

**8th**  
**Annual Report**  
**1999-2000**



**KEI INDUSTRIES LIMITED**

## 8<sup>th</sup> ANNUAL REPORT 1999-2000

### BOARD OF DIRECTORS

<b>Mr. Anil Gupta</b>	Manager Director
<b>Mr. Sunil Gupta</b>	Whole Time Director
<b>Mr. Pawan Bholusaria</b>	Director
<b>Mr. K. G. Somani</b>	Director
<b>Mr. Vijay Bhushan</b>	Director
<b>Mr. Vikram Bhartiya</b>	Director

### AUDITORS

**M/s JAGDISH CHAND & COMPANY**

Chartered Accountants  
H-20, Green Park (Main)  
New Delhi - 110 016

### BANKERS

**DENA BANK**

**PUNJAB NATIONAL BANK**

### SHARE TRANSFER AGENT

**SRG INFOTEC (INDIA) LIMITED**

A-256, Okhla Industrial Area, Phase-I  
New Delhi - 110 020.  
Tel. : 6811977/6811978/6811979

### REGISTERED OFFICE

D-90, Okhla Industrial Area  
Phase-I, New Delhi - 110020

### **KEI MANAGEMENT PERSONNEL**

<b>A.R. GHOSE</b>	General Manager Works
<b>P.C. DALVI</b>	Chief Manager Marketing
<b>S.K. CHADDA</b>	Manager Marketing
<b>RAJEEV GUPTA</b>	Manager A/c & Finance
<b>PAWAN AGGARWAL</b>	Dy. Gen. Mngr. Administration
<b>K.C. SHARMA</b>	Manager Production
<b>V.P. GUPTA</b>	Manager Works
<b>ANIL KHERA</b>	Manager Export
<b>MANOJ KAKKAR</b>	Regional Manager Marketing
<b>K. SUNDER RAJAN</b>	Regional Manager Marketing
<b>RAKESH RAJPUT</b>	Regional Manager Marketing

**NOTICE**

The 8<sup>th</sup> Annual General Meeting of the Members of the Company will be held at Hamdard Convention Center (Hall No.1) Jamia Hamdard, Hamdard Nagar, Near Batra Hospital New Delhi – 110 062 on Thursday 28th day of September, 2000 at 10.30 A.M to transact the following business.

**ORDINARY BUSINESS:**

1. To consider and adopt balance sheet as at 31<sup>st</sup> March, 2000 Profit & Loss Account for the Year ended on that date and the report of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Anil Gupta, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri K.G.Somani, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an ordinary Resolution :

"RESOLVED THAT M/s JAGDISH CHAND & CO. Chartered Accountants, New Delhi be and are hereby appointed Auditors of the company from the conclusion of this Annual General Meeting of the company until the conclusion of the next Annual General Meeting of the company on such remuneration as shall be fixed by the Board of Directors of the Company."

**SPECIAL BUSINESS:**

6. To consider and if thought fit , to pass, with or without modification (s), the following resolution as a "Special Resolution":  
"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any , of the companies Act, 1956, the Article of Association of the Company be and are here by altered , substituted or inserted suitably in the manner enumerated below:

A) Insert the following Article As Article 12 A with marginal note after Article 12.

**Dematerialisation/  
Rematerialisation  
of Securities**

**12A**

**(I) Definitions:  
for the purpose of Article**

**"Member"**

means the duly registered holder from time to time of the shares of the company of any class, and includes every person whose name is entered in to as Beneficial owner in the records of Depository, but does not include the bearer of the share Warrant of the company issued in pursuance of Sec. 114 of the Act..

**"Beneficial Owner"**

means a person whose name is recorded as such with a depository and as defined in Section. 2 (1) (a) of the Depository Act,1996.

**"Participant"**

means a person registered as such u/s. 12 (1A) of the securities and Exchange Board of India Act, 1992.

**"Depository"**

means a Company formed & registered under the companies Act, 1956 and which has granted a Certificate of Registration under Sec. 12(1A) of the Securities and Exchange Board of India Act,1992 and as defined under Sec. 2 (1) (e) of the Depository Act, 96.

**"Depository Act"**

means the Depository Act, 1996 or any Statutory modification or re- enactment thereof.

**"Bye – Laws"**

means bye-laws made by a Depository u/s 26 of the Depository Act,1996.

**"Registered Owner"**

means a "Depository" whose name is entered as such in the records of the Company.

**"Securities"**

means such Security as may be specified by the Securities and Exchange Board Of India from time to time.

**Dematerialisation/  
Rematerialisation  
of Securities**

notwithstanding anything contained in theseArticles, the Company shall be entitled to Dematerialised its existing securities,Rematerialise its securities held in the Depositories and / or to offer its fresh securities in the the dematerialised form pursuant to Depository Act, 1996 and rules framed thereunder, if any.

**Option for Investors**

Every "person" subscribing to or holding securities offered by the company shall have the option to receive security certificates or hold the securities with depository. Such a person who is the beneficial owner of the securitiescan at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depository Act,1996 and the company shall in the manner and within the time prescribed, issued to the Beneficial owner the required Certificate of Securities. If a

**1999 - 2000**

	person opts to hold his Security, and on receipt of the information, the Depository shall entered in its record the name of the allottee as the beneficial owner of the security.
<b>Provision of Article to Article, apply to shares held in Depository</b>	Except as specifically provided in these Articles, the provision relating to joint holders of shares, calls lien on shares, forfeiture of shares and transfer & transmission of shares held in depository so far as they apply to shares held in physical form subject to the provisions of Depository Act, 1996.
<b>Securities in Fungible form</b>	All securities held by a depository shall be dematerialised and shall be in fungible form. No certificate shall be issued for the securities held by the Depository and noting contained in Section 153, 153A, 153B 187B, 187C and 372, 372A of the Act shall apply to a Depository in respect of securities held by it on and on behalf of the Beneficial Owners.
<b>Transfer of Securities</b>	Nothing contained in these Article and Sec.108 of the Act shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial Owner in the record of Depository.
<b>Allotment of Securities</b>	Notwithstanding anything in the Act or these Articles, where the securities are dealt with a Depository, the company shall intimate the details of allotment of relevant securities to the Depository on allotment of such Securities.
<b>Depository to furnish Information</b>	Every Depository shall furnish to the company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the Bye – Laws and the company in that behalf.
<b>Cancellation of Certificates Upon surrendered by a person</b>	Upon receipt of certificate of securities on surrendered by a person who has entered in to an agreement with the Depository through a participant, the company shall cancelled such certificate and substitute in its record the name of the Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
<b>Service of Documents</b>	Notwithstanding anything thing contained in the Act or these Articles, Where Securities are held in a Depository, the record of Beneficial Ownership may be served by such depository on the comany by means of electronic mode or by delivery of floppies or disc.
<b>Distinctive Numbers of Securities held in a Depository.</b>	Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with a Depository.
<b>Right of Depository and Beneficial Owner</b>	<p>(a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of Ownership of security on and on behalf of the Beneficial Owner.</p> <p>(b) Save as otherwise provided in (a) above, the Depository shall not have any voting rights or any other rights in respect of securities held by it.</p> <p>(c) Every person holding securities of the company and whose name is entered as the Beneficial Owner of shares in the record of Depository shall be deemed to be member of the Company. Every Beneficial Owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of securities which are held by the Depository.</p>
<b>Beneficial Owner deemed as absolute Owner</b>	Except as ordered by a court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognised any benami trust or equitable, contingent, future or partial interest in any shares, or (except only as is by these Articles otherwise expressly provided) any right in respect of shares other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof, but the Board shall be at their sole discretion to register any shares in the joint names of any two or more Persons or the survivor or survivors of them.

**Register and Index  
Of Beneficial Owners**

The Register and Index of Beneficial Owners maintained by the Depository under the Depository Act shall be deemed to be a Register and Index of members and other security holders. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

Provided further that notwithstanding anything to the contrary contained in these Articles, the shares and Securities issued and / or held in electronic medium in fungible form, will be governed by the Depository Act, 1996."

B) the following Article be inserted as Article 12 B with marginal note after Article 12 A.

**Nomination 12 B**

- a) Every shareholders of the company, may at any time, nominate, in the prescribed manner, a person to whom his/ her shares in the company shall vest in the event of his death.
- b) where the shares in the company are held by more than one person jointly, the joint holder may together nominate , in the prescribed manner , a person to whom all the rights in the shares of the company shall vest in the event of death of all the joint holders.
- c) Notwithstanding any thing contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in the Company, where the nomination made in the prescribed manner purports to confer on any person the right to vest the shares in the Company ,the nominee shall, on death of the shareholders or on the death of all the joint holders, became entitled to all the rights in such shares ,to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner.
- d) Where the nominee is a minor, it shall be law full for the holder of the shares, to make the nomination to appoint, in the prescribed manner , any person to became entitled to shares in the company, in the event of his death, during the minority.

C) The following Article inserted as Article 12C with marginal note after Article 12B.

**Transmission of 12 C  
Securities by  
Nominee**

A nominee, upon production of such evidence as Securities by may be required by the board and subject, as herein Nominee after provided elect, either –

- i) to be registered himself as holder of the shares; or
  - ii) to make such transfer of the shares, as the deceased shareholder, could have made.
  - iii) If nominee elect to be registered as holder of the share, himself , he shall deliver or sent to the company , a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder as the case may be;
  - iv) A nominee shall be entitled to the same dividends and other advantages to which he / she would be entitled to , if he /she were the registered holder of the share except that he/ she shares shall not, before being registered as a member in respect of his / her share , be entitled in respect of it to exercise any right conferred by membership in relation to the meetings of the Company.
- Provided that the board may, at any time, give notice requiring any such person to elect to either to be registered himself / herself or to transfer the share and if the notice is not replied within ninety days, the board may there after with hold payment of all dividends, bonuses or other money payable or rights accruing in respect of the shares, until the requirement of the notice have been complied with.

**1999 - 2000****NOTES**

1. The relevant Explanatory Statement pursuant to Section 173 (2) of the companies Act, 1956, is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of himself and the proxy need not to be a member of the company. Proxy form is attached herewith.
3. The instrument appointing the proxy should however be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
4. Member/Proxies should bring the attendance slip sent here with duly filled in for attending the meeting.
5. The Register of Members and Share Transfer Books will remain close from 22.9.2000 to 28.9.2000 both days inclusive.
6. Members are requested to address all their correspondence including change of address, to the Registrar and Share Transfer Agent S.R.G. Infotech Ltd. A-256, Okhla Industrial Area Phase-I, New Delhi – 110 020.

By Order of Board  
For **KEI INDUSTRIES LIMITED**

Place : New Delhi  
Dated : 31st July, 2000

(ANIL GUPTA)  
Managing Director

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

As required by section 173 (2) of the Companies Act, 1956, the following explanatory statement set out material facts relating to the Special Business under item number 6 of the accompanying Notice dated 29th June, 2000.

#### Item No. 6A, 6B, and 6C

With the enactment of the Depository Act, 1996 and the introduction of the Depository System, some of the provisions of the Act, relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system.

The Depository System of holding securities in an electronic form is fairly safer and more convenient method for holding and trading in the securities of the company. The company proposes to join the Depository System in near future and thereafter its securities can be dematerialised. Company's shares have been put into compulsory dematerialisation by SEBI w.e.f. 30th October, 2000.

The company proposes that the Company's Articles of Association be suitably altered to reflect the provisions introduced by the Depository Act, 1996 and to spell out the rights of the beneficial owners of the Securities in such a system. Hence the resolution no. 6A is placed for approval.

Further, by the Companies (Amendment) Act, 1999 the holders of security of the company have been given an option to nominate a person to whom the rights of security holder of the Company shall vest in the event of his \ her death. It is desirable to include such nomination provisions in the Article of Association of the Company. Hence, the resolution no. 6B & 6C is placed for approval.

The Board of Directors recommended the shareholders to adopt the proposed resolution as Special Resolutions. None of the Directors of the Company is concerned or interested in the said Resolutions.

**DIRECTOR'S REPORT****To The Members**

Your Directors take pleasure in presenting their 8<sup>th</sup> Annual Report for the year ended 31.03.2000. Briefly stated the financial results of operation are: -

	Amount in Rs. 1.4.99 to 31.3.00	Amount in Rs. 1.4.98 to 31.3.99
Sales and other income	421271851	56,34,37,987
Profit before interest, Depreciation and tax	28272380	5,46,75,701
Less : Financial Charges ( Net)	17037952	3,27,74,488
Depreciation	9219964	1,16,46,636
Profit before tax	2014464	1,02,54,577
Provision for Taxation	190000	11,00,000
Profit after tax	1824464	91,54,577
Add : Profit & Loss Brought Forward	57739537	4,93,18,555
Add : Transfer from Investment Allowance Reserve		5,80,473
Less : Provision for earlier years	61880	13,14,068
Amount available for Appropriations	59502121	5,77,39,537
Proposed Dividend	2422022	NIL
Corporate Dividend Tax	532845	NIL
Balance Carried Forward	56547254	5,77,39,537

The working of the company during the year under review was adversely affected due to continuing recession in the demand for the company's cable products. Due to severe competition in the market, the margins were under pressure resulting in profit for the year after tax going down sharply. Expected investment in power sector has not been forthcoming because of various Socio- economic reasons. Due to slowing down of the power development and globalisation , industrial growth has also not been picking up. This is the basic cause for the continuing recession for cable of the company. Due to tight monitoring conditions and prevailing recession, payment realisation from customers is taking longer time. Margins on future orders have come under pressure due to increased competition and lack of demand.

Anti dumping duty imposed on stainless Steel Wire by European Commission during 1998-99 continued during the year under review. This resulted in depressed demand of company's products in the European market.

**DIVIDEND**

The Board of Directors feels that notwithstanding inadequate profit during the year, Shareholders of the company should get some return on their investments. Moreover the directors of your company are optimistic about future outlook of the company based upon substantial improvement made by Stainless Steel Wire Division. Hence, the Board of Directors are pleased to recommend a dividend on equity shares @ 5% on equity share capital of the company. The company will also be bearing Income Tax @ 22% of the declared dividend. The dividend proposed would absorb Rs. 24.22 lacs as payout to shareholders and Rs. 5.33 lacs as Income Tax on dividend proposed.

**REVIEW OF OPERATIONS :****A) OVERALL PERFORMANCE :**

Turnover of the Company has declined from Rs. 5634.38 lacs to Rs. 4212.72 lacs and profit after tax has decreased from Rs. 91.54 lacs to Rs 18.24 lacs. Company has improved quality of products at its stainless steel wire division at Bhiwadi (Rajasthan) and production has stabilised during the year under review. Stainless steel wire division has shown improvement in its turnover and had it not been for imposition of anti- dumping duty, this division's performance would have been much better. The company has developed new markets for products of its Stainless Steel Wire Division in South East Asian countries, United States of America & Latin America. The company's cable division at New Delhi and Bhiwadi (Rajasthan) is not doing well due to continuing recession in the demand of cable products.

**B) FUTURE OUTLOOK :**

The Hon'ble Finance Minister has initiated various steps in the present budget which will hopefully lead to recovery in the economy and with that the demand for the company's products will be increasing along with the profit margins. Already there are some early signals of increase investments in Oil, Gas & Power Sector. Barring unforeseen circumstances Cable

## 1999 - 2000

Division should achieve higher turnover during the current year.

The company has now put special thrust on export of stainless steel wire products. Company is also exploring possibilities of opening representative offices and warehousing facilities in USA and other European countries. Company is increasing its product range of stainless steel wire products in order to increase its turnover and market share. With all these steps, company is hopeful that this division will be able to vastly improve its performance during the current year.

### LISTING OF SHARES :

The company's equity shares are listed at Delhi, Mumbai & Calcutta Stock exchanges and the company has paid its upto date listing fees. Company's shares have been put in to compulsory dematerialisation w.e.f. 30<sup>th</sup> October, 2000 as notified by Securities & Exchange Board of India. The company is taking necessary steps to facilitate dematerialisation of company's shares.

### DIRECTORS:

Shri Anil Gupta, Director of the company retires by rotation at the end of 8<sup>th</sup> AGM and being eligible offers himself for reappointment.

Shri K.G.Somani, Director of the company retires by rotation at the end of 8<sup>th</sup> AGM and being eligible offers himself for reappointment.

### SUBSIDIARIES :

As REQUIRED UNDER THE Companies Act, 1956, a copy of the Annual Accounts of KEI International Limited along with director's report, auditors report for the year 1999-2000 are attached herewith. A statement pursuant to section 212 the Companies Act, 1956 is also attached.

### FIXED DEPOSITS:

There are no overdue fixed deposits as on 31<sup>st</sup> March, 2000.

### 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:

There are no employees whose particulars are required to be given under section 217 (2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules 1975.

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

The information as regards conservation of energy, technology absorption and foreign exchange earnings and outgo as required under section 217(1) of the Companies Act, 1956 read with the companies (disclosure of Directors) rules, 1988 is annexed hereto as per annexure and forms an integral part of the report.

### ACKNOWLEDGMENTS :

Your Directors express their deep appreciation and sincere thanks to various departments of central & state governments, Dena Bank & Punjab National Bank for their valuable assistance and co-operation.

Industrial relations remained cordial during the year. The Directors wish to place on record their appreciation for the contribution made by employees at all levels during the year.

FOR AND ON BEHALF OF THE BOARD

(ANIL GUPTA )  
MANAGING DIRECTOR

(SUNIL GUPTA)  
WHOLE TIME DIRECTOR

Place : New Delhi

Dated : 31st July, 2000

**ANNEXURE OF THE DIRECTOR'S REPORT**

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 period ended 31<sup>st</sup> March, 2000.

**1. CONSERVATION OF ENERGY**

- |   |  |
|---|--|
| (a) Energy conservation measures taken  | Power Consumption is continuously monitored. In view of measures taken in earlier years no measures taken during the year. |
| (b) Additional investments and proposal if any, being implemented for consumption 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. | Power Consumption is within norms.   |
| (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 increasing the quality goods with higher yield percentage.
- (b) Technology Absorption : The company neither entered into any technical foreign collaboration nor received/ imported any technology from any foreign organisation.

**3. FOREIGN EXCHANGE EARNING AND OUTGO**

- |  |   |
|--|---|
| (a) Activities relating to export initiatives taken to increase exports, developments of new export markets for products and export plans. | <p><u>Cables</u><br/>Exports are not priority area for the company in view of better price realisation in domestic market.</p> <p><u>Stainless Steel Wires</u><br/>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.</p> |
| (b) Total foreign exchange used & earned :<br>Earnings<br>Outgo  | <p>Rs. 767.19 Lacs<br/>Rs. 283.15 Lacs</p>  |

Place : New Delhi  
Dated : 31st July, 2000

**1999 - 2000****AUDITOR'S REPORT****TO THE MEMBERS OF  
KEI INDUSTRIES LIMITED**

We have audited the attached Balance Sheet of KEI INDUSTRIES LIMITED as at March 31, 2000 also the annexed Profit and Loss Account of the Company for the year ended on that date and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in term of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - (c) The Balance sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - (d) No provision for leave encashment has been made (Amount Unascertained) Refer Accounting Policy No. h(ii) Schedule V;
  - (e) Subject to Para (d) In our opinion the attached Balance Sheet and Profit & Loss Account comply with the Mandatory Accounting Standards referred to in Sub-Section (3) of Section 211 of the Companies Act, 1956.

Subject to Para (d) above the effect of which could not be determined , In our opinion and to the best of our information and according to the explanations given to us, the accounts read with notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2000 ; and
- (ii) in case of the Profit and Loss account, of the Profit of the Company for the year ended on that date .

**For JAGDISH CHAND & CO.  
CHARTERED ACCOUNTANTS**

PLACE : NEW DELHI  
DATED : 29<sup>th</sup> June, 2000

**(J.C.GUPTA)**  
PARTNER