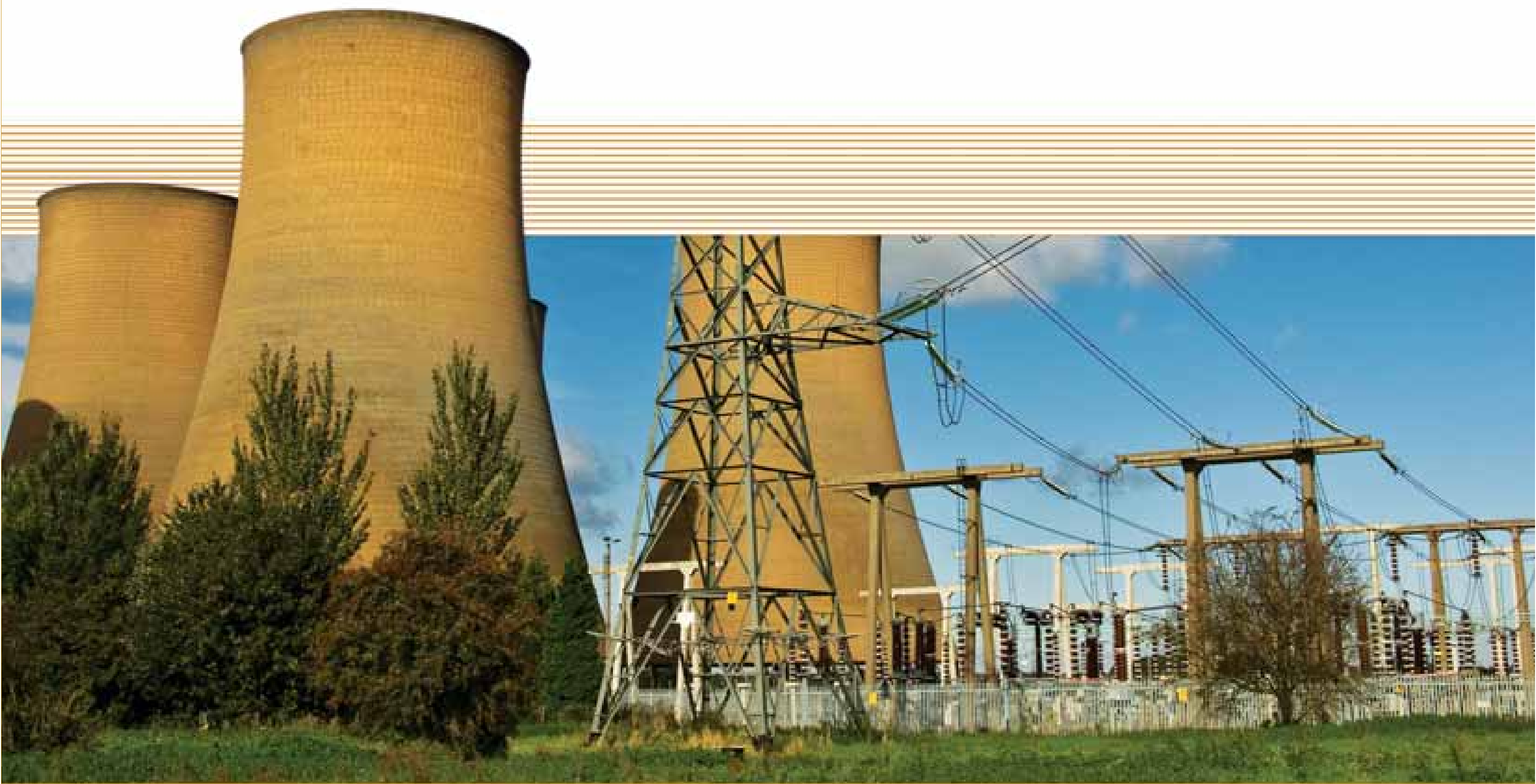
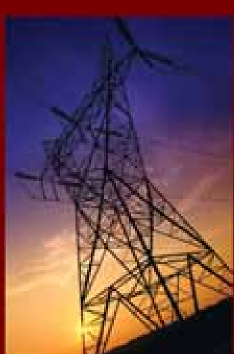
KEI
Wires and Cables

KEI Industries Limited

Annual Report 2009-10



Primed for performance



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Corporate information

BOARD OF DIRECTORS

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

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Kishore Kunal

AUDITORS

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

BANKERS

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

SHARE TRANSFER AGENT

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

KEY MANAGEMENT PERSONNEL

Mr. Rakesh Markhedkar, *Chief Executive Officer (EPC Division)*
Mr. S.L. Kakkar, *President*
Mr. Manoj Kakkar, *Sr. Vice President (Marketing)*
Mr. P.K. Aggarwal, *Vice President*
Mr. K.C. Sharma, *Vice President (Operation)*
Mr. Arvind Shrowty, *Corporate Advisor*
Mr. A.K. Maity, *Sr. GM (Works)*
Mr. Munishvar Gaur, *GM (Head-Marketing, North)*
Mr. N.K. Bajaj, *GM (Wires & Flexibles)*
Mr. Alok Saha, *GM (Marketing)*
Mr. M.V. Gananath, *GM (Marketing)*
Mr. Keshav K. Mitra, *GM (Marketing)*
Mr. Deepak Manchanda, *GM (Business Development)*
Mr. Ajit Dinesh Durve, *GM (International Business)*
Mr. Naval Singh Yadav, *GM (Quality Control)*
Mr. Dilip Barnwal, *GM (Works - Silvassa)*
Mr. Dayanand Sharma, *GM (Works - Chopanki)*
Mr. Ajay Mehra, *GM (Works - SS Wires)*

WORKS OFFICE

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

Performance that spans every facet of our business. Performance that is rooted in a legacy of perfection. Performance that comes from a differentiated business model. Performance that extends beyond boundaries.

That is the kind of performance that we have always believed in and which we are constantly striving to deliver.

Which is why:

When the going was difficult across the industry, we decided to get tough on carving a sustainable and competitive niche.

When the industry called for cost efficiency strategies, we embarked on differentiator-creating initiatives.

When the sector employed a conservative and cautious approach, we undertook one of the most aggressive brand building and awareness creation campaigns in the cables industry.

When the segment boasted of multi-product players, we went a step ahead to emerge as a multi-product, multi-location and services company.

When the business required de-risking and diversification, we redefined our portfolio and presence with one of the widest coverage of sectors, customers, markets and geographies.

Just some of the things that characterised the year 2009-10 for KEI.

A year of strengthening our edge, underpinning our skill sets, widening our portfolio and enhancing our brand recall. So that as the demand scenario turns positive, KEI, armed with its proactive strategies and differentiated positioning, is ready for the quantum leap and primed to deliver record performance.

About us

KEI INDUSTRIES LIMITED IS INDIA'S LEADING POWER CABLES & WIRES MANUFACTURER

Our business

Servicing the entire spectrum of cabling requirements, KEI manufactures and markets Low Tension, High Tension and Extra High Voltage cables, along with control & instrumentation cables, specialty cables, rubber cables, flexible and house wires, submersible cables, PVC/poly wrapped winding wires and stainless steel wires.

Our edge

At the forefront of India's cable industry with niche technological prowess and experience, KEI is amongst the few cable manufacturing companies that have the wherewithal and expertise to manufacture specialty cables, including braided cables, fire survival and zero halogen cables.

KEI's expertise has been acknowledged and endorsed by a prestigious clientele spanning industry stalwarts across diverse sectors, namely power utilities, cement, steel, industrial, railways and refineries, amongst others.

Always looking forward and keenly establishing strategic competitive barriers, KEI has recently signed a crucial Know-how & Trademark License Agreement, which makes it one of the very few cable manufacturing companies in India with the technological know-how and manufacturing capability to produce EHV cables.

Our value spectrum

By virtue of understanding the cabling requirements of various sectors and with the aim of providing an integrated, one-point solution, KEI has developed a dedicated and specialised EPC division, spreadheaded by senior and experienced personnel from the field. This combination of EHV and EPC solutions has placed KEI on the threshold of the exponential opportunity space that is likely to unfold in the power sector in the coming years.

KEI, branded as “the power behind the power”, is also an established and trusted name in the domestic retail segment. This feat has been achieved in a short span of time due to its ability to reach out to retail customers across the length and breadth of the country through a planned marketing strategy and well-networked distribution network.

Our manufacturing prowess

KEI has world-class, multi-product manufacturing facilities at Bhiwadi (Rajasthan), Silvassa (D&N H) and Chopanki (Rajasthan) with installed capacity for 60,000 km of LT cables and 5,600 km of HT/EHV cables.

Our presence

Endeavouring to service cabling demand on a pan India basis, KEI’s sales & distribution function covers all major Metros & ”A” Class Cities.

With an extensive international footprint across 30 countries, KEI’s excellent price proposition, coupled with its capability to deliver specialty cables, has helped it edge out an enviable market position for itself.






Chairman's letter

Dear Stakeholders,

After a year of tremendous upheaval and financial downturn, the global economy as a whole has shown positive trends to stage a steady comeback. On its part, India has weathered the global crisis relatively well and is expected to grow at over 9 per cent in the coming year.

The favourable policy environment will help sustain the industrial recovery and growth momentum of the economy in general and the manufacturing sector in particular. Having said that, continued financial prudence, hands-on operational excellence and a cautious strategic approach to business expansion will be axiomatic for corporate success, going ahead. An approach that we steadfastly continue to follow at KEI.

Review 2009-10

To me, the year 2009-10 was an average or, candidly put, a below average one for your company, where profitability continued to be under tremendous pressure although we reported improvement in our production and sales in volume terms.

On a macro level, our financial performance scorecard was below expectations, primarily on the back of an evident oversupply in the industry, leading to cut-throat competition, lower capacity utilisations and immense pressure on pricing and margins.

On the industry front, the entire year witnessed lacklustre or flat demand for cables, although a definite trace of silver lining appeared towards the end of the year with a clear pick-up in demand.

To give you a better perspective of this scenario, let me take you through the industry demand-supply developments and dynamics in detail. The onslaught of the global economic recession, with its significant impact on the Indian economy, caused most expansion plans to be put on hold indefinitely. However, with a gradual recovery underway, combined with political & economic stability and positive direction in the Indian economic landscape, business activity received a sizeable fillip across verticals and expansion plans got underway towards implementation.

"It also gives me great pleasure to share with you that, in line with our promise to make rapid strides in the high margin EHV cables segment, your company, in January 2010, entered into a Know-how & Trademark License Agreement with Switzerland-based M/s Brugg Kabel AG, a dominant cable systems player having over 100 years of experience and expertise in manufacturing EHV cables ranging from 66kV to 550 kV."

Currently, though cables forms an integral part of every industrial capex project, the requirement for the same accrues only after 50% of the industrial project is complete. Hence, while most cable companies have completed their expansion plans, leading to excess capacities and severe price war in the short-term, the demand for this incremental cables supply will accrue only from the second/third quarter of FY2011, the positive trend for which is already evident in the demand pick-up from the last quarter of FY2010.

Given these circumstances, I am confident that, on the back of solid economic fundamentals and brisk pace of growth, the demand-supply balance will most certainly shift in favour of cable companies going forward. Fortified by amongst the widest range of cables from LT to HT to EHV to specialised cables, coupled with incremental capacities and turnkey offerings in place, your company is ready for take off to new levels of growth and prosperity.

Operational highlights

Production & new orders

Amongst the key highlights that transpired for your company in the year under review was the receipt of prestigious orders for the supply of high value HT cables for the Mumbai Monorail Project and HPCL Mittal Refinery, Bhatinda.

In addition, in line with the spurt in economic and industrial output in the year under review, your company recorded good sales in the power and utilities vertical along with strong order inflows from the industrial segment - especially steel and cement. I am confident that this development will help your company further strengthen its leadership positioning in the power sector and enhance presence in the industrial segment.

Signing of Technical Collaboration

It also gives me great pleasure to share with you that, in line with our promise to make rapid strides in the high margin EHV cables segment, your company, in January 2010, entered into a Know-how & Trademark License Agreement with Switzerland-based M/s Brugg Kabel AG, a company having over 100 years of experience and expertise in manufacturing EHV ranging from 66 kV to 550 kV.

Strengthening EHV segment presence

Before I share with you the myriad benefits accruing from this collaboration, let me take you in brief through the rationale and strategic intent for strengthening our presence in the EHV space.

The Extra High Voltage cables segment enjoys both excellent demand prospects evident from its estimated market size of Rs 1400 crore in FY 2011, growing at approximately 30%, and is also marked by higher margins to the tune of 30-40%.

It is against this background that our full technical collaboration with BRUGGS assumes importance as it will also enable us to entrench our positioning in the EHV space by virtue of our ability to provide invaluable design and process solutions to our customers in executing EHV turnkey contracts. We expect the commercial production of EHV Cables to commence by September 2010.

Climbing up the value spectrum

What makes this collaboration even more significant for your company is that it promises to catapult KEI's positioning amongst the top three companies addressing the 220 kV EHV space, boost our preparedness and pre-qualifications to participate in large utility tenders and also give a firm impetus to our turnkey EPC business, which consumes significant portion of EHV cables.

We believe that, going forward, our focus on this sparsely competitive cable space will significantly and positively impact the fortunes of your company as the average EHV contracts is significantly higher than orders from other segments.

Your company is confident that with its clear focus on this segment, coupled with its proactive and strategic initiatives and strengths to grow its presence in this space, almost 10% of your company's revenues in FY12 will accrue from this segment.

Turnkey solutions

Another important development in the year under review is the further augmentation of your company's capability and presence in the EPC space through the set-up of a full-fledged team led by an experienced, professional Chief Executive Officer. After a year of presence in this field, your company is now focusing on bidding for large tenders. Building on our enhanced competencies and proven track record in this space, we expect to register revenues of over Rs 100 crore by FY12 from EPC contracts.

Retail – domestic house wires

One of the biggest defining moments in your company's working in the year under review was the phenomenal performance of the domestic house wires division. During the last three years the domestic house wires segment has shown tremendous growth. The encouraging results clearly reinforce your company's excellent product and quality offering, endorse its cables' specialist positioning and also vindicate the myriad 360 degree brand communication and distribution & dealer enhancement initiatives undertaken over the last few years. Having reached so far, your company is all set to increase house wire sales contribution to over Rs 200 crore in the coming fiscal by further augmenting distribution network and strengthening brand building activities.

Exports

Following the complete meltdown in key market of presence, sales declined from Rs 163 crore in FY09 to Rs 93 crore in FY10. With the global recovery underway and a definite spurt in demand, I expect improved performance of KEI in this segment.

Specialised cables

Another tipping point in your Company's performance in FY10 was the receipt of approvals for specialised rubber mining cables and ship building wires. With substantial investment in strengthening ship yards and ports infrastructure, this development will play a critical role in your company's entry into a new segment and further expand its sector coverage.

Strategic direction & outlook

As I look ahead at 2010-11, the future looks bright and promising. As mentioned earlier in my letter, the demand for cables has already picked up and is expected to get a positive impetus with expansion projects reaching mid-way. I see a positive scenario for your company in view of the overall macro-economic indicators and indices prevailing currently. Armed with enhanced capacities, turnkey solution offerings, focused approach in its domestic house wires and EHV segment, your company, I am confident, is well positioned to deliver exceptional growth and success going forward.

As always, your continued faith and support has helped us take path-breaking decisions that promise to propel your company to higher echelons of success and glory.

Sincerely
Anil Gupta

Seven year financials

(Figures in Rs crores)

PARTICULARS	2004	2005	2006	2007	2008	2009	2010
PAID UP CAPITAL	7.92	7.92	10.09	11.79	12.16	12.19	12.79
CAPITAL EMPLOYED	33.85	52.65	137.99	368.85	375.34	369.63	365.97
SALES	108.64	230.23	341.35	681.51	980.65	1055.76	972.52
LESS: EXCISE DUTY	10.71	26.78	41.18	77.60	107.02	86.08	63.28
NET SALES	97.93	203.45	300.17	603.91	873.63	969.68	909.24
PBDIT	8.92	21.23	45.80	87.38	109.84	62.08	76.33
PBIT	7.16	19.25	43.11	81.73	101.72	50.51	61.66
PBT	1.56	12.39	33.65	57.99	64.81	-6.11	17.26
PAT	0.89	8.39	26.01	40.17	43.52	1.25	14.23
PROFITABILITY RATIOS (PER CENT)							
PBDIT	9.11	10.44	15.26	14.47	12.57	6.40	8.39
PBIT	7.31	9.46	14.36	13.53	11.64	5.21	6.78
PBT	1.59	6.09	11.21	9.60	7.42	-0.63	1.90
PAT	0.91	4.12	8.66	6.65	4.98	0.13	1.57
ROCE (PAT / CAPITAL EMPLOYED)	2.64	15.93	18.85	10.89	11.59	0.34	3.89
GROWTH RATIOS (PER CENT)							
NET SALES	24.94	107.75	47.54	101.19	44.66	10.99	-6.23
PBDIT	16.74	138.07	115.71	90.80	25.70	-43.48	22.95
PBIT	21.02	168.69	123.98	89.59	24.46	-50.34	22.07
PAT	19.71	839.53	209.98	54.45	8.34	-97.13	1038.40
CAPITAL EMPLOYED							
FIXED ASSETS	27.42	28.88	80.47	140.97	231.39	279.41	277.86
CURRENT ASSETS	61.93	110.86	200.36	526.99	579.81	479.86	521.11
LESS: CURRENT LIABILITIES	34.67	62.98	99.14	199.43	251.13	195.00	236.62
LESS: BANK BORROWING	17.39	20.31	37.70	92.20	173.37	194.64	196.38
LESS: DEFERRED TAX LIABILITY	3.45	3.80	5.99	7.47	11.36	-	-
CAPITAL EMPLOYED	33.85	52.65	137.99	368.85	375.34	369.63	365.97
NET WORTH	21.11	28.11	99.19	151.86	207.07	196.58	222.62

Management discussion & analysis

COMPANY OVERVIEW

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, PVC/poly wrapped winding wires and stainless steel wires.

Ranked amongst the top three cable manufacturing companies in India, the company addresses 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. Through EHV cables, KEI is geared to service mega power plants, transmission companies, metro cities where underground cabling is underway, large realty projects – IT Parks, residential townships, etc.

KEI has a diversified and de-risked business model characterised 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.

The company has, over the years, invested in building flexible manufacturing facilities and expanded its capacities through which it is well-poised to garner opportunities emanating from the power utilities, core infrastructure, industrial and building and construction projects across the country.

The company's prudent foray into the EHV cable segment and EPC services for power sector projects further expands the opportunity horizon.

ECONOMIC OVERVIEW

1. Global economic overview

   Economies around the world were seriously impacted by the global financial crisis in 2008. Since then the economic growth trend has improved, though in most advanced economies, the recovery is expected to remain sluggish by past standards. In contrast, in many emerging and developing economies, activity driven by buoyant internal demand witnessed early recovery.

   Global GDP, which declined by 2.2% in 2009, is expected to grow 2.7% this year and 3.2% in 2011. Prospects for developing countries are for a relatively robust recovery, growing 5.2% this year and 5.8% in 2011 - up from 1.2% in 2009. World trade volumes, which fell by a staggering 14.4% in 2009, are projected to expand by 4.3% and 6.2% this year and in 2011.

2. India economic overview

   India's gross domestic product (GDP) in 2008-09 was 6.7%. However, the wide range of timely policy measures abated, to a large extent, the negative fallout of the global economic slowdown in India. Over the span of the last fiscal year, the Indian economy has posted a remarkable recovery, which came around in the second quarter of 2009-10, when the economy grew by 7.9%. As per the advance estimates of GDP for 2009-10 released by the Central Statistical Organisation (CSO), the economy was expected to grow at 7.2% in 2009-10. However, the economic growth, beating all forecast and estimate projections, grew by 7.4% in 2009-10 on the back of the strong performance of the manufacturing sector and positive agricultural growth.

   Industry grew a robust 9.3% compared to an earlier estimate of 8.2%, while the services sector grew by 8.5%. Farm growth was revised upward for a year that saw a drought to 0.2% (against advance estimates of a 0.2% contraction).

   The size of the Indian economy is estimated at Rs 62.31 trillion (USD 1.31 trillion) and per capita income at Rs 44,345, a growth of 10.5% over the previous year.

   The downside from the global financial developments and domestic inflationary pressure may challenge policy makers. The government and the Planning Commission expect the Indian economy to grow at 8.5% in 2010-11 and 9% in 2011-12.

INDUSTRY STRUCTURE, DEVELOPMENTS & OVERVIEW

Cables are classified as Extra High Voltage (66 kV to 132 kV, 220 kV, 400 kV and above) which are used in transmission of power and medium voltage (6.6 kV to 33 kV) & Low Voltage (500 volts to 3.3 kV) used for the distribution of power.

Broad cable segmentation

Power cables & conductors

- Extra high voltage
- Medium voltage
- Low voltage

Control & instrumentation

- Industrial electrical cables
- Process control cables

Speciality cables

- Custom made cables

Telecom cables

- Optical fibre and jelly filled

Wires are generally used for domestic purposes.

KEI Industries manufactures and markets power cables – Low Voltage, Medium Voltage and Extra High Voltage, control and instrumentation cables, specialty cables, rubber cables, flexible and house wires, submersible cables, PVC/poly wrapped winding wires and stainless steel wires that address the cabling requirements of a wide spectrum of sectors.

a. **Global cable industry overview**

It is estimated that there are around 1,000 cable making companies across the world, of which around 18% are located in North America, 26% in Europe, 13% in Asia and 43% in rest of the world.

In 2008, the cable market was valued at USD162 billion, up 7% y-o-y. Due to the depressed global economic environment, it is estimated that the global cable and wire market in 2009 witnessed near stagnation and almost negative growth. The global cable market is expected to reach USD176 billion in 2011 (CRU forecasts), demonstrating a CAGR of 4.7% from 2003 to 2011e (The global cable industry was pegged at USD123 billion in 2003 at current exchange rates).

The global industry has grown at a rate of only 0.39% p.a. in 2007-09, affected by the economic downturn, but the annual growth rate over 2009-11 is expected to reach a level of 7.68%.

The prolonged economic slump delayed numerous projects in North America and Europe and negatively impacted cable demand in those regions. In 2010, it is anticipated that the cable market will steadily rebound in North America while an incremental recovery in Europe in the second half of 2010 is forecasted.

However, across Southeast Asia, growth continued apace, thanks to China (up 15%) and India (up 5% to 10%). Major government investment plans are already in place for infrastructure, construction, industrial development, transportation, renewable energy, etc. In terms of industrial capex, China and India are also expected to lead the way with large infrastructural investment plans underway.

China alone accounts for two-thirds of consumption of cables in the Asia region and 21% of total world consumption. Demand is stimulated by major electrification programmes to extend energy networks. The high consumption in Western Europe and North America stems from the need to replace aging lines and to inter-connect the electricity networks in those regions.

Globally, due to the relatively lower production costs in emerging markets, power cable production is migrating away from developed markets. According to CRU in 2001, developed markets accounted for 40% of global production, as compared to 33% in 2007, which was further reduced to 31.5% in 2009.

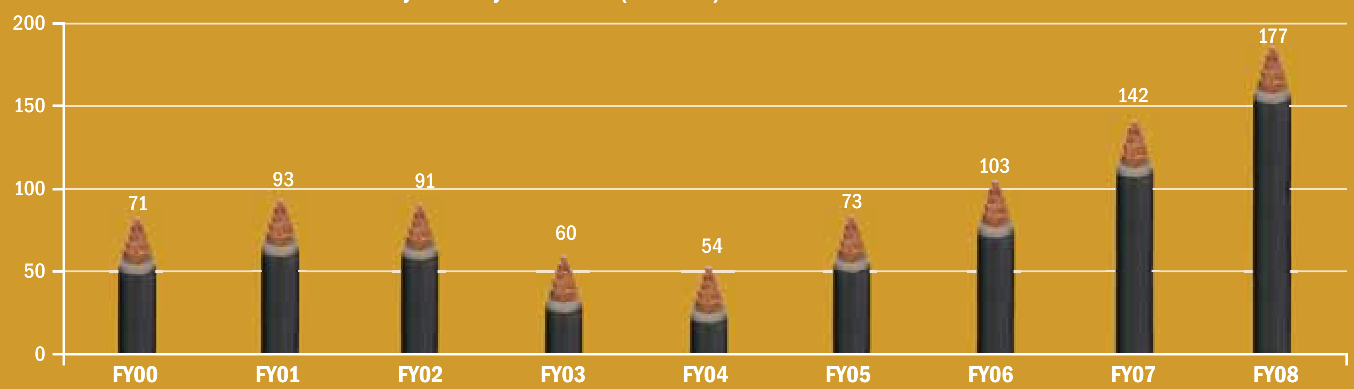
At the same time, to capitalise on opportunities in emerging markets, global players are signing joint ventures or mergers and acquisitions with the major regional players.

Companies in emerging markets are benefiting in particular from the growing regional demand for power cables and are therefore tending to focus on the energy cable segment.

b. **Indian cable industry developments & overview**

The market size of the cables and wires industry in India was estimated to be around Rs 150 billion in FY09, of which cables would be approximately Rs 95-100 billion. It is estimated that approximately 70% of the industry is organised, while the remaining accounts for the unorganised and regional level players. The wire industry in India touched approximately Rs 50-55 billion in FY 09. It was estimated that the 8-year CAGR for the wires and cables industry was 12%.

Growth in the wires and cables industry over the years in India (Rs billion)



(Source: CRISIL research report)

In India, the overall growth for cable industry was less than 5% in FY09-10 against the robust growth witnessed in FY08-09. FY09 was a challenging year for the industry, mainly due to liquidity crunch by end industry user sectors, leading to reduced demand faced due to delay in implementation of both ongoing and new projects.

However, the expansion plans which were on hold earlier due to recessionary trends are now either completed or in process of execution, leading to excess capacities in the interim. Now, as the economic scenario changes, the significant pile-up in executable order backlog has cleared and demand uptick is forecasted. Offtake of cables in large infrastructure orders commences normally after project execution begins and reaches a particular stage in the lifecycle of the project.

The demand for the incremental cables supply which is now prevalent in the industry (in form of large, ongoing infrastructure, power and industrial projects) is expected to flow from the following quarter in the next fiscal. Cables demand forms a part of every industrial capex project. However, the requirements and orders for cables normally accrue only after 50% of the industrial capex project is complete. Hence, given that most industrial expansion plans resumed only after the new government took over and after economic stability returned from H2 FY09-10, the demand for cables is likely to start from the second/third quarter of the next fiscal, which will augur well for companies like KEI who have completed their expansion plans and can leverage the boom awaited.

However, irrespective of the stage of the project, based on the sheer strength of order backlog in the infrastructure and power sector space, given an overall improvement in the funding scenario and with the overall economic scenario gaining accelerated momentum, robust growth over the next few years across the cable industry in India is expected.

From the December 2009 quarter, the industry has already witnessed demand growth, after posting a declining sales trend for the last four quarters. The growth in demand and sales was driven by higher volumes. The building wire segment is also seeing an overall improvement in demand from the construction sector.

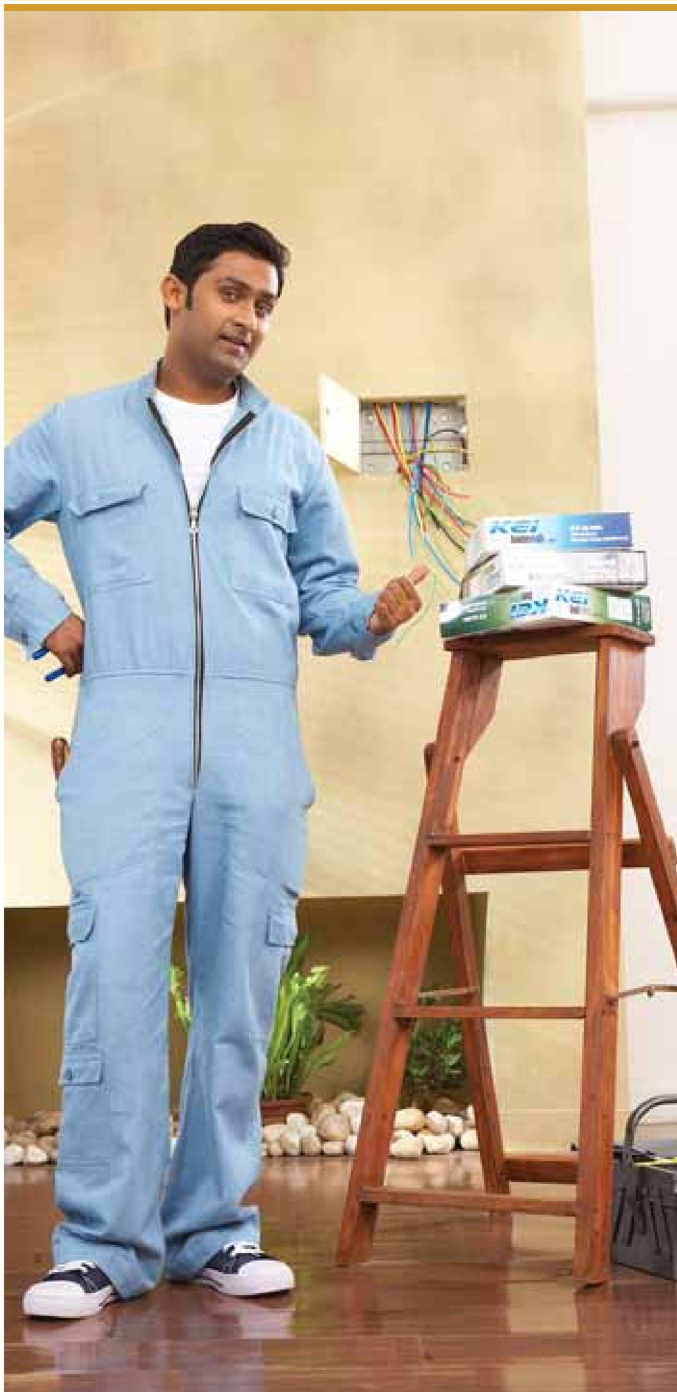
On the retail side, demand for house wires continued to be firm, remaining largely insulated from the difficult period witnessed in the institutional side.

Moving forward, considering back-ended orders from power segment to achieve 11th Plan targets, coupled with a broader pick-up in the economic activity, the cable industry is expected to post better growth-oriented numbers.

OPPORTUNITIES - GROWTH DRIVERS

1. Correlation with GDP

   Leading research houses tracking the cable industry have observed correlation between GDP growth and cable and wire consumption, both at the global and the country level. The global cables market is expected to expand at an annual rate of 4%, slightly higher than the expected annual global GDP growth rate of 3.7%. However, consumption of cables is expected to be much higher in the emerging countries, including China and India.



GDP Growth rates (%)

	2007	2008	2009e	2010e	2011e
France	2.3	0.3	-2.2	1.1	1.2
Germany	2.6	1.0	-4.9	1.6	1.3
Italy	1.4	-1.3	-5.1	0.8	1.0
Sweden	2.7	-0.5	-4.7	2.1	3.0
Switzerland	3.6	1.8	-1.5	1.1	1.6
UK	2.6	0.5	-5.0	2.2	2.7
US	2.1	0.4	-2.4	2.7	2.8
Canada	2.5	0.4	-2.6	2.4	2.9
Japan	2.3	-1.2	-5.2	1.0	1.2
Brazil	6.1	5.1	-0.2	5.6	4.2
Russia	8.1	5.6	-8.3	3.7	2.4
Turkey	4.7	0.9	-5.8	3.1	4.1
Saudi Arabia	3.4	4.3	-1.2	4.3	4.8
UAE	5.2	7.0	-2.9	2.0	5.1
South Africa	5.5	3.7	-1.7	2.1	3.0
Asia (excl.Japan)	9.8	6.7	5.4	7.8	7.4
China	13.0	9.1	8.7	9.5	8.9
Asia (exclu. Japan & China)	6.9	4.6	2.1	6.2	5.9
India	9.3	7.5	6.9	7.8	8.9

(Source: HSBC estimates. HSBC Global Research on Electrical Equipment – March 2010)

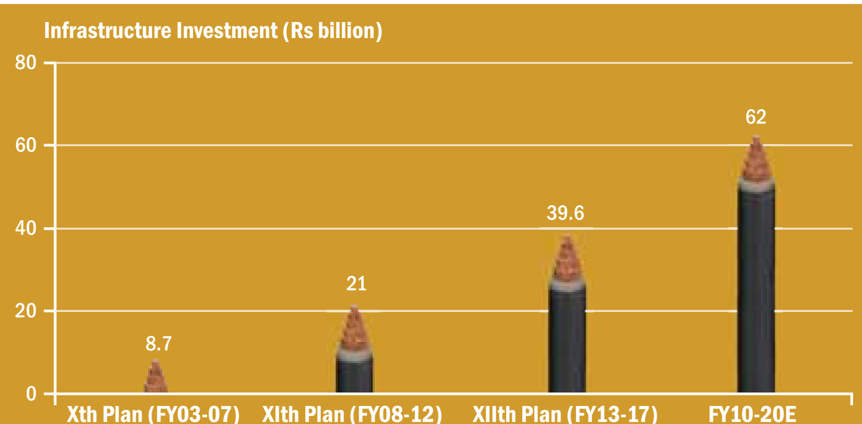
Cable and wire have a derived demand and are highly dependent on growth in such sectors as infrastructure, power generation, transmission and distribution, industrial development, railways, transport, and commercial and residential construction projects. KEI, which is engaged in the business of manufacturing and marketing power cables and wires, is poised to march ahead as the economy progresses.

2. **Infrastructure**

Infrastructure is known to be the key enabler for development for an economy. Growth in India is contingent on infrastructure investment. The country is ranked 89th out of 133 nations for its infrastructure, according to the World Economic Forum's Global Competitiveness Index.

India has doubled its target for infrastructure spending to USD 1 trillion in the five years starting 2012 to narrow the gap with China, the world's fastest growing major economy. India spent 6.5% of its gross domestic product in 2009 on infrastructure, compared with about 11% by China.

Edelweiss Research Report India 2020 estimates that the total infrastructure spending is estimated to be Rs 62 trillion over the next decade, of which nearly 70% will be in the power, transportation (railways, roads), water supply & sanitation sectors. With allocation for infrastructure sector in XIth Plan to the period FY 2010-20 expected to significantly increase, it is expected that investments in the power sector will increase from Rs 6.5 trillion to Rs 13 trillion. Growth in the power sector is beneficial to the cables and wires industry.



(Edelweiss Research - India 2020)

3. Power

The positive trend in the power sector is one of the most important catalysts for the cable and wire industry. The growth in the power cable sector is to a large degree based on estimates of future electricity consumption and the investment required to build new capacity or modernise existing capacity. In its international energy outlook, the Energy Information Administration (EIA) forecasts growth of electricity generation at an annual rate of 2.6% to 2030. According to the EIA outlook, China and India together will account for over half of the incremental growth in energy (power) demand in 2030.

It is estimated that by 2030, a net 33.3 trillion kilowatt hours of electric power is expected to be generated worldwide, with more than half of the new capacity expected to come from emerging markets. The Asia region is expected to have the highest share of additional capacity, with China contributing 60% of the total.

India has the fifth largest generation capacity in the world, with an installed capacity of 152 GW as on 30th September 2009, which is about 4% of global power generation. The top four countries, viz., US, Japan, China and Russia together consume about 49% of the total power generated globally. The average per capita consumption of electricity in India was estimated to be 704 kWh during 2008-09. However, this is fairly low when compared to that of some of the developed and emerging nations such as US (~15,000 kWh) and China (~1,800 kWh).

The world average stands at 2,300 kWh. The Indian government has set ambitious goals in the 11th Plan for the power sector, owing to which the power sector is poised for significant expansion. In order to provide availability of over 1000 units of per capita electricity by year 2012, it has been estimated that need-based capacity addition of more than 100,000 MW would be required. The Eleventh Five Year Plan envisaged a capacity addition of 78,700 MW, of which 19.9% was hydel, 75.8% thermal and the rest nuclear.

The estimated total spending in the power sector in India is expected to be in range of Rs 13-14 trillion over the next 7-8 years, of which approximately Rs 1.5-2 trillion would be on cables (including heavy, medium and light capacity cables) used for transmission and distribution purposes.

KEI is present in the High Tension cables (33 kV and above), which are used for power transmission, and is also present in Low Voltage cables (primarily used for power distribution) and wires. The company is well-placed to benefit from the over Rs 1 trillion opportunity opening up in the power transmission segment.

Snapshot of expenditure in power sector

(Rs in billion)

Estimated capex	FY 10-17
Generation	8,533.0
T&D	5,006.0
- Transmission	2,821.4
- Distribution	2,184.7
Total	**13,539.0**

(Crisil Feb 09, CEA)

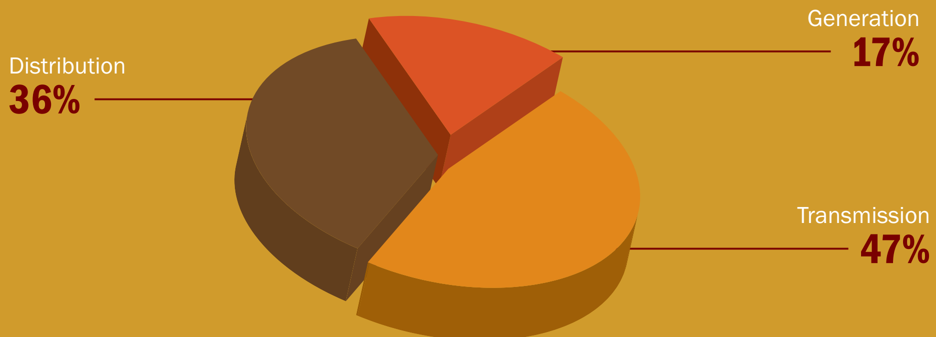
Consequently, expenditure on cables

(Rs in billion)

Estimated capex	FY 10-17
Generation	256.0
Transmission	705.3
Distribution	546.2
Total	**1,507.5**

(Source: CMIE, CRISIL Equities)

Break-up of expenditure in cable and wires





The cable and wires industry was estimated to be at Rs 150 billion as at FY09 and is expected to register a 12% 8-year CAGR

Given the strong domestic demand, derived out of expected expenditures to the tune of Rs 13.5 trillion in the power sector in India over the next 5-7 years, the cables industry is expected to be at Rs 240 billion.

CRISIL Research estimates around 66,000 MW to be added during 2009-10P to 2013-14P. Incremental transmission lines are expected to grow at a CAGR of 2% from 2009-10P to 2013-14P. The development of the National Grid for enhancing inter-regional transmission capacity to 37,150 MW by 2012 will fuel the demand for power cables, conductors and wires. In addition, national as well as regional schemes, e.g. Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) and Restructured Accelerated Power Development Reforms Programme (RAPDRP), will also aid demand for cable and wires.

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.

Government impetus in the power sector

Generation

The government has ambitious plans to add around 78.7 GW of additional generation capacity in the 11th Plan by the year 2012. The focus to involve the private sector has yielded benefits and the power sector has seen nearly 25% higher investment flows than envisaged.

Transmission

The current installed transmission capacity in the country is only 13% of the total installed generation capacity. With focus on increasing generation capacity over the next 8-10 years, the corresponding investments in the transmission sector is also expected to augment. The Ministry of Power plans to establish an integrated National Power Grid in the country by 2012, with close to 200,000 MW generation capacities and 37,700 MW of inter-regional power transfer capacity. Considering that the current inter-regional power transfer capacity of 20,750 MW, this is indeed an ambitious objective for the country.

Distribution

While some progress has been made at reducing the Transmission and Distribution (T&D) losses, these still remain substantially higher than the global benchmarks, at approximately 33%. In order to address some of the issues in this segment, reforms have been undertaken through unbundling the State Electricity Boards into separate Generation, Transmission and Distribution units, and privatisation of power distribution has been initiated either through outright privatisation or the franchisee route.

The government's Restructured Accelerated Power Development Reforms Programme (RAPDRP) focuses on actual, demonstrable performance in terms of reduction in aggregate technical and commercial (AT&C) losses. Projects under the scheme will be taken up in two parts in towns and cities with population more than 30,000 (10,000 in case of special category States). While Part A of this reforms roll-out includes projects for establishment of baseline data and information technology (IT) applications for energy accounting/auditing and IT-based consumer service centres, Part B includes regular distribution, strengthening projects. These include renovation, modernisation and strengthening of 11 kV- level substations, transformers/transformer centres, relaying lines at 11 kV level and below, load bifurcation, load balancing, high voltage distribution system (HVDS) and installation of capacitor banks and mobile service centres. In exceptional cases, where sub-transmission system is weak, strengthening at 33 kV or 66 kV level may also be considered. Expected investment in Part A is Rs 10,000 crore and that in Part B Rs 40,000 crore.

Rural electrification

Under the Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY), 69,963 villages have been electrified and connections have been released to 88.8 lakh BPL households up to January 15, 2010. In Phase - I of the Eleventh Five Year Plan period, 332 projects have been sanctioned for implementation at a cost of Rs 16,506 crore for electrification of 49,736 unelectrified villages and release of electricity connections to 162.96 lakh BPL households.

4. **Building and construction sector**

The building and construction sector is one of the major end markets for the cable industry. Cable demand in this sector is directly related to growth in construction capex.

The real estate sector is poised for recovery, due to a pick-up in demand driven by an improving economy and IT/ITES sector and signs of a recovery in the commercial segment.

Leading research houses expect India's Gross Domestic Product (GDP) will quadruple over a period of 10 years. It is projected that India is likely to be a USD 4.5 trillion economy over the next decade. With rising income, the demand for Urban Premium Housing is set to grow big time from Rs 116 billion in FY 2009 to Rs 757 billion in FY 2020. The real estate industry is set to receive the biggest boost as against any other industry over the next decade. The demand for Urban Premium Housing is set to rise a whooping 6.5 times within the next 10 years.

With economy growing at a good pace, the country's office space absorption is expected to rise by 23 million sq ft within the next three years. Global economic recovery and increasing software and services export have fuelled office space demand from IT/ITES sector in the first half of 2010. A commercial realty report by Jones Lang LaSalle Meghraj (JLLM) forecasts that the IT/ITES and BFSI (Banking, Financial Services and Insurance) sectors will lead to increased net absorption of office space, which is forecasted to grow at a CAGR (Compound Annual Growth Rate) of 29.5% from 19.6 million sq ft in 2009 to 42.6 million sq ft in 2012.

The Rs 45-billion wires industry, which primarily derives demand from growth in the real estate sector, is expected to register a CAGR of 13% over the next 7-8 years.

Mckinsey Report on Urban India 2030 projections shows India's urban population soaring from 340 million currently to 590 million in 2030. India has a young and rapidly growing population—a potential demographic dividend. But India needs thriving cities if that dividend is to pay out. MGI research estimates that cities could generate 70% of net new jobs created to 2030, produce around 70 % of Indian GDP, and drive a near four-fold increase in per capita incomes across the nation. The report forecasts that India will have 68 cities with a population of more than one million people, 13 cities with more than four million people and 6 mega cities with populations of 10 million or more, at least two of which will be among the five largest cities in the world by 2030.

Considering that 80% of India is yet to be built, it opens unparalleled growth opportunities across various infrastructure and construction sectors. Further, experts forecast that to meet urban demand, the country will have to build between 700 million and 900 million square meters of residential and commercial space a year. India's per capita spending on city development is USD 17 each year, just 15% of what China spends (USD 116) and less than 6% of New York's USD 292.

5. **Industry**

The market for industrial cables has the same drivers as that for building cables.

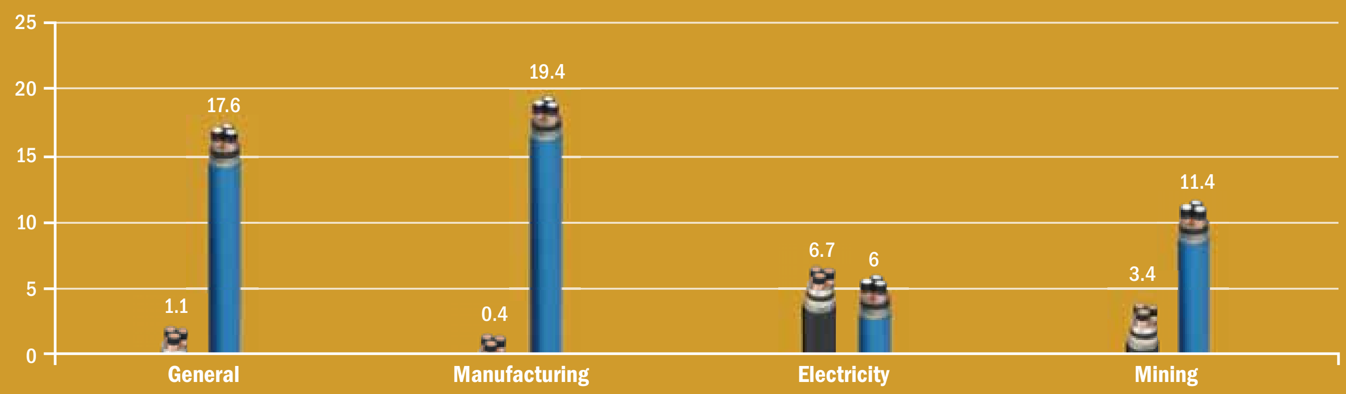
The industrial cables sector has numerous niche markets, dominated by local players or specialists with specific know-how or historical presence, and some of the other key industries serviced by the cables industry include:

- Aeronautics
- Automobiles
- Mining
- Nuclear
- Railways
- Building
- Offshore wind, wind turbines, solar energy, etc.

For fiscal 2009-10, the industrial growth, as measured by the Index of Industrial Production (IIP), was recorded at 10.4% against 2.8% in the previous financial year. The output continued on the double-digit growth track for the seventh straight month in April 2010, surging by a faster-than-expected 17.6% from a year earlier, the strongest since the 17.7% recorded in December 2009. The strong rebound in the IIP estimates in April, aided by a low base, was possible on account of a strong showing by the manufacturing sector, led by the capital goods sector and the consumer durables segment. It is expected that this double-digit pace of growth in industrial output will continue in the current fiscal year through March 2011.

India's manufacturing sector has witnessed a strong revival in 2009-10, registering impressive growth across sectors, revealed the comprehensive CII-ASCON survey for the period April-March 2009-10 covering more than 100 sectors. The revival of growth is evident in almost all industrial groups under manufacturing sector, including basic goods, consumer durables and capital goods. The CII survey revealed that out of

Index of Industrial Production (IIP) - % change in IIP over corresponding month of the previous year



105 sectors covered, 30 had registered excellent growth rate of more than 20% in April- March 2009-10 compared to just 8 sectors in April- March 2008-09. The number of sectors registering high growth rate have also increased from 15 in April-March 2008-09 to 25 in April-March 2009-10.

While the consolidated figure of ongoing industrial expansion or demand of cables from each of the key sector is difficult to estimate, to provide an illustration demand potential: globally, an automobile requires around 25 kg of cables per vehicle and 37.5 kgs for a hybrid variety. An average home in US requires about 25 kgs of cables/wires. Thus, it is a combination of industrial capex and demand in manufacturing across sectors where huge demand for industrial and specialised cables arises, and KEI is well-poised to address such demand.

6. EPC

Engineering Procurement and Construction (EPC) contracts have gained momentum for project execution during the past decade across various industries in India, including oil & gas, power, chemicals & petrochemicals and infrastructure sectors. As the EPC contractor becomes a single point of responsibility, this offers better-cost realisation and also promises the project delivery within the scheduled time-frame. Moreover, from the project owner's perspective, turnkey contracting is a better proposition as the responsibility and majority of risks involved with the project lie on the contractor. The concept of EPC has become popular in India during the past decade and many projects have successfully been implemented on turnkey basis.

Though no confirmed estimates are available, EPC industry is projected to be a multi-billion-dollar industry. The recent slowdown resulted in delay of projects; however, on the positive side, EPC has ensured that the best manpower & technology are available to execute projects - a factor which will favourably enable growth across the EPC segment.

Now that the economy has picked up and a gigantic scale of infrastructure opportunities is unfolding, EPC business is on the threshold of exponential growth.

According to industry estimates, for every rupee invested in power generation capacity, almost 60% is invested in equipment and EPC work. Consumption of cables in turkey EPC – EHV power projects accounts for nearly 70% of the total project cost.

KEI, offering both EPC services and diverse cabling solutions (including foray into EHV & HV segment), is poised to garner a share of the growing market.

FINANCIAL OVERVIEW

Gross Sales of KEI for the fiscal year 2009-10 stood at Rs 972.52 crore as compared to Rs 1055.76 crore in the previous fiscal. However, during FY2009-10, the company has shown approx. 11% growth in terms of volume i.e. quantitative sales. The sales value was low because of declining sales realisation coupled with intense competition & lower capacity utilisation. Profitability for the fiscal 2009-10 improved and was Rs 14.23 crore as against Rs 1.25 crore in the previous fiscal. However, the increase is primarily attributed to the profit arising from buyback/repurchase of the Foreign Currency Convertible Bond (FCCB). However, with KEI's capex in place and expansion process completed, combined with the Technical Collaboration and focus on growing the EPC business segment, the company expects its revenues to expand significantly moving forward.

BUSINESS OVERVIEW

The year 2009-10 continued to be devoted to the development of important competitive strengths and enhancement of capability. As the economy now opens up and allocation in power sector is significantly higher, the continued focus on building of capacities and capabilities will enable the company to gain traction in power sector and offer higher value-added services through its EPC operations.

Operationally, KEI's performance was satisfactory. The company continued execution of ongoing projects and the highlight was the procurement of prestigious orders for the supply of high value HT

cables for Mumbai Monorail Project and HPCL Mittal Refinery, Bhatinda.

1. Institutional sales

The ability to offer multi-products, with a multi-location presence, well-entrenched marketing presence across all states, swift delivery of products across the country from plants in the North and West, enables KEI to service customers flawlessly. The company, thus, continues to retain its key institutional customers across diverse sectors. As a part of its committment to continuously build specialised offerings and tap niche segments, the company is targeting the shipping sector, oil and petroleum, solar plants even more aggressively. Several large brands in the realty sectors have also been tapped by the company.

To further strengthen its all-India presence in the institutional and retail segment, the company is in the process of opening new warehouses across the country.

Foray into EHV cables

The commencement of the EHV cable manufacturing at KEI, along with the ability to offer turnkey EPC services, will provide impetus to the institutional business segment where demand is fast expanding.

The demand for EHV cables in the country has so far been met through imports as India has only one EHV cable manufacturer. Apart from KEI, only 2-3 other players have announced plans to enter into the EHV segment.

The company expects to start commercial production of EHV cables (66kV/ 110kV/132kV/ 220kV) by September 2010, at the Chopanki Plant in district Alwar, Rajasthan.

Some of the end-users of EHV cables include transmission companies, mega power plants, metro cities, industries such as steel, cement, refineries, petrochemicals, large realty projects such as IT Parks, large residential complexes, etc.

KEI's foray into the EHV segment will be aided by the recent Know-how & Trademark License Agreement entered with Switzerland-based M/s Brugg Kabel AG (Brugg) in January 2010. This agreement will enable a faster entry into the market and also help the company be in a position to offer designs, process back-up services which are sought by end users.

Technical collaboration

The Brugg Group, with over a century presence in the cable manufacturing segment, specialises in the manufacture of Extra High Voltage cables and cable accessories up to 550kV voltage grade. They are also specialists in the area of turnkey systems/design of extra high voltage cable projects with installations world over.

Through this technical collaboration, KEI joins the elite group of cable manufacturers worldwide equipped to manufacture cables beyond 66kV at its facilities. The company, through its earlier capex, has already installed machinery and processes to manufacture cables ranging upto 220kV.

This technical Collaboration Agreement will entail complete know-how transfer, including designing, manufacturing, testing techniques, training of its manufacturing/design personnel in manufacturing of cables, etc. This technology will enable KEI to establish a stronghold in the EHV cable segment and enable it to secure contracts in the power segment from both the government and private sector.

Demand potential in EHV

Currently, India's requirement of 132kV / 220kV cables is primarily met through imports. As the ability to procure local cables as against imports will result in substantial cost saving, KEI foresees improved revenue visibility.

KEI has chalked out focused growth plans for entrenching itself in the fast growing (approx 30% CAGR annually) EHV cables segment. With EHV cables attracting high usage for transmission & distribution projects in Class A &B cities, this segment is likely to witness unprecedented surge and traction going forward, given the large budgetary allocation for power projects & infrastructure.

In addition, the Company's foray into the 220 kV segment will give a firm impetus to the turnkey EPC business, which consumes significant portion of EHV cables.

It is estimated that the demand for EHV cables in the country for the year 2008-09 was Rs 400 crore and in year 2009-10 at Rs 900 crore, which is expected to increase to Rs 1400 crore by 2010-11.

Going forward, the focus on this premium cables segment will and positively impact the fortunes of the company as the average EHV contracts stand between Rs 50-100 crore, significantly higher than orders from other segments, will help increase average order size and also improve profitability on the back of higher margins in this cable segment.

Foray into EPC space

KEI also commenced execution of EPC contracts. The main services offered by the company in the EPC segment include execution of:

- Power transmission projects of 66kV to 400kV substations on turnkey basis
- EPC of EHV & HV Cables Systems
- Electrical balance of plant system for power plant
- Electrical industrial projects

A typical EPC - EHV project comprises:

- 70% of EHV cables in a turnkey project
- Supply of cable along with unit accessories, jointing arrangements, etc.
- Excavation of trenches, tunnel, etc.
- Cable laying
- Cable jointing, termination
- Testing and commissioning

The company's key strengths in the EPC segment include in-house execution capabilities, ability to manufacture own EHV cables/HT cables (which accounts for nearly 70% of its EPC - EHV project value) and also offer the entire range of products - instrumentation cables, control cables and power cables. In addition, the strong marketing infrastructure and regional offices across all major cities in India provide KEI a distinct edge over its competitors.

The company is better placed to bid at cost competitive rates due to the in-house cable manufacturing capabilities, especially of EHV cables. KEI is well poised to garner a share of the EHV cable turnkey projects due to its experience gained so far in the execution of electrical transmission (substation) projects, its proven technical competence and execution capabilities.

During the year, the company strengthened its capability and presence in the EPC space through the set-up of a full-fledged team spearheaded by an experienced, professional Chief Executive Officer. The company successfully executed a 400 kV power substation project

on a construct-install-commission-test basis during the year and is now focusing on large tenders in this space. The company expects to register increased revenue in this business space.

Within the EPC segment, the company services both the government and the private sectors. Through its recent strategic tie-ups, the company is better qualified to win projects based on the key parameters of financial health, technical qualification, project execution capability, projects already in hand and ability to take on and execute more projects. The company is qualified to bid for projects up to a value of Rs 800 crore-1000 crore and further through JV Partnership. Depending on the size of the project, the average gestation period of such projects can range from 4 to 24 months.

The company believes it is well placed to bid for electrical transmission (substation) projects where high technical competence and execution capability is required.

Moving forward, the company will also look for opportune moments to foray into other sectors like transmission line, infrastructure projects in the area of SEZs, MRTs/Airports, EPC of cement plants, power plants and steel plants in the next 3-5 years.

2. **Exports**

The company exports products to over 30 countries across the globe, focusing primarily on the oil & gas and utilities segment. Competitive pricing and ability to offer customised solutions and speciality cables provides KEI a niche in the export market.

With the complete meltdown witnessed in the company's key markets of presence in Middle East and Africa, a sharp revenue erosion was witnessed. With the global recovery underway and a definite spurt in demand, the export market is expected to slowly and steadily regain traction.

The company utilised the downturn as an opportunity to strengthen and build on prequalification parameters, achieving approvals for large projects with local companies in Middle East. The company also built on its channel partners and focused on appointing agents to further entrench into markets, an exercise which is bound to be fruitful as the clouds of recession lift.

KEI is building its network of dealers in United Kingdom for general purpose projects and for oil & gas sector projects.

Due to high cost of production and closing down of plants in Europe, outsourcing opportunities from Asia will grow.

Showcasing a strong commitment to grow its presence in the overseas market, KEI participated in various international exhibitions to establish new linkages across key targeted markets.

The company continued to bid in projects that were announced, and at the same time explored opportunities to foray into different promising sectors where opportunities are expected to pick up in the future.

3. **Retail – domestic house wires**

KEI has developed a strong reputation as "the power behind the power" company, and has established a clear positioning of a "specialist cable manufacturer". The three pillars of trust & quality, brand awareness & customer service have enabled the company to grow the retail domestic business in a short span of less than 5 years.

The company's product and quality offering, specialist positioning and brand enhancing activities and strengthening of the distribution & dealership network has paid off well, with the domestic house wires business clocking strong revenue growth in the fiscal year 2009-10. The business segment witnessed strong demand for house wires, and thus retail business largely remained insulated from the adverse impact of the recession.

Besides establishing a strong brand recall with ongoing marketing activities, the company continued to maintain excellent relations with realty developers, building contractors, large dealers and architects.

The company used practical, cost-effective yet impactful advertising and marketing avenues tapping various outdoor advertising mediums across the country.

With the realty sector opening up and the economy in strong growth momentum, further demand pick-up is foreseen in the sector. The company has a pan-India presence, backed with adequate supply chain management ability to reach products to distributors on time.

The company continued to focus on augmenting its distribution network in unrepresented areas and continued with its brand building activities. The business segment also saw recruitment of additional marketing staff to strengthen presence and servicing capabilities.

The ability to provide EPC services will also be beneficial to the retail segment.

Looking at the opportunities opening up in this segment, the company looks for enhanced sales contribution in the coming fiscal.

Outlook

The demand for cables has already picked up and is expected to get a positive impetus with expansion projects reaching mid-way. The overall macro-economic indicators and indices also augur well and KEI, on the back of its enhanced capacities, turnkey solution offerings, amongst the widest range of power & instrumentation cables, focused approach in its domestic house wires and EHV segment, is poised to deliver phenomenal growth and success going forward.

RISK MANAGEMENT

The company's risk management strategy encompasses the proper and in-depth identification, assessment and prioritisation of risks, followed by speedy mobilisation of resources to minimise, monitor and control the probability of unfortunate events. The company's hands-on approach, along with the prudent leverage of technology to bring all processes under the MIS, has greatly helped its 360 degree mitigation efforts.

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.

Raw material price fluctuation risk

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

The company has adopted stringent strategies for raw material price increase. To mitigate the risk of increasing raw material prices, the company inculcates price escalation clauses for large orders and offers price validity of three months in the case of smaller projects, 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.

Human resource risk

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

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 unauthorised use or disruption.

HUMAN RESOURCES

The company places due importance on its human capital assets and invests in building and nurturing a strong talented pool to gain strategic edge and achieve operational excellence in all its goals. As a part of ongoing HR initiatives, skill mapping and matching is carried out; assessment of training and development is also carried out at the time of performance appraisals. Adequate training, mentoring programmes are designed to bridge gaps, if any. Clear objectives and goals are determined to bring objectivity to performance and overall goal achievement. During the year, industrial relations continued to be cordial, with a strong spirit of bonhomie and camaraderie prevailing among the rank and file of employees.

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 factor.

Director's report

To The Members

Your Directors take pleasure in presenting their 18th Annual Report for the year ended March 31, 2010. Briefly stated the financial results of operation are: -

Particulars	01.04.09 to 31.03.10	*(Rs. in Lacs)* 01.04.08 to 31.03.09
Sales and other income	**98789.42**	**108780.88**
Profit before interest, Depreciation and tax	**7633.27**	**6208.25**
Less: Financial Charges (Net)	**4439.60**	5661.46
Depreciation	**1467.64**	1157.49
Profit / (Loss) before tax	**1726.03**	(610.70)
Provision for Taxation		
— Current Tax	**298.00**	1.05
— Fringe Benefit Tax	—	37.00
— Deferred Tax	—	(882.60)
Profit / (Loss) after tax	**1428..03**	233.85
Add / (Less) Taxation for earlier years	**(4.79)**	(109.17)
Net Profit	**1423.24**	124.68
Add: Balance brought forward from last year's account	**10331.98**	10349.88
Amount available for Appropriations	**11755.22**	10474.56
Appropriation:		
Proposed Dividend	**127.87**	121.87
Provision for Taxation on Proposed Dividend	**21.24**	20.71
Balance Carried to Balance Sheet	**11606.11**	10331.98

During the year turnover of cables was Rs.77341.11 lacs as compared to Rs. 87577.71 lacs in 2008-09. Stainless Steel Wire Products contributed Rs.5696.88 lacs in 2009-10 as compared to Rs. 7795.90 lacs in 2008-09. Winding, Flexible & House Wire contributed Rs.12365.64 lacs in 2009-10 as against Rs.7643.54 lacs in 2008-09. Profit after tax is Rs. 1428.03 lacs during 2009-10 as compared to Rs. 233.85 lacs during 2008-09.

DIVIDEND & APPROPRIATIONS

During the year under review, 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, 2010, which if approved by the members at the forthcoming Annual General Meeting, will be paid to:

- Those equity shareholders whose names appear in the register of members on August 28, 2010.
- Those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.

REVIEW OF OPERATIONS

The Board of Directors of your Company on 05.01.2010, approved a foreign "Technical Collaboration" agreement with M/s Brugg Kabel AG (hereinafter referred to as Brugg), Switzerland based 110 yrs. old group to manufacture Extra High Voltage (EHV) cables ranging from 66kV/ 110kV/132kV/ 220kV at its manufacturing facilities located at Bhiwadi & Chopanki, district, Alwar, Rajasthan. M/s Brugg Kabel AG, Switzerland is a pioneer in manufacturing High Voltage / Extra High Voltage cables – along with jointing and cable accessories up to 550kV voltage grade. Besides this, Brugg specializes in turnkey systems/ design of Extra High Voltage cable projects with world over installation. With this Technical Collaboration, KEI has achieved another milestone in its growth history as now it will join the elite group of few power cable manufacturers worldwide equipped to manufacture cables beyond 66kV.

The above Technical Collaboration agreement will allow KEI complete know-how transfer which shall include design, manufacturing, testing, techniques, training of its manufacturing / design personnel in manufacturing of cables along with jointing techniques as also complete EHV system design (design/ manufacture/installation/testing & commissioning) of EHV cables. With this full technology back-up, the collaboration will also help KEI in making its presence in Extra High Voltage cable segment by securing contracts from various public utilities (Central/ State) as also private segments.

With very restricted capacity presently existing in 132kV / 220kV segments (90% imports) this step taken by KEI will definitely ease the burden on imports as also bringing down the project costs.

The Company expects Commercial production of EHV Cables at its Plant at Chopanki, Dist. Alwar, Bhiwadi (Rajasthan) by September 2010.

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 Nos. 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 and 3210 Bonds were re-purchased during financial year 2008-09 & 2009-10 in accordance with RBI Circular A.P. (DIR Series) Circular No. 39 dated December 8, 2008 read with ECB Guidelines. As on March 31, 2010, 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, 2010 total outstanding GDR is 500 representing same number of equity shares of Rs.2/- each.

EMPLOYEES STOCK OPTION SCHEME

The Company has 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.

The Remuneration and Compensation Committee of the Board has not granted any fresh Options during the year ended March 31, 2010. Total Options outstanding as on March 31, 2010 is NIL

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 PR2+ (PR Two Plus) rating to the Commercial Paper (CP) / Short Term Debt programme of the Company and "CARE CGR 3" to the Corporate Governance practice of the Company. Further, CARE has assigned "CARE BBB+" (Triple B Plus) and 'PR 2+' (PR Two Plus) rating to the Long Term & Short Term Bank Facilities of the Company in accordance with Basel II norms. Instrument with this rating would have adequate capacity for timely payment of short-term debt obligations. 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.

NEW LOGO

Over a period of years KEI brand has become stronger and is seen as benchmark in the Cable Industry. The logo identity created by KEI is unique. This unique logo of KEI has become the face of the wires and cables manufacturer. Slightly tilted, the stylish yet classy logo signifies the inclination of the organization towards a brighter future. The colour selection of logo indicates the values KEI abides by - unity, trust, truth and loyalty. The curved 'E' of KEI connotes the basic structure of a cable, emphasizing its position in the wire and cable industry. Finally, the light streak in the logo suggests the power to empower millions of lives.

Company's new logo is registered in the Trade Mark Registry by Registrar of Trade Marks, Government of India under Trade Marks Act, 1999.

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 March 30, 2010 allotted 30,00,000 equity shares of Rs.2/- each upon conversion of Warrants to Promoter / Promoter Group. Due to exercise of conversion of Warrants, the equity share capital of the Company increased from Rs. 121,874,876 to Rs. 127,874,876 consisting of 63,937,438 equity shares of Rs.2/- each.

LISTING OF SHARES

Company's 63,937,438 equity shares of Rs.2/- each are listed at Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and The Calcutta stock Exchange Limited (CSE). The Company has also paid its up-to-date listing fees to all the stock exchanges. BSE & NSE have nation-wide trading terminals and therefore provide full liquidity to investors. The Company's equity shares are in compulsory dematerialization form. As on March 31, 2010, 94.47% 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, 2010 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. Rajeev Gupta and Mr. Pawan Bholusaria, 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 Director

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, 2010 to June 30, 2013.

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, 2010, 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, 2010 on a 'going concern' basis.

FIXED DEPOSITS

There are no overdue fixed deposits as on 31st March, 2010.

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. 4478477	B.Com	29 Years	31.12.92	49yrs
Rajeev Gupta	ED (Finance)	Rs. 3021560	Chartered Accountant	17 Years	14.12.93	45yrs
Rakesh Markhedkar	CEO (EPC)	Rs.271975*	M. Tech.	21 Years	02.03.2010	45yrs

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

* Salary paid for part of the financial year.

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

Place : New Delhi
Date : July 26, 2010

(ANIL GUPTA)
Chairman-cum-
Managing Director

ANNEXURE - A

Disclosure under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999: Summary of Status of 1st tranche of Employee Stock Options Granted under KEI ESOS 2006

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.) / Market Price (Rs.) Grant dated 17.08.2008: 25.25* / 75.75# # 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 Lakhs)**	32.60

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, 2010.

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 has signed a "Foreign Technical Collaboration" agreement with M/s Brugg Kabel AG, Switzerland to manufacture Extra High Voltage cables ranging from 66kV/ 110kV/ 132kV/ 220kV at its manufacturing facilities located at Bhiwadi & Chopanki, district, Alwar, Rajasthan.

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 Outgo	 Rs. 9362.60 Lacs Rs. 3157.46 Lacs

For and on behalf of the Board

Place : New Delhi
Date : July 26, 2010

(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) 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, 2010 have been made by the Directors.

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

Name of the Directors	Category	No. of Board Meeting attended	Attendance at Last AGM	No. of Directorship in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies	
					Chairman	Member
Mr. Anil Gupta (CMD)	Non-Independent, Executive	6	Yes	1	None	None
Mr. Pawan Bholusaria	Independent, Non-Executive	6	Yes	1	None	2

Name of the Directors	Category	No. of Board Meeting attended	Attendance at Last AGM	No. of Directorship in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies	
					Chairman	Member
Mr. K.G. Somani	Independent, Non-Executive	5	Yes	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. Rajeev Gupta	Non-Independent, Executive	6	Yes	None	None	None

Meeting of Board of Directors:

There were 6 (Six) Board Meetings held during the year ended March 31, 2010. These were on 20.06.2009, 30.07.2009, 24.10.2009, 28.11.2009, 05.01.2010 & 27.01.2010. The Board of Directors of the Company passed resolutions by circulation pursuant to Section 289 on 29.09.2009.

The last Annual General Meeting (AGM) was held on July 20, 2009.

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, 2010. 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, 2010, five Audit Committee Meetings were held on 26.05.2009, 20.06.2009, 30.07.2009, 24.10.2009 and 27.01.2010.

Mr. Pawan Bholusaria, Chairman of the Audit Committee was present at the last Annual General Meeting held on July 20, 2009.

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	5
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, 2010, four meeting of the Committee were held on 16.06.2009, 30.07.2009, 24.10.2009 and 27.01.2010.

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

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

Number of Shareholders complaints received during the year ended March 31, 2010 and resolved were 4, number of complaints not solved to the satisfaction of shareholders was Nil. Number of pending share transfer as on March 31, 2010 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, 2010, one meeting was held on 16.06.2009.

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. Vikram Bhartia	Director (Chairman)	Business	1
Mr. Vijay Bhushan	Director (Member)	Business	1
Mr. Pawan Bholusaria	Director (Member)	Chartered Accountant	1

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

Details of Remuneration paid to Executive Directors for the Year ended on March 31, 2010:

The aggregate value of salary, perquisites and commission paid for the year ended March 31, 2010 to the CMD and Whole Time Director are as follows:

(in Rs.)

Name	Salary	Commission	Co.'s Cont. to P.F	Perquisites	Sitting Fees	Total
Mr. Anil Gupta, CMD	3600000	NIL	9360	869117	NIL	4478477
Mr. Rajeev Gupta, ED (Finance)	2737200	NIL	9360	275000	NIL	3021560
Total						**7500037**

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

The appointment of the Executive Directors is governed by resolutions passed by the Board/Committee and the Shareholders of the Company, which cover the terms and conditions of such appointment, read with the service rules of the Company. A separate Service Contract is not entered into by the Company with Executive Directors. The Company has KEI Employee Stock Option Scheme 2006 (KEI ESOS 2006) for stock options. No notice period or severance fee is payable to any director. The statutory provisions will however apply.

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, 2010 to Non-executive and Independent Directors are as follows:

Mr. Pawan Bholusaria	Rs. 1,40,000/-
Mr. K.G. Somani	Rs. 100,000/-
Mr. Vikram Bhartia	Rs. 1,60,000/-
Mr. Vijay Bhushan	Rs. 1,20,000/-
Mrs. Archana Gupta	Rs. 50,000/-

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, 2010, two meetings were held on 26.08.2009 & 30.03.2010 for allotment of Warrants and allotment of equity shares upon conversion of Warrants.

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

Name of Director	Category	Profession	No. of meetings attended
Mr. Pawan Bholusaria	Director (Chairman)	Chartered Accountant	2
Mr. Vijay Bhushan	Director (Member)	Business	1
Mr. Anil Gupta	Director (Member)	Business	2

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

7. General Body Meetings:

(I) Annual General Meeting (AGM) Details:

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

Year	Day	Date	Time	No. of Special Resolution passed at AGM	Venue
2007	Thursday	September 13, 2007	10.00 A.M.	2	Hamdard Convention Centre (Hall no.1) Jamia Hamdard Nagar, Near Batra Hospital, New Delhi-62
2008	Thursday	August 28, 2008	10.00 A.M.	2	Hamdard Convention Centre (Hall no.1) Jamia Hamdard Nagar, Near Batra Hospital, New Delhi-62
2009	Monday	July 20,2009	10.00 A.M.	4	Air Force Auditorium Subroto Park, New Delhi - 110 010

(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 "V"** Notes to Accounts at **Note No. 24.**

(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
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

(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. Business Standard (all editions). The results are also displayed on the Company's website www.kei-ind.com. The financial results and shareholding of the Company is also at the website of SEBI at http//sebiedifar.nic.in as the Company is filing the same under edifar system as per the requirement of Clause 51 of the Listing Agreement. 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) 18th Annual General Meeting-Day, Date, Time and Venue:

Day	Date	Time	Venue
Saturday	August 28, 2010	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, 2010 : 1st / 2nd week of August, 2010
September, 2010 : 3rd / 4th week of October, 2010
December, 2010 : 3rd / 4th week of January, 2011
March, 2011 : 3rd/ 4th week of May, 2011
Date of Book closure (Both days inclusive) : August 20, 2010 to August 28, 2010

Dividend payment date: Dividend payment on or after September 2, 2010 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 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 Ltd : 21180
Trading Symbol of BSE & NSE are respectively : "KEI INDUSTRI" & "KEI"

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

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

(f) **Stock Market Data:**

Month	Bombay Stock Exchange Ltd (BSE)		National Stock Exchange of India Ltd (NSE)	
	High	Low	High	Low
April, 2009	15.40	10.00	15.40	9.90
May, 2009	23.29	12.63	22.55	12.70
June, 2009	31.50	24.45	31.65	23.70
July, 2009	29.35	20.50	28.85	20.50
August, 2009	33.65	22.60	32.25	22.85
September, 2009	37.05	31.00	37.40	31.70
October, 2009	34.80	28.10	34.90	28.15
November, 2009	32.85	27.70	32.80	27.80
December, 2009	33.10	29.30	33.00	29.30
January, 2010	42.75	31.70	42.80	31.80
February, 2010	36.55	29.30	36.50	29.40
March, 2010	36.40	30.30	36.20	30.20

(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, 2010, 60,405,820 equity shares of Rs.2/- each forming 94.47 % 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, 2010:**

Category	No. of Shareholder	No. of Shares (face value of Rs. 2/- each)	No. of Shares in demat form	% of shareholding
Promoters	7	24848466	21848466	38.86
Bodies Corporate	694	19891462	19860962	31.11
NRI/OCBs/Clearing Members/Trust	539	1542286	1489286	2.42
Bank/ Financial Institutions/ Mutual Funds/ FIIs	8	1459865	1459865	2.28
Indian Public	26173	16194859	15746741	25.33
GDR shares	1	500	500	0.00
Total	**27422**	**63937438**	**60405820**	**100.00**

(k) **Distribution Schedule of Shareholding as on March 31, 2010:**

No. of Shareholders	% to Total	Shareholding of Nominal Value of Rs.	No. of Shares	Amount in Rs.	% of Total
26208	95.57	0001 TO 5000	8620709	17241418	13.48
609	2.22	5001 TO 10000	2292140	4584280	3.58
304	1.11	10001 TO 20000	2252196	4504392	3.52
90	0.33	20001 TO 30000	1137087	2274174	1.78
38	0.14	30001 TO 40000	676700	1353400	1.06
26	0.09	40001 TO 50000	616688	1233376	0.96
66	0.24	50001 TO 100000	2423119	4846238	3.80
82	0.30	100001 AND ABOVE	45918799	91837598	71.82
27423*	**100.00**	**TOTAL**	**63937438**	**127874876**	**100.00**

***Note: One Shareholder is common in Physical & Demat.**

(l) **Liquidity of Shares:**

The equity shares of the Company are listed at three Stock Exchanges and thus is liquid security. 60937438 equity shares of face value of Rs.2/- each are listed at The National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Limited (BSE). 30,00,000 equity shares allotted on March 30, 2010, upon conversion of Warrants are pending for listing at NSE & BSE. Company has made necessary application for listing of these shares.

Further, 48433438 Equity Shares are pending for listing at The Calcutta Stock Exchange Ltd as on March 31, 2010. 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, 2010, 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. Out of 7,200 Nos. bonds of face value of USD 5,000 each, 3320 Bonds are outstanding for conversion as on March 31, 2010.

During the year, the Company has allotted 1,00,00,000 (One Crore) Warrants on Preferential basis. The Warrant holders have option of subscribing one equity shares of face value of Rs.2/- each per Warrant at a price of Rs.28/- per equity share any time up to 25.02.2011. Further, pursuant to application received for conversion of Warrant into equity shares, the Share Allotment Committee of the Board has allotted 30,00,000 equity shares of Rs.2/- each on 30.03.2010. As on March 31, 2010, 70,00,000 Warrants are pending for conversion into equivalent number of equity shares.

The Company has KEI Employee Stock Option Scheme 2006 framed in accordance with SEBI (Employees Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999. During the year, no fresh Options have been granted under KEI ESOS 2006. Total Options outstanding as on March 31, 2010 is NIL.

(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- 280-284, RIICO Industrial Area, Chopanki, Distt. Alwar (Raj.)-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, 2010.

New Delhi
July 26, 2010

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, 2010 as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

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

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

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

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

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

New Delhi
July 26, 2010

(PRAVEEN KUMAR JAIN)
Partner
M. No : 85629
Firm Registration Number: 000129N

CERTIFICATION BY CEO & CFO

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

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

New Delhi
May 27, 2010

Anil Gupta
Chairman-cum-Managing Director

Rajeev Gupta
Executive Director (Finance)

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, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
   c) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) In our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 and the rules framed there under;
   e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
      i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
      ii. in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
      iii. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

(PRAVEEN KUMAR JAIN)
Partner
M. No. 85629
Firm Registration Number: 000129N

Place : New Delhi
Dated : 27th May, 2010

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, 2010

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

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

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

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

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

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

(iii) (a) There is one party covered in the register maintained under Section 301 of the Companies Act, 1956 to which Company has given deposit as per contractual obligations. The maximum amount involved during the year was Rs.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 "V".)

(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 repayment, no interest was charged from the party, since these were deposits against premises taken on rent. (Refer Note No 22(a) & (b) of Schedule "V").

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

(e) The company has taken deposits from four parties covered in register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 41,60,768/- and the year end balance of deposits taken from such parties was Rs.40,60,000/-.

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 neither come across nor have been informed of any continuing failure to correct major weaknesses in internal control system.

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

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

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

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

(ix) (a) According to the records of the Company and information and explanations given to us and the records of the Company examined by us, the Company has been regularly depositing the undisputed statutory dues including provident fund, employees state insurance, income tax, Investor Education and Protection Fund, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities. We are informed there are no undisputed statutory dues as of March 31, 2010 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
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/-	1999-00	Deputy Commissioner of Sales Tax
	Value Added Tax	1,37,862/-	2007-08	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)
	Excise duty	413,708/-	2007-08	Commissioner (appeals)
	Excise duty	9,202/-	2008-09	Commissioner (appeals)
	Excise duty	858,210/-	2008-09	Commissioner (appeals)
Finance Act	Service Tax	1,91,860/-	2008-09	Commissioner(appeals)
	Service Tax	3,52,711/-	2008-09	Commissioner (appeals)
	Service Tax	3,62,784/-	2008-09	Commissioner (appeals)

(x) The Company does not have accumulated losses as at the year ended March 31, 2010. Further, the Company has not incurred any cash losses during the year ended March 31, 2010 and in the immediately preceding financial year ended March 31, 2009.

(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) During the year, the company has allotted equity shares on preferential basis to a company covered in the Register maintained under Section 301 of the Companies Act, 1956 consequent upon conversion of warrants. The price at which, these equity shares have been issued has been determined as per the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000, which in our opinion , is not prejudicial to the interest of the company.

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

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

(xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the Company has been noticed or reported during the year.

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

Place : New Delhi
Dated : 27th May, 2010

(PRAVEEN KUMAR JAIN)
Partner
M. No. 85629
Firm Registration Number: 000129N

Balance Sheet as at 31st March, 2010

	Schedule	As at 31st March, 10 Rupees		As at 31st March, 09 Rupees	
I. SOURCES OF FUNDS :					
1. Shareholder's Funds:					
a) Share Capital	"A"	127874876		121874876	
b) Amount received against Warrants		49000000		—	
c) Reserves & Surplus	"B"	2049290364	2226165240	1843877162	1965752038
2. Loan Funds:					
a) Secured Loans	"C"	2576281594		2307022227	
b) Unsecured Loans	"D"	794634000	3370915594	1372165000	3679187227
3. Foreign Currency Monetary Item Translation Defference Account (FCMITDA)	"E"		27453463		(1209307)
4. Deferred Tax:					
a) Deferred Tax Liabilities		237329498		189668364	
b) Less: Deferred Tax Assets		237329498	—	189668364	—
			5624534297		5643729958
II. APPLICATION OF FUNDS :					
1. Fixed Assets	"F"				
a) Gross Block		3162042664		3094698479	
b) Less : Depreciation		507642412		367352814	
		2654400252		2727345665	
c) Capital Work in progress	"G"	124223666	2778623918	66752418	2794098083
2. Investments	"H"		1039225		1039225
3. Current Assets, Loans & Advances:					
a) Inventories	"I"	2026824732		1574688730	
b) Sundry Debtors	"J"	2600691020		2506561232	
c) Cash & Bank Balances	"K"	50770066		230210968	
d) Loans & Advances	"L"	518324108		467244965	
e) Other Current Assets	"M"	14440944		19913319	
		5211050870		4798619214	
Less : Current Liabilities and Provisions	"N"	2366179716		1950026564	
Net Current Assets			2844871154		2848592650
			5624534297		5643729958
Notes on Accounts	"V"				

As per our Separate report of even date attached

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

(PRAVEEN KUMAR JAIN)
Partner
M.No- 85629
Firm Registration No. : 000129N

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place : New Delhi
Dated : 27th May, 2010

(KISHORE KUNAL)
Company Secretary

(VIVEK KUMAR MITTAL)
Sr. Manager (Finance)

Profit & Loss Account for the year ended 31st March, 2010

	Schedule	Year Ended 31st March, 2010 Rupees	Year Ended 31st March, 2009 Rupees
I. INCOME			
Gross Sales Less Returns		9725236849	10557643943
Less : Excise Duty		632783276	860853544
Net Sales		9092453573	9696790399
Job Work		783446	3372715
Income From Turnkey Projects	"O"	5236856	23572977
Other Income	"P"	147685331	293497732
Increase/(Decrease) in Stock	"Q"	255749843	(620261709)
		9501909049	9396972114
II. EXPENDITURE			
Materials	"R"	7360980473	7503619247
Manufacturing,Selling & Other Expenses	"S"	1178103905	1190073852
Increase/(Decrease) Excise Duty on Stock		10958922	(91097473)
Payments to and Provision for Employees	"T"	188538544	173551716
Financial Charges	"U"	443960376	566145794
Depreciation & Amortisation		146763560	115749063
		9329305780	9458042199
III. PROFIT/(LOSS) BEFORE TAX [I-II]		172603269	(61070085)
Less : Provision For Taxation			
— Current Tax		29800000	105000
— Fringe Benefit Tax		—	3700000
— Deferred Tax		—	(88259846)
IV. PROFIT/(LOSS) AFTER TAX		142803269	23384761
Add/(Less) Taxation for earlier years			
— Current Tax		(176064)	(10458446)
— Fringe Benefit Tax		(302641)	(457856)
V. NET PROFIT		142324564	12468459
Add : Balance Brought Forward From Last year's Account		1033197766	1034988059
VI. AMOUNT AVAILABLE FOR APPROPRIATION		1175522330	1047456518
VII. APPROPRIATION			
Proposed Dividend		12787488	12187488
Provision for Taxation on Proposed Dividend		2123874	2071264
VIII. BALANCE CARRIED TO BALANCE SHEET		1160610968	1033197766
Earning per share:			
— Basic		2.33	0.20
— Diluted		1.83	0.17
Notes on Accounts	"V"		

As per our Separate report of even date attached

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

(PRAVEEN KUMAR JAIN)
Partner
M.No- 85629
Firm Registration No. : 000129N

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place : New Delhi
Dated : 27th May, 2010

(KISHORE KUNAL)
Company Secretary

(VIVEK KUMAR MITTAL)
Sr. Manager (Finance)

Cash Flow Statement for the year ended 31st March, 2010

	Year Ended 31st March, 2010 Rupees	Year Ended 31st March, 2009 Rupees
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extra ordinary items	172,603,269	(61,070,085)
Adjustments for :		
Write back on repurchase of 'FCCBs'	(111,183,002)	(263,558,122)
(Profit)/Loss on sale of Investment	—	771,836
Depreciation	146,763,560	115,749,063
Dividend Received	(86,427)	(53,923)
Financial Charges	443,960,376	566,145,794
Provision for leave encashment/ Gratuity	(1,512,757)	(830,355)
Write back/Amortisation of Employee Compensation	—	(13,988,027)
FCMITDA written back	(26,089,783)	1,470,594
Loss on Derivative	—	64,062,337
Fixed Assets Written off	1,578,454	892,464
Loss on sales of Assets	4,960,410	1,464,767
Operating Profit before working capital changes	630,994,100	411,056,343
Adjustments for :		
Trade & Other Receivables	(136,985,407)	111,208,213
Inventories	(452,136,002)	836,560,818
Trade & Other Payables	417,013,299	(473,052,714)
Cash Generated from operations	458,885,990	885,772,660
Financial Charges (Net)	(443,960,376)	(566,145,794)
Direct Taxes paid	(33,029,854)	(85,804,856)
Cash flow before Extra ordinary items	(18,104,240)	233,822,010
Extra Ordinary Items	—	—
Net Cash from operating activities	(18,104,240)	233,822,010
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Fixed assets and other capital expenditure	(257,740,552)	(558,557,343)
Sale of investments	—	1,359,364
Sale of Fixed Assets	2,594,295	230,530,329
Dividend Received	86,427	53,923
Net Cash from investing activities	(255,059,830)	(326,613,727)

Cash Flow Statement for the year ended 31st March, 2010 (Contd...)

	Year Ended 31st March, 2010 Rupees	Year Ended 31st March, 2009 Rupees
(C) CASH FLOW FROM FINANCIAL ACTIVITIES		
Proceeds from long term borrowings (Net of repayments)	315,604,158	159,608,608
Finance lease liabilities (Net)	(1,973,086)	(2,166,116)
Inter corporate & other deposits (Net of repayments)	2,284,000	(6,980,000)
Sales Tax Deferment(Net of repayments)	—	(3,640,630)
Working capital facilities from banks	17,318,846	212,778,400
Proceeds from issue of Equity Share Capital / Warrants	133,000,000	3,259,775
Loss on Derivative Paid	—	(100,800,356)
Repurchase of 'FCCBs'	(158,251,998)	(277,129,378)
Unsecured Non Convertible Debentures redeemed	—	(150,000,000)
Proceeds from Commercial Paper	(200,000,000)	200,000,000
Dividend paid	(12,187,488)	(30,404,169)
Tax on Dividend	(2,071,264)	(5,167,189)
Net Cash from Financing Activities	93,723,168	(641,055)
Net Change in Cash and Cash Equivalents (A+B+C)	(179,440,902)	(93,432,772)
Cash & Cash Equivalents as at 1st April (Opening Balance)	230,210,968	323,643,740
Cash & Cash Equivalents as at 31st March (Closing Balance)	50,770,066	230,210,968

Cash and Bank Balance includes Rs.3,49,20,347/- (Previous Year Rs. 6,72,91,262/-) held under lien/custody with banks/ others and balance in unclaimed dividend account Rs. 8,72,847/-(Previous Year Rs. 6,94,746/-)

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
Firm Registration No. : 000129N

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place : New Delhi
Dated : 27th May, 2010

(KISHORE KUNAL)
Company Secretary

(VIVEK KUMAR MITTAL)
Sr. Manager (Finance)

		As at 31st March, 10 Rupees		As at 31st March, 09 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		**127874876**		121874876
63,937,438 (Previous year 60,937,438) Equity shares of Rs.2/- each fully paid				
		127874876		121874876

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, 10 Rupees		As at 31st March, 09 Rupees
SCHEDULE "B" : RESERVES & SURPLUS				
Securities Premium Account				
As per last Balance Sheet	**769311021**		759789896	
Add : Addition During the year	**78000000**		3001575	
Add : Transfered from Employee Stock Option Outstanding	—	**847311021**	6519550	769311021
General Reserve				
As per last Balance Sheet	**41368375**		133841518	
Less : Transferred to Fixed Assets for Revaluation of Foreign Currency Monetary Items for earlier years (net of tax)	—		49239870	
Less : Transferred to FCMTIDA for earlier years	—		44000439	
Add : Depreciation written back for earlier years	—	**41368375**	767166	41368375
Employees Stock Option				
Employees Stock Option outstanding	—		20507577	
Less : Transferred to Proft & Loss Account	—		13988027	
Less : Transferred to Securities Premium Account	—	—	6519550	—
Profit & Loss Account				
As per Annexed Account		**1160610968**		1033197766
		2049290364		1843877162
SCHEDULE "C" : SECURED LOANS				
Term Loan From Banks	**601110248**		350950835	
Interest Accrued and Due	**4787262**	**605897510**	1033068	351983903
For Working Capital From Banks	**1959614971**		1946449774	
Interest Accrued and Due	**4153649**	**1963768620**	—	1946449774
Hire Purchase Finance		**6615464**		8588550
		2576281594		2307022227

	As at 31st March, 10 Rupees		As at 31st March, 09 Rupees	
SCHEDULE "D" : UNSECURED LOANS				
Deposits				
— Inter Corporate Deposits	1500000		1500000	
— Others	40324000	41824000	38040000	39540000
Commercial Paper				
(Repayable within one Year)				
— Banks		—		200000000
Other Loans				
— Foreign Currency Convertible Bonds (FCCBs)		752810000		1132625000
		794634000		1372165000
SCHEDULE "E" : FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT (FCMITDA)				
Opening Balance	(1209307)		—	
During the year	54752553		(46680340)	
Transferred from Genaral Reserve for earlier years	—	53543246	44000439	(2679901)
Less : Written Back to Proft & Loss Account		26089783		(1470594)
		27453463		(1209307)

SCHEDULE "F" : FIXED ASSETS

S. No.	Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As At 31.03.09	Additions	Deductions	As At 31.03.10	As At 31.03.09	For the Year	Deductions	As At 31.03.10	As At 31.03.10	As At 31.03.09
1	Land (Free Hold)	3660737	—	—	3660737	—	—	—	—	3660737	3660737
2	Land (Lease Hold)	147933141	—	—	147933141	—	—	—	—	147933141	147933141
3	Building	866101735	1928431	983039	867047127	49289703	25741141	67196	74963648	792083479	816812032
4	Plant & Machinery	1754796374	17406641	10650336	1761552679	272185654	96525327	4845283	363865698	1397686981	1482610720
5	Electrical Fittings & Equipement	180977210	8524893	—	189502103	16176714	8594308	—	24771022	164731081	164800497
6	Furniture,Fixtures & Office Equipement	98052341	47218988	2420378	142850951	18707092	10504615	841924	28369783	114481168	79345250
7	Vehicles	17640830	3840935	1553368	19928397	5686197	1733847	719559	6700485	13227912	7743385
8	Assets Acquired under Hire Purchase : — Vehicles	14712566	2652653	—	17365219	2105624	1401009	—	3506633	13858586	16818190
9	Intangible Assets — Software	10823545	1378765	—	12202310	3201832	2263311	—	5465143	6737167	7621713
	TOTAL :	3094698479	82951306	15607121	3162042664	367352814	146763560	6473962	507642412	2654400252	2727345665
	PREVIOUS YEAR	2184482037	1161045034	250828592	3094698479	270311949	115749063	18708197	367352814	2727345665	1914170088

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 are after adjusting exchange gain (net) Rs. 11,73,17,997/- (Previous Year exchange loss of Rs. 26,94,98,917).

(c) Write back of depreciation Rs. NIL (Previous Year Rs. 7,67,166/-) 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, 10 Rupees	As at 31st March, 09 Rupees
SCHEDULE "G" : CAPITAL WORK IN PROGRESS		
Capital Work in Progress (Including Material lying at Site)	62869946	47273542
Capital Advances	55124789	19210784
Construction Period Expenses pending allocation	2749711	—
Capital Goods in Transit	3479220	268092
	124223666	66752418
SCHEDULE "H" : INVESTMENTS		
<u>LONG TERM</u>		
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	200000	200000
20000 (Previous Year 20000) Units of Rs. 10/- each fully paid		
(QUOTED)		
— State Bank of India	37030	37030
67 (Previous Year 67) Equity Shares of Rs. 10/- each fully paid		
— PNB Gilts Ltd.	180000	180000
6000 (Previous Year 6000) Equity Shares of Rs. 10/- each fully paid		
— Punjab National Bank	68200	68200
2200 (Previous Year 2200) Equity shares of Rs. 10/- each fully paid		
— Dena Bank	70065	70065
2595 (Previous Year 2595) Equity shares of Rs. 10/- each fully paid		
— ICICI Bank Ltd	472500	472500
900 (Previous Year 900) Equity shares of Rs. 10/- each fully paid		
— YES Bank Ltd	11430	11430
254 (Previous Year 254) Equity shares of Rs. 10/- each fully paid		
	1039225	1039225
Notes:		
1. Quoted Investments		
— Aggregate of Book Value	839225	839225
— Aggregate of Market Value	3638323	1484584
2. During the year the following investments were subscribed and sold :		
— KEI Power Limited	—	440000
44000 Equity Shares of Rs. 10/- each fully paid		
SCHEDULE "I" : INVENTORIES		
Stores, Spares & Consumables	23164482	19431720
Raw Materials	259800070	151297535
Stock in Process	948320732	673231159
Finished Goods (including Traded Items)	603184078	625276349
Packing Materials	22975241	21570166
Scrap	6701230	4221007
Goods in Transit	162678899	79660794
	2026824732	1574688730

		As at 31st March, 10 Rupees		As at 31st March, 09 Rupees
SCHEDULE "J" : SUNDRY DEBTORS				
(Unsecured, Considered Good)				
Over six Months		315551605		344144192
Other Debts		2285139415		2162417040
		2600691020		2506561232
SCHEDULE "K" : CASH AND BANK BALANCES				
Cash Balances Including impress		2421535		3703718
Balance with Scheduled Banks:				
— Current Accounts	7256985		1963262	
— Fixed Deposits*	38384720		220855563	
— Unclaimed Dividend	872847	46514552	694746	223513571
Balance with Other Banks:				
— Current Accounts**		1833979		2993679
— Deposit Accounts***		—		—
		50770066		230210968
*Includes unutilised balance of FCCB issue		—		59484801
** Balance with Other Banks				
— HSBC Bank Plc, London		—		—
— HSBC Bank Middle East Limited, Dubai		1833979		2993679
Maximum Balances in Current accounts with				
— HSBC Bank Plc, London		—		38601012
— HSBC Bank Middle East Limited, Dubai		56904748		133136531
***Maximum Balances in Deposit accounts with				
— HSBC Bank Plc, London		—		38601012
SCHEDULE "L" : LOANS & ADVANCES				
(Unsecured, Considered good, unless stated otherwise)				
Advances Recoverable in cash or in kind or for value to be received		190394168		117706468
Loans & Advances to Workers & staff		8464701		7289656
Claims Recoverable from Government		121611332		100817529
Balance with Excise Authorities		114609140		164822626
Advance Tax (Net of Provisions)		44517032		41765883
Earnest Money/Security Deposits		38727735		34842803
		518324108		467244965
SCHEDULE "M" : OTHER CURRENT ASSETS				
Project Work in Progress		14440944		19913319
		14440944		19913319

	As at 31st March, 10 Rupees		As at 31st March, 09 Rupees	
SCHEDULE "N" : CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors *				
— Raw Materials	2003385047		1334946131	
— Others	195876009	2199261056	470993740	1805939871
Other Liabilities		79575695		53158224
Advance/Security Deposit received		55695356		56179721
Investor Education and Protection Fund Shall be credit by the following amount namely **				
— Unclaimed Dividend		872847		694746
Interest Accrued but not due		4052297		6471390
		2339457251		1922443952
PROVISIONS				
Provision for Leave Encashment/Gratuity	11811103		13323860	
Provision for Proposed Dividend	12787488		12187488	
Provision for tax on Proposed Dividend	2123874	26722465	2071264	27582612
		2366179716		1950026564

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

** No amount is due on March 31, 2010 for credit to Investor Education and Protection Fund (Fund). Amount remaining due after adjustment of amounts to be claimed from the Company will be transferred on the respective due dates to Fund.

SCHEDULE "O" : INCOME FROM TURNKEY PROJECTS				
Income from Turnkey Projects		10709231		7988657
Increase/(Decrease) in Work-in-progress :				
Closing Work in Progress	14440944		19913319	
Less : Opening Work in Progress	19913319	(5472375)	4328999	15584320
		5236856		23572977
SCHEDULE "P" : OTHER INCOME				
Dividend- Long Term Investments (Other than trade)		86427		53923
Exchange Fluctuation (Net)		6552762		10416662
Drawback Income		2132296		17091569
Leave Encashment Liability Written Back		—		1041824
Write back on repurchase of FCCBs		111183002		263558122
FCMITDA written back		26089783		—
Miscellaneous Income		1641061		1335632
		147685331		293497732
SCHEDULE "Q" : INCREASE/(DECREASE) IN STOCK				
Opening Stock				
— Finished Goods	625004031		977460131	
— Stock in Process	673231159		932187776	
— Scrap	4221007	1302456197	13069999	1922717906
Less : Closing Stock				
— Finished Goods	603184078		625004031	
— Stock in Process	948320732		673231159	
— Scrap	6701230	1558206040	4221007	1302456197
		255749843		(620261709)

	As at 31st March, 10 Rupees		As at 31st March, 09 Rupees	
SCHEDULE "R" : MATERIALS				
Raw Materials Consumed				
— Opening Stock	151297535		345371753	
Add : Purchases	7464680764		7313485216	
	7615978299		7658856969	
Less : Closing Stock	259800070		151297535	
	7356178229		7507559434	
Less : Capitalized for Own Use	228158	7355950071	16384867	7491174567
Turnkey Project Materials				
— Opening Stock	—		—	
Add : Purchases	30913		8508899	
	30913		8508899	
Less : Closing Stock	—	30913	—	8508899
Traded Items				
— Opening Stock	272318		—	
Add : Purchases	4733646		4208099	
	5005964		4208099	
Less: Closing Stock	6475	4999489	272318	3935781
		7360980473		7503619247
SCHEDULE "S" : MANUFACTURING,SELLING & OTHER EXPENSES				
Stores, Spares & Consumables		26187656		31115211
Packing Expenses		277362852		262510334
Job Work Charges		124477514		120834834
Power, Fuel & Lighting		181664198		169428841
Repairs & Maintenance				
— Plant & Machinery	38881376		45657349	
— Building	5532263		5439211	
— Others	6204289	50617928	5595398	56691958
Freight,Handling and Octroi (Net)		146106067		151479719
Rebate,Discount,Commission on Sales		124648275		72604574
Bad Debts Written off		743383		23618773
Rates & Taxes		5379799		8142495
Rent		26538934		24345472
Insurance (Net)		12058947		7551901
Travelling & Conveyance		30365293		24428781
Advertisement & Publicity		44919861		33798317
Auditors' Remuneration		2021000		2020000
Loss on sales of Assets (Net)		4960410		1464767
Fixed Assets written off		1578454		892464
Loss on Sale of Long Term Investments (Net)		—		771836
Communication Expenses		11979167		12112979
Donations		2442500		2941701
Loss on Derivative		—		64062337
Amortisation of FCMITDA		—		1470594
Director's Meeting Fee		570000		560000
Professional & Consultancy Charges		21769060		46629504
Miscellaneous Expenses		81712607		70596460
		1178103905		1190073852

	As at 31st March, 10 Rupees		As at 31st March, 09 Rupees	
SCHEDULE "T" : PAYMENT TO AND PROVISIONS FOR EMPLOYEES				
Salaries,Wages & Others Benefits		171014672		164268362
Contribution to Provident & Other Funds		8447707		13323462
Welfare Expenses		9076165		9947919
Deffered Employees Compensation written back		—		(13988027)
		188538544		173551716
SCHEDULE "U" : FINANCIAL CHARGES				
Interest				
— Term Loan	66822282		21489722	
— Working Capital Facilities (Net)	194824630		212448964	
— FCCBs	8176678		9399842	
— Others	104027796	373851386	212815208	456153736
Financial Charges & Commission		70108990		109992058
		443960376		566145794

SCHEDULE – "V"

Significant Accounting Policies and Notes on Accounts for the Year ended 31st March, 2010

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 direct expenses relating to the projects up to commencement of production, including interest on borrowed loan are capitalised. Financing Cost incurred on general borrowing used for projects is capitalised at weighted average cost. Amount of such borrowing is determined after setting off amount of internal accruals.

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

iv) Cost of capitalized software is amortised over a period of five years from date of its acquisition. Leasehold Improvements included in respective asset block like building and furniture and fixtures are amortised over period of lease or estimated useful life whichever is shorter.

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/VAT.

ii) Turnkey Projects

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

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 fund maintained by LIC/Reliance Life Insurance Company Limited and administered through a separate irrevocable trust set up by the company. Difference between the fund balance and accrued liability at the end of the year based on actuarial valuation is charged to Profit & Loss Account.

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

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

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

(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 cost of assets
- in other cases are accumulated in a 'Foreign Currency Monetary Item Translation Difference Account (FCMITDA) and amortized over balance period of such long term monetary item but not beyond 31st March, 2011

(i) Miscellaneous Expenditure:

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

(j) 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.

(k) 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.

(l) Contingent Liabilities:

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

(m) 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. 12,55,42,127/- (Previous Year Rs. 4,89,53,838/-)
(b) Financial Bank Guarantees outstanding Rs. 25,89,04,810/- (Previous Year Rs. 13,91,23,433/-)
(c) Outstanding Bills discounted Rs. 54,08,38,252/- (Previous Year Rs. 25,01,53,307/-)
(d) Sales Tax demands under appeal Rs. 20,04,987/- (Previous Year Rs 18,67,125/-)
(e) Income tax demands under appeal Nil (Previous Year Rs. 4,68,458/-)
(f) Excise and Service tax Demands under appeal Rs. 6,48,34,699/- (Previous Year Rs 6,01,39,959/-)
(g) Claims against the Company not acknowledged as debts Rs.18,020/- (Previous Year Rs. 59,12,869/-)

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. Up to March 31, 2010 out of the total issue, FCCBs aggregating to USD 3.35 Million were converted into equity shares and 'FCCBs' aggregating to USD 16.05 Million have been repurchased at discount. Balance of 'FCCBs' outstanding as on March 31, 2010 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. 34,28,29,674/- (Previous Year Rs. 51,57,97,425/-) would be accounted for and adjusted against Securities Premium Account in the year of such redemption or repurchase or cancellation.

4. During the year the Company has allotted 1,00,00,000 (One Crore) Warrants on Preferential basis. The Warrant holders have option of subscribing one equity shares of face value of Rs.2/- each per Warrant at a price of Rs.28/- per equity share any time up to 25.02.2011.

Further, pursuant to application received for conversion of Warrant into equity shares, 30,00,000 equity shares have been allotted on 30.03.2010. Funds has been utilized as per objects of the issue. As on March 31, 2010 70,00,000 Warrants are pending for conversion into equivalent number of equity shares. 25% of the warrant issue price equivalent to Rs.4,90,00,000 received as application money and balance 75% of issue price equivalent to Rs.14,70,00,000 is pending and is not called up.

5. Estimated amount of contracts remaining to be executed on Capital Account Rs. 13,20,88,680/- (Previous Year Rs. 38,00,000/-).

6. (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 Nos. A-280 to A-284, RIICO Industrial Area, Chopanki , Distt. Alwar (Rajasthan).

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

7. Fixed Deposits with banks amounting to Rs. 3,49,20,347/-(Previous Year Rs. 6,72,91,262/-) are under lien/custody with banks/others.

8. Interest on working capital facilities is net of interest income received Rs. 85,69,190/- (Previous Year Rs. 2,69,33,897/-).

9. Sales include Export Benefits Rs. 57,49,087/- (Previous Year Rs. 42,89,479/-).

10. During the year 1% Foreign Currency Convertible Bonds ('FCCBs') of Rs USD 5.50 million have been bought back. This has resulted in profit of Rs 11,11,83,002/- (Previous Year Rs. 26,35,58,122/-) which has been included under 'Other Income'. Prorata exchange difference on these 'FCCBs' transferred to 'Foreign Currency Monetary Item Translation Difference Account ("FCMITDA") has been written back to Profit & loss account Rs 15,06,442/- (Previous Year Rs. (-)5,77,297/-).

11. As per changes made in AS 11 vide Companies(Accounting Standards) Amendment Rules 2009, during financial year 2008-09 the company exercised option of deferring foreign exchange difference arising on long term foreign currency monetary items viz 'FCCBs', Foreign Currency Term Loan to the Profit and Loss account, in respect of accounting periods commencing on or after 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'. Exchange gain (net) Rs. 11,73,17,997/-(Previous Year Exchange Loss(Net) Rs. 26,94,98,917/-) has been adjusted in gross block of fixed assets and capital work-in progress.

12. Exchange difference on external commercial borrowing(ECBs) raised for repurchasing FCCBs has been transferred to 'FCMITDA'.

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 ('FCCBs') have been utilized as per objects of issue in following manner:**

Particulars	Year Ended 31.03.2010 Amount (Rs.)	Year Ended 31.03.2009 Amount (Rs.)
Capital Expenditure/Advances(Net)	68242730	150413932
Exchange Fluctuation (Net)	—	(270084)
Interest Income received	(8757929)	(8305795)
Pending utilization in Bank (Net)	—	59484801
Total	59484801	201322854

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

Particulars	Year ended 31.03.2010 Amount(Rs.)	Year ended 31.03.2009 Amount(Rs.)
Opening Balance	—	1508264
Bank Charges & Commission	2518424	40101
Interest on Term Loan	231287	4851468
Freight, Handling, Octrai & Insurance	—	13305
Interest on 'FCCBS'	—	5246603
Power Fuel & Lighting	—	1508924
Traveling & Conveyance	—	54532
Communication Expenses	—	43664
Payment to and Provision for Employees	—	2481336
Labour charges	—	100882
Repairs & Maintenance	—	7629
Misc. Expenses	—	375504
Total	2749711	16232213
Less: Interest Income	—	1211904
Net	2749711	15020309
Less: Allocated to Fixed Assets	—	15020309
Construction Period Expenses pending Allocation	2749711	—

16. **Managerial Remuneration:**

Particulars	Year ended 31.03.10 Amount(Rs.)	Year ended 31.03.09 Amount(Rs.)
Salary	6337200	5875200
Rent	660000	600000
Contribution to Provident Fund & Other Funds	18720	18720
Perquisites	484117	249963
Director's Meeting Fees	570000	560000
Total	8070037	7303883

Note:

(i) In view of inadequate profit, minimum remuneration as approved and as per Companies Act, 1956 has been paid/provided. Since, no commission has been paid, computation of net profit u/s 198 of the Companies Act, 1956 has not been done.

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

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 31.03.10 Amount(Rs.)	Year ended 31.03.09 Amount(Rs.)
As Auditor*		
— Audit fee	**1400000**	1400000
— Tax Audit	**200000**	200000
— In other capacity	**421000**	420000

* Excludes Service Tax Rs.2,08,163/- (Previous Year Rs. 2,08,472/-)

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

Particulars	As At 31.03.10 Amount(Rs.)	As At 31.03.09 Amount(Rs.)
Assets		
Provision for unencashed leave	**3412227**	2966072
'FCCBs'/GDR Issue Expenses	**9223586**	11322813
Carried forward Loss	**101784381**	75605717
Unabsorbed Depreciation	**122909304**	99773762
Total	**237329498**	189668364
Liabilities		
Depreciation	**237329498**	189668364

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 31.03.2010	Year ended 31.03.2009
Profit after taxation (Rs.)	**142324564**	12468459
Number of equity shares at the beginning of the year	**60937438**	60808338
Add: Weighted average number of equity shares issued during the year	**16438**	67203
Weighted average number of equity shares for Basic EPS	**60953876**	60875541
Add: Adjustment for 'FCCBs' convertible in equity shares	**10902767**	13898099
Add: Adjustment for weighted warrants outstanding having option to subscribe equity shares (**Refer note '4' Schedule 'V'**)	**5956164**	—
Weighted average number of equity shares for Diluted EPS	**77812807**	74773640
Basic Earning Per Share (Rs.)	**2.33**	0.20
Diluted Earning Per Share (Rs.)	**1.83**	0.17
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	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Within one year	**4190711**	5351867	**571268**	831804	**3619444**	4520063
Later than one year and not later than five years	**3375204**	4435739	**379183**	367252	**2996020**	4068487
More than Five years	**NIL**	NIL	**NIL**	NIL	**NIL**	NIL
Total	**7565915**	9787606	**950451**	1199056	**6615464**	8588550

(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 up to 10 years. Terms of lease include terms of renewal, increase in rents in future periods and terms of cancellation. The Operating lease payments recognized in the Profit & Loss account amount to Rs 2,65,38,934/- (Previous Year Rs. 2,43,45,472/-) 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 31.03.10	Maximum Balance during 2009-2010	As at 31.03.09	Maximum Balance during 2008-2009
Projection Financial & Management Consultants Pvt. Ltd.	6000000/-	6000000/-	6000000/-	6000000/-

Note :- Security deposit for premises taken on rent by the Company.

b) Investments by the Loanee in the shares of the Company: Rs. NIL (Previous Year Rs. NIL)

23. Loans & Advances include Deposit given to Limited Companies Rs 2,27,00,000/-. (Previous Year Rs. 4,97,00,000/-).

24. 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
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	**2009-10** 2008-09	- -	- -	- -	- -	**278737** 226618	**110000** 110000	**388737** 336618
Deposits Received during the year	**2009-10** 2008-09	- -	- -	- -	- -	**1000000** -	- -	**1000000** -
Credit Balance Outstanding as at the year end	**2009-10** 2008-09	- -	- -	- -	- -	**3060000** 2060000	**1000000** 1000000	**4060000** 3060000
Advance Given During the year	**2009-10** 2008-09	- 451510	- -	- -	- -	- -	- -	- 451510
Rent paid for use of assets	**2009-10** 2008-09	 -	 -	**12110000** 12000000	- -	**9900000** 9225000	**550000** 600000	**22560000** 21825000
Managerial remuneration	**2009-10** 2008-09	- -	- -	- -	**7500037** 6743883	- -	- -	**7500037** 6743883
Advance commission paid & recovered	**2009-10** 2008-09	- -	- -	- -	- 2907150	- -	- -	- 2907150
Subscription of Equity shares	**2009-10** 2008-09	 440000	 -	- -	- -	- -	- -	- 440000
Amount received on warrant allotment and exercise of option to convert warrants in equity shares	**2009-10** 2008-09	- -	- -	**105000000** -	- -	- -	- -	**105000000** -
Sale of Investments in Equity Shares	**2009-10** 2008-09	- -	- -	- 15000	- 440000	- -	- -	- 455000
Expenses Payable	**2009-10** 2008-09	 -	 -	**191000** -	**260165** -	- -	- -	**451165** -
Director's Meeting Fee	**2009-10** 2008-09	- -	- -	- -	- -	**50000** 70000	- -	**50000** 70000
Security Deposit given for Premises taken on Rent	**2009-10** 2008-09	- -	- -	- 3000000	- -	- -	- -	- 3000000
Outstanding premises deposit receivable	**2009-10** 2008-09	- -	- -	**6000000** 6000000	- -	- -	- -	**6000000** 6000000
Dividend Paid on Equity Shares	**2009-10** 2008-09	- -	- -	**1366075** 3415188	**2695543** 6730153	**326477** 810742	**20** 50	**4388115** 10956133
Amount received on allotment of Equity shares on exercise of ESOPs	**2009-10** 2008-09	- -	- -	- -	- 439603	- -	- -	- 439603

(c) Non Financial Transactions:

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

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

25. 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	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Revenue (Gross)										
External	9157649591	9798246778	571649278	789937853	7694914	28672780	4589487	(2382089)	9741583270	10614475322
Less: Excise Duty	601734079	801069481	31049197	59784063	-	-	-	-	632783276	860853544
Inter-segment		-	-	-	-	-	-	-	-	-
Total Revenue (Net)	8555915512	8997177297	540600081	730153790	7694914	28672780	4589487	(2382089)	9108799994	9753621778
Result										
Segment Result	700720169	513558685	31312232	(2814476)	(4992422)	682455	-	-	727039979	511426664
Unallocated expenditure net of unallocated income	-	-	-	-	-	-	(221745763)	(205128827)	(221745763)	(205128827)
Interest expenses (net)	-	-	-	-	-	-	(443960376)	(566145794)	(443960376)	(566145794)
(Loss)/Profit on Sale of Investment	-	-	-	-	-	-	-	(771836)		(771836)
Dividend Income	-	-	-	-	-	-	86427	53923	86427	53923
Write back on repurchase of 'FCCBs'	-	-	-	-	-	-	111183002	263558122	111183002	263558122
Loss on Derivatives	-	-	-	-	-	-	-	(64062337)	-	(64062337)
Profit before taxation	700720169	513558685	31312232	(2814476)	(4992422)	682455	(554436710)	(572496749)	172603269	(61070085)
Taxation	-	-	-	-	-	-	-	-	(30278705)	73538544
Net Profit	-	-	-	-	-	-	-	-	142324564	12468459
Other Information										
Segment assets	7374870479	6879312296	327891000	271041095	25071183	28517123	262881351	414886008	7990714013	7593756522
Segment Liabilities	2173472957	1544219932	99940345	41795137	(15763789)	5399073	2072298823	2305062196	4329948336	3896476338
Capital expenditure	83283040	786967585	4484509	8328682	-	-	37047885	(218068600)	124815434	577227668
Depreciation	127999015	101304098	9985169	8947065	-	-	8779376	5497900	146763560	115749063
Write Back of FCMITDA	-	-	-	-	-	-	26089783	(1470594)	26089783	(1470594)

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

Revenue by Geographical Market	India		Outside India		Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
External Revenue (Gross)	8805322894	8993593447	936260376	1620881875	9741583270	10614475322
Less: Excise Duty	632783276	860853544	-	-	632783276	860853544
Inter-segment	-	-	-	-	-	-
Total Revenue (Net)	8172539618	8132739903	936260376	1620881875	9108799994	9753621778
Carrying amount of segment assets	7988517319	7589626838	2196694	3090459	7990714013	7592717297
Additions to fixed assets	124815434	577172208	-	55460	124815434	577227668

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)	2009-2010	2008-2009
Sales	9725236849	10557643943
Other income excluding interest(net)/dividend income/ write back on repurchase of 'FCCBs'	16346421	56831379
Total	9741583270	10614475322

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.

26. Jobs with lump-sum price, where the physical progress of work is less than 25 per cent, the direct cost incurred thereon amounting to NIL (Previous Year Rs. 64,674/-) have been carried forward as Work in Progress.

27. In terms of provision of AS –7 on "Construction Contracts" for Lump-sum Turnkey Projects for contract in progress as on 31.03.2010:

a. The aggregate amount of cost incurred and recognized Profit up to 31.03.2010 Rs. 2,80,25,071/- (Previous Year Rs. 2,79,14,737/-).

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

c. The amount of retention Rs. 35,43,154/-(Previous Year Rs. Nil)

28. 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	Amount (Rs.) Expense recognized in 2009-10	Amount (Rs.) Expense recognized in 2008-09
Contributory Provident Fund & Employees Pension Scheme, 1995	5673083	5675214

Defined Benefit Plan:

The company is having the following Defined Benefit Plans:

- Gratuity (Funded)
- Leave Encashmet (Unfunded)

(In Rupees)

		Gratuity (Funded) 2009-10	Leave Encashment (Unfunded) 2009-10	Gratuity (Funded) 2008-09	Leave Encashment (Unfunded) 2008-09
a)	**Actuarial Assumptions**				
	Discount rate	8.00%	7.80%	8.00%	7.50%
	Expected rate of return on assets	9.25%	—	9.25%	—
	Expected rate of future salary increase	6.00%	6.00%	6.00%	6.00%
b)	**Reconciliation of opening and closing balances of Defined Benefit obligation**				
	Present value of obligations as at beginning of year	18171163	8726307	12748111	9768133
	Interest cost	1453693	654473	1019849	781451
	Current Service Cost	2359414	1963161	1663286	1805383
	Benefits paid	(423034)	(867173)	(3467480)	(932011)
	Actuarial (gain)/loss on Obligations	629257	(204387)	6207397	(2696649)
	Present value of obligations as at end of year	22190493	10272381	18171163	8726307

(In Rupees)

		Gratuity (Funded) 2009-10	Leave Encashment (Unfunded) 2009-10	Gratuity (Funded) 2008-09	Leave Encashment (Unfunded) 2008-09
c)	**Reconciliation of opening and closing balances of fair value of plan assets**				
	Fair value of plan assets as on beginning of year	**15408595**	—	10228270	—
	Expected return on plan assets	**1686460**	—	1242284	—
	Contributions	**5596044**	—	7405521	—
	Benefits paid	**(423034)**	—	(3467480)	—
	Actuarial Gain/(Loss) on Plan assets	—	—	—	—
	Fair value of plan assets at the end of year	**22268065**	—	15408595	—
d)	**Fair value of plan assets**				
	Fair value of plan assets at beginning of year	**15408595**	—	10228270	—
	Actual return on plan assets	**1686460**	—	1242284	—
	Contributions	**5596044**	—	740551	—
	Benefits paid	**(423034)**	—	(3467480)	—
	Fair value of plan assets at the end of year	**22268065**	—	15408595	—
	Funded status	**77573**	**(10272381)**	(2762568)	(8726307)
	Excess of Actual over estimated return on plan	—	—	—	—
e)	**Actuarial Gain/Loss recognized**				
	Actuarial gain/(Loss) for the year – Obligation	**(629257)**	**204387**	(6207397)	2696649
	Actuarial (gain)/Loss for the year – plan assets	—	—	—	—
	Total (gain)/Loss for the year	**629257**	**(204387)**	6207397	(2696649)
	Actuarial (gain)/Loss recognized in the year	**629257**	**(204387)**	6207397	(2696649)
f)	**The amounts recognized in the balance sheet**				
	Present value of obligations as at the end of year	**22190492**	**10272381**	18171163	8726307
	Fair value of plan assets as at the end of the year	**22268065**	—	15408595	—
	Funded status	**77573**	**(10272381)**	(2762568)	(8726307)
	Net (Asset)/liability recognized in balance sheet	**(77573)**	**10272381**	2762568	8726307
g)	**Expenses Recognized in statement of Profit & Loss**				
	Current Service Cost	**2359414**	**1963161**	1663286	1805383
	Interest cost	**1453693**	**654473**	1019849	781451
	Expected return on plan assets	**(1686460)**	—	(1242284)	—
	Net Actuarial (gain)/Loss recognized in the year	**629257**	**(204387)**	6207397	(2696649)
	Expenses recognized in statement of Profit & Loss	**2755904**	**2413247**	7648248	(109815)

29. The Company has 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.

The Remuneration and Compensation Committee of the Board has not granted any fresh Options during the year ended March 31, 2010. Total Options outstanding as on March 31, 2010 is Nil (Previous Year Nil).

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

31. 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 31.03.10	As At 31.03.09	Year Ended 31.03.2010	Year Ended 31.03.2009
Cables	Kms.	N. A.	**65600.000**	59600.000	**42793.189**	38299.473
Stainless Steel Wires	Kgs.	N. A.	**4800000.000**	4800000.000	**3095144.300**	3187047.460
Winding, Flexiable & House Wires	Kms.	N. A.	**270000.000**	250000.000	**111932.812**	47704.735

* 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 01.04.09	As At 01.04.08	As At 31.03.10	As At 31.03.09	Year Ended 31.03.2010	Year Ended 31.03.2009
Cables*	Kms. Rs.	2789.234 527132489	3034.955 820793631	**2813.611** **417365206**	2789.234 527132489	**42768.025** **7734111349**	38445.212 8757770600
Stainless Steel Wires	Kgs. Rs.	88958.592 15887398	153228.992 45624792	**124043.423** **26743043**	88958.592 15887398	**3060059.469** **569688315**	3251317.860 779590127
Winding , Flexible & House Wire**	Kms. Rs.	5544.674 81984144	7693.279 111041708	**10393.541** **159075829**	5544.674 81984144	**107056.08** **1236564054**	49672.323 764353528
Traded Goods	Rs.	272318	—	—	272318	**8513296**	5413971
Miscellaneous	Rs.	4221007	13069999	**6701230**	4221007	**176359835**	250515717
Total		629497356	990530130	**609885308**	629497356	**9725236849**	10557643943

*Does not include Cable consumption for Captive purposes 0.787 Kms (Previous Year 99.982 Kms)

**Does not include Flexible & House wire consumption for Captive purposes 27.865 Kms (Previous Year 181.017 Kms)

(C) Particualrs of Raw Matarials consumed:

Class of Goods	Quantity (Kgs.)		Amount (Rs.)	
	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2009
Copper	**10603961.910**	10209095.050	**3380776510**	3429712973
PVC & DOP	**23772524.205**	21631170.120	**1358124822**	1269799799
G.I.Wire/S.S.Wire/Strip	**14513463.830**	13139219.520	**692023826**	698960503
Aluminium Wire	**14115555.400**	12283939.000	**1383885281**	1444643462
Stainless Steel Rod	**3273359.200**	3233919.400	**401911528**	493630208
Others	NA	N.A	**139456262**	170812490
Total			**7356178229**	7507559434
Less : Material Capitalised	—	—	**228158**	16384867
Net			**7355950071**	7491174567

(D) Purchase of Trading Goods:

Class of Goods	Quantity (Kgs.)		Amount (Rs.)	
	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2009
Miscellaneous	N.A.	N.A.	**4764559**	4208099

(E) Value of imported and Indigeneous materials consumed:

Class of Goods	Percentage		Amount (Rs.)	
	Year ended 31.03.2010	Year ended 31.03.2009	Year ended 31.03.2010	Year ended 31.03.2009
Materials				
- Indigeneous	97.53	96.13	7174507489	7216799481
- Imported	2.47	3.87	181670740	290759953
Total	100.00	100.00	7356178229	7507559434
Stores, Spares & Consumables				
- Indigenous	92.73	99.65	24283900	31007351
- Imported	7.27	0.35	1903756	107860
Total	100.00	100.00	26187656	31115211
Packing Material				
- Indigenous	98.91	98.55	274350071	258715280
- Imported	1.09	1.45	3012781	3795054
Total	100.00	100.00	277362852	262510334

(F) Value of Imports on CIF basis:

Particulars	Year ended 31.03.2010 (Rs.)	Year ended 31.03.2009 (Rs.)
Raw Material Purchases	188190960	255604725
Capital Goods	25881447	282693602
Stores, Spares & Consumables	1777024	98334
Packing Material	3012781	6431164

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

Particulars	Year ended 31.03.2010 (Rs.)	Year ended 31.03.2009 (Rs.)
Sales (Exports)	936260376	1620881875
Interest Earned on FDR	—	17548

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

Particulars	Year ended 31.03.2010 (Rs.)	Year ended 31.03.2009 (Rs.)
Manufacturing, Selling & Other Expenses		
Freight, Handling, Octroi & Insurance	111516	—
Rebate, Discount, Commission on Sales	33985642	22520797
Rent	1401684	—
Travelling & Conveyance	2948254	2652499
Communication Expenses	701105	934767
Miscellaneous Expenses	9474350	12250789
Payment to and Provisions for Employees		
Salary, Wages & Other Benefits	6172335	9132777
Welfare Expenses	63284	103307
Financial Charges		
Processing Fees	—	25452500
Bank Charges	—	1846
Interest on Packing Credit Loan	39993	—
Interest on Term Loan (Including Capitalised)	33386304	5487894
Interest on 'FCCBs' Bonds (Including Capitalised)	8176677	14646445
Others		
Listing fee	422430	430926

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

Particulars	Year ended 31.03.2010 (Rs.)	Year ended 31.03.2009 (Rs.)
The year to which dividend relates	**2008-09**	2007-08
Amounts of dividend remitted (Rs.)	**1192004**	4275764
Number of Non-Resident Shareholders / OCBs/FIIs	**394**	412
Number of Equity Shares	**5960018***	8551527*

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 2007-08 & 2008-09 are as above.

32. (a) (i) **Derivative contracts entered into by the company and outstanding:**

For Hedging Currency and Interest Rate Related Risks:

Nominal amounts of derivative contracts entered into by the Company and outstanding as at 31st March, 2010 amount to Rs. 50,87,00,242/- (Previous Year Rs. 17,45,67,259/-). Category wise break up is given below:

Particulars	As at 31.03.10 Amount (Rs)	As at 31.03.09 Amount (Rs.)
Interest Rate Swap and Option Deal (net)	**428652240**	—
Forward Contracts(net)	**80048002**	174567259

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

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

Particulars	As At 31.03.10			As At 31.03.09		
	Rs.	Amount in Foreign Currency	Foreign Currency	Rs.	Amount in Foreign Currency	Foreign Currency
Imports of Goods	**43177659**	**917506**	**USD**	10434209	203443	USD
	5856758	**95302**	**EURO**	1120941	15098	EURO
	1718976	**268590**	**SEK**	—	—	—
	119569	**1737**	**GBP**	—	—	—
Term Loan	**544252519**	**12001158**	**USD**	182118799	3553538	USD
'FCCBs'	**752810000**	**16600000**	**USD**	1132625000	22100000	USD
Expenses Payable	**11607577**	**386705**	**USD**	7320477	142838	USD
	557636	**9123**	**EURO**	470204	6984	EURO
	455363	**36851**	**AED**	526497	37715	AED
'FCCBs' Repurchase Creditors	—	—	—	278526154	5434657	USD
Packing Credit	—	—	—	13858000	270400	USD

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

Particulars	As At 31.03.10			As At 31.03.09		
	Rs.	Amount in Foreign Currency	Foreign Currency	Rs.	Amount in Foreign Currency	Foreign Currency
Exports of Goods	211892300	4697199	USD	363357667	7275665	USD
	66305818	1018164	EURO	24807549	380566	EURO
	—	—	—	6183262	85185	GBP
Imprest with Staff	74438	6084	AED	--	--	- -
	166432	3707	USD	—	—	—
	539100	9000	EURO	—	—	—
Advance With Staff	215324	17600	AED	—	—	—
Balance with Banks	1833979	149904	AED	2993679	214447	AED

33. 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
Firm Registration No. : 000129N

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place : New Delhi
Dated : 27th May, 2010

(KISHORE KUNAL)
Company Secretary

(VIVEK KUMAR MITTAL)
Sr. 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	31.03.2010		

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

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement*
NIL	84000

* Including Share Premium

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

Total Liabilities	Total Assets
5624534	5624534

Source of Funds

Paid-up Capital	Share Warrants
127875	49000
Reserves and Surplus	Secured Loan
2049290	2576282
Unsecured Loans	FCMITDA
794634	27453

Application of Funds

Net fixed assets	Investments
2778624	1039
Net Current assets**	
2844871	

** Net of current liabilities & provisions

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

Turnover	Total Expenditure
9501909	9329306
Profit/(Loss) Before Tax	Profit After Tax
172603	142324
Earning Per share	Dividend Rate %
2.33	10

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

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

(ANIL GUPTA)
Chairman-cum-Managing Director

(RAJEEV GUPTA)
Executive Director (Finance)

Place : New Delhi
Dated : 27th May, 2010

(KISHORE KUNAL)
Company Secretary

(VIVEK KUMAR MITTAL)
Sr. Manager (Finance)

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