereunder.
k. Approve forms or agreements for use under the Scheme.
l. Construe and interpret the terms of the Scheme, and the Options granted pursuant to the Scheme.
m. 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.
n. Frame rules and regulations, prescribe forms and issue circulars or orders in relation to the Scheme and may from time to time amend, recall or replace such rules and regulations, forms, orders and circulars.
o. Decide all other matters that must be determined in connection with an Option under the Scheme.

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

During the year ended March 31, 2008, two meetings were held on 18.05.2007 and 17.08.2007.

The composition of the Committee meeting and the attendance of the members in the meetings are as under

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

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

6. Share Allotment Committee:

Share Allotment Committee was constituted by the Board of Directors of the Company at its meeting held on June 11, 2007. The detailed terms of reference of Share Allotment Committee include inter-alia the following powers:

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

During the year ended March 31, 2008, two meetings were held on 18.01.2008 & 31.01.2008.

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

Name of Director	Category	Profession	No. of meetings attended
Mr. Pawan Bholusaria	Director (Chairman)	Chartered Accountant	2
Mr. Vijay Bhushan	Director (Member)	Business	2
Mr. Anil Gupta	Director (Member)	Business	Nil

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

Details of Remuneration paid to Executive Directors for the Year ended on March 31, 2008:

The aggregate value of salary, perquisites and commission paid for the year ended March 31, 2008 to the CMD and Whole Time Director are as follows:

Name	Salary	Commission	Co.'s Cont. to P.F	Perquisites	Sitting Fees	Total
Mr. Anil Gupta, CMD	24,00,000	3,11,68,616	9,360	5,51,660	NIL	3,41,29,636
Mr. Rajeev Gupta, ED (Finance)	20,24,400	NIL	9,360	NIL	NIL	20,33,760
Total						**3,61,63,396**

Details of Sitting fees

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

The sitting fees paid for the year ended on March 31, 2008 to Non-executive and Independent Directors are as follows:

Mr. Sunil Gupta	Rs. 40,000/-
Mr. Pawan Bholusaria	Rs 1,40,000/-
Mr. K.G. Somani	Rs. 80,000/-
Mr. Vikram Bhartia	Rs. 1,50,000/-
Mr. Vijay Bhushan	Rs. 1,30,000/-
Mrs.Archana Gupta	Rs. 50,000/-

7. General Body Meetings:

(I) Annual General Meeting (AGM) Details

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

Year	Day	Date	Time	No. of Special Resolution passed at AGM
2005	Thursday	June 30, 2005	10.00 A.M	1
2006	Thursday	June 15, 2006	10.00 A.M	5
2007	Thursday	September 13, 2007	10.00 A.M	2

(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.

However, during the year under review, following resolutions were passed by the members of the Company through Postal Ballot:

1. Special Resolution under Section 17 of the Companies Act, 1956 for Amendment in the 'Other Objects' clause of Memorandum of Association of the Company by inserting clause 51 to 61 after existing clause 50.
2. Special Resolution under Section 149 (2A) of the Companies Act, 1956 authorizing the Board of Directors of the Company to commence / carry on all or any of the business and activities set out in clause 1 and clause 51 to 61 of the 'Other Objects' clause of the Memorandum of Association.

The result of the Postal Ballot was declared by Mr. Anil Gupta, Chairman on Friday, September 21, 2007 at 4.30 P.M at the Registered Office of the company at D-90, Okhla Industrial Area, Phase-I, New Delhi-110 020. Members passed the resolutions with overwhelming majority. The result of the postal ballot is as under:

Resolution No. (as above)	No. of valid Postal Ballot Forms received	No. of invalid Postal Ballot Forms received	Votes in favour of the resolution	Votes against the resolution
1.	138	6	2,95,68,060	935
2.	136	6	2,95,67,560	1,150

8. Disclosures:

(I) Related Party Transactions

There have been no materially significant related party transactions with the company's subsidiaries, promoters, directors, management or their relatives which may have a potential conflict with the interests of the company. Members may refer to Disclosures of transactions with related parties i.e. Promoters, Directors, Relatives, Subsidiary or Management made in the Balance Sheet in Schedule "W" Notes to Accounts at Note No. 28.

(II) 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.

(III) Accounting Standard

The company has followed the accounting standards laid down by the Institute of Chartered Accountants of India.

(IV) Subsidiary

The Company does not have any holding or subsidiary company.

(V) Risk Management

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

(VI) CEO / CFO Certificate

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

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

Name of Director	Category	No. of shares held
Mr. Sunil Gupta	Promoter, Non-executive Director	NIL
Mrs. Archana Gupta	Promoter, Non-executive Director	8,37,315
Mr. Pawan Bholusaria	Non-executive Independent Director	500
Mr. K.G. Somani	Non-executive Independent Director	1,000
Mr. Vijay Bhushan	Non-executive Independent Director	NIL
Mr. Vikram Bhartia	Non-executive Independent Director	NIL

(VIII) Secretarial Audit

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

9. Means of Communication:

The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India which include, The Economic Times (all editions), Business Standard (all editions), Times of India (Delhi), The Financial Express and Navbharat Times. The results are also displayed on the Company's website www.kei-ind.com. The financial results and shareholding of the Company is also at the website of SEBI at http//sebiedifar.nic.in as the Company is filing the same under edifar system as per the requirement of Clause 51 of the Listing Agreement. The Annual Report of the Company is sent to all the shareholders at their registered addresses. The Management Discussion and Analysis Report forms part of the Annual Report.

10. General Shareholders Information:

(a) 16th Annual General Meeting- Day, Time and Venue

Day	Date	Time	Venue
Thursday	August 28, 2008	10.00 A.M	Hamdard Convention Centre (Hall No.1) Jamia Hamdard, Hamdard Nagar, Near Batra Hospital, New Delhi-110 062.

(b) **Financial Calendar**

Financial Year : **1st April to 31st March**

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

June, 2008	:	3rd / 4th week of July, 2008
September, 2008	:	3rd / 4th week of October, 2008
December, 2008	:	3rd / 4th week of January, 2009
March, 2009	:	3rd/ 4th week of May, 2009
Date of Book closure (Both days inclusive)	:	20.08.2008 to 28.08.2008

Dividend payment date: Dividend payment on or after September 02, 2008 but within the statutory time limit of 30 days, subject to Shareholders approval.

(c) **Registered Office** : D-90, Okhla Industrial Area, Phase-I, New Delhi- 110 020.

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

* **Note:** Global Depository Receipt (GDR) & Foreign Currency Convertible Bonds (FCCB) are listed at Luxembourg Stock Exchange.

- The Equity Share of the Company has been de-listed from the Delhi Stock Exchange Association Limited (DSE) w.e.f. March 27, 2008 pursuant to application made by the Company for voluntarily de-listing in accordance with SEBI (Delisting of Securities) Guidelines, 2003.

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

(e) **Stock Code**

National Stock Exchange of India Ltd	:	KEI
Bombay Stock Exchange Ltd	:	517569
The Calcutta Stock Exchange Association Ltd	:	1422
Trading Symbol of BSE & NSE are respectively	:	"KEI INDUSTRI" & "KEI"

Note: Global Depository Receipt (GDR) & 1% USD 36 Million Foreign Currency Convertible Bond (FCCB) due 2011 are listed outside India at Luxembourg Stock Exchange.

The ISIN Code of GDR & FCCB are US4824682045 & XS0273861137 respectively.

(f) **Stock Market Data**

Month	Bombay Stock Exchange Ltd (BSE)		National Stock Exchange of India Ltd (NSE)	
	High	Low	High	Low
April, 2007	78.00	65.10	78.00	64.05
May, 2007	103.50	71.10	103.40	71.25
June, 2007	95.20	78.90	95.65	81.00
July, 2007	95.45	80.10	95.10	81.00
August, 2007	85.00	69.10	85.00	69.05
September, 2007	95.40	71.85	95.40	72.00
October, 2007	92.25	73.10	92.00	72.05
November, 2007	90.05	75.30	89.90	74.05
December, 2007	105.00	78.85	109.50	79.20
January, 2008	168.80	82.90	168.00	82.95
February, 2008	94.50	75.70	94.15	76.00
March, 2008	86.50	50.10	86.40	50.10

(g) **Registrar and Share Transfer Agents**
M/s MAS Services Ltd.
AB-4, Safdarjung Enclave, New Delhi- 110 029, Ph. No. 011-26104142, Fax No. 011-26181081

(h) **Share Transfer System**
With a view to expedite the process of share transfer, the Board of Directors has delegated the power of share transfer to 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 (CDSL) within 7 days.

(i) **Dematerialization of Shares**
The shares of the company are permitted for trading on dematerialized form only. The company's shares are available for trading in the depository system of both NSDL and CDSL. As on March 31, 2008, 5,80,09,455 equity shares of Rs.2/- each forming 95.40 % of the share capital of the company stands dematerialized. Security Code No. with NSDL and CDSL is- ISIN-INE 878B01027.

(j) **Shareholding Pattern as on March 31, 2008**

Category	No. of Shareholder	No. of Shares (face value of Rs. 2/- each)	No. of Shares in demat form	% of shareholding
Promoters	7	2,11,68,820	2,11,68,820	34.81
Bodies Corporate	703	1,24,77,747	1,01,95,747	20.52
NRI/OCBs/Clearing Members/Trust	483	5,26,351	4,58,351	0.87
Bank/ Financial Institutions/ Mutual Funds/ FIIs	20	1,53,03,233	1,53,03,233	25.17
Indian Public	21,733	1,13,31,687	1,08,82,804	18.63
GDR shares	1	500	500	0.00
Total	**22,947**	**6,08,08,338**	**5,80,09,455**	**100.00**

(k) **Distribution Schedule of Shareholding as on March 31, 2008**

No. of Shareholders	% to Total	Shareholding of Nominal Value of Rs.	No. of Shares	Amount in Rs.	% of Total
22293	97.15	Up to 5000	57,51,502	1,15,03,004	09.46
330	01.44	5001 to 10000	12,82,041	25,64,082	02.11
153	00.67	10001 to 20000	11,46,444	22,92,888	01.88
42	00.18	20001 to 30000	5,27,839	10,55,678	00.87
26	00.11	30001 to 40000	4,71,554	9,43,108	00.77
16	00.07	40001 to 50000	3,63,337	7,26,674	00.60
32	00.14	50001 to 100000	11,72,183	23,44,366	01.93
55	00.24	100001 and Above	5,00,93,438	10,01,86,876	82.38
22947	**100.00**	**Total**	**6,08,08,338**	**12,16,16,676**	**100.00**

(l) **Liquidity of Shares**
The equity shares of the company are listed at three Stock Exchanges and thus is liquid security. 6,08,08,338 equity shares of face value of Rs.2/- each are listed at The National Stock Exchange of India Ltd (NSE) & Bombay Stock Exchange Limited (BSE). 4,53,04,338 Equity Shares are pending for listing at The Calcutta Stock Exchange. Company has provided all the necessary details for listing of these shares to the Calcutta Stock Exchange and is following up the matter with that Stock Exchange.

(m) Outstanding GDRs / ADRs / Warrants / Convertible Instruments

The Company had issued & allotted Global Depository Receipt (GDR) on September 16, 2005, as on March 31, 2008, 500 equity shares of Rs.2/- each representing 500 GDR is outstanding for conversion.

Company raised USD 36,000,0000 (thirty six million) by way of allotment of 1% Foreign Currency Convertible Bonds (FCCB) due 2011 in the financial Year 2006-07. The Bond has a maturity of 5 years and one day. The reset conversion price is Rs. 81/- per share as per reset conversion clause in the terms & conditions of FCCB issue. During the year under review, out of 7,200 Nos. bonds of face value of USD 5,000 each, 670 Bonds have been converted into 18,38,623 equity shares of face value of Rs. 2/- each & the balance 6,530 bonds are outstanding for conversion as on March 31, 2008.

Pursuant to KEI Employee Stock Option Scheme 2006 framed by the Company in accordance with SEBI (Employees Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, the Remuneration & Compensation Committee of the Board at its meeting held on August 17, 2007 granted 6,55,705 Employee Stock Options to 97 eligible employees and 4 Independent Directors, being the 1st tranche of KEI ESOS 2006. Out of the total option granted 5,960 options has been cancelled. As per the Scheme, each option is exercisable for one equity share of face value of Rs.2/- each fully paid up on payment to the Company for such shares. Total options outstanding at the end of the year ended on March 31, 2008 is 6,49,745.

(n) Plant Locations

1) D-90, Okhla Industrial Area, Phase-I, New Delhi - 110 020.
2) SP-919, 920 & 922, RIICO Industrial Area, Phase-III, Bhiwadi, Distt. Alwar, Rajasthan - 301 019.
3) 99/2/7, Madhuban Industrial Estate, Village Rakholi, Silvassa, D & H - 396 240.
4) Plot No. A- 280/281/282/283 RIICO Industrial Area, Chopanki, Distt. Alwar, Rajasthan - 301 019.

(o) Address for Correspondence

The shareholders may address their communication/ suggestion/ grievances/ queries to our Share Transfer Agent:
M/s MAS SERVICES LTD
AB-4, Safdarjung Enclave, New Delhi - 110 029.
Phone : 011-26104142, Fax : 011-26181081

11. Compliance Officer:

The Board had designated Mr. Kishore Kunal, Company Secretary as the Compliance Officer.
D-90, Okhla Industrial Area, Phase - I, New Delhi - 110 020.
Phone : 011-26818840, Fax : 011-26811959
E-mail : cs@kei-ind.com

12. Non-Mandatory Requirements:

(I) Non-executive Chairman

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

(II) Remuneration Committee

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

(III) Shareholder Rights

The quarterly and half yearly results are not being sent to the personal address of shareholders as the quarterly performance and financial results of the company are published in the Newspaper having wide circulation in India and the results are posted on the SEBI website www.sebiedifar.nic.in. The quarterly/half-yearly/annual financial results are also posted on the website of the Company : www.kei-ind.com.

(IV) Whistle Blower Policy

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

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

I hereby confirm that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the code of conduct for Directors and Senior Management, as approved by the Board, for the financial Year ended March 31, 2008.

New Delhi
July 28, 2008

ANIL GUPTA
Chairman-cum-Managing Director

AUDITOR'S CERTIFICATE

TO THE MEMBERS OF KEI INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by KEI INDUSTRIES LIMITED for the year ended March 31, 2008 as stipulated in clause 49 of the Listing Agreement of the company with the Stock Exchanges.

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

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

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

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

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

New Delhi
July 28, 2008

(J.C. GUPTA)
Partner
M. No : 6107

Auditors' Report

To the members of
KEI INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of KEI INDUSTRIES LIMITED as at 31st March, 2008 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books;

   c) The Balance Sheet, Profit and Loss Account and the cash flow statement dealt with by this report are in agreement with the books of account;

   d) In our opinion, the Balance Sheet, Profit & Loss Account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

   i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;

   ii. in the case of the Profit & Loss Account, of the profit for the year ended on that date; and

   iii. in the case of the Cash Flow Statement, of the cash flow of the Company for the year ended on that date.

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

Place : New Delhi
Dated : 18th June, 2008

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

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph '3' of the Auditors' Report to the Members of KEI Industries Ltd on the accounts for the year ended March 31, 2008

(i) (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, the Company has a programme of physically verifying all its fixed assets over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. In accordance with this programme, some of the fixed assets were physically verified by the management during the year. The discrepancies noticed on such verification between the physical balances and the fixed assets records were not material and have been properly dealt with in the books of account.

(c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company during the year.

(ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the record of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.

(iii) (a) There are two parties covered in the register maintained under Section 301 of the Companies Act, 1956 to which Company has given deposits as per contractual obligations. The maximum amount involved during the year was Rs. 40,86,200/- and the year end balance of deposit granted to such party was Rs.30,00,000/-. (Refer Note No 24 (a) & (b) of Schedule "W".)

(b) In our opinion, terms and conditions on which deposits have been given to parties listed in the register maintained under Section 301 of Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company. No interest was charged from these parties, since these are deposits against premises taken on rent.

(c) These parties have repaid the principal amount as stipulated, no interest was charged from these parties, since these were deposits against premises taken on rent. (Refer Note No 24 (a) & (b)of Schedule "W").

(d) There is no overdue amount of deposit granted to Companies, firm or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(e) The company has taken deposits from two Companies and five other parties covered in register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.79,20,000/- and the year end balance of deposits taken from such parties was Rs. 73,00,000/-.

f) In our opinion, the rate of interest where applicable and other terms and conditions on which deposits have been taken from companies, firms or other parties listed in the register maintained under Section 301 of Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.

g) The Company is regular in repaying the principal amounts as stipulated and also in the payment of interest, where applicable, in case of deposits taken from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems, commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories, fixed assets and with regard to the sale of goods and services during the year. Further, on the basis of our examination and according to the information and explanations given to us, we have not come across nor have any information of any instances of major weaknesses in the aforesaid internal control systems.

(v) According to the information and explanations given to us, during the year, there were no transactions that need to be entered into the register maintained under Section 301 of the Companies Act 1956. Accordingly, paragraph (V) (a) and (b) of the Order are not applicable.

(vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. As per the information and explanations given to us, no order on the Company under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956 and are of the opinion that, prime facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) (a) According to the records of the Company and information and explanations given to us and the records of the Company examined by us, the Company has been regularly depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, Investor Education and Protection fund, Sales tax, wealth tax, Service tax, customs duty, excise duty, Cess and other material statutory dues applicable to it with the appropriate authorities. We are informed there are no undisputed statutory dues as of March 31, 2008 outstanding for a period of more than six months from the date they become payable.

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

Name of the Statute	Nature of the Due	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Sales Tax Act	Local Sales Tax	3,06,979	1988-89	Deputy Commissioner of Sales Tax
	Local Sales Tax	3,74,862	1987-88	Deputy Commissioner of Sales Tax
	Central Sales Tax	67,995	1988-89	Deputy Commissioner of Sales Tax
	Central Sales Tax	1,00,084	1987-88	Deputy Commissioner of Sales Tax

(x) The Company does not have accumulated losses as at the year ended March 31, 2008. Further, the Company has not incurred any cash losses during the year ended March 31, 2008 and in the immediately preceding financial year ended March 31, 2007.

(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 holder during the year.

(xii) As the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the Order is not applicable.

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

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

(xv) We are informed that during the period, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.

(xvi) According to the information and explanation given to us, the Company has not availed any term loan during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that during the year short term funds have not been used to finance long term investments.

(xviii) According to the information and explanation given to us the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

(xix) The Company has not issued any secured debentures during the year.

(xx) The Company has not raised any money by a public issue during the year. Accordingly, the provisions of Clause 4(xx) of the order are not applicable.

(xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2008.

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

Place : New Delhi
Dated : 18th June, 2008

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

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule	As at 31st March, 2008 Rupees		As at 31st March, 2007 Rupees	
I. SOURCES OF FUNDS :					
1. Shareholder's Funds:					
a) Share Capital	"A"	121616676		117939430	
b) Reserves & Surplus	"B"	1949127050	2070743726	1400686612	1518626042
2. Deferred Tax:					
a) Deferred Tax Liabilities		132292253		95502829	
b) Less: Deferred Tax Assets		18677716	113614537	20822774	74680055
3. Loan Funds:					
a) Secured Loans	"C"	1909095517		1166033178	
b) Unsecured Loans	"D"	1510405130	3419500647	1929531352	3095564530
			5603858910		4688870627
II APPLICATION OF FUNDS :					
1. Fixed Assets	"E"				
a) Gross Block		2184482037		1401988936	
b) Less : Depreciation		270311949		191328809	
		1914170088		1210660127	
c) Capital Work in progress	"F"	399741192	2313911280	198988906	1409649033
2. Investments	"G"		3170425		3648395
3. Current Assets, Loan & Advances:					
a) Inventories	"H"	2411249548		1760653209	
b) Sundry Debtors	"I"	2586727387		1741148948	
c) Cash & Bank Balances	"J"	323643740		1374809808	
d) Loans & Advances	"K"	472105460		393292248	
e) Other Current Assets	"L"	4328999		—	
		5798055134		5269904213	
Less : Current Liabilities and Provisions	"M"	2511277929		1994331014	
Net Current Assets			3286777205		3275573199
4. Miscellaneous Expenditure (To the extent not written off or adjusted)	"N"		—		—
			5603858910		4688870627
Notes on Accounts	"W"				

As per our Separate report of even date attached

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

(J. C. GUPTA)	**(ANIL GUPTA)**	**(RAJEEV GUPTA)**
Partner	Chairman-cum-Managing Director	Executive Director (Finance)
M.No- 6107		
Place : New Delhi	**(KISHORE KUNAL)**	**(ADARSH JAIN)**
Dated : 18th June, 2008	Company Secretary	Asst. General Manager (Finance)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

		Schedule	Year Ended 31st March, 2008 Rupees	Year Ended 31st March, 2007 Rupees
I.	INCOME			
	Gross Sales Less Returns		9806484235	6815144393
	Less : Excise Duty		1070227787	776041764
	Net Sales		8736256448	6039102629
	Job Work		6324894	3841841
	Income From Turnkey Projects	"O"	4328999	—
	Other Income	"P"	42639195	2288031
	Increase/[Decrease] in Stock	"Q"	527822385	673000439
			9317371921	6718232940
II.	EXPENDITURE			
	Materials	"R"	7046860883	5057535790
	Manufacturing,Selling & Other Expenses	"S"	930724525	639714718
	Increase/[Decrease]Excise Duty on Stock		52774352	32587252
	Payments to and Provision for Employees	"T"	151891457	81998835
	Managerial Remunaration	"U"	36753396	32601777
	Financial Charges	"V"	369086333	237358736
	Depreciation & Amortisation		81192434	56541853
			8669283380	6138338961
III.	PROFIT BEFORE TAX [I-II]		648088541	579893979
	Less : Provision For Taxation			
	— Current Tax		168304430	144070000
	— Fringe Benefit tax		3000000	2150000
	— Deferred tax		38934482	31997232
IV.	PROFIT AFTER TAX		437849629	401676747
	Add/(Less) Taxation for earlier years			
	— Current Tax		(2716521)	789237
	— Fringe Benefit tax		40487	(9321)
	— Deferred tax		—	(1009800)
V.	NET PROFIT		435173595	401446863
	Add : Balance Brought Forward From Last year's Account		685462452	368511397
VI.	AMOUNT AVAILABLE FOR APPROPRIATION		1120636047	769958260
VII.	APPROPRIATION			
	Proposed Dividend		30404169	29484858
	Provision for Taxation on Proposed Dividend		5167189	5010950
	Dividend Earlier years (including Dividend tax)		76630	—
	Transfer to General Reserve		50000000	50000000
VIII.	BALANCE CARRIED TO BALANCE SHEET		1034988059	685462452
	Earning per share:			
	— Basic		7.33	7.67
	— Diluted		5.58	5.56
	NOTES ON ACCOUNTS	"W"		

As per our Separate report of even date attached

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

(J. C. GUPTA)
Partner
M.No- 6107
Place : New Delhi
Dated : 18th June, 2008

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

(KISHORE KUNAL)
Company Secretary

(ADARSH JAIN)
Asst. General Manager (Finance)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

(Figures in Rs.)

	2007-08	2006-07
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax Extra ordinary items	648088541	579893979
Adjustments for :		
Profit on sale of Investment	(142542)	(62836)
Depreciation	81192434	56541853
Dividend Received	(26766)	(55350)
Financial Charges	369086333	237358736
Provision for leave encashment/ Gratuity	9945533	1316144
Amortisation of Employee Compensation	20507577	—
Exchange (Profit)/Loss on Revaluation of FCCB	(121151000)	—
Provision for loss on Derivative	36738019	—
(Profit) / Loss on sales of Assets	339239	1923330
Operating Profit before working capital changes	1044577368	876915856
Adjustments for :		
Trade & Other Receivables	(928720650)	(1255989155)
Inventories	(650596339)	(776308729)
Trade & Payables	446256269	981311134
Cash Generated from operations	(88483352)	(174070894)
Financial Charges (Net)	(369086333)	(237358736)
Direct Taxes paid	(151048920)	(136639121)
Cash flow before Extra ordinary items	(608618605)	(548068751)
Extra Ordinary Items	—	—
Net Cash from operating activities	(608618605)	(548068751)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed assets and other capital expenditure	(988645341)	(665900848)
Investments	477970	(1320000)
Sale of Fixed Assets	2851421	2445000
Dividend Received	26766	55350
Profit on sale of investment	142542	62836
Net Cash from investing activities	(985146642)	(664657662)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd...)

(Figures in Rs.)

	2007-08	2006-07
(C) CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from long term borrowings (Net of repayments)	(69726076)	88279658
Proceeds from short term borrowings (Net of repayments)	—	(100000000)
Finance lease liabilities (Net)	1165060	484277
Inter corporate & other deposits (Net of repayments)	(4965000)	(61722160)
Sales Tax Deferment(Net of repayments)	(10925722)	(7283452)
Working capital facilities from banks	811623355	545019913
Proceeds from Issue of FCCB	—	1563480000
Proceeds from Issue of Shares	—	195140000
Conversion of FCCB into equity Share including premium	132084500	—
Decrease in FCCB liability Excluding Exchange Profit	(132084500)	—
Proceeds from Unsecured Non Convertible Debuntures	(150000000)	300000000
FCCB Issue Expenses	—	(53604725)
Dividend paid	(29549756)	(20187886)
Tax on Dividend	(5022682)	(2831351)
Net Cash from Financing Activities	542599179	2446774274
Net Change in Cash and Cash Equivalents (A+B+C)	(1051166068)	1234047861
Cash & Cash Equivalents as at 1st April (Opening Balance)	1374809808	140761947
Cash & Cash Equivalents as at 31st March (Closing Balance)	323643740	1374809808

Cash and Bank Balance includes Rs.26,40,53,735/- (Previous year Rs. 8,12,50,013/-) held as Margin money / lien against gurantees issued by the Banks/others and balance in unclaimed dividend account Rs. 4,49,920/-(previous year Rs. 2,95,537/-)

Note : Figures in brackets represent cash out flow

As per our Separate report of even date attached

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

(J. C. GUPTA)
Partner
M.No- 6107

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place : New Delhi
Dated : 18th June, 2008

(KISHORE KUNAL)
Company Secretary

(ADARSH JAIN)
Asst. General Manager (Finance)

		As at 31st March, 2008 Rupees		As at 31st March, 2007 Rupees
SCHEDULE "A" : SHARE CAPITAL				
Authorised				
11,00,00,000 (Previous year 11,00,00,000) equity shares of Rs.2/- each fully paid		220000000		220000000
3,00,000 (Previous year 3,00,000) Preference Shares of Rs. 100/- each		30000000		30000000
		250000000		250000000
Issued, Subscribed & paid-up		121616676		117939430
60,808,338 (Previous year 589,69,715) Equity shares of Rs.2/- each fully paid				
		121616676		117939430

Notes: 87,16,215 Equity shares of Rs.2/- each were alloted to as fully paid shares as per Scheme of amalgamation without payment being received in cash.

		As at 31st March, 2008 Rupees		As at 31st March, 2007 Rupees
SCHEDULE "B" : RESERVES & SURPLUS				
Securities Premium Account				
As per last Balance Sheet	631382642		449167121	
Add : Addition During the year	128407254		217600000	
Less : FCCB Issue Expenses written off	—	759789896	35384479	631382642
General Reserve				
As per last Balance Sheet	83841518		33841518	
Add : Transferred from Profit & loss account	50000000	133841518	50000000	83841518
Employees Stock Option				
Employees Stock Option outstanding	32812123		—	
Less: Deffered employees compensation	12304546	20507577	—	—
Profit & Loss Account				
As per Annexed Account		1034988059		685462452
		1949127050		1400686612
SCHEDULE "C" : SECURED LOANS				
Term Loan From Banks		164331087		234395553
Interest Accrued and Due		338390		—
(Secured by equitable mortgage of factory land & buildings ,first charge on immovable & movable assets of the company and guaranteed by Sh. Anil Gupta, Chairman Cum Managing Director)				
For Working Capital From Banks		1731972744		922048019
Interest Accrued and Due		1698630		—
(Secured by equitable mortgage of factory land & buildings, hypothecation of Company's all Current & Movable assets & by way of first charge on all plant & machinery and guaranteed by Sh. Anil Gupta, Chairman Cum Managing Director)				
Hire Purchase Finance		10754666		9589606
(Secured against hypothecation of vehicles)				
		1909095517		1166033178

	As at 31st March, 2008 Rupees		As at 31st March, 2007 Rupees	
SCHEDULE "D" : UNSECURED LOANS				
Deposits				
— Inter Corporate Deposits	8700000		8820000	
— Directors	2140000		2640000	
— Others	35680000	46520000	40025000	51485000
Sales Tax Deferment (Repayable within One Year Rs. 36,40,630/- Previous Year Rs. 72,83,452/-)		3640630		14566352
Other Loans				
— Foreign Currency Convertible Bonds		1310244500		1563480000
Non Convertible Debentures (Repayable within one Year)				
— Financial Institution		—		300000000
— Others		150000000		—
		1510405130		1929531352

SCHEDULE "E" : FIXED ASSETS

S. No.	Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At 31.03.2007	Additions	Deductions	As At 31.03.2008	As At 31.03.2007	For the Year	Deductions	As At 31.03.2008	As At 31.03.2008	As At 31.03.2007
1	Land	3,660,737	—	—	3,660,737	—	—	—	—	3,660,737	3,660,737
2	Land (Lease Hold)	146,566,395	230,880,526	—	377,446,921	—	—	—	—	377,446,921	146,566,395
3	Building	294,873,673	207,249,639	2,500,000	499,623,312	20,683,119	10,259,618	794,279	30,148,458	469,474,854	274,190,554
4	Plant & Machinery	807,603,762	278,658,854	—	1,086,262,616	151,258,764	58,258,829	—	209,517,593	876,745,023	656,344,998
5	Electrical Fittings & Equipement	77,933,374	36,347,604	300,000	113,980,978	5,289,805	4,021,560	29,359	9,282,006	104,698,972	72,643,568
6	Furniture, Fixtures & Office Equipement	45,057,101	22,939,063	—	67,996,164	9,603,707	4,975,509	—	14,579,216	53,416,949	35,453,395
7	Vehicles	7,372,062	1,532,513	2,599,954	6,304,621	1,916,776	1,346,911	1,385,656	1,878,031	4,426,590	5,455,286
8	Assets Acquired under Hire Purchase :										
	– Plant & Machinery	—	—	—	—	—	—	—	—	—	—
	– Vehicles	13,908,930	9,139,876	—	23,048,806	2,376,272	1,174,874	—	3,551,146	19,497,660	11,532,658
9	Intangible Asset									—	—
	Software	5,012,902	1,144,980	—	6,157,882	200,365	1,155,134	—	1,355,499	4,802,383	4,812,537
	TOTAL :	1,401,988,936	787,893,055	5,399,954	2,184,482,037	191,328,809	81,192,434	2,209,294	270,311,949	1,914,170,088	1,210,660,127
	PREVIOUS YEAR	886,404,989	527,555,013	11,971,066	1,401,988,936	142,389,692	56,541,853	7,602,736	191,328,809	1,210,660,127	744,015,297

Note :

(a) Title Deeds of Land (Leasehold) Rs. 22,95,13,780/- (Previous Year Rs. NIL) are pending registration in the name of company.

(b) Carrying value of Assets acquired under hire purchase as on 31.03.2008 exclude the amount related to hire purchase agreement settled during the current year.

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SCHEDULE "F" : CAPITAL WORK IN PROGRESS		
Capital Work in Progress (Including Material lying at Site)	304084558	127446012
Capital Advances	93922685	78194186
Pre operative Expenses / (Income) (Net)	1508264	(6973891)
Capital Goods In Transit	225685	322599
	399741192	198988906

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SCHEDULE "G" : INVESTMENTS		
LONG TERM		
OTHER INVESTMENTS (UNQUOTED)		
— KEI International Limited 76558 (Previous Year 76558) Equity Shares of Rs. 10 each fully Paid (Bonus Shares)	—	—
— Principal Infrastructure & Services Industries Fund Nil (previous year 488.998) Units of Rs. 10/- each fully paid	—	5000
— 1256 ING Vysya Dividend Yield Fund Nil (previous year 50000) Units of Rs. 10/- each fully paid	—	500000
— U212GR UTI Wealth Builder Fund 20000 (previous year 20000) Units of Rs. 10/- each fully paid	200000	200000
— 1285 ING Vysya CUB Fund 50000 (previous year 50000) Units of Rs. 10/- each fully paid	500000	500000
— Principal PNB Long Term Equity Fund 3 Year plan- Series 1 Nil (previous year 50000) Units of Rs.10/- each fully paid	—	500000
— Opti Mix Dynamic Multi-Manager FoF Scheme- Series 2 50000 (previous year 50000) Units of Rs.10/- each fully paid	500000	500000
— Opti Mix Multi-Manager Equity Fund Nil (previous year 50000) Units of Rs.10/- each fully paid	—	500000
— Principal Dividend Yield Fund Nil (previous year 7490.637) Units of Rs.10/- each fully paid	—	100000
— Principal Large Cap Fund 1193.317 (previous year 1193.317) Units of Rs.10/- each fully paid	20000	20000
— Reliance Equity Advantage Fund 50000 (previous year NIL) Units of Rs.10/- each fully paid	500000	—
— Principal PNB Long Term Equity Fund 3 Year plan- Series II 50000(previous. year NIL) Units of Rs.10/- each fully paid	600000	—
(QUOTED) :		
— State Bank of India 67 (Previous Year 50) Equity Shares of Rs. 10/- each fully paid	37030	10000
— Maryada Commercial Enterprises & Investment Co. Ltd. 1500 (Previous Year 1500) Equity Shares of Rs. 10/- each fully paid	11200	11200
— PNB Gilts Ltd. 6000(Previous year 6000) Equity Shares of Rs. 10/- each fully paid	180000	180000
— Punjab National Bank 2200 (previous year 2200) Equity shares of Rs. 10/- each fully paid	68200	68200
— Dena Bank 2595 (previous year 2595) Equity shares of Rs. 10/- each fully paid	70065	70065
— ICICI Bank Ltd 900 (previous year 900) Equity shares of Rs. 10/- each fully paid	472500	472500
— YES Bank Ltd 254 (previous year 254) Equity shares of Rs. 10/- each fully paid	11430	11430
	3170425	3648395

	As at 31st March, 2008 Rupees	As at 31st March, 2007 Rupees
SCHEDULE "G" : INVESTMENTS (CONTD...)		
Notes:		
1. Quoted Investments		
— Aggregate of Book Value	850425	823395
— Aggregate of Market Value	2263061	2095028
2. During the year the following investments were sold / redeemed:		
— 1266 ING Vysya ATM Fund (50000 units of Rs.10 each)	—	500000
— 1259 ING Vysya Lion Fund (50000 units of Rs.10 each)	—	500000
— Principal Infrastructure & Services Industries Fund 488.998 Units of Rs. 10/- each fully paid	5000	—
— 1256 ING Vysya Dividend Yield Fund 50000 Units of Rs. 10/- each fully paid	500000	—
— Principal PNB Long Term Equity Fund 3 Year plan- Series 1 50000 Units of Rs.10/- each fully paid	500000	—
— Opti Mix Multi-Manager Equity Fund 50000 Units of Rs.10/- each fully paid	500000	—
— Principal Dividend Yield Fund 7490.637 Units of Rs.10/- each fully paid	100000	—
SCHEDULE "H" : INVENTORIES		
(As taken, valued and certified by the Management)		
Stores, Spares & Consumables	20615183	15013643
Raw Materials	345371753	306798747
Stock in Process	932187776	846189547
Finished Goods	977460131	543136305
Packing Material	21705143	8250787
Scrap	13069999	5569669
Goods In Transit	100839563	35694511
	2411249548	1760653209
SCHEDULE "I" : SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Over six Months	191797381	103302906
Other Debts	2394930006	1637846042
	2586727387	1741148948

	As at 31st March, 2008 Rupees		As at 31st March, 2007 Rupees	
SCHEDULE "J" : CASH AND BANK BALANCES				
Cash Balances Including imprest		2285160		2369506
Balance with Scheduled Banks:				
— Current Accounts	12118359		57347255	
— Fixed Deposits*	268123872		131870846	
— Unclaimed Dividend	449920	280692151	295549	189513650
Balance with Other Banks:				
— Current Accounts**	2353049		5567188	
— Deposit Accounts***	38313380	40666429	1177359464	1182926652
		323643740		1374809808
*Includes unutilised balance of FCCB issue		168266280		1500000
** Maximum Balances in Current accounts with				
— CITI BANK, N A Escrow Account, London		—		1607400000
— HSBC Bank Plc, London		1177359464		1557609385
— HSBC Bank Middle East Limited, Dubai		64944950		7576071
***Maximum Balances in Deposit accounts with				
— HSBC Bank Plc, London		1177359464		1469550500

Note : Balance with other Banks include Rs.Nil (Previous Year Rs. 711322/-) Lying in Current account and Rs 38313380/- (Previous year 1177359464/-) lying in Deposit Account being unutilised Money of FCCB Issue

	As at 31st March, 2008 Rupees		As at 31st March, 2007 Rupees	
SCHEDULE "K" : LOANS & ADVANCES				
(Unsecured, Considered good, unless stated otherwise)				
Advances Recoverable in cash or in kind or for value to be received		180034445		155764247
Loans & Advances to Workers & staff		7711380		2531876
Claims Recoverable from Government		82023262		105655145
Balance with Excise Authorities		163695985		109497601
Earnest Money/Security Deposits		38640388		19843379
		472105460		393292248
SCHEDULE "L" : OTHER CURRENT ASSETS				
Project Work in Progress		4328999		—
		4328999		—

	As at 31st March, 2008 Rupees		As at 31st March, 2007 Rupees	
SCHEDULE "M" : CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors *				
– Raw Material	1811668466		1594486493	
– Others	332429737	2144098203	200675764	1795162257
Other Liabilities		154793647		104192926
Advance/Security Deposit received		96154896		49589677
Investor Education and Protection Fund Shall be credit by the following amount namely **				
— Unclaimed Dividend		449920		295537
		2395496666		1949240397
PROVISIONS				
Provision for Leave Encashment/Gratuity	14154215		4208682	
Provision for Proposed Dividend	30404169		29484858	
Provision for tax on Proposed Dividend	5167189		5010950	
Provision for loss on Derivative	36738019		—	
Provision for Taxation (Net of Payments)	29317671	115781263	6386127	45090617
		2511277929		1994331014

* Includes dues to micro ,small and medium enterprises Rs. NIL (Previous Year NIL)

** No amount is due on March 31, 2008 for credit to Investor Education and protection Fund (Fund). Amount remaining due after adjustement of amounts to be claimed from the Company will be transferred on the respective due dates to Fund

SCHEDULE "N" : MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
FCCB Issue Expenses during the year	—		53604725	
Less : Written off to share Premium Account	—		35384479	
Less : Written off to Deffered Tax Assets	—	—	18220246	—
		—		—
SCHEDULE "O" : INCOME FROM TURNKEY PROJECTS				
Closing Work In Progress	4328999		—	
Less : Opening Work in Progress	—	4328999	—	—
		4328999		—
SCHEDULE "P" : OTHER INCOME				
Insurance Claim Received		—		728906
Dividend- Long Term Investment (Other than trade)		26766		55350
Profit on Sale of Long Term Investments		142542		62836
Exchange Fluctuation (Net)		30960068		1282429
Drawback Income		9118068		—
Miscellenous Income		2391751		158510
		42639195		2288031

	As at 31st March, 2008 Rupees		As at 31st March, 2007 Rupees	
SCHEDULE "Q" : INCREASE/(DECREASE) IN STOCK				
Opening Stock				
— Finished Goods	543136305		335323060	
— Stock in Process	846189547		380904518	
— Scrap	5569669	1394895521	5667504	721895082
Less : Closing Stock				
— Finished Goods	977460131		543136305	
— Stock in Process	932187776		846189547	
— Scrap	13069999	1922717906	5569669	1394895521
		527822385		673000439
SCHEDULE "R" : MATERIALS				
Raw Materials Consumed				
— Opening Stock	306798747		187019528	
Add : Purchases	7092232915		5177360674	
	7399031662		5364380202	
Less : Closing Stock	345371753		306798747	
	7053659909		5057581455	
Less : Capitalized for Own Use	11217759	7042442150	4177600	5053403855
Turnkey Project Materials				
— Opening Stock	—		—	
Add : Purchases	2948718		—	
	2948718		—	
Less: Closing Stock	—	2948718	—	—
Traded Items				
— Opening Stock	—		—	
Add : Purchases	1470015		4131935	
	1470015		4131935	
Less: Closing Stock	—	1470015	—	4131935
		7046860883		5057535790
SCHEDULE "S" : MANUFACTURING,SELLING & OTHER EXPENESES				
Stores, Spares & Consumables		47262039		45690135
Packing Expenses		206508242		137107150
Job Work Charges		95622284		73610706
Power, Fuel & Lighting		146375235		117622801
Repairs & Maintenance				
— Plant & Machinery	31540635		29475903	
— Building	3056406		2527712	
— Others	6550813	41147854	8548818	40552433
Freight, Handling,Oct. & Insurance (Net)		140622397		78032277
Rebate, Discount,Commission on Sales		67271163		50911985
Rates & Taxes		1262571		6073820
Rent		16858088		7284235
Insurance		11696258		9888664
Travelling & Conveyance		22606360		14304731
Advertisement & Publicity		20409882		4971002
Auditors' Remuneration		2000000		1050000
Loss on sales of Assets (Net)		339239		1923330
Communication Expenses		10097803		7877531
Donations		4540176		5077700
Loss on Derivative		36738019		—
Miscellaneous Expenses		59366915		37736218
		930724525		639714718

	As at 31st March, 2008 Rupees		As at 31st March, 2007 Rupees	
SCHEDULE "T" : PAYMENT TO AND PROVISIONS FOR EMPLOYEES				
Salaries, Wages & Others Benefits		111574723		68209612
Contribution to Provident & Other Funds		10693747		6452436
Welfare Expenses		9115410		7336787
Ammortisation of deffered Employees Compensation		20507577		—
		151891457		81998835
SCHEDULE "U" : MANAGERIAL REMUNERATION				
Salaries		4424400		3614400
Commission		31168616		27690917
Rent		420000		405000
Contribution to Provident Fund		18720		18720
Perquisites		131660		122740
Director's Meeting Fee		590000		750000
		36753396		32601777
SCHEDULE "V" : FINANCIAL CHARGES				
Interest				
— Term Loan & Unsecured Debentures	21045788		35702506	
— Working Capital Facilities (Net)	97406420		68352280	
— FCCBs	12528515		—	
— Others	173777230	304757953	91391953	195446739
Financial Charges & Commission		64328380		41911997
		369086333		237358736

SCHEDULE – "W"

Significant Accounting Policies and Notes on Accounts for the Year ended 31st March, 2008

1. Statement of significant accounting policies

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

(b) **Fixed Assets :**

(i) Fixed assets are stated at cost or valuation less accumulated depreciation and impairment loss. The cost includes inward freight and other directly attributable expenses.

ii) In respect of qualifying assets, all expenses relating to the projects up to the commencement of production, including interest on borrowed loan are capitalised. Financing Cost incurred on General Borrowing used for projects is capitalised at the weighted average cost. The amount of such borrowing is determined after setting off the amount of internal accruals.

iii) The cost of any software purchased initially along with the computer hardware is being capitalised along with the cost of the hardware. Any subsequent acquisition/up-gradation of software is being capitalised as an asset.

vi) The cost of capitalized software is amortised over a period of five years from the date of its acquisition.

v) In accordance with and at the rates specified in Schedule XIV to the Companies Acts, 1956 depreciation is provided by straight line method.

vi) No write off is being made in respect of leasehold land, as the lease is a long lease.

(c) **Investments:**

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

(d) **Inventories:**

i) Finished goods are valued at lower of cost or net realisable value.

ii) Raw materials are valued at cost or net realisable value whichever is lower.

iii) Stock in Process is valued at lower of cost and net realisable value.

iv) Stores, spares and consumables and packing materials are valued at cost.

v) Scrap is valued at estimated realisable value.

vi) Cost of Raw Materials is determined on first in first out (FIFO) basis. Work in process includes raw material costs and allocated production overheads. Cost of finished goods is determined by taking derived material costs and others overheads.

(e) **Revenue Recognition:**

i) Sales are accounted for on despatch of goods from the factory to the customers. Sales are net of return and include excise duty wherever directly chargeable from customers, but exclude sales tax.

ii) Turnkey Projects

– In the case of lump-sum Turnkey contracts, as proportion of actual direct costs of the work to latest estimated total direct cost of the work.

iii) No income has been taken into account on jobs for which:

– The terms have been agreed to at lump-sum turnkey contracts and physical progress is less than 25%.

– Where physical progress is less than 25%, the cost of such jobs is carried forward as work-in-progress at actual direct cost.

iv) Other claims including interest on outstanding are accounted for when there is virtual certainty of ultimate collection.

(f) **Excise Duty:**

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

(g) **Employee Benefits:**

i) Liability in respect of Gratuity, a defined benefit plan, is being paid to a fund maintained by LIC and administered through a separate irrevocable trust set up by the company. Difference between the fund balance and accrued liability at the end of the year based on actuarial valuation is charged to Profit & Loss Account.

ii) Liability in respect of leave encashment, a terminal employee benefit, being defined benefit plan, is recognized on the basis of actuarial valuation.

iii) Contributions with respect to Provident Fund, is recognized as an expense in the Profit and Loss Account of the year in which the related service is rendered.

iv) In respect of employees stock options, the excess of intrinsic value on the date of grant over the exercise price is recognized as deferred compensation cost amortized over vesting period.

(h) Foreign Currency Transactions:

i) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of transaction.

ii) Foreign currency transactions remaining unsettled at the year end are translated at year end rate. Premium in respect of forward contracts is accounted over the period of contract. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

iii) Non monetary foreign currency items are carried at cost.

(i) Reserves:

The difference between depreciation on the revalued value of the asset and depreciation on their historical cost is transferred from Revaluation Reserve to Profit & Loss Account.

(j) Miscellaneous Expenditure:

i) Preliminary expenses are being written off over a period of ten years.

ii) Public issue expenditure/FCCB 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) Deferred Revenue Expenditure:

Deferred Revenue Expenditure is charged as an expenditure in the year in which it is incurred.

(m) Impairment of Fixed Assets:

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

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

(n) Contingent Liabilities:

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

(o) Provision for contractual obligations:

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

2. Contingent Liabilities

(a) Unutilised letter of credits Rs.6,25,47,179/- (Previous Year Rs. 32,80,643/-)

(b) Financial Bank Guarantees outstanding Rs.8,54,89,013/- (Previous Year Rs. 3,52,84,410/-)

(c) Outstanding Bills discounted Rs 38,87,75,151/- (Previous year Rs. 20,34,65,222/-).

(d) Sales Tax demands under appeal Rs. 8,49,920/- (Previous year Rs 8,49,920/-)

(e) Income tax demands under appeal Rs NIL (Previous year Rs. 8,13,426/-)

(f) Excise Demands under appeal Rs.19,58,610/- (Previous year Rs 2,35,69,646/-)

(g) Claims against the Company not acknowledged as debts Rs.18,020/- (Previous year Rs. NIL)

3. The Board of Directors of the Company at its meeting held on 29th November, 2006 issued 1% Foreign Currency Convertible Bonds ('FCCB') aggregating to US$ 36 million, at par. The bondholders have an option to convert these bonds into Equity Shares at Conversion Price Rs.81/- per share (Initial Conversion Price of Rs.430/- adjusted for sub-division of equity shares & subsequent reset of conversion price pursuant to Clause 11 of the Terms & Conditions of Bonds) at a fixed exchange rate (Rs.44.65 = US$1) and conversion price reset not lower than Rs.71/- per share post-split as per terms and conditions provided in conversion price reset clause, between 15th December, 2006 and 30th October, 2011. The conversion price will be subject to certain adjustments as detailed in the offering circular such as bonus issue, right issue, extraordinary dividend etc. Unless previously converted, redeemed or repurchased or cancelled, the Company will redeem these bonds at 145.54 percent of the principal amount on 30th October, 2011. As at March 31, 2008 out of the total issue, FCCBs aggregating to USD 3.35 Million have been converted into equity shares. Balance of 'FCCB' outstanding as on March 31, 2008 have been included and disclosed in the schedule of "Unsecured Loans". The Company expects that the bondholders would opt for conversion rather than redemption and hence, in that case no premium would be payable and on that basis the same is not provided for. However, the premium, if paid would be adjusted against the Securities Premium Account. Accordingly premium maximum amount payable being Rs.59,66,85,345/- (Previous year Rs.71,20,08,792/-) would be accounted for and adjusted against Securities Premium Account in the year of such redemption or repurchase or cancellation.

4. Estimated amount of contracts remaining to be executed on Capital Account Rs. 25,52,00,000/- (Previous Year Rs. 17,41,66,000/-).
5. Fixed Deposits with banks amounting to Rs. 26,40,53,735/- (Previous year Rs. 8,12,50,013/-) are under lien with banks.
6. Interest on working capital facilities are net of interest received Rs. 4,94,39,228/- (Previous year Rs.70,82,472/-).
7. Sales include Export benefits Rs.80,96,131/- (Previous Year Rs. 39,54,456/-).
8. Amount of Excise Duty deducted from the turnover is relatable to sales made during the year and the amount recognized separately in the statement of Profit & Loss is related to the difference between the closing stock & opening stock
9. Conversions of FCCB's into Equity Shares has been accounted for based upon exchanged rate prevailing on the date of conversion. Difference between closing rate at which FCCB's were outstanding and exchange rate prevailing on date of conversion has been treated at exchange difference and balance adjusted in Equity Share Capital @ Rs. 2/- per equity and Securities Premium Account (balancing figure).
10. Pursuant to the announcement of the Institute of Chartered Accountants of India on "Accounting of Derivatives", during the year company has provided Rs.3,67,38,019/- for loss on outstanding derivative contracts as on 31st March, 2008 by marking them to market.
11. As required under revised Accounting Standard AS-15 "Employee Benefits" during the year the company has provided liability for leave encashment, a defined benefit plan based upon actuarial valuation. Till last year this was provided for as estimated by the management. This has resulted in profit for the year being lower by Rs. 43,28,286/-.
12. As per Accounting Standard AS-11 on "Effect of Changes in Foreign Exchange Rates" notified in the Companies (Accounting Standards) Rules, 2006 the company has taken exchange gain (net) of Rs.4,59,18,210/- on amounts borrowed for acquisitions of fixed assets to Profit & Loss Account. Accordingly, exchange loss (net) of Rs. 4,95,862/- carried forward under Capital Work in Progress as on 31st March, 2007 also has been transferred to Profit & Loss Account during the year. This change in accounting policy has resulted in increase in profit for the year being higher by Rs.4,54,22,348/-.
13. Till previous year Computer Software separately acquired was capitalised alongwith computers and depreciation provided accordingly. From this year the company has changed its accounting policy and Computer Software separately acquired is amortized/depreciated over a period of five years. This has resulted in profit for the year being lower by Rs.2,56,763/-.
14. Based upon expert opinion interest cost Rs 1,25,28,515/- on specific borrowings for Capital Projects and interest income Rs. 3,62,03,082/- on temporary investment of specific borrowings (net being excess of such interest income over interest expenditure) has been transferred to Profit & Loss Account during the year. This has resulted in profit for the year being higher by Rs.2,36,74,567/- (including excess of such interest income over interest expense pertaining to previous year Rs.92,27,221/-).

    Till previous year this was considered part of capital work in progress.
15. Proceeds of Foreign Currency Convertible Bonds (FCCB's) have been utilized as per objects of the issue in following manner:

Particulars	**2007-2008 Amount(Rs.)**	**2006-2007 Amount(Rs.)**
FCCB Issue Expenses	—	5,02,67,360/-
Capital Expenditure/Advances	**92,87,49,977/-**	35,45,38,104/-
Exchange Fluctuation (Net)	**7,52,32,790/-**	4,44,15,862/-
Interest Income (Net)	**(2,80,47,167/-)**	(1,90,79,780/-)
Pending utilization in Bank (Net)	**20,13,22,854/-**	1,17,72,58,454/-
Total	**1,17,72,58,454/-**	1,60,74,00,000/-

16. **Following expenses were capitalized and allocated to fixed assets:**

Particulars	Year ended 31.03.08 Amount(Rs.)	Year ended 31.03.07 Amount(Rs.)
Opening Balance	(69,73,891)	—
Bank Charges & Commission	1,01,764	2,31,586
Interest on Term Loan	—	46,16,637
Freight, Handling, Octroi & Insurance	1,50,800	39,070
Interest on FCCB	60,71,992	66,23,075
Power Fuel & Lighting	26,43,756	4,50,434
Traveling & Conveyance	41,065	4,129
Communication Expenses	2,78,805	9,952
Advertising & Publicity	73,970	—
Stores, Spares & Consumables	17,62,833	—
Payment to and provision for employees	26,11,959	4,90,742
Labour charges	2,35,257	16,100
Insurance	663	—
Repairs & Maintenance	98,032	57,344
Rates & Taxes	3,331	—
Misc. Expenses	10,79,978	3,08,735
Total	81,80,314	1,28,47,804
Less: Allocated to Fixed Assets	98,27,279	52,56,722
Less: Transferred to Profit and Loss Account	(92,27,221)	—
Balance	75,80,256	75,91,082
Less: Interest Income (Net of Taxes Nil, Previous Year Rs. 73,90,069/-)	60,71,992	1,45,64,973
Total	15,08,264	(69,73,891)

17. **Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956.**

Particulars	Year ended 31.03.08 Amount(Rs.)	Year ended 31.03.07 Amount(Rs.)
Net Profit before tax	64,80,88,541	57,98,93,979
Add: Director's Remuneration (Excluding PF, Salary to ED (Finance) & Meeting Fee)	3,41,20,276	3,06,18,657
Add: Loss on sale of assets (net)	3,39,239	19,23,330
Less : Profit on Sale of Long Term Investments	1,42,542	62,836
Net Profit	68,24,05,514	61,23,73,130
Net Profit for Managerial Remuneration	68,24,05,514	61,23,73,130
Calculation of Director's Remuneration (including commission) @ 5% of the Net Profit for the period	3,41,20,276	3,06,18,657
Total Managerial Remuneration		
– Excluding Directors Meeting Fees and contribution to Provident & Other Funds and Executive Director (Finance)'s Salary	3,41,20,276	3,06,18,657
– Including Directors Meeting Fees and contribution to Provident & Other Funds and Executive Director (Finance)'s Salary	3,67,53,396	3,26,01,777

18. Insurance Premium of Rs. 20,60,550/-(Previous year Rs. 20,60,550/-) on Keyman Insurance Policy has been charged to Profit & Loss Account. Maturity value of such policy will be accounted for on receipt basis.

19. Auditor's Remuneration:

Particulars	Year ended 31.03.08 Amount(Rs.)	Year ended 31.03.07 Amount(Rs.)
As Auditor*		
— Audit fee	14,00,000	8,50,000
— Tax Audit	2,00,000	1,00,000
— In other capacity**	4,00,000	1,00,000

* Excludes Service Tax Rs.2,47,200/- (Previous year Rs. 1,29,780/-)

** In other capacity excludes Rs. NIL (Previous Year Rs. 4,50,000 /-) which has been adjusted against Securities Premium Account, being FCCB Issue Expenses

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

	As At 31.03.08 Amount(Rs.)	As At 31.03.07 Amount(Rs.)
Assets		
Provision for unencashed leave	33,20,188/-	14,30,531/-
FCCB/GDR Issue Expenses	1,53,57,528/-	1,93,92,243/-
Total	1,86,77,716/-	2,08,22,774/-
Liabilities		
Depreciation	13,22,92,253/-	9,55,02,829/-

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

Particulars	Year ended 31.03.08	Year ended 31.03.07
Profit after taxation (Rs)	43,51,73,595	40,14,46,863
Number of equity shares at the beginning of the year	5,89,69,715	5,04,69,715
Add: Weighted average number of equity shares issued during the year	4,23,557	18,86,301
Weighted average number of equity shares for Basic EPS	5,93,93,272	5,23,56,016
Add: Adjustment for FCCB outstanding convertible in equity shares	1,79,97,809	1,98,44,444
Add: Adjustment for ESOP outstanding convertible in equity shares	6,49,745	—
Weighted average number of equity shares for Diluted EPS	7,80,40,825	7,22,00,460
Basic Earning Per Share (Rs).	7.33	7.67
Diluted Earning Per Share (Rs.)	5.58	5.56
Face value of Equity Shares (Rs.)	2.00	2.00

Note: During the year conversion price of FCCB's has been reset at Rs. 81/- per share. Accordingly previous year's "EPS" has also been calculated assuming same conversion price to make them comparable.

22. (a) Future lease obligation by way of lease rental as follows: **(In Rupees)**

Due	Total Minimum lease payments outstandings		Future Interest on outstandings		Present value of minimum lease payments	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Within one year	59,74,194	56,40,910	9,79,091	7,95,974	49,95,103	48,44,936
Later than one year and not later than five years	65,00,830	52,53,197	7,41,267	5,08,527	57,59,563	47,44,670
More than Five years	NIL	NIL	NIL	NIL	NIL	NIL
Total	1,24,75,024	1,08,94,107	17,20,358	13,04,501	1,07,54,666	95,89,606

(b) **Operating Leases- Other than non-cancellable**
The Company has entered into lease transactions during the current financial year mainly for leasing of factory/office/residential premises and company leased accommodations for its employees for periods upto 10 years. Terms of lease include terms of renewal, increase in rents in future periods and terms of cancellation. The Operating lease payments recognized in the Profit & Loss account amount to Rs1,72,77,369/- (Previous year Rs. 72,84,235) for the leases, which commenced on or after April 1, 2001.

23. Dividend – earlier years of Rs.76,630/-(including dividend distribution tax of Rs 11,732/-) represent the difference between the amount provided last year and amount paid on the shares allotted on 11th June, 2007 as an outcome of conversion of some FCCB's into Equity Shares.

24. Loans & Advances include:

(a) Adjustable security deposit given to director for premises taken on rent Rs. Nil (Previous year Rs.39,84,000). Maximum Balance outstanding during the year Rs. 39,84,000/- (Previous year Rs.65,96,500).

(b) Security deposit given to Projection Financial & Management Consultants Private Limited, a company under same management, for premises taken on rent Rs. 30,00,000/- (Previous year Rs.Nil). Maximum Balance outstanding during the year Rs. 40,86,200/- (Previous year Rs.Nil).

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

a) Loans and Advances in the nature of Loans given to Associates: **(In Rupees)**

Name	As at 31.03.08	Maximum Balance during the year	As at 31.03.07	Maximum Balance during the year
Sunil Gupta	NIL	39,84,000/-	39,84,000/-	65,96,500/-
Projection Financial & Management Consultants Pvt. Ltd.	30,00,000/-	40,86,200/-	Nil	Nil

Note :- These are security deposits for premises taken on rent by the Company.

b) Investments by the Loanee in the shares of the Company: **(In Rupees)**

Name	As At 31.03.08		As At 31.03.07	
	No. of Shares	Amount	No. of Shares	Amount
Sunil Gupta	NIL	NIL	NIL	NIL
Projection Financial & Management Consultants Pvt. Ltd.	NIL	NIL	NIL	NIL

26. Loan & Advances include Rs. 51,00,000/- given to Sanjog Sugar & Eco Power Private Limited as share application money, which is pending allotment as on 31st March, 2008.

27. Loans & Advances include Deposit given to a Limited Company Rs 4,50,00,000/-. (Previous Year Rs.4,50,00,000/-).

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

(a) **Name of Related Parties :-**

i) Associate of the company:
KEI International Ltd

ii) Other related parties in the Group where common control exists :
Anil Gupta (HUF)
Projection Financial & Management Consultants Pvt. Ltd.
Subh Laxmi Motels & Inns Pvt. Ltd.
Soubhagya Agency Pvt. Ltd.
Dhan Versha Agency Pvt. Ltd.
KEI Cables Pvt. Ltd.

iii) Functional Directors:
Shri Anil Gupta, Chairman-cum-Managing Director
Shri Rajeev Gupta, Executive Director (Finance)

iv) Relatives of Functional Directors:
Shri Sunil Gupta (Director)
Smt. Archana Gupta (Director)
Smt. Varsha Gupta
Smt. Sumitra Devi Gupta
Smt. Shashi Gupta
Shri Shri Krishan Gupta
Smt. Veena Agarwal

v) Enterprises over which person mentioned in (iv) above are able to exercise significant control:
Sunil Gupta (HUF)
Ashwathama Constructions Pvt. Ltd.

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

STATEMENT OF TRANSACTIONS WITH RELATED PARTIES

Particulars	Year	(i)	(ii)	(iii)	(iv)	(v)	Total
Deposits Received during the year	**2007-08** 2006-07	**—** 1800000	**—** 44420000	**—** 10000	**—** —	**—** —	**—** 46230000
Interest paid on deposits received	**2007-08** 2006-07	**—** —	**—** —	**—** —	**116902** 248601	**110302** 110000	**227204** 358601
Credit Balance Outstanding as at the year end	**2007-08** 2006-07	**1800000** 1800000	**2300000** 2420000	**140000** 640000	**2060000** 2060000	**1000000** 1000000	**7300000** 7920000
Rent paid for use of assets	**2007-08** 2006-07	**—** —	**8000000** —	**—** —	**6420000** 6420000	**420000** 405000	**14840000** 6825000
Managerial remuneration	**2007-08** 2006-07	**—** —	**—** —	**36197530** 31851777	**—** —	**—** —	**36197530** 31851777
Expenses Payable	**2007-08** 2006-07	**—** —	**—** —	**6730119** 16378897	**—** —	**—** —	**6730119** 16378897
Sale of Fixed Assets	**2007-08** 2006-07	**—** —	**300000** —	**—** —	**—** —	**—** —	**300000** —
Meeting Fee	**2007-08** 2006-07	**—** —	**—** —	**—** —	**90000** 200000	**—** —	**90000** 200000
Security Deposit given for Premises taken on Rent.	**2007-08** 2006-07	**—** —	**3000000** —	**—** —	**—** 3034000	**—** —	**3000000** 3034000
Outstanding premises deposit receivable	**2007-08** 2006-07	**—** —	**3000000** —	**—** —	**—** 3984000	**—** —	**3000000** 3984000
Dividend Paid on Equity Shares	**2007-08** 2006-07	**—** —	**3400188** 2720150	**6347830** 4246172	**810692** 824656	**—** 628150	**10558710** 8419128

(c) Non Financial Transactions:-

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

(ii) The remuneration does not include Gratuity and Provision for leave encashment under Accounting Standard-15 (Revised), since the same is not available for individual employees.

29. **Segment information pursuant to Accounting Standard (AS-17) " Segment Reporting" issued by the Institute of Chartered Accountants of India.**

a) **Information about Primary Business Segments (In Rupees)**

Particulars	Cables		Stainless Steel Wire		Others		Unallocated		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Revenue (Gross)										
External	8688343343	5965766878	1127692290	855383118	4341009	—	39400681	124269	9859777323	6821274265
Less: Excise Duty	971439035	694776233	98788752	81265531	—	—	—	—	1070227787	776041764
Inter-segment	—	—	—	—	—	—	—	—	—	—
Total Revenue (Net)	7716904308	5270990645	1028903538	774117587	4341009		39400681	124269	8789549536	6045232501
Result	—	—	—	—	—	—	—	—	—	—
Segment Result	1201907139	857868720	27659985	82101579	250880	—	—	—	1229818004	939970299
Unallocated expenditure net of unallocated income	—	—	—	—	—	—	(212812438)	(122835770)	(212812438)	(122835770)
Interest expenses (net)	—	—	—	—	—	—	(369086333)	(237358736)	(369086333)	(237358736)
Profit on Sale of Investment	—	—	—	—	—	—	142542	62836	142542	62836
Dividend Income	—	—	—	—	—	—	26766	55350	26766	55350
Profit before taxation and exceptional items	1201907139	857868720	27659985	82101579	250880	—	(542328782)	(359952051)	687489222	579893979
Exceptional items	—	—	—	—	—	—	—	—	—	—
Taxation	—	—	—	—	—	—	—	—	(212914946)	(178447116)
Net Profit	—	—	—	—	—	—	—	—	474574276	401446863
Other Information										
Segment assets	6938773474	4612832836	464281293	616111969	6473571	—	702438076	1454256837	8111966414	6683201642
Segment Liabilities	2173116596	1634967989	132749306	229161264	2365873	—	3736161338	3300446346	6044393113	5164575599
Capital expenditure (excluding capital work in progress)	759968123	506501222	14440190	8498107	—	—	13484742	12555684	787893055	527555013
FCCB Issue Expenses	—	—	—	—	—	—	—	53604725	—	53604725
Depreciation	64328337	42771085	12658003	11654620	—	—	4206094	2116148	81192434	56541853

b) **Information about Secondary Business Segment (In Rupees)**

Revenue for Geographical Market	India		Outside India		Total	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
External Revenue (Gross) Less: Excise Duty Inter-segment	8472616443 1070227787	5984612647 776041764	1387160880 —	834532097 —	9859777323 1070227787	6819144744 776041764
Total Revenue(Net)	7402388656	5208570883	1387160880	834532097	8789549536	6043102980
Carrying amount of segment assets	8108967287	6677511164	2999127	5690478	8111966414	6683201642
Additions to fixed assets	787893055	527503026	—	51987	787893055	527555013

c) **Notes :**

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

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

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

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

Segment Revenue comprising of (in Rupees)	2007-08	2006-07
Sales	**9,806,484,235**	6,815,144,393
Other income excluding interest(net)/dividend income	**53,293,088**	4,000,351
Total	**9,859,777,323**	**6,819,144,744**

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.

30. Jobs with lump-sum price, where the physical progress of work is less than 25 per cent, the direct cost incurred thereon amounting to Rs Nil (Rs. Nil) have been carried forward as Work in Progress.

31. In terms of provision of AS –7 on "Construction Contracts" for Lump-sum Turnkey Projects for contract in progress as on 31.03.2008:

a. The aggregate amount of cost incurred and recognized Profit up to 31.03.2008 Rs.43,28,999 (Previous year Rs. Nil).
b. The amount of advances received Rs.4,76,250 (Previous year Rs. Nil).
c. The amount of retention Rs. Nil (Previous year Rs. Nil)

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

Defined Contribution Plan

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

Particulars	Expense recognized in 2007-08 Amount (Rs.)
Contributory Provident Fund & Employees Pension Scheme, 1995	47,73,043

Defined Benefit Plan

The company is having the following Defined Benefit Plans:

- Gratuity (Funded)
- Leave Encashment (Unfunded)

(In Rupees)

	Gratuity (Funded)	Leave Encashment (Unfunded)
a) Actuarial Assumptions		
Discount rate	8.00%	8.00%
Expected rate of return on assets	9.15%	—
Expected rate of future salary increase	5.00%	15.00%
b) Reconciliation of opening and closing balances of Defined Benefit obligation		
Present value of obligations as at beginning of year	77,13,762	69,93,218
Interest cost	5,78,532	5,59,457
Current Service Cost	16,63,286	23,73,343
Benefits paid	(1,99,052)	(6,64,754)
Actuarial (gain)/loss on Obligations	29,91,583	5,06,869
Present value of obligations as at end of year	1,27,48,111	97,68,133

		Gratuity (Funded)	Leave Encashment (Unfunded)
c)	**Reconciliation of opening and closing balances of fair value of plan assets**		
	Fair value of plan assets as on beginning of year	95,62,683	—
	Expected return on plan assets	8,64,639	—
	Contributions	—	—
	Benefits paid	(1,99,052)	—
	Actuarial Gain/(Loss) on Plan assets	—	—
	Fair value of plan assets at the end of year	1,02,28,270	—
d)	**Fair value of plan assets as on 31.03.2008**		
	Fair value of plan assets at beginning of year	95,62,683	—
	Actual return on plan assets	8,64,639	—
	Contributions	—	—
	Benefits paid	(1,99,052)	—
	Fair value of plan assets at the end of year	1,02,28,270	—
	Funded status	(25,19,841)	(97,68,133)
	Excess of Actual over estimated return on plan	—	—
e)	**Actuarial Gain/Loss recognized for the year 2007-08**		
	Actuarial gain/(Loss) for the year – Obligation	(29,91,583)	(5,06,869)
	Actuarial (gain)/Loss for the year – plan assets	—	—
	Total (gain)/Loss for the year	29,91,583	5,06,869
	Actuarial (gain)/Loss recognized in the year	29,91,583	5,06,869
f)	**The amounts recognized in the balance sheet**		
	Present value of obligations as at the end of year	1,27,48,111	97,68,133
	Fair value of plan assets as at the end of the year	1,02,28,270	—
	Funded status	(25,19,841)	(97,68,133)
	Net (Asset)/liability recognized in balance sheet	25,19,841	97,68,133
g)	**Expenses Recognized in statement of Profit & Loss**		
	Current Service Cost	16,63,286	23,73,343
	Interest cost	5,78,532	5,59,457
	Expected return on plan assets	(8,64,639)	—
	Net Actuarial (gain)/Loss recognized in the year	29,91,583	5,06,869
	Expenses recognized in statement of Profit & Loss	43,68,762	34,39,669

33. During the previous year, the Company had established KEI Employee Stock Option Scheme 2006 ("KEI ESOS 2006") and the same was approved at the Extra-ordinary General Meeting held on 23rd day of November 2006. The Scheme was set up so as to offer and grant, for the benefit of employees (excluding promoters) of the Company, who are eligible under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, options of the Company in aggregate up to 10,00,000 options under KEI ESOS 2006, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board, in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard. As per the Scheme, each option is exercisable for one equity share of face value of Rs.2/- each fully paid up on payment to the Company, for such shares, at a price to be determined in accordance with KEI ESOS 2006.

a) During the year following options were granted by the Company as per details below:

Particulars	Tranche 1	
	2007-08	2006-07
Date of grant	August 17, 2007	NIL
Date of vesting	August 16, 2008	NIL
Live Options at the beginning of the year (nos.)	NIL	NIL
Granted during the year (nos.)	6,55,705	NIL
Forfeited / lapsed till vesting period (nos.)	5,960	NIL
Option vested (nos.)	NIL	NIL
Option exercised (nos.)	NIL	NIL
Outstanding at the end of the year (nos.)	6,49,745	NIL
Exercisable at the end of the year (nos.)	NIL	NIL
Remaining Contractual Life (days)	229	NIL
Fair value of the options based on Black and Scholes Model (Rs.)	50.95	NIL
Intrinsic Value of the options granted (Rs.)	50.50	NIL
Expense amortised during the year on the basis of intrinsic value of the option (Rs.)	2,03,50,688	NIL

Method and Assumptions used to estimate the fair value of options granted during the year 2007-08:

The fair value has been calculated using the Black Scholes Options Pricing Model.
The Assumptions used in the model are as follows:

Variables	Tranche 1
	KEI Employee Stock Option Scheme 2006
1. Risk Free Interest Rate	7.69%
2. Expected Life	1.13
3. Expected Volatility	61.54%
4. Dividend Yield	1.37%
5. Price of the underlying share in market at the time of the option grant (Rs.)	74.85

b) Other information regarding options granted under KEI ESOS 2006 are as per details below:

i) The details of Exercise Price for stock options outstanding at the end of the current year ended March 31, 2008

Range of exercise price (Rs.)	Number of options outstanding	Weighted average remaining contractual life (days)	Weighted average exercise price (Rs.)
25.25	6,49,745	229	25.25

The details of Exercise Price for stock options outstanding at the end of previous year ended March 31, 2007

Range of exercise price (Rs.)	Number of options outstanding	Weighted average remaining contractual life (days)	Weighted average exercise price (Rs.)
N.A	N.A	N.A	N.A

The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2007-08 is 2,03,50,688/-. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the year 2007-08 would be Rs. 2,05,31,052/-. The effect of adopting the fair value method on the net income and earnings per share is presented below:

ii) Adjusted Net Income and Earning Per Share:

Particulars	Amount (Rs.)
Net income as reported	43,51,73,595
Add: Intrinsic value compensation cost	2,03,50,688
Less: Fair value compensation cost	2,05,31,052
Adjusted Net Income	**43,49,93,231**

Particulars	Amount (Rs.)
Earning per share: Basic	
As reported	7.33
As adjusted	7.32
Earning per share: Diluted	
As reported	5.58
As adjusted	5.57

34. 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 the absence of the information about registration of the Enterprises under the above Act, the required information could not be furnished.

35. Additional information pursuant to the provision provision of Part-II of Schedule VI of the Companies Act, 1956.
(A) Particulars of capacity and production

Particulars	Unit	Licenced Capacity	Installed Capacity*		Actual Production	
			As At 31.03.08	As At 31.03.07	Year Ended 31.03.08	Year Ended 31.03.07
Cables*	Kms.	NA	**50000.000**	40000.000	**33723.278**	25365.505
Stainless Steel Wires*	Kgs.	NA	**4800000**	4800000	**4244395.27**	3584214.062
Winding , Flexiable & House Wiring	Kms.	NA	**250000.000**	250000.000	**40879.062**	22238.156

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

(B) Particulars of Stocks & Sales

Particulars	Unit	Opening Stock		Closing Stock		Sales (Gross)	
		As At 31.03.08	As At 31.03.07	As At 31.03.08	As At 31.03.07	Year Ended 31.03.08	Year Ended 31.03.07
Cables*	Kms.	**1658.896**	1634.208	**3034.955**	1658.896	**32267.652**	25169.078
	Rs.	**403486449**	258251878	**820793631**	403486449	**7446288456**	5331178550
Stainless Steel Wires	Kgs.	**204935.24**	127960.028	**153228.992**	204935.24	**4296101.518**	3507238.85
	Rs.	**67428448**	29144561	**45624792**	67428448	**1130039621**	845993946
Winding , Flexiable & House Wire**	Kms.	**5149.376**	4521.911	**7693.279**	5149.376	**38262.567**	21511.436
	Rs.	**72221408**	47926621	**111041708**	72221408	**1044062886**	498745926
Traded Goods	Kgs.	—	—	—	—	—	—
	Rs.					**1910578**	4248643
Miscellaneous	Rs.	**5569669**	5667504	**13069999**	5569669	**184182695**	134977328
Total		**548705974**	**340990564**	**990530130**	**548705974**	**9806484235**	**6815144393**

*Does not include Cable consumption for Captive purposes 79.567 KMS (Previous Year 19.256 KMS)
**Does not include Flexible & House wire consumption for Captive purposes 72.592 KMS (Previous Year 251.738 KMS)

(C) Particualrs of Raw Matarials consumed

Class of Goods	Quantity in (Kgs.)		Value in (Rs.)	
	Year ended 31.03.2008	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2007
Copper	9854481.430	6645658.650	3219761592	2141599698
PVC & DOP	18537121.010	13222598.950	1036826999	720649274
G.I.Wire/S.S.Wire/Strip	11884341.210	8807881.920	525293188	374875305
Aluminium Wire	11514220.280	7683762.840	1362592237	1029198682
Stainless Steel Rod	4105289.810	3815088.070	753638266	666146402
Others	N.A	N.A	155547628	125112094
Total			7053659909	5057581455
Less : Material Capititalised			11217759	4177600
Net			7042442150	5053403855

(D) Purchase of Trading Goods

Class of Goods	Quantity in (Kgs.)		Value in (Rs.)	
	Year ended 31.03.2008	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2007
Miscellaneous	—	—	**1470015**	4131935

(E) Value of imported and Indigeneous materials consumed

Class of Goods	Percentage		Value in (Rs.)	
	Year ended 31.03.2008	Year ended 31.03.2007	Year ended 31.03.2008	Year ended 31.03.2007
Materials				
- Indigeneous	**96**	96	**6739295095**	4849421224
- Imported	**4**	4	**314364813.8**	208160231
Total	**100**	100	**7053659909**	5057581455
Stores, Spares & Consumables				
- Indigeneous	**99**	97	**46627376**	44539056
- Imported	**1**	3	**634663**	1151079
Total	**100**	100	**47262039**	45690135
Packing Material				
- Indigeneous	**100**	100	**205887221**	137107150
- Imported	**0**	0	**621021**	—
Total	**100**	100	**206508242**	137107150

(F) Value of Imports on CIF basis

Particulars	Year ended 31.03.08 (Rs.)	Year ended 31.03.07 (Rs.)
Raw Material Purchases	**285474205**	229792230
Machinary	**112984415**	8841610
Stores, Spares&Consumable	**634663**	1151079
Packing Material	**621021**	—

(G) **Earnings in Foreign Exchange (on Accural Basis)**

Particulars	Year ended 31.03.08 (Rs.)	Year ended 31.03.07 (Rs.)
Sales (Exports)	1,387,160,880	834,532,097
Interest Earned on FDR	24,771,310	21,761,556

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

Particulars	Year ended 31.03.08 (Rs.)	Year ended 31.03.07 (Rs.)
Manufacturing, Selling & Other Expenses		
Power, Fuel & Lighting	**8,239**	59,298
Freight, Handling, Octroi & Insurance	**502,948**	1,229,969
Rebate, Discount, Commision on Sales	**11,151,560**	6,653,715
Rent	**467,313**	1,262,535
Travelling & Conveyance	**8,393,943**	3,120,888
Advertisement & Publicity	—	527,131
Communication Expenses	**571,919**	323,180
Misecllaneous Expenses	**5,457,707**	3,336,439
Payment to and Provisions for Employees		
Salary, Wages & Other Benefits	**4,948,229**	2,252,887
Welfare Expenses	**119,278**	261,216
Financial Charges		
Interest on Hire Purchase	**206,717**	25,428
Bank Charges	**1,020,036**	271,725
Interest on FCCB Bonds	**13,276,118**	6,623,075
Others		
FCCB/GDR Issue Expenses	—	51,637,190
Listing fee	**219,589**	325,185

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

Particulars	Year ended 31.03.08 (Rs.)	Year ended 31.03.07 (Rs.)
The year to which dividend relates	**2006-07**	2005-06
Amounts of dividend remitted (Rs.)	**6,062,626**	4,636,378
Number of Non-Resident Shareholders / OCBs/FIIs	**124**	118
Number of Equity Shares	**12125252***	2318189*

* Face value of Rs.2/- each (post-split) (previous year face value Rs.10/-each)

Note: The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by / on behalf of non-resident shareholders. The particulars of dividends declared and paid to non-resident shareholders for the year 2005-06 & 2006-07 are as above.

36. (a) **Derivative contracts entered into by the company and outstanding as on 31st March, 2008**

For Hedging Currency and Interest Rate Related Risks:

Nominal amounts of derivative contracts entered into by the Company and outstanding as at 31st March, 2008 amount to Rs. 61,28,34,069 (Previous Year Rs. Nil). Category wise break up is given below:

Particulars	As at 31st March, 08 Amount (Rs)	As at 31st March, 07 Amount (Rs.)
Interest Rate Swaps(net)	**200,000,000**	—
Forward Contracts(net)	**412,834,069**	—

(b) (i) Amount payable in foreign currency on account of the following

	Year ended 31 March, 2008			Year ended 31 March, 2007		
Particulars	Rs.	Amount in Foreign Currency	Foreign Currency	Rs.	Amount in Foreign Currency	Foreign Currency
Imports of Goods	27003764	672907	USD	16684275	384165	USD
	30134174	485800	EURO	1358003	23556	EURO
FCCB Bonds	1310244500	32650000	USD	1563480000	36000000	USD
Expenses Payable	575376	14338	USD	307285	7126	USD
	2417518	38477	EURO	2389027	41440	EURO
	580454	52769	AED	49653	3820	AED
Loan for Car	205383	18671	AED	396073	30467	AED

(b) (ii) Amount receivable in foreign currency on account of the following

	Year ended 31 March, 2008			Year ended 31 March, 2007		
Particulars	Rs.	Amount in Foreign Currency	Foreign Currency	Rs.	Amount in Foreign Currency	Foreign Currency
Exports of Goods	**422004807**	**10551946**	**USD**	156915225	3639036	USD
	62960214	**1036361**	**EURO**	24958963	432940	EURO
	—	—	**AED**	384473	29575	AED
	13797203	**176007**	**GBP**	4427800	52400	GBP
Fixed Deposits with Banks	**38313380**	**964587**	**USD**	1177359464	27304255	USD
Imprest with Staff	**65052**	**5914**	**AED**	—	—	AED
Balance with Banks	**603019**	**15182**	**USD**	1365959	31678	USD
	18474	**299**	**EURO**	17211	299	EURO
	2353049	**213914**	**AED**	4855866	373528	AED
Security Deposits	—	—	**AED**	177,930	13687	AED
Interest Receivable on Bank Fixed Deposits	—	—	**USD**	2779890	64469	USD

37. Previous Year's figures have been regrouped / rearranged where necessary.

As per our separate report of even date attached

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

(J. C. GUPTA)
Partner
M.No- 6107

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place : New Delhi
Dated : 18th June, 2008

(KISHORE KUNAL)
Company Secretary

(ADARSH JAIN)
Asst. General Manager (Finance)

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Corporate Identification Number (CIN)	L74899DL1992PLC051527	State Code :	55
Balance Sheet Date	31.03.2008		

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

Public Issue*	Right Issue
Nil	NIL
Bonus Issue	Private Placement
NIL	149577

* Including Share Premium

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

Total Liabilities	5603859	Total Assets	5603859
Source of Funds		Paid-up Capital	
		121617	
		Reserves and Surplus	Secured Loan
		1949127	1909096
		Unsecured Loans	Deferred Tax
		1510405	113614
Application of Funds		Net fixed assets	Investments
		2313911	3171
		Net Current assets**	Misc. Expenditure
		3286777	Nil
		Accumulated Losses	
		NIL	

** Net of current liabiliites & provisions

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

Turnover	9317372	Total Expenditure	8669283
		Profit Before Tax	Profit After Tax
		648089	435174
		Earning Per share	Dividend Rate %
		7.33	25

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

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

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place : New Delhi
Dated : 18th June, 2008

(KISHORE KUNAL)
Company Secretary

(ADARSH JAIN)
Asst. General Manager (Finance)

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