Wires and Cables

The power behind the power™

True strength in testing times

KEI Industries Limited

Annual Report 2008-09

Corporate information

BOARD OF DIRECTORS

Mr. Anil Gupta, Chairman-cum-Managing Director

Mrs. Archana Gupta, Director

Mr. Pawan Bholusaria, Director

Mr. K.G. Somani, Director

Mr. Vijay Bhushan, Director

Mr. Vikram Bhartia, Director

Mr. Rajeev Gupta, Executive Director (Finance)

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Kishore Kunal

AUDITORS

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

BANKERS

Dena Bank	Punjab National Bank
ING Vysya Bank Ltd.	State Bank of Hyderabad
Yes Bank Ltd.	Standard Chartered Bank
ICICI Bank Ltd.	Bank of India
HSBC Bank Ltd.	HDFC Bank Ltd.
ABN Amro Bank	State Bank of Patiala

Contents

SHARE TRANSFER AGENT

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New Delhi - 110 020,
Ph.:-+91-11- 26387281/82/83 | Fax:-+91-11- 26387384
Email: info@masserv.com | Website: www.masserv.com

CORPORATE & REGISTERED OFFICE

D-90 Okhla Industrial Area, Phase-I, New Delhi - 110 020
Ph.: +91-11-26818840/8642/ | Fax:-+91-11- 26811959/7225
Email: keiind@vsnl.com | Website: www.kei-ind.com

WORKS OFFICE

- SP-919-920, 922 RIICO Industrial Area, Phase-III, Bhiwadi, Dist. Alwar (Rajasthan) - 301 019.
- 99/2/7 Madhuban Industrial Estate, Village Rakholi, Silvassa, (D&H) - 396 240.
- Plot No. A- 280/281/282/283, RIICO Industrial Area, Chopanki, Dist. Alwar (Rajasthan) - 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)

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

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

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

Mr. A.K. Maity, Sr. GM (Works)

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

Mr. Dilip Barnwal, GM (Works - Silvassa)

Mr. Dayanand Sharma, GM (Works - Chopanki)

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

Mr. Ajit Dinesh Durve, GM (International Business)

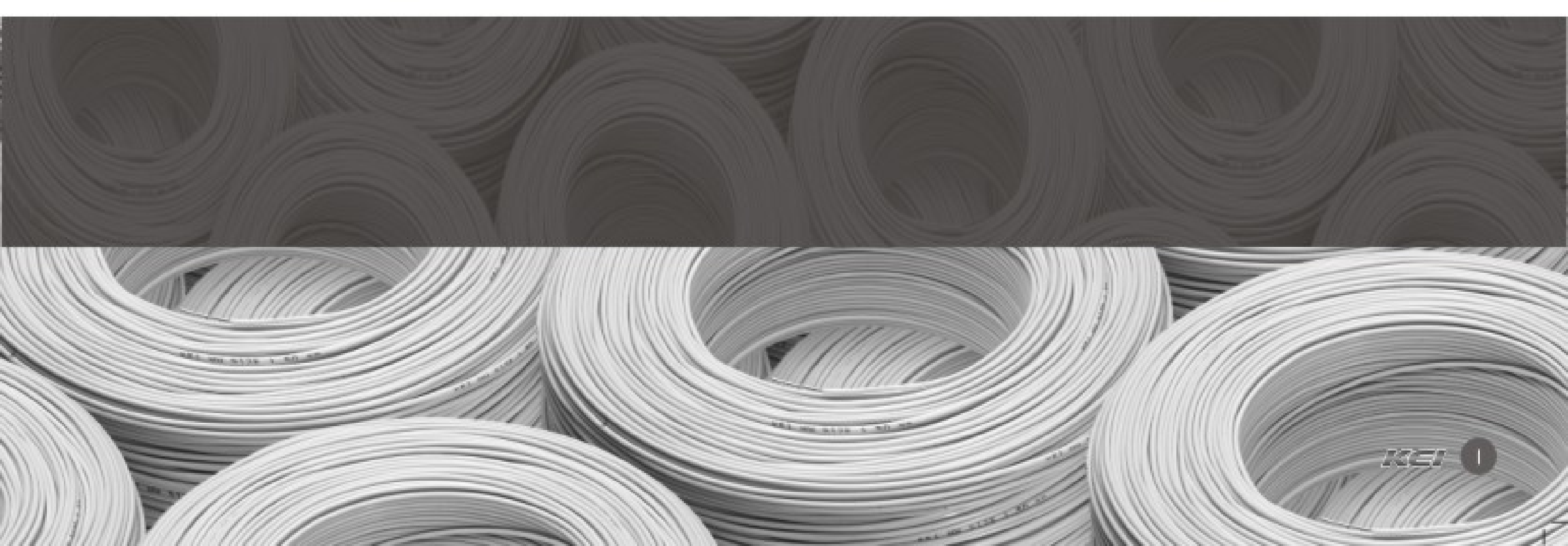
Mr. Munishvar Gaur, GM (Business Development)

Mr. Krishna D. Tamhankar, DGM (International Business)

Mr. Krishan Kariwal, DGM (International Business)

Mr. Alok Saha, DGM (Marketing)

Mr. Gaurav Sahi, Head Corporate Communications



Strength emanates not just from winning. Strength expresses not just in succeeding when times are good.

Quite the contrary, true strength evolves from an innate resolve to combat all struggles and defy all hardships.

True strength emerges from an indomitable will to survive the testing times and perform despite the complexity of challenges.

True strength is what KEI convincingly and consistently demonstrated in 2008-09, a year marked by one of the worst economic crises witnessed in the history of the world.

A year when advanced economies experienced their sharpest declines and banking sector witnessed its worst collapse ever. A year when commodity volatility exacerbated the crisis and currency volatility intensified the woes. A year when the country's industrial growth decelerated and infrastructure sector progress - along with almost all its constituent sectors - abated. A year when the financial crisis across the globe interrupted the growth momentum of India.

At KEI, we are proud to state that in a year marked by negative events, we have positive performance to report.

In a scenario where de-growth was the buzz word, we sustained our sales growth. In an environment where expansion plans were put on hold, we successfully completed both our planned expansion projects. In an economy where capital was hard to access, we successfully generated an ECB and completed our FCCB buyback. In a backdrop where promises were rolled back, we stayed committed to adding new markets, segments, capabilities and clients. In a marketplace where trust and integrity were hard to come by, we ensured the fulfillment of all our obligations to all stakeholders. In a year when pessimism ruled supreme, optimism is what we delivered for all who expected nothing less from us.

KEI at a glance

Our business

KEI Industries Limited (hereafter referred to as KEI) is engaged in the business of manufacturing and marketing power cables - Low Tension, High Tension and Extra High Voltage, control and instrumentation cables, specialty cables, rubber cables, flexible and house wires, submersible cables, OVC/poly wrapped winding wires and stainless steel wires that address the cabling requirements of a wide spectrum of sectors.

Our market position

KEI ranks amongst the top three cable manufacturing companies in the country and amongst the few that have the wherewithal and expertise to manufacture specialty cables including braided cables, fire survival and zero halogen cables.

Our sectoral diversity

KEI's cables enjoy wide acceptability across diverse sectors namely power utilities, cement, steel, industrial, railways and refineries, amongst others, required by prestigious corporate clients and industry stalwarts.

Our manufacturing prowess

KEI has world-class swing manufacturing facilities at Bhiwadi (Rajasthan), Silvassa (D&N H) and 100% export oriented unit at Chopanki with installed capacity for 54,000 km of LT cables and 5,600 km of HT cables.

Our mark of excellence

An ISO 9001:2000 certified Company, KEI adheres to the most stringent quality standards laid down by BRE (UK), IN,ASTM, IEEE, IEC, BS, DE, SABs, NZ, AS, NEMA, NFC, BVQL, DNV, CPRI, ERDA, IDEMI, EIL, PDIL and SYT and also meets the quality standards of leading external consultants etc.

Our performance

In 2008-09, KEI reported revenues of Rs 969.68 cr and profit after tax of Rs 1.25 cr. The Company's shares are listed on the Bombay Stock Exchange, National Stock Exchange and Stock Exchanges in Kolkata. GDR and FCCB are listed overseas on the Luxembourg Stock Exchange.

> "Amongst the most notable milestone in our 2008-09 odyssey was the successful execution of our expansion and up-gradation of our two state-of-the-art manufacturing facilities at Bhiwadi and Chopanki (Export Oriented Unit)."

Dear Shareholders,

I write to you not just at the end of another fiscal, but more importantly, after one of the most tumultuous business years experienced historically. By all accounts it was a challenging year. It was a year when a severe banking crisis in the US sub-prime market triggered a collapse of financial institutions across the world. Global markets plunged, leading to sharp erosion in the asset values across advanced and emerging economies. Household wealth, income and consumer demand declined drastically, impacting businesses around the world.

India, although more resilient than other markets, was also impacted, as was evident from curtailment in its growth momentum, dismal performance of the export sector, decline in industrial output, and finally the slowdown in the pace at which bank credit flowed to the commercial sector. And intensifying this already complex economic environment was the excessive volatility in both commodity prices and currency rates, which severely impacted the profitability of corporates across sectors and markets.

FINANCIAL PERFORMANCE

Given the adverse economic backdrop, it gives me immense satisfaction to report that, braving the odds and defying the downturn, your Company not only maintained its sales at Rs 1055.76 cr, a 7.65 % growth over the previous year, but more importantly worked relentlessly on delivering on its promises and plans, which we believe is a testament of the inherent strength and character of the Company. I would also to state that despite inadequacy of profits, the Board has recommended a dividend payout, subject to shareholder approval, with the objective of rewarding shareholders for the trust they have shown in the Company at all times.

While your Company reported a positive sales growth, profitability suffered significantly – from Rs 43.52 cr in 2007-08 to Rs 1.25 cr in 2008-09 on the back of excessive volatility in both raw material prices and currency exchange rates. To put things in perspective, the prices of your Company's key raw materials - copper & aluminum - plummeted heavily and to unprecedented levels on the London Metal Exchange. Aggravating this crisis further was the concurrent appreciation of the dollar by approximately 20% which in turn drastically increased the purchase price for copper on the quantities hedged or under imports. The combined forces of declining raw material prices coupled with an appreciating dollar resulted in sharp erosion in the value of inventories held by the Company along with devaluation of finished goods stock of the Company,

which along with steep increase rates severely impacting your Company's overall profitability in the current fiscal.

LOOKING BEYOND 2008

Having said that, we strongly believe that the worst is truly behind us and an exciting future beckons all of us at KEI, especially with India looking much better on the business perspective. The spurt in demand - especially in the power & infrastructure sectors - coupled with the recommencement of industrial expansion projects, which were put on hold since October 2008, have started taking off. Add to that the upswing in core sector growth rates - cement, steel, coal - and the scenario is one of healthy revival for the Indian economy and clear reasons for the restoration of optimism.

OPERATIONAL PERFORMANCE

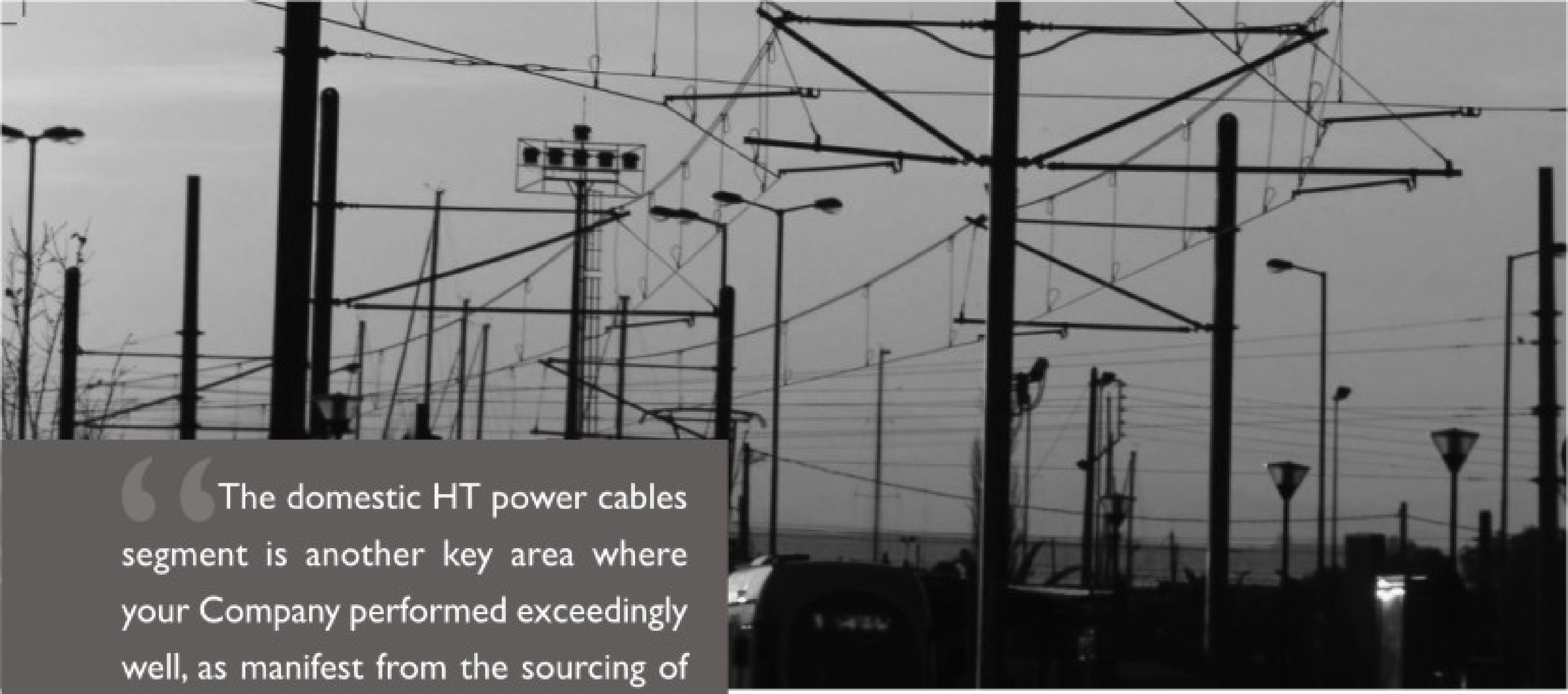
I would like to take you through some of the salient highlights of your Company's operations in the year under review - achievements which clearly endorse the inherent strengths of the Company.

Expansion plans: Amongst the most notable milestone in our 2008-09 odyssey was the successful execution of our expansion plans and up-gradation plans at our two state-of-the-art manufacturing facilities at Bhiwadi and Chopanki (export oriented unit). We have commenced commercial production for HT cables up to 33 kV from our Chopanki plant (installed capacity 2,600 km), simultaneously upgraded existing facility at Bhiwadi to manufacture HT cables between 33kV – 132 kV and put in place additional capacities for LT cables production (installed capacities 10,000 kms). What makes this achievement especially praiseworthy is that the plans were completed at a time when most ongoing expansion projects across the globe were abruptly put on hold. Your Company is confident that with enhanced capacities in place for Low Tension, High Tension and Extra High Tension cables - especially HT and EHV, KEI is attractively placed to leverage the huge demand upsurge emanating from the industrial and power utilities segments in the country.

International segment: With exports constituting almost 15 % of the Company's revenues, it forms a key constituent of KEI's strategic framework. In the year under review, your Company embarked on developing new countries and markets enabling it to further expand global footprint. Your Company has also identified a number of offbeat markets for its future foray - markets where brisk development work is expected to trigger strong demand for the Company's wide range of power cables.

Domestic power cables segment: The domestic HT power cables segment is another key area where your Company performed exceedingly well, as manifest from the sourcing of three prestigious projects for supply of HT cables. Prime amongst them is our highest single order from Kerala State Electricity Board for supply of HT cables for its power distribution utility networks. In addition, your Company expanded its sectoral coverage & diversity through the supply of HT cables to the oil & gas sector, a sector witnessing maximum traction, investment & growth. Lastly, your Company was awarded two projects by NTPC, India's largest power company for supply of HT cables for their power station projects. We believe these three important projects for supply of HT cables firmly entrench our position in the HT cables space and endorse our quality and capabilities in a segment which we entered just two years back. Your Company is confident that it can replicate the success achieved in HT cables to other new areas into which it has just ventured or where it plans to enter.

Domestic house wires segment: KEI embarked on an aggressive brand building exercise to make its house wires brand a



> "The domestic HT power cables segment is another key area where your Company performed exceedingly well, as manifest from the sourcing of three prestigious projects for supply of HT cables."

household and trusted name in the domestic market. To achieve this, the Company launched a sustained 360 degree campaign wherein it leveraged multiple media including television. The results vindicated our strategy and investment: house wires division reported a 100% increase in the last 6 months, defying even the realty slowdown and endorsing the solid demand and patronage for the KEI brand.

To enhance presence in both the domestic and international market, your Company steadfastly increased its dealers and distributors / associates network to cover the remotest and most interior areas in the country and simultaneously added distributors / associates in the international markets spanning various key countries and markets to give a fillip to its overseas presence.

EPC segment: Your Company further strengthened its capability in the EPC space through demonstrated success in building 400 kV rating switch yards / power stations. Currently the Company is executing two turnkey jobs for 400 kV power sub stations on a construct-install-commission-test basis. Going forward, KEI is consolidating its pre-qualifications to garner bigger and better business in the EPC space with its proven expertise setting the foundation for more profitable projects in this segment.

EHV segment: Your Company's next leap in its growth plans encompasses extending Extra High Voltage (EHV) capabilities from its current 132 kV to 220 kV. With the EHV space marked by higher margins and lower competition and with power transmission and distribution projects in class A & B cities - the key sector driving demand for EHV - expected to witness tremendous growth going ahead, KEI is confident of capitalizing on the opportunities unfolding in this space.

OTHER DEVELOPMENTS

Endorsing the KEI credibility is the successful generation of External Commercial Borrowings (ECB) that led to re-purchase of FCCB at a good discount. We believe that this will help lower our future liabilities and improve cash flows thereby providing a strong fillip to the Company's profitability in the future.

OUTLOOK

With a commanding leadership presence in the power cables industry coupled with excellent demand prospects emanating from core infrastructure and power segments, your Company intends to concentrate and consolidate its presence in the high margin EHV cables space on the one hand and further strengthen its leadership position in the LT, HT cables, House wires and Specialty cables segment both in India and overseas. We are confident that with a clear focus and vision on our core business along with the continuous identification and consequent foray into newer synergistic, fast growing & high margin segments, KEI will achieve its revenue target of Rs 2000 cr by March 2011.

CONCLUSION

I want to thank our Board of Directors for their counsel and support, and our employees for their tireless efforts in ensuring that KEI delivers on its ambitious promises and plans. But most of all, I thank you for your confidence and look forward to your continued encouragement as we stride resolutely into a new year filled with hope, optimism and success.

Anil Gupta

Chairman-cum-Managing Director

Five year financial performance

(in Crores)

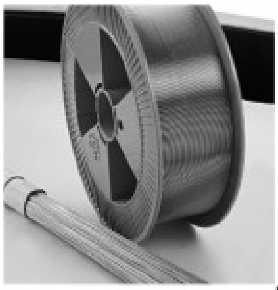
PARTICULARS	2005	2006	2007	2008	2009
PAID UP CAPITAL	7.92	10.09	11.79	12.16	12.19
CAPITAL EMPLOYED	52.65	137.99	368.85	375.34	369.63
SALES	230.23	341.35	681.51	980.65	1055.76
LESS: EXCISE DUTY	26.78	41.18	77.60	107.02	86.08
NET SALES	203.45	300.17	603.91	873.63	969.68
PBDIT	21.23	45.80	87.38	109.84	62.08
PBIT	19.25	43.11	81.73	101.72	50.51
PBT	12.39	33.65	57.99	64.81	-6.11
PAT	8.39	26.01	40.17	43.52	1.25

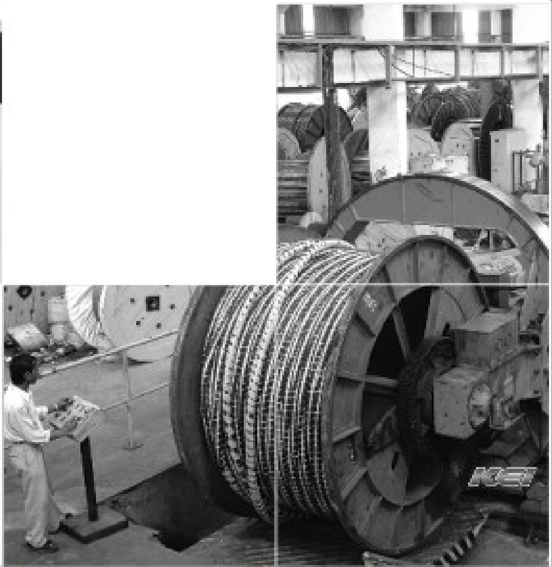
(in %)

PROFITABILITY RATIOS					
PBDIT	10.44	15.26	14.47	12.57	6.40
PBIT	9.46	14.36	13.53	11.64	5.21
PBT	6.09	11.21	9.60	7.42	-0.63
PAT	4.12	8.66	6.65	4.98	0.13
ROCE (PAT / CAPITAL EMPLOYED)	15.93	18.85	10.89	11.59	0.34

(in Crores)

CAPITAL EMPLOYED					
FIXED ASSETS	28.88	80.47	140.97	231.39	279.41
CURRENT ASSETS	110.86	200.36	526.99	579.81	479.86
LESS: CURRENT LIABILITIES	62.98	99.14	199.43	251.13	195.00
LESS: BANK BORROWING	20.31	37.70	92.20	173.37	194.64
LESS: DEFERRED TAX LIABILITY	3.80	5.99	7.47	11.36	0
CAPITAL EMPLOYED	52.65	137.99	368.85	375.34	369.63
NET WORTH	28.11	99.19	151.86	207.07	196.58

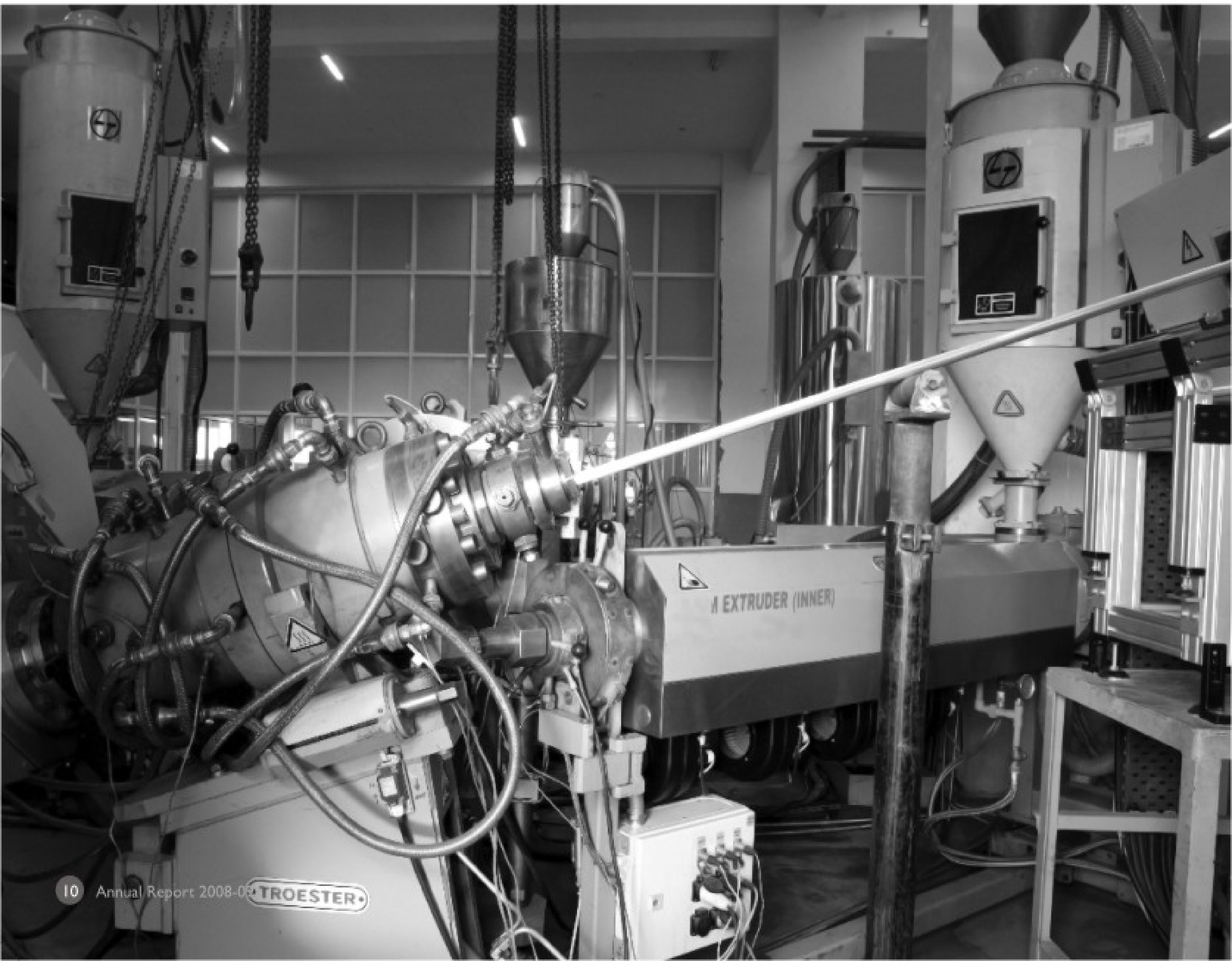


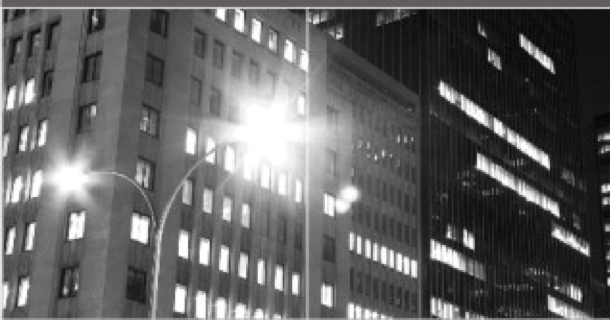


Management Discussion & Analysis

KEI Industries Limited is engaged in the business of manufacturing and marketing power cables – Low Tension, High Tension and Extra High Voltage, control and instrumentation cables, specialty cables, rubber cables, flexible and house wires, submersible cables, OVC/poly wrapped winding wires and stainless steel wires that address the cabling requirements of a wide spectrum of sectors such as power, oil refineries, railways, automobiles, cement, steel, fertilizers, textile and real estate, amongst others.

Featuring amongst the top three cable manufacturing companies in India, the Company's diverse, cost effective, reliable and quality product offerings coupled with vast sectoral coverage, flexible manufacturing facilities, higher capacities and presence across cabling solutions from 32kV to 132kV, positions it favorably to harness the immense opportunities and growth prospects emanating from the power utilities, core infrastructure, industrial and real estate projects across the country. The Company's prudent foray into the EPC services for power sector projects further expands its opportunity matrix and revenue enhancing channels. Lastly, what makes the Company a frontrunner in the cable solutions business is its diversified and de-risked business model characterized by a significant presence in both the domestic and international markets, servicing both the retail and institutional segments, catering to both private and public sector clients and offering both one-stop products basket and services.





OPPORTUNITY MATRIX

Infrastructure sector

India's position as an emerging economic superpower has increased the burden on its infrastructure immensely. The country's rapid transition from an agrarian to a services-led economy has resulted in rising incomes, significant increase in consumption and a great burden on its infrastructure. At present, the country is striving hard to fulfill its infrastructure insufficiency, evidently one of the greatest impediments to its growth. Recognizing the importance of infrastructure to the country's growth, policy makers have boosted efforts on many fronts.

Notwithstanding the deceleration in infrastructure sector growth at 3.0% during 2008-09 (April-February), down from 5.8% during the corresponding period of the previous year, April 2009 has ushered in hopes of an economic recovery. The basis for optimism stems from the 4.3% rebound in the performance of six core infrastructure sectors - the maximum since July 2008 - on a better-than-expected performance in coal, electricity and cement on account of higher government spending in the infrastructure sector, which collectively account for 27% of the Index of Industrial Production.

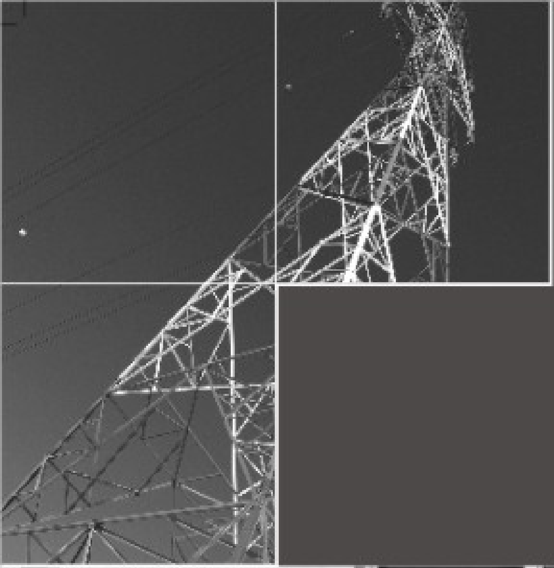
Statistics show a record increase in coal production during the month under consideration. Industry experts attribute this to output from new mines. About 75% of the overall coal production is used to fire power plants, which recorded a reasonable increase in output during April. Economists said additional demand for power, as a result of rising industrial activity, could be a possible reason for this increase in output during April. The new fiscal has begun on an extremely optimistic note for the cement industry as well. Driven by residential and infrastructure construction, cement production and despatches growth in April and May 2009 was the highest since February 2007 at 9.9% and 11.9% respectively. According to sources, the sector is likely to see 50 million tonnes of additional cement capacity in 2009-10. Steel production also improved in April over the previous months. The sector has been seeing a dip in production since October 2008, barring the first two months of 2009.

GROWING HOPES

(Index of Six Core Industries April, 2009) Sector-wise growth rate (%) in production

Sector	Weight in IIP (%)	April 2008	April 2009	Apr-Mar 2007-08	Apr-Mar 2008-09
Crude Oil	4.17	1.0	-3.1	0.4	-1.8
Petroleum refinery products	2.00	4.3	-4.3	6.5	3.0
Coal	3.22	10.4	13.2	6.3	7.7
Electricity	10.17	1.4	6.0	6.3	2.7
Cement	1.99	6.9	11.7	8.1	7.5
Finished steel (carbon)	5.13	-0.6	1.6	6.2	0.4
Overall	26.68	2.3	4.3	5.9	2.7

Source: Ministry of commerce and industry



> With the creation of 300 GW of generation and related capacity, India will be among the largest markets in the world for equipment and component suppliers.

Power sector

Although much progress is evident in sectors like telecommunications, roads, airports and ports, India still faces a substantial power deficit despite the introduction of progressive measures. Shortages, tariffs and the dependence on imported fuels are on the rise, while the poor health of distribution continues to inhibit the inflow of investments. Unless this changes, India's economic growth will be at risk. For India to sustain its GDP growth at over 8% for the next 10 years, the country's demand for power is likely to rise from around 120 GW at present to 315 - 335 GW by 2017, about 100 GW higher than most current estimates. To meet this demand, India will need to substantially accelerate its pace of capacity addition and suitably modify the profile of new capacities. This implies a tripling of installed capacity from the current level of about 140 GW, which, in turn, translates into an annual addition of 20 to 40 GW, a fivefold to tenfold increase in the capacity addition achieved in the last 10 years. This huge increase in capacity addition will require investments of over US$600 billion (Rs 24 lakh crores) over the next 10 years. Of this, around US$300 billion will be necessary for generation, about US$110 billion for transmission, and the balance US$190 billion for distribution.

The key factors driving the exponential surge in power consumption are as follows:

- **Growth in residential consumption:** Rising incomes have driven, and will continue to drive, demand across consumer classes in rural and urban India. Growing at 14% over the next 10 years, India's residential power consumption will grow faster than its GDP growth at 8%
- **Electrification of rural India:** According to the 2001 census, 125,000 villages are yet to be connected to the power grid, and an additional 23 million households below the poverty line do not receive power. The government aspires to cover these areas and provide 'power for all by 2012' through the Rajiv Gandhi Gramin Vidyutikaran Yojana and Bharat Nirman programmes.
- **Scheduled blackouts:** These suppress demand as residential and commercial consumers go without power for several hours every day. In addition, many industrial consumers are forced to use expensive diesel-based power. If added to the overall pool, these consumers will add significantly to the demand by 2017.
- **Manufacturing growing faster than before:** As the manufacturing sector in India accelerates, its relatively higher consumption of electricity will lead to a disproportionately higher demand. Already, manufacturing sector has grown from

5.9% during 2000 to 2004 to 9.5% in the last three years.

Given the robust surge in demand for energy and the consequent investment planned in power generation, transmission and distribution, the Indian cable industry is slated for a strong growth in demand. This optimism is based on the fact that cables account for 3-3.5% of the total power generation project cost (with every MW of capacity requiring new cables and replacement of existing ones), 1.5-2% of power transmission project cost and approximately 10% of power distribution project cost.

Equipment and EPC services

With the creation of 300 GW of generation and related capacity, India will be among the largest markets in the world for equipment and component suppliers. Attractive opportunities include the supply of key components, such as heavy castings and forging, special steel pipes, balance of plant and engineering, procurement and construction services. According to industry estimates, for every rupee invested in power generation capacity, almost 60% is invested in equipment and EPC work.

Industrial capex

Investments in the industrial sector, comprising buildings, factories, and industrial units across various sectors such as steel, power, fertilisers, oil & refinery, aluminum, cement, mining, among others, also generate demand for power cables (both low and high tension cables). It is estimated that nearly 2% to 2.5% of the total capex plans goes towards power cables. With Indian corporates estimated to spend around US$150 to US$200 billion as capex over the next few years, the demand for cables from the sector is expected to be high.

Realty sector

Realtors have faced a severe cash crunch over the last nine months as the global financial crisis squeezed liquidity and high prices kept buyers of homes, offices and shops away. New projects have since been put on the backburner while many of those under construction are delayed, especially commercial. Two factors have contributed to the slowdown affecting property demand. Firstly, the IT and ITES sectors, which accounted for a major portion of the real estate growth, have cut down jobs due to which there are fewer takers for real estate. Secondly, the age factor - younger people are

The Company's focused approach to building a brand synonymous with safety, reliability and trust saw it undertaking a sustained campaign leveraging all medias to communicate the KEI brand USPs and inculcate loyalty amongst users.

not easily accepting real estate offers, while middle-age/income groups are opting for easily affordable ones.

The several verticals comprising the realty sector are witnessing different recovery cycles. While the affordable housing vertical is already in a growth phase, the commercial, retail and premium housing verticals are still in a corrective phase and could take anywhere between 1-2 years to recover.

Either way, it has led real estate developers to think and strategise ways of overcoming the slump and provide an attractive opportunity to middle-income end-users to buy a house. According to industry experts, demand would be increasingly price and product sensitive with completed properties commanding a 15-30% premium over under construction properties due to a perceived increase in project execution task. The sector itself is likely to undergo a 30% correction in prices.

The government has introduced many progressive reform measures to unlock the potential of the sector and also meet increasing demand levels. The government's recently announced stimulus package, coupled with the Reserve Bank of India's (RBI) move allowing banks to provide special treatment to the real estate sector, is likely to impact the Indian real estate sector in a positive way.

Additionally, India's realtors see an impetus in this segment from renewed home buying and government infrastructure contracts and from public and private sector banks announcing attractive packages for home loan borrowers in various categories. This is expected to increase borrowing for homes and in turn give a boost to the realty sector. Moreover, excise duty cuts on cement and steel will bring down construction costs.

With the realty segment consuming LT cables and house wires to the tune of 2.5% of the project cost, the Company expects continued momentum for its products on the back of a perceptible pick-up in affordable housing, and the consequent revival of the real estate segment as a whole.

Communication

Cables are the backbone of the communication sector. Favourable demographics and increased discretionary spending drive the growth of this sector. As we all know, India is the fastest growing telecom market in the world adding nearly 8 m to 9 m subscribers every month. In addition, the telecom companies are aggressively making inroads into rural markets. In addition, with the government estimated to contribute nearly Rs 18 billion towards the Universal Service Obligations (USO) fund on an annual basis, the demand for telecom infrastructure, including cables is expected to remain strong.

International markets

More than US$50 billion (Dh183 billion) is expected to be invested in the power sector in the Gulf countries over the next seven years, according to research by the Middle East Economic Digest (MEED). Electricity demand in the region has been growing at around 8-9% per year - faster than the growth recorded in any other region of the world

The UAE will need the highest investment of US$18 billion (Dh66 billion) for 20,000 MW of additional capacity among the GCC countries, it is forecasted, based on the economic and population growth in 2008. According to estimates, across the GCC, about 57,000 megawatts (MW) of additional capacity will be required over the next seven years to meet the demand for power translating into approximately over US$50 billion of investment. All the six countries of the Gulf Cooperation Council (GCC) face the challenge of meeting the increasing electricity needs of a rapidly expanding infrastructure and increasing amounts of energy-intensive industrial development.

FINANCIAL OVERVIEW

Fiscal 2008-09 was a challenging one for businesses across the globe. Marked by never-witnessed-before developments starting September 2008, the year under review was a tough one by all measures. Testing the true

mettle of corporates, KEI not only survived the business turbulence but also reported a marginal growth in net sales at Rs 969.68 cr, as compared to Rs 873.63 cr in the previous fiscal. The company's profitability took a severe hit from Rs 43.52 cr in 2007-08 to Rs 1.25 cr in 2008-09 on account of devaluation of inventories triggered by plummeting raw material prices combined with significant appreciation in the dollar vis-à-vis the rupee and higher interest costs. As a result, margins also dipped drastically on account of excessive volatility in the raw material prices of copper and aluminum and currency rate fluctuations.

BUSINESS OVERVIEW

On the new business development front, KEI was awarded multiple prestigious projects for the supply of HT cables by Kerala State Electricity Board, NTPC Limited – India's largest power Company and a reputed client in the oil & gas sector – resulting in the addition of a new sector to the Company's already diverse sectoral presence. The Company is confident that the sourcing of these key projects will help entrench its presence in the high margin HT cables space and bag larger and more prestigious projects going ahead. In addition to this, the Company's comprehensive product portfolio, excellent servicing capabilities, stringent adherence to timely delivery and quality and long-term associations with industry stalwarts has helped it garner huge quantum of repeat orders as well.

On the domestic retail segment, the Company embarked on an aggressive brand building campaign with the objective of augmenting its domestic house wires and cables business. The campaign comprised of three main objectives: firstly to enhance brand awareness, secondly to create a clear distinction at the brand level and thirdly to induce brand acceptance and product trials by the influencer group comprising electrical consultants, dealers, builders and electrical contractors, corporates etc. On the plank of the Company's proven capabilities in manufacturing the entire range of cables using best-in-class manufacturing facilities combined with its impeccable experience in manufacturing cables of the highest quality in its category, the KEI brand was rightly positioned as 'Wires and Cables Specialist'. The Company's focused approach to building a brand synonymous with safety, reliability and trust saw it undertaking a sustained campaign leveraging all media to communicate the KEI brand USPs and inculcate loyalty amongst users. In addition, the Company also undertook the strengthening of its dealer network through the addition of more dealers/distributors/ associates with the aim of reaching out to and servicing requirements across the remotest and most interior of places in the country. The Company's two pronged focused approach more than paid off: KEI's retail sales surged 100% in the last six months of fiscal 2009 vindicating the strategy adopted and implemented.

On the exports side, the Company added many new and fast growing markets to its existing list of 40+ countries and has concurrently identified a number of unconventional markets, witnessing brisk developmental work, for its future foray. With the objective of growing its exports presence substantially, the Company has undertaken a series of measures: enlisted a number of distributors and associates spanning many countries, expanded its international marketing team, continuous filing for certifications and accreditations to supply to new markets, continuously participated in international fairs and exhibitions and lastly ensured the timely completion of its Export Oriented Unit expansion at Chopanki.

CAPACITY EXPANSION

Despite a negative and inflationary business environment, the Company successfully completed both its expansion projects through the setting up of state-of-the-art manufacturing facilities in Chopanki (Rajasthan) and Bhiwadi (Rajasthan). The Bhiwadi expansion, commissioned at project cost of Rs 45 cr, entailed the setting up of 7000 km of LT cables production capacity and the up-gradation of existing HT facility to manufacture cables ranging from 33kV upto 132 kV. The Chopanki expansion (Export Oriented Unit), commissioned at a project cost of Rs 75 cr comprised setting up of cables production of 12,600 km of which LT cables production capacity is of 10,000 km and HT cables production capacity (up to 33 kV) stands at 2600 km. hile the LT production capacity was completed and commissioned in 2007-08, HT cables expansion was completed in the current fiscal with commercial production commencing from March 2009. With expansion projects completed, KEI's annual cable manufacturing capacity stands at 54,000 km for LT cables and 5,600 km for HT cables, energizing the Company's growth plans to amply capitalize on the demand potential emanating from key sectors requiring cabling solutions.

EPC

In the fiscal 2007-08, the Company forayed into the EPC space through the setting up of a dedicated division headed by experienced and senior professionals. In a short span since inception, the Company has made commendable progress and demonstrated its capability in this space through the execution of two turnkey projects for 400 kV power sub stations on a construct-install-commission-test basis. Going ahead, the Company intends to consolidate its pre-qualifications to garner larger projects in the EPC space and further strengthen its position in the power EPC segment.

OUTLOOK

With the worst truly over, the Company foresees a pickup in the growth momentum of the key sectors serviced by KEI namely power utilities, industrial, infrastructure and real estate, the details for which are carried earlier in this report. The Company has drawn out a comprehensive strategy to emerge as a significant beneficiary of the exciting demand as detailed below:

- **Increased capacities:** The Company's timely completion of its expansion projects comprising capacity enhancement and up gradation of facility to manufacture higher voltage cables will enable it to encash on the exponential growth in the power, industrial and infrastructure outlay in the country and overseas. The EOU plant is expected to add nearly Rs 350 cr by 2011 and thus increase export contribution to almost 20% of total Company turnover.
- **EHV cables:** Extra High Voltage cables are increasingly used in underground power cabling segment and in power transmission and distribution activities in class A&B cities. Space constraints for transmission towers, need to reduce electricity technical losses in transmission and distribution and the need for aesthetically cleaner cities is leading to the replacement of overhead transmission lines with bulk transmission and distribution networks which in turn require high quantum of EHV cables. As a fitting response to this opportunity, the Company plans to leverage its upgraded manufacturing facility which can manufacture cables upto 132kV to harness this opportunity. The Company also plans to foray into the 220-400 kV EHV segment to further consolidate its position in the transmission and distribution segment.
- **EPC:** Strengthening capabilities through joint ventures continues to be a prime focus for the Company which will add high value projects to the Company's pipeline.
- **Retail:** Enhancing distributor network, continuing its 360 degree national

campaign in order to strengthen brand recall and loyalty and embarking on important below the line activities will continue to be on the Company's anvil going ahead.

COMPETITIVE STRATEGY

KEI is attractively placed in the power cables and EPC segment on the back of a number of key strengths such as:

- Credible brand name in the institutional segment from which it derives over 70% of its revenues.
- Enviable clientele comprising industry leaders and Ivy League clients, nationally and internationally. The Company's impeccable track record combined with excellent servicing capabilities has helped it consistently report high customer retention on the one hand and add new esteemed customers on the other. The Company also enjoys the distinction of emerging as the single largest and preferred vendor to customers.
- Accreditations and approvals from prestigious clients in the country and overseas, endorsing its product quality and reliability.
- Amongst the widest product basket and well-diversified sectoral presence on one hand and state-of-the-art flexible manufacturing capabilities on the other. This strength allows the Company both to leverage the upswing transpiring across any particular sector at a particular time and at the same time insulates itself from sector slowdowns which may have otherwise negatively impacted Company's revenues.
- Proven research & development expertise enabling it to address the specific customized requirements of customers for specialty cables – leading to higher margins and stronger brand loyalty.
- Presence across the value chain – from LT cables to EHV cables to power EPC segment, the Company is poised to meet the increasing cabling solution requirements of the power utilities segment.

INTERNAL CONTROLS & SYSTEMS

The Company's system of internal controls provides for maintenance of proper accounting records, reliability of financial information and assures safeguarding of assets against unauthorized use or disruption.

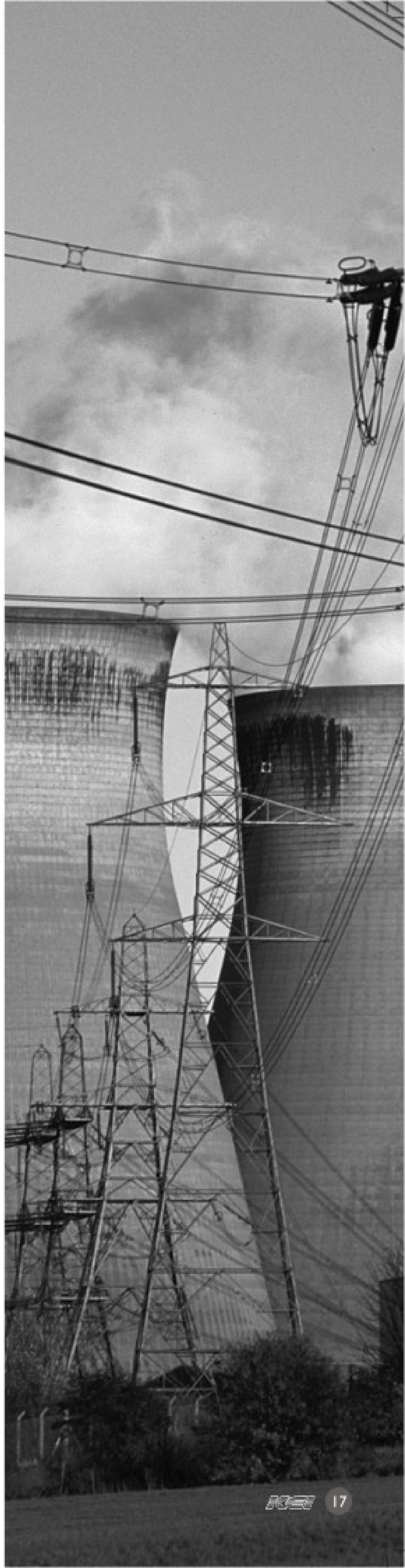
RISK MANAGEMENT

The Company's risk management strategy encompasses the proper and in-depth identification, assessment, and prioritization of risks followed by the speedy mobilization of resources to minimize, monitor, and control the probability of unfortunate events. The Company's hands-one approach along with the prudent leverage of technology to bring all processes under the MIS has greatly helped its 360 degree mitigation efforts. Some of the key risks to which the Company is exposed to and the mitigation strategy adopted for the same are as given below:

Business risk:

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

In India, optimism is growing about the prospect of an economic recovery following a slowdown triggered by the global financial crisis. Sectors such as infrastructure, steel, automobiles and cement - a key gauge of economic health - are already faring better than expected. India is one of the few countries in the word where steel consumption is rising. Infrastructure and power projects have started taking off and industrial expansion plans have re-commenced auguring well for the economy and particularly for the Company.



Raw material price fluctuation risk

Excessive volatility in the Company's key raw materials – copper and aluminum – can have severe impact on its profitability.

Barring 2008-09 when raw material prices plummeted drastically following the global turmoil leading to a severe devaluation of inventory, the Company has adopted stringent strategies for raw material price increase. To mitigate the risk of increasing raw material prices, the Company inculcates price escalation clauses for large orders and offers price validity of three months in the case of smaller projects, helping it reduce inventory of both raw materials and finished goods. The Company's ERP BAAN system also provides it with real-time data facilitating faster decision making and mitigation strategy execution.

Currency fluctuations risk

As the Company derives a portion of its revenues from exports, excessive volatility in currency rates can significantly impact profitability.

Similarly, the Company also imports raw material wherein excessive volatility in currency rates can impact raw materials costs and finally profitability.

The Company constantly monitors currency movements and resorts to forward booking as a hedge to curtail forex losses. While this approach has helped the Company greatly, the exponential appreciation in the dollar in the second and third quarter of 2008-09, impacted the Company's profitability to a very high extent.

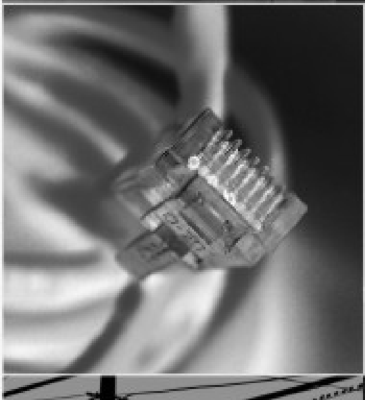
Human resource risk

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

To attract, motivate, retain and reward high performing employees, the Company has introduced the ESOP scheme. A transparent work environment with a strong focus on accountability and responsibility lie at the core of an enriching work experience. Continuous enhancement of skill sets and competencies through training programmes also help create a culture of excellence and performance.

CAUTIONARY STATEMENT

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


TENSILE TESTING m/c



Director's Report

To The Members

Your Directors take pleasure in presenting their 17th Annual Report for the year ended March 31, 2009. Briefly stated the financial results of operation are: -

Particulars	01.04.08 to 31.03.09	*(Rs. in Lacs)* 01.04.07 to 31.03.08
Sales and other income	**108780.88**	98597.77
Profit before interest, Depreciation and tax	**6208.25**	10983.67
Less: Financial Charges (Net)	**5661.46**	3690.86
Depreciation	**1157.49**	811.92
Profit / (Loss) before tax	**(610.70)**	6480.89
Provision for Taxation		
— General	**1.05**	1683.04
— Fringe Benefit Tax	**37.00**	30.00
— Deferred tax	**(882.60)**	389.35
Profit / (Loss) after tax	**233.85**	4378.50
Add / (Less) Taxation for earlier years	**(109.17)**	26.76
Net Profit	**124.68**	4351.74
Add : Balance brought forward from last year's account	**10349.88**	6854.62
Amount available for Appropriations	**10474.56**	11206.36
Appropriation:		
Proposed Dividend	**121.87**	304.04
Provision for Taxation on		
Proposed Dividend	**20.71**	51.67
Dividend Earlier Years (including Dividend tax)	**0.00**	0.77
Transfer to General Reserve	**0.00**	500.00
Balance Carried Forward	**10331.98**	10349.88

During the year the Company was able to improve its performance in terms of sales but the profitability was on the lower side. The improvement in sales was possible due to increase in turnover of cables from Rs. 74462.88 lacs in 2007-08 to Rs. 87577.71 lacs in 2008-09. Stainless Steel Wire Products contributed Rs.7795.90 lacs in 2008-09 as compared to Rs. 11300.40 lacs in 2007-08. Winding, Flexible & House Wire contributed Rs.7643.54 lacs in 2008-09 as against Rs.10440.63 lacs in 2007-08. Profit after tax is lower at Rs. 233.85 lacs during 2008-09 as compared to Rs. 4378.50 lacs during 2007-08 on account of devaluation of inventories triggered by plummeting raw material prices combined with significant appreciation in the dollar vis-à-vis the rupee and higher interest costs. As a result, margins also dipped drastically on account of excessive volatility in the raw material prices of copper and aluminum and currency rate fluctuations. During the year under review, Company made repurchase of FCCBs at discount which resulted in profit of Rs.2635.58 lacs included under head Other Income.

DIVIDEND & APPROPRIATIONS

Due to inadequate profits, your Directors have recommended a dividend of Re.0.20/- per equity share (i.e. @ 10%) on the Equity Shares of face value of Rs.2/- each for the financial year ended 31st March, 2009, 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 July 20, 2009.
- Those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

REVIEW OF OPERATIONS

In the year under review, your Company made rapid strides on the new business development, domestic retail business, capacity expansion programme and new business segments front.

The Company's capabilities in the HT cables segment were vindicated with the award of three prestigious projects. The aggressive advertising campaign paid off with domestic retail sales for house wires surging in the year under review. Capacity expansion projects were completed within the stipulated time frame. Increasing geographic footprint continued to remain a focus area with the Company adding new fast-growing markets to its list of 40+ countries. With the aim of further enhancing presence in both the domestic retail segment and international markets, the Company embarked on strengthening distribution network in both segments in a big way.

FOREIGN CURRENCY CONVERTIBLE BONDS (FCCB)

The 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 conversion price has been reset downward at Rs. 71/- per share as per reset conversion clause in the terms & conditions of FCCB issue. Out of 7,200 bonds of face value of USD 5,000 each, 670 Bonds were converted into equity shares of face value of Rs. 2/- each during financial year 2007-08, 2,110 Bonds were re-purchased on March 31, 2009 in accordance with RBI Circular A.P. (DIR Series) Circular No. 39 dated December 8, 2008 read with ECB Guidelines. As on March 31, 2009, 4,420 bonds are outstanding for conversion.

Further, the Company has repurchased 800 Bonds on May 14, 2009 and 300 Bonds on June 12, 2009 in accordance with above circular of RBI. Hence, as on the date of this report only 3,320 Bonds are outstanding for conversion.

The Company has duly paid the semi-annual interest payable on outstanding Bonds on respective due dates. Unless, the Bonds have been previously redeemed, repurchased and cancelled or converted, the Company shall redeem the Bonds on 30 November 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. As on March 31, 2009 total outstanding GDR is 500 representing same number of equity shares of Rs.2/- each.

EMPLOYEES STOCK OPTION SCHEME

The Company had established KEI Employee Stock Option Scheme 2006 ("KEI ESOS 2006") which 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 one or more tranches, and on such terms and conditions as may be fixed or determined by the Board / Committee, in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard.

Under 1st tranche of KEI Employee Stock Option Scheme 2006, 655,705 Stock Options were granted to eligible employees and Independent Directors. The Share Allotment Committee of the Board had allotted 129,100 equity shares of Rs.2/- each at an exercise price of Rs.25.25/- to eligible employees / directors pursuant to application for exercise of Options under KEI ESOS 2006. 5,960 options were forfeited due to resignation of employee. Balance 520,645 un-exercised Options were cancelled by the Board at its meeting held on January 31, 2009. Hence, total Options outstanding as on March 31, 2009 is NIL. During the year no fresh Options have been granted under KEI ESOS 2006.

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) has assigned PR1 (PR One) rating to the Commercial Paper (CP) / Short Term Debt programme of the Company. Further, CARE has assigned "CARE CGR 3" to the Corporate Governance practice of the Company. Further, CARE has assigned "CARE A" and 'PR 1' (PR One) rating to the Long Term & Short Term Bank Facilities of the Company in accordance with Basel II norms. Instrument with this rating would have strong capacity for timely payment of short-term debt obligations and carry lowest credit risk. CARE has assigned this rating taking into account KEI's vast experience in the cable industry, proven track record, established market position, diversified and reputed clientele and continued focus on power sector development by Government of India.

EXPORT ORIENTED UNDERTAKING (EOU)

During the year under review, Company started Commercial production of HT Power Cable at its Export Oriented Undertaking Plant at Chopanki, Dist. Alwar, Bhiwadi (Rajasthan) in March 2009.

FUTURE OUTLOOK

Gearing up for the pickup in industrial and infrastructure activity in the country, the Company plans to capitalize on the opportunities by leveraging its increased capacities, EHV cables manufacturing capabilities, its proven presence in the EPC space, its brand equity, visibility and recall for growing its domestic retail business and lastly spreading its wings in newer international markets.

INCREASE IN PAID-UP SHARE CAPITAL

During the year under review, the Share Allotment Committee of the Board at its meeting held on September 22, 2009 allotted 129,100 equity shares of Rs.2/- each at an exercise price of Rs. 25.25/- to eligible employees / directors pursuant to application for exercise of Options under KEI ESOS 2006. Due to exercise of Employees Stock Options for allotment of equity shares the equity share capital of the Company increased from Rs. 121,616,676 to Rs. 121,874,876 consisting of 60,937,438 equity shares of Rs.2/- each.

LISTING OF SHARES

Company's 60,937,438 equity shares of Rs.2/- each are listed at Bombay Stock Exchange Limited (BSE) and National Stock Exchange (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 45,433,438 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, 2009, 99.08% 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 31st March, 2009 with the SEBI Guidelines on Corporate Governance.

DIRECTORS

Retirement by Rotation

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

Increase / revision of remuneration of Executive Directors

On review of duties and responsibilities assigned to Mr. Anil Gupta, CMD and looking to the time devoted by him, the Board of Directors of your Company on recommendation of Remuneration & Compensation Committee have decided to increase remuneration payable to him w.e.f. August 01, 2009 for a period of three years.

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 w.e.f. 01/04/2009, as detailed in the Explanatory Statement forming part of the Notice of the ensuing Annual General Meeting.

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 31st March, 2009, 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 31st March, 2009 on a 'going concern' basis.

FIXED DEPOSITS

There are no overdue fixed deposits as on 31st March, 2009.

AUDITORS

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

PARTICULARS OF EMPLOYEES

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

Name	Designation	Gross Remuneration	Qualification	Experience	Date of joining	Age
Anil Gupta	CMD	Rs.4019323	B.Com	28 Years	31.12.92	49yrs
Rajeev Gupta	ED (Finance)	Rs.2724560	Chartered Accountant	16 Years	14.12.93	45yrs

Mr. Anil Gupta, CMD is relative of Mrs. Archana Gupta (Director) 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 **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 **(ANIL GUPTA)**

June 20, 2009 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 - 1st tranche
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 23rd November 2006.Remuneration & Compensation Committee granted stock options to eligible employees & directors on August 17, 2008.
2	Maximum Options approved	200,000 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	655,705
5	Option Vested	655,705
6	Option Exercised	129,100
7	Option forfeited/Surrendered	5,960
8	Option Lapsed/Un-exercised Options cancelled	520,645
9	Total Number of Option is in force	Nil
10	Variation in terms of ESOP	Not Applicable
11	Total number of share arising as a result of exercise of options	129,100
12	Money realized by exercise of options (Rs. in Lacs)	32.60

B. Employee wise details of options granted during the financial year 2008-09 to:

i)	Senior Managerial Personnel	N.A.
ii)	Employees holding 5% or more of the total number of options granted during the year.	N.A.
iii)	Employees who were issued shares equal to or exceeding 1% of the issued	No employee of the Company has been awarded more then 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.)	N.A.

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.)	N.A.

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 31st March, 2009.

1. CONSERVATION OF ENERGY

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

2. TECHNOLOGY ABSORPTION:

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

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

3. FOREIGN EXCHANGE EARNING AND OUTGO:

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

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

(b) Total foreign exchange used & earned:

Earnings	Rs. 16208.82 lacs
Outgo	Rs. 6384.42 Lacs

For and on behalf of the Board

New Delhi
June 20, 2009

(ANIL GUPTA)
Chairman-cum-Managing Director

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 7 Directors with an Executive Chairman. Of the 7 Directors, 5 are Non-Executive Directors and 4 are Independent Directors. The Composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchanges.

(ii) Mr. Sunil Gupta, Director of the Company ceased as Director w.e.f. August 28, 2008 pursuant to his un-willingness to be re-appointed as Director at the last AGM held on August 28, 2008.

(iii) 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, 2009 have been made by the Directors.

(iv) 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	7	Yes	1	None	None

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. Pawan Bholusaria	Independent, Non-Executive	7	Yes	2	None	2
Mr. K.G. Somani	Independent, Non-Executive	5	No	1	None	None
Mr. Vijay Bhushan	Independent, Non-Executive	6	No	4	2	3
Mr. Vikram Bhartia	Independent, Non-Executive	6	Yes	None	None	None
Mrs. Archana Gupta	Non-Independent, Non-Executive	5	No	2	None	None
Mr. Sunil Gupta*	Non-Independent, Non-Executive	1	No	None	None	None
Mr. Rajeev Gupta	Non-Independent, Executive	7	Yes	None	None	None

*__Note:__ Mr. Sunil Gupta, ceased to be Director w.e.f. August 28, 2008.

Meeting of Board of Directors

There were7 (Seven) Board Meetings held during the year ended March 31, 2009. These were on 18.06.2008, 28.07.2008, 28.08.2008, 31.10.2008, 31.01.2009, 20.03.2009 & 31.03.2009. The Board of Directors of the Company passed resolutions by circulation pursuant to Section 289 on 21.08.2008, 08.10.2008, 17.12.2008 and 30.12.2008.

The last Annual General Meeting (AGM) was held on August 28, 2008.

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, 2009. A declaration of compliance of this Code signed by CMD is annexed as Annexure 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, 2009, five Audit Committee Meetings were held on 02.05.2008, 18.06.2008, 28.07.2008, 31.10.2008 and 29.01.2009.

Mr. Pawan Bholusaria, Chairman of the Audit Committee was present at the last Annual General Meeting held on August 28, 2008.

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	5
Mr. K.G. Somani	Director (Member)	Chartered Accountant	3
Mr. Vikram Bhartia	Director (Member)	Business	5

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

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, revalidation of Dividend Warrants and share transfers related works. The Committee also approves issue of duplicate share certificates etc. During the year ended March 31, 2009, four meeting of the Committee were held on 18.06.2008, 28.07.2008, 31.10.2008 and 31.01.2009.

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	1
Mr. Vikram Bhartia	Director (Member)	Business	4
Mr. Anil Gupta	CMD (Member)	Business	2

* Note: Mr. Sunil Gupta ceased to be Member of the Shareholders Grievance Committee w.e.f. August 28, 2008 and Mr. Anil Gupta, CMD of the Company was inducted as Member of the Committee from August 28, 2008.

Number of Shareholders complaints received during the year ended March 31, 2009 and resolved were 7, number of complaints not solved to the satisfaction of shareholders was Nil. Number of pending share transfer as on March 31, 2009 was Nil.

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

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

5. **Remuneration & Compensation Committee:**

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

a. Formulate suitable employee's stock option scheme in terms of the SEBI (ESOS & ESPS) Guidelines, 1999 for the benefit of employees and directors of the Company.
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, 2009, one meeting was held on 02.05.2008.

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. Vikram Bhartia	Director (Chairman)	Business	1
Mr. Vijay Bhushan	Director (Member)	Business	None
Mr. Pawan Bholusaria	Director (Member)	Chartered Accountant	1

Mr. Kishore Kunal, Company Secretary & 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 with detailed terms of reference which include, inter-alia, the following powers:

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

During the year ended March 31, 2009, one meeting was held on 22.09.2008 for allotment of equity shares upon exercise of Employees Stock Options by eligible employees / directors under KEI ESOS 2006.

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	1
Mr. Vijay Bhushan	Director (Member)	Business	1
Mr. Anil Gupta	Director (Member)	Business	1

Mr. Kishore Kunal, Company Secretary & 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, 2009:

The aggregate value of salary, perquisites and commission paid for the year ended March 31, 2009 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	33,00,000	NIL	9,360	7,09,963	NIL	40,19,323
Mr. Rajeev Gupta, ED (Finance)	25,75,200	NIL	9,360	1,40,000	NIL	27,24,560
Total						**67,43,883**

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, 2009 to Non-executive and Independent Directors are as follows:

Mr. Sunil Gupta	Rs. 20,000/-
Mr. Pawan Bholusaria	Rs. 1,40,000/-
Mr. K.G. Somani	Rs. 80,000/-
Mr. Vikram Bhartia	Rs. 1,60,000/-
Mr. Vijay Bhushan	Rs. 1,10,000/-
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
2006	Thursday	June 15, 2006	10.00 A.M	4
2007	Thursday	September 13, 2007	10.00 A.M	2
2008	Thursday	August 28, 2008	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.

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. 25.**

(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 Companies Act, 1956.

(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*	Non-executive Director	10,500
Mrs. Archana Gupta	Promoter, Non-executive Director	837,315
Mr. Pawan Bholusaria	Non-executive Independent Director	10,500
Mr. K.G. Somani	Non-executive Independent Director	1,000
Mr. Vijay Bhushan	Non-executive Independent Director	10,000
Mr. Vikram Bhartia	Non-executive Independent Director	10,000

Note: Mr. Sunil Gupta ceased to be Director of the Company w.e.f. August 28, 2008.

(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 i.e. 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 posted 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. Also, financial results and shareholding pattern of the Company are available at **www.bseindia.com** & **www.nseindia.com**. 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) 17th Annual General Meeting- Day, Time and Venue

Day	Date	Time	Venue
Monday	July 20, 2009	10.00 A.M	Air Force Auditorium, Subroto Park, New Delhi-110 010.

(b) **Financial Calendar**

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

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

June, 2009 : 3rd / 4th week of July, 2009
September, 2009 : 3rd / 4th week of October, 2009
December, 2009 : 3rd / 4th week of January, 2010
March, 2010 : 3rd/ 4th week of May, 2010
Date of Book closure (Both days inclusive) : July 13, 2009 to July 20, 2009

Dividend payment date: Dividend payment on or after July 25, 2009 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 20 (India).

(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 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**

	Bombay Stock Exchange Ltd (BSE)		National Stock Exchange of India Ltd (NSE)	
Month	**High**	**Low**	**High**	**Low**
April, 2008	73.00	58.75	73.00	59.00
May, 2008	74.80	57.00	74.50	57.00
June, 2008	61.10	40.00	60.05	40.10
July, 2008	51.10	35.70	51.40	35.50
August, 2008	46.00	36.20	45.85	36.50
September, 2008	39.75	21.30	39.85	22.00
October, 2008	27.90	14.85	27.10	15.00
November, 2008	20.90	10.60	20.50	10.15
December, 2008	18.75	09.00	18.65	09.75
January, 2009	16.00	10.25	15.90	10.25
February, 2009	11.35	09.00	11.30	08.95
March, 2009	10.95	08.15	10.80	08.15

(g) **Registrar and Share Transfer Agents**

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

(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 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, 2009, 60,376,358 equity shares of Rs.2/- each forming 99.08 % 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, 2009

Category	No. of Shareholder	No. of Shares (face value of Rs. 2/- each)	No. of Shares in demat form	% of shareholding
Promoters	7	21848466	21848466	35.85
Bodies Corporate	647	14634930	14603430	24.02
NRI/OCBs/Clearing Members/Trust	530	1069236	1011236	1.75
Bank/ Financial Institutions/ Mutual Funds/ FIIs	17	8355621	8355621	13.71
Indian Public	26984	15028685	14557105	24.67
GDR shares	1	500	500	0.00
Total	**28186**	**60937438**	**60376358**	**100.00**

(k) Distribution Schedule of Shareholding as on March 31, 2009

No. of Shareholders	% to Total	Shareholding of Nominal Value of Rs.	No. of Shares	Amount in Rs.	% of Total
27120	96.22	Up to 5000	8797631	17595262	14.44
578	02.05	5001 to 10000	2173258	4346516	03.57
241	00.85	10001 to 20000	1733330	3466660	02.84
67	00.24	20001 to 30000	837514	1675028	01.37
43	00.15	30001 to 40000	760742	1521484	01.25
21	00.08	40001 to 50000	475293	950586	00.78
53	00.19	50001 to 100000	1994017	3988034	03.27
63	00.22	100001 and Above	44165653	88331306	72.48
28186	**100.00**	**Total**	**60937438**	**121874876**	**100.00**

(l) Liquidity of Shares

The equity shares of the Company are listed at three Stock Exchanges and thus is liquid security. 6,09,37,438 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). 4,54,33,438 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, 2009, 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 conversion price has been re-set at Rs. 71/- per share as per reset conversion clause in the terms & conditions of FCCB issue. Out of 7,200 bonds of face value of USD 5,000 each, 670 Bonds were converted into equity shares of face value of Rs. 2/- each during financial year 2007-08, 2,110 Bonds were re-purchased on March 31, 2009 in accordance with RBI Circular A.P. (DIR Series) Circular No. 39 dated December 8, 2008 read with ECB Guidelines. As on March 31, 2009, 4,420 bonds were outstanding for conversion.

Under KEI Employee Stock Option Scheme 2006 framed by the Company in accordance with SEBI (Employees Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, 655,705 Employee Stock Options were granted in 1st tranche. The Share Allotment Committee of the Board had allotted 129,100 equity shares of Rs.2/- each to eligible employees / directors pursuant to application for exercise of Options under KEI ESOS 2006. 5,960 options were forfeited due to resignation of employee. Balance 520,645 un-exercised Options were cancelled by the Board. Hence, total Options outstanding as on March 31, 2009 is NIL. During the year no fresh Options have been granted under KEI ESOS 2006.

(n) Plant Locations:

1) SP-919, 920 & 922, RIICO Industrial Area, Phase-III, Bhiwadi, Distt. Alwar (Raj.)-301 019.
2) 99/2/7 Madhuban Industrial Estate, Village Rakholi, Silvassa(D&H)-396 240.
3) Plot No. A- 280/281/282/283 RIICO Industrial Area, Chopanki, Distt. Alwar-301 019.

(o) Address for Correspondence:

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

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

11. Compliance Officer

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

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**. Also, financial results and shareholding pattern of the Company are available at **www.bseindia.com** & **www.nseindia.com**.

(IV) Whistle Blower Policy

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

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

I hereby confirm that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the code of conduct for Directors and Senior Management, as approved by the Board, for the financial Year ended March 31, 2009.

New Delhi
June 20, 2009

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, 2009 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
June 20, 2009

(PRAVEEN KUMAR JAIN)
Partner
M. No : 85629

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, 2009 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 and the rules framed there under;

   e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 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, 2009;

      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 : 20th June, 2009

(PRAVEEN KUMAR JAIN)
Partner
M. No. 85629

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, 2009

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

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

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

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

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

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

(iii) (a) There is one party covered in the register maintained under Section 301 of the Companies Act, 1956 to which Company has given deposits as per contractual obligations. The maximum amount involved during the year was Rs. 60,00,000/- and the year end balance of deposit granted to such party was Rs.60,00,000/-. (Refer Note No 22 (a) & (b) of Schedule "W".)

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

(c) No principal amount was due for repyament, no interest was charged from the party, since these were deposits against premises taken on rent. (Refer Note No 22 (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.72,96,103/- and the year end balance of deposits taken from such parties was Rs. 30,60,000/-.

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, 2009 outstanding for a period of more than six months from the date they become payable.

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

Name of the Statute	Nature of the Due	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Income Tax Act	Fringe Benefit Tax	3,77,687/-	2006-07	Deputy Commissioner of Income Tax
	Income Tax	90,771/-	2006-07	Deputy Commissioner of Income Tax
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
	Central Sales Tax	7,17,205/-	1987-88	Deputy Commissioner of Sales Tax
Central Excise Act	Excise Duty	1,78,24,799/-	2006-07	CESTAT
	Excise Duty	32,26,349/-	2005-06	CESTAT
	Excise Duty	1,92,39,496/-	2007-08	CESTAT
	Excise Duty	24,82,163/-	2008-09	Commissioner (appeals)
	Excise Duty	1,31,98,105/-	2007-08	CESTAT
	Excise duty	12,38,912/-	2007-08	Commissioner (appeals)
Finance Act	Service Tax	1,31,495/-	2007-08	Commissioner(appeals)
	Service Tax	3,61,171/-	2006-07	Commissioner (appeals)

(x) The Company does not have accumulated losses as at the year ended March 31, 2009. Further, the Company has not incurred any cash losses during the year ended March 31, 2009 and in the immediately preceding financial year ended March 31, 2008.

(xi) According to the records of the Company examined by us and on the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or debenture holders during the year.

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

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

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

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

(xvi) We are informed that the Company had obtained term loans during the year and term loans were applied for the purposes for which the loans were obtained.

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

(xviii) According to the information and explanation given to us the Company has not made any preferential allotment of shares to parties and companies covered in the 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, 2009.

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

Place : New Delhi
Dated : 20th June, 2009

(PRAVEEN KUMAR JAIN)
Partner
M. No. 85629

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31st March, 2009 Rupees		As at 31st March, 2008 Rupees	
I. SOURCES OF FUNDS :					
1. Shareholder's Funds:					
a) Share Capital	"A"	**121874876**		121616676	
b) Reserves & Surplus	"B"	**1843877162**	**1965752038**	1949127050	2070743726
2. Loan Funds:					
a) Secured Loans	"C"	**2307022227**		1909095517	
b) Unsecured Loans	"D"	**1372165000**	**3679187227**	1510405130	3419500647
3. Deferred Tax:					
a) Deferred Tax Liabilities		**189668364**		132292253	
b) Less: Deferred Tax Assets		**189668364**	—	18677716	113614537
			5644939265		5603858910
II. APPLICATION OF FUNDS :					
1. Fixed Assets	"E"				
a) Gross Block		**3094698479**		2184482037	
b) Less : Depreciation		**367352814**		270311949	
		2727345665		1914170088	
c) Capital Work in progress	"F"	**66752418**	**2794098083**	399741192	2313911280
2. Investments	"G"		**1039225**		3170425
3. Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	"H"		**1209307**		—
4. Current Assets, Loan & Advances:					
a) Inventories	"I"	**1574688730**		2411249548	
b) Sundry Debtors	"J"	**2506561232**		2586727387	
c) Cash & Bank Balances	"K"	**230210968**		323643740	
d) Loans & Advances	"L"	**467244965**		472105460	
e) Other Current Assets	"M"	**19913319**		4328999	
		4798619214		5798055134	
Less : Current Liabilities and Provisions	"N"	**1950026564**		2511277929	
Net Current Assets			**2848592650**		3286777205
			5644939265		5603858910
Notes on Accounts	"W"				

As per our Separate report of even date attached

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

(PRAVEEN KUMAR JAIN)
Partner
M.No- 85629

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place : New Delhi
Dated : 20th June, 2009

(KISHORE KUNAL)
Company Secretary

(ADARSH JAIN)
Asst. General Manager (Finance)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

		Schedule	Year Ended 31st March, 2009 Rupees	Year Ended 31st March, 2008 Rupees
I.	INCOME			
	Gross Sales Less Returns		10557643943	9806484235
	Less : Excise Duty		860853544	1070227787
	Net Sales		9696790399	8736256448
	Job Work		3372715	6324894
	Income From Turnkey Projects	"O"	23572977	4328999
	Other Income	"P"	293497732	42639195
	Increase/[Decrease] in Stock	"Q"	(620261709)	527822385
			9396972114	9317371921
II.	EXPENDITURE			
	Materials	"R"	7503619247	7046860883
	Manufacturing,Selling & Other Expenses	"S"	1187333295	930724525
	Increase/[Decrease]Excise Duty on Stock		(91097473)	52774352
	Payments to and Provision for Employees	"T"	167517796	151289149
	Managerial Remunaration	"U"	7303883	37355704
	Financial Charges	"V"	566145794	369086333
	Depreciation & Amortisation		115749063	81192434
	Amortisation of FCMITDA		1470594	—
			9458042199	8669283380
III.	PROFIT/(LOSS) BEFORE TAX [I-II]		(61070085)	648088541
	Less : Provision For Taxation			
	– Current Tax		105000	168304430
	– Fringe Benefit tax		3700000	3000000
	– Deferred tax		(88259846)	38934482
IV.	PROFIT/(LOSS) AFTER TAX		23384761	437849629
	Add/(Less) Taxation for earlier years			
	– Current Tax		(10458446)	(2716521)
	– Fringe Benefit tax		(457856)	40487
V.	NET PROFIT		12468459	435173595
	Add : Balance Brought Forward From Last year's Account		1034988059	685462452
VI.	AMOUNT AVAILABLE FOR APPROPRIATION		1047456518	1120636047
VII.	APPROPRIATION			
	Proposed Dividend		12187488	30404169
	Provision for Taxation on Proposed Dividend		2071264	5167189
	Dividend Earlier years (including Dividend tax)		—	76630
	Transfer to General Reserve		—	50000000
VIII.	BALANCE CARRIED TO BALANCE SHEET		1047456518	1034988059
	Earning per share:			
	– Basic		0.20	7.33
	– Diluted		0.17	5.40
Notes on Accounts		"W"		

As per our Separate report of even date attached

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

(PRAVEEN KUMAR JAIN)	**(ANIL GUPTA)**	**(RAJEEV GUPTA)**
Partner	Chairman-cum-Managing Director	Executive Director (Finance)
M.No- 85629		
Place : New Delhi	**(KISHORE KUNAL)**	**(ADARSH JAIN)**
Dated : 20th June, 2009	Company Secretary	Asst. General Manager (Finance)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	Year Ended 31st March, 2009 Rupees	Year Ended 31st March, 2008 Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax Extra ordinary items	**(61070085)**	648088541
Adjustments for :		
Write back on repurchase of FCCBs	**(263558122)**	—
Exchange (Profit)/Loss on Revaluation of FCCB	—	(121151000)
(Profit)/Loss on sale of Investments	**771836**	(142542)
Depreciation	**115749063**	81192434
Dividend Received	**(53923)**	(26766)
Financial Charges	**566145794**	369086333
Provision for leave encashment/ Gratuity	**(830355)**	9945533
Write back/Amortisation of Employee Compensation	**(13988027)**	20507577
Amortisation of FCMITDA	**1470594**	—
Loss on Derivative	**64062337**	36738019
Loss on sales of Assets	**2357231**	339239
Operating Profit before working capital changes	**411056343**	1044577368
Adjustments for :		
Trade & Other Receivables	**111208213**	(928720650)
Inventories	**836560818**	(650596339)
Trade & Other Payables	**(473052714)**	446256269
Cash Generated from operations	**885772660**	(88483352)
Financial Charges (Net)	**(566145794)**	(369086333)
Direct Taxes paid (Net)	**(85804856)**	(151048920)
Cash flow before Extra ordinary items	**233822010**	(608618605)
Extra Ordinary Items	—	—
Net Cash from operating activities	**233822010**	(608618,605)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed assets and other capital expenditure	**(558557343)**	(988645341)
Sale of investments	**1359364**	620512
Sale of Fixed Assets	**230530329**	2851421
Dividend Received	**53923**	26766
Net Cash from investing activities	**(326613727)**	(985146642)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009 (Contd...)

	Year Ended 31st March, 2009 Rupees	Year Ended 31st March, 2008 Rupees
(C) CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from long term borrowings (Net of repayments)	**159608608**	(69726076)
Finance lease liabilities (Net)	**(2166116)**	1165060
Inter corporate & other deposits (Net of repayments)	**(6980000)**	(4965000)
Sales Tax Deferment(Net of repayments)	**(3640630)**	(10925722)
Working capital facilities from banks	**212778400**	811623355
Proceeds from Issue of Shares (Including premium)	**3259775**	—
Loss on Derivative Paid	**(100800356)**	—
Conversion of FCCB into equity Shares including premium	—	132084500
Decrease in FCCB liability excluding Exchange Flactuations	**(540687500)**	(132084500)
Unsecured Non Convertible Debuntures redeemed	**(150000000)**	(150000000)
Proceeds from Commercial Paper	**200000000**	—
Write back on Repurchase of FCCBs	**263558122**	—
Dividend paid	**(30404169)**	(29549756)
Tax on Dividend	**(5167189)**	(5022682)
Net Cash from Financing Activities	**(641055)**	542599179
Net Change in Cash and Cash Equivalents (A+B+C)	**(93432772)**	(1051166068)
Cash & Cash Equivalents as at 1st April (Opening Balance)	**323643740**	1374809808
Cash & Cash Equivalents as at 31st March (Closing Balance)	**230210968**	323643740

Cash and Bank Balance includes Rs.6,72,91,262/- (Previous year Rs. 26,40,53,735/-) held as Margin money / lien against gurantees issued by the Banks/others and balance in unclaimed dividend account Rs. 6,94,746/-(previous year Rs. 4,49,920/-)

Note : Figures in brackets represent cash out flow

As per our Separate report of even date attached

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

(PRAVEEN KUMAR JAIN)
Partner
M.No- 85629

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place : New Delhi
Dated : 20th June, 2009

(KISHORE KUNAL)
Company Secretary

(ADARSH JAIN)
Asst. General Manager (Finance)

	As at 31st March, 2009 Rupees		As at 31st March, 2008 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		**121874876**		121616676
60,937,438 (Previous year 60,808,338) Equity shares of Rs.2/- each fully paid				
		121874876		121616676

Note: 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, 2009 Rupees		As at 31st March, 2008 Rupees	
SCHEDULE "B" : RESERVES & SURPLUS				
Securities Premium Account				
As per last Balance Sheet	**759789896**		631382642	
Add : Addition During the year	**3001575**		128407254	
Add: Transf. from Employee Stock Option Outstanding	**6519550**	**769311021**	—	759789896
General Reserve				
As per last Balance Sheet	**133841518**		83841518	
Less: Transf. to Fixed Assets for Revaluation of Foreign Currency Monetary Items for earlier years (net of tax)	**49239870**		—	
Less: Transferred to FCMITDA for earlier years	**44000439**		—	
Add : Depreciation written back for earlier years	**767166**		—	
Add : Transferred from Profit & loss account	—	**41368375**	50000000	133841518
Employees Stock Option				
Employees Stock Option outstanding	**20507577**		32812123	
Less: Transferred to Proft & Loss Account	**13988027**		—	
Less: Transferred to Securities Premium Account	**6519550**		—	
Less: Deffered employees compensation	—	—	12304546	20507577
Profit & Loss Account				
As per Annexed Account		**1033197766**		1034988059
		1843877162		1949127050
SCHEDULE "C" : SECURED LOANS				
Term Loan From Banks	**350950835**		164331087	
Interest Accrued and Due	**1033068**	**351983903**	338390	164669477
For Working Capital From Banks	**1946449774**		1731972744	
Interest Accrued and Due	—	**1946449774**	1698630	1733671374
Hire Purchase Finance		**8588550**		10754666
		2307022227		1909095517

	As at 31st March, 2009 Rupees		As at 31st March, 2008 Rupees	
SCHEDULE "D" : UNSECURED LOANS				
Deposits				
— Inter Corporate Deposits	1500000		8700000	
— Directors	—		2140000	
— Others	38040000	39540000	35680000	46520000
Sales Tax Deferment		—		3640630
Non Convertible Debentures				
(Repayable within one Year)				
— Others		—		150000000
Commercial Paper				
(Repayable within one Year)				
— Banks		200000000		—
Other Loans				
— Foreign Currency Convertible Bonds		1132625000		1310244500
		1372165000		1510405130

SCHEDULE "E" : FIXED ASSETS

S. No.	Description of Assets	GROSS BLOCK As At 31.03.2008	Additions	Deductions	As At 31.03.2009	DEPRECIATION As At 31.03.2008	For the Year	Deductions	As At 31.03.2009	NET BLOCK As At 31.03.2009	As At 31.03.2008
1	Land (Free Hold)	3660737	—	—	3660737	—	—	—	—	3660737	3660737
2	Land (Lease Hold)	377446921	—	229513780	147933141	—	—	—	—	147933141	377446921
3	Building	499623312	366478423	—	866101735	30148458	19357153	215908	49289703	816812032	469474854
4	Plant & Machinery	1086262616	684511159	15977401	1754796374	209517593	77848357	15180296	272185654	1482610720	876745023
5	Electrical Fittings & Equipement	113980978	66996232	—	180977210	9282006	6916193	21486	16176714	164800497	104698972
6	Furniture,Fixtures & Office Equipement	67996164	33588448	3532271	98052341	14579216	6779374	2651498	18707092	79345250	53416949
7	Vehicles	11635341	914091	1805139	10744293	3195595	1100640	639009	3657226	7087067	8439746
8	Assets Acquired under Hire Purchase : — Vehicles	17718086	3891017	—	21609103	2233582	1901013	—	4134595	17474508	15484504
9	Intangible Assets : — Software	6157882	4665663	—	10823545	1355499	1846333	—	3201832	7621713	4802383
	TOTAL :	2184482037	1161045034	250828592	3094698479	270311949	115749063	18708197	367352814	2727345665	1914170088
	PREVIOUS YEAR	1401988936	787893055	5399954	2184482037	191328809	81192434	2209294	270311949	1914170088	1210660127

Notes :

(a) Carrying value of Assets acquired under hire purchase as on 31.03.2009 exclude the amount related to hire purchase agreement settled during the current year.

(b) Additions in gross block and Capital Work-in-Progress includes exchange loss (net) of Rs. 26,94,98,917/- (Previous Year NIL) on account of exchange fluctuation.

(c) Write back of depreciation Rs. 7,67,166/- (Previous Year NIL) for earlier years on account foreign exchange difference arising on Long Term Foreign Currency Monetary Items has been included in "DEPRECIATION - DEDUCTIONS".

	As at 31st March, 2009 Rupees	As at 31st March, 2008 Rupees
SCHEDULE "F" : CAPITAL WORK IN PROGRESS		
Capital Work in Progress (Including Material lying at Site)	47273542	304084558
Capital Advances	19210784	93922685
Pre operative Expenses (Net)	—	1508264
Capital Goods in transit	268092	225685
	66752418	399741192

	As at 31st March, 2009 Rupees	As at 31st March, 2008 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)	—	—
— U212GR UTI Wealth Builder Fund 20000 (previous year 20000) Units of Rs. 10/- each fully paid	**200000**	200000
— 1285 ING Vysya CUB Fund Nil (previous year 50000) Units of Rs. 10/- each fully paid	—	500000
— Opti Mix Dynamic Multi-Manager FoF Scheme- Series 2 Nil (previous year 50000) Units of Rs.10/- each fully paid	—	500000
— Principal Large Cap Fund Nil (previous year 1193.317) Units of Rs.10/- each fully paid	—	20000
— Reliance Equity Advantage Fund Nil (previous year 50000) Units of Rs.10/- each fully paid	—	500000
— Principal PNB Long Term Equity Fund 3 Year plan- Series II Nil (previous year 60000) Units of Rs.10/- each fully paid	—	600000
(QUOTED) :		
— State Bank of India 67 (Previous Year 67) Equity Shares of Rs. 10/- each fully paid	**37030**	37030
— Maryada Commercial Enterprises & Investment Co. Ltd. Nil (Previous Year 1500) Equity Shares of Rs. 10/- each fully paid	—	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
	1039225	3170425
Notes:		
1. Quoted Investments		
— Aggregate of Book Value	**839225**	850425
— Aggregate of Market Value	**1484584**	2263061
2. During the year the following investments were subscribed and sold :		
— KEI Power Limited 44000 Equity Shares of Rs. 10/- each fully paid	**440000**	—

	As at 31st March, 2009 Rupees		As at 31st March, 2008 Rupees	
SCHEDULE "H" : FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT (FCMITDA)				
During the year	46680340		—	
Transferred from Genaral Reserve for earlier years	(44000439)	2679901	—	—
Less : Written off to Proft & Loss Account		1470594		—
		1209307		—
SCHEDULE "I" : INVENTORIES				
(As taken, valued and certified by the Management)				
Stores, Spares & Consumables		19431720		20615183
Raw Materials		151297535		345371753
Stock in Process		673231159		932187776
Finished Goods (including Traded Items)		625276349		977460131
Packing Materials		21570166		21705143
Scrap		4221007		13069999
Goods In Transit		79660794		100839563
		1574688730		2411249548
SCHEDULE "J" : SUNDRY DEBTORS				
(Unsecured, Considered Good)				
Over six Months		344144192		191797381
Other Debts		2162417040		2394930006
		2506561232		2586727387
SEHEDULE "K" : CASH AND BANK BALANCES				
Cash Balances Including imprest		3703718		2285160
Balance with Scheduled Banks:				
— Current Accounts	1963262		12118359	
— Fixed Deposits*	220855563		268123872	
— Unclaimed Dividend	694746	223513571	449920	280692151
Balance with Other Banks:				
— Current Accounts**	2993679		2353049	
— Deposit Accounts***	—	2993679	38313380	40666429
		230210968		323643740
*Includes unutilised balance of FCCB issue		59484801		168266280
** Balance with Other Banks				
— HSBC Bank Plc, London		—		38313380
— HSBC Bank Middle East Limited, Dubai		2993679		2353049
Maximum Balances in Current accounts with				
— HSBC Bank Plc, London		38601012		1177359464
— HSBC Bank Middle East Limited, Dubai		133136531		64944950
***Maximum Balances in Deposit accounts with				
—HSBC Bank Plc, London		38601012		1177359464

Note : Balance with other Banks include Rs Nil (Previous year 38313380/-) lying in Deposit Account being unutilised Money of FCCB Issue

		As at 31st March, 2009 Rupees		As at 31st March, 2008 Rupees
SCHEDULE "L" : LOANS & ADVANCES				
(Unsecured, Considered good, unless stated otherwise)				
Advances Recoverable in cash or in kind or for value to be received		**117706468**		180034445
Loans & Advances to Workers & staff		**7289656**		7711380
Claims Recoverable from Government		**88970910**		106813779
Balance with Excise Authorities		**176669245**		138905468
Advance Tax (Net of Provisions)		**41765883**		—
Earnest Money/Security Deposits		**34842803**		38640388
		467244965		472105460
SCHEDULE "M" : OTHER CURRENT ASSETS				
Project Work in Progress		**19913319**		4328999
		19913319		4328999
SCHEDULE "N" : CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors *				
— Raw Materials	**1334946131**		1811668466	
— Others	**470993740**	**1805939871**	332429737	2144098203
Other Liabilities		**53158224**		150685844
Advance/Security Deposit received		**56179721**		96154896
Investor Education and Protection Fund shall be credited by the following amount namely **				
— Unclaimed Dividend		**694746**		449920
Interest Accrued but not due		**6471390**		4107803
		1922443952		2395496666
PROVISIONS				
Provision for Leave Encashment/Gratuity	**13323860**		14154215	
Provision for Proposed Dividend	**12187488**		30404169	
Provision for tax on Proposed Dividend	**2071264**		5167189	
Provision for loss on Derivative	—		36738019	
Provision for Taxation (Net of Payments)	—	**27582612**	29317671	115781263
		1950026564		2511277929

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

** No amount is due on March 31, 2009 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 "O" : INCOME FROM TURNKEY PROJECTS				
Income from Trunkey Projects		**7988657**		—
Increse/(Decrese) in Work-in-progress :				
Closing Work In Progress	**19913319**		4328999	
Less Opening Work in Progress	**4328999**	**15584320**	—	4328999
		23572977		4328999

	As at 31st March, 2009 Rupees		As at 31st March, 2008 Rupees	
SCHEDULE "P" : OTHER INCOME				
Dividend- Long Term Investments (Other than trade)		53923		26766
Profit on Sale of Long Term Investments		—		142542
Exchange Fluctuation (Net)		10416662		30960068
Drawback Income		17091569		9118068
Leave Encashment Liability Written Back		1041824		—
Write back on repurchase of FCCBs		263558122		—
Miscellenous Income		1335632		2391751
		293497732		42639195
SCHEDULE "Q" : INCREASE/(DECREASE) IN STOCK				
Opening Stock				
— Finished Goods	977460131		543136305	
— Stock in Process	932187776		846189547	
— Scrap	13069999	1922717906	5569669	1394895521
Less : Closing Stock				
— Finished Goods	625004031		977460131	
— Stock in Process	673231159		932187776	
— Scrap	4221007	1302456197	13069999	1922717906
		(620261709)		527822385
SCHEDULE "R" : MATERIALS				
Raw Materials Consumed				
— Opening Stock	345371753		306798747	
Add : Purchases	7313485216		7092232915	
	7658856969		7399031662	
Less : Closing Stock	151297535		345371753	
	7507559434		7053659909	
Less : Capitalized for Own Use	16384867	7491174567	11217759	7042442150
Turnkey Project Materials				
— Opening Stock	—		—	
Add : Purchases	8508899		2948718	
	8508899		2948718	
Less: Closing Stock	—	8508899	—	2948718
Traded Items				
— Opening Stock	—		—	
Add : Purchases	4208099		1470015	
	4208099		1470015	
Less: Closing Stock	272318	3935781	—	1470015
		7503619247		7046860883

	As at 31st March, 2009 Rupees		As at 31st March, 2008 Rupees	
SCHEDULE "S" : MANUFACTURING,SELLING & OTHER EXPENSES				
Stores, Spares & Consumables		31115211		47262039
Packing Expenses		262510334		206508242
Job Work Charges		120834834		95622284
Power, Fuel & Lighting		169318878		146375235
Repairs & Maintenance				
— Plant & Machinery	45657349		31540635	
— Building	5439211		3056406	
— Others	5595398	56691958	6550813	41147854
Freight,Handling and Octroi (Net)		151479719		140622397
Rebate,Discount,Commission on Sales		72604574		67271163
Bed Debt Written off		23618773		—
Rates & Taxes		8142495		1262571
Rent		23745472		16858088
Insurance (Net)		7551901		11696258
Travelling & Conveyance		24428781		22606360
Advertisement & Publicity		33798317		20409882
Auditors' Remuneration		2020000		2000000
Loss on sales of Assets (Net)		2357231		339239
Loss on Sale of Long Term Investments (Net)		771836		—
Communication Expenses		12112979		10097803
Donations		2941701		4540176
Loss on Derivative		64062337		36738019
Professional & Consultancy Charges		46629504		10205152
Miscellaneous Expenses		70596460		49161763
		1187333295		930724525
SCHEDULE "T" : PAYMENT TO AND PROVISIONS FOR EMPLOYEES				
Salaries,Wages & Others Benefits		158253162		110972415
Contribution to Provident & Other Funds		13323462		10693747
Welfare Expenses		9929199		9115410
Deffered Employees Compensation written back		(13988027)		20507577
		167517796		151289149
SCHEDULE "U" : MANAGERIAL REMUNERATION				
Salaries		5875200		4424400
Commission		—		31168616
Rent		600000		420000
Contribution to Provident Fund		18720		18720
Perquisites		249963		733968
Director's Meeting Fee		560000		590000
		7303883		37355704
SCHEDULE "V" : FINANCIAL CHARGES				
Interest				
— Term Loan	21489722		21045788	
— Working Capital Facilities (Net)	212448964		97406420	
— FCCBs	9399842		12528515	
— Others	212815208	456153736	173777230	304757953
Financial Charges & Commission		109992058		64328380
		566145794		369086333

SCHEDULE – “W”

Significant Accounting Policies and Notes on Accounts for the Year ended 31st March, 2009

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. Addition/deletion in the cost of the fixed assets due to exchange fluctuation in long term foreign currency monetary items arising due to difference in exchange rate vis a vis initial recording and reporting date are depreciated over the balance life of the assets.

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) Exchange difference arising on reporting of long term foreign currency monetary items:-

- in so far as they relate to the acquisition of a depreciable capital assets are adjusted in the cost of assets
- In other cases are accumulated in a ' Foreign Currency Monetary Item Translation Difference Account (FCMITDA)' and amortised over the balance period of such long term monetary item but not beyond 31st March, 2011.

(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. 4,89,53,838/- (Previous Year Rs. 6,25,47,179/-)

(b) Financial Bank Guarantees outstanding Rs.13,91,23,433/- (Previous Year Rs. 8,54,89,013/-)

(c) Outstanding Bills discounted Rs. 25,01,53,307/- (Previous year Rs. 38,87,75,151/-)

(d) Sales Tax demands under appeal Rs. 18,67,125/- (Previous year Rs 8,49,920/-)

(e) Income tax demands under appeal Rs 4,68,458/- (Previous year Rs. NIL)

(f) Excise and Service tax Demands under appeal Rs. 6,01,39,959/- (Previous year Rs 19,58,610/-)

(g) Claims against the Company not acknowledged as debts Rs.59,12,869/- (Previous year Rs. 18,020/-)

3. 1% Foreign Currency Convertible Bonds ('FCCBs') have an option to convert bonds into Equity Shares at Conversion Price Rs.71/- per share (adjusted for sub-division of equity shares & subsequent reset of conversion price pursuant to Clause 11 of the Terms & Conditions of Bonds) at a fixed exchange rate (Rs.44.65 = US$1) 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, 2009 out of the total issue, FCCBs aggregating to USD 3.35 Million were converted into equity shares during previous year. 'FCCBs' aggregating to USD 10.55 Million have been repurchased at discount during the year. Balance of 'FCCB' outstanding as on March 31, 2009 have been included and disclosed in the schedule of "Unsecured Loans". In view of these developments the Company expects that 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. 51,57,97,425/- (Previous year Rs.59,66,85,345/-) 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. 38,00,000/- (Previous Year Rs. 25,52,00,000/-).

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

   (ii) Term Loans from banks are secured by 1st pari-passu charge on present and future fixed assets of the company at 99/2/7, Madhuban Industrial Area, Village Rakholi, Silvassa (D & N H), SP-919, RIICO Industrial Area, Phase III , Bhiwadi , Distt. Alwar (Rajasthan) and Plot No. A-280, 281, 282, 283, RIICO Industrial Area, Chopanki, Distt. Alwar (Rajasthan).

   (iii) Hire Purchase Finance is secured against assets financed from it.

6. Fixed Deposits with banks amounting to Rs.6,72,91,262/-(Previous year Rs. 26,40,53,735/-) are under lien with banks.

7. Interest on working capital facilities are net of interest received Rs. 2,69,33,897/- (Previous year Rs. 4,94,39,228/-).

8. Sales include Export benefits Rs. 42,89,479 /- (Previous Year Rs. 39,05,692/-).

9. Company incorporated KEI Power Limited as a subsidiary Company on 28th April 2008 and which ceased to be subsidiary w.e.f. 7th November, 2008.

10. Consequent to cancellation of unexercised options under KEI Employee stock option scheme 2006 (KEI ESOS 2006) Rs 1,39,88,027/- has been written back to profit & loss account during the year.

11. During the year 1% Foreign Currency Convertible Bonds (FCCBs) of Rs USD 10.55 million have been bought back. This has resulted in profit of Rs 26,35,58,122/- which has been included under 'Miscellaneous Income'. Prorata exchange difference on these FCCBs transferred to 'Foreign Currency Monetary Item Translation Difference Account (FCMITDA)' has been charged to Profit & loss account Rs 5,77,297/-.

12. Up to 31st March, 2008 the company was charging foreign exchange difference arising on long term foreign currency monetary items viz FCCBs, Foreign Currency Term Loan to profit and loss account. Pursuant to changes made in AS-11 vide Companies (Accounting Standards) Amendment Rules 2009, during current year the company has exercised option of deferring the said charge to the Profit and Loss account, in respect of accounting periods commencing on or after December 7, 2006. As a result, such foreign exchange difference relating to the acquisition of depreciable capital assets have been adjusted with cost of such assets and would be depreciated over the balance life of the assets and in other cases has been accumulated in 'FCMITDA'.

    Had the Company continued to use the earlier basis of accounting for foreign exchange difference arising on FCCBs/ Foreign Currency Term Loan, the net profit after tax for the current year would have been lower by Rs. 35,37,36,522/- and would change to a loss of Rs. 34,12,68,063/-, the net block of fixed assets would have been lower by Rs. 25,12,68,265/-

and capital work in progress would have been lower by Rs. 1,11,36,933/-

Further, such foreign exchange difference amounting to Rs. 9,24,73,143/- (net of depreciation of Rs. 7,67,166/- and net of tax of Rs. 2,53,54,691/-) which was recognised as gain in the Profit & loss account for the financial year 2007-08 is adjusted from the General Reserve in the current year.

13. 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.

14. Proceeds of Foreign Currency Convertible Bonds (FCCB's) have been utilized as per objects of the issue in following manner:-

Particulars	2008-2009 Amount (Rs.)	2007-2008 Amount (Rs.)
Capital Expenditure/Advances(Net)	**150413932**	928749977
Exchange Fluctuation (Net)	**(270084)**	75232790
Interest Income (Net)	**(8305795)**	(28047167)
Pending utilization in Bank (Net)	**59484801**	201322854
Total	**201322854**	1177258454

15. Following expenses were capitalized and allocated to fixed assets:-

Particulars	Year ended 31.03.09 Amount(Rs.)	Year ended 31.03.08 Amount(Rs.)
Opening Balance	**1508264**	(6973891)
Bank Charges & Commission	**40101**	101764
Interest on Term Loan	**4851468**	—
Freight, Handling, Octrai & Insurance	**13305**	150800
Interest on FCCB	**5246603**	6071992
Power Fuel & Lighting	**1508924**	2643756
Traveling & Conveyance	**54532**	41065
Communication Expenses	**43664**	278805
Advertising & Publicity	—	73970
Stores, Spares & Consumables	—	1762833
Payment to and provision for employees	**2481336**	2611959
Labour charges	**100882**	235257
Insurance	—	663
Repairs & Maintenance	**7629**	98032
Rates & Taxes	—	3331
Misc. Expenses	**375504**	1079978
Total	**16232213**	8180314
Less: Interest Income	**1211904**	6071992
Net	**15020309**	2108322
Less: Allocated to Fixed Assets	**15020309**	9827279
Less: Transferred to Profit and Loss Account	—	(9227221)
Balance	—	1508264

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

Particulars	Year ended 31.03.09 Amount(Rs.)	Year ended 31.03.08 Amount(Rs.)
Net Profit before tax		
Net Profit/(Loss) before tax	**(61070085)**	648088541
Add : Director's Remuneration (Excluding PF,		
Salary to ED (Finance) & Meeting Fee)	**4009963**	34120276
Add : Loss on sale of assets (net)	**2357231**	339239
Less : Profit /(Loss)on Sale of Long Term Investments (net)	**(771836)**	142542
Net Profit/(Loss)	**(53931055)**	682405514
Net Profit/(Loss) for Managerial Remuneration	**NIL**	682405514
Calculation of Director's Remuneration (including commission)		
@ 5% of the Net Profit for the period	**NIL**	34120276
Total Managerial Remuneration		
— Excluding Directors Meeting Fees and contribution to Provident & Other Funds and Executive Director (Finance)'s Salary	**4009963**	34120276
— Including Directors Meeting Fees and contribution to Provident & Other Funds and Executive Director (Finance)'s Salary	**7303883**	37355704

Note : In view of the inadequate profit, minimum remuneration as approved and as per the Companies Act, 1956 has been paid/provided.

17. 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.

18. Auditor's Remuneration:

Particulars	Year ended 31.03.09 Amount(Rs.)	Year ended 31.03.08 Amount(Rs.)
As Auditor*		
— Audit fee	**1400000**	1400000
— Tax Audit	**200000**	200000
— In other capacity	**420000**	400000

* Excludes Service Tax Rs.2,08,472/- (Previous year Rs. 2,47,200/-)

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

	As At 31.03.09 Amount(Rs.)	As At 31.03.08 Amount(Rs.)
Assets		
Provision for unencashed leave	**2966072**	3320188
FCCB/GDR Issue Expenses	**11322813**	15357528
Carried forward Loss	**75605717**	—
Unabsorbed Depreciation	**99773762**	—
Total	**189668364**	18677716
Liabilities		
Depreciation	**189668364**	132292253

Note :- As required by Accounting Standard-22 ('AS-22'), in view of existence of Carried forward losses and unabsorbed depreciation under tax laws, Deferred Tax Assets have been recognised only to the extent they are virtually certain to be realised.

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

Particulars	Year ended 31.03.09	Year ended 31.03.08
Profit after taxation (Rs)	**12468459**	435173595
Number of equity shares at the beginning of the year	**60808338**	58969715
Add: Weighted average number of equity shares issued during the year	**67203**	423557
Weighted average number of equity shares for Basic EPS	**60875541**	59393272
Add: Adjustment for FCCB outstanding convertible in equity shares	**13898099**	17997809
Add: Adjustment for ESOP outstanding convertible in equity shares	**—**	649745
Weighted average number of equity shares for Diluted EPS	**74773640**	78040825
Basic Earning Per Share (Rs).	**0.20**	7.33
Diluted Earning Per Share (Rs.)	**0.17**	5.58
Face value of Equity Shares (Rs.)	**2.00**	2.00

21. (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	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Within one year	**5351867**	5974194	**831804**	979091	**4520063**	4995103
Later than one year and not later than five years	**4435739**	6500830	**367252**	741267	**4068487**	5759563
More than Five years	**NIL**	NIL	**NIL**	NIL	**NIL**	NIL
Total:	**9787606**	12475024	**1199056**	1720358	**8588550**	10754666

(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 Rs 2,43,45,472/- (Previous year Rs. 1,72,78,088/-) for the leases, which commenced on or after April 1, 2001.

22. 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 31.03.09	Maximum Balance during the year	As at 31.03.08	Maximum Balance during the year
Sunil Gupta	**NIL**	**NIL**	NIL	3984000
Projection Finanicial & Management Consultants Pvt. Ltd.	**6000000/-**	**6000000/-**	3000000	4086200

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 31.03.09		As At 31.03.08	
	No. of Shares	Amount	No. of Shares	Amount
Sunil Gupta	**10500**	**21000**	NIL	NIL
Projection Finanicial & Management Consultants Pvt. Ltd.	**NIL**	**NIL**	NIL	NIL

23. Loan & Advances include Rs. 51,00,000/- (Previous Year Rs. 51,00,000/-) given to Sanjog Sugar & Eco Power Private Limited as share application money.

24. Loans & Advances include Deposit given to Limited Companies Rs 4,97,00,000/-. (Previous Year Rs.4,50,00,000/-).

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

(a) Name of Related Parties :-

i) Subsidiary of the company :
KEI Power Limited (from 28th April 2008 to 7th Nov 2008)

ii) Associate of the company:
KEI International Ltd

iii) 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.

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

v) Relatives of Functional Directors:
Shri Sunil Gupta (Director up to 28th Aug 2008)
Smt. Archana Gupta (Director)
Smt. Varsha Gupta
Smt. Sumitra Devi Gupta
Smt. Shashi Gupta
Shri Shri Krishan Gupta
Smt. Veena Agarwal

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

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

Particulars	Year	(i)	(ii)	(iii)	(iv)	(v)	(vi)	Total
Interest paid on deposits received	**2008-09**	-	-	-	-	**226618**	**110000**	**336618**
	2007-08	-	-	-	-	116902	110302	227204
Credit Balance Outstanding as at the year end	**2008-09**	-	-	-	-	**2060000**	**1000000**	**3060000**
	2007-08	-	1800000	2300000	140000	2060000	1000000	7300000
Advance Given During the year	**2008-09**	**451510**	-	-	-	-	-	**451510**
	2007-08	436200	-	-	-	-	-	436200
Debit Balance Outstanding as at the year end	**2008-09**	-	-	-	-	-	-	-
	2007-08	436200	1800000	2300000	140000	2060000	1000000	7736200
Rent paid for use of assets	**2008-09**	-	-	**12000000**	-	**9225000**	**600000**	**21825000**
	2007-08	-	-	8000000	-	6420000	420000	14840000
Managerial remuneration	**2008-09**	-	-	-	**6743883**	-	-	**6743883**
	2007-08	-	-	-	36765704	-	-	36765704
Advance commission paid & recovered	**2008-09**	-	-	-	**2907150**	-	-	**2907150**
	2007-08	-	-	-	-	-	-	-
Subscription of Equity shares	**2008-09**	**440000**	-	-	-	-	-	**440000**
	2007-08	-	-	-	-	-	-	-
Sale of Equity Shares	**2008-09**	-	-	**15000**	**440000**	-	-	**455000**
	2007-08	-	-	-	-	-	-	-

Particulars	Year	(i)	(ii)	(iii)	(iv)	(v)	(vi)	Total
Expenses Payable	**2008-09** 2007-08	- -	- -	- -	- 6730119	- -	- -	- 6730119
Sale of Fixed Assets	**2008-09** 2007-08	- -	- -	- 300000	- -	- -	- -	- 300000
Director's Meeting Fee	**2008-09** 2007-08	- -	- -	- -	- -	**70000** 90000	- -	**70000** 90000
Security Deposit given for Premises taken on Rent	**2008-09** 2007-08	- -	- -	**3000000** 3000000	- -	- -	- -	**3000000** 3000000
Outstanding premises deposit receivable	**2008-09** 2007-08	- -	- -	**6000000** 3000000	- -	- -	- -	**6000000** 3000000
Dividend Paid on Equity Shares	**2008-09** 2007-08	- -	- -	**3415188** 3400188	**6730153** 6347830	**810742** 810692	**50** -	**10956133** 10558710
Amount received on allotment of Equity shares on exercise of ESOPs	**2008-09** 2007-08	- -	- -	- -	**439603** -	- -	- -	**439603** -

(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) , mediclaim and personal accident insurance premium, since the same is not available for individual employees.

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

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

Particulars	Cables		Stainless Steel Wire		Others		Unallocated		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Revenue (Gross)										
External	**9798246778**	8688343343	**789937853**	1127692290	**28672780**	4341009	**(2382089)**	39373915	**10614475322**	9859750557
Less: Excise Duty	**801069481**	971439035	**59784063**	98788752	-	-	-	-	**860853544**	1070227787
Inter-segment	-	-	-	-	-	-	-	-	-	-
Total Revenue (Net)	**8997177297**	7716904308	**730153790**	1028903538	**28672780**	4341009	**(2382089)**	39373915	**9753621778**	8789522770
Result										
Segment Result	**513558685**	1201907139	**(2814476)**	27659985	**682455**	250880	-	-	**511426664**	1229818004
Unallocated expenditure net of unallocated income	-	-	-	-	-	-	**(205128827)**	(176074419)	**(205128827)**	(176074419)
Interest expenses (net)	-	-	-	-	-	-	**(566145794)**	(369086333)	**(566145794)**	(369086333)
(Loss)/Profit on Sale of Investment	-	-	-	-	-	-	**(771836)**	142542	**(771836)**	142542
Dividend Income	-	-	-	-	-	-	**53923**	26766	**53923**	26766
Write back on repurchase of FCCBs	-	-	-	-	-	-	**263558122**	—	**263558122**	-
Loss on Derivatives	-	-	-	-	-	-	**(64062337)**	(36738019)	**(64062337)**	(36738019)
Profit before taxation	**513558685**	1201907139	**(2814476)**	27659985	**682455**	250880	**(572496749)**	(581729463)	**(61070085)**	648088541
Taxation	-	-	-	-	-	-	-	-	**73538544**	(212914946)
Net Profit	-	-	-	-	-	-	-	-	**12468459**	435173595
Other Information										
Segment Assets	**6879312296**	6938773474	**271041095**	464281293	**28517123**	6473571	**413846783**	702438076	**7592717297**	8111966414
Segment Liabilities	**1544219932**	2173116596	**41795137**	132749306	**5399073**	2365873	**4037799649**	3736161338	**5629213791**	6044393113
Capital expenditure (excluding capital work in progress)	**1143560906**	759968123	**8250491**	14440190	-	-	**9233636**	13484742	**1161045034**	787893055
Depreciation	**101304098**	64328337	**8947065**	12658003	-	-	**5497900**	4206094	**115749063**	81192434
Amortisation of FCMITDA	-	-	-	-	-	-	**1470594**	-	**1470594**	-

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

Revenue for Geographical Market	India		Outside India		Total	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
External Revenue (Gross)	**8993593447**	8472589677	**1620881875**	1387160880	**10614475322**	9859750557
Less: Excise Duty	**860853544**	1070227787	—	—	**860853544**	1070227787
Inter-segment						
Total Revenue(Net)	**8132739903**	7402361890	**1620881875**	1387160880	**9753621778**	8789522770
Carrying amount of segment assets	**7589626838**	8108967287	**3090459**	2999127	**7592717297**	8111966414
Additions to fixed assets	**1171741158**	787893055	**55460**	—	**1171796618**	787893055

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)	2008-09	2007-08
Sales	**10557643943**	9806484235
Other income excluding interest(net)/dividend income/ write back on repurchase of FCCBs	**56831379**	53266322
Total	**10614475322**	**9859750557**

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.

27. 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 64,674/- (Rs. Nil) have been carried forward as Work in Progress.

28. In terms of provision of AS –7 on “Construction Contracts” for Lump-sum Turnkey Projects for contract in progress as on 31.03.2009:

a. The aggregate amount of cost incurred and recognized Profit upto 31.03.2009 Rs.1,55,19,646/- (Previous year Rs. 43,28,999/-).

b. The amount of advances received Rs. 4,76,250/- (Previous year Rs. 4,76,250/-).

c. The amount of retention Rs. Nil (Previous year Rs. Nil)

29. 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 2008-09 Amount (Rs.)	Expense recognized in 2007-08 Amount (Rs.)
Contributory Provident Fund & Employees Pension Scheme, 1995	**5675214**	4773043

Defined Benefit Plan

The company is having the following Defined Benefit Plans:

- Gratuity (Funded)
- Leave Encashment (Unfunded)

(In Rupees)

		Gratuity (Funded) 2008-09	Leave Encashment (Unfunded) 2008-09	Gratuity (Funded) 2007-08	Leave Encashment (Unfunded) 2007-08
a)	**Actuarial Assumptions**				
	Discount rate	**8.00%**	**7.50%**	8.00%	8.00%
	Expected rate of return on assets	**9.25%**	—	9.15%	—
	Expected rate of future salary increase	**6.00%**	**6.00%**	5.00%	15.00%
b)	**Reconciliation of opening and closing balances of Defined Benefit obligation**				
	Present value of obligations as at beginning of year	**12748111**	**9768133**	7713762	6993218
	Interest cost	**1019849**	**781451**	578532	559457
	Current Service Cost	**1663286**	**1805383**	1220930	2373343
	Benefits paid	**(3467480)**	**(932011)**	(199052)	(664754)
	Actuarial (gain)/loss on Obligations	**6207397**	**(2696649)**	3433939	506869
	Present value of obligations as at end of year	**18171163**	**8726307**	12748111	9768133
c)	**Reconciliation of opening and closing balances of fair value of plan assets**				
	Fair value of plan assets as on beginning of year	**10228270**	—	9562683	—
	Expected return on plan assets	**1242284**	—	864639	—
	Contributions	**7405521**	—	—	—
	Benefits paid	**(3467480)**	—	(199052)	—
	Actuarial Gain/(Loss) on Plan assets	—	—	—	—
	Fair value of plan assets at the end of year	**15408595**	—	10228270	—
d)	**Fair value of plan assets**				
	Fair value of plan assets at beginning of year	**10228270**	—	9562683	—
	Actual return on plan assets	**1242284**	—	864639	—
	Contributions	**740551**	—	—	—
	Benefits paid	**(3467480)**	—	(199052)	—
	Fair value of plan assets at the end of year	**15408595**	—	10228270	—
	Funded status	**(2762568)**	**(8726307)**	(2519841)	(9768133)
	Excess of Actual over estimated return on plan	—	—	—	—
e)	**Actuarial Gain/Loss recognized**				
	Actuarial gain/(Loss) for the year – Obligation	**(6207397)**	**2696649**	(3433939)	(506869)
	Actuarial (gain)/Loss for the year – plan assets	—	—	—	—
	Total (gain)/Loss for the year	**6207397**	**(2696649)**	3433939	506869
	Actuarial (gain)/Loss recognized in the year	**6207397**	**(2696649)**	3433939	506869
f)	**The amounts recognized in the balance sheet**				
	Present value of obligations as at the end of year	**18171163**	**8726307**	12748111	9768133
	Fair value of plan assets as at the end of the year	**15408595**	—	10228270	—
	Funded status	**(2762568)**	**(8726307)**	(2519841)	(9768133)
	Net (Asset)/liability recognized in balance sheet	**2762568**	**8726307**	2519841	9768133
g)	**Expenses Recognized in statement of Profit & Loss**				
	Current Service Cost	**1663286**	**1805383**	1220930	2373343
	Interest cost	**1019849**	**781451**	578532	559457
	Expected return on plan assets	**(1242284)**	—	(864639)	—
	Net Actuarial (gain)/Loss recognized in the year	**6207397**	**(2696649)**	3433939	506869
	Expenses recognized in statement of Profit & Loss	**7648248**	**(109815)**	4368762	3439669

30. The Company has established KEI Employee Stock Option Scheme 2006 ("KEI ESOS 2006") which 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 one or more tranches, and on such terms and conditions as may be fixed or determined by the Board / Committee, in accordance with the provisions of law or guidelines issued by the relevant authorities in this regard.

Under 1st tranche of KEI Employee Stock Option Scheme 2006, 655,705 Stock Options were granted to eligible employees and Independent Directors. The Share Allotment Committee of the Board had allotted 129,100 equity shares of Rs.2/- each at an exercise price of Rs.25.25 to eligible employees / directors pursuant to application for exercise of Options under KEI ESOS 2006. 5,960 options were forfeited due to resignation of employee. Balance 520,645 un-exercised Options were cancelled by the Board at its meeting held on January 31, 2009. Hence, total Options outstanding as on March 31, 2009 are NIL. During the year no fresh Options have been granted under KEI ESOS 2006.

31. 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.

32. Additional information pursuant to the provision of Part-II of Schedule VI of the Companies Act, 1956.

(A) Particulars of capacity and production

Particulars	Unit	Licenced Capacity	Installed Capacity*		Actual Production	
			As At 31.03.09	As At 31.03.08	Year Ended 31.03.09	Year Ended 31.03.08
Cables*	Kms.	N.A.	**59600.000**	50000.000	**38299.473**	33723.278
Stainless Steel Wires*	Kgs.	N.A.	**4800000.000**	4800000.000	**3187047.460**	4244395.270
Winding , Flexiable & House Wiring	Kms.	N. A.	**250000.000**	250000.000	**47704.735**	40879.062

* 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 31.03.09	As At 31.03.08	As At 31.03.09	As At 31.03.08	Year Ended 31.03.09	Year Ended 31.03.08
Cables*	Kms. Rs.	**3034.955** **820793631**	1658.896 403486449	**2789.234** **527132489**	3034.955 820793631	**38445.212** **8757770600**	32267.652 7446288456
Stainless Steel Wires	Kgs. Rs.	**153228.992** **45624792**	204935.240 67428448	**88958.592** **15887398**	153228.992 45624792	**3251317.860** **779590127**	4296101.518 1130039621
Winding, Flexible & House Wire**	Kms. Rs.	**7693.279** **111041708**	5149.376 72221408	**5544.674** **81984144**	7693.279 111041708	**49672.323** **764353528**	38262.567 1044062886
Traded Goods	Rs.	-	-	**272318**	-	**5413971**	1910578
Miscellaneous	Rs.	**13069999**	5569669	**4221007**	13069999	**250515717**	184182695
Total		**990530130**	548705974	**629497356**	990530130	**10557643943**	9806484235

*Does not include Cable consumption for Captive purposes 99.982 Kms (Previous Year 79.567 Kms)

**Does not include Flexible & House wire consumption for Captive purposes 181.017 Kms (Previous Year 72.592 Kms)

(C) Particualrs of Raw Matarials consumed

Class of Goods	Quantity (Kgs.)		Amount (Rs.)	
	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2008
Copper	**10209095.050**	9854481.430	**3429712973**	3219761592
PVC & DOP	**21631170.120**	18537121.010	**1269799799**	1036826999
G.I.Wire/S.S.Wire/Strip	**13139219.520**	11884341.210	**698960503**	525293188
Aluminium Wire	**12283939.000**	11514220.280	**1444643462**	1362592237
Stainless Steel Rod	**3233919.400**	4105289.810	**493630208**	753638266
Others	**N.A**	N.A	**170812490**	155547628
Total			**7507559434**	7053659909
Less : Material Capitalised			**16384867**	11217759
Net			**7491174567**	7042442150

(D) Purchase of Trading Goods

Class of Goods	Quantity (Kgs.)		Amount (Rs.)	
	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2008
Miscellaneous	**N.A.**	N.A.	**4208099**	1470015

(E) Value of imported and Indigeneous materials consumed

Class of Goods	Percentage		Amount (Rs.)	
	Year ended 31.03.2009	Year ended 31.03.2008	Year ended 31.03.2009	Year ended 31.03.2008
Materials				
- Indigeneous	**96.13**	95.54	**7216799481**	6739295095
- Imported	**3.87**	4.46	**290759953**	314364814
Total	**100.00**	100.00	**7507559434**	7053659909
Stores, Spares & Consumables				
- Indigenous	**99.65**	98.66	**31007351**	46627376
- Imported	**0.35**	1.34	**107860**	634663
Total	**100.00**	100.00	**31115211**	47262039
Packing Material				
- Indigenous	**98.55**	99.70	**258715280**	205887221
- Imported	**1.45**	0.30	**3795054**	621021
Total	**100.00**	100.00	**262510334**	206508242

(F) Value of Imports on CIF basis

Particulars	Year ended 31.03.09 (Rs.)	Year ended 31.03.08 (Rs.)
Raw Material Purchases	**255604725**	285474205
Machinery	**282693602**	112984415
Stores, Spares & Consumable	**98334**	634663
Packing Material	**6431164**	621021

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

Particulars	**Year ended 31.03.09 (Rs.)**	**Year ended 31.03.08 (Rs.)**
Sales (Exports)	**1620881875**	1387160880
Interest Earned on FDR	**17548**	24771310

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

Particulars	**Year ended 31.03.09 (Rs.)**	**Year ended 31.03.08 (Rs.)**
Manufacturing, Selling & Other Expenses		
Power, Fuel & Lighting	—	8239
Freight, Handling, Octroi & Insurance	—	502948
Rebate, Discount, Commission on Sales	**22520797**	11151560
Rent	—	467313
Travelling & Conveyance	**2652499**	8393943
Communication Expenses	**934767**	571919
Miscellaneous Expenses	**12250789**	5457707
Payment to and Provisions for Employees		
Salary, Wages & Other Benefits	**9132777**	4948229
Welfare Expenses	**103307**	119278
Financial Charges		
Interest on Hire Purchase	—	206717
Processing Fees	**25452500**	—
Bank Charges	**1846**	1020036
Interest on Term Loan (Including Capitalised)	**5487894**	—
Interest on FCCB Bonds (Including Capitalised)	**14646445**	13276118
Others		
Listing fee	**430926**	219589

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

Particulars	**Year ended 31.03.09 (Rs.)**	**Year ended 31.03.08 (Rs.)**
The year to which dividend relates	**2007-08**	2006-07
Amounts of dividend remitted (Rs.)	**4275764**	6062626
Number of Non-Resident Shareholders / OCBs/FIIs	**412**	124
Number of Equity Shares	**8551527***	12125252*

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 2006-07 & 2007-08 are as above.

33. (a) **Derivative contracts entered into by the company and outstanding as on 31st March, 2009**

For Hedging Currency and Interest Rate Related Risks:

Nominal amounts of derivative contracts entered into by the Company and outstanding as at 31st March, 2009 amount to Rs. 17,45,67,259/- (Previous Year Rs. 61,28,34,069/-). Category wise break up is given below:

Particulars	**As at 31st March, 09 Amount (Rs)**	As at 31st March, 08 Amount (Rs.)
Interest Rate Swaps(net)	—	200000000
Forward Contracts(net)	**174567259**	412834069

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

Particulars	Year ended 31 March, 2009			Year ended 31 March, 2008		
	Rs.	Amount in Foreign Currency	Foreign Currency	Rs.	Amount in Foreign Currency	Foreign Currency
Imports of Goods	**10434209**	**203443**	**USD**	27003764	672907	USD
	1120941	**15098**	**EURO**	30134174	485800	EURO
FCCB Bonds	**1132625000**	**22100000**	**USD**	1310244500	32650000	USD
Expenses Payable	**7320477**	**142838**	**USD**	575376	14338	USD
	470204	**6984**	**EURO**	2417518	38477	EURO
	526497	**37715**	**AED**	580454	52769	AED
Loan for Car	—	—	—	205383	18671	AED
FCCB Repurchase Creditors	**278526154**	**5434657**	**USD**	—	—	—
Term Loan	**182118799**	**3553538**	**USD**	—	—	—
Packing Credit Loan	**13858000**	**270400**	**USD**	—	—	—

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

Particulars	Year ended 31 March, 2009			Year ended 31 March, 2008		
	Rs.	Amount in Foreign Currency	Foreign Currency	Rs.	Amount in Foreign Currency	Foreign Currency
Exports of Goods	**363357667**	**7275665**	**USD**	422004807	10551946	USD
	24807549	**380566**	**EURO**	62960214	1036361	EURO
	6183262	**85185**	**GBP**	13797203	176007	GBP
Fixed Deposits with Banks	—	—	—	38313380	964587	USD
Imprest with Staff	—	—	—	65052	5914	AED
Balance with Banks	—	—	—	603019	15182	USD
	—	—	—	18474	299	EURO
	2993679	**214447**	**AED**	2353049	213914	AED
Prepaid Expenses	**750000**	**15730**	**USD**	—	—	—
	660683	**48225**	**AED**	—	—	—

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

As per our Separate report of even date attached

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

(PRAVEEN KUMAR JAIN)
Partner
M.No- 85629

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place : New Delhi
Dated : 20th June, 2009

(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	31.03.2009		

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

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement*
NIL	3260

* Including Share Premium

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

Total Liabilities	5644939	Total Assets	5644939
Source of Funds		Paid-up Capital	
		121875	
		Reserves and Surplus	Secured Loan
		1843877	2307022
		Unsecured Loans	Deferred Tax
		1372165	—
Application of Funds		Net fixed assets	Investments
		2794098	1040
		FCMITDA	Net Current assets**
		1209	2848593
		Misc. Expenditure	Accumulated Losses
		NIL	NIL

** Net of current liabilities & provisions

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

Turnover	Total Expenditure
9396972	9458042
Profit/(Loss) Before Tax	Profit After Tax
(61070)	12468
Earning Per share	Dividend Rate %
0.20	10

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

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

	(ANIL GUPTA) Chairman-cum-Managing Director	**(RAJEEV GUPTA)** Executive Director (Finance)
Place : New Delhi Dated : 20th June, 2009	**(KISHORE KUNAL)** Company Secretary	**(ADARSH JAIN)** Asst. General Manager (Finance)

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